

The Institute of Certified Public Accountants

Affiliation Proposal

For consideration of
All India Federation of Tax Practitioners

29th February 2016
Mumbai

(With thanks and acknowledgement to Honorable President of AIFTP & Fellow of ICPA, Dr MVK Moorthy)



The Institute of Certified Public Accountants

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About Us

Institute of Certified Public Accountants is a body of professionals practicing in the discipline of Accounting, Auditing, Taxation & Business Regulatory Laws, Finance & Management, comprising mainly of the **Independent Accountants & Tax practitioners, Certified Auditors (trust), Accounting Technicians etc...**

The Institute functions as a society registered under the Societies Registration Act, XXI of 1860. All persons whose names are entered in the Register of Members at the time of registration of the Institute and will have their names entered in the Register under the Rules and Regulations of the Institute, so long as they continue to have their names borne in the said Register, shall constitute a body corporate by the name of The Institute of Certified Public Accountants and all such persons shall be known as Members of the Institute.

Further the Institute shall never be construed to be in competition of other statutory professional accounting bodies of India namely Institute of Chartered Accountants of India & Institute of Cost Accountants of India, Our institute will rather be working as subordinate body, with above mentioned statutory institutes. ICPA's member's professional certification-designation & experience is certainly lower than that of statutory Institutes.

The institute aims at creating a uniform platform & voluntary compliance & acceptance of best accounting, ethical practices by currently practicing independent accountants & tax practitioners

The Institute shall have perpetual succession and a Common Seal.

Brief Structure of Our organisation

Institute is formed by 7 individual patron members and is governed by 15 Member governing body which includes-

- **3 Nominated Individual members from amongst 7 patron founders**
- **7 Elected Individuals representation from various State and Districts**
- **5 Institutional Members (Primarily for Affiliating bodies /Education partners on permanent basis)**

(Sub rules for election and rights and duties of members are yet to be decided and is purposefully kept so, so that affiliating bodies can have include their own terms and conditions)

Who it is for?

The society is formed for the unorganized sector offering Accounting & Allied services... They primarily include

- A Licensed Income Tax & Sales Tax Practitioner (B.com graduates)
- An Professional Advocate/ Academic Law Graduate
- A Commerce Graduate with Additional Degree/Diploma in Computerized Accounting & Taxation
- CA/CMA Finalist students who could not complete their final exams

The ICPA is formed with a primary aim for organizing the above unorganized professionals, and bring them recognition as a “Professional Accountants of SME’s”

The Institute is basically formed for currently practicing individuals mentioned above who directly or indirectly offer services to MSME’s. And we wish to remain in only for practicing individuals and not for people going for jobs... To some extent our membership is relevant for people working in small and medium sized enterprises as it will help them improve their managerial skills and offer their services more independently and efficiently...

What services unorganized professionals currently offer?

These professionals in either of their professional capacity offer –

- **Book Keeping /Accounting Services**
- **Taxation Services under various direct and indirect statutes such as**
 - **Registration under statutes while setting up business**
 - **Preparation and filling of Tax Returns**
 - **Tax Audit (Only in Karnataka State, Otherwise they prepare Compliance reports for Tax Auditors)**
 - **Acting as Authorised Representatives for various tax matters**
- **Helping their clients setting up new business under regulatory laws or closing business under Proprietary, Partnership laws, Co-op Societies/Small Limited Co.'s/ Trust & Societies for Not for profit (Technically all known as Micro Small Medium Size Enterprises in India)**
- **Acting as Certified Auditors under Trust/Society, Cooperative laws for small entities**
- **Acting as a mediator in availing Banking finance, preparation of project reports/CMA reports**
- **Labour Laws Compliances (Payroll/ PF/ESI etc.)**

What are the services ICPA members will offer?

Institute's members are largely practicing. They work specifically for MSME's which are otherwise known to be operating as-

- Sole proprietary firms
- Partnership Concerns/LLP's
- Trust /Societies/AoP/Bol's
- Small Private Limited Co's or Not for profit Co's
- Cooperative societies (other than banks) etc.

