

# TIRUPUR BRANCH OF SICASA

MONTHLY NEWS LETTER

**FEB 2025**

ISSUE NO.34



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



# TIRUPUR BRANCH OF SICASA

SICASA OFFICE BEARERS 2024 - 25	
CA. SARAVANA RAJA K	SICASA CHAIRMAN
MR. KAMALAKANNAN K	VICE-CHAIRMAN
MR. VIGNESWAR B VAIDYA	SECRETARY
MS. AISWARYAA M R	TREASURER

Views expressed herein are the opinion of the respective authors and not that of the Tirupur branch of SICASA or the Managing /Newsletter committee.

Your views / suggestions / comments are Welcome. Kindly send your Contributions in the form of articles to [tiruicai@gmail.com](mailto:tiruicai@gmail.com)

Published By

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Dear Students,

As we step into February, I extend my best wishes to all students awaiting their CA Inter exam results. Your dedication and hard work will surely bring success. No matter the outcome, every experience is a step forward in your journey.

A special congratulations to all students who have successfully cleared the CA Final Exam and are now proud members of the prestigious Institute of Chartered Accountants of India (ICAI). This is a significant milestone, and I wish you all the best as you embark on your professional careers.



I am also excited to share a new vision for our student community. This month, we will be forming a new Students' Committee for the year 2025-26, providing an excellent opportunity for those who wish to take an active role in organizing events, learning leadership skills, and contributing to the student fraternity. I encourage all enthusiastic students to come forward and be a part of this journey. Together, we can create meaningful experiences and bring positive changes.

Furthermore, I am delighted to share that our branch has received the prestigious ICAI Award for Members. This achievement reflects the collective efforts of our students, faculty, and members. Your commitment and hard work have contributed immensely to this recognition, and I encourage you all to continue striving for excellence.

I extend my heartfelt gratitude to the Students' Vice Chairman, Secretary, and Treasurer for their unwavering support throughout the year in making our programs successful.

A special appreciation goes to the Students' Sub-Committee Members for their continuous dedication and efforts in ensuring that every program runs smoothly and meaningfully. Your support at every stage has been invaluable.

I sincerely thank the Managing Committee Members for providing opportunities and constant support throughout the year, enabling us to organize impactful initiatives for students.

I am also deeply grateful to our Branch In-Charge and Coordinator for taking on immense responsibilities in planning and executing the programs efficiently. Your guidance and commitment have been instrumental in our success.

Lastly, I extend my sincere thanks to everyone who has contributed to the success of our student programs. Your support and encouragement have been the driving force behind our achievements.

Thanks and Regards  
CA Saravana Raja K,  
Chairman,  
Tirupur Branch of SICASA

Dear Members of the Tirupur Branch of SICASA,

As the Vice Chairman, it is my honor to address you all. Our branch is dedicated to fostering a supportive and enriching environment for all our students. Here are some key points I'd like to highlight:



**Duties and Responsibilities:**

**Guidance and Mentorship:** We are committed to providing guidance and mentorship to help students navigate their academic and professional journeys.

**Organizing Events:** Our branch will organize workshops, seminars, and networking events to enhance learning and professional growth.

**Advocacy:** We will advocate for student needs and ensure their voices are heard in all relevant forums.

**Student Welfare:**

**Support Systems:** We aim to establish robust support systems to address academic, emotional, and financial challenges faced by students.

**Skill Development:** We will focus on skill development programs to prepare students for the competitive job market.

**Community Building:** Creating a sense of community and belonging is essential. We will encourage collaboration and peer support among students.

Together, let's work towards a brighter future for all our members. Your active participation and feedback are invaluable to us.

Warm regards,  
Kamalakannan K,  
Vice Chairman,  
Tirupur Branch of SICASA

Dear Friends,

As students, we all know that the journey to becoming a Chartered Accountant (CA) requires immense dedication, hard work, and perseverance.



ICAI provides the framework that helps students grow in these areas, offering both theoretical and practical training that prepares them for the challenges in the professional world.

Apart from the academic side, ICAI also helps build a strong sense of professionalism. The ethical values and principles it upholds set the standard for future Chartered Accountants to follow. It pushes us to be more than just knowledgeable individuals. It molds us into professionals with integrity, responsibility, and a commitment to public service.

In addition, ICAI also offers opportunities for personal growth through various student development programs, like the Student Induction Program, where we can learn soft skills, communication, and other personality development aspects that are just as essential in the real world.

