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Dear Reader,

Grant Thornton presents '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.

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

This edition covers updates for the month of May 2016. Abbreviations used in the publication are explained at the end of the publication.

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Effective

Guidance Note on accounting for real estate transactions

ICAI has issued the Guidance Note ('GN') on accounting for real estate transactions for entities to which Ind AS is applicable. This GN recommends the accounting treatment by entities dealing in real estate as sellers or developers. This GN covers all forms of transactions in real estate. It provides guidance on accounting of sale of plots of land, sale of developed plots, transferable development rights and transactions with multiple elements. The GN requires recognition of revenue using the percentage of completion method in those real estate contracts which are in the nature of construction contracts.

Click [here](#) for GN.

New and revised standards on auditing

The ICAI has issued new/revised Standards on Auditing ('SA').

New SA

[SA 701](#) - Communicating key audit matters in the Independent Auditor's Report

This SA deals with the auditor's responsibility to communicate key audit matters in the auditor's report. Key audit matters (KAMs) are those matters which have been communicated with those charged with governance and which auditor understands to be of most significance in the audit of financial statements.

Revised SAs

[SA 700 \(Revised\)](#) - Forming an Opinion and Reporting on Financial Statements

[SA 705 \(Revised\)](#) - Modifications to the Opinion in the Independent Auditor's Report

[SA 706 \(Revised\)](#) - Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

These revised SAs, *inter alia*, include the following changes:

- Change in format of auditor's report - The first section of the auditor's report to include auditor's opinion, followed by basis of opinion, going concern, key audit matters and so on and so forth;



- Detailed auditor's responsibility section;
- Detailed guidance on adverse opinion and disclaimer of opinion;
- Consequential changes have been made in these standards resulting from amendments to SA 570 and new SA 701.

[SA 260 \(Revised\)](#) - Communication with those charged with governance

Limited amendments have been made to the required auditor communications with those charged with governance as were necessary in light of new SA 701 and circumstances that affect the form and content of the auditor's report.

[SA 570 \(Revised\)](#) - Going concern

The revised SA provides that when events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, but the auditor concludes that no material uncertainty exists, the auditor is required to evaluate whether, in view of the requirements of the applicable financial reporting framework, the financial statements provide adequate disclosure about events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Further, if the auditor concludes that use of going concern basis of accounting is appropriate, but material uncertainty exists and adequate disclosures have been made in the financial statements, the auditor is required to include a separate section under the heading 'Material Uncertainty Related to Going Concern' in the auditor's report. This section will draw attention to the relevant note in the financial statements and state that auditor's opinion is not modified in respect of the matter.

These new/revised SAs are effective for audits of financial statements for periods beginning on or after 01 April 2017.

Click [here](#) for ICAI announcement.

ITFG of ASB issued clarification bulletin 2

Ind AS transition facilitation group (ITFG), constituted by the ASB of the ICAI, has issued the second set of clarifications on various issues related to the applicability/ implementation of Ind AS under the Companies (Indian Accounting Standards) Rules, 2015, which were raised by preparers/users/other stakeholders. The guidance, *inter alia*, includes clarification on application of the option to continue policy of amortisation of balance of Foreign Currency Monetary Item Translation Difference Account as per AS 11, The Effects of Changes in Foreign Exchange Rates, applicability of Ind AS to an Indian subsidiary of a foreign company, issues related to Property, Plant & Equipment, etc.

Click [here](#) for clarification bulletin 2.

Notification of provisions relating to 'Special Courts'

MCA has appointed 18 May 2016 as the date on which following provisions of the Companies Act, 2013 ('2013 Act') which relate to 'Special Courts' shall come into force:

- Section 2(29)(iv) as per which the definition of "Courts" as defined in the 2013 Act will now include 'Special Courts' established under Section 435 of the 2013 Act;
- Section 435 to 438, which deal with establishment of Special Court, triable offences, appeal and revision, application of Code of Criminal Procedure, 1973 to proceedings before Special Court; and
- Section 440 which relates to transitional provisions.

Click [here](#) for notification.

