Grant Thornton

Monthly GAAP Bulletin

August 2020

Volume I

Introduction

Dear Reader,

Grant Thornton in India is delighted to present 'Monthly GAAP Bulletin', a bulletin that summarises significant accounting, auditing and related updates. This publication has been compiled to meet the needs of dynamic Indian businesses and focuses on key developments in India and across the globe.

To access the source of information and complete details, you can click the hyperlinked text below each update.

We would be pleased to receive your valuable feedback. Please write to us at npsg@in.gt.com with your comments, questions or suggestions.

This edition covers updates for the month of June 2020.

Following is the index of updates:

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A. India updates - Effective

a. Auditing updates

b. Regulatory updates

a. Auditing updates

1. Advisory for members of the ICAI and companies to which CSR provisions under the Companies Act, 2013 apply

A company which is required to comply with the requirements of Corporate Social Responsibility (CSR) regulations under Section 135, Corporate Social Responsibility, of the Companies Act, 2013 (2013 Act), can undertake CSR activities either:

- By the company itself, or
- Through a third party being a trust/society or Section 8 company/non-governmental organisation (NGO)

CSR Committee of the Institute of Chartered Accountants of India (ICAI), vide its advisory dated 29 May 2020, has advised:

- Wherever the company undertakes the CSR activity though a third party/NGO, all such companies should obtain an Independent Practitioner's Report on utilisation of such CSR funds from the auditor/chartered accountants in practice of the third party/NGO, to whom the funds are given by the company for implementing the CSR activity.
- The above Independent Practitioner's Report should be prepared in accordance with the **Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI**, after verifying that the third party/NGO has spent the funds on CSR activities as per Section 135 of the 2013 Act, read with Schedule VII of the 2013 Act and related regulations.

This advisory also has a draft format of the aforementioned Independent Practitioner's Report on utilisation of CSR funds along with the statement to be accompanied along with draft report, details of amount received and its utilisation.

Click here for advisory.

2. Generation of UDIN in bulk for certificates

A provision for generating Unique Document Identification Number (UDIN) in bulk for certificates has been incorporated in UDIN portal. Using this facility, the members of the ICAI will be able to generate UDIN in bulk (up to 300 UDINs) for various types of **certificates** at once. The complete process of using this facility is explained in the announcement.

Click here for the announcement.

b. Regulatory updates

Companies Act updates

1. Companies (Meetings of Board and its Powers) Second Amendment Rules, 2020

The Ministry of Corporate Affairs (MCA) issued Companies (Meeting of Board and its Powers) Amendment Rules, 2020 (amended rules) on 19 March 2020, whereby it allowed that the meetings for approval of annual financial statements, board report, prospectus, matters relating to restructuring, etc., and the audit committee meetings for consideration of financial statements, can be held via videoconferencing (VC) or other audio visual means (OAVM) till 30 June 2020.

Click here for the amended rules dated 19 March 2020.

The MCA has now issued Companies (Meeting of Board and its Powers) Second Amendment Rules, 2020 (second amended rules), which have further extended the date to **30 September 2020.**

These rules are effective from 23 June 2020.

Click here for the second amended rules.

2. Extension of time for EGMs through videoconferencing

The MCA issued a circular dated 8 April 2020, clarifying that all companies can hold extraordinary general meetings (EGMs) on or before 30 June 2020 through VC/OAVM, without compromising on other requirements of the law. The circular also laid out detailed procedures for conducting such EGMs. Additional clarification on these procedures was issued vide circular dated 13 April 2020.

Click here for the circular dated 8 April 2020.

Click here for the circular dated 13 April 2020.

The MCA , vide its circular dated 15 June 2020, extended the time limit of 30 June 2020 (specified above) to **30 September 2020**. All other requirements of the aforementioned circulars remain unchanged.

Click here for the circular.

3. Companies (Share Capital and Debentures) Amendment Rules, 2020

The MCA has issued Companies (Share Capital and Debentures) Amendment Rules, 2020 (amended rules) to further amend Companies (Share Capital and Debentures) Rules, 2014 (principal rules). Here are the amendments:

- Start-up companies are now allowed to issue sweat equity shares not exceeding 50% of the total paid-up capital, up to 10 years from the date of the company's incorporation, or registration from the earlier time limit of up to five years; and
- Listed non-banking financial companies (NBFCs) registered with the Reserve Bank of India (RBI), under Section 45- IA of the RBI Act, 1934, and housing finance companies (HFCs) registered with the National Housing Bank and other listed companies issuing privately placed debentures are exempted from the requirement to maintain debenture redemption fund i.e., to invest or deposit not less than 15% of the amount of debentures maturing during the year ending on 31 March of the next year in the manner specified in the principal rules.

