



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

June 2023

Vol VII/No.09

**JUNETEENTH WAS NEVER ABOUT
COMMEMORATING A DELAYED
PROCLAMATION BUT ABOUT
CELEBRATING PEOPLE'S
ENDURING SPIRIT**

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SICASA of Chengalpattu District Branch of SIRC of ICAI

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FROM THE SICASA CHAIRPERSON'S DESK TO STUDENTS

Dear Students,

Swami Vivekananda's word

Have Faith in Man, whether he appears to you to be a very learned one or a most ignorant one.

Have faith in yourselves, and stand up on that faith and be strong; that is what we need.

Have faith that you are all, my brave lads, born to do great things!

Let not the barks of puppies frighten you, no, not even the thunderbolts of heaven, but stand up and work!

Have fire and spread all over work, work. Be the servant while leading. Be unselfish, and never listen to one friend in private accusing another.

Have infinite patience, and success is yours.

Best Wishes

CA Aanand P

SICASA Chairman

31st May 2023



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FROM THE BRANCH CHAIRMAN'S DESK TO STUDENTS



My dear beloved Students (future CAs),

It is a nice feeling I am enjoying now, in writing this fourth message-letter, as the Chairman of the Branch of our prestigious Institute.

Month of May will be a great month for our CA Students, who are giving their Foundation, Inter and Final Exams. I hope all the students would have given their best in their respective exams. Hope every student's wishes come true in the month of July.

Last month, for students other than those who were busy in writing their exams, we had Students activities / programs in the Branch.

- Career Counselling Programmes for CA aspirants, was held at branch premises on all Saturdays & Sundays.
- 5 Days GST Training Session for CA Students & Audit Staff from 29th may 2023 to 3rd June 2023.



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For the month of June, we have many students' activities to perform. Some of them are:

- On 17.06.2023, we have a half day Student Seminar on Non Corporate Financials Format and Applicable AS
- On 21.06.2023, being Yoga Day, we plan to train the students perform yoga, as a part and parcel of their daily activities.
- Planning to arrange Industrial Visit.
- Commencing Foundation Classes in two batches (both morning and evening) from 1st week of June, for four months' duration.
- We have plans to arrange five Students' programmes forming part of CA Curriculum, viz., Two ITT Course, Two Orientation Courses and one Advanced ITT Course.

I request more number of students to participate in all the activities of the Branch and take many values from them for their career growth. Support your Branch and get supported by the 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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SICASA Schedule for the month of June 2023

S.NO	DATE	EVENT
1	30-05-2023 To 03-06-2023	GST PRACTICAL TRAINING
2	03-06-2023	STUDY CIRCLE MEETING
3	10-06-2023 To 11-06-2023	SPORTS DAY
4	17-06-2023	HALF DAY SEMINAR
5	20-06-2023	BRANCH DAY
6	21-06-2023	YOGA DAY



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STUDENTS ARTICLES FOR THE MONTH OF JUNE 2023

AS 9 – REVENUE RECOGNITION

❖ What is Revenue?

- ✓ Revenue means the gross inflow of cash, receivable or other consideration arising in the course of ordinary activities of an enterprise from sale of goods, from the rendering of services and from the use by others of the resources of the enterprise yielding interest, royalties and dividend.

❖ What is in AS 9?

- ✓ It is basically concerned with the “**timing of recognition**” in the statement of profit and loss. It lays down criteria for recognition of revenue most suited to preparers of financial statement of enterprises engaged in varied activities.

❖ Scope and Applicability?

- ✓ This standard deals with the recognition of revenue from ordinary activities such as
 - Sale of goods
 - Rendering of services
 - Resource yielding interest, dividends etc.



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✓ **But it does not deal with Revenue arising from:**

- Construction contract
- Hire purchase & Lease agreements
- Government grants and other similar subsidies
- Revenue of insurance companies arising from insurance contract.
- Realized or unrealized gains resulting from changes in foreign exchange rates.

Realized or unrealized gains resulting from disposal or holding of Non-current asset.