Companies (Registration Offices and Fees) Amendment Rules, 2016

MCA has issued Companies (Registration Offices and Fees) Amendment Rules, 2016 to amend Companies (Registration Offices and Fees) Rules, 2014. Existing Form No. GNL-1, Form for filing an application with Registrar of Companies, and GNL-4, Form for filing addendum for rectification of defects or incompleteness, have been substituted with new Form No.GNL-1 and GNL-4, respectively. In both these forms, few changes have been made including change in authorised persons who can verify and sign these forms.

These amendment rules will come into force from 07 May 2016.

Click [here](#) for amendment rules.

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016

MCA has issued Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016 ('Amendment Rules') amending Rule 4(2) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Amendment Rules, *inter alia*, provide the following:

- Registered trust or a registered society through which CSR activities will be undertaken should be established by the company either singly or along with any other company;
- Company established under section 8 of the 2013 Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature are now also included in list of entities through which CSR activities can be undertaken.

If the Board of Directors of a Company decide to undertake its CSR activities through a company established under section 8 of the 2013 Act or a registered trust or a registered society, other than those specified in Rule 4(2), such company or trust or society should have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism.

These amendment rules are effective from 23 May 2016.

Click [here](#) for rules.

Clarification with regard to provisions of CSR under section 135 of the 2013 Act

MCA has clarified that companies, while undertaking Corporate Social Responsibility (CSR) activities under provision of the 2013 Act, should not contravene any other prevailing laws of the land including Cigarettes and Other Tobacco Products Act (COTPA), 2003.

Click [here](#) for circular.

Relaxation of additional fees and extension of time for filing e-forms by Companies under the 2013 Act and for filing annual return by LLPs under LLP Act, 2008

In continuation of MCA's General Circular No. 03/2016 dated 12 April 2016 and General Circular No. 06/2016 dated 16 May 2016, MCA has further extended the period for which the one time waiver of additional fees is applicable to all e-forms which are due for filing by Companies between 25 March 2016 to 30 June 2016 as well as extended the last date for filing such documents and availing the benefit of waiver to 10 July 2016.

Further, MCA has extended the time limit prescribed under the provisions of section 35 of Limited Liability Partnership ('LLP') Act, for filing of Form 11 of LLP in respect of financial year ending on 31 March 2016 upto 30 June 2016, without additional fees.

Click [here](#) for circular.

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016

SEBI has issued SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016. These amendment regulations have amended the following regulations:

Regulation 33 - Financial results

- The key changes, *inter alia*, include that instead of submission of Form A (for audit report with unmodified opinion), the listed entity shall submit a declaration to that effect to stock exchange while publishing the annual audited financial results. Further, instead of submission of Form B (for audit report with modified opinion), listed entities will be required to submit 'Statement on impact of audit qualifications'.

Regulation 34 - Annual report

- 'Statement on impact of audit qualifications' as stipulated in Regulation 33(3)(d) also needs to be submitted with annual report.

Regulation 52 - Financial results

- The key changes, *inter alia*, include that instead of submission of Form A (for audit report with unmodified opinion), the listed entity shall submit a declaration to that effect to stock exchange while publishing the annual audited financial results. Further, instead of submission of Form B (for audit report with modified opinion), listed

entities will be required to submit 'Statement on impact of audit qualifications'.

Regulation 53 - Annual report

- 'Statement on impact of audit qualifications' as stipulated in Regulation 52(3)(a) also needs to be submitted with annual report.

Regulation 95

- Reference of 'Form B accompanying annual audit report' replaced by 'Statement on impact of audit qualifications accompanying Annual Audit Report'.

Schedule IV - Disclosures in financial results

- The key changes, *inter alia*, include that management of the listed entity has the option to explain its views on the audit qualifications and the same shall be included in the 'Statement on impact of audit qualifications'. Further, for audit qualifications where the impact is not quantifiable, the management should make an estimate and the auditor will review the same and report accordingly. Where the management is unable to make an estimate, it should provide the reasons and the auditor will review the same and report accordingly. This will be included in the 'Statement on impact of audit qualifications'.

Schedule VIII - Manner of reviewing Form B accompanying annual audited results has been deleted.

These amendment regulations shall come into force on 01 April 2016.

Click [here](#) for amendment regulations.

