



E-NEWSLETTER of SICASA
Chengalpattu District Branch of SIRC of ICAI

APRIL 2022

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NEW
financial
year

NEW
START

BRANCH OFFICE ADDRESS:.

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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***



Dear Students,

I am very happy and delighted to greet you all in this news letter and for a CA Student this month is an important month - exam preparation month ! Exams are not only litmus test for our preparation but also it's an event which tests our abilities to the maximum.

“Focus” should be your key word for the month. A CA Student in study could be distracted by factors like mobile phones, entertainment etc. We do not always realize the value of time forgone by us in mobile phones .In the virtual world, mobile connects us everywhere and keeps us updated, but it also silently converts those short breaks from studies you take during the day to relax yourself into long hour breaks. Kindly ensure you have limited screen time, set the option in your mobile wherein you won't be watching more than the set time.

“Do Your Duty” In the Bhagavat Geetha, it is said to "do your duty and not expect anything in return". While preparing, do not be concerned about results. This is the time to prepare. Thinking about the results you will achieve during the time of preparation will lead to unnecessary anxiety.

“Positivity” As a school student, you never considered giving it a second chance you were writing your boards. You gave your best and trained accordingly. A similar approach would also help. Be positive when you study and don't lose heart when you don't understand. Study once, twice, and several times till you understand.

“Health” the sun is soaring high and its summer. please do take care of your health hydrate yourself, have healthy digestible foods and sleep well. Do not forget to do at least basic physical exercise.

Our Chengalpattu Branch is conducting various programs for benefit of students, please participate in all that and get benefitted.

CA Madhumitha R
SICASA Chairperson
Chennai, 29th Mar 2022



***FROM THE BRANCH CHAIRMAN'S
DESK***

Dear students,

The new financial year has begun.

Bank audit is in full swing and many will be busy with it. Hope you work to your full potential.



Exams are due next month. My best wishes for all of you to pass out with flying colors. Prepare sincerely.

Our branch has organized fast track revision classes for intermediate students. Also seminars conducted for your convenience. Make use of these opportunities and gain knowledge.

Health is wealth. So take care of yourself in this hot weather. You can approach our branch for any support needed. Members are ready to help.

I am ending this note with once again wishing you all the best.

CA K R Sathiyarayanan
Branch Chairman
Chennai, 1st Apr 2022



Auditor's Responsibilities in relation to fraud

The primary objective of an auditor is “to obtain reasonable assurance whether the financial statements are free from material misstatements and it is prepared using applicable financial reporting framework.” (SA 200)



Mahatha A
SRO0679874

What is reasonable assurance?

Reasonable assurance is a high level of assurance regarding material misstatements, but not an absolute one. It includes the understanding that there is a remote likelihood that material misstatements will not be prevented or detected wholly.

If reasonable assurance cannot be obtained and a qualified opinion in the auditor's report is insufficient, then the auditor should disclaim an opinion or withdraw from the engagement, if withdrawal is legally permitted.

What is a misstatement?

A misstatement is the difference between the required amounts, classification, presentation or disclosure of a financial statement line item and what is actually reported in order to achieve a fair presentation as per the applicable accounting framework.

What is a material misstatement?

A material misstatement is information in the financial statements that is sufficiently incorrect that it may impact the economic decisions of the users of such financial statements.

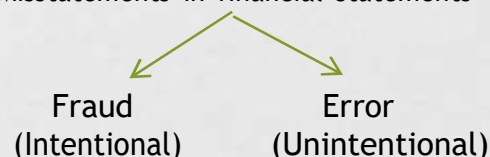
What is applicable financial reporting framework?

The financial reporting framework adopted by management, and where appropriate, those charged with governance, in preparation and presentation of the financial statements that is acceptable in view of the nature of the entity or that is required by law or regulation.

For Example , a tax auditor shall adhere to the provisions specified under Income computation and disclosure standards of Income Tax Act, 1961 while computing the income

Misstatements in financial statements

Misstatements in financial statements





What is fraud?

Fraud is an intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage. Financial statement fraud is the deliberate over/under statement of financial statement balances in many cases to make a company appear to be in a better financial condition than it really is, in order to deceive the users of financial statements.

