



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
DECEMBER, 2024

ACCOUNTING AND AUDITING UPDATE

EAC opinion on Capitalisation of Annual Technical Support (ATS) charges for Intangible Asset under development (ERP).

The Company has contracted for SAP implementation during FY 2020-21, which included IT Infrastructure, ERP License, ATS, ERP Application Support, and SDWAN Solution. Due to delays, the implementation extended beyond 12 months. The Company capitalized the development costs, including ATS charges for FY 2021-22 and FY 2022-23 under "Intangible Assets Under Development."

During government audit, auditors have raised concerns that ATS charges, being recurring, should not be capitalized as part of the development phase, as they are associated with the post-implementation maintenance phase.

The EAC opines that the Company's capitalization of ATS charges is in line with Ind AS 38 'Intangible Asset'. This is considering the facts that ATS is necessary for ongoing development of the SAP software / related licenses and ATS charges are directly attributable to the creation and upgradation of the SAP software, ensuring it meets the intended operational requirements.

For more information, [click here](#)

SEBI UPDATE

○ Introduction of Integrated Filing System for LODR Compliance

SEBI has introduced the Integrated Filing System for LODR (Listing Obligations and Disclosure Requirements) to streamline reporting for listed entities by consolidating various filing requirements. This new framework will be implemented starting with the quarter ending 31st December 2024.

Key changes under the new framework:

Sr.no.	Particulars	Before	After
1.	Number of due dates	Multiple and scattered due dates	Aligned and streamlined
2.	Submission effort	High (manual tracking required)	Reduced (automated systems aid tracking)
3.	Coordination	Complex (disparate filings)	Simplified (integrated platform)
4.	Transparency	Moderate	High (consolidated reporting)

For more information, [click here](#)

○ Amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015

SEBI has introduced amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015, aimed at refining the definitions of connected persons, insiders, and related compliance standards.

Key Changes:

Sr.no.	Aspect	Key changes
1.	Connected persons	<ul style="list-style-type: none">▪ Includes indirect associations (e.g., familial ties, business dealings).▪ Explicitly names intermediaries, advisors, and contractual parties.▪ Focus on individuals reasonably expected to possess UPSI.
2.	Insiders	<ul style="list-style-type: none">▪ Covers fiduciaries like auditors, analysts, and consultants.▪ Includes former employees/directors acting on past UPSI.▪ Focus on the dynamic relationship based on UPSI access.
3.	Compliance Standards	<ul style="list-style-type: none">▪ Stricter trade and holding disclosure requirements.▪ Enhanced penalties for direct and indirect violations.
4.	Digital Alignment	<ul style="list-style-type: none">▪ Monitoring the use of encrypted tools and confidential virtual meetings for sharing UPSI.
5.	Stakeholder Impact	<ul style="list-style-type: none">▪ Corporates: Revise policies.▪ Advisors/Intermediaries: Ensure robust UPSI safeguards.▪ Investors: Expect increased transparency.


For more information, [click here](#)

- Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on November 18, 2024, with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an AIF.

For more information, [click here](#)

Glossary

AIF	Alternative Investment Fund
ATS	Annual Technical Support
EAC	Expert Advisory Committee
ICAI	Institute of Chartered Accountants of India
LODR	Listing Obligations and Disclosure Requirements
SA	Standards on Auditing
SEBI	Securities and Exchange Board of India
UPSI	Unpublished Price Sensitive Information



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