



ACCOUNTING AND COMPANY LAW

# N. A. SHAH BULLETIN

April 2021

N. A. SHAH ASSOCIATES LLP  
Chartered Accountants

M. A. PARIKH & CO. IS NOW A PART OF N. A. SHAH

## 1 Accounting and auditing updates

- 1.1 EAC of the ICAI has issued an opinion in accordance with Ind AS 38 'Intangible assets' with respect to a) amortisation of stamp duty and registration charges ('cost of renewal') paid / payable towards renewal of perpetual mining lease and b) accounting for / amortisation of the difference between the amount initially provided on estimated basis and the actual amount which is determined subsequently.

As per past practice, pending receipt of formal renewal of lease from government, the Company internally calculates the lease period which will be allowed at the time of renewal of the mining leases and accordingly accounts for cost of renewal on estimated basis in books as an intangible asset, considering best information available with the Company. Subsequently, after receipt of formal renewal of lease from government, an adjustment is made in books for the differential amount paid between estimated amount accounted in books and actual amount paid to government. EAC has given its view on both the aspects as under:

- Amortisation of cost of renewal accounted in books on estimated basis  
If the cost of renewal is significant when compared with the future economic benefits expected to flow to the Company from the renewal of the lease, each cost of renewal should be amortised over its useful life, viz., each renewal period or any shorter period depending on the period over which the Company expects to use the asset.
- Accounting for / amortisation of differential amount between the amount initially provided in books towards estimated cost of renewal and the actual cost paid  
This should be considered as a change in estimate in accordance with Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and should be amortised over the remaining useful life of the mining lease, viz., the remaining period of renewal for which such costs were estimated (and not including the period of next renewal period) or the remaining shorter period if expected period of use is shorter. In case the useful life has already expired, the change in estimate of the cost of renewal should be recognised as an expense immediately in the period of such change.

For more information, [click here](#)

- 1.2 ICAI has invited comments on exposure draft issued by IASB relating to amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' to help companies in determining whether a currency can be exchanged into another currency and what accounting to apply if the currency cannot be exchanged. This includes estimating the spot rate when a currency lacks exchangeability where an entity is permitted to use an observable rate (that does not meet the definition of a spot rate) if that rate approximates the spot rate in certain circumstances. Further, additional disclosures are required to be made which include providing details of the currency that lacks exchangeability, description of the restriction that resulted in lack of exchangeability, etc.

For more information, [click here](#)

## **2 Company law updates:**

- 2.1 MCA has clarified that spending of CSR funds for 'setting up makeshift hospitals and temporary COVID care facilities' is an eligible CSR activity under Schedule VII of the Companies Act, 2013.

For more information, [click here](#)

- 2.2 Considering the COVID pandemic, MCA has issued certain relaxations as under:

- 2.2.1 Gap between two consecutive board meetings relaxed from 120 days to 180 days for first two quarter of Financial Year 2021-22 as per Section 173 of the Companies Act, 2013.

For more information, [click here](#)

- 2.2.2 Additional fees will not be levied upto 31<sup>st</sup> July 2021 in respect of forms (other than Form CHG-1, CHG-4 and CHG-9) which are due for filing during April 2021 and May 2021 under the Companies Act, 2013 and the LLP Act 2008.

For more information, [click here](#)

- 2.2.3 Relaxation of time in filing and condonation of delay in filling forms related to creation / modification of charges in Form No. CHG-1 and CHG-9 by the Company or a charge holder.

For more information, [click here](#)

- 2.3 ICAI has clarified that a proprietary firm (having FRN) or individual CA who is practicing either in his own name or trade name can be appointed as auditor only for one term of five years as per Section 139 of the Companies Act, 2013 of a Company covered under the provisions relating to rotation of auditors.

For more information, [click here](#)

## **3 Other updates:**

- 3.1 SEBI has granted relaxations from certain provision of SEBI (LODR) Regulations, 2015 to the listed entities who have listed their equity / debt. This includes extension of deadline for filing of quarterly financial results / annual audited financial results etc.

For more information, [click here](#) and [click here](#)

## Glossary:

EAC	Expert Advisory Committee
ICAI	Institute of Chartered Accountants of India
Ind AS	Indian Accounting Standards
MCA	Ministry of Corporate Affairs
SEBI	Securities and Exchange Board of India
LODR	Listing Obligations and Disclosure Requirements
FRN	Firm Registration Number
CA	Chartered Accountant
CSR	Corporate Social Responsibility
IASB	International Accounting Standards Board
IAS	International Accounting Standards
LLP	Limited Liability Partnership

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