These amended rules have come into force on 12 June 2020.

Click here for the amended rules.

4. Extension of time limit for creation of deposit repayment reserve and debenture redemption reserve

The MCA earlier issued a circular, dated 24 March 2020, giving certain relaxations in compliance with the requirements of the 2013 Act due to the ongoing pandemic.

Such relaxations included:

- Extension of the due date for complying with the requirement under Rule 18 of the Companies (Share Capital & Debentures) Rules, 2014, to invest or deposit at least 15% of the amount of maturing debentures in specified methods of investments or deposits from 30 April 2020 to **30 June 2020**
- Extension of the due date for complying with the requirement under Section 73(2)(c) of the 2013 Act to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 (FY21) from 30 April 2020 to **30 June 2020**

Click here for the circular dated 24 March 2020.

The MCA has now issued another circular dated 19 June 2020 to further extend the aforesaid time limit of 30 June 2020 to **30 September 2020**.

Click here for the new circular.

5. Scheme for relaxation of time for filing forms related to creation or modification of charges under the 2013 Act

MCA circular on extension of time limits

Due to the COVID-19 pandemic, the MCA has introduced a scheme for relaxation of time for filing forms related to creation or modification of charges under the 2013 Act. It has extended the time limits for filings related to creation or modification of charges under **Sections 77, Duty to Register Charges**, etc., and **78, Application for Registration of Charges** in the 2013 Act and to condone the delay in filing specified forms subject to applicable fees.

This scheme will be applicable in respect of filing of Form No. CHG-1, application for registration of creation, modification of charge (other than those related to debentures) and Form No. CHG-9, application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures, by a company or a charge holder, where the date of creation/modification of charge:

- Is before 1 March 2020, but the timeline for filing such form had not expired under Section 77 of the 2013 Act as on 1 March 2020;
- Falls on any date between 1 March 2020 to 30 September 2020 (both dates inclusive).

The scheme will not apply, if:

- The forms i.e., CHG-1 and CHG-9 have already been filed before the date of issue of scheme;
- The timeline for filing the form has already expired under Section 77 or Section 78 prior to 1 March 2020;
- The timeline for filing the form expires at a future date, despite exclusion of the time provided in the scheme;
- Filing of Form CHG-4 for satisfaction of charges.

This scheme has come into force on 17 June 2020.

Click here for the circular.

ICAI FAQs on the MCA circular on extension of time limits for charges

In relation to the above MCA circular, the ICAI has issued a series of frequently asked questions (FAQs) addressing key matters related to the aforesaid scheme.

Click here for the announcement.

Click here for the FAQs on the aforesaid scheme.

SEBI updates

6. Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020

The Central government issued the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 on 5 June 2020 to suspend the initiation of corporate insolvency resolution process of a corporate debtor under Sections 7, 9 and 10 of the Insolvency and Bankruptcy Code, 2016, for any default arising on or after 25 March 2020 for a period of six months, which may extend to a further period not exceeding one year, as may be notified.

The ordinance has been effective from 5 June 2020.

Click here for the ordinance.

1. Further extension of time limits by SEBI for listed entities

Time for submission of financial results for quarter/half year/ financial year ended 31 March 2020

Securities and Exchange Board of India (SEBI), vide its circulars dated 19 March 2020 and 23 March 2020, had extended the timeline for submission of financial results under regulations 33 (quarterly and annual) and 52 (half-yearly and annual) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) to 30 June 2020 (extension of one month) due to the impact of the COVID-19 pandemic.

SEBI has now further extended such timeline to **31 July 2020**.

This circular has come into force on 24 June 2020.

Click here for the circular.

Time for submission of annual secretarial compliance report by listed entities

SEBI, vide its circular dated 19 March 2020, had extended the timeline for listed entities for submission of annual secretarial compliance (ASC) report for the year 2019-20 by one month (from 31 May 2020 to 30 June 2020).

SEBI has now issued circular, dated 25 June 2020, which further extends the timeline for the aforementioned requirement to **31 July 2020**.

This circular has come into force on 25 June 2020.

Click here for the circular.