Though fraud is a broad legal concept, the auditor is concerned with the fraud that causes a material misstatement in financial statements. The two types of intentional misstatements that are relevant to an auditor are:

- Misstatements resulting from fraudulent reporting
- Misstatements resulting from misappropriation of assets.

An auditor requires a separate skill set for identifying fraud, since it involves sophisticated and organized schemes designed to conceal it, such as forgery.

Objectives of an auditor as per SA 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”

The objectives of the auditor are:

1. To **identify and assess the risks of material misstatement** in the financial statements due to fraud;
2. To **obtain sufficient and appropriate audit evidence** about the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
3. To **respond appropriately** to identified or suspected fraud.

Responsibilities of the auditor

As per SA 240, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance.

An auditor is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. Owing to inherent limitations of an audit, there is an unavoidable risk that some of the material misstatements may not be detected, even though the audit is properly planned and performed in accordance with SAs.



Risk assessment procedures and related activities

The auditor shall make **inquiries of management** and others within the entity, as appropriate to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. The auditor shall also make inquiries of management regarding management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.

The auditor shall **obtain written representations from management** and, where applicable, those charged with governance that they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Responses to the Assessed risk

When the auditor identifies a misstatement, he/she shall evaluate whether such a misstatement is indicative of fraud. If there is such an indication, the auditor shall evaluate the implications of the misstatement in relation to other aspects of the audit. If the auditor is willing to withdraw from the audit engagement, he/she shall do so by escalating the same to the appropriate level of management.

Duty to report on fraud

A: Reporting to the central government: As per section 143(12) of the Companies Act, 2013 read with rule 13 of the Companies (Audit and Auditors) Rules, 2014, if an auditor of a company in the course of the performance of his duties as statutory auditor, **has reason to believe that an offence of fraud**, which involves or is expected to involve **individually an amount of Rs. 1 crore or above**, is being or has been committed against the company by its officers or employees, shall report the matter to the Central Government in the manner specified in Rule 13.

B: Reporting to the Audit Committee or the Board: In case of a fraud involving **individually an amount lesser than Rs. 1 crore**, the auditor shall report the matter to Audit Committee constituted under section 177 or to the Board immediately but not later than two days of his knowledge of the fraud

C: Disclosure in the Board's Report: The companies whose auditors have reported frauds under 143(12) to the audit committee or the Board, but not reported to the Central Government shall disclose them in the Board's report:



D. Reporting under 3(xi) of CARO, 2020:

CARO 2020 requires the auditor to include a statement in the auditor's report (for applicable companies) as to:

- a) **Whether any fraud by the company or any fraud on the company by its officers and employees has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated**
- b) **Whether any report in ADT-4 in relation to fraud is filed by auditor to central Government u/s 143(12) of the Companies Act**
- c) **Whether the auditor has considered whistle-blower complaints, if any, while submitting such report**

In short, whenever an auditor comes across an actual fraud, he/she shall report it in CARO (for applicable companies). Whereas, if he/she has reasons to believe that a fraud has taken place, then he/she shall report it to the Central government in accordance with the provisions of section 143(12) of the Companies Act read with Rule 13 of Companies (Audit and Auditors) Rules, 2014.