(While mentioning above institute expressly intends to exclude any work of Large & Listed Public Co's\chit funds\investments Co's\NBFC\mutual fund\share brokers\ banking\ electricity \insurance \ government enterprises related professional work of all types our members will not be in anyway eligible for these kind of works)

Our institute's membership doesn't confer any right to perform audit or attestation which is otherwise required to be performed by a qualified accountant as per the relevant statutes....

They render following services to above mentioned entities ... (i.e. Only MSME's)

- Bookkeeping, accounting & compilation of year ending financial statements
- Preparation of management or financial accounts for specific purposes
- Trust& society audits (by a registered auditors only)
- Internal audit of accounting and internal control systems
- Advice or consultancy on accounting and financial reporting systems
- Payroll services & labor laws consultancy/compliance services
- Dealing with all taxation matters (from registration, returns to assessment work)
- Other business regulatory laws compliance and advisory services
- Preparation of cash flows
- Preparation of budgets and forecasts, projections
- Business funding advice/ banking financial consultancy
- Management consultancy on accountancy activities
- Forensic accounting & fraud reporting

How they will be effectively controlled and monitored?

Once they become our members they will be bound by the professional code of conduct which is in line with code of conduct for professional accountants (will be adopted by due permission of IFAC or our affiliating member body)

Currently they are not liable for any misconduct for failure to perform their services no disciplinary mechanism exists as such, our institute will be facilitator for this.

(Affiliating body will have flexibility to govern the ICPA members)

What was the need to form a separate body? Why urgency felt?

- There exists a large number of professionals in this unorganized sector
- They Lack professional education and training as compared to professional accountants who are qualified and undergo continuous professional education and training. Our institute aims to offer the same with due respect to experienced professionals offering flexible training and skill certification for the same. Urgency felt when Income Computation and Disclosure Standards have been introduced for non-corporates.
- Currently these unorganized professionals lack uniform designation and respect, we intent to offer a globally popular and most respected designation of professional accountants which is otherwise available in India. (i.e. "CPA").
- No MSME Specific organisation exists in India like they have it in UK, it has more than 12 Accounting bodies (6 of them are statutory bodies) rest of them are non-statutory but enjoy IFAC membership and status as professional accountants (at least for SME's). Association of Accounting technicians is global body of Accounting Technicians offering membership and practice rights in UK.. Also is Institute of Financial Accountants.. After recent amalgamation with IPA (Australia) it has probably become world's largest SME specific body...
- If we see our neighbors, they too have CPA Sri lanka (Supported by CPA Ireland), and Accounting Technicians body Apart from Statutory bodies of

CA & CMA's. Bangladesh too has Accounting Technicians body duly sponsored by CA/CMA institutes. Pakistan has Accounting Technicians separate body, plus they have 2 CPA bodies apart from CA/CMA Pakistan.. Then why can't India has its own MSME specific separate accounting body? No offence but both the Indian bodies currently largely focusing on global market and business of large MNC's. Their course design is such that it address the needs of large corporate needs, we in the past have suggested ICAI's central council to introduce a SME specific designation and Introduce International level specialization after qualification. Their course is so rigorous that normal individual finds it really hard to pass the final hurdle.. Also there is no alternate career option for finalist who fails CA exams...they don't have degree and so they didn't get even jobs. After investing 5-6 years in these course what they finally get is Accounting Technician certificate...

- Why CPA? And Why not Certified Accounting Technician? – CAT certification is too low in prestige for getting jobs... even it has no provision for absorption of senior experienced professionals under unorganized sector...how can one expect a Tax Practitioner/Advocate (Already practicing) to sit for written exams? Accounting Technicians do not get any kind of professional membership or practice rights, they don't have a separate professional body for them. Nor they have any disciplinary mechanism...Course design is for Mid-level working Accountants. Not suitable for Self Employed Practitioners offering Various services such as Accounting & Reporting/Taxation/Business Regulatory & Labour Laws Compliances/ Financial & Management Consultancy ...
- Hence, "CPA" A respected Global Title of professional accountant is adopted. We have flexible membership option, which gives due recognition of previous experience and we intend to adopt flexible learning option that will enable a chance to experienced and senior unorganized professionals to upgrade their professional skill to join a class of " Professional Accountants for MSME's"

What benefits will create for being an ICPA Member?