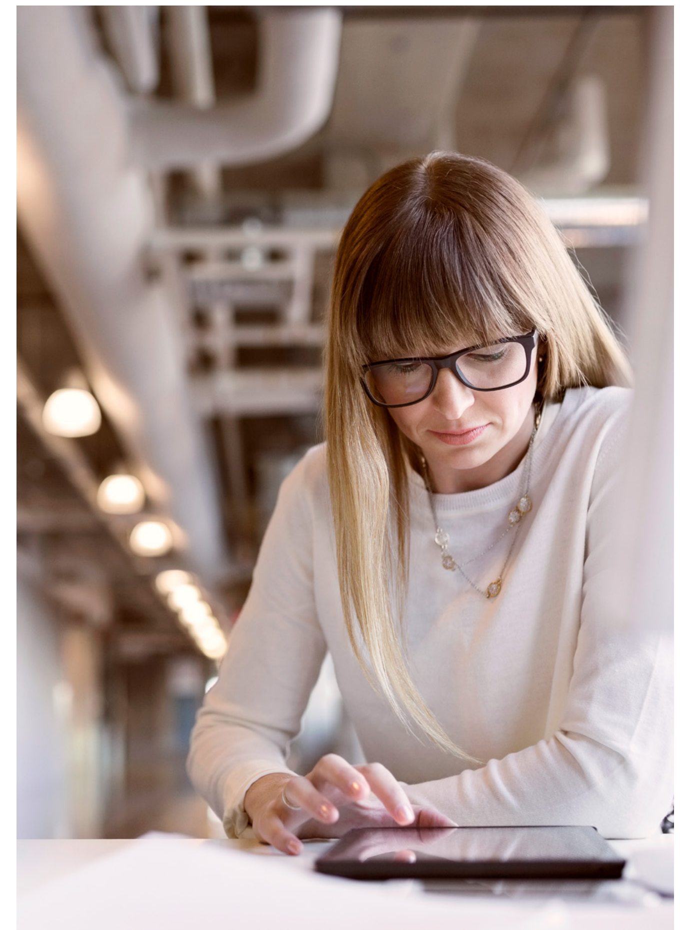
Relaxation of time gap between two board/audit committee meetings

SEBI, vide its circular dated 19 March 2020, relaxed the requirements of the maximum stipulated time gap of 120 days between two meetings of the board of directors and audit committees of listed entities, as is required under LODR Regulations. This relaxation was provided for the meetings held/proposed to be held between 1 December 2019 and 30 June 2020.

SEBI has now issued circular, dated 26 June 2020, which further relaxed the above mentioned requirement till **31 July 2020**. However, the board of directors and audit committees of listed entities are required to ensure that they meet at least four times a year, in accordance with the requirements of LODR Regulations.

This circular has come into force on 26 June 2020.

Click here for the circular.



2. SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2020

SEBI has issued SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2020, to further amend SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations), reducing the waiting period to make a subsequent qualified institutions placement from six months to **two weeks** after any prior qualified institutions placement has been made pursuant to one or more special resolutions.

These amended regulations have come into force on 16 June 2020.

Click here for the amended regulations.

3. Relaxations for listed companies having stressed assets

SEBI has issued a press release, dated 23 June 2020, to lay down a framework to relax the pricing methodology for preferential issues by listed companies that have stressed assets and exempt allotees of preferential issues from open offer obligations, in such cases, with immediate effect.

To give effect to these relaxations, SEBI ICDR Regulations and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, have been amended by way of issue of SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2020, and SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2020. These amendments in the ICDR regulations as well as Takeover Regulations are effective from 22 June 2020.

Click here for SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2020.

Click here for SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2020.

Click here for press release.

4. Relaxations from certain provisions of SEBI ICDR Regulations in respect of 'further public offer'

In the wake of the COVID-19 pandemic, SEBI, vide circular dated 21 April 2020, had introduced temporary relaxations in eligibility conditions related to fast-track rights issue. SEBI has now issued another circular that provides similar relaxations in the eligibility conditions related to fast-track further public offer (FPO) as contained in the SEBI ICDR Regulations.

These temporary relaxations are applicable for FPOs that open on or before 31 March 2021. Further, these relaxations are not applicable for issuance of warrants.

This circular has come into force on 9 June 2020.

Click here for the circular.

5. Relaxation in compliance with requirements pertaining to AIFs and VCFs

In light of recent market events due to the COVID-19 pandemic, SEBI had earlier extended the due date for regulatory filings for alternative investment funds (AIFs) and venture capital funds (VCFs), for the periods ended 31 March 2020 and 30 April 2020.