Thanks
Mahatha





GOODS AND SERVICES TAX

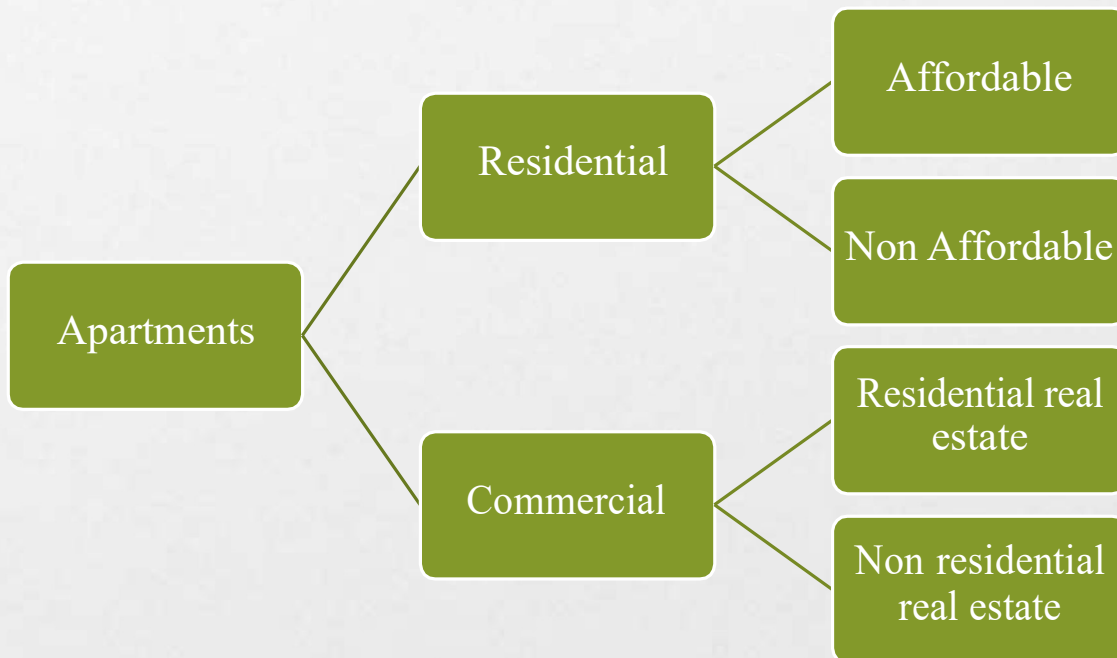
Implications on real estate residential housing sector

Introduction:

Activities which are treated as supply under the purview of GST in real estate sector are as follows:

1. Renting out residential property
2. Construction of residential complex and a building including those which are kept for sale. This excludes a complex/building wherein whole of the consideration has been received after issuing completion certificate.
3. Works contract which includes contract for building, construction, commissioning, repair, erection, renovation of a residential property.

GST on construction of apartments:



The above properties after deducting the value of land are taxed under GST as mentioned below. The same are not eligible to claim input tax credit of purchases made for construction of the properties.



- Affordable residential apartments at 1%(without ITC) on total consideration
- Non - affordable residential apartments at 5%(without ITC) on total consideration
- Real estate residential projects at 5%(without ITC) on total consideration
- Other than real estate residential projects at 12%(with ITC) on total consideration

Affordable residential apartment:

For an apartment to be classified as affordable residential apartment, it should have been constructed after 01.04.2019 or it should be a under construction project for which the builder has opted for 1% as on 01.04.2019 , having a carpet area of up to 60sq.m in case of metropolitan cities and up to 90 sq.m in case of other cities and the gross amount for the project is less than or equal to Rs.45 lakhs.

Calculation of gross amount charged by the builder doesn't include stamp duty payable to the respective authority and the maintenance charges.

Value of land is exempted from GST and is calculated by taking 1/3rd of the contract value.

80% of the total supplies including both goods and services should be procured from registered suppliers.Any shortfall to this limit of 80% should be taxed under RCM basis and paid by the promoter/builder.

Residential real estate project (RREP):

For a project to be classified as residential real estate project, it should have been constructed after 01.04.2019 or it should be a under construction project for which the builder has opted for 1% as on 01.04.2019 and the commercial apartment is less than 15% of total carpet area of the project.

GST on works contract and sub-contract:

Works contract is considered to be a composite supply where both supply of services and goods is done. In case of a supply which is composite, GST for the main supply should be considered as the GST for whole of the supply as composite supplies cannot be split. Rate for construction of a residential unit in housing projects is 12% and if a contract is given on a further contract i.e., sub contract, then it shall also be taxed at 12%.

GST on Flats:

Property / Home, where the construction is over and completion certificate is obtained from the competent authority is classified as ready-to-move-in flats which wont attract GST. Only under construction properties are taxable under GST.