Responsibility isn't just about what you do for others; it's also about what you do for yourself. By taking responsibility for your choices, you have the chance to reflect on your actions and adjust your approach where needed. It's the foundation of self-improvement and personal growth.

Every experience teaches us something new, and I am grateful for the lessons I have learned along the way. Whether big or small, each challenge has shaped me, and each success has motivated me to strive for more.

Warm regards,  
Vigneswar B Vaidya,  
Secretary,  
Tirupur Branch of SICASA

Dear Students of the Tirupur Branch of SICASA,

As we come to the end of another remarkable period, I would like to take this moment to express my deepest gratitude and appreciation to all of you. It has been a year full of incredible events, initiatives, and achievements, and it wouldn't have been possible without your involvement and participation.



The spirit of collaboration and the energy you all brought to the table made each event a success. It wasn't just about getting the job done, but about how we worked together, helped each other, and created something extraordinary as a team. The bond we've formed as a community has been a driving force.

I am immensely proud of what we've achieved, and I have no doubt that with the same spirit of determination, we will continue to break barriers and create memorable experiences in the future. The road ahead is filled with even more exciting opportunities, and I am excited to see where we go from here, knowing we have such a talented and dedicated group of students ready to take on new challenges.

I take up this space to share my favourite mantra for success " All our dreams can come true if we have the courage to pursue them" , owing to this quote we must all be brave enough to take the necessary steps towards making our dreams a reality, even when it may be difficult or scary.

Warm regards,  
Aiswaryaa M R,  
Treasurer,  
Tirupur Branch of SICASA

## **Financial Independence: A Step-by-Step Guide**

Achieving financial independence is a goal that many aspire to, offering the freedom to live without being dependent on a paycheck. But how can you get there? Let us break down the essential steps to achieving financial independence, providing practical advice on budgeting, saving, investing, and developing the discipline required for long-term wealth-building. *Wealth is not about the size of your income but the wisdom in your spending.*

### **1. Understanding Financial Independence & Setting the Right Foundation:**

To begin, it's important to understand what financial independence truly means. Simply put, it's the **ability to live without relying on active employment income**. Financial independence is a journey that involves moving through various stages: from financial security, where you meet basic needs, to financial freedom, where your assets and income cover all your living expenses.

A crucial part of this journey is developing the right mindset. Success in achieving financial independence isn't about instant gratification—it's about making long-term decisions that prioritize future wealth. Understanding key concepts *like investing, debt management, and financial planning* helps you avoid costly mistakes and make smart decisions.

As **Ramesh Damani**, a well-known Indian investor and financial analyst, says, **"The market is a device for transferring money from the impatient to the patient."**

**"Money spent today can bring pleasure, but money saved today can bring freedom"** ~

**Koushick Paramasivam**

Once you've set the right mindset, it's time to set clear financial goals. These should be **SMART**:



### **2. Building a Solid Financial Structure:**

The next step involves building a **strong financial structure** that serves as the foundation for wealth creation. This starts with creating a **budget**. A budget allows you to track where your

money is going, helping you understand your income and expenses. By tracking your spending, you can identify unnecessary expenses and redirect that money toward savings and investments.

**Living below your means** is another critical principle. It may be tempting to increase your lifestyle as your income grows, but resisting lifestyle inflation ensures that you can save and invest more. This principle is vital for long-term wealth accumulation, as it creates a buffer for increased savings.

Additionally, setting aside money in an **emergency fund** is crucial. This fund is ideally ***three to six months of living expenses***—protects you from unexpected financial events like medical emergencies or job loss. This financial cushion allows you to avoid going into debt in the face of unforeseen circumstances.

