

CNK & Associates LLP

*"Knowledge Based Solutions" with Personalized
Services*

MOVING FROM GENERAL PRACTICE TO SPECIALIZATION

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THIS SESSION

- ❑ Present Economic Scenario
- ❑ CA as a Profession
- ❑ Traditional Roles
- ❑ Contemporary Services
- ❑ What is Specialisation ?
- ❑ SWOT Analysis
- ❑ The Road to Specialisation

PRESENT ECONOMIC SCENARIO

- ❑ India continues to be an interesting story.
- ❑ Large scale consolidation and restructuring across businesses
- ❑ Ever increasing compliances – SEBI, RBI, Companies Act, Corporate Governance, IFRS, GST, Service tax
- ❑ Standardization of regulatory and disclosure framework internationally.
- ❑ ICAI working towards enabling its members to practice in other countries.
- ❑ Foreign entities setting up shop in India & Indian businesses setting up establishments abroad.

CA AS A PROFESSION



- ❑ Gap between demand and supply – very few fresh entrants into practice
- ❑ Closure of many “star firms” of yester years due to merger, takeover, retirement etc
- ❑ Shortage of accounting and finance professionals in industry, particularly in the mid-sized segment
- ❑ Audit Rotation promises to be a game changer for the profession and the existing firms
- ❑ Eagerness to outsource work that was hitherto done strictly in-house
- ❑ Opening up of possibilities through favourable regulatory changes – LLP, cross-professional partnerships, networking norms, global alliances.

CURRENT STATISTICS

Chartered Accountants as on 01/04/2014

Fellows :

Full time practice: 61105

Part time practice: 2975

Not in practice: 12167

Associates:

Full time practice: 41335

Part time practice: 5356

Not in practice: 106238

Total number of members: 229146

TRADITIONAL ROLES/FUNCTIONS OF A CA

In Practice

☐ **Taxation:** Direct & Indirect

- Prepare corporate and personal income tax statements, formulate tax strategies involving issues and solving those issues.
- Representation & Litigation

☐ **Audit:** Statutory & Internal

- Providing comfort to stakeholders that the financial statements present a true and fair view of state of affairs.
- Compliance with corporate laws

TRADITIONAL ROLES/FUNCTIONS OF A CA

In Industry

- ❑ Accounting Function: Managing the accounting function and preparation of financial statements.
- ❑ Compliance Function: Ensuring compliances relating to corporate law, SEBI, FEMA, labour laws etc
- ❑ Finance Function: Participate in important financial decisions involving budgeting, planning and long-term financial projections.

CONTEMPORARY PRACTICE AREAS

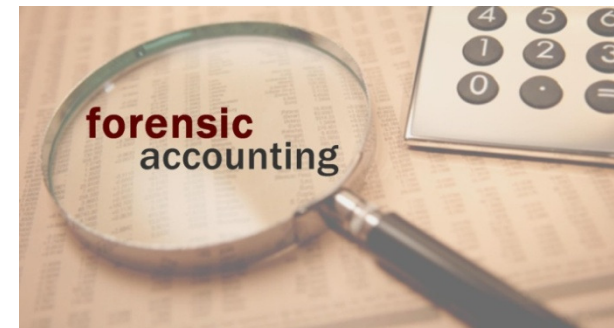
- ❑ **Risk Assessment:** Identification and evaluation of business risks.
- ❑ **Management Audits & Operational Reviews:** Cost analysis, analysis of new contracts, cost optimization studies, participation in decision making on capital budgeting and line of business analysis.
- ❑ **GRC (Governance , Risk & Compliance) Advisory:** Support for Enterprise Risk Management



CONTEMPORARY PRACTICE AREAS

❑ Fraud Investigation & Forensic Accounting:

- Computation of economic damages resulting from fraud
- Securities fraud
- Bankruptcy
- Computer forensics
- Computation and vetting of claims arising on account of fraud



CONTEMPORARY PRACTICE AREAS

❑ International Taxation:

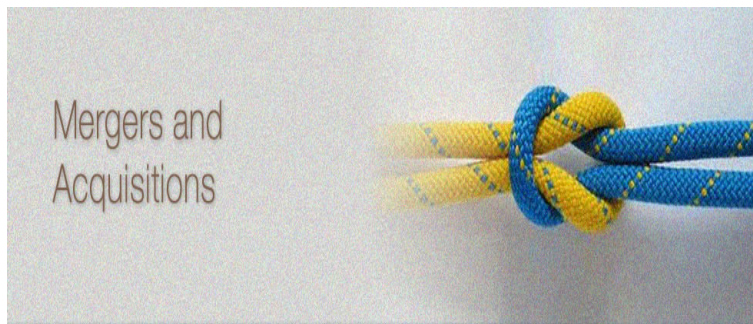
- ❑ Provide guidance and consultancy services related to:
 - Taxation of Non-residents
 - Transfer pricing
 - Cross border tax strategies & facilitation of cross border business set up
 - Advising on efficient tax structure with reference to double taxation avoidance agreements.

