



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

NOVEMBER 2023

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**Consistency of Effort over the
Long run is EVERYTHING**

-Angela Duckworth

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FROM THE SICASA CHAIRPERSON'S DESK TO STUDENTS

Dear Students,

You must keep the mind fixed on one subject, like an unbroken stream of oil. The ordinary man's mind is scattered on different objects, and at the time of meditation too, the mind is at first apt to wander. But let any desire whatever arise in the mind, you must sit calmly and watch what sort of ideas are coming. By continuing to watch in that way, the mind becomes calm, and there are no thoughts waves in it. These waves represent the thought-activity of the mind.

Best Wishes for Examination,

CA Aanand P

SICASA Chairman

1st November 2023.



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FROM THE BRANCH CHAIRMAN'S DESK TO STUDENTS

My dear beloved Students (future CAs),

I hope you were all so busy in the month of October in assisting your Employer-CAs in completing the Annual Filing works. And others would have engaged tight in preparing for CA Exams to be held in the current month.

For the same reason, the students' activities in the current month are also in a very limited scale. However, in the subsequent months, we have many plans to rock the region with more student activities. I invite the students to participate in all the programmes in the usual manner and make the activities of the Branch appreciable from all the corners.

Coming to the exam preparation activities and approach to each exam – some tips are:

- Students are advised to take the Groups and subjects applied for, with confidence.
- Do not skip any subject/paper, on the basis of previous paper's experience.
- Take an optimum sleep and optimum food on all days



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- Reach exam centre well before the stipulated time to avoid unforeseen contingencies
- Read through the question paper thoroughly during the reading time, try those questions first with which you are comfortable and try other questions afterwards
- Attend all the questions without missing giving due regard to choices
- Adhere to all the instructions for filling the front sheet of the answer paper
- After coming out of the exam hall, forget about the answers written, which can never change or be changed. Think of and plan for next exam, if any

I extend my best and hearty wishes to pass successfully out of this exam.

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 NOVEMBER 2023

REGISTRATION OF CHARGES

DEFINITION:

Section 2(16) of the companies Act, 2013 defines “charge” as an interest or lien created on property or assets of a company or any of its undertakings or both as security and includes a mortgage.

DUTY TO REGISTER CHARGES, ETC [SECTION 77]:

- * It shall be duty of the company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise and situated in or outside India, to register the particulars of the charge.
- * The particulars of the charge in the prescribed form(CHG-1 or CHG-9) together with a copy of the instrument, if any , creating the charge duly signed by the company and the charge holder, shall be filed with the registrar within 30 days of creation of charge along with the prescribed fee.
- * In case a charge was created before 02-11-2018 but was not registered within 30 days, the registrar may, on an application by the company, allow registration of charge within 300 days of such creation . In case registration is not made within the extended period, it shall be made within six months form 02-11-2018 on payment of prescribed additional fees. Different fees may be prescribed for different classes of companies.



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- * In case a charge was created on or after 02-11-2018 but was not registered within 30 days, the registrar may, on an application by the company, allow registration of charge within 60 days of such creation on payment of prescribed additional fees. If the registration is not made within the extended period, the registrar may, on an application, allow such registration to be made within a further period of sixty days after payment of prescribed advalorem fees.

APPLICATION FOR REGISTRATION OF CHARGE BY CHARGE-HOLDER [SECTION 78]:

- * On receipt of application from the charge-holder, the registrar shall give a notice to the company and if no objection is received, allow such registration within a period of 14 days after giving notice to the company on payment of the prescribed fees.

ACQUISITION OF PROPERTY SUBJECT TO CHARGE AND MODIFICATION OF CHARGE [SECTION 79]:

- * Acquisition by company of any property that is already subject to charge. In other words, the earlier charge should get vacated and, in its place, new charges should get registered by the company which has acquired it.
- * Modification in the terms and conditions or modification in the extent or operation of any charge already registered.



