



Save Our Earth

Let us pledge to save our planet
earth by keeping it clean and green

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



**JUNE 05 WORLD
ENVIRONMENTDAY**



THRISSUR BRANCH OF SIRC OF ICAI

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NEWSLETTER IN CHARGE
CA. SILPA RAMDAS

ACADEMIC COORDINATOR
CA. ANOOP G

INSIDE

- 02 *Editor's desk*
- 03 *Chairman's message*
- 04 *A brief notes on IBC 2016
& opportunities for
Chartered Accountants*
- 08 *Let's tide over the Covid 19
2nd wave - Awareness &
Preparedness*
- 10 *Glimpses*

EDITOR'S DESK



FRIENDS,

This month's newsletter has been drawn in the backdrop of World Environment Day which we celebrated on 5th of June. This acquires too much significance in our lives today as we are all confined to our houses doing online work and not having any physical contact with the world outside.

In the recent past, human activities have destroyed many ecosystems that have resulted in the outbreak of numerous diseases and pandemics including COVID-19. Urging the need to protect the ecosystem and in turn ourselves, Chandra Bhushan, CEO, International Forum for Environment, Sustainability and Technology (iFOREST) said,

"I am afraid that COVID-19 is not going to be the last pandemic that humanity is going to face. In 20 years of the 21st century, we have already had three pandemics whereas in the 19th century we had just one major pandemic. So, the frequency of pandemics is increasing and it is important that we recognise it and therefore, the decade of ecosystem restoration which is the theme of this year's environment day is very very important."

We cannot turn back time. But we can grow trees, green our cities, rebuild our gardens, change our diets and clean up rivers and coasts. We are the generation that can make peace with nature.

Let us be responsible professionals and take the oath of protecting nature as part of our lives.

I wish all of you a happy reading.

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

CHAIRMAN'S MESSAGE



My Dear Professional Colleagues,

We all professionals and our family are going through a very tough time as the lockdown is getting extended every time before completion of the announced period. We are unable to open our offices. The Government has not accepted our repeated requests to consider giving exemption to our profession. Instead we are allowed to open only on Thursdays and Fridays, that too for tax payment only. Another relaxation is that, the Income Tax Return filing due date for the AY 2020-21 has been extended from 31.03.2021 to 31.05.2021 and GST return filing due dates.

I primarily put on record my heartfelt condolences on the sad demise of the Founder Chairman of Thrissur Branch CA. V Sukumaramenon. His noble deeds and support to the branch and profession as a whole will ever be remembered with reverence. The branch Managing Committee called for an urgent EGM on 20.05.2021 to pay respects to the departed Senior Member and my gratitude to all those who took part in it..

Our branch has conducted a Covid awareness Programme to the Members benefit. Dr. Priyanka R had helped the members about safe guarding us from Covid and preparedness for those affected with the Pandemic.

Considering the health of the members and their family, Branch Committee has agreed to make tie up with Appolo Adlux Hospital, Angamaly to conduct a Covid Vaccination Drive. Committee Members are in the process of approval of the MoU.

During the month Branch has conducted a joint Seminar, with Kozhikode and Palakkad Branches, on "Standards on Auditing" on 27, 28 and 29 and was inaugurated by Central Council Member CA Vijay Kumar M P , Felicited by Central Council Member CA Babu Abraham Kallivayalil. The expert Speakers who handled the various sessions were, our Ex Officio Member, Past SIRC Chairman CA Jomon K George, CA. Aniket Talati, Central Council Member, CA. Bhavani Balasubramanian. The branch had conducted other Seminars "Charities" by CA Ramnath V, " IT Enabled Audit Tools" by CA Peter Richard and " Insolvency and Bankruptcy code and opportunities to the Chartered Accountants" by CA Rajmohan R which was inaugurated by Treasurer or SIRC CA Revathi Reghunathan. .