❑ Tax Litigations



CONTEMPORARY PRACTICE AREAS

- ❑ **Mergers and Acquisitions:** Due diligence, advisory services, joint ventures, measuring effects of merger on price.
- ❑ **Corporate Restructuring:** Divestments, spin offs, financial reorganisation.
- ❑ **Valuations:** Determining the price a buyer would pay for a business under various circumstances. Involves selecting appropriate measurement criteria, analyzing Company information in conjunction with the industry and advising on the same.



CONTEMPORARY PRACTICE AREAS

- ❑ **SYSTEMS REVIEW:** Technology has created many new opportunities for CAs in areas such as information development, information system design, information systems management and control and system evaluation.
- ❑ **FEMA:** Exchange Control Advisory Services
- ❑ **ESOPS:** Design, advisory & valuation
- ❑ Outsourced CFO Function
- ❑ Independent Directorships



WHAT IS SPECIALIZATION?

A process of becoming an expert in a particular field or area by :

- ❑ Establishing goals
- ❑ Drawing up a roadmap with milestones i.e breaking down the work
- ❑ Controlling / Monitoring quality of work
- ❑ Making optimal use of technology
- ❑ Integration of various tasks



ESSENTIALS OF SPECIALIZATION



SWOT ANALYSIS - STRENGTHS

- ❑ Competitive advantage
- ❑ Greater efficiency
- ❑ Higher client satisfaction
- ❑ Facilitates overall growth and development of the Firm as well as of the individual
- ❑ Less time consuming
- ❑ More rewards and recognition
- ❑ Far more capable in their field of expertise

SWOT ANALYSIS - WEAKNESS

- ❑ Cannot navigate uncertainty as well as generalists
- ❑ Do not think of macro impacts of financial decisions (the big picture)
- ❑ Usually less flexible
- ❑ Non-specialists are usually aware and updated on a lot of aspects other than only their field
- ❑ May get monotonous



SPECIALISATION - OPPORTUNITIES

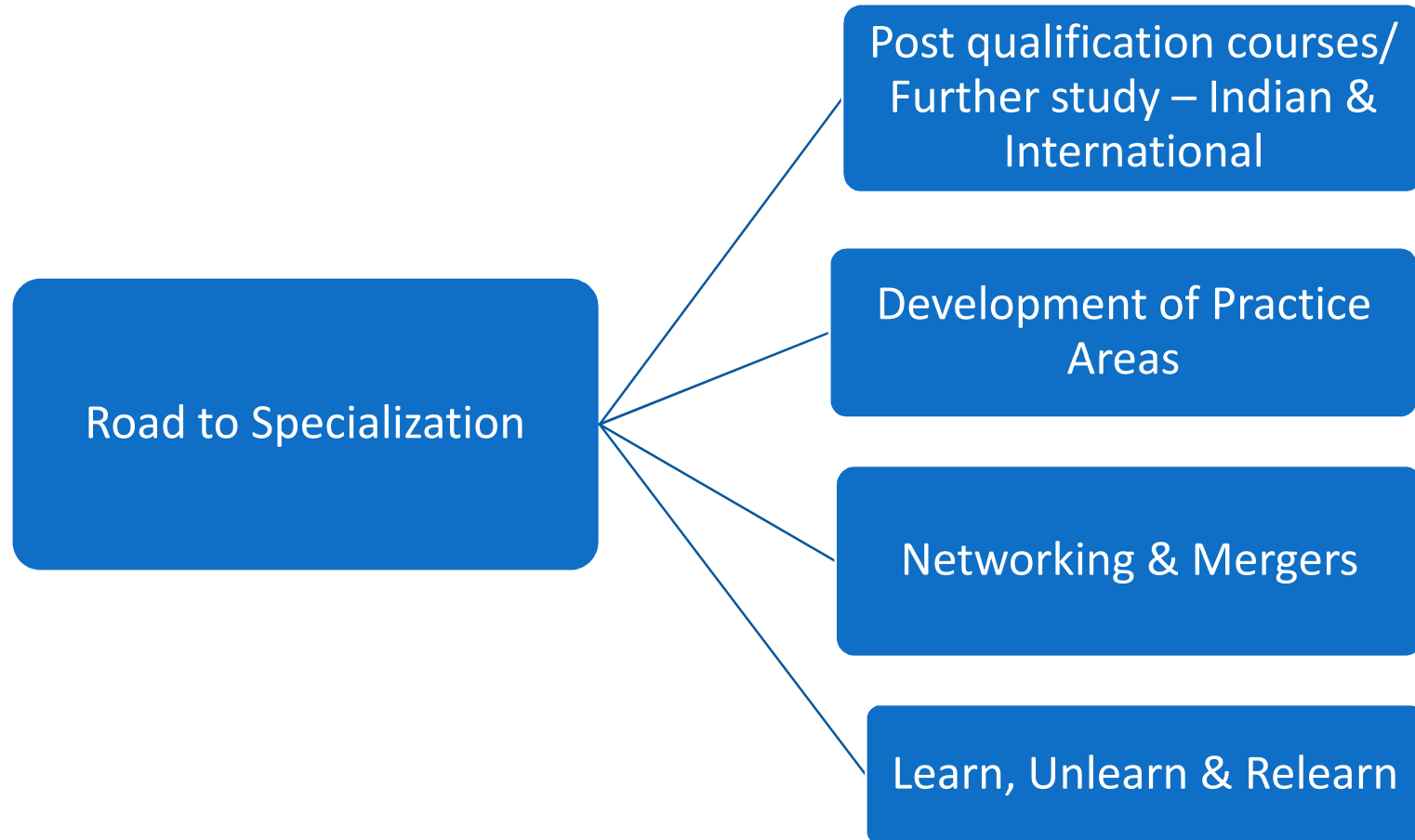
- ❑ First Movers Advantage – foresight of a future need and readiness to fulfill the same – eg IFRS, GST, IT skill sets.
- ❑ Specialization encourages participation in professional forums, speaking at professional seminars and conferences and accept leadership positions in professional bodies – brings recognition as well as more work.
- ❑ Professionals are change agents – an entity having more specialists may be in a better position to permit some of its staff to work for social causes and for advocacy.
- ❑ World is shifting from demanding "Jack of all trades" to demanding the "master"
- ❑ Today's competitive world leaves no place for errors, thus needing a specialist.

SPECIALISATION - THREATS

- ❑ Changes in Regulatory scenario could lead to redundancy
- ❑ Lack of adequate opportunities
- ❑ May not possess the right skillsets
- ❑ Super specialisation could lead to lack of ownership in decision making



ROAD TO SPECIALIZATION



NECESSARY TO BE A GENERALIST FIRST

- ❑ At inception of career, one needs to be diverse
- ❑ Strong fundamentals and overall knowledge
- ❑ Broad range of skills and experience across a range of disciplines within the field
- ❑ Helps professionals to recognize their inherent strengths and gives clarity in thoughts
- ❑ Provides opportunity to test their options before specialisation
- ❑ Transition is a conscious decision and process



POST QUALIFICATION COURSES BY ICAI

- ❑ Post Qualification courses :
 - Information Systems Audit
 - Computer Accounting and Auditing Techniques
 - Insurance and Risk management
 - Management Accountancy course
 - International trade law and WTO
 - ERP courses on SAP etc

POST QUALIFICATION COURSES BY ICAI

- ❑ Certificate courses :
 - Not for profit organizations
 - Wealth management and financial planning
 - Internal Audit
 - Forensic Accounting and fraud detection
 - Valuation
 - International Financing Reporting standards
 - International Taxation
 - Concurrent audits or banks
 - Enterprise Risk Management

OTHER COURSES

❑ International Qualifications

- Cost Financial Analyst (CFA)
- Certified Internal Auditor (CIS)
- Certified Information Systems Auditor (CISA)
- Certified Public Accountant (CPA)
- Certified Fraud Examiner (CFE)

❑ International Tax Courses

DEVELOPMENT OF PRACTICE AREAS

Alongwith general practice, create a specialisation in one or two areas

Eg – for tax practice – specialisation in litigation

-for internal audit – particular industry

- for indirect tax – service tax

ROLE OF NETWORKING & MERGERS

- ❑ Pooling different resources into one field
- ❑ "One stop shop" for expertise, experience and efficiency
- ❑ Increases capacity in terms of market reach, efficiency in terms of knowledge, better control over quality
- ❑ Professional development and growth opportunities
- ❑ Stepping stone to professional partnerships/LLPs

ROLE OF NETWORKING IN SPECIALIZATION

Different forms of Networking:

Referral Network

Association of domestic firms

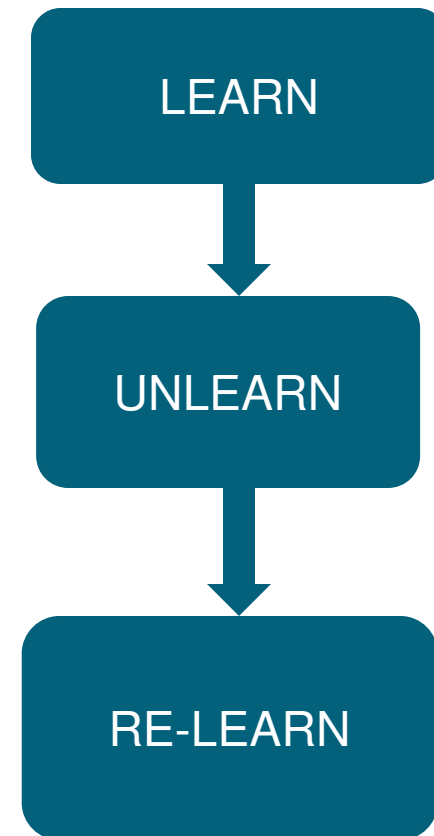
Affiliation to international network

Informal associations

LEARN-UNLEARN-RELEARN

RECENT DEVELOPMENTS

- Companies Act 2013
- New reporting requirements
- Applicability of Ind AS (in line with IFRS)
- Introduction of GST
- Black Money Bill
- ICDS





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Remember, the journey of a thousand miles must begin with a single step.

**"Each Man is capable of doing one thing well.
If he attempts several, he may fail to achieve
distinction in any."**

-Plato



THANK YOU