(Proposed to persuade with various government authorities & affiliating statutory bodies)

- **Branding as professional for MSME Specific organisation, for all work under one roof...in line with our government policy, it will reduce administrative expenses (besides it's learning format supports National Vocational Education Policy and recent Skill development initiative of government)**
- **Professional fees sharing with other Professionals/Accountants will be possible.. Professional Networking, Partnership/LLP formation of Multidisciplinary firms will be possible..**
- **Certified Professional Accountant and Taxation Expert for SME's**
- **Value for their signature... (May get)**
 - **For Attestation of Accounts used in various banks for Loans including project reports and CMA reports certification for SME clients**
 - **Tax Compliance certification**
- **May get Audit rights for Small Not for profit enterprises under trust & Co-op Society laws**
- **May get Recognition as certified professional under various business regulatory laws for Assisting business setup and registrations (Proprietary/Partnership/MCA/Labour Laws)**
- **Authorised Representative under various Taxation /Business regulatory laws having separate professional login or facilitation center for SME's.**
- **New professional opportunities and career development as**
 - **Financial & Management Consultant for SME's**
 - **Internal Auditor**
 - **Forensic & Fraud Reporter**
 - **Anti-Money Laundering Compliance responsibility for SME's (future development)**

We are trying to bring all unorganized professionals who are otherwise offering above services under their current professional status or the area is open for all professionals. Hence we are not seeking any new rights.

What benefits will be there for Affiliating body (Parent Body)?

- They are open to impose reasonable terms and conditions for our members, they will act as regulators, in short they will be controlling the services of these unorganized sector
- Parents will get Affiliation share (in AIFTP's case 50% of Membership & Entrance /COP Renewal Fees)
- Special Status as Regulator Institutional Member, they can use their veto power whenever conflict of interest arises
- Parent body may become world's largest SME specific professional accountants body..
- AIFTP will be protecting their organization against any possible conflict of interest with ICPA and will be eventually growing their membership base uniformly on All India basis as all practicing CPA's will have to become AIFTP members.

Detail Business Plan

Objective: Formation of the Professional Accountancy Body working for SME's

Consisting of SMP's in India.

Brief Background to Market Place:

- a) Accountancy profession in India is regulated by the two statutory organization's namely Institute of Chartered Accountants of India (ICAI) & Institute of Cost Accountants of India (previously known as cost and works accountants of India- ICWAI) – (ICMAI), awarding Chartered Accountant (CA) & Cost & Management Accountant (CMA) Titles respectively
- b) India has huge population (more than 1.2 billion), but the professionally qualified accountants in practice are very few, approximately 65,000 only are the practicing CA's, whereas practicing CMA's are less than 5,000!!!
- c) Both these organizations have rigorous educational courses focusing mainly on the Large unlisted /Listed companies, Banks, Insurance Co.'s etc.. Relatively ignoring the small and medium size sector (Sole /Partnership Concerns/small private companies/Charities/Co-operative Units).
- d) They are largely unregulated as no central legislation /disciplinary mechanism / professional body exists for these professionals, governing tax laws provide a case to case basis charge of misconduct penalties. (A New Act governing Tax Practitioners professional misconduct like – Legal Professionals Act,2012 is still in draft mode and yet to be introduced before parliament of India) also Ministry recently has formed a NFRA (National Financial Reporting Authority to govern all accounting professionals irrespective of their governing professional institute, but still the NFRA has not been notified)
- e) Moreover neither indemnity insurance requirements exist in India nor Money laundering monitoring is entrusted with professional bodies, as in UK/Australia
- f) They offer following services –
 - Book Keeping /Compilation of accounts in accordance with national standards
 - All Direct and Indirect Tax Compliances (Returns/Representation on behalf of clients)
 - Statutory Audit Compliance to help CA's & CMA's
 - Financial Planning & Management, Project Funding & Consulting
 - Management Consultancy
 - Internal Audit/Forensic & Fraud Examination services
 - Many other small services like helping in getting banking finance & getting government subsidies, Business setup services etc.
- g) Apart from Tax practitioners their exist a large no of CA/CMA finalists who don't have any respectable title in spite of being investing more than 5 years after CA/CMA course.
Accounting Technician title is low in prestige/respect and that too doesn't have a professional association for it. There are more than 2, 00,000 CA final candidates in India

