



ACCOUNTING AND COMPANY LAW

N. A. SHAH BULLETIN

August 2020

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 opined that indirect administrative overheads such as salary of key management personnel, director's sitting fees and audit fees have no direct relation with the construction of the power plant and are in the nature of administration and general overheads. Hence, these expenses should not be capitalized in the books and needs to be charged off to expenses as per Ind AS 16. Further, statutory and other levies, to the extent these levies are directly attributable to construction e.g. fees/charges paid for obtaining license or seeking mandatory approvals/clearances for construction, etc., should be capitalized and rest should be recognized as expense in statement of profit and loss account.

For more information, [click here](#)

- 1.2 ED issued by ICAI:

ED	Overview
ED of Guidance Note on Revenue from Operations in case of Contractors	It deals with the issue whether revenue recognized in the financial statements of contractors as per "AS 7 - Construction Contracts (Revised 2002)" and "Ind AS 115 - Revenue from Contracts with Customers" can be shown as Revenue from Operations for presentation in Schedule III to Companies Act, 2013. For more information, click here

- 1.3 AASB of the ICAI has issued guidance on "Review Engagement on Interim Financial Information in the Current Evolving Environment due to COVID-19". It highlights key areas of focus for auditor while performing reviews of interim financial information in accordance with SRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" given the unique challenges that may arise in the current environment of COVID-19.

For more information, [click here](#)

- 1.4 ICAI has issued compilation of the key relaxations and measures which have been introduced by the MCA and SEBI to the Companies / LLP.

For more information, [click here](#)

- 1.5 ICAI has released new compendium of Ind ASs applicable for accounting period beginning 1st April 2020 to facilitate ease of reference and ready source of comprehensive literature for all those entities preparing financial statements under Ind AS.

For more information, [click here](#)

2 Company law updates

- 2.1 MCA has clarified that the companies which are unable to hold their AGM for the financial year ended on 31st March 2020 by 30th September 2020, ought to file their applications in Form no. GNL-1 with the concerned Registrar of Companies on or before 29th September 2020 for seeking extension of time (upto three months) in holding of AGM.

However, on 8th September 2020 MCA has ordered all ROCs to extend the date for holding AGM till 31st December 2020.

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

- 2.2 MCA has extended the relaxation given with respect to inability to send notice to shareholders via registered post / speed post / courier by listed company for right issue of shares. Earlier this relaxation was valid for right issue of shares upto 31st July 2020 which has now been extended upto 31st December 2020.

For more information, [click here](#)

- 2.3 MCA has made amendment in schedule VII to Companies Act 2013 to include contributions made to research and development projects in the field of science, technology, engineering and medicine which are funded by Central or State Government and Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) under CSR activities.

For more information, [click here](#)

- 2.4 MCA has allowed companies to spend CSR funds on research and development activities of new vaccines, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to satisfaction of certain conditions.

For more information, [click here](#)

- 2.5 MCA has relaxed the requirement for attaching extract of the annual return with Board's report in Form no. MGT - 9 provided the web link of such annual return has been disclosed in the Board's report in accordance with section 92(3) of the Companies Act 2013.

For more information, [click here](#)

3 Other updates

- 3.1 RBI has extended the validity of the existing MSME registrations (i.e. Udyog Aadhaar Number (UAN) or Enterprise Memorandum (EM)) upto 31st March 2021 and thereafter Udyam Registration certificate shall be the only valid document for an entity to be recognized as MSME.

For more information, [click here](#)

Glossary:

EAC	Expert Advisory Committee
ED	Exposure Draft
ICAI	Institute of Chartered Accountants of India
AS	Accounting Standard
Ind AS	Indian Accounting Standards
AASB	Auditing and Assurance Standards Board
MCA	Ministry of Corporate Affairs
AGM	Annual General Meeting
ROC	Registrar of Companies
CSR	Corporate Social Responsibility
SEBI	Securities and Exchange Board of India
RBI	Reserve Bank of India
MSME	Micro, Small and Medium Enterprises

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