

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW – FEBRUARY, 2024

ACCOUNTING AND AUDITING UPDATES

 Accounting treatment of similar leasehold assets held by parent and subsidiary company with different functional currencies and consolidation thereof under Ind AS Framework

In standalone financial statements, subsidiary Company treats its leasehold land as a finance lease, capitalizing it at a value of USD 46 million (Functional Currency), which remains constant despite exchange rate fluctuations. The leasehold land is translated into INR at the closing exchange rate, resulting in its value increasing significantly over time to INR 350 crore (Presentation Currency).

Holding Company recognizes its leasehold land at its historical cost in INR, maintaining it at INR 200 crore in its standalone financial statements. (Functional & Presentation Currency is same)

In the consolidated financial statements prepared by Holding Company, Subsidiary Company's leasehold land is consolidated at its translated value of INR 350 crore, while Holding Company's leasehold land remains at INR 200 crore. Thus, the consolidated financial statements reflect different values for similar assets within the group.

The Committee notes that when the presentation currency is different from functional currency, the assets and liabilities for each balance sheet date are translated using the closing rate at the date of Balance Sheet, irrespective of whether such items are monetary or non-monetary.

For more information, <u>click here</u>

 Issuance of Technical Guide on preparation of financial statements under cash basis of accounting

ICAI has issued a Technical Guide on 'preparation of financial statements under cash basis of accounting'. This includes the application of accounting principles pertaining to recognition, measurement, presentation and disclosure of various items of income and expenses, assets and liabilities in the financial statements in the context of cash basis of accounting.

For more information, click here

Accounting Standards: Quick Referencer

ICAI has issued 'Accounting Standards: Quick Referencer'. The Publication summarizes the Accounting Standards in a lucid language to address the need of a concise book to be used as ready referencer. The Publication is relevant for both, i.e., companies other than those following Indian Accounting Standards and non-company entities. In this edition, updations

have been made regarding exemptions/ relaxations available to SMCs and Micro, Small and Medium Sized non-company entities (MSMEs).

For more information, click here

Issuance of SA 800 (Revised), SA 805 (Revised), SA 810 (Revised)

ICAI has released updated/revised (2024) edition of SA 800, 805 & 810 relating to Specialized Areas. These revised standards will apply to audits and engagements for financial years beginning on or after 1st April, 2024. This means they will be effective for audits conducted for the financial year 2024-25 and onwards. The older version of these audit standards, as available on ICAI website, will continue to apply for audits or engagements conducted for the financial year 2023-24.

For more information, click here

Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014

ICAI has issued a revised edition of publication, "Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014". This revised edition has a separate section of Frequently Asked Questions (FAQs) that covers various practical situations which may be faced by the members while reporting under Rule 11(g).

For more information, click here

Revised Procedure for Quality Review of Audit Services of Audit Firms

QRB of ICAI has issued Revised Procedure for Quality Review of Audit Services of Audit Firms.

For more information, click here

Relaxation of additional fees and extension of last date of filing of Form No. LLP BEN 2 and LLP Form No. 4D under the LLP Act, 2008

The MCA has provided for the relaxation of additional fees and an extension of the last date of filing of Form No. LLP BEN-2 and LLP Form No. 4D under the Limited Liability Partnership Act, 2008 up to 15th May, 2024.

For more information, click here

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit

The Government of India has extended the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit until 30th June, 2024, with modifications. Under the scheme, manufacturers and merchant exporters in specified sectors will receive a 2% interest equalization rate, while MSME manufacturers exporting under any HS line will get 3%.

For more information, Click here

Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024

The Reserve Bank of India has issued a new directive consolidating supervisory returns for all Supervised Entities (SEs). This directive aims to streamline the process by harmonizing filing timelines and consolidating various instructions into a single Master Direction. The directive, issued under relevant banking regulations and acts, outlines the changes, and provides guidance for SEs on filing returns.

For more information, Click here

Glossary:

ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
ASB	Accounting Standards Board
LLP	Limited Liability Partnership
SA	Standards on Auditing
SEBI	Securities and Exchange Board of India
MCA	Ministry of Corporate Affairs
EAC	Expert Advisory Committee
QRB	Quality Review Board
ROU	Right of Use
USD	United States dollar
INR	Indian Rupee

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