Click here for circular dated 30 March 2020.

SEBI now issued a circular to further extend these timelines for regulatory filings for the months ended March, April, May and June 2020 to **7 August 2020**.

This circular came into force on 4 June 2020.

Click here for the circular.

6. Clarifications with respect to circular dated 5 February 2020 on disclosure standards for AIFs

SEBI issued a circular dated 5 February 2020 on disclosure standards for AIFs.

SEBI has now issued a circular, dated 12 June 2020, which clarifies the following points in respect of provision of the aforesaid circular, among other things:

- Compulsory performance benchmarking:
  - The timeline for the publishing of first industry benchmark and AIF level performance versus benchmark report, for the half year (30 September 2019) is extended from 1 July 2020 to 1 October 2020.
- Annual audit compliance with terms of private placement memorandum (PPM):
  - Audit of compliance with terms of PPM needs to be conducted at the end of each financial year and the findings of the audit along with corrective steps have to be reported within six months from the end of the financial year.
  - The requirement of audit of compliance with terms of PPM will not apply to AIFs that have not raised any funds from their investors subject to a certificate from chartered accountant certifying no funds have been raised within six months from the end of financial year.
  - For FY20, the above requirements should be fulfilled on or before 31 December 2020.

Click here for the circular.

7. Investment by the sponsor or AMC in the scheme

As per Regulation 28(4) of SEBI (Mutual Funds) (Amendment) Regulations, 2020, the sponsor or asset management company (AMC) is required to invest at least 1% of the amount that would be raised in the new fund offer (NFO) or INR 50 lakh, whichever is less, in such option of the scheme.

SEBI has now issued a circular directing that the aforementioned investment is required to be made:

a. In growth option of the scheme, or

b. If growth option is not available, in the dividend reinvestment option of the scheme, or

c. If both growth and dividend reinvestment options are not available, then in dividend option of the scheme.

This circular came into force on 12 June 2020.

Click here for the circular.

8. SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2020 and SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020

SEBI has issued SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2020 and SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations 2020, to further amend SEBI (Infrastructure Investment Trusts) Regulations, 2014 (SEBI InvIT Regulations) and regulation 22(3) of SEBI (Real Estate Investment Trusts) Regulations, 2014 (SEBI REIT Regulations), respectively.

Among other things, the amendments have introduced:

- The concept of inducted sponsor;
- Conditions for declassification of status of sponsor;
- Maximum subscription from any investor other than sponsors, their related parties and associates;
- Approvals required in case of change in sponsor or inducted sponsor, etc.

These amended regulations have come into force on 16 June 2020.

Click here for SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2020.

Click here for SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020.

9. Conducting meeting of unitholders of InvITs and REITs through videoconferencing or through other audio-visual means

SEBI has allowed unitholders of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to conduct the annual meeting of unitholders through VC or OAVM. This facility will be available for annual meeting of unitholders in terms of regulation 22(3)(a) of SEBI InvIT Regulations and regulation 22(3) of SEBI REIT Regulations, to be conducted during calendar year 2020. For other meetings, the facility for conducting meeting of unitholders through VC or OAVM will be available up to 30 September 2020.

Click here for the circular.

Other updates

1. Amendment in classification criteria and norms for MSMEs

The Central government, vide its notification dated 1 June 2020, has notified revised criteria for classification of micro, small and medium enterprises (MSMEs):

Nature of entity	Earlier criteria	Revised criteria
Micro enterprise	Investment in plant and machinery or equipment does not exceed **INR 25 lakh and INR 10 lakh for manufacturing and service enterprises**, respectively	Investment in plant and machinery or equipment does not exceed **INR 1 crore** and turnover does not exceed **INR 5 crore**
Small enterprise	Investment in plant and machinery or equipment does not exceed **INR 5 crore and INR 2 crore for manufacturing and service enterprises**, respectively	Investment in plant and machinery or equipment does not exceed **INR 10 crore** and turnover does not exceed **INR 50 crore**
Medium enterprise	Investment in plant and machinery or equipment does not exceed **INR 10 crore and INR 5 crore for manufacturing and service enterprises**, respectively	Investment in plant and machinery or equipment does not exceed **INR 50 crore** and turnover does not exceed **INR 250 crore**

These revised criteria are effective from 1 July 2020.

Click here for the notification.