➤ **SALE OF GOODS:**

Revenue from sales should be recognized when seller transfer the property in goods for a price and satisfying the following conditions:

- All significant risks and rewards of ownership have been transferred to the buyer from the seller and the seller retain no effective control of goods transferred.
- Ultimate collection of receipt is reasonably certain.
- No significant uncertainty exists regarding the amount of consideration from the sale.
- Trade discount and volume rebates given should be deducted from the gross revenue receivable.



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➤ **RENDERING OF SERVICES:**

Revenue from service transactions is usually recognized when,

- As the service is performed either by proportionate completion method or by the completed service contract.
- Ultimate collection of receipt is reasonably certain.
- No significant uncertainty exist regarding the amount of consideration from the sale.

➤ **REVENUE FROM INTEREST:**

Recognized on time proportion basis.

➤ **REVENUE FROM ROYALTIES:**

Recognized on accrual basis in accordance with the terms of the relevant agreement.

➤ **REVENUE FROM DIVIDENDS:**

Recognized when the right to receive is established.

➤ **UNCERTAINTY IN COLLECTION:**

When the uncertainty relating to collectability arises subsequent to the time of sale or the rendering of services, it is more appropriate to make separate provision to reflect the uncertainty rather than to address the amount of revenue originally recorded.



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❖ **DISCLOSURE:**

- Revenue recognized in the statement of profit and loss.
- An enterprise should disclose the circumstance in which revenue recognition has been post ponded pending the resolution of significant uncertainties.

❖ **REVENUE UNDER SPECIAL CIRCUMSTANCES:**

- **On sale buyer takes title and accepts billing but delivery is delayed at the buyers request:**

Revenue should be recognized notwithstanding that physical delivery has not been completed.

- **Delivery subject to installations and inspections:**

Revenue should not be recognized until the customer accepts delivery and installation and inspections are complete. However when installation process is very simple revenue should be recognized. For example, Television sale is subject to installation





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➤ **Sale on approval:**

Revenue should not be recognized until the goods have been formally accepted or time for rejection has been elapsed or where no time has been fixed, a reasonable time has elapsed.

➤ **Sale with the condition of “Money back if not completely satisfied”:**

It may be appropriate to recognize the sale but to make suitable provision for the returns based on previous experience.

➤ **Consignment sales:**

Revenue should not be recognized until the goods are sold to the third party.

➤ **Instalment sales:**

Revenue of sale price excluding interest should be recognized on the date of sale.

➤ **Special order and shipments:**

Revenue from such sales should be recognized when the goods are identified and ready for delivery.

➤ **Where seller concurrently agrees to repurchase the same goods and the later date:**

The sales should not be recognized as this is the financial arrangement.



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➤ **Subscription received for publications:**

Revenue received or billed should be deferred and recognized either on the straight line basis over time or where the items delivered vary in value from period to period, revenue should be based on the sales value of the item delivered.

➤ **Advertisement commission received:**

It is recognized when the advertisement appears before public.

➤ **Tuition fees received:**

It should be recognized over the period of instruction.

➤ **Sale of show tickets:**

The revenue should be recognized when the event takes place.

➤ **Entrance and membership fees:**

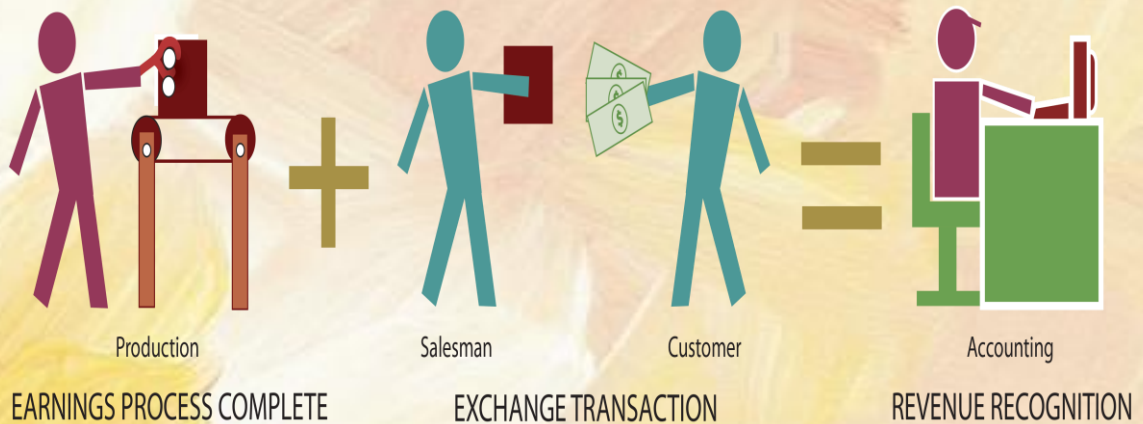
Entrance fees is generally capitalized. If the membership fee permits only membership and all other services or products are paid for separately, the fee should be recognized when received. If the membership fee entitles the member to services or publication to be provided during the year, it should be recognized on systematic and rationale basis having regard to the timing and nature of all service.