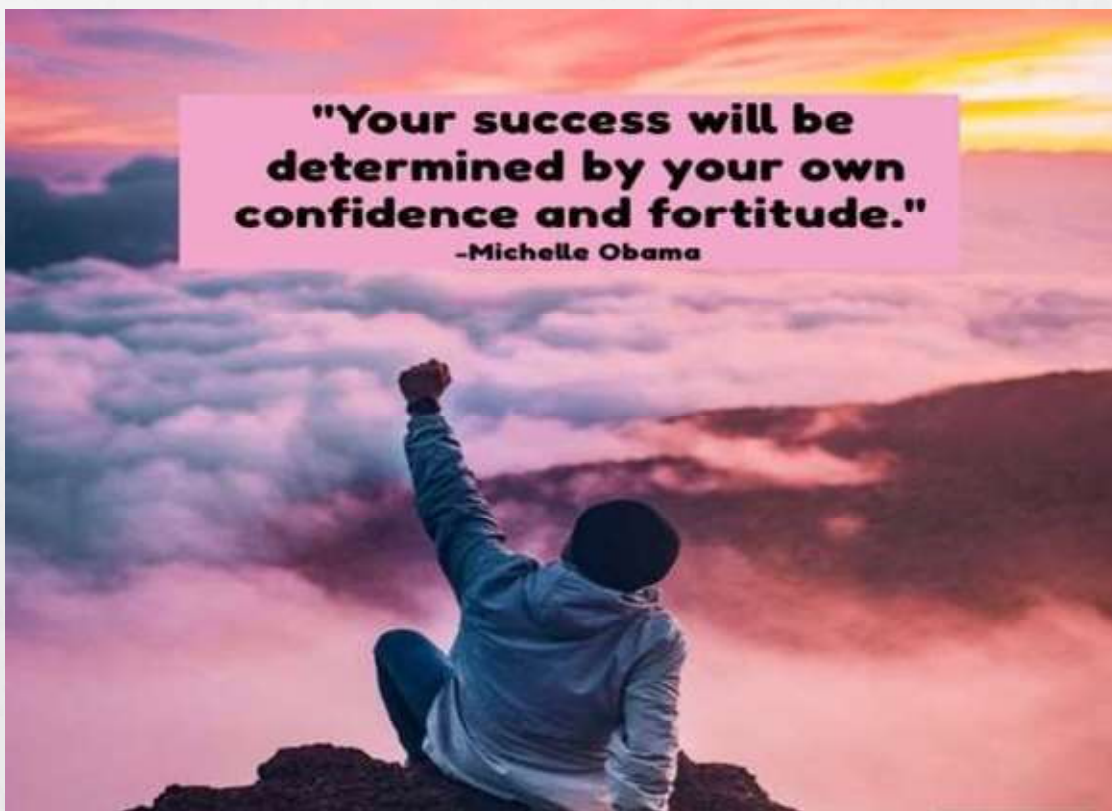
GST on Plot/ Land:

Sale of Plot and land is not a supply under GST and hence not chargeable to tax under GST.

GST on Rental income:

If a residential property is let-out/rented , then GST at the rate of 18% is applicable if its rented out for business and commercial purposes. Whereas , renting of a commercial property is also charged to tax at 18%.

Thanks
Divya Dharshini R





PROCEDURE FOR CHANGE OF REGISTERED OFFICE FROM ONE STATE TO ANOTHER

INTRODUCTION

Company shall change the place of its Registered Office from one State to another by passing a Special Resolution.