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REGISTRATION OF CHARGE TO ACT AS CONSTRUCTIVE NOTICE [SECTION 80]:

- * All charges registered with the registrar are public documents. This means that any person who wishes to lend money to the company against the security of such property or buy it can refer to MCA portal and find out if there is any charge created on that asset.
- * Any person acquiring such property , assets, undertakings or part thereof or any share or interest therein shall be deemed to have notice of the charge from the date of such registration.

COMPANY TO REPORT SATISFACTION OF CHARGE [SECTION 82]:

- * The intimation needs to be given within a period of 30 days from the date of such payment or satisfaction.
- * The registrar shall issue a notice to the holder of the charge calling upon him to show the cause within such time as specified in the notice but not exceeding 14 days, as to why payment or satisfaction in full should not be recorded.

POWER OF REGISTRAR TO MAKE ENTRIES OF SATISFACTION AND RELEASE IN ABSENCE OF INTIMATION FROM COMPANY [SECTION 83]:

- * In case, the company fails to send intimation of satisfaction of charge to the registrar, the registrar may enter in the register of charges memorandum of satisfaction on receipt of evidence to his satisfaction regarding the same.



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- * Where registrar enters a memorandum of satisfaction of charge in full, he shall issue a certification of registration of satisfaction of charge.

INTIMATION OF APPOINTMENT OF RECEIVER OR MANAGER [SECTION 84]:

- * If any person obtains an order for the appointment of a receiver or a person to manage the property which is subject to a charge, or
- * If any person appoints such receiver or person under any power contained in any instrument,

He shall give notice of such appointment to the company and the registrar along with a copy of the order or instrument within 30 days from the passing of the order or making of the appointment.

PUNISHMENT FOR CONTRAVENTION [SECTION 86]:

- * If any company is in default in complying with any of the provisions, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.
- * Section 447 relating to punishment for fraud also becomes applicable in certain cases.



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RECTIFICATION BY CENTRAL GOVERNMENT IN REGISTRAR OF CHARGES [SECTION 87]:

- * When there was omission or mis-statement of any particulars in any filing previously made to the registrar shall be rectified by Central Government. The Central Government needs to be satisfied that such default was accidental or due to inadvertence or because of some other sufficient cause or it did not prejudice the position of creditors or shareholders.
- * The application in Form CHG-8 shall be filed by the company or any interested person.
- * The order of rectification shall be made by the Central Government on such terms and conditions as it deems just and expedient.

Shanmugapriya R

SRO080465



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GST Circulars Oct,2023

- 1. Circular No. 202/14/2023-GST Central Tax dated 27.10.2023, Clarification relating to export of services – subclause (iv) of the Section 2 (6) of the IGST Act 2017**

Circular have been issued for clarification regarding admissibility of export remittances received in special INR Vostro account, as permitted by RBI, for the purpose of consideration of supply of services to qualify as export of services as per the provisions of clause (6) Of section 2 of the IGST Act, 2017.

- 2. Circular No. 202/15/2023-GST Central Tax dated 27.10.2023, Clarification regarding determination of place of supply in various cases.**

Circular have been issued for clarification on certain issues with respect to determination of place of supply in case of

- i. supply of service of transportation of goods, including through mail and courier;
- ii. supply of services in respect of advertising sector; and
- iii. supply of the “co-location services”.



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3. Circular No. 202/16/2023-GST Central Tax dated 27.10.2023, Clarification on issues pertaining to taxability of personal guarantee and corporate guarantee in GST.

Circular have been issued for clarification on certain issues with respect to taxability of activity of providing personal bank guarantee by Directors to banks for securing credit facilities for the company. Similarly, clarifications are being sought with respect to taxability and valuation of the activity of providing corporate guarantee by a related person to banks/financial institutions for another related person, as well as by a holding company in order to secure credit facilities for its subsidiary company.