Disclosure of the impact of audit qualifications by the listed entities

SEBI has issued circular on 'Disclosure of the impact of audit qualifications by the listed entities' under regulation 33 and regulation 52 of SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. This circular, *inter alia*, provides following:

- For audit reports with unmodified opinion, the listed entity should furnish a declaration to that effect to the stock exchange(s) while submitting the annual audited financial results;
- For audit reports with modified opinion, a statement showing impact of audit qualifications should be filed with the stock exchanges in a format as specified in Annexure I to the circular. The format requires mentioning the following:

- figures for key financial items such as turnover, total expenditure, net profit, total assets, total liabilities etc. before and after adjusting for the audit qualifications;
- details of audit qualification/type/frequency etc.
- The management of the listed entity shall have the option to explain its views on the audit qualifications;
- Where the impact of the audit qualification is not quantified by the auditor, the management shall make an estimate. In case the management is unable to make an estimate, it shall provide reasons for the same. In both the scenarios, the auditor shall review and give the comments.

This circular shall be applicable for all the annual audited standalone/ consolidated financial results, as applicable, submitted by the listed entities for the period ending on or after 31 March 2016.

Click [here](#) for circular.

SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2016

SEBI has issued SEBI (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2016. These amendment regulations, *inter alia*, provide following:

- Definition of wilful defaulter has been included in regulations;
- No person who is a wilful defaulter will make a public announcement of an open offer for acquiring shares or enter into any transaction that would attract obligation to make a public announcement of an open offer for acquiring shares.

These amendment regulations shall come into force on 25 May 2016.

Click [here](#) for amendment regulations.

SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2016

SEBI has issued SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2016. These amendment regulations, *inter alia*, provide following:

- Definition of wilful defaulter has been included in regulations;

- No issuer will make a public issue of equity securities, if the issuer or any of its promoters or directors is a wilful defaulter;
- No issuer will make a public issue of convertible debt instruments, if the issuer or any of its promoters or directors is a wilful defaulter or it is in default of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public for a period of more than six months;
- Disclosures pertaining to wilful defaulters.

These amendment regulations shall come into force on 25 May 2016.

Click [here](#) for amendment regulations.

SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016

SEBI has issued SEBI (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016. These amendment regulations, *inter alia*, provide following:

- Definition of wilful defaulter has been included in regulations;
- No issuer will make any public issue of debt securities if as on the date of filing of draft offer document or final offer document as provided in these regulations:
 - the issuer or the person in control of the issuer or its promoter or its director is restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities;
 - the issuer or any of its promoters or directors is a wilful defaulter or it is in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public for a period of more than six months.
- Disclosures pertaining to wilful default.

These amendment regulations shall come into force on 25 May 2016.

Click [here](#) for amendment regulations.

SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) (Amendment) Regulations, 2016

SEBI has issued SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) (Amendment) Regulations, 2016. These amendment regulations, *inter alia*, provide following:

- Definition of wilful defaulter has been included in regulations;
- No issuer will make a public issue of non-convertible redeemable preference shares if as on the date of filing of draft offer document or final offer document as provided in these regulations:
 - the issuer or the person in control of the issuer or its promoter or its director is restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities; or
 - the issuer or any of its promoters or directors is a wilful defaulter or it is in default of payment of interest or repayment of principal amount in respect of non-convertible redeemable preference shares issued by it to the public for a period of more than six months.
- Disclosures pertaining to wilful default.

These amendment regulations shall come into force on 25 May 2016.

Click [here](#) for amendment regulations.

SEBI (Intermediaries) (Amendment) Regulations, 2016

SEBI has issued SEBI (Intermediaries) (Amendment) Regulations, 2016. These amendment regulations, *inter alia*, provide following:

- Definition of wilful defaulter has been included in regulations;
- To determine whether an applicant or the intermediary is 'fit and proper person' for the purpose of these regulations, SEBI will take into account, *inter alia*, following considerations in relation to directors and promoters as well:
 - integrity, reputation and character;
 - absence of convictions and restraints orders;
 - competence including financial solvency and net worth;
 - absence of categorisation as a wilful defaulter.

These amendment regulations shall come into force on 25 May 2016.

Click [here](#) for amendment regulations.

Guidelines for public issue of units of InvITs

SEBI has issued circular providing detailed guidelines for public issue of units of Infrastructure Investment

Trusts ('InvITs'). These guidelines have been issued pursuant to SEBI (Infrastructure Investment Trusts) Regulations, 2014. The guidelines, *inter alia*, provide guidance on the following:

- Appointment and obligations of merchant banker and others;
- Filing of offer document;
- Allocation in public issue;
- Underwriting;
- Allotment procedure and basis of allotment;
- Post- issue reports;
- Public communications, publicity materials, advertisements and research reports.

