



**E-NEWSLETTER OF SICASA CHENGALPATTU DISTRICT
BRANCH OF SIRC OF ICAI**

AUGUST 2023

Vol VIII/No.02

**Happiness is starting your
study with 3 principles of
accounting and your
profession with 3
principles of life.
CHALLENGE it, ACHIEVE it,
LOOP it**

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SICASA of Chengalpattu District Branch of SIRC of ICAI

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Note: The views expressed in the articles published are own view of authors and SICASA Chengalpattu District Branch does not endorse or take any responsibility for the views expressed in the articles.



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FROM THE SICASA CHAIRPERSON'S DESK TO STUDENTS

Dear Students,

Swami Vivekananda's word,

Plunge into the world and learn the secret of work, and that is the way
of the Karma -Yoga.

Don't fly away from the wheels of the world-machine, but stand inside it
and learn the secret of work .

Through proper work done inside, it is possible to come out.

Through this machinery it is in the way out.

Best Wishes

CA Aanand P

SICASA Chairman

1st August 2023.



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FROM THE BRANCH CHAIRMAN'S DESK TO STUDENTS

Dear Students , dear beloved Students (future CAs)

First of all I convey my best wishes to the Students who come out successfully with flying colours in the Results of the May 2023 CA Foundation, Inter and Final Examinations. I welcome the Final passed students to the elite group of CA Membership. Those who could not clear this time, should necessarily try next term, with positivity. They should keep in mind that real efforts will never go waste, will deliver good results. Should hope for best forever.

Now, I wish to state the student activities which were carried out in the last month.

- ✓ Following activities as part of CA Day Celebrations:
 - Walkathon Programme for creating awareness towards CA profession among the people
 - CA Day Celebrations at the Branch with speech of Guest, Mr. Narayanan K P, Director - Global Training | Influencer Marketing | Strategic Alliances, Zoho corporation Pvt Ltd
 - Tree Plantation at the New Premises of our Branch



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- Distribution of prizes to winners of Indoor & Outdoor Games, Quiz and Pitch Deck competitions
- Blood Donation Camp
- Eye Screening Camp
- ✓ SICASA AGM held on 20th July 2023

I Request every one of our students to make the best of use of opportunity to enrich your knowledge by active participation of Students Programs regularly organised by our branch.

With these few words, I pen down, by extending....

Best wishes,

CA T SIVAGURUNATHAN

Chairman

Chengalpattu District Branch of SIRC OF ICAI.



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STUDENTS ARTICLES FOR THE MONTH OF AUGUST 2023

EMERGING IMPLICATION OF AUDIT TRAIL

With effect from 1st April 2023, all the companies must ensure that the software, that they use for maintaining Books of Accounts namely Tally, Zoho etc., should contain built-in mechanism to record audit trail of every transaction, creating an edit log of each change made electronically maintained books of account along with the date when such changes are made and ensure that the audit trail cannot be disable.

Type of companies who should follow the rule

As per the Companies Act 2013, the new amendment released by the MCA will be applicable to the following companies, including the companies that are managed by State and Central Government, NGOs who are receiving funds from various stakeholders:

- All Public and Private Limited Companies
- One Person Companies (OPCs)
- Companies owned by Government of India
- State Government Companies
- Not-for-Profit Companies/Organization
- Nidhi Companies



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1) Manner of Books of Account to be kept in Electronic Mode (Rules 3 The Companies (Accounts) Rules, 2014.

(i) The books of account and other relevant books and papers maintained in electronic mode shall remain [accessible in India, at all times] so as to be usable for subsequent reference. [Provided that for the financial year commencing on or after the [1st day of April, 2023], every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.]

(ii) The books of account and other relevant books and papers referred to in sub-rule (1) shall be retained completely in the format in which they were originally generated, sent or received, or in a format which shall present accurately the information generated, sent or received and the information contained in the electronic records shall remain complete and unaltered.

(iii) The information received from branch offices shall not be altered and shall be kept in a manner where it shall depict what was originally received from the branches.



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(iv) The information in the electronic record of the document shall be capable of being displayed in a legible form.

(v) There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law: Provided that the back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a 4[daily basis].