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➤ **Guaranteed sales of agricultural and crops:**

When the sale is assured under forward contract or government guarantee, the crops can be recognized at the net realizable value although it does not satisfy the criteria of revenue recognition.



D PAVITHRA
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E-commerce

E-commerce (electronic commerce) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. The terms e-commerce and e-business are often used interchangeably.

Components of E-commerce

User	E – commerce vendors	Technology Infrastructure
Individual / organization using – commerce platforms	<p>Organization / entity providing the user goods / services asked for</p> <p>E – commerce vendors further needs to ensure following for better, effective & efficient transaction:</p> <ol style="list-style-type: none"> 1) E - commerce catalogue & Product display 2) Supplier & supply chain management 3) Marketing & loyalty programs 4) Warehouse operations 5) Shipping & Returns 6) Guarantees 7) Showroom & offline purchase 	<ol style="list-style-type: none"> (1) Computer, servers & Database (2) Mobile Apps (3) Digital libraries (4) Data interchange (5) Internet / network (6) Web portal <ul style="list-style-type: none"> • Interface • Application • Front end (7) Payment gateway <p>Payment mode through which customers shall make payments. like credit / debit card COD, Online bank, Payments etc.</p>



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Risks associated with E – commerce

- Privacy and security
- Quality issues
- Delay in goods and hidden costs
- Needs Access to internet
- Problem of anonymity of anonymity
- Repudiation of contract
- Attack from hackers
- Denial of service

Guidelines & Laws governing E-Commerce

Guidelines for E-commerce	Commercial laws governing E-commerce	Special laws governing E-commerce
<ul style="list-style-type: none">• Billing• Product guarantee / warranty• Shipping• Delivery• Return• Payment	<ul style="list-style-type: none">• Income Tax Act, 1961• Companies Act, 2013• Foreign Trade (Development and Regulation) Act, 1992.• The Factories Act, 1948• The Custom Act, 1962• The Goods and Services Tax Act, 2017 (GST)• Indian Contract Act 1872• The Competition Act, 2002• Foreign Exchange Management Act (FEMA) 1999• Consumer Protection Act, 1986	<ul style="list-style-type: none">• Information Technology Act, 2000• Reserve Bank of India, 1932



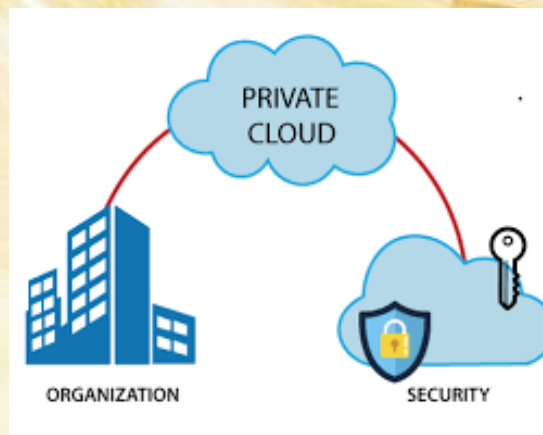
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Benefits of E – commerce

<u>To Individual</u>	<u>To Business</u>	<u>To Government</u>
<ul style="list-style-type: none">• Convenience• Time saving• Various Options• Easy to find reviews• Coupon and Deals• Anytime Access• Reduction in costs	<ul style="list-style-type: none">• Creation of new markets• Easier entry into new markets• Increased Customer Base• Reduction in costs• overhead costs• Advertising costs• Efficiency improvement	<ul style="list-style-type: none">• Instrument to fight corruption• Reduction in use of ecologically damaging materials

Private cloud

- It resides within the boundaries of an organization and is used exclusively for the organization's benefits.
- Private Clouds can either be private to the organization and managed by the single organization or can be managed by third party.