CA . ARYAN K K
Chairman

A BRIEF NOTES ON IBC 2016 AND OPPORTUNITIES FOR CHARTERED ACCOUNTANTS



CA. RAJMOHAN R

The Insolvency and Bankruptcy Code, 2016

An Act to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.

IBC – Impact on Indian

- The IBC repealed two pieces of legislation:
 - > The Presidency Towns Insolvency Act 1909
 - > The Provincial Insolvency Act 1920
- Amended 11 other Acts.
- Easy exit and ease of doing business
- Doing Business Report (DBR) of 190 countries, has improved from 142nd position in 2014 to 63rd position in 2020.

FOUR PILLERS OF INSTITUTIONAL FRAME WORK OF IBC 2016

• IBBI

Insolvency and Bankruptcy Board of India established under sub-section (1) of section 188

- Adjudicating Authority (AA) – NCLT & DRT
“Adjudicating Authority”, for the purposes of Part II, means National Company Law Tribunal constituted under section 408 of the Companies Act, 2013

“Adjudicating Authority” for the purposes of Part III, means the Debt Recovery Tribunal constituted under sub-section (1) of section 3 of the Recovery of Debts Due to Banks and Financial Institution Act, 1993

• Insolvency Professional Agency (IPA)

Means any person registered with the Board under section 201 as an insolvency professional agency for the purpose of enrolment of IP members

• Information Utility (IU)

Information Utility (IU) is a professional organization which is registered under Section 210 of the Insolvency and Bankruptcy Code, 2016 whose function is to **gather, assemble, accumulate, validate and disseminate financial information** from companies and creditors to facilitate insolvency, liquidation and bankruptcy.

IBBI – Regulates

- Insolvency Professional (IP) – Individuals & Entities Registration
- Insolvency Professional Agency (IPA) – (IIIPA, ICSIIP & IPAICMAI).
- Information Utility (IU) – presently NeSL only.

Insolvency And Bankruptcy

Insolvency

- State of position (individuals or corporate)
- Unable to repay debts
- Due to insufficient of cash flow
- Liabilities exceeds the assets
- Untreated will results in liquidation / bankruptcy

Bankruptcy

- Bankruptcy – For Non Corporates
- CIRP/PIRP failed will results in Liquidation of Corporate debtors

The Insolvency And Bankruptcy Code – 2016

- Sec 255
- Parts – V
- XII Schedules
- IBC Rules 2016 (CG)
- Regulations (IBBI)

IBC consists of five parts

- Parts – I (Preliminary) Definition in sec 3
- Part II (Insolvency Resolution And Liquidation For Corporate Persons) Definition in sec 5
- Corporate insolvency resolution process
- Liquidation process
- Pre-packaged insolvency resolution process
- Fast track corporate insolvency resolution process
- Voluntary liquidation of corporate persons
- Part III (Insolvency resolution and bankruptcy for individuals and partnership firms) Definition in sec 79
- Part IV (Regulation Of Insolvency Professionals, Agencies And Information Utilities)
- Part V (Miscellaneous)

Major Definitions

- **“corporate guarantor”** means a corporate person who is the surety in a contract of guarantee to a corporate debtor
- **“dispute”** includes a suit or arbitration proceedings relating to– (a) the existence of the amount of debt; (b) the quality of goods or service; or (c) the breach of a representation or warranty;
- **“financial creditor”** means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to
- **“financial debt”** means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes–
 - (a) money borrowed against the payment of interest;
 - (b) any amount raised by acceptance under any acceptance credit facility or its dematerialized equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;
- (e) receivables sold or discounted other than any receivables sold on non-recourse basis;
- (f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing etc...
- **“initiation date”** means the date on which a financial creditor, corporate applicant or operational creditor, as the case may be, makes an application to the Adjudicating Authority for initiating corporate insolvency resolution process 1 [or pre-packaged insolvency resolution process, as the case may be];
- **“insolvency commencement date”** means the date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority under sections 7, 9 or section 10, as the case may be
- **“liquidation commencement date”** means the date on which proceedings for liquidation commence in accordance with section 33 or section 59, as the case may be;
- **“operational creditor”** means a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred;
- **“operational debt”** means a claim in respect of the provision of goods or services including employment or a debt in respect of the 2 [payment] of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority;

