



ACCOUNTING AND COMPANY LAW UPDATES

N. A. SHAH BULLETIN

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1. Accounting updates

- 1.1. EAC of ICAI has issued an opinion that for deciding whether the arrangement is in nature of operating or finance lease, consideration should be given to substance over legal form. Merely inclusion of cancellation / termination clause in the agreement to ensure satisfactory performance of leased asset (X-Ray baggage machine) supplied by vendor is protective in nature and it cannot be said that the risk of asset remains with the vendor. EAC opined that lease arrangement should be classified as finance lease where, in substance, risk and reward of leased asset is with the lessee.

For more information, [click here](#)

- 1.2. Education material / EDs issued by ICAI

Education material / ED	Overview
Educational material on 'Ind AS 20 – Government Grants'	<p>Education material broadly covers the following:</p> <ul style="list-style-type: none"> • Brief summary on Ind AS 20 • FAQs • Difference between Ind AS 20 and AS 12 • Difference between Ind AS 20 and IAS 20 <p>For more information, click here</p>
ED on 'SIA 140 – Governance'	<p>Objective of this SIA is to clarify the responsibilities of management & auditors towards various governance stakeholders (both internal and external) and the requirements which need to be met to assess, evaluate, report & provide independent assurance over the governance framework.</p> <p>For more information, click here</p>
ED on 'SIA 150 – Compliance with Laws and Regulations'	<p>Objective of this SIA is to clarify the responsibilities of management & auditors over compliance with laws & regulations and the requirements which need to be met to assess, evaluate, report & provide independent assurance over the compliance framework.</p> <p>For more information, click here</p>
ED on 'SIA 250 – Communication with those charged with Governance'	<p>Objective of this SIA is to emphasize the need for a continuous dialogue & discussion on essential internal audit matters between the internal auditor & those charged with governance in a process driven manner and to ensure that this communication is independent, definite, effective & timely.</p> <p>For more information, click here</p>

2. Company law updates

- 2.1 MCA has notified the provisions relating to takeover offers in case of unlisted company which can be made through scheme of compromise or arrangement. Corresponding changes are also made in the Companies (Compromises, Arrangements and Amalgamations) Rules 2016 with respect to application to be filled with NCLT and form to be filled with the Tribunal by aggrieved party with respect to takeover offers.

For more information, [click here](#)

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- 2.2 MCA has extended the time limit from 14th February 2020 to 14th May 2020 for the Company declaring itself as Nidhi Company.

For more information, [click here](#)

- 2.3 MCA issued the CARO 2020 which supersedes earlier CARO 2016. CARO 2020 is applicable from the financial year commencing on or after 1st April 2019. There are total 21 clauses and 37 sub-clauses specified in CARO 2020 on which auditor is required to report.

In CARO 2020, additional clauses / sub-clauses are inserted, clause / sub-clause pertaining to CARO 2015 & CARO 2016 are reintroduced and clauses pertaining to CARO 2016 are deleted.

For more information, [click here](#)

- 2.4 MCA has extended the last date for registration in the data bank of independent director from 28th February 2020 to 30th April 2020.

For more information, [click here](#)

3. Others

- 3.1. Ministry of Finance has issued the Banning of Unregulated Deposit Schemes Rules, 2020, which includes provisions related to information and particulars to be considered by the competent authority, manner of provisional attachment and administration of provisionally attached property, impounding and retention of records etc.

For more information, [click here](#)

- 3.2. ICAI has issued 'Checklist for disclosures under Accounting Standard (IGAAP)'. The objective of this publication is to bring together all the disclosure and presentation requirements of various accounting standards for the ease of reference and necessary compliances.

For more information, [click here](#)

- 3.3. GST and indirect tax committee of ICAI has issued 'Guide to CA certificate in GST'. The objective of this publication is to facilitate members and stakeholders to discharge their duties and responsibilities proficiently while issuing the various certificates under GST. This guide contains illustrative format of various certificates which needs to be issued under GST along with check list.

For more information, [click here](#)

Glossary:

ICAI	Institute of Chartered Accountants of India
Ind AS	Indian Accounting Standard
IAS	International Accounting Standard
AS	Accounting Standard
FAQs	Frequently Asked Questions
MCA	Ministry of Corporate Affairs
SIA	Standard on Internal Audit
NCLT	National Company Law Tribunal
EAC	Expert Advisory Committee
GST	Goods and Services Tax
ED	Exposure Draft
CARO	Companies (Auditor's Report) Order

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