



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
JUNE 2022

ACCOUNTING AND AUDITING UPDATE

- ♦ In case of mining industry there are legal obligations towards decommissioning, reclamation and rehabilitation of a mine or part thereof after cessation of mining and mineral processing operations. The company had practice of estimating the total expenditure and discounting it to the present value. However, the CAG was of the view that discounting should not be done since the obligation is based on the current scheduled rates in accordance with the applicable regulations.

EAC of the ICAI is of the view that the obligation is a long-term obligation and since the effect of time value of money is material, the estimated amount of provision should be discounted to the present value in accordance with IND AS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

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- ♦ EAC of the ICAI has opined that as per Ind AS 23 'Borrowing cost', the borrowing costs incurred on acquisition of shares of subsidiary company in a secondary transaction cannot be capitalised either in the separate financial statements or in the consolidated financial statements of the Company since investment in subsidiary cannot be considered as a qualifying asset.

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COMPANY LAW UPDATES

- ♦ MCA has notified NFRA Amendments Rules, 2022, brought out by the corporate affairs ministry which state that non-compliance of any of the provisions of these rules, will attract penalty of ₹5,000 and where the contravention is a continuing one, a further fine of ₹500 for every day during the period of contravention.

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- ♦ The MCA has notified the Companies (Accounts) Third Amendment Rules, 2022. As per the amended rules, Form CSR-2 for F.Y. 2020-21 can be filed till 30th June, 2022. Earlier, the MCA had provided the extension till 31st May, 2022.

Further, Form CSR-2 shall be filed separately for F.Y. 2021-22 on or before 31st March, 2023 after filing Form AOC-4/AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

For more information, [click here](#)

Glossary:

C&AG	Comptroller & Auditor General of India
EAC	Expert Advisory Committee
ICAI	Institute of Chartered Accountants of India
NBFC	Non-Banking Financial Company
MCA	Ministry of Corporate Affairs
Ind AS	Indian Accounting Standards
NFRA	National Financial Reporting Authority
CSR	Corporate Social Responsibility



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