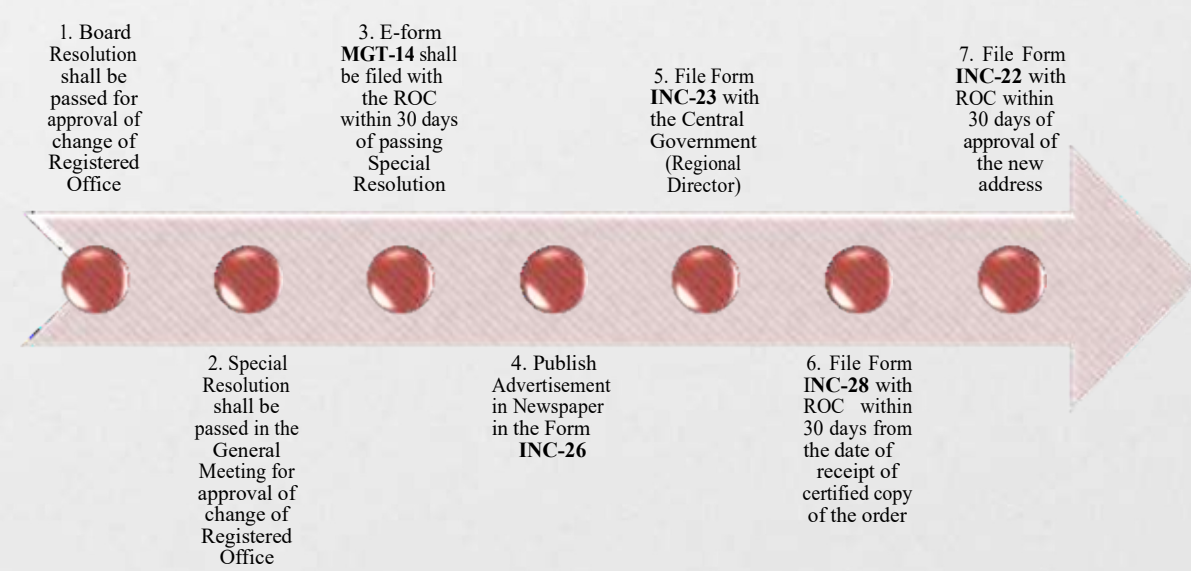


Asmitha Madhavan
SRO0621397

MANDATORY REQUIREMENTS FOR SHIFTING OF REGISTERED OFFICE FROM ONE STATE TO ANOTHER

- I. Company shall take approval from the Central Government (Regional Director) for shifting of Registered Office from One State to Another.
- II. If Company is having more than 200 members then Special Resolution passed under this procedure is required to be passed only through Postal Ballot as per Section 110 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.
- III. The shifting of Registered Office shall not be allowed if any inquiry, inspection or investigation has been initiated against the Company or any prosecution is pending against the company under the Act. [Section 30(9) of the Companies (Incorporation) Rules, 2014]

FOLLOWING PROCEDURE IS TO BE FOLLOWED FOR SHIFTING OF REGISTERED OFFICE FROM ONE STATE TO ANOTHER





1. Convene a Meeting of Board of Directors [As per section 173 & SS-1]

- A. Issue Notice of Board Meeting to all the Directors of Company at their addresses registered with the Company, at least 7 days before the date of Board Meeting. A shorter notice can be issued in case of urgent business.
- B. Attach Agenda, Notes to Agenda and Draft Resolution with the Notice.
- C. Hold a meeting of Board of Directors of the Company and pass the necessary Board Resolution
 - I. To consider the proposal of shifting of Registered Office of the Company from One State to another, subject to the approval of shareholders in the General Meeting or through Postal Ballot.
 - II. To alter Memorandum of Association (MOA) consequently.
 - IV. To authorize a CS or CFO or Director to file an application to Regional Director for taking approval for shifting the Registered office
 - 1V. To authorize a CA/CS/CMA/Advocate to appear before the Regional Director and execute a Memorandum of Appearance.
 - V. To fix day, date, time and venue for holding General Meeting of the Company.
 - VI. To approve the draft notice of General Meeting or Postal Ballot along with explanatory statement annexed to the notice as per requirement of the **Section 102** of the Companies Act, 2013.
 - VII. To authorize the Director or Company Secretary to sign and issue notice of the General Meeting or Postal ballot and to do such acts, deeds and things as may be necessary to give effect to the Board's decision.
- D. Listed Company shall submit the disclosure of Board Meeting within 24 hours from the conclusion of the Board Meeting and post the same on the website of the Company within 2 working days. [**Regulation 30 & 46(3) of the SEBI (LODR) Regulations, 2015**]
- E. Prepare and Circulate Draft Minutes within 15 days from the conclusion of the Board Meeting, by Hand/Speed Post/Registered Post/Courier/E-mail to all the Directors for their comments.



2. Obtain Shareholders' Approval

- A. By Convening a General Meeting, OR
- B. By Passing a Resolution by Postal Ballot.

3. Convene General Meeting [Section 96, 100 and SS-2]

1. Notice of General Meeting shall be given at least clear 21 days before the actual date of a General Meeting in writing, by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means **Section 101**.
2. Notice will be sent to all the Directors, Members, Auditors of Company, Secretarial Auditor, Debenture Trustees and to others who are entitled to receive the notice of the General Meeting.
3. Notice shall specify the day, date, time and full address of the venue of the Meeting and contain a statement on the business to be transacted at the Meeting.
4. Hold the General Meeting on fixed day and pass Special Resolution
 1. Change in the Registered Office of the Company from one State to another State
 2. Changes in the Memorandum of Association (MOA).
5. Listed Companies shall disclose the proceedings of General Meeting to the Stock Exchange within 24 hours from the conclusion of General Meeting and same shall be posted on the website of the company within 2 working days. [**Regulation 30 and 46(3) of the SEBI (LODR) Regulations, 2015**]
6. Listed Companies shall submit to the stock exchange the details of the voting results within two working days from the conclusion of the meeting and post the same on the website of the Company. [**Regulation 44 of the SEBI (LODR) Regulations, 2015**]
7. Prepare the minutes of General Meeting, get them signed and compile accordingly.