4. Circular No. 202/17/2023-GST Central Tax dated 31.10.2023, Clarification regarding GST rate on imitation zari thread or yarn based on the recommendation of the GST Council in its 52nd meeting held on 7th October, 2023.

Circular have been issued with respect to reduction of GST rate to 5% on imitation zari thread or yarn known by any name in trade parlance, following which Sl. No. 218AA had been inserted in Schedule I of notification no. 1/2017- Central Tax (Rate) dated 28.6.2017



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5. Circular No.202/18/2023-GST Central Tax dated 31.10.2023, Clarifications regarding applicability of GST on certain services

Circular have been issued for clarification with reference to GST levy, related to following issues

- i. Whether 'same line of business' in case of passenger transport service and renting of motor vehicles includes leasing of motor vehicles without operators.
- ii. Whether GST is applicable on reimbursement of electricity charges received by real estate companies, malls, airport operators etc. from their lessees/occupants.
- iii. Whether job work for processing of "Barley" into "Malted Barley" attracts GST @ 5% as applicable to "job work in relation to food and food products" or 18% as applicable on "job work in relation to manufacture of alcoholic liquor for human consumption".
- iv. Whether District Mineral Foundations Trusts (DMFTs) set up by the State Governments are Governmental Authorities and thus eligible for the same exemptions from GST as available to any other Governmental Authority.
- v. Whether supply of pure services and composite supplies by way of horticulture/horticulture works (where the value of goods constitutes not more than 25 per cent of the total value of supply) made to CPWD are eligible for exemption from GST under Sr. No. 3 and 3A of Notification no 12/2017-CTR dated 28.06.2017.

S Pushpa Asmitha
SRO0677129



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Glimpse of the events held in October 2023

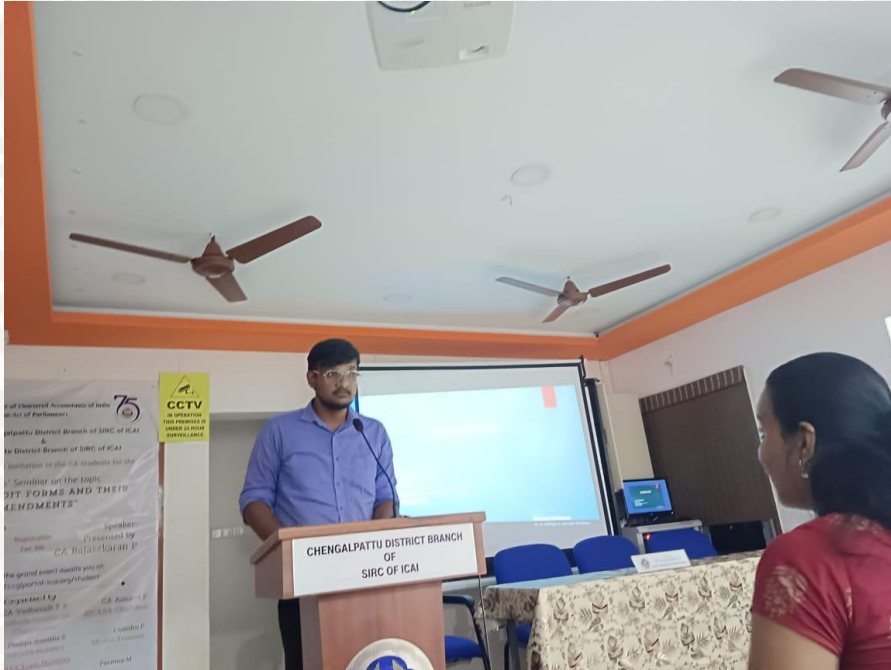
Trust Audit Forms and its Amendments





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Trust Audit Forms and its Amendments





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TRIVIA CORNER

Mr Laxman is appointed as statutory auditor of Best limited for the financial year ended 31st March, 2023.

During the course of the audit, it was found that few doubtful transactions had been committed by finance manager who retired in March, 2023,

The fraud was going on since last 4-5 years and the total amount misappropriated is approximately Rs.75 lacs.