- **“related party”**, in relation to a corporate debtor,
- (a) a director or partner of the corporate debtor or a relative of a director or partner of the corporate debtor;
- (b) a key managerial personnel of the corporate debtor or a relative of a key managerial personnel of the corporate debtor;
- (c) a limited liability partnership or a partnership firm in which a director, partner, or manager of the corporate debtor or his relative is a partner;
- (d) a private company in which a director, partner or manager of the corporate debtor is a director and holds along with his relatives, more than two per cent. of its share capital;
- a public company in which a director, partner or manager of the corporate debtor is a director and holds along with relatives, more than two per cent. of its paid-up share capital etc...

Initiation of CIRP by financial creditor.

- A financial creditor either by itself or jointly with other financial creditors, if payment default is made by corporate debtor.
- File application to Adjudicating Authority either by itself or jointly by not less than **one hundred** of such creditors in the same class or not less than **ten per cent.**
- Along with record of the default recorded with the information utility or such other record or evidence of default as may be specified
- In **Form 1**
- Along with name of the resolution professional proposed to act as an IRP

Initiation of CIRP by Operational creditor.

- An operational creditor may, on the occurrence of a default, deliver a demand notice of unpaid operational debtor copy of an invoice demanding payment
- The corporate debtor shall, within a period of ten days of the receipt of the demand notice or copy of the invoice mentioned

- Raise any existence of dispute, if any or settle payment or produce the payment proof to the operational creditor etc.

Application for initiation of CIRP by operational creditor

- After the expiry of the period of ten days of notice u/s 8
- File Application with AA
- In Form 5
- Applicable Fee

Initiation of CIRP by corporate applicant.

- Form 6
- Details of IRP
- The special resolution passed by shareholders of the corporate debtor or
- The resolution passed by at least three-fourth of the total number of partners of the (firm)corporate debtor, as the case may be

Withdrawal of Application

- Before admission – applicant himself or Authorized representative
- After admission by AA, with approval of 90% of COC u/s 12A

Insolvency Professional role in IBC

- IRP
- RP
- Liquidator
- Authorized Representative
- Bankruptcy Trustee

Liquidation -Distribution of Assets - sec 53 (waterfall model)

- (a) the insolvency resolution process costs and the liquidation costs paid in full;
- (b) the following debts which shall rank equally between and among the following: (i) workmen's dues for the period of twenty-four months preceding the liquidation commencement date; and (ii) debts owed to a secured creditor in the event such secured creditor has relinquished security in the manner set out in section 52;

(c) wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date;

(d) financial debts owed to unsecured creditors;

(e) **Rank equally between and among the following: -**

(i) any amount due to the **Central Government** and the **State Government** including the amount to be received on account of the Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the liquidation commencement date;

(ii) debts owed to a secured creditor for any amount unpaid following the enforcement of security interest;

- (f) any remaining debts and dues;
- (g) preference shareholders, if any; and
- (h) equity shareholders or partners, as the case may be.

Opportunities for CAs

- Transaction Auditor
- Forensic Auditor
- Consultant for CD, FC, OC
- Auditor for CIRP companies
- Accounts and financial statement preparations
- Other Professional services to IP such as TDS , ROC etc works.

Main scope of transaction Audit under IBC 2016.