The Central government has also notified detailed procedure and forms for obtaining registration (Udyam Registration), and, inter alia, includes the following:

- Manner of computation of investments and turnover which are used in the criteria for classification of an enterprise as MSME;
- Registration process in Udyam Registration Portal;
- Updation of information and transition period in classification;
- Facilitation and grievance redressal of enterprises.

Click here for the notification.

2. Extension of deadline for filing ITR and tax audit report

The Central Board of Direct Taxes (CBDT) issued a notification, dated 24 June 2020, extending various timelines under the Income-tax Act, 1961, and related Acts. Among other relaxations, the due date for filing of income-tax returns for FY20 has been extended till **30 November 2020** while the date of furnishing of tax audit report has been extended to **31 October 2020.**

This notification has come into force on 30 June 2020.

Click here for notification.

3. Banking Regulation (Amendment) Ordinance, 2020

President of India promulgated the Banking Regulation (Amendment) Ordinance, 2020 on 26 June 2020, which amends the Banking Regulation Act, 1949.

The ordinance seeks to improve governance and oversight by extending powers already available with the RBI in respect of other banks to co-operative banks and thereby, improve governance and oversight of these banks. The ordinance also amends Section 45 of the Banking Regulation Act, 1949 to enable making of a scheme of reconstruction or amalgamation of a banking company for protecting the interest of the public, depositors and the banking system and for securing its proper management, even without making an order of moratorium, so as to avoid disruption of the financial system.

Click here for the press release.

Click here for the ordinance.

The Central government set 29 June 2020 as the date on which provisions of Section 4 of the Banking Ordinance came into force for primary co-operative bank.

Click here for the notification on effective date.

4. IRDAI allows extension of time limit applicable to public disclosures on websites

In view of the lockdown and restrictions imposed to contain the COVID-19 pandemic, the Insurance Regulatory and Development Authority of India (IRDAI) had already extended the time limit for furnishing various returns and reporting compliances by insurers vide its circular dated 4 April 2020. The time limit for furnishing all quarterly, half-yearly and annual returns for the period ended 31 March 2020 had been extended by a period of 30 days.

Click here for circular dated 4 April 2020.

The IRDAI has now issued a circular to grant the extension of 30 days for also ensuring compliance with the directions regarding public disclosures on websites by insurers for the period ended 31 March 2020.

Click here for circular dated 4 June 2020.

5. IRDAI requirement to obtain LEI code

Legal Entity Identifier (LEI) code has been conceived of as a key measure to improve the quality and accuracy of financial data systems for better risk management. The RBI has implemented the requirement of LEI in OTC derivatives markets, banking sector and government securities market in a phased manner.

The IRDAI examined the requirement to obtain LEI by its regulated entities and the entities dealing with the regulated entities and has issued the following directives vide its circular dated 5 June 2020:

- Insurers will necessarily obtain LEI code on or before 31 July 2020;
- Insurers will advise their existing corporate borrowers having total exposures of INR 50 crore and above, and who have not obtained LEI code till now, to obtain the same and provide the LEI information on or before 30 June 2020;
- Borrowers who do not obtain LEI code, will not be granted renewal/enhancement of credit facilities by the insurers;
- No new loan proposals will be sanctioned by the insurers without LEI information;
- Insurers will capture the LEI code of corporate borrowers in their records and specify the same while reporting the transactions executed with such corporate borrowers.

Click here for the circular.

B. India updates - Proposed

a. Auditing updates

a. Regulatory updates

a. Auditing updates

Exposure draft of revised Guidance Note on Report under Section 92E of Income-tax Act, 1961 (Transfer Pricing)

The Committee on International Taxation of the ICAI has issued an exposure draft of revised Guidance Note on Report under Section 92E of the Income-tax Act, 1961 (Transfer Pricing) on 2 June 2020. This draft proposes to include changes to the extent of amendments made by the Finance Act, 2020.

Last date for submission of comments was 30 June 2020.

Click here for the exposure draft.

b. Regulatory updates

Proposed changes in regulations applicable to housing finance companies

Pursuant to regulation of HFCs from National Housing Bank to the RBI, the RBI has proposed following changes in the regulatory framework applicable to HFCs:

- Defining principal business and qualifying assets for HFCs;
- Defining the phrase 'providing finance for housing' or 'housing finance'
- Classifying HFCs as systemically important (asset size of INR 500 crore and above) and non-systemically important (asset size less than INR 500 crore); and
- RBI's directions on liquidity risk framework and LCR, securitisation, etc., for NBFCs, to be made applicable to HFCs.

