



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
JUNE, 2024

ACCOUNTING AND AUDITING UPDATE

- ♦ EAC's opinion on accounting for major spares under Ind AS framework

The case involves a public sector enterprise engaged in mining, alumina and aluminium production, power generation, and wind energy. It operates multiple units including mines, refineries, smelters, and power plants across India. The company's accounting policy for major spares, implemented since adopting Ind AS in 2014-15, capitalizes spares over Rs. 5 lakhs as Property, Plant, and Equipment (PPE). Depreciation starts upon issue to machines, not upon purchase, to align with intended operational use. Auditors raised concerns citing Ind AS clarifications advocating depreciation from purchase. Management argues for issue date depreciation to ensure correct asset valuation and production cost allocation.

EAC of the ICAI, based on the facts of the case has opined that major spares should be capitalized as 'property, plant and equipment' when they meet the recognition criteria under Ind AS 16, and thus, commencing depreciation from the date of issue is not aligned with the standard. The date of issue of major spares for depreciation commencement, based on their availability for operation, is deemed incorrect. Depreciation should be charged on the cost of the spare part from its purchase/acquisition date, excluding installation and commissioning expenses, which should be recognized separately in the Statement of Profit and Loss unless they are material, in which case they should be included in the cost of the replaced part as per Ind AS 16. The useful life of spare parts for depreciation purposes should consider their expected utility to the entity, encompassing both storage and operational periods, with factors like intended use and expected obsolescence taken into account.

For more information, [click here](#)

MCA Updates

- MCA has issued lists of LLPs that had filed application in Form LLP-24 under section 75 of the LLP Act, 2008 and Rule 37(1) (b) of the LLP Rules, 2009 for removal of its/their name(s) from the register of LLPs and are liable to be struck off under section 75 of LLP Act, 2008. Any person objecting to the proposed removal or striking off of name of the LLPs from the register of LLPs may send his or her objection to the office address mentioned in the notices within 30 days from the date of publication of these notices.

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

- MCA shall launch third set of Company Forms covering 9 forms [MSME, BEN-2, MGT-6, IEPF-1, IEPF-1A, IEPF-2, IEPF-4, IEPF-5, IEPF-5 e-verification report] on 15th July 2024 at 12:00 AM. To facilitate implementation of these forms in V3 MCA21 portal, stakeholders are advised to note the following points:
 - (1) Company e-Filings on V2 portal will be disabled from 04th July 2024 12:00AM.
 - (2) All stakeholders are advised to ensure that there are no SRNs in pending payment/pending for investor details upload/Resubmission status.
 - (3) Offline payments for the above 9 forms in V2 using Pay later option would be stopped from 01st July 2024 12:00 AM. Payments for these forms in V2 is to be made through online mode (Credit/Debit Card and Net Banking).
 - (4) In view of the said launch of 9 Company forms, V3 portal will not be available from 13th July 2024 12:00 AM to 14th July 2024 11:59 pm.
 - (5) V2 Portal for company filing will remain available for all the V2 forms excluding above mentioned 9 forms.

For more information, [click here](#)


ICAI Announcement

- ICAI being a member of the International Federation of Accountants (IFAC) represents in the International Panel of Accountancy Education (IPAE). IPAE has released 'Exposure Drafts on Proposed Revisions to IES 2, 3, and 4 – Sustainability,' seeking public comments from various stakeholders across the IFAC Member Bodies. Accordingly, inputs/comments are sought from all the stakeholders of ICAI on the Exposure Draft issued by IPAE latest by 10th July, 2024.

For more information, [click here](#)

Glossary:

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| EAC | Expert Advisory Committee |
| Ind AS | Indian Accounting Standards |
| ICAI | Institute of Chartered Accountants of India |
| MCA | Ministry of Corporate Affairs |
| LLP | Limited Liability Partnership |
| MSME | Micro, Small, and Medium Enterprises |
| BEN | Beneficial Ownership |
| IEPF | Investor Education and Protection Fund |
| SRN | Service Request Number |
| SEBI | Securities and Exchange Board of India |
| IES | International Education Standards |



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