



ACCOUNTING AND COMPANY LAW UPDATES

N. A. SHAH BULLETIN

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1 Accounting updates

1.1. Opinion is issued by EAC of ICAI on accounting treatment of expenditure (capital vs revenue) relating to employee benefits, rent, travelling costs and house-keeping which are incurred for construction of a project. EAC has opined that only directly attributable costs such as salaries of project departments, rent expense of site offices, etc., can be capitalized along with the cost of the project. Other elements of cost which are normally in the nature of administration and general overheads should be charged to profit & loss account.

For more information, [click here](#)

1.2. Education material / EDs issued by ICAI

Education material / ED	Overview
Education material on 'Ind AS 116 –Leases'	<p>Education material broadly covers following:</p> <ul style="list-style-type: none"> • Brief summary on Ind AS 116 • FAQs • Difference between Ind AS 116 and IFRS 16 • Difference between Ind AS 116 and AS 19 <p>For more information, click here</p>
ED on 'Conceptual Framework for Financial Reporting under Ind AS'	<p>ICAI has initiated necessary steps to revise conceptual framework for financial reporting under Ind AS, in line with the changes made by IASB in conceptual framework for financial reporting under IFRS</p> <p>For more information, click here</p>
ED on 'SIA 130 - Risk Management' (SIA 130 will supersede 'SIA 13 - Enterprise Risk Management' from its effective date)	<p>Objective of the ED is to</p> <ul style="list-style-type: none"> • define common terminology to prevent ambiguity or confusion on the subject matter • explain the responsibilities of the Board of Directors and management with regard to risk management, as mandated by law and regulations and • specify the responsibilities of the internal auditor, especially when providing assurance on the risk management framework <p>For more information, click here</p>
ED on 'SIA 520 - Auditing in an Information Technology Environment' (SIA 520 will supersede 'SIA 14 - Internal audit in an Information Technology Environment' from its effective date)	<p>ED defines essential requirements for auditing in an ITE so that</p> <ul style="list-style-type: none"> • audits are undertaken after due study and understanding of the organization's ITE • an independent risk assessment forms the basis of the audit procedures • audit procedures designed and executed are sufficient to allow an independent assurance <p>For more information, click here</p>

Education material / ED	Overview
ED on 'SIA 530 - Third Party Service Provider'	<p>Objective of the ED is to</p> <ul style="list-style-type: none"> • outline key requirement for providing independent assurance over information residing with TPSP based on specified parameters • help user entity to build trust on controls at TPSP, based on independent audit report on TPSP's controls • outline requirement of IA in evaluating the TPAA report which seeks to communicate valuable risk management and control environment related information prevailing with them <p>For more information, click here</p>

2 Company law updates

2.1 MCA has extended time limit for filing of e-form BEN-2 (Return to the registrar in respect of declaration received from SBO under Section 90), without payment of additional fees from 31st December 2019 to 31st March 2020.

For more information, [click here](#)

2.2 MCA has increased paid up share capital limit for appointment of whole-time company secretary in private limited company from Rs.5 crores to Rs.10 crores. This revision is applicable in respect of financial years commencing on or after 1st April 2020.

For more information, [click here](#)

2.3 MCA has widened the scope for secretarial audit under section 204 of the Companies Act, 2013 by inserting additional criteria that every company having outstanding loans or borrowings from banks or public institutions of Rs.100 crores or more will fall under the ambit of secretarial audit. Earlier secretarial audit requirements were applicable only to (a) listed companies and (b) public companies on fulfilment of prescribed paid-up share capital or turnover criteria. This revision is applicable in respect of financial years commencing on or after 1st April 2020.

For more information, [click here](#)

2.4 Ind AS compliant NBFCs have to file financial statements and consolidated financial statements, if any, with registrar along with 'Form AOC-4 NBFC (Ind AS)' and 'Form AOC-4 CFS NBFC (Ind AS)', if applicable.

For more information, [click here](#)

2.5 MCA has extended time limit for filing of 'Form AOC-4 NBFC (Ind AS)' and 'Form AOC-4 CFS NBFC (Ind AS)' for the F.Y 2018-2019, without payment of additional fees till 31st March 2020.

For more information, [click here](#)

2.6 MCA has extended the benefit of section 460 of the Companies Act, 2013 to LLP, which allows making of application to central government for condonation of delay in certain cases.

For more information, [click here](#)

- 2.7 MCA has further extended due date for filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL and e-form MGT-7 till 31st March 2020, only for companies having jurisdiction in Jammu & Kashmir and Ladakh, without payment of additional fees.

For more information, [click here](#)

- 2.8 MCA has issued Companies (Winding Up) Rules, 2020 for smooth functioning of winding up process. It will be effective from 1st April 2020.

For more information, [click here](#)

- 2.9 IRDAI has indefinitely postponed implementation of Ind AS to insurance companies, which was earlier scheduled to be implemented from FY 2020-21. The effective date of implementation shall be decided after the finalization of IFRS 17 Insurance Contracts by IASB.

For more information, [click here](#)

Glossary:

AS	Accounting Standard
EAC	Expert Advisory Committee
ED	Exposure Draft
FAQs	Frequently Asked Questions
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standard
Ind AS	Indian Accounting Standard
IT	Information Technology
ITE	Information Technology Environment
LLP	Limited Liability Partnership
MCA	Ministry of Corporate Affairs
NBFC	Non-Banking Financial Company
SIA	Standard on Internal Audit
TPAA	Third Party Audit and Assurance
TPSP	Third Party Service Provider
IRDAI	Insurance Regulatory and Development Authority of India
IASB	International Accounting Standards Board

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