Last date for submission of comments was 15 July 2020.

Click here for the press release.

Click here for the proposed changes.

C. International updates – Effective

a. IFRS updates

b. Auditing updates

c. US GAAP updates

d. Regulatory updates

a. IFRS updates

1. Narrow-scope amendments to IFRS 17 and IFRS 4

The International Accounting Standards Board (IASB) has issued amendments to International Financial Reporting Standard (IFRS) 17, **Insurance Contracts**, and deferred the effective date of the accounting standard to 1 January 2023.

Among other things, the amendments have also simplified presentation requirements and provided clarification on the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

IASB has also issued an amendment to the existing insurance contracts standard, IFRS 4, **Insurance Contracts**, so that eligible insurers can still apply IFRS 9, **Financial Instruments**, alongside IFRS 17.

Click here for news release.

Click here for amendment to IFRS 17.

Click here for amendment to IFRS 4.

2. IOSCO statement on importance of disclosures about COVID-19

The International Organization of Securities Commissions (IOSCO) has issued a public statement highlighting the importance to investors and other stakeholders of having timely and high-quality information about the impact of COVID-19 on issuers' operating performance, financial position and prospects. The statement discusses the importance of disclosures about the impact on amounts recognised, measured and presented in the financial statements and of transparent and complete disclosures that should be entity-specific and especially highlight significant judgements and estimates, among other things.

Click here for the press release.

Click here for the public statement.

b. Auditing updates

IAASB publishes COVID-19 related guidance on auditing accounting estimates and related disclosures

The International Auditing and Assurance Standards Board (IAASB) has released a publication on auditing accounting estimates in the current evolving environment due to the pandemic. This practice alert highlights the matters for consideration for the auditors in the current environment when undertaking audit procedures relating to accounting estimates and related disclosures and focusses on the following areas:

- Risk assessment procedures and related activities
- Identifying and assessing the risk of material misstatement
- Responding to assessed risks of material misstatement
- Disclosures
- Implications for auditor's report
- Management bias and fraud

Click here for the press release.

Click here for the publication.

c. US GAAP updates

1. ASU 2020-05: Effective dates for certain entities - Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU): 2020-05 that grants a one-year effective date delay for certain companies and organisations applying the revenue recognition and leases guidance. Early application continues to be permitted.

The ASU permits private companies and not-for-profit organisations that have not yet applied the revenue recognition standard to do so for annual reporting periods beginning after 15 December 2019 and interim reporting periods within annual reporting periods beginning after 15 December 2020.

For leases, the ASU provides an effective date deferral to private companies, private and public not-for-profit organisations that have not yet issued (or made available) their financial statements reflecting the adoption of the guidance.

Under the ASU, private companies and not-for-profit organisations may apply the new leases standard for fiscal years beginning after 15 December 2021 and to interim periods within fiscal years beginning after 15 December 2022. Public not-for-profit organisations that have not yet issued (or made available to issue) financial statements reflecting the adoption of the leases guidance may apply the standard for fiscal years beginning after 15 December 2019, including interim periods within those fiscal years.

Click here for the news release.

Click here for the ASU.

2. SEC issues staff guidance addressing pandemic-related disclosures

The U.S. Securities and Exchange Commission (SEC) has issued a staff guidance to encourage companies to provide disclosures that help investors evaluate the current and expected impact of the pandemic and to proactively revise and update disclosures as facts and circumstances change. It provides that the companies should carefully disclose information on topics such as a transition to telework, supply chain and distribution adjustments and suspensions or modifications to operations to comply with health and safety guidelines. Further, the guidance also states that management should consider whether conditions and events, taken as a whole, raise substantial doubt about the company's ability to meet its obligations as they become due within one year after the issuance of the financial statements.

Click here for the staff guidance.

d. Regulatory updates

AICPA offers insights for valuing businesses affected by COVID-19

The American Institute of Certified Public Accountants (AICPA) has released a set of FAQs to help CPAs and valuation professionals adjust business valuations based on the Coronavirus Aid, Relief and Economic Security (CARES) Act. The set of questions address provisions professionals should consider when evaluating businesses that received funding or support under one of the CARES Act provisions.

The provisions provided under the CARES Act have the potential to create one-time events that alter income and market inputs to value. These FAQs detail these issues and steps for valuation professionals to consider in the current environment.

Click here for press release.

Click here for FAQs.

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