### **3. Smart Investing for Long-Term Wealth:**

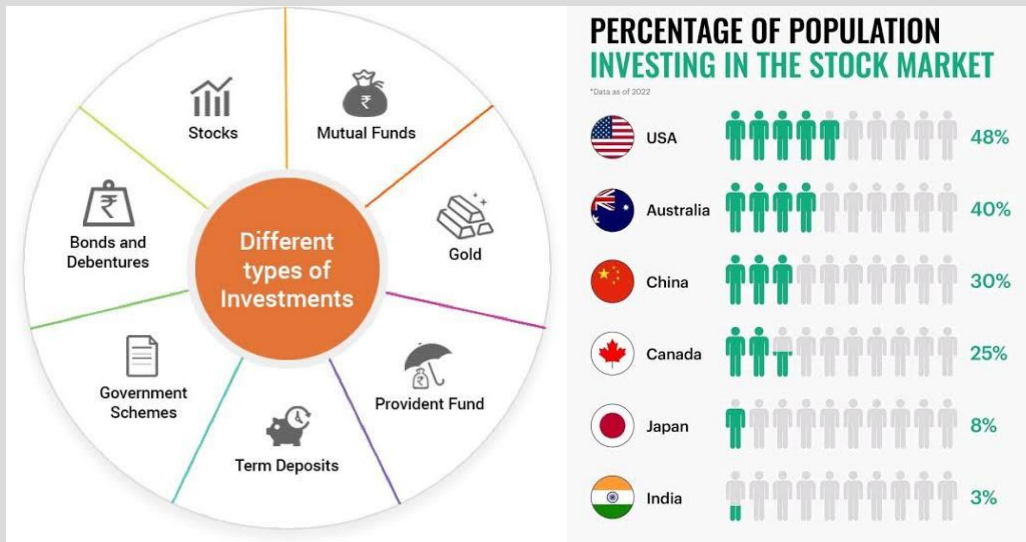
Once your financial foundation is solid, investing becomes the next priority. Investing allows your money to work for you, creating wealth over time. The goal is to build passive income streams—money earned from investments with minimal ongoing effort. This could include *rental income from real estate, dividends from stocks, or interest from bonds.*

The **stock market** is one of the most powerful wealth-building tools. Understanding compounding—the process where investment gains generate additional gains—is essential for maximizing returns. The earlier you start investing, the more you'll benefit from compounding. To avoid unnecessary risks, diversifying your investments is key.

**Index funds** are a popular investment option for beginners due to their low cost and broad market exposure. Real estate is another excellent way to generate passive income. Rental properties can provide a steady cash flow, and over time, their value may appreciate, increasing your net worth.

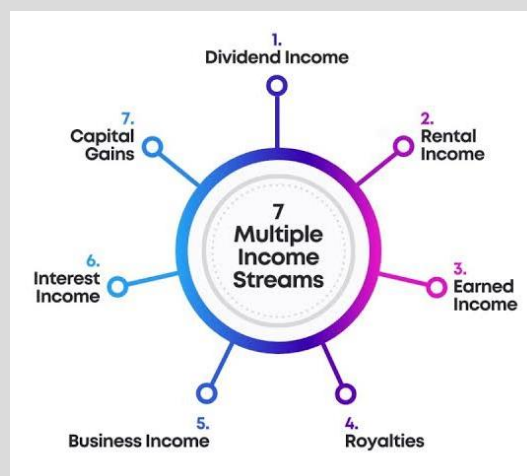
Maximizing retirement accounts, such as Employee Provident Funds (EPF) or National Pension Schemes (NPS), is another critical strategy. These accounts offer tax advantages, and consistent contributions over time can help you build significant wealth.





#### **4. Increasing Income & Developing Financial Discipline:**

Increasing your income is one of the most effective ways to accelerate your path to financial independence. Building multiple streams of income through a side business, freelance work, or investments, provides financial stability and increases the amount of money you can save and invest.



Financial discipline is essential to achieving your goals. Developing habits like consistently saving and investing, sticking to your budget, and avoiding unnecessary purchases will help you stay on track. Setting up automatic transfers to savings and investment accounts ensures that you're contributing to your wealth-building goals without having to think about it every month. Moreover, avoiding lifestyle inflation is critical. "As clearly said in the Book **Atomic Habits** by

**James clear**, the Winners and Losers have the same goal, but what differentiates them is the habits they follow."

### **5. Managing Risks & Overcoming Challenges:**

Achieving financial independence is not without risks and challenges. One of the biggest threats is inflation, which erodes the purchasing power of money over time. Staying focused on long-term goals is key, even when the market fluctuates or when unexpected financial setbacks occur. Understanding your risk tolerance and aligning your investments accordingly can help prevent stress and poor decision-making during volatile periods.

Choosing the right insurance policies, such as ***life, health, and disability insurance*** is another essential component of financial discipline. These policies protect your assets and income, providing security in case of emergencies.

Regularly tracking your net worth is crucial for measuring progress. This provides a clear snapshot of your financial situation and helps you gauge how close you are to financial independence.

### **6. Achieving & Maintaining Financial Independence:**

***"Money isn't the goal; freedom is. Wealth is a journey, not a destination"*** ~ Koushick Paramasivam

Reaching financial independence is a significant milestone, but maintaining it requires continued effort. A sustainable investment plan is crucial, as is knowing where your income is coming from and ensuring that it exceeds your expenses.