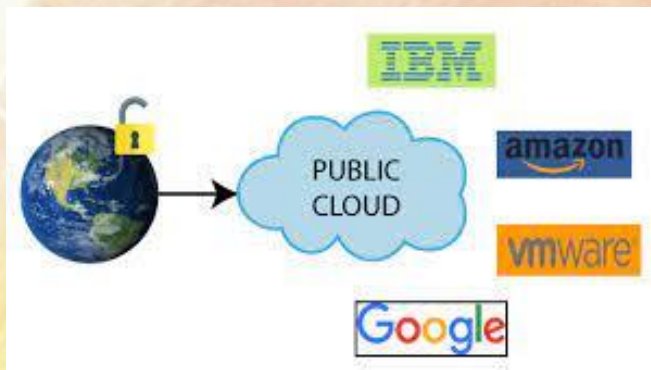




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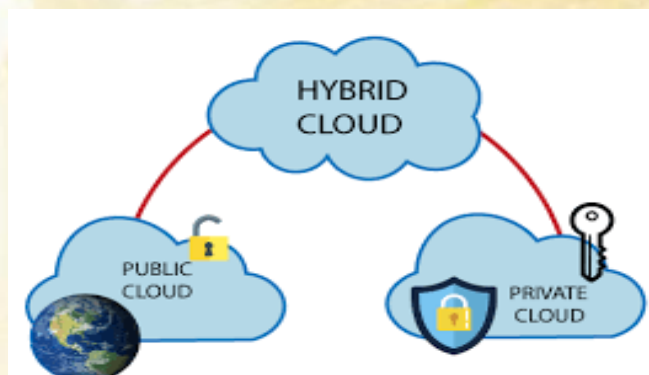
Public cloud

- It is the cloud infrastructure that is provisioned for open use by the general public. It may be owned, managed, and operated by a business, academic, or government organizations, or some combination of them. Typically, public clouds are Internet, and the services are offered on pay-per-use basis.



Hybrid cloud

- This is a combination of both, at least one private (internal) and at least one public (external) cloud computing environments—usually, consisting of infrastructure, platforms and applications.
- The usual method of using the hybrid cloud is to have a private cloud initially, and then for additional resources, the public cloud is used.

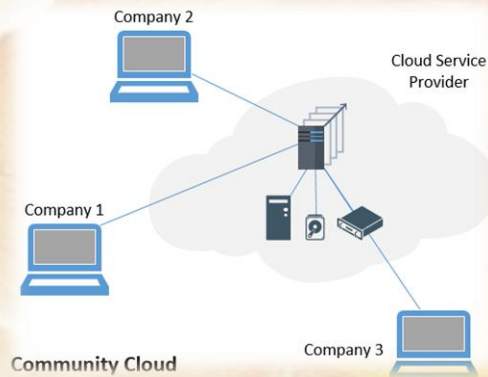




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Community cloud

- It is the cloud infrastructure that is provisioned for exclusive use by a specific community of consumers from organizations that have shared concerns.



Thus I surmise the above article by positing that Enterprise Information Systems covers topics like Automated Business Processes; Financial and Accounting Systems; Information Systems and its components; e-Commerce, m-Commerce and Emerging Technologies and Core Banking Systems.

The topic I discussed above is just a part of chapter in EIS but still I choose this because as we are evolving in those era of all modern technologies, I hope this small contribution would help you all.