<u>Main Target: (Approx)</u>	No's
• Already practicing Tax Practitioners	4,00,000
• CA/CMA Finalist Students	2,00,000
<hr/>	
<u>Total Market Potential</u>	<u>6, 00,000</u>

Target's Educational Qualifications:

- Commerce Graduates having experience in Accounting & Taxation, practicing as Tax Practitioners
- Practicing Advocates in Taxation /Labor & Business-Corporate Laws
- CA/CMA Intermediates & Finalists (Who wants to give up studies & wish to develop a career as SME self-employed professional)

Entry Strategy:

- Our Society offers direct membership to above qualified and experienced individuals. After that will train them by CPA certification & training
- We have applied for IFAC (global regulator of Accountancy organizations) and also offer a duly recognized level 8 (Post Graduate level) Qualification as per National Skill Development Standards in association with our educational partners, ICA-Kolkata (A NSDC partner body)
- Also have applied to ICMAI to affiliate in developing our professional organization and to share IFAC and IFRS resources. To act as our Supervisory Institutional members
- We will attract members and students (As ICMAI is a statutory professional accountancy body and is an IFAC member organization and this will serve as a biggest asset. CPA-India will capitalize the same by entering into a joint venture agreement with ICMAI)
- Apart from above brand value we will be awarding a CPA- India (Certified Public Accountant-India)
- If AIFTP becomes our partner we together will be able to regulate and bring together more than 4 lac unorganized tax practitioners
- Also one can get a list of CA/CMA finalist including contact details to access & approach more than 2,00,000 candidates
- CPA India will also effectively use Digital Marketing, Direct advertisements, Visits to Academic Institutes /Universities as tools. things like Brochures/pamphlets, banners/hoardings in major locations can be used

Projected Profitability Statement (Amount in Rs. INR)

CPA India plans to Covers all these by incorporating a State and Union Territory wise regional branches in all districts

		2016	2017	2018	2019	2020
A]	One Time Membership Addition Fees expected-					
a.	Direct Membership Expected (as per Schedule)	20000	20000	20000	20000	20000
b.	Membership Admission fees (One Time)	1000	1000	1000	1000	1000
c.	Total Receipts from Direct New Membership Addition	20000000	20000000	20000000	20000000	20000000
B]	Annual Renewal Fees -					
a.	Cumulative No of Members due for renewal every yr					
b.	Associate	5000	10000	15000	20000	25000
c.	CPA	10000	20000	30000	40000	50000
d.	Fellow	5000	10000	15000	20000	25000
e.	Total	20000	40000	60000	80000	100000
f.	For Associates	500	500	500	500	500
g.	For Members	750	750	750	750	750
h.	For Fellows	1000	1000	1000	1000	1000
i.	Total Receipts from Renewal of Memberships	15000000	30000000	45000000	60000000	75000000
C]	Students					
a.	No of Students Enrolled/Passed /Certified Every year	5000	5000	5000	5000	5000
b.	One Time Student Registration Fees + Four Part Exam Fees	11000	11000	11000	11000	11000
c.	Gross Receipts from Students Registration & Examination	55000000	55000000	55000000	55000000	55000000
D]	Migration every year from Students to Qualified Members	5000	5000	5000	5000	5000
a.	Cumulative No of Members (Total)	10000	15000	20000	25000	30000
b.	Newly Added	5000	5000	5000	5000	5000
c.	Renewal -Associate	5000	10000	10000	10000	10000
e.	Renewal -Member	0	0	5000	10000	10000
f.	Renewal -Fellow	0	0	0		5000
g.	Fees from Migration of Students to CPA professionals					
h.	Newly Added (One Time)	1000	1000	1000	1000	1000
i.	Renewal -Associate	500	500	500	500	500
j.	Renewal -Member	750	750	750	750	750
k.	Renewal -Fellow	1000	1000	1000	1000	1000
l.	Total Receipts from Migration of Students to CPA	7500000	10000000	13750000	17500000	22500000

