

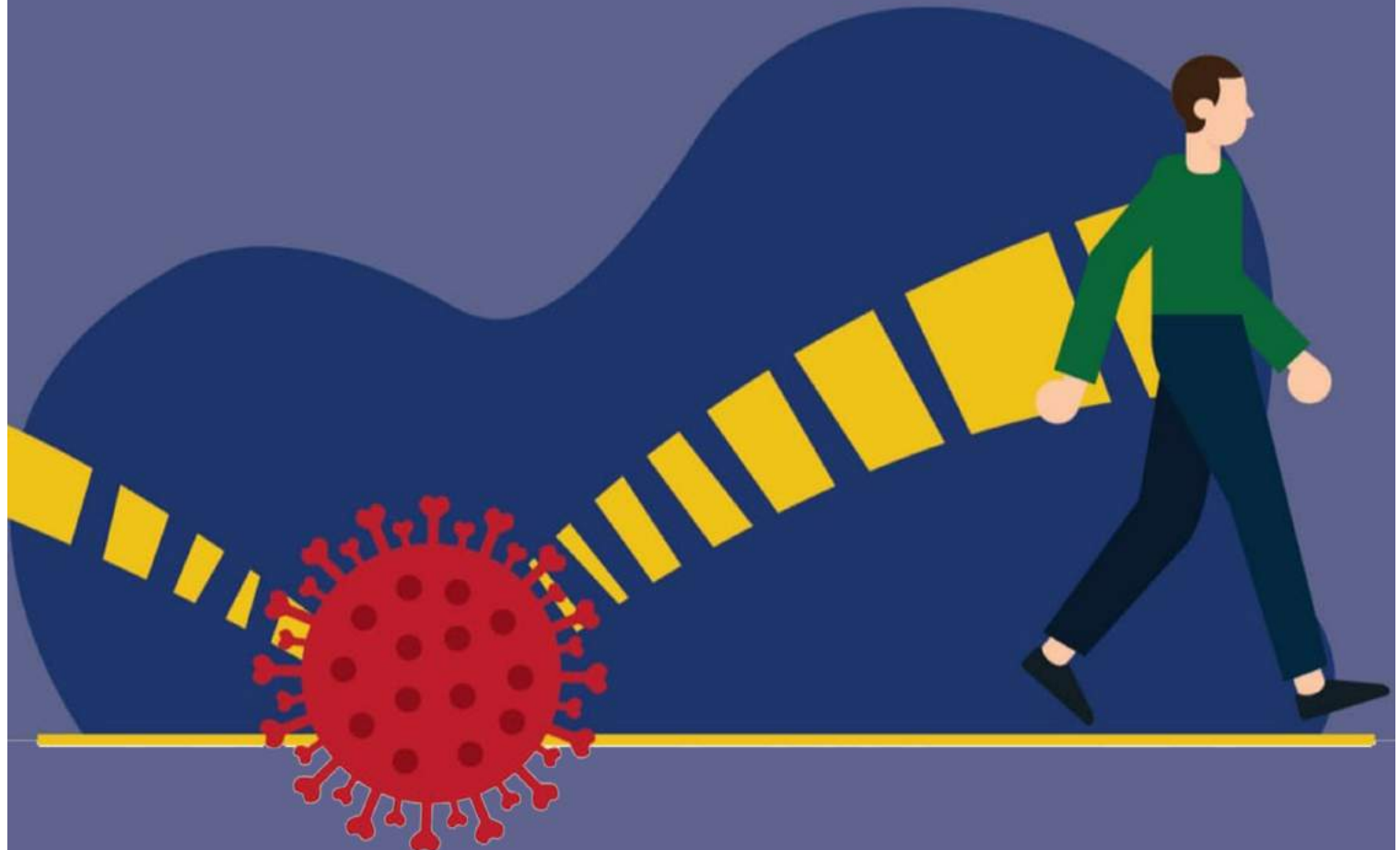
2021 MAY



E-NEWSLETTER

THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIMENT)

Bouncing Back From COVID-19



THRISSUR BRANCH OF SIRC OF ICAI

OFFICE BEARERS

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CA. ARYAN KK

VICE CHAIRMAN
CA. AJITH KAIMAL R

SECRETARY
CA. JEEN PAUL

TREASURER
CA. ANOOP V FRANCIS

SICASA CHAIRMAN
CA. SATHEESH TG

NEWSLETTER IN CHARGE
CA. SILPA RAMDAS

ACADEMIC COORDINATOR
CA. ANOOP G

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JOHNS HOPKINS*

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EDITOR'S DESK



FRIENDS,

Hitting hard against the second wave, we are trying every possible way to overcome the difficulties we are passing through now. To the best of my knowledge, few of our colleagues and family have fallen prey to this deadly infection. But so far we have come out without much loss in our fraternity.