4. File Form MGT-14 with ROC

File Form MGT-14 with the ROC within 30 days of passing Special Resolution in General Meeting along with fee as specified in the Companies (Registration offices and fees) Rules, 2014 and with the following attachments

- a. Certified True Copies of the Special Resolution passed along with Explanatory Statement.
- b. Copy of the Notice of meeting sent to members along with all the annexure
- c. Shorter Notice Consent Letters from the members in case the General Meeting was convened at shorter notice.
- d. A printed copy of the Memorandum of Association and Article of Association
- e. Copy of Attendance Sheet of General Meeting
- f. Any other attachment as may be applicable.



5. Publish Advertisement in Newspaper

The company shall, not more than thirty days before the date of filing the application in Form INC-23

- A. advertise in the Form INC-26 in the vernacular newspaper in the principal vernacular language in the district and in English language in an English newspaper with wide circulation in the State in which the Registered Office of the Company is situated.
- B. a copy of advertisement shall be served on the Central Government immediately on its publication
 - A. by registered post with acknowledgement due, individual notice, to the effect set out in clause (a) on each debenture-holder and creditor of the company
 - B. by registered post with acknowledgement due, a notice together with the copy of the application to the Registrar and to the Securities and Exchange Board of India, in the case of listed companies and to the regulatory body, if the company is regulated under any special Act or law for the time being in force.

File Form INC-23 with the Central Government (Regional Director)

An application for the purpose of seeking approval for alteration of memorandum with regard to the change of place of the registered office from one State Government or Union territory to another, shall be filed with the Central Government (Regional Director) in Form INC-23 along with the fee and shall be accompanied by the following documents, namely

- a copy of Memorandum of Association, with proposed alterations
- a copy of the minutes of the general meeting at which the resolution authorising such alteration was passed, giving details of the number of votes cast in favour or against the resolution
- a copy of Board Resolution or Power of Attorney, as the case may be.

There shall be attached to the application, a list of creditors and debenture holders, drawn up to the latest practicable date preceding the date of filing of application by not more than one month, setting forth the following details, namely

- the names and address of every creditor and debenture holder of the company
- the nature and respective amounts due to them in respect of debts, claims or liabilities.

File Form INC-28 with ROC

Where an alteration of the Memorandum results in the transfer of the Registered office of a Company from one State to another, a certified copy of the order of the Central Government approving the alteration shall be filed by the Company with the Registrar of each of the States in Form INC-28 along with the fee within thirty days from the date of receipt of certified copy of the order.



File Form INC-22 with ROC

Within 30 days of approval, file notice of change of situation of the registered office and verification thereof in **E-Form INC-22** with the Registrar along with the prescribed fee as per Companies [(Registration Offices & Fee) Rules 2014 along with following documents

- a) Certified true copy of Special Resolution with Explanatory Statement
- b) Copy of order of Regional Director
- c) Copy of Altered Memorandum of Association
- d) Registered document of the title of the premises in the name of the company **OR** Notarized copy of lease / rent agreement in the name of the company along with a copy of rent paid receipt not older than 1 month
- e) Authorization from the owner or authorized occupant of the premises along with proof of ownership or occupancy authorization to use the premises as registered office **OR** NOC from director, if registered office is owned by the Director and not taken on lease by the Company
- f) Copy of utility service bill like telephone, gas, electricity, etc. depicting the address of the registered office, not older than 2 months
- g) The list of all other companies with their CIN, having the same unit/tenement/premises as their registered office address.

Certificate from ROC

ROC of the state where the Registered Office is being shifted shall register the same and issue a fresh Certificate of Incorporation indicating the alteration.