Adopting a growth mindset is vital for scaling your wealth. Financial independence doesn't mean stopping your wealth-building efforts; it means continuing to explore new opportunities and improve your financial strategy. Being mindful of your financial legacy, passing on knowledge to your family, and making smart estate plans can help ensure that financial independence lasts for generations.

### **Conclusion:**

***"Spend with purpose, save with intention, and invest with confidence"*** ~ Koushick Paramasivam

Financial independence is an achievable goal, but it requires planning, discipline, and consistency. By understanding the concept, setting clear goals, building a strong financial foundation, investing wisely, and managing risks, you can gradually work toward financial

freedom. The journey may take time, but with patience and persistence, you can reach a point where your financial future is in your hands. Stay focused, avoid distractions, and celebrate each victory on the road to financial independence.

**"Financial peace isn't found in excess but in enough." ~ Koushick Paramasivam**

KOUSHICK PARAMASIVAM

SRO0803346

## **IND AS 116: NAVIGATING THE COMPLEXITIES OF LEASE ACCOUNTING**

The Indian Accounting Standard 116 (IND AS 116) establishes the principles for recognition, measurement, presentation, and disclosure of leases. This standard ensures that both lessees and lessors provide relevant and faithful representations of lease transactions, enhancing transparency in financial reporting.

### **Key Components of IND AS 116**

A contract qualifies as a lease if it grants the right to control the use of an identified asset for a specified period in exchange for consideration. Proper classification is essential to determine whether an arrangement should be treated as a lease.

### **Separation of Lease and Non-Lease Components**

Lessees must differentiate between lease and non-lease components in a contract. This ensures accurate accounting for lease components separately from service or maintenance agreements, preventing misstatements in financial reporting.

### **Recognition of Lease Assets and Liabilities**

Lessees must recognize both a right-of-use (ROU) asset and a corresponding lease liability at the lease commencement date. The ROU asset represents the lessee's right to use the asset, while the lease liability reflects the obligation to make lease payments.

### **Measurement of Lease Assets and Liabilities**

*The ROU asset is measured at cost*, which includes initial direct costs, lease payments, and any dismantling obligations. *The lease liability is measured at the present value of lease payments*, ensuring accurate representation of financial obligations. Additionally, periodic reassessments may be required if lease terms or payments change over time.

### **Practical Illustration**

Consider XYZ Ltd., which leases a machine for five years with a monthly lease payment of ₹10,000. At the end of the lease term, the company has an option to purchase the machine for ₹50,000. Under IND AS 116, XYZ Ltd. will recognize an ROU asset and a lease liability at the commencement of the lease to reflect its financial obligations accurately.

### **Why Recognizing Lease Assets and Liabilities Matters**

Recognizing lease assets and liabilities offers a clearer depiction of a company's financial position. This approach eliminates off-balance-sheet financing practices, thereby improving transparency and comparability in financial statements.

### **Challenges and Potential Loopholes**

A common challenge in lease accounting is structuring contracts to avoid lease classification. Companies might bundle significant service components within a contract to prevent lease recognition, leading to delayed expense recognition and an artificial improvement in financial

ratios. Additionally, subjectivity in determining lease term and discount rates can lead to inconsistencies in reporting across companies.

### **Impact on Financial Statements**

**The adoption of IND AS 116 significantly alters financial reporting by increasing total assets and liabilities. Key financial ratios such as debt-to-equity and return on assets (ROA) may be affected, requiring careful financial analysis and disclosures to stakeholders. Companies with significant lease obligations must reassess financial strategies and capital allocation to maintain healthy financial positions.**

### **Summary & Key Takeaways**

- IND AS 116 enhances transparency by requiring recognition of lease assets and liabilities.
  - Proper classification of leases is essential to avoid misstatements.
- Measurement of lease assets and liabilities should account for reassessments and changing lease terms.
- Challenges include structuring contracts to avoid lease classification and subjective assumptions in discount rates.
- Financial ratios will be impacted, necessitating strategic adjustments by businesses.

### **Conclusion**

Understanding IND AS 116 is crucial for Chartered Accountant students and finance professionals to ensure compliance and accurate financial reporting. By applying the standard effectively, companies can enhance transparency, improve investor confidence, and mitigate the risk of financial misrepresentation.

**AYUSH A PALEJA**  
**SRO0647945**

## **PHOTO GALLERY**



ORIENTATION PROGRAM WAS CONDUCTED FROM 23<sup>TH</sup> JAN



ADV. ITT PROGRAM WAS CONDUCTED FROM 24<sup>TH</sup> JAN

### Telegram Channel Link



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