Balance sheet of Best Ltd. Reflected a cash balance of Rs.7 crores.

The company has taken a loan of Rs.2 crores from the bank despite of the huge cash balance with the company.

Also, Companies Act bestows some duties on auditors to report matters to Central Government in case of fraud.

On the basis of above facts answer below the questions in relation to Mr.Laxman's role and duties while conducting statutory audit of Best Limited.(Q. Nos 1. to 5.)



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1. Mr. Laxman shall obtain _____ that the financial statements are free from fraud and misstatement.
 - (A) Absolute assurance
 - (B) Reasonable assurance
 - (C) Management's assurance
 - (D) Chief financial officer assurance

2. Mr. Laxman suspects that cash payments were inflated. Out of the below which could be probable reason for such inflated cash payments.
 - (A) Not accounting for cash sales completely
 - (B) Making payments against purchase vouchers
 - (C) Making payments against inflated vouchers
 - (D) Teeming and Lading



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3. As per Section 143(12) of Companies Act, 2013 & Rule 13 of CAAR ; Mr. Laxman shall
 - (A) report the matter to the audit committee constituted under section 177 or to the board in other cases within such time and in such manner as prescribed.
 - (B) report the matter to the audit committee constituted under section 177 within such time and in such manner as prescribed.
 - (C) report the matter to the audit committee constituted under section 177 and to the board in other cases within such time and in such manner as prescribed.
 - (D) report the matter to the board in other cases within such time and in such manner as prescribed.

4. Owing to the _____ limitations of an audit, there is _____ risk that some material misstatements of the financial statements will not be detected, even though the audit is properly planned and performed in accordance with the Sas.
 - (A) Inherent, unavoidable



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- (B) Inherit, complete
- (C) Management, unavoidable
- (D) Regulatory, control

5. As an auditor what conclusion can Mr Laxman draw looking at the huge cash reserve of the company and corresponding bank loan?

- (A) Report this matter to the Central Government u/s 143(12) as there is a possibility of fraud
- (B) Obtain sufficient and appropriate audit evidence of existence of fraud
- (C) Report the matter under CARO, 2020
- (D) There is nothing to report as it's a normal financial decision.



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PREVIOUS MONTH ANSWERS

1. Google Cloud frees XYZ Ltd. Completely from the issues related to server in terms of its maintenance, failure, storage capacity, etc. Which of the following feature of Cloud Computing does it represent?

- a) Virtualisation
- b) Reliability
- c) Resiliency
- d) Scalability

ANS: (C) Resiliency

2. XYZ Ltd. Uses Enterprise Resource Planning System which integrates all the modules with Financial and Accounting System of the organization. Which of following point is not valid with the integration of modules?

- a) Master data across all the modules must be same and must be shared with other modules whenever required
- b) Common transactions must be shared with other modules whenever required
- c) There is no need of separate voucher types to be used for each module
- d) Figures and transaction may flow across the department

ANS: (C) There is no need of separate voucher types to be used for each module



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PREVIOUS MONTH ANSWERS

3. In purview of above case scenario, identify the kind of cyber-attack faced by XYZ Ltd.

- a) Web defacement
- b) Denial of Service (DoS)
- c) Cyber Terrorism
- d) Phishing

ANS: (A) Web defacement

4. According to the case scenario, what could be the main objective for which an IS auditor has been appointed by XYZ Ltd.?

- a) Asset Safeguarding
- b) Data Integrity
- c) System Efficiency
- d) System Effectiveness

ANS: (B) Data Integrity

5. In purview of above case scenario, under which Section of Information Technology Act 2000, is Mr. Biswas punishable?

- a) Section 65
- b) Section 67
- c) Section 43
- d) Section 67B

ANS: (D) Section 67B



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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 artwork 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

We wholeheartedly thank all the students who have provided their valuable Inputs for this newsletter as well as for the upcoming newsletters.