(vi) The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement-

- (a) The name of the service provider;
- (b) The internet protocol address of the service provider;
- (c) The location of the service provider (wherever applicable);
- (d) Where the books of account and other books and papers are maintained on cloud, such as the address as provided by the service provider.



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2) Consequences of Non-Compliance

If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such managing director, whole-time director in charge of finance, Chief Financial officer or such other person of the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.

Hence we hereby inform you that from the financial year beginning on or after April 1, 2023, every company that uses accounting software to maintain its books of account shall use only Accounting Software that has a feature of recording an –

- Audit Trail of each and every transaction,
- Creating an edit log of each change made in books of account along with the date when such changes were made.
- Ensuring that the audit trail cannot be disabled.

The audit trail must be maintained for at least 8 years from the end of the financial year for which it pertains. By maintaining an audit trail, regulators can easily trace the history of any particular transaction and identify irregularities.



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3) Responsibility

- **Management's Responsibility**

Every company which uses an accounting software for maintaining its books of account, should use only such accounting software which has the following features:

- i. Records an audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made; and
- ii. Ensuring that audit trail is not disabled.

Management Representation letter to be obtained from Management.

- **Auditor's Responsibility**

Rule 11(g) casts responsibility on the auditor in terms of reporting on audit trail by making a specific assertion in the audit report under the section 'Report on Other Legal and Regulatory Requirements'.

- i. Auditor should comment on whether the company is using an accounting software which has a feature of recording audit trail.
- ii. The auditor is expected to verify the following aspects:



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- a. Whether the audit trail feature is configurable (i.e., if it can be disabled or tampered with)?
- b. Whether the audit trail feature was enabled/operated throughout the year?
- c. Whether all transactions recorded in the software are covered in the audit trail feature?
- d. Whether the audit trail has been preserved as per statutory requirements for record retention?

Summarization of Audit trail

The audit trail must contain the following information.

1. Details of every transaction that takes place within the company, including the date, amount and nature of the transaction.
2. Details of every change made to the books of accounts, including the date and nature of the change.
3. Details of all authorization for transactions and changes made to the books of accounts, including the names of the persons who authorized them.
4. Details of all approvals and rejections of transactions and changes made to the books of accounts, including the names of the person who approved or rejected them.



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5. Details of all access to the books of accounts, including the date and time of access, and the name of the person who accessed them.

6. Details of all backup and restoration activities related to the books of accounts.

The audit trail must be maintained for at least eight years from the end of the financial year for which it pertains.

An audit trail can include information such as

- who accessed a system,
- what data was accessed or modified, and
- When it was accessed or modified.
- It can also include details about failed login attempts, system errors or any other actions taken within a system.

ASMITHA MATHAVAN

SRO - 0621397



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Survivor of the storm

when the thunder strikes,
when colors fall behind black veil.

When branches are naked,
when flowers are buried,
when tides slam rocks on the shore.

When darkness falls,
when all life is gone,
when a mist deceives all hope.

A light shall spring from the break of clouds,
the sun shall show its face.
The grass shall sprout,
the tides shall settle
As a sign of a new age.

A better age.

As storms of the earth,
is the mind of a human:
Restless.

Prone to rumble.



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But there is no darkness,
that ever could break,
the light that lives inside you.

When time is right,
the shadow will fade.
Free you from its grasp.

That's when you'll rise,
stand so tall.
As survivor of the storm.

Powerful.
Invincible.
Survivor of the storm.



BY LINGARAJ SWAIN
SRO- ERO0223646



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Glimpse of the events held in July
2023

PRIZE DISTRIBUTION CEREMONY





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BLOOD DONATION CAMP





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**SICASA MANAGEMENT COMMITTEE
MEMBERS 2023-24**



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TRIVIA CORNER

Mr. X and Mr. Y are friends. Mr. X runs a taxi business. Mr. Y hires a car from Mr. X for one month. Mr. Y paid ` 5000 to Mr. X. Mr. X instructed Mr. Y to deliver his car to one of his neighbour Mr. A, after the specified time, as he is going out of town for two months. With no malicious intention, after expiry of one month, Mr. Y thought to retain the car with himself. Mr. Y decided to pay ` 5000 to Mr. X, when he returns, as he can easily travel to his office on daily basis.