	professionals					
E]	CPE Fees (2 hr *25 annual events* Rs 100 Share every Event)					
a.	Cumalitive Active Members for CPE per annum	30000	35000	40000	45000	50000
b.	CPE Fees per year	2500	2500	2500	2500	2500
c.	Total Gross Receipts from CPE Activity	75000000	87500000	100000000	112500000	125000000
	COP Fees	10000000	20000000	32500000	45000000	60000000
F]	Gross Fees receipts of CPA -India	182500000	222500000	266250000	310000000	357500000
G]	Share of ICA & ICMAI Accreditation & Support	55000000	55000000	55000000	55000000	55000000
H]	Share of AIFTP	63750000	83750000	105625000	127500000	151250000
I]	Share of ICPA for meeting Operating Exps (Will be adjusted as budget is more)	63750000	83750000	105625000	127500000	151250000

Budgeted Expenses: for Current Yr (2016)

<u>Staff</u>		Salary PM	Total PA
Publication and Media	1	50000	600000
Marketing -Members & Students	1	50000	600000
Certification & Examination	1	50000	600000
Membership & CoP	1	50000	600000
CPE/CPD	1	50000	600000
Secretary	1	50000	600000
Accountant/Treasurer	1	75000	900000
Chief Executive Officer	1	150000	1800000
		525000	
Non Technical-Semi Skilled Office Staff	5	25000	1500000
Disciplinary Committee	3	25000	900000
Executive Committee	5	10000	600000
Central Council	15	10000	1800000
	Sub Total	36	11100000
Operating Expenses			
Telephone & IVR Maintenance		10000	120000
Electricity		5000	60000
Rent of Corporate Office Premises		50000	600000
Sundry Exps		25000	300000
ICA Fees annually			1000000
IFAC Fees			350000

IFRS Foundation Licensing Fees			250000
Travelling Exps for Executive Officers			500000
IT Infrastructure/Email/Marketing & Advertisement		100000	1200000
Operating Printing & Stationery/Postage Exps	250 per Member		5000000
	Sub Total		9380000
Initial Capital Expenditure			
ICA Fees for Development of Certification Platform			5000000
Computers and Printers Set Up			500000
	Sub Total		5500000
	Grand Total		25980000

- **The Above investments are estimates, CPA India plans to invest step by step**
- **We need Assistance from AIFTP**
- **Hence, firstly it is getting incorporated as such, then it will be looking for joint venture with ICAI (CMA-India),AIFTP, Local Vocational training Providers and then it will start its operations**
- **Tentative Start up time is 6 months to develop deliverable web platform addressing Students Examination /Members CPE like needs**
- **CPA India plans to recruit expert staff on pan India basis to successfully achieve its target. Such a staffing is shown in its current budget & projections but will be adjusted against its share of earnings.**
- **For the above critical project, CPA-INDIA seeks help of AIFTP**

Background of The Promoter :

Name: Mohasin Tahasildar

Email: mohasintahasildar@rediffmail.com

Contact No : +91 9545331199 /9890412288

Professional Titles:

Title	Designation	Awarding Body	Membership No
AFA/MIPA	Associate Financial Accountants & Member IPA	Institute of Financial Accountants, United Kingdom & IPA –Australia	254580 954580
CPA	Certified Public Accountant	Association of International Certified Public Accountants-UK	ACPA (Pro)/PK-C-1501-712
CFA(IFS)	Certified Forensic Accountant & Fraud Examiner	International Forensic Sciences (IFS), India (a premier body in India for forensics)	Eligible but not yet taken
ACFE	Associate Member	Association of Certified Fraud Examiner, USA	679798
Authorized Tax Practitioner	Income Tax Practitioner Sales Tax Practitioner Central Excise and Service Tax Practitioner	Department of Income Tax, Government of India- (CBDT) Sales Tax Department, Maharashtra State Central Board of Excise Custom & Service Tax (CBEC)	12/47/2013-14 M.No. 14909 (N.A) (eligible as per Act)
MIIA	Member of IIA	Institute of Internal Auditors, (IIA-USA)	1840463

Educational Qualification:

Course	Board/ College/ Institute/ Authority	Year of Passing	Percentage
Financial Accountant	Institute of Financial Accountants UK	2014	N.A. (Qualified via APL route)
CPA Professional	Association of International Certified Public Accountants-UK	2015	Thesis option
Certified Forensic Accountant & Fraud Examiner	International Forensic Science (IFS), a premier body in India for forensic	2014	78%
CAPE II/ Intermediate	Institute of Chartered Accountants of India	2007 Nov	51 %
CA PE I/	Institute of Chartered Accountants of	2005 Nov	50%

Foundation	India		
Computer Training Course [CCT]	SSI Kothrud Road Br, Pune	August 2006	78%
B.Com.(Hons)	Shivaji University, Kolhapur	March 2007	51%

· **has completed all mandatory requirements, training in communication skills & Computers to gain Chartered Accountancy membership but could not complete the Final Exam.**

· **Present Occupation:**

· **Currently self-employed, offering Accountancy and Taxation Services in fathers firm M S Tahasildar & Co, father is a tax practitioner, practicing from last 26 yrs. Also has a separate management consultancy company in the name of MST Advisors Pvt Ltd (OPC) Pvt Ltd**

· **Basically practicing in SME sector, also offering Tax planning & financial planning advisory & Bank Finance funding services for SME, Audit compliance & Regulatory law compliance services, Internal Audit and Forensic Accounting and Fraud Investigation**

· **Has a client base of almost 1000.**

· **Experience: Working as Financial Accountant & Tax practitioner from March 2011 and has successfully pleaded cases before income tax authorities & Sales Tax, Central Excise & Service Tax Authorities, so has 5 years of professional experience. Although working with father in his firm since 2004 apart from 3 years CA articleship**

Work History:

· **Article Clerk / Audit Assistant**

V T & Associates

(Chartered Accountants)

H.O. – Sangli.

Period from Jan 2008 to Jan 2011.

· **Job Profile:** Article Assistant

1. Tax Audit & Statutory Audits of Pvt Co's. Firms, Individual & Trusts. Special Audit assignments Such as 142(2A) audit under IT Act & Vat Audits Under MVAT

2. Preparation of Statutory Books of Accounts of Sole Traders & Partnership Firms & Private Limited Co's, Trusts

3. Finalizing of Accounts Periodic Return Submission under MVAT Act & Filing of ITR under IT Act. (E Filing). Working knowledge of Income tax, Service Tax & MVAT Act

4. Preparation of Project Reports for Bank Finance Purposes.

5. It is mandatory training period for qualification of Indian Chartered Accountancy course

Computer Literacy:

- Knowledge of MS Office.
- Knowledge of Accounting Package like Tally 9 Erp.
- Handy with Internet Applications and E filing procedures like MCA 21 & Income Tax India

Career Interest:

- Internal Auditing, Forensic Accounting & Fraud Examiner, International Taxation course- ADIT by CIOT,UK

Personal Details:

- Name : **Mohasin M. Tahasildar**

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Dist. Sangli (Maharashtra) India

- Office Address: M S Tahasildar & Co, Financial & Tax Consultants
4582 A ,Sangli Ves, Guruwar peth
Miraj-416410
- Date of Birth : 11th September, 1986
- Marital Status : Married
- Languages Known : English, Marathi, Hindi [Urdu]
- Other Hobbies : Playing Cricket, Kite Flying, Listening Music
- Sex : Male
- Religion : Islam