Intimation to the Stock Exchanges [Regulation 30 and 46(3) of the SEBI (LODR) Regulation, 2015

Every Listed Company shall inform the Stock Exchange (where the securities are listed) about the effective date of change of Registered Office of the Company within 24 hours from the registration of notice by ROC and the same shall be posted on the website of the Company within 2 working days.

1. Compliances after Approval from ROC for Change of Registered Office

Company shall undertake the following actions after receiving approval from ROC

- a) Company may optionally issue a general notice by way of an advertisement in newspaper(s) informing all members and other stakeholders, about the change of situation of the registered office of the Company.
- b) Amend the address of Registered office of the Company on outside of every office, building etc. in which its business is carried on, in a conspicuous position and in legible letters. **[Section 12(3)(a)]**
- c) Substitute the address printed on all business letters, letter heads, Billheads, Invoice Forms, Receipt Forms and all other official publications. **[Section 12(3)(c)]**
- d) Update new address of registered office with all the Banks where Company is operating Bank Accounts.



- e) File application with Income Tax Authority for updating the address of the Company in PAN and TAN.
- f) Update the new address of the Company with the Basic Utility Service providers like Electricity providers, Telephone Internet connections in the name of the Company etc.
- g) Update new address of the Company with various govt. authorities like Central Excise Authorities, Customs Authorities, Sales Tax Authorities and Service tax Department etc.
- h) Update the new address of the registered office with the NSDL, CDSL & RTA as applicable.

2. File Necessary Amendment Application under following Acts

- a) Goods and Services Act
- b) Shops & Establishment Act
- c) Factories Act
- d) Foreign Exchange Management Act
- e) Inter-State Migrant workmen Act
- f) Private Security Agency Act
- g) EPF
- h) ESI
- i) Other Labour Laws
- j) Industry Specific Laws.

Thanks
Asimitha Madhavan





BLOSSOMED BUDS IN DEC'2021 OF CHENGALPATTU SICASA

BLOSSOMED BUDS OF CA FINAL



Subashini. E
SRO0532574
Cleared -Both Groups



Lalitha .S
SRO0630739
Cleared -Both Groups



Sripriya .P
SRO0605060
Cleared - Both Groups



Divya B
SRO0638230
Cleared -Both Groups



Neeraj Patel
SRO0632679
Cleared -Both Groups



Vijaya Porani B
SRO0624877
Cleared - Both Groups



Nivetha S
SRO00545599
Cleared - Group II



Unnati shah
SRO0634676
Cleared - Group II



Abilash V
SRO0509009
Cleared - Group II



Antony Selvan
SRO0503378
Cleared - Group II



Neeraj Sanjna J R
SRO0560535
Cleared - Group 1



Harini .S
SRO0631145
Cleared -Both Groups



BLOSSOMED BUDS OF CA INTERMEDIATE



Fazila K
SRO0668255
Cleared - Group 1



Brite Thomas
SRO0395497
Cleared - Group 1I



Swaminaathan
SRO0731409
Cleared - Both Groups



Radhika Gajaraj
SRO0569945
Cleared - Group 1



Keerthana Velayutham
SRO0608070
Cleared - Group 1I



Subha Sree
SRO0608140
Cleared - Group 1I



Keerthana
SRO0684933
Cleared - Group II



Sindu Mahalakshmi
SRO0697046
Cleared - Both Groups



BLOSSOMED BUDS OF CA FOUNDATION



Ramanathan M
SRO0757706



Prakash Swaminathan
SRO0771095



TRIVIA Corner

- i. Which ratio reflects Managerial efficiency in handling the assets?
- ii. What is known as Charter of a company?
- iii. What is the minimum paid up capital of a public company?
- iv. The Managerial Remuneration to the directors in respect of any FY must not exceed how much percent of Net profit?
- v. RREP Means?

Previous Month Answer

- i. Which constitutional amendment is done to pass the GST bill? -101
- ii. What is the due date of filing /submission of APR to SEZ additional development commissioner? - with in 90 days from the end of FY
- iii. Which Assets have definite physical share or identity and existence? - Tangible Assets
- iv. Auditing Assurance Standards -8 deals with what ?- Auditing Planning
- v. Which ratio measures the number of times the receivables are rotated in a year in terms of sales? - Debtors Turnover Ratio



SICASA of Chengalpattu District Branch of SIRC of ICAI

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

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