- Preferential transactions u/s Sec 43
- Undervalued transactions u/s 45(2)
- Transactions defrauding creditors u/s 49
- Extortionate credit transactions u/s 50
- Fraudulent trading or wrongful trading u/s 66

Common preferential transactions

- Repayment of unsecured loans of relatives
- Release of guarantee(formal/informal) provided by the directors
- Excess payments than for the services or goods provided during the period, to operational creditors

- Payment to unsecured creditors
- Settlement of secured creditor, when other secured creditors are outstanding
- Book adjustments (creditor and debtor)

Common undervalued transactions

A transaction shall be considered undervalued where the CD

(a) Makes a gift to a person; or

(b) Enters into a transaction with a person which involves the transfer of one or more assets by the CD for a consideration the value of which is significantly less than the value of the consideration provided by the CD, and such transaction has not taken place in the ordinary course of business of the corporate debtor.

By CA Rajmohan R

MCom, FCA, ACS, IP, CAIIB, DISA, FAFD

Thrissur

LET'S TIDE OVER THE COVID 19 SECOND WAVE - AWARENESS AND PREPAREDNESS



DR PRIYANKA R. MBBS, MD

The COVID-19 pandemic that began early in 2020 is characterized by waves of cases, a pattern expected of viral pandemics. Countries that reported a huge number of COVID-19 cases earlier followed by a decline experienced a “second wave” of increased cases. The major factor causing the spike in cases is human behavior, which varies widely. The relationship between COVID appropriate behaviors such as wearing masks, social distancing and hand washing, and caseload is evidenced by the rapid surge in the number of cases in localities and countries where these precautions are not diligently practiced. After several months of restricted social activities, financial and workplace constraints and psychological issues, people longing to go back to their normal social and work lives, without following COVID appropriate behaviors, have resulted in a spike of COVID-19 cases.

Global Scenario

As on 20 May 2021 Total 1645.24 Lakhs confirmed cases and 34.12 lakhs deaths Second Wave surge is fuelled by the new variants of the virus which were detected in different parts of the world such as the B117 and B1.525 mutation first detected in the United Kingdom. Later, South African, Brazilian variants were identified. B.1617 variant, which was detected in India, is currently labelled as the variant under investigation. The spread of the variants coupled with the opening of society which is not done in a safe and a controlled manner is considered to be the major reason for the second wave in different parts of the world. According to WHO the second wave of COVID-19 started in February, globally. The confirmed cases began to rise by 22nd of February 2021 and it reached its peak by April 19 to 26, 2021.

After relaxation of lockdown in countries such as Germany, France, Italy, Netherland, Poland, and Canada, there was a second and then a third wave of COVID-19 largely affecting the 15-49 year age group.

Worst affected countries

- > USA - Confirmed cases 326.76 lakhs and Deaths 5.81 lakhs
- > India - Confirmed cases 257.72 lakhs and Deaths 2.87 lakhs
- > Brazil - Confirmed cases 157.32 lakhs and Deaths 4.39 lakhs

Indian Scenario

According to WHO, in India the second wave of COVID-19 started in the last week of March, between 20th and 31st. and accounted for 25.7 million reported cases of COVID-19 infection and 2,87,122 deaths. The cases started to increase by April first week..

The second wave is much larger than the first, with shortages of vaccines, hospital beds, oxygen cylinders and other medicines in parts of the country. By late April, India led the world in new and active cases. On 30 April 2021, it became the first country to report over 400,000 new cases in a 24-hour period. Several critically ill COVID patients died due to oxygen shortages in hospitals across the country. Younger age groups, largely unaffected in the first wave, are now getting infected in this second wave.

What are the symptoms suggestive of COVID-19

- > Fever
- > Cough

- > Sore throat
- > Tiredness
- > Loss of smell/taste
- > Loose stools
- > Aches & Pains – headache, body ache
- > Red/irritated eyes
- > Rashes

Categories of Patient

- > Asymptomatic
- > Category A
- > Category B
- > Category C

Asymptomatic and mildly symptomatic patients may be managed at home with close monitoring of symptoms and warning signs.

HOW TO MANAGE COVID – 19 PATIENTS AT HOME

- > Isolate at home and rest
- > Ensure adequate ventilation in the room
- > Wear a mask
- > Ensure proper diet , rest and adequate hydration
- > Monitor oxygen saturation using a pulseoximeter – 3 times a day
- > Record body temperature
- > Count respiratory rate per minute
- > Monitor for warning signs

Warning Signs and when to seek medical help

- > Difficulty in breathing , persisting fever and cough
- > Syncope , Chest pain , palpitation, excessive fatigue
- > Oxygen saturation less than 94%
- > Respiratory rate ≥ 24 / minute
- > Body temperature - >101 deg F – after day 4

Prevention of COVID-19

Practicing COVID appropriate behaviors such as double masking (Surgical mask with Cloth mask worn over it), maintaining social distancing,

avoiding crowded places, ensuring adequate ventilation at home and work places, handwashing/ use of alcohol based sanitizer and getting vaccinated according to eligibility criteria are the preventive measures against COVID-19

COVID 19 Vaccines – INDIA

India rolled out its COVID-19 vaccination programme on 16 January 2021, and by April was administering 3–4 million doses a day. As of 25 May 2021, the country had administered over 200 million vaccine doses. India has authorized the use of Covishield (Oxford, AstraZeneca vaccine manufactured By Serum Institute of India) and Covaxin (Bharath Biotech) for use.

Dr Priyanka R MBBS,MD,

Associate Professor

Department of Community Medicine

Jubilee Mission Medical College and research

Institute, Thrissur

GLIMPSES MAY 2021

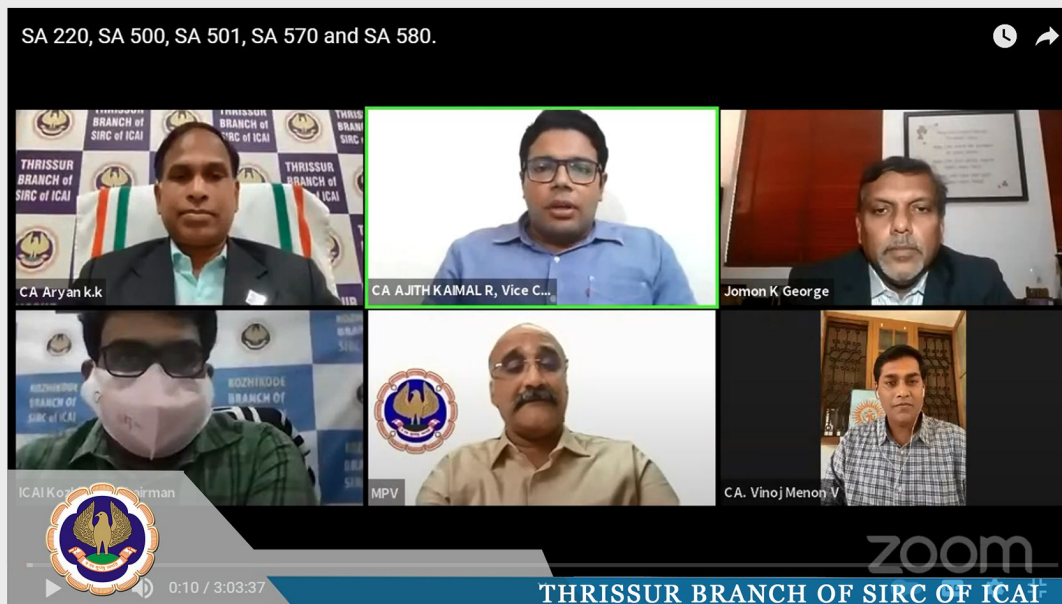


12.05.2021
VCM ON "CHARITIES"
RE - REGISTRATION UNDER IT ACT -
A STEP BY STEP APPROACH
CA. V. RAMNATH COIMBATORE



21.05.2021
VCM ON LET'S TIDE OVER THE COVID 19 SECOND WAVE- AWARENESS AND
PREPAREDNESS & IT ENABLED AUDIT TOOLS
DR. PRIYANKA R THRISSUR
CA. PETER RICHARD JOSE THRISSUR

GLIMPSES MAY 2021



27.05.2021

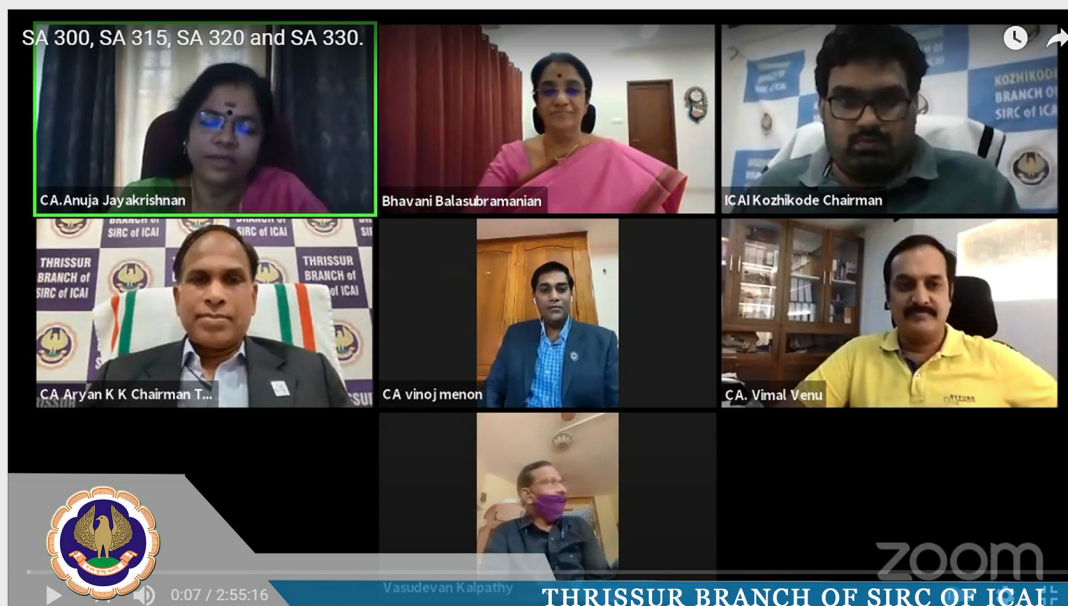
VCM ON STANDARDS OF AUDITING

DAY-1 SA220,SA500,SA501,SA570 AND SA580

CHIEF GUEST-CA. M P VIJAYAKUMAR CENTRAL COUNCIL MEMBER

FACULTY - CA JOMON K GEORGE,

EX OFFICIO MEMBER AND PAST SIRC CHAIRMAN



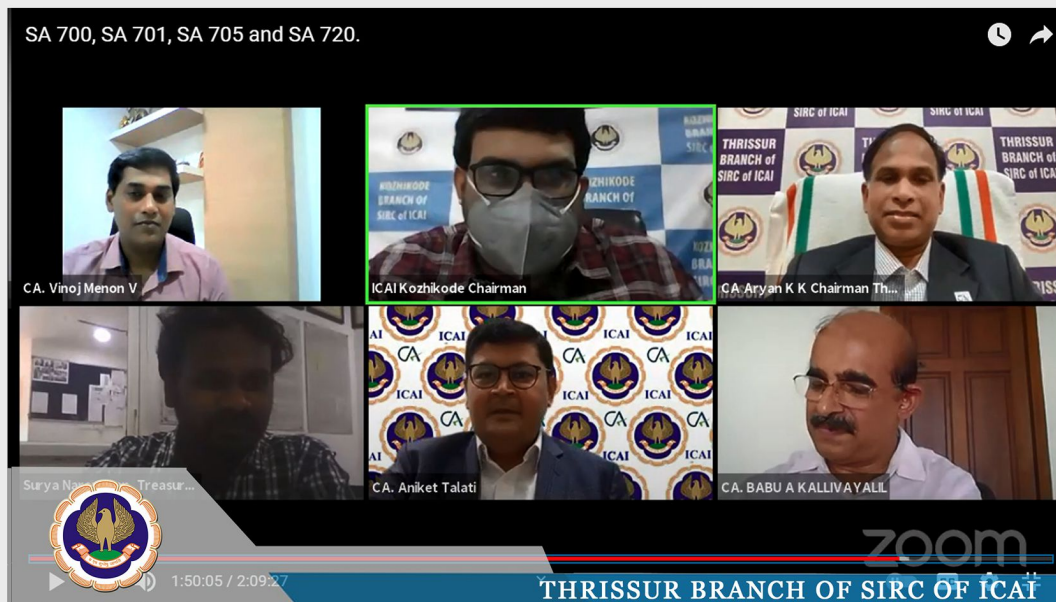
28.05.2021

VCM ON STANDARDS OF AUDITING

DAY -2 SA300,SA 315,SA 320 AND SA 330

FACULTY - CA. BHAVANI BALASUBRAMANIAN

GLIMPSES MAY 2021



29.05.2021

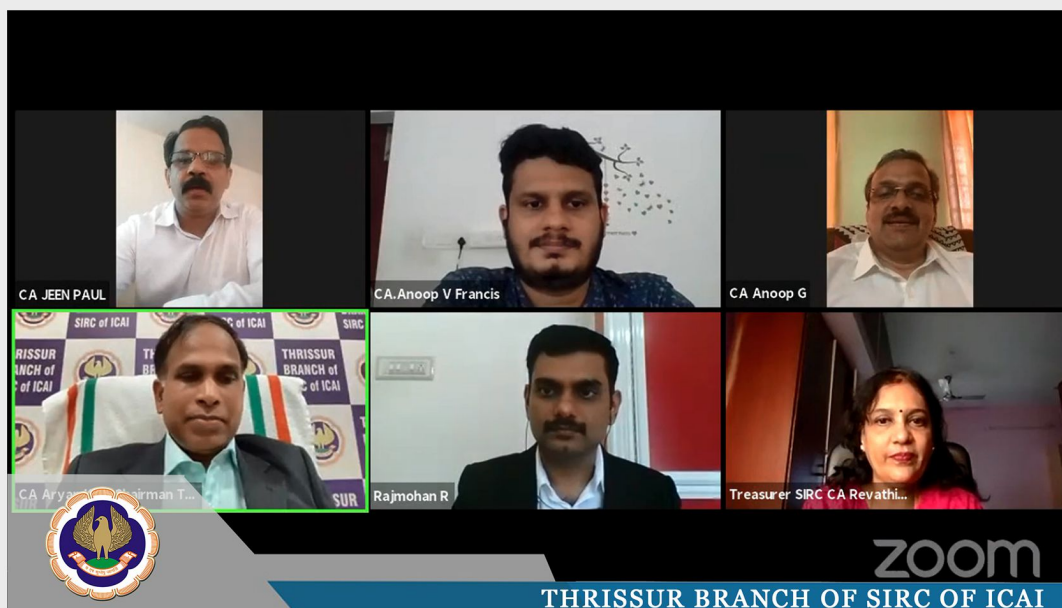
VCM ON STANDARDS OF AUDITING

DAY-3 SA 700, SA 701, SA 705 AND SA 720

CHIEF GUEST-CA. M P VIJAYAKUMAR CENTRAL COUNCIL MEMBER

FACULTY - CA. ANIKET TALATI

CENTRAL COUNCIL MEMBER



31.05.2021

IBC AND OPPORTUNITIES FOR CAS

CHIEF GUEST -

CA. REVATHI S RAGHUNATHAN TREASURER, SIRC

FACULTY- CA. RAJ MOHAN R THRISSUR



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