Our State is also finding it difficult to procure and distribute the vaccines to the public which is again a matter of concern for all of us. In these trying times we as always should stay united and work for the betterment of all human beings.

We are also facing the second phase of lockdown. This is going to affect small businesses and start-ups adversely. In turn, the same wave will also hit our professional practice as we are largely dependent on these businesses and organisations. The only way to survive is to keep a low profile and see to it that at least we could maintain our practice as it is, rather than trying to expand.

On the social front, take an initiative to help at least a family who is in distress due to this pandemic. Such small deeds of help and hand-holding might enable them to overcome their difficulties during the lockdown days.

Let us all try to be safe and stay healthy.

CA. Silpa Ramdas, FCA, DISA, DIRM(ICAI)

CHAIRMAN'S MESSAGE



My Dear Professional Colleagues,

When I am writing this message, the situation of Covid-19 second wave is spreading across the country and local restrictions and lockdown announced. It seems country again going to affect the economy and lives of the people due to the pandemic situation. News about the shortage of medical oxygen and beds are arriving every day. Members are requested to take care of their health and keep their family away from the pandemic.

We heard few of our members lost their life due to the Covid-19. Our Institute also taking part of supporting the members, their family and public at large through the CSR initiative. ICAI has identified members who are willing to act as the Covid-19 volunteer and created a task force conducting blood donation camps, supply of medicine, medical equipments, testing materials, medical oxygen etc.

The financial year was started with Bank Audit assignments and members would have completed before the situation turned worse. After the Bank audit assignments branch has started CPE meetings and conducted one meeting during the month. The branch has shifted the offline classes to online and continuing to complete on time.

Again certain relaxations being announced by the Government regarding the submission of returns and payment of dues. It will be a tough time again for our profession to complete the assignments with the limited time available.

We have to adhere to the rules and responsibilities implemented and act as the responsible profession in all the situation. *Praying for everybody's health. Be safe.*

CAARYAN K K
Chairman

KEY DEVELOPMENTS - COMPANIES ACT 2013



CA. DIVYA ABHISHEK



Companies(Accounts) Second
Amendment Rules Dt April 1,2021

**March
24,2021 and
April 2,2021**



Amendment to Schedule III
Dt March 24,2021



Companies (Audit & Auditors)
Second Amendment Rules
Dt April 1,2021

Impact on Businesses

- Changed Comparative data for March 31,2022
- Enhanced disclosure
- Changes to systems, controls and process
- Enhanced auditor reporting
- Aligned with CARO 2020
- Update IT Infrastructure





Companies Accounts Rules 3

- For Financial year commencing on or after **1st April, 2022**

COMPULSORY RULE

- Every Company SHALL USE SOFTWARE WHICH HAS
- A feature of recording audit trail of each & EVERY transaction
- Creating edit log of such changes made in books along with date

What if company has manual books of accounts? [Sec 120 & Rule 27]

Mandatory for listed & companies with more than 1000 shareholder to maintain books electronically.

Even if books maintained in excel it is considered as electronic form and must have audit trail



Amendment in Audit Rules Clause (g)

- Onus on Auditor to check
 - Usage of accounting software
 - Edit log facility
 - Operated throughout the year
 - All transactions
 - Tampering of audit trail
 - Preserved for 8 years

