



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
AUGUST, 2022

ACCOUNTING AND AUDITING UPDATES

- Under indirect method of statement of cash flows prepared for entities (other than financial institution), profit / (loss) from operating activities is adjusted for the effects of items which are non-cash, investing and financing activities.

EAC of the ICAI has opined that cash inflow towards interest income will be grouped under investing activity after adjustment of yearend amount of interest receivable.

For more information, [click here](#)

- In order to regulate the profession of Social auditors, the SRSB of the ICAI has issued an exposure draft of 'Compendium of Social Audit Standards' covering draft preface, framework and Social Audit Standards. Compliance with the above standards is mandatory requirements for social auditors while carrying out social audits for social enterprises (i.e. Not-for-Profit Organizations) listed on social stock exchange.

For more information, [click here](#)

- The AASB of the ICAI has decided to withdraw the 'Guide to Reporting on Proforma Financial Statements' with immediate effect, in view of adequate guidance provided by SAE 3420, 'Assurance Engagements to Report on the Compilation of Proforma Financial Information included in a Prospectus'.

For more information, [click here](#)

COMPANY LAW UPDATES

- The MCA vide its notification dated 5th August 2022 has amended the Companies (Accounts) Rules, 2014 regarding availability of books of account and other relevant books and papers maintained in electronic mode as under:
 - Shall be made accessible in India, at all times
 - Companies are required to take backup on a daily basis (earlier periodic basis)
 - Details of person in control, if service provider is located outside India shall also be intimated to the Registrar

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

- ♦ The MCA vide its notification dated 18th August 2022 has notified the Companies (Incorporation) Third Amendment Rules, 2022. A new rule 25B has been inserted prescribing the manner of physical verification of the registered office of the Company. It will be conducted by the ROC in the presence of two independent witnesses of the locality where registered office of the Company is situated. Further, if required, ROC can also seek the assistance of the local Police for such verification.

For more information, [click here](#)

- ♦ The MCA has also amended some rules as below:

Notification dated	Amended rule	Amended forms	Overview
24 th August 2022	Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016	Form STK-1, STK-5 and STK-5A	For more information, click here
29 th August 2022	Companies (Registration of Charges) Rules, 2014	Form CHG-1, CHG-4, CHG-8 and CHG-9	Now these forms shall be signed by insolvency resolution professional or resolution professional or liquidator for companies under resolution or liquidation. For more information, click here
29 th August 2022	Rule 16 of Companies (Acceptance of Deposit) Rules, 2014	Form DPT-3 and DPT-4	The new DPT-3 requires comprehensive details including ageing of exempted deposits and auditor has to certify the form through DSC. For more information, click here
29 th August 2022	Companies (Appointment and Qualification of Director) Rules, 2014	e-form DIR-3 KYC and web form DIR-3-KYC-WEB	For more information, click here

OTHER UPDATES

- ◆ With a view to liberalise and simplify the regulatory framework on overseas investments and to promote ease of doing business, the Central Government has issued the Foreign Exchange Management (Overseas Investment) Rules, 2022. The RBI has also simultaneously issued the Foreign Exchange Management (Overseas Investment) Regulations, 2022 and the Foreign Exchange Management (Overseas Investment) Directions, 2022.

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

- ◆ The SEBI have decided to make it mandatory, w.e.f. 1st September 2022, to file announcements under various SEBI Regulations using digital signature certification to the Stock Exchange except for following disclosures/events:
 - Outcome of Board meeting which includes only financial result.
 - Any disclosure in which document(s) issued by entity/ies other than listed company is/are included (For e.g., Auditors certificate, NCLT / other court's order, Credit Rating, etc.).
 - Newspaper advertisement.
 - Any other disclosure as specified by Stock Exchanges from time to time


For more information, [click here](#)

- ◆ The SEBI has, pursuant to the feedback received from stakeholders on the circular on the creation of security and due diligence by debenture trustees, issued revised requirements relating to creation of security and related due diligence by debenture trustees vide its circular dated 4th August 2022.

For more information, [click here](#)

Glossary:

EAC	Expert Advisory Committee
ICAI	Institute of Chartered Accountants of India
MCA	Ministry of Corporate Affairs
SRSB	Sustainability Reporting Standards Board
AASB	Auditing and Assurance Standards Board
SEBI	Securities and Exchange Board of India
SAE	Standard on Assurance Engagements
NCLT	National Company Law Tribunal
RBI	Reserve Bank of India



The contents provided in this newsletter are for information purpose only and are intended, but not promised or guaranteed, to be correct, complete and up-to-date. The firm hereby disclaims any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause.

B 21-25 & B 41-45, Paragon Centre,
Pandurang Budhkar Marg, Mumbai – 400013
Tel: 91-022-4073 3000, Fax: 91-022-4073 3090
E-mail Id: info@nashah.com

