



N. A. SHAH ASSOCIATES LLP  
Chartered Accountants

# BULLETIN

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ACCOUNTING, AUDITING AND COMPANY LAW –  
DECEMBER, 2022

## ACCOUNTING AND AUDITING UPDATES

- ◆ EAC of ICAI has given an opinion, on the timing of capitalisation of transmission lines and sub-stations as an item of PPE (a) from 'capital work-in-progress' and (b) in case of modernization work:
  1. The date when an asset can be capitalised or said to be in the location and condition necessary for it to be capable of operating in the manner intended by the management as per the requirements of Ind AS 16, is a matter of technological assessment and judgement that the Company should exercise based on the specific facts and circumstances.
    - a. Opinion also states that in case of pending trial/test run, the plant/asset cannot be in the location and condition necessary for it to be capable of operating in the manner intended by management as per the requirements of Ind AS 16.
    - b. Further, the timing of capitalisation should not be delayed just because the Company is not able to operate the PPE due to non-availability of inputs or raw materials or not able to operate at a certain level.
  2. In case of modernisation work which involves major subsequent expenditure incurred on the existing PPE, the principle of self-constructed asset needs to be followed for such capitalization i.e. date when the asset on which modernisation work is carried out or a component/part thereof can be considered to be in the location and condition necessary for it to be capable of operating in the manner intended by the management as per the requirements of Ind AS 16.

For more details, [click here](#)

- ◆ Exposure drafts issued by the ICAI:

Exposure Draft	Overview of the exposure draft
AS 116 'Leases'	It requires a 'seller lessee' to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.
Ind AS 1 'Presentation of Financial Statements'	<ul style="list-style-type: none"> <li>• The classification of liabilities as current or non-current will depend on existence of the right at the end of reporting date. Subsequent events will not affect the classification.</li> <li>• The proposed amendments also specify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current (paragraph 72A)</li> </ul>

For more details, [click here](#)

- ◆ AASB has issued the “Implementation Guide to SA 230, Audit Documentation” to provide its practical implementation guidance and explains the requirements of the Standard in a ‘FAQ’ format. It includes checklists of documentation requirements.

For more details, [click here](#)

## COMPANY LAW UPDATES

- ◆ Companies whose AGMs are due in the year 2023 can conduct it on or before 30<sup>th</sup> September 2023 through VC or OAVM. Further, MCA clarifies that this is not an extension of time limit for holding AGMs under the Companies Act, 2013.

For more details, [click here](#)

## OTHER UPDATES

- ◆ The Operational Circular is published by SEBI, which is a compilation of all the relevant existing circulars in relation with listing obligations and disclosure requirements for non-convertible Securities, Securitized debt instruments and/or Commercial papers. The stipulations contained in the relevant circulars have been detailed chapter- wise in this operational circular. For ease of reference, each chapter of this operational circular contains footnotes corresponding to the respective erstwhile circulars.

For more details, [click here](#)

- ◆ Threshold limits are prescribed by the RBI for separate disclosure of material items in the financial statements of commercial banks for the year ended 31<sup>st</sup> March 2023. Details of limits are summarized below:

Sr. No.	Particulars	Criteria
1.	Miscellaneous income	Exceeds 1% of total income
2.	Other expenditure	Exceeds 1% of total operating expenses
3.	Other Liabilities and Provisions/ Other Assets	Exceeds 1% of total asset
4.	Other Income	Exceeds 1% of total income

Further, commercial banks are encouraged to give comprehensive disclosures especially if such disclosures significantly aid in the understanding of the financial position and performance of banks.

For more information, [click here](#)

**Glossary:**

<b>EAC</b>	Expert Advisory Committee
<b>ICAI</b>	Institute of Chartered Accountants of India
<b>SEBI</b>	Securities and Exchange Board of India
<b>IASB</b>	International Accounting Standard Board
<b>PIR</b>	Post-Implementation Review
<b>ESG</b>	Environmental, Socio and Governance
<b>RBI</b>	Reserve Bank of India
<b>AASB</b>	Auditing and Assurance Standards Board
<b>MCA</b>	Ministry of Corporate Affairs

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