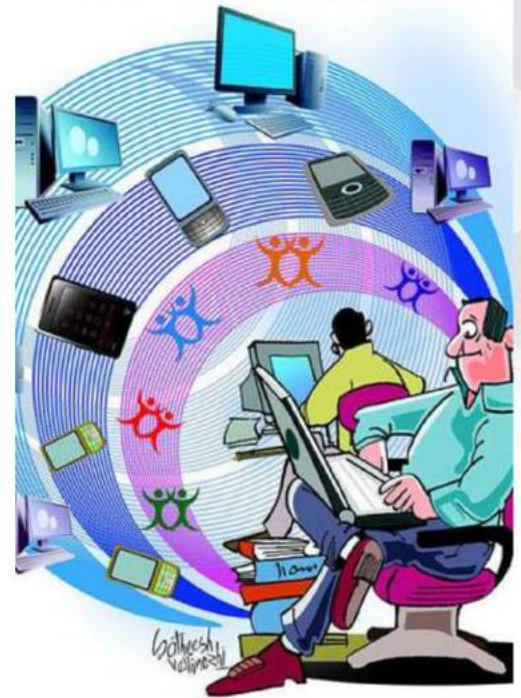


Audit Trail – Activity Log

Step by step sequential record providing evidence of the documented history of financial transactions to its source

- Who made the change?
- When was the change made?
- What were the changes?
- Applicability?
- Disabled?

Note : Specific procedure to be devised for verifying changes made at master data level



Benefit of Audit Trail



User Accountability

Transparency

Reconstruction of event

Record Integrity

Accuracy

Security

Prevents Fraud

AUDIT TRAIL IN TALLY



Tally maintains "Altered/Entered by" details only. Following details are available :

- Last user who altered / opened the voucher.

So there are no other details as to what was edited, when it was edited.

Hence, by default, tally doesn't comply with the MCA Notification

Alternatively TDL Add-ons are available to fulfil this Audit Trail Requirement, refer Snapshot



AUDIT TRAIL IN ZOHOBK



Zoho Books maintain "Activity Log" and cannot be disabled. Following are the details available :

- Names of both users – created & modified
- Date & time
- Multiple versions of same Transactions
- Comparison between 2 versions
- Old Values V/s New Values

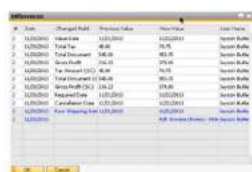


AUDIT TRAIL IN SAP-B1



SAP-B1 maintains "Change Log" and this cannot be disabled. Following are the details available :

- Date Changes
- Field Changes Like Tax Values, Total Document Values, Cancellation date
- Previous Values
- New Values
- Username



AUDIT TRAIL IN QUICKBOOKS



Quick Books maintain "Audit Logs" and this cannot be disabled. Following Details are available :

- Date of Alteration of any Changes
- Name of the User
- Category of Change
- Vendor / Customer Data altered
- Unaltered Voucher details with Date and Amount





No audit trail? Should you qualify the report?

- 1) Auditor required to comment on audit trail feature with edit log facility in audit report w.e.f April 1,2022
- 2) Need not disqualify report if mitigating controls in place and provide reasonable assurance during audit



Report of Board of Directors to Include (Rule 8)

- 1) Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year
- 2) Status at the end of the financial year.

- 1) Difference between valuation done for ONE TIME settlement & while taking LOAN from the Banks or Financial Institutions
- 2) Reasons



Additional Disclosure requirement in Financial statements

Broad Overview – Schedule III

Division I : Indian GAAP/ Accounting standards

Division II : IND AS

Division III : NBFC

Division I



Applicable
Companies following
Accounting
Standards

Changes in line with
CARO and additional
disclosures

New Segment Y :
Additional regulatory
information

Minor
reclassification &
changes



New Changes : Share Capital held by Promoter

Shares held by the promoters at the end of the year	% change during the year	Details	
S.No.	Promoter Name	No. of Shares	% of total shares
Total			

- Currently only for Listed Companies as per LODR Regulations
- Disclosure for other companies only when shareholding is more than 5%
- Promoter as defined in Companies Act 2013
- Details for each class of shares
- % Changes computed with respect to number at beginning of the year / date of issue



Borrowings

- NON USAGE of borrowings from banks /financial institutions
- Specific PURPOSE for which it was taken
- AT the balance sheet date
- Disclose the details of usage

Relationship with struck off companies (Sec 248/560)

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
	Investments in securities		
	Receivables		
	Payables		
	Shares held by stuck off company		
	Other outstanding balances (to be specified)		