The circular also provides formats of due diligence certificate to be given by merchant banker.

Click [here](#) for circular.

Revised formats under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

SEBI had prescribed the format for reports to be furnished to stock exchanges under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('the Regulations') in respect of acquisitions made under the regulations. While filing the reports, the acquirers were required to report compliance with regulations. However, there was no specific time period stated in the formats for reporting of such compliances. SEBI has now decided that the compliance should be reported for a period of 3 years. Accordingly, formats have been amended to this extent.

Click [here](#) for circular.

Procedure to deal with cases prior to 01 April 2014 involving offer/allotment of securities to more than 49 and up to 200 investors in a financial year

SEBI, *vide* circular dated 31 December 2015, had prescribed the procedures to deal with cases prior to 01 April 2014 involving offer/allotment of securities to more than 49 up to 200 investors in a financial year.

Click [here](#) for circular dated 31 December 2015.

SEBI has now decided that the certification for compliance with conditions prescribed in aforesaid circular may also be provided by an independent peer reviewed practicing Company Secretary (earlier it

could be certified by peer reviewed practicing Chartered Accountant only).

Click [here](#) for amended circular.

Guidelines for corporate governance for insurers in India

IRDAI has outlined in general terms, governance responsibilities of the Board of Directors in the management of the insurance functions under various Regulations notified by it covering different operational areas. In order to put them together and also in the light of changes brought in by the 2013 Act, the existing guidelines on Corporate Governance practices of insurers have been revised.

These guidelines shall be applicable to all insurers granted registration by the IRDAI except that certain exemptions are provided to reinsurance companies and branches of foreign reinsurers.

The guidelines cover the following major structural elements of Corporate Governance in insurance companies:

- Governance structure
- Board of Directors
- CEO
- Key Management functions
- Role of Appointed Actuaries
- External audit – Appointment of Statutory Auditors
- Disclosures
- Relationship with stakeholders
- Interaction with the Supervisor
- Whistle blower policy

These revised Guidelines shall replace the existing guidelines on Corporate Governance issued by the IRDAI and will be applicable from financial year 2016-17. These guidelines shall also supersede the Guidelines on Reporting of Key Persons dated 09 October 2013 and stipulations regarding appointment of Statutory Auditors issued *vide* circulars dated 25 July 2005 and 22 April 2009.

Click [here](#) for guidelines.

Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin) Regulations

IRDAI has issued following regulations:

- **Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of General Insurance business) Regulations, 2016**

These regulations will be applicable to all the general insurers transacting General Insurance business. These regulations, *inter alia*, provide for statement of admissible assets, statement of the amount of liabilities and statement of solvency margin.

These regulations will be effective from 01 April 2016.

Click [here](#) for regulations.

- **Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance business) Regulations, 2016**

These regulations will apply to all insurers carrying on Life Insurance business. These regulations, *inter alia*, provide for statement of the value of assets, statement of the amount of liabilities and statement of solvency margin.

These regulations will be effective from 01 April 2016.

Click [here](#) for regulations.

Establishment of branch office/liaison office / project office or any other place of business in India by foreign entities

Procedural guidelines

RBI had notified Foreign Exchange Management (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations, 2016 on 31 March 2016. RBI has now issued a circular outlining the procedure for a person resident outside India to open a branch office (BO)/ liaison office (LO)/ project office (PO). This, *inter alia*, includes:

- Eligibility criteria;
- Procedure for applying;
- Issuance of Unique Identification Number ("UIN") by RBI;
- Validity of LO and PO;
- Remittance of profit/ surplus;
- Extension of validity of the approval of LO and PO;

- Annual Activity Certificate by BO/LO/PO;
- Closure of BO/LO/PO and remittance of winding up proceeds;
- Transfer of assets of BO/LO/PO.

Click [here](#) for circular.

Master direction

RBI has issued master direction on 'Establishment of branch office/ liaison office/ project office or any other place of business in India by foreign entities'. This direction consolidates the existing instructions at one place.

