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Evolving Frontiers, Exciting Prospects

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Need for co-ordination between Actuaries & CAs

Accounting:

- ▶ Evolution :Book Keeping, Accountancy, Financial Accounting, Management Accounting
- ▶ Preparation of Financial Statements based on cost

Basic Principles of Accounting:

- ▶ Going Concern, Accrual and Consistency

Accounting Standards

- ▶ Recognition, Measurement and Disclosure

Financial statements

- ▶ Different users, Different objectives, Different Expectations
- ▶ **Presentation of Financial Statements:**
 - Revised Schedule VI of Companies Act
 - Insurance Regulatory & Development Authority
 - Reserve Bank Of India

Audit of Financial Statements

- ▶ Audit Report
- ▶ Contents of Audit Report:
 - Introductory Paragraph
 - Management's Responsibility for Financial Statements
 - Auditors Responsibility
- ▶ Auditor's Opinion:
 - Statement of Fact
 - Statement of Opinion

Audit process

- ▶ Standards on Auditing
- ▶ General Principles and Responsibilities
- ▶ Risk assessment and response to assessed risks
- ▶ Audit Evidence
- ▶ Using Work of Others
- ▶ Audit Conclusions and Reporting

Audit evidence

- ▶ Relevance and Reliability
- ▶ Evaluate the Competence, Capability and Objectivity of the expert
- ▶ Obtain understanding of the work of the expert
- ▶ Appropriateness of the expert's work as audit evidence for relevant assertion

Insurance companies – financial statements

Life Insurance Business – Specific Para in Audit Report

The Actuarial valuation of liabilities for life policies in force is the responsibility of Company's Appointed Actuary ('the Appointed Actuary'). The Appointed Actuary has duly certified the valuation of liabilities for the policies in force as at March 31, _____ and in his opinion; the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the appointed actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

General insurance business – financial statements

Specific Para In Audit Report

The actuarial valuation of liabilities in respect of IBNR and IBNER as at March 31, _____ has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by IRDA and Actuarial Society of India in concurrence with the IRDA.

Other companies – financial statements

- ▶ Valuation of Gratuity and Leave encashment
- ▶ Valuation for other post retirement benefits

Co-ordination between Actuaries & Accountants

- ▶ Credibility of Financial Statements
- Role of Actuary
- ▶ Review of Actuarial Report by Auditors
- ▶ Areas of co-ordination

Issues – Actuary and Accountant

- ▶ Art or Science
- ▶ Role of Ethics and Value System
- ▶ Whether Principles decide the Practices or Practices lead to identifying Principles
- ▶ Actuaries and Accountants may not necessarily support objectives of business and the management
- ▶ Lead towards accountability, credibility and utility to the society