Trading or Investment in Crypto Currency

- Profit or loss on transactions
- Amount of currency held as at the Reporting date
- Deposits / advances from ANY person for trading/ investing in Crypto / Virtual currency

Others

- Charges or Satisfaction yet to be Registered beyond statutory period
- Compliance with number of layers of company 2(87)
- Compliance with approved Schemes of Arrangement (Sec 232 Auditor to certify) with AS
- Utilization of borrowed funds & share premium for investment in other entities (ultimate beneficiaries)
- CSR Disclosure



Ratios : Solvency to Liquidity

Current	Debt - Equity	Debt Service Coverage	Return on Equity	Inventory Turnover
Trade Receivables Turnover	Trade Payable Turnover	Net Capital Turnover	Net Profit	Return on capital employed
		Return on investment		

To explain items included in numerator & denominator for above computation of ratios
Explanation when change in ratio by more than **25%** as compared to previous year

CARO 2020 on Ratio



Based on :

- Financial ratios
- Ageing
- Realisation of assets / payment of liabilities
- Other information
- Auditor's knowledge of Management plans

Auditor Opinion

- **No Material uncertainty**
- **Company is Capable of meeting its liability**

CARO 2020 – 50 clauses



NEW : 28



MODIFIED : 16



CARRIED
FORWARD : 17



DELETED : 1

Changes in Line with CARO

Particulars	Schedule III	CARO 2020
Fixed Assets - Revaluation	RECONCILIATION of amount of change due to (if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment)	Specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets
Fixed Assets - Revaluation [Sec 247]	Whether revaluation is based on the VALUATION by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017.	Whether the revaluation is based on the VALUATION by a Registered Valuer
Title Deed – Immovable Property	Title deed of immovable property NOT HELD in the name of the company	Whether the Title deed of all immovable properties held in the name of company. If not , to provide details thereof
Loans or Advances granted to Promoters , Director & Related Parties	KMP added Specify amount outstanding & % of total in the nature of loan	Specify amount outstanding & % of total in the nature of loan

Undisclosed Income – in line with CARO

Income not recorded in books

Surrendered or disclosed

Tax assessments

Unless there is immunity

Changes in Line with CARO

Particulars	Schedule III	CARO 2020
Benami under Benami Prohibition Act, 1988	PROCEEDINGS initiated or pending a) Details of such property b) Year of Acquisition c) Amount d) Details of beneficiary e) Reference to balance sheet f) If not in books, reason g) Complete details of proceedings	Whether any proceedings initiated or pending against the company. If so, whether appropriately disclosed details in financial statements
Borrowing from Bank or financial institution on basis of security of current assets	Quarterly returns filed in agreement with books If not, reconciliation & reasons of material discrepancy	Only when exceeds Rs 5 crores for working capital Quarterly returns filed in agreement with books If not, reasons thereof
Declared as wilful defaulter by Bank or Financial institution or Other lender	- Date of declaration of wilful defaulter - Details of default	Whether declared as wilful defaulter

Ageing schedule

www.CAclubindia.com

Particulars	Outstanding for following periods from due date of payment/ transaction				
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others					
(iii) Disputed Dues-MSME					
(iv) Disputed Dues-Others					

Trade Payable

- No due date of payment specified then disclosure shall be from **Date of Transaction**
- **Unbilled dues** shall be disclosed separately

Particulars`	Outstanding for following periods from due date of payment/ transaction					Total
	Less than 6 Months	6 months – 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables – Considered good						
(ii) Undisputed Trade Receivables – Considered doubtful						
(iii) Disputed Trade Receivables – Considered good						
(iv) Disputed Trade Receivables – Considered doubtful						

Trade Receivable

- **Other Non current Assets & Trade receivables** Schedule to be amended
- **Unbilled dues** shall be disclosed separately
- No due date of payment then date of **transaction**
- **IND AS** : Additional clause for a) Significant increase in credit risk b) credit impaired
- Disputed : Both legal and commercial disputes

Capital Work in Progress

(a) For Capital-work-in progress, following ageing schedule shall be given:

CWIP aging schedule

(Amount in Rs.)