Mr. Gupta visited Mr. X. Mr. X needed ` 50,000 for his personal use. Mr. X promised to pay the amount in 3 months. Mr. X bought an imported T.V. from abroad. Since, Mr. Gupta deals in electronic goods, he asked Mr. X to pledge the T.V, to which Mr. X agreed. Mr. X pledged the T.V. against the loan amount of Mr. Gupta. The T.V's cable got damaged by Mr. X but TV was in a working condition. After the specified time, Mr. X did not pay off the debt. Finally, Mr. Gupta decided to sell the T.V, to recover his debt, but had to bear the cost of cable repair worth ` 5,000.

A customer bought a music system from Mr. Gupta on 4th January, 2022. The customer paid 10% of the amount in cash, and issued two cheques dated 21st January, 2022 and 10th February 2022. The 1st cheque issued by customer got cleared on 4th February.



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Mr. Gupta deposited the 2nd cheque on 12th May, 2022 which got returned due to insufficient funds in the bank account of the drawer. Mr. Gupta send notice to the customer within a week, after receiving the information from the bank regarding return of the cheque. The customer even after 15 days' time neither replied to the notice nor paid the amount to Mr. Gupta. Mr. Gupta asked his lawyer to sue the customer under the relevant law.

Mr. Gupta's son Amit, found a Rado watch in the cafe; lying on the floor. Amit tried to find the owner of the watch but all his efforts went in vain. Amit got the watch repaired from the showroom by paying 1000. Next day Amit came to know about the real owner of the watch, from the advertisement newspaper stating the loss of a watch in the cafe along with the reward of ` 4000 to the finder of the watch. Amit went to the owner to return the watch. Amit demanded 5,000 as he had paid `1000 for the repair of the watch.

Mr. X lent his car gratuitously to his banker friend Mr. Yaseen, till summer vacation. But after 15 days Mr. X terminated the contract and took back his car. Due to summer vacation, no cars were available and Mr. Yaseen had to arrange another car for much higher price i.e. for 12,000, which is generally available for `8,000.



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Multiple Choice Questions

1. By referring to the provisions of the Indian Contract Act, 1872, what should be the liability of the owner to pay to Amit?
 - (a) The owner needs to pay the reward amount as well as the repairing cost to Amit
 - (b) Amit has no right to claim the repairing amount of the watch.
 - (c) Amit can retain the watch till the owner pays him the repairing cost as well as the prize money and Amit can sue the owner for the prize money only.
 - (d) Amit has a right to claim the repairing amount of the watch.

2. According to the provision of the Indian Contract Act, 1872, how would you evaluate Mr. Yaseen's situation?
 - (a) Mr. X is liable to compensate Mr. Yaseen for the loss, which is in excess of the benefit derived by Mr. Yaseen.
 - (b) Since there is no consideration involved, Mr. X is not liable to pay any compensation.
 - (c) No loss is caused to Mr. Yaseen, so he is not liable to get any compensation.
 - (d) Mr. Yaseen is liable to get compensation only if it is expressly mentioned in the contract.



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3. With reference to the provision of the Indian Contract Act, 1872, how would you justify the action of Mr. Y?

- (a) Mr. Y can retain the car as he had no malicious intention and was ready to pay ` 5,000
- (b) Mr. Y was authorized to retain the car as a Bailee and had an option either deliver it to Mr. Y or his neighbour
- (c) The car can be retained by Mr. Y, after informing Mr. Y's neighbour
- (d) It was not justifiable for Mr. Y to retain the car after 1 month.

PREVIOUS MONTH ANSWERS

- (a) 1
- (b) 1
- (c) 3
- (d) 4
- (e) 4



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CONTRIBUTION FROM OUR CA ASPIRANTS

Articles are invited from students for publishing in e-newsletter. The articles shall be either on the specific subject or a general article.

For all the artistic minds, you may highlight your artistic skills by sending your art to us. It could be drawing, poem, photographs and all the art work which is unusual in your way!

Students can mail their work with Name, SRO Number, Mobile Number, Residential Address, Office Address & Photo to our E-Mail mentioned below.