Click [here](#) for master direction

Master direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016

RBI has issued the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. These directions will apply to every Scheduled Commercial Bank (excluding an RRB), licensed to operate in India by RBI. These directions, *inter alia*, include following provisions:

I. General guidelines

- Forms of Business;
- Prudential Regulation for Banks' Investments etc.

II. Specific conditions to be complied for financial services undertaken by a Bank

- Equipment Leasing and Hire Purchase Business;
- Factoring Services;
- Mutual Fund Business;
- Agency business etc.

III. Exemptions to be specified by RBI, issuance of interpretations/clarifications and repeal of certain existing instructions/guidelines

These directions will come into force from 26 May 2016.

Click [here](#) for notification.

Review of framework for revitalising distressed assets in the economy and strategic debt restructuring mechanism

RBI had issued Strategic Debt Restructuring Mechanism, Framework to Revitalise the Distressed Assets in the Economy and Revisions to the Guidelines on Restructuring of Advances by Banks to revitalise the stressed assets in the economy. The RBI had also made certain modifications to the framework *vide* circular dated 25 February 2016. It has been decided that the modifications made in the Framework *vide* the above mentioned circular should also be, *mutatis mutandis*, made applicable to NBFCs. Accordingly, RBI has amended following directions:

- Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
- Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015; and
- Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

These directions are amended with immediate effect.

Click [here](#) for notification.

The Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ('2016 Code') has received the assent of the President on 28 May 2016.

This Code seeks to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration in the order of priority of payment of Government dues and to establish an Insolvency and Bankruptcy Board of India, and for matters connected therewith or incidental thereto.

The provisions of this Code shall apply to-

- a) Any company incorporated under the 2013 Act or under any previous company law;
- b) Any other company governed by any special Act for the time being in force;
- c) Any LLP incorporated under the LLP Act, 2008;

- d) Such other body incorporated under any law for the time being in force, as the Central Government may, by notification, specify in this behalf; and
- e) Partnership firms and individuals,

in relation to their insolvency, liquidation, voluntary liquidation or bankruptcy, as the case may be.

The 2016 Code will come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Click [here](#) for 2016 Code.



Narrow-scope improvements and practical expedients to ASC 606, Revenue from Contracts with Customers

FASB has issued ASU 2016-12, Revenue from Contracts (ASC 606): Narrow-Scope Improvements and Practical Expedients, to address issues related to assessing collectibility, presentation of sales-taxes and other similar taxes collected, non-cash consideration, and completed contracts and contract modifications at transition. The amendments in ASU 2016-12 also provide a practical expedient for contract modifications when entities transition to the new guidance.

Click [here](#) for ASU.

FASB removes certain SEC staff guidance from codification

FASB has issued ASU 2016-11, which removes the following SEC Staff Observer comments that are codified in ASC 605, Revenue Recognition and ASC 932, *Extractive Activities - Oil and Gas*, upon an entity's adoption of ASC 606, *Revenue from Contracts with Customers*:

- Revenue and expense recognition for freight services in process;
- Accounting for shipping and handling fees and costs;
- Accounting for consideration given by a vendor to a customer (including a reseller of the vendor's products);
- Accounting for gas balancing arrangements (that is, use of the "entitlements method").

Further, the ASU removes the SEC Staff Announcement in relation to "Determining the nature of a host contract related to a hybrid instrument issued in the form of a share".

Click [here](#) for ASU.

Proposed/Exposure Drafts



SEBI Board meeting decisions

The SEBI Board took certain decisions in its meeting, which, *inter alia*, include the following:

- **Dividend distribution policy for listed companies**

SEBI has approved the proposal for the top 500 listed companies (basis market capitalisation) to formulate and disclose their dividend distribution policies in the annual reports and on their websites. Such policy may include the circumstances under which their shareholders can or cannot expect dividend, policy as to how the retained earnings will be utilised, provisions in regard to various classes of shares, the financial parameters and internal and external factors that will be considered while declaring dividends.

Further, when the company proposes to declare dividend on the basis of parameters other than what is stated in such policy or proposes to change its dividend distribution policy, this fact along with the rationale will be required to be disclosed.

- **Amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014**

SEBI has notified the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ('InvIT Regulations') on 26 September 2014. For smoothening the process of registration of InvIT with SEBI and launching of the offer, SEBI has given its approval for bringing out a consultