



N. A. SHAH ASSOCIATES LLP  
Chartered Accountants

# BULLETIN

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ACCOUNTING, AUDITING AND COMPANY LAW –  
SEPTEMBER & OCTOBER, 2022

## ACCOUNTING AND AUDITING UPDATES

- ◆ EAC of ICAI has issued an opinion on classification of 'stock of track' used in metro rail projects as inventory or property, plant and equipment in accordance with Ind AS 16 'Property, plant and equipment' read along with Ind AS 2 'Inventories'.

Based on the facts of the case, the 'stock of track' are tangible assets which upon laying / installation as metro tracks will be used for providing services and will be used during more than one period. Accordingly, such assets will be classified as property, plant and equipment under 'capital work-in-progress' for the project in which it will be utilized. It is also clarified in the opinion that such assets cannot be classified as inventories as they are not held for sale in the ordinary course of business and not consumed in the process of production.

For more information, [click here](#)

- ◆ EAC of ICAI has issued an opinion on applicability of Ind AS 108 'Operating Segments' on section 8 companies of the Companies Act, 2013 and method of presenting the data as per requirements of the standard.

Ind AS 108 is applicable to the entity as the financial statements are prepared as per Ind AS and there are no specific exemption available to any entity with respect to applicability of this standard.

For presenting the disclosures in financial statement, entity should determine its operating segments and reportable segments considering its own facts and circumstances based on the requirements of Ind AS 108. Further in case the entity has only one segment, an entity wide disclosure is still required as per para 31-34 of Ind AS 108.

For more information, [click here](#)

- ◆ The Centre for Audit Quality Directorate published a revised version of the 'Audit Quality Maturity Model', which mandates that effective on 1<sup>st</sup> April 2023, firms must undertake an evaluation of their audit quality using the AQMM. This is applicable to firms doing the audit of listed entity, bank other than co-operative bank and insurance company.

For more information, [click here](#)

- ◆ The ICAI has issued a Technical Guide on Audit of Charitable Institutions under Section 12A of the Income-tax Act, 1961, which is conducted essentially to ensure compliance with the provisions of sections 11 to 13 of the Income Tax Act, 1961.

It provides guidance to the auditors for assist in understanding the respective responsibilities of the institution and the auditor. Further, this guide can be quite helpful for the proper maintenance of books of accounts and other records by the officials concerned.

For more information, [click here](#)

- ◆ An exposure draft of AS 113, Fair Value Measurement is circulated by the ICAI for comments along with the key difference between Ind AS 113 and AS 113

For more information, [click here](#)

## COMPANY LAW UPDATES

- ◆ The MCA vide notification dated 15<sup>th</sup> September 2022 has revised the limits upwards for small companies covered u/s 2(85). The revised limits to categorize under small companies are paid up capital not exceeding Rs. 4 crore and turnover not exceeding Rs. 40 crore .

For more information, [click here](#)

- ◆ The MCA vide notification dated 20<sup>th</sup> September 2022, has notified changes in the CSR related provisions and the key changes are given below :
  - It is now mandatory to form CSR committee in case of any amount in unspent CSR account for ongoing projects
  - Widened the coverage of entities acting as CSR implementing agencies
  - Change in the limits of expenses incurred towards impact assessment studies
  - New format introduced for annual report on CSR activities

For more information, [click here](#)

**Glossary:**

<b>EAC</b>	Expert Advisory Committee
<b>ICAI</b>	Institute of Chartered Accountants of India
<b>MCA</b>	Ministry of Corporate Affairs
<b>IA</b>	Internal Audit
<b>SEBI</b>	Securities and Exchange Board of India

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