CWIP	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Projects temporarily suspended					

*Total shall tally with CWIP amount in the balance sheet.

(b) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, following **CWIP completion schedule** shall be given**:

(Amount in Rs.)

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1 Project 2"				

**Details of projects where activity has been suspended shall be given separately.

Intangible Asset Under Development/ Completion overdue/Cost exceed

Intangible Assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Year	2-3 year	More than 3 year	
Projects in Progress					
Projects temporarily suspended					

Intangible Assets under development	To be Completed				Total
	Less than 1 year	1-2 Year	2-3 year	More than 3 year	
Projects 1					
Project 2					

Reclassification :

Erstwhile Provision	Amendment
Other Current Liabilities Current maturities of Long term debt	Short Term Borrowing Current maturities of Long term borrowings (Separate disclosure)
Long term Loans & Advances : Security Deposits	Other Non current assets : Security Deposits

Presentation/ Disclosure Changes

- Compulsory Rounding off based on **Total Income** instead of ~~Turnover~~ (Currently only mandated for IND AS companies)
- ~~Tangible assets~~ renamed as **Property, Plant & Equipment** (Indian GAAP)
- ~~Total revenue~~ replaced with Total income in Statement of Profit & Loss
- Securities Premium Reserve
- Word "Intangible Asset" added for opinion of board regarding value of assets on realisation when lower than stated value



Asset constructed by company for csr



Additional disclosure – amendment 2020



In case of creation or acquisition of asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.



(a) Date of creation/ acquisition of the asset(s)



(b) Amount of CSR spent for creation /acquisition of asset



(c) Details of the entity/ public authority under whose name such asset is registered, address



(d) Provide details of the property or asset(s) created/ acquired

**72 changes to 65 sections :
March 4,2020**

through

Companies amendment ACT 2020



CARRY FORWARD CSR CREDIT



EXEMPTION FROM CSR COMMITTEE WHERE CSR IS LESS THAN RS 50 LAKHS



Excess over 2% can be carried forward?

- Guidance Note on ICAI
- Companies Amendment Act 2020
- **ALLOWED.**
- Can be carried forward
- 3 immediately succeeding years for adjusting excess [Rule 7 (3)]

ALLOWABLE CSR EXPENDITURE :

A] Salary to CSR staff & volunteers covered under ADMINISTRATIVE OVERHEADS UPTO 5% of total CSR

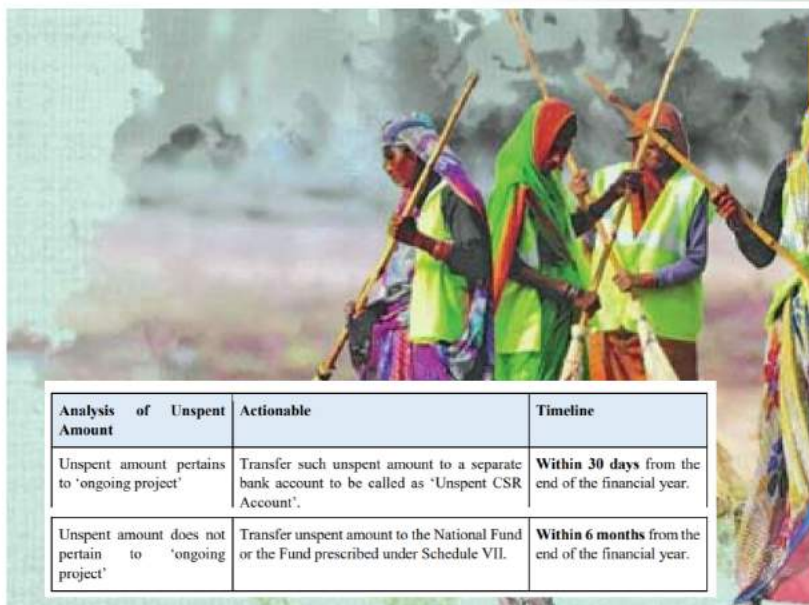
B] Contribution to corpus of trust/ society/ section 8 provided :

- 1) Created Exclusively for CSR
- 2) Purpose covered under SCHEDULE VII [gen circular 21/2014]



Unspent balance on CSR

- Within 30 days from end of FY 2020-21 ie April 30,2021
- Unspent CSR Account
- Separate account for each year
- Spent within 3 years
- If not, Fund specified under Sched VII within 6 months from end of FY
- National Unspent CSR Fund



Analysis of Unspent Amount	Actionable	Timeline
Unspent amount pertains to 'ongoing project'	Transfer such unspent amount to a separate bank account to be called as 'Unspent CSR Account'.	Within 30 days from the end of the financial year.
Unspent amount does not pertain to 'ongoing project'	Transfer unspent amount to the National Fund or the Fund prescribed under Schedule VII.	Within 6 months from the end of the financial year.

UNSPENT CSR – CARO 2020



FUND SPECIFIED UNDER SCHEDULE VII



SPECIAL DESIGNATED BANK ACCOUNT (ONGOING PROJECT)



BOARD TO EXPLAIN IN REPORT REASONS FOR UNSPENT AMOUNT



CARO 2020 AUDITOR REPORT ON TRANSFER TO UNSPENT ACCOUNT

MANDATORY CSR IMPACT ASSESSMENT

- Company with average CSR of Rs 10 crores or more in each of 3 PY and
- CSR project outlay of Rs 1 crore or more and
- Completed 1 year
- **Impact Assessment Report**
- Admin expenses increased to 10% for such companies

UNCERTAINTIES :

- Who does Assessment?
- Will CSR surplus be considered in the 5-crore limit

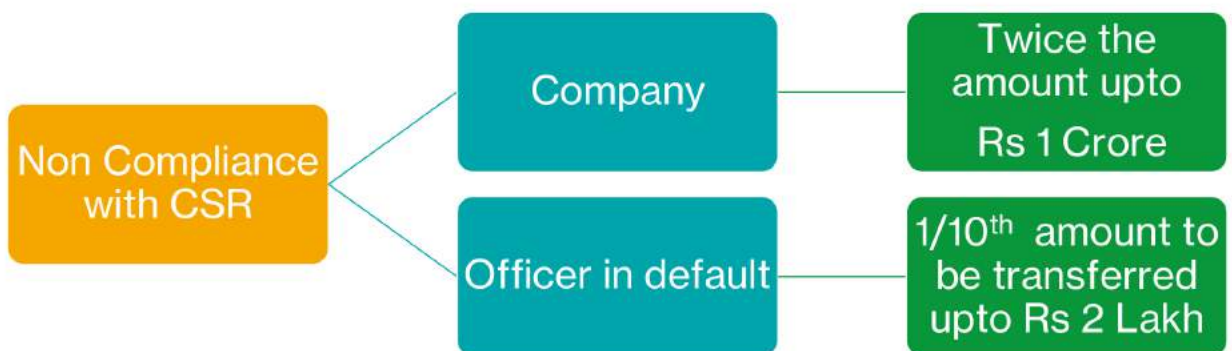


Additional details – 2020 amendment

CSR obligation to additionally include the surplus arising out of CSR profits	CIN of implementing agencies	Details of CSR amount spent / unspent for the FY
Details of CSR amount spent against ongoing projects for the FY	Details of CSR amount spent against other than ongoing projects for the FY	Amount spent in Administrative Overheads
Details of CSR amount spent/ unspent for the preceding three FY	Details of CSR amount spent for ongoing projects of the preceding FY	Amount transferred to 'Unspent CSR Account' for the FY 2014-15 to 2019-20
Creation or acquisition of Asset - details	Rason(s) if the company has failed to comply 2% NP	Signing of the CSR Report: Director or Chief Financial Officer



Penal Provisions



(x) Corporate Social Responsibility (CSR)

Where the company covered under section 135 of the companies act, the following shall be disclosed with regard to CSR activities:-

- (a) amount required to be spent by the company during the year,
- (b) amount of expenditure incurred,
- (c) shortfall at the end of the year,
- (d) **total of previous years shortfall,**
- (e) reason for shortfall,
- (f) nature of CSR activities,
- (g) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,
- (h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.

Non-Compliance with CSR provisions leads to Qualification in Audit Report



CFSS scheme – immunity

- Immunity Certificate In respect of belated document filed
- E Form CFSS 2020
- SRN link
- BOD pass resolution authorising CS to file
- Upto June 30,2021
- No filing fee



THANK YOU!

