



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
OCTOBER, 2024

ACCOUNTING AND AUDITING UPDATE

- EAC Opinion on presentation / disclosure of of unamortised portion of grant from government/government agencies under Ind AS framework.

A Company (hereinafter referred to as 'the Company'), a joint venture company with equal equity participation from the Government of India (GoI) and Government of National Capital Territory of Delhi (GNCTD), has been entrusted with the responsibility of construction and operation of the rail-based Mass Rapid Transit System (MRTS) for Delhi/NCR areas. The grants received by the Company are capital grant for long-term capital assets.

The Company has, as per the provisions of Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance', opted to recognise the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

The company has upon utilization of the funds for the metro project classified the unamortised portion of the grants directly under other equity. This is done considering the fact that grants are received directly from the shareholders of the company and in the opinion of the company, they are in the nature of shareholders' contribution,.

The C&AG opined that inclusion under Other Equity has resulted in overstatement of Other Equity and understatement of Non-Current Liabilities, for which the Company seeks an opinion of the EAC of the ICAI.

EAC concluded that the practice followed by the Company does not comply with Ind AS 20. The Committee is of the opinion that since the grants received from GoI/ GNCTD are grants related to assets the same should be presented in the balance sheet by setting up the grant as 'deferred income' under the head 'liability' (if an entity selects that option under paragraph 26 of Ind AS 20) and not as 'other equity' in the balance sheet.

For more information, [click here](#)

- The Institute of Chartered Accountants of India (ICAI) has released two important Standards of Quality Management:

SQM-1: Quality Management for Firms Performing Audits or Reviews

SQM-1 establishes a comprehensive framework for quality management in audit and assurance services focusing on implementation of systematic processes to identify and manage quality risks, emphasizing the role of firm leadership in fostering a culture of quality and encouraging proactive measures for ongoing evaluation and enhancement of quality management systems.

For more information, [click here](#)

SQM-2: Engagement Quality Reviews

SQM-2 outlines the guidelines for conducting engagement quality reviews, focusing on establishing a structured process to assess significant judgments and conclusions by the engagement team, ensuring reviewers maintain independence and avoid conflicts of interest and mandating detailed documentation of review findings to support accountability and improvement.

For more information, [click here](#)

Amendments to SA 220

In conjunction with the issuance of SQM-1 and SQM-2, the ICAI has made conforming amendments to SA 220 (Revised), which relates to Quality Control for Audits of Historical Financial Information. These amendments will become effective alongside SQM-1 and SQM-2, reinforcing the commitment to high-quality audit and assurance services.

For more information, [click here](#)

MCA Updates

- As per amended Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018, the Annual Statement of Accounts needs to be signed by Chairperson and chief executive officer w.e.f. 3rd October, 2024. Prior to this amendment Annual Statement of Accounts were required to be signed by Chairperson and one Member of the Authority.

For more information, [click here](#)

- New proviso is added to rule 3A(1) of the Companies (Adjudication of Penalties) Rules, 2014 stating that any proceedings pending before the Adjudicating Officer or Regional Director at the time of the amendment will continue under the previous rules.

For more information, [click here](#)

- The Producer Companies are required to file financial statements with the Registrar within 60 days from the date on which the annual general meeting is held as required by the Companies Act, 2013.

For more information, [click here](#)

RBI UPDATES

- The RBI has added entities/platforms/websites to the Alert List of unauthorised forex trading platforms.

For more information, [click here](#)

- The RBI has introduced guidance note for Internal Risk Assessment Guidance for Money Laundering/ Terrorist Financing Risks. This guidance note is intended for all REs of the Reserve Bank (i.e., banks, NBFCs, Authorised persons, Payment System Operations, etc.)

For more information, [click here](#)

- The RBI has come across instances of guarantees (including SBLCs and / or performance guarantees) issued by persons resident outside India, favouring persons resident in India, which are not permitted under the extant FEMA regulations. Accordingly, RBI has instructed the ADs to ensure FEMA compliances for the aforesaid instances.

For more information, [click here](#)


SEBI UPDATES

- SEBI has extended the due date from 31st October, 2024 to 31st January, 2025 for submitting the annual disclosures and annual impact reports of Social Enterprises registered on SSE for the FY 2023-24, as per SEBI (LODR) Regulations, 2015.

For more information, [click here](#)

Glossary

AD	Authorised Dealer
C&AG	Comptroller and Auditor General of India
EAC	Expert Advisory Committee
FEMA	Foreign Exchange Management Act
ICAI	Institute of Chartered Accountants of India
MCA	Ministry of Corporate Affairs
NBFC	Non-Banking Financial Company
RBI	Reserve Bank of India
SA	Standards on Auditing
SBLC	Standby Letter of Credit
SEBI	Securities and Exchange Board of India
SSE	Social Stock Exchange



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