Kanimozhi E
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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)

- 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 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.
- 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.
- 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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- ❑ The information in the electronic record of the document shall be capable of being displayed in a legible form.
- ❑ 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].
- ❑ company shall intimate to the Registrar on an annual basis at the time of filing of financial statement-
 - The name of the service provider;
 - The internet protocol address of the service provider;
 - The location of the service provider (wherever applicable);
 - Where the books of account and other books and papers are maintained on cloud, such as the address as provided by the service provider

Explanation- For the purposes of this rule, the expression “electronic mode” includes “electronic form” as defined in clause (r) of sub-section (1) of section 2 of Information Technology Act, 2000 (21 of 2000).



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And also includes an electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000) and "books of account " shall have the meaning assigned to it under the Act. 5[(e) where the service provider is located outside India, the name and address of the person in control of the books of account and other books and papers in India.].

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



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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.

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:

- ✓ 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
- ✓ 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'.

- ✓ Auditor should comment on whether the company is using an accounting software which has a feature of recording audit trail
- ✓ Whether the audit trail feature was enabled/operated throughout the year.



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- ✓ Whether all transactions recorded in the software are covered in the audit trail feature?
- ✓ 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.
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.



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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 action taken within a system.



ASMITHA MATHAVAN
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Glimpse of the events held
in may 2023

GST PRACTICAL TRAINING





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TOPIC: INDIRECT TAX





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Career counselling





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TRIVIA CORNER

MCQ ON EIS

1. An Enterprise Information System (EIS) provides a technology platform that enables organizations to integrate and coordinate their business processes on a robust foundation. Identify the statement that does not fall under the list of objectives of EIS.
 - (a) Reduce service cycles
 - (b) Identify manual processes
 - (c) Reduce costs
 - (d) Increase operational efficiency
2. Depending on the size, nature of work and complexity involved in the processes of an organization; business processes are often broken up into different categories – Primary, Secondary and Management Processes. Which one of the following falls under the purview of Primary Processes?
 - (a) Deals with legal compliance
 - (b) Deals with the core business and value chain
 - (c) Deals with core processes and functions within an organization
 - (d) Deals with measuring, monitoring and control activities



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3. A manufacturing company is facing an issue of not being able to provide timely supply of its products to the customers. Mr. Anil, an IS Auditor of this company identified that the delay is due to the manual processing of certain processes involved in the company. He suggested that the company should adopt_____to overcome the problem.

- (a) Core Banking Systems
- (b) Strategic Level Systems
- (c) Business Process Automation
- (d) Expert Systems

4. Gigs and Gigs, the food court in a shopping mall wants to automate its manual cash counter into an automated card system. Same card can be used at various food outlets in the food court. This automation optimizes the information flow in service and billing. Identify from the following objectives of Business Process Automation that Gigs and Gigs is achieving by using this method.

- (a) Governance & Reliability
- (b) Reduced Costs
- (c) Reduced Turnaround Time
- (d) Quality and consistency



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5. Mr. X has setup his new business of manufacturing color pens. He is well known about various kinds of risks involved in his business; however, he unintentionally violated some industry regulations while setting up his business. Which category of the risk does this refer to?

- (a) Strategic
- (b) Financial
- (c) Compliance
- (d) Operational.

PREVIOUS MONTH ANSWERS

- 1. (C)
- 2. (C)
- 3. (B)
- 4. (A)
- 5. (D)
- 6. (B)



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ICAI ANNOUNCEMENTS FOR STUDENTS

29-05-2023 - Students may note that December, 2023 CA Foundation Examination would be held under the Existing Scheme of Education and Training.

30-05-2023 - It has been decided Advanced Integrated Course on Information Technology and Soft Skills (Advanced ICITSS) -Adv. Information Technology Test in Computer Based Mode. The tests will be conducted both for AICITSS – IT Old and New Course.

Eligibility Criteria i.e., Advanced ICITSS – Advanced IT course to be completed on/before	24-May- 2023	29-Jun- 2023	26-Jul- 2023	11-Sep- 2023
Commencement of submission of examination application forms	05-Jun- 2023	05-Jul- 2023	04-Aug- 2023	06-Sep- 2023
Last date for submission of online examination application forms	09-Jun- 2023	10-Jul- 2023	08-Aug- 2023	11-Sep- 2023



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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.

sicasa@chengai-icai.org