

E-Newsletter

ERNAKULAM BRANCH OF SOUTHERN INDIA CHARTERED ACCOUNTANTS STUDENTS' ASSOCIATION



THE INSTITUTE OF CHARTERED  
ACCOUNTANTS OF INDIA

# SICASA

## Ernakulam

NOVEMBER '20

Break  
the  
chain

# THE CATALYST

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*- Let's Overcome together -*

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# Chairman's Message



**CA Allen Joseph,  
Chairman,  
SICASA Ernakulam Branch.**

## **Dear Students,**

Resilience isn't a single skill. It's a variety of skills and coping mechanisms. To bounce back from bumps in the road as well as failures, you should focus on emphasizing the positive. After almost a year of studies students were able to give their best at an exam that required a considerable effort from the Board of Studies and the branch staff.

November saw a host of academic related activities. A session on how to crack CA exams by CA Pavan Kumar from Hyderabad saw a participation of over 330 students and I'm certain it helped the participants. The branch also celebrated International Accounting Day on November 10. The programme was jointly hosted by the Postgraduate and Commerce Department of Nirmala College, Muvattupuzha. Founder Secretary of Ernakulam Branch and mentor to several hundred Cas, CA Venugopal C Govind spoke at the programme.

SICASA Ekm also organized a national level accounting champion quiz as well as a webinar on the overview of Ind-AS jointly with Nirmalagiri College in Kannur.

We have ambitious plans of organizing a football tournament in December adhering to COVID regulations as far as possible. We are also hopeful of organizing Christmas & New Year celebrations to finish off the year on a high.

No doubt this year has been hard on everyone but here's to hoping for a pleasant and relatively uneventful December for everyone. Trust everyone is making the best use of their professional opportunities at their respective offices.

May this Christmas be filled with joy and happiness. Merry Christmas and Happy New Year!

# Secretary's Report



**Phoebe Reena George,  
Secretary,  
SICASA Ernakulam Branch**

**Hello Everyone,**

This month our most awaited exams were conducted. A lot of us felt relieved after a whole year of preparations, while some others might not be fully prepared or might have lost their chance due to being affected by this pandemic of Covid-19. Whatever the case may be ICAI is setting a great example by conducting the exams in the best possible way ever and we should all be proud to be part of it.

SICASA is always with the students and I am sure we were able to give you our best efforts to provide for your needs. We had very few programs this month keeping in mind to avoid distractions for the students in between their exams. Moreover, we were also able to conduct a webinar session by CA Pavan Kumar on our YouTube channel just to ease the pressure on those who wrote the exams this attempt by providing them with tricks and tips to score marks and utilise time effectively. We are thankful to CA Pavan Kumar sir for taking such an incredible class and clearing all our doubts.

SICASA is for the students, by the students, and of the students. Every month we try to bring forward at least a student's teaching skills by providing them a platform to present their teaching skills. None of them has disappointed us and has also allowed us to take pride in their talent. This month witnessed yet another amazing study circle conducted by Miss Denita Mendez on the topic Arbitral award as per Arbitration and Conciliation Act, 1996. The study circle was well handled by Denita and it was also highly appreciated by many other regions too.

Let me take this chance to thank all of you who are a constant support to us throughout this month. I acknowledge the effort and work all of you put into this for helping us make all our events a huge success. Hoping to have a much more fun and eventful time ahead. All the very best to all those students who are yet to write their exams and for those who missed their chance this attempt, do not worry at all. Take this as an opportunity to perform even better in your coming exams.

# Editor's Note



**Duke Jose**

November has been done with, and we here at SICASA can't help but marvel at the speed time flies. May & November is very special to every Chartered Accountants. For every May there is a November & for every November there is a May.

Our nation celebrated Children's day in the month of November, Each year we celebrate 'Bal Diwas' on November 14 to raise awareness about the rights of children and to provide adequate education and care for all.

Children's Day also commemorates the birth anniversary of the first Prime Minister of India, Jawaharlal Nehru, fondly known as 'Chacha Nehru'. His popularity with children and his fondness for them in return contributed to his birth anniversary being marked as the day for celebrating children and advocating for their rights. It was only after Jawaharlal Nehru's death that this day was deliberated by the Parliament to be celebrated as National Children's Day, in his honour.

At the outset, I take this opportunity to convey my best wishes to those preparing & writing for the November 2020 examinations. The time before the exams is very crucial. However, you should resist the pressures of studying, preparations and examinations.

"If you fail, never give up because F.A.I.L. means "First Attempt In Learning". End is not the end, in fact E.N.D. means "Effort Never Dies." If you get No as an answer, remember N.O. means "Next Opportunity", So let's be positive."

*Thank You.*

## Audit of Hospital

### Special Audit

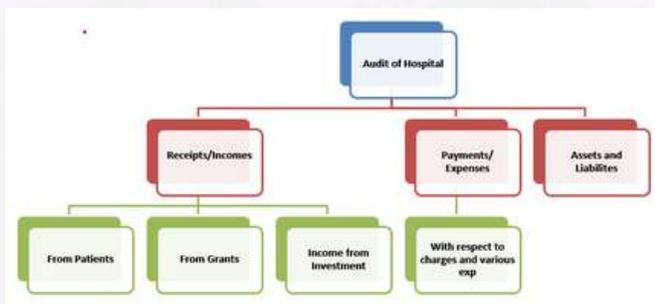
Amit Kedia (ERO0218465)

*Before starting I would like to Thank our "Covid warriors" for their day and night hard work against this deadly virus.*

#### "Procedure for audit of Hospital":-

##### Preliminary: Hospitals

can be run as sole proprietorship or partnership or trust and even as a company etc. Auditor should ascertain the legal status, if any. He has to examine the trust or partnership deed or memorandum, articles as per the status of hospitals. He has to evaluate the system of internal control and obtain list of accounting records. He should examine the system of receiving grants and donations. He should obtain the rate structure for fees, Medicine and other services, power to do concession or waiver of fees. There should be adequate system for charges and waiver. According to the overall objectives of audit, he should examine the scope of responsibilities. As hospitals are Non-profit organisation [sec 8 of Companies Act, 2013], they maintain receipts & payment account, income & expenditure account and balance sheet. Auditor has to go through from the above to conduct audit of hospital.



#### **Let's discuss the above chart in details:**

**1) Receipts/Income:** While performing an audit of hospitals auditor has to check the following:

From Patients:

- An Auditor should check the bill book issued to the patients with reference to register of patients to ensure that all the patients have billed properly.

- Examine whether bills are prepared properly according to visit charges of doctors, medicine, stay charges, room rent etc.
- Bills should be verified with the fees structure.
- Check cash collected shown in cash book with duplicate copies of receipts issued to patients.

From Grants:

- Check copies of correspondence with the government or local bodies to ensure the purpose of grant.
- Ensure whether grant or donations received for specific purpose have been properly applied.

Income from Investments:-

- Interest and dividend income should be verified with investment register, cash book and share warrants, etc.
- Check collection of various incomes received on investment with reference to entry in cash/pass book.

**2) Payment & Expenditure:** Types of Expenses/ Payments

- Electricity & Water Charges
- Pharmacy Charges
- Salaries and Wages
- Pharmacy Expenses
- Building Repair & Maintenance
- Laundry Charges
- Telephone Expenses
- Laboratory Expenses
- Surgery Expenses
- Operation Tools and Equipment Expenses
- Depreciation

Audit of the above expenses can be performed in the following ways:

• With respect to charges and various expenses:

1. Ensure authorisation of various payments specially capital expenditure.
2. Compare various items of expenditure with those of previous year.
3. Check few calculations such as staff salary to check whether these are in accordance with the pay rules.
4. Special attention should be given to purchase of high value medicine & Injections. Also check whether there is strict control over their purchases and issues.

**3) Assets and Liabilities:** The Auditor should consider the following points and carefully examine the assets and liabilities of the Hospitals –

- Examine the title documents and other records relating to fixed assets should be accounted for.
- Check whether depreciation has been properly calculated on each class of fixed assets.
- Check ownership and existence of fixed assets by verifying records and conducting physical verification respectively.
- Examine adequacy of internal control over purchase and issue of stock.
- Examine whether any claim against the hospital has been properly accounted for.
- Liabilities should be verified in the usual manner.

## Technical Article

# DISQUALIFICATIONS OF AUDITOR

B Yashwanth, (SRO0580042)

Introduction:

As per sec. 141(1) of the companies Act, 2013 only a Chartered Accountant can act as an Auditor of a company. But there are certain cases where auditor is related to the client or has some beneficial interest either financially or otherwise, where the independence of the Auditor is diluted. So, to overcome these cases Sec. 141(3) of companies Act, 2013 is introduced. This Section describes the cases where a Chartered Accountant is ineligible for appointment as an Auditor of a company.

Effective Date:

- This Section is effective for audits of companies for period beginning on or after April 1, 2014

Disqualifications of Auditor:

I. Disqualified for All Companies:

The Auditor is disqualified for all the companies in the following cases:

- All the Body Corporates except LLP. Reason: Because, the liability of the members in the case of body corporates is limited. But, in the case of LLP, atleast one of the partner must have unlimited liability.
- A person who is in full time employment.
- A person or the partner of a firm holding 20 company audits as on the date of the proposed appointment.
- A person who is convicted by any court for involving in an offence involving in fraud relating to manipulation of Books of accounts and Financial Statements:

1. For a period of 10 years from date of such conviction (i.e., date of verdict or date of judgement) or imprisonment period, whichever is higher. Note: If such conviction is held by tribunal then prohibition is only for 5 years or imprisonment period, whichever is higher (Sec. 140(5)).
2. If the conviction is other than manipulation of Books of Accounts and Financial Statements, then the person is disqualified for the period of imprisonment.

II. Disqualified for a Specific Company:

- An Officer or employee of the proposed company. (Examples for officer: Directors, Key Managerial Persons of that company).
  - A person who is “partner or employee” of “officer or employee” of the proposed company.
  - The person, or his relative or his partner holds any security or interest in the company or its Group companies (Company's Subsidiary, its Holding company, its Associate company and Subsidiaries of its Holding Company). Note: a. The Relative of the auditor can hold the security or interest upto a face value of Rs. 1,00,000 in the company.
  - The person, or his relative, or his partner is indebted for an amount exceeding Rs.5,00,000 to the company, its subsidiary company, its holding company, its associate company, subsidiaries of its holding company.
1. **Concept Capsule 1:** When Auditor made credit purchase of goods for an amount of Rs.5,00,000 then the auditor is disqualified irrespective of whether the transaction is carried at arm's length price or not.
  2. **Concept Capsule 2:** Advance of Audit fee before commencement of audit is deemed to be indebtedness. If such amount exceeds Rs. 5,00,000 then Auditor is disqualified.
  3. **Concept Capsule 3:** Auditor can receive his audit fee progressively in proportion to the work which has been already performed (it will not considered as indebtedness). The Auditor is not disqualified even if such amount exceeds Rs. 5,00,000.

- The Person, or his relative, or his partner given guarantee for debts of 3rd parties for an amount exceeding Rs. 1,00,000 to the company or its Group Companies. (Company's Subsidiary, its Holding company, its Associate company and Subsidiaries of its Holding Company).
- Any person or a firm having Business Relationship with the company or its group companies\*. (Company's Subsidiary, its Holding company, its Associate company, Subsidiaries of its Holding Company or Subsidiaries of its Associate Companies.)

**Note:** The following transactions cannot be considered as Business Relationship (i.e no disqualification for company):

1. Services permitted as per Companies Act, 2013 and Chartered Accountant Act, 1949.
  2. Transactions entered in the ordinary course of business entered at Arm's length price.
- A person whose relative is a director (not being in employment) or is in the employment of the company as director or Key managerial person.
  - Any person by himself, or through his subsidiary, or through his associate or through any other form of entity (i.e., whether directly or indirectly) is providing the services specified in Sec. 144 of Companies Act, 2013 to the company or to its subsidiary or to its holding company.

Did you know?  
**STUDYING FOR 30-50 MINUTES  
 AT A TIME WITH 10 MINUTE BREAKS  
 IN BETWEEN IS THE MOST EFFECTIVE  
 WAY TO RETAIN INFORMATION.**

# Short story on mental illness

By Elizabeth Divya Thomas (SRO0461305)

Mental health isn't usually taken seriously until a person starts acting violently or in some way, their illness brings harm to others. But, depression is yet another form of mental illness. In this case, the person will be completely aware that he/she isn't well, and they'll be the ones hurting the most, yet they'll find it unable to get out of whatever they are going through with ease. They often withdraw from the crowd due to multitude of reasons. But as long as the suffering isn't visible and no one else gets hurt in the process, a light eye is thrown towards the same. Some are even good at covering up the fact that they are suffering from the inside. This is a short story, written from the perspective of a father, and a daughter who suffered from depression before she took her own life.

## Father

She looked peaceful, almost as if she was sleeping. Where did I go wrong when it came to reading my child. How did not see what she was going through. The mark on her neck stood bright like a red ribbon. I put my head over hers, wishing that somehow life would leave my body and enter hers. Tears ran down my cheeks and fell on her face. It's time' I heard the vicar say and as I raised my head, the tears on her face looked as if it were her own, and in a strange way it made her look alive. As I looked at her one last time, all the happy memories returned and I wished I could go back in time and rewrite that, which would change this present.

## Daughter

It was all dark and his face was the only thing that was visible. "PAAAAAAA.."- I called and called like a crazy person. "He can't hear you , I Heard the voice say. As I looked to my father's face, I realised that I had ended his life too, when I ended mine. "Can I go back, please' There is no going back... It's time' I heard the voice say. As I walked forward, I turned back to see his face for one last time and saw only darkness.

# Resonance

Neethu Cicil Zacharia

SRO0567697

These days I find myself reaching out to discourses, any preferred sort, poems, anecdotes, quotes, quirky one-liner tweets, the urban lifesaver memes, passionate speeches, deadpan legal prose, music, art, science, and tidbits on space and the stock market.

Even plunging into a Pensive of hushed-up secrets, eidetic memories, and moments of déjà-vu. The cosmos that ever conspires and its incessant chaos.

These would all sum up to be an every alternate day source of joy to revel, behold, learn, and unlearn. Wedging them between the days of catching up with the "to-do lists" or the common man's next best alternative.

We want someone to explain the things we can't, say the words we fail to spell, our minds can't comprehend or rather come to terms with. Someone out there who gets you know exactly what you are feeling; where the chaos unfurls and the pieces align.

In hindsight, this explains why civilization evolved from the "want to hunt" to the "crave to connect". The long lap from savagery to sophistication to simpler connections sought.

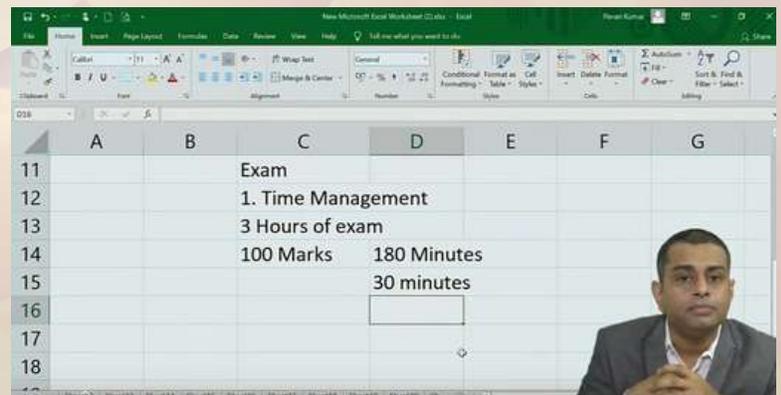
From discovering the crackle of a fire, to burning the midnight oil and now cozying up to the warmth of human conversations.

It's the resonance we seek. The comfort that we are not alone while we walk the way home. A home to reassure us we can ask questions. We can be clueless; we can be curious; no quits called.

# FOCUS

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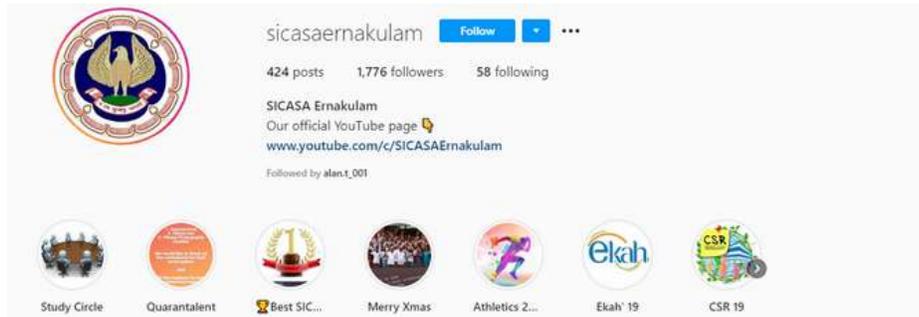
**How to face exams?**  
**Dos and Dont's.**  
**By CA Pavan Kumar**



**Study Circle on Arbitral  
Award as per Arbitration  
and Conciliation Act, 1996**  
**By Ms. Denita Mendez**

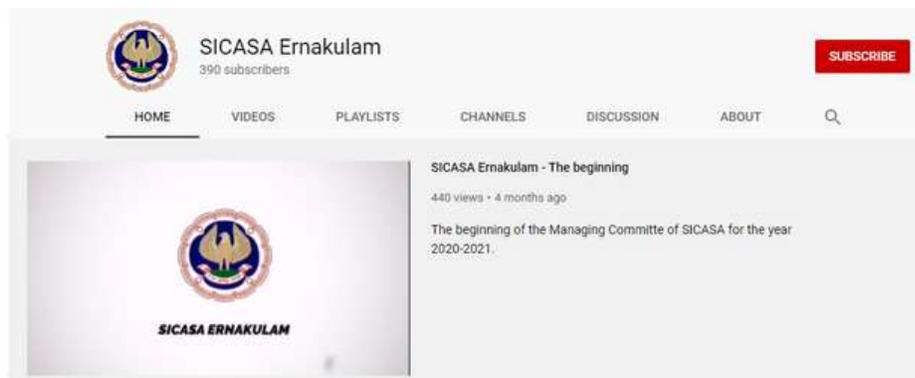
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after clicking on the add button on the top right corner of your screen.