STILL HAVE ANY DOUBTS?

Lets discuss!
CA Divya Abhishek

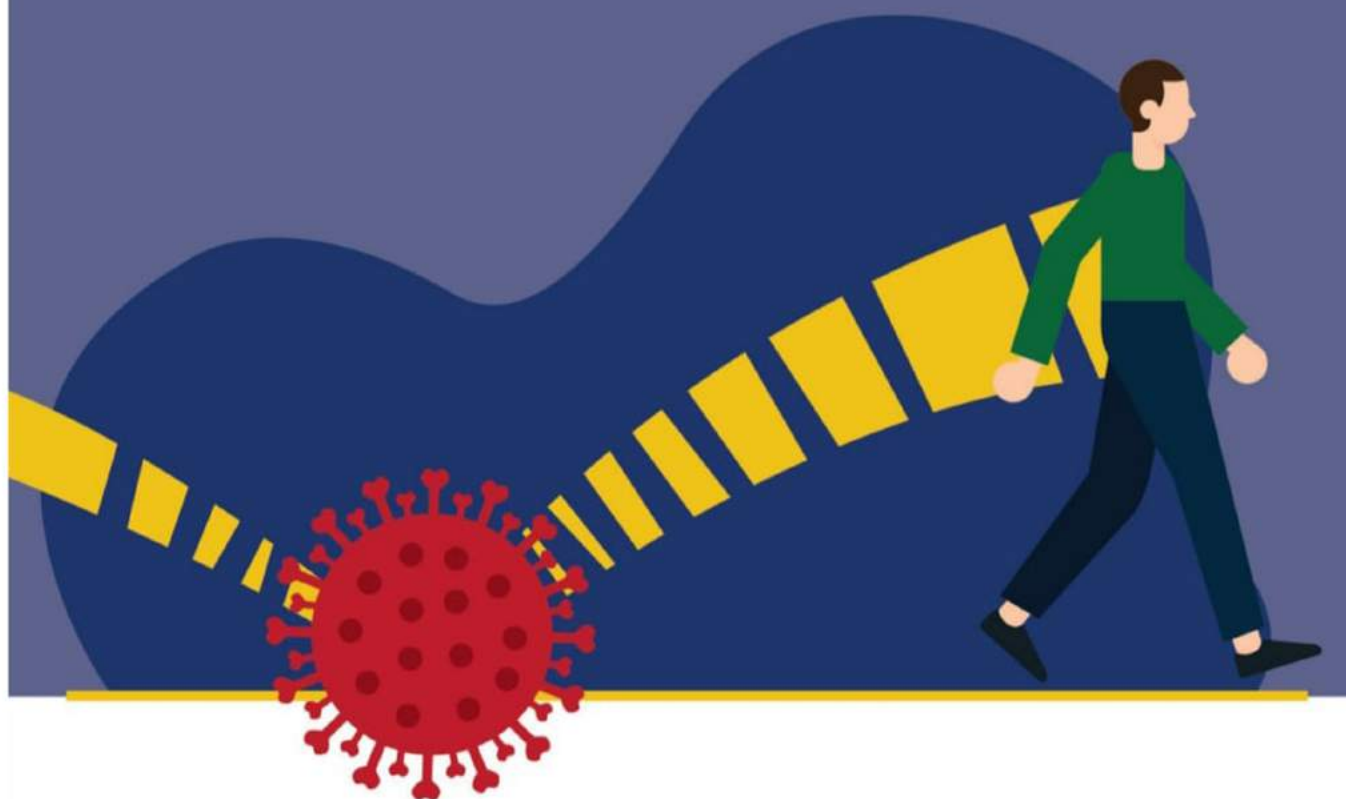
Email: divyasukumar.n@gmail.com

Number : 9884901199



Bouncing Back From COVID-19

Your Guide to Restoring Movement



ARTICLE COURTESY



JOHNS HOPKINS
MEDICINE

Rehabilitation Network

The Impact of COVID-19 on Recovery and Rehabilitation

As COVID-19 attacks the body and mind — our rehabilitation efforts aim to restore the whole person, helping you return to your previous quality of life.

Common impairments of COVID-19 include weakness, fatigue and shortness of breath with activity, and difficulty with walking and performing daily tasks. When you experience these physical impairments, it can lead to stress, which negatively effects the mind. Fear and depression can both impact the health of the body.

Early intervention through exercise and activity aimed at treating the whole person will play an important role in the recovery process and can be started at home during self-isolation.

The Solution: Start Moving

Movement heals the body and is a way to restore the mind and soothe emotions. By engaging in movements that the human body is already used to, we can begin the process of recovery and healing with exercises and movements.

There are five layers of human movement that repair and optimize the whole person's health in body and mind.

The Five Layers of Human Movement Are:



Breathe Deep

Breathe deeply, filling the lungs up from the bottom to the top



Turn On Vestibular System

The vestibular system controls balance and sensory input from the body and is turned on by moving our head and eyes



Cross Your Body

Engage in crossbody patterns such as crawling, marching or walking



Build Strength

Increase muscle strength



Gain Endurance

Increase tolerance for physical activity and movement

Our movement patterns develop during childhood and throughout our lifetime. Movement patterns depend on the body systems to work well. Exercises that strengthen the entire person will help the body to repair and recover. The exercises address these body systems:

- Cardiopulmonary (heart and lungs)
- Neuro-vestibular (balance and coordination)
- Musculoskeletal (muscles and joints)
- Mental/cognitive (brain and thinking)



The Method: 3 Phases of Rehabilitation

The following phased rehabilitation program is targeted at one purpose — to help you return to your way of life and enjoy full health. The program consists of three exercise phases that are simple to complete. The phases contain exercises that address your current level of activity and the layers of movement. In other words, you can start where you are in any of these phases:



Beginning Phase



Building Phase



Being Phase

	Beginning Phase	Building Phase	Being Phase
 Breathe Deep	<ul style="list-style-type: none"> • Deep breathing: on back and on stomach • Humming or singing 	<ul style="list-style-type: none"> • Deep breathing: sitting and standing 	<ul style="list-style-type: none"> • Deep breathing: standing and throughout all activities
 Turn On Vestibular System	<ul style="list-style-type: none"> • Eye nods: sitting and looking up and down, right and left • Bed rolling 	<ul style="list-style-type: none"> • Head nods: sitting • Head rotations: sitting • Rocking in chair • Rocking to stand 	<ul style="list-style-type: none"> • Rocking on hands and knees • Windshield wipers
 Cross Your Body	<ul style="list-style-type: none"> • Cross-crawl touches in bed 	<ul style="list-style-type: none"> • Seated cross-crawl touches/marches 	<ul style="list-style-type: none"> • Bird dog • Standing cross-crawl touches
 Build Strength	<ul style="list-style-type: none"> • Yawn to smile 	<ul style="list-style-type: none"> • Bicep curls with weights with deep breathing • Shoulder elevation/bilateral shoulder presses with breathing 	<ul style="list-style-type: none"> • Standing heel raise: hold on counter, integrate arms reaching overhead when on toes • Mini squats at counter with breathing • Wall pushups
 Gain Endurance	<ul style="list-style-type: none"> • Cardio: 5 min. 	<ul style="list-style-type: none"> • Cardio: 10 min. 	<ul style="list-style-type: none"> • Cardio: 30-45 min.

! PRECAUTIONS

Do not begin exercises if:

- You have a fever
- You have any shortness of breath or difficulty breathing while resting
- You have any chest pain or palpitations ("fluttering" of heart in chest)
- You have new swelling in your legs

STOP exercise immediately if you develop any of the following symptoms:

- Dizziness
- Shortness of breath more than normal
- Chest pain
- Cool, clammy skin
- Excessive fatigue
- Irregular heartbeat

GLIMPSES APRIL 2021

Recent Amendments- Companies Act 2013

• By

• CA DIVYA ABHISHEK,

CA, ACS, CMA, Dip IFRS (ACCA), ADIT (CIOT),



zoom

THRISSUR BRANCH OF SIRC OF ICAI

30.04.21 VCM ON RECENT AMENDMENTS IN THE
COMPANIES ACT, 2013-IMPACT & KEY
DEVELOPMENT

FACULTY CA. DIVYA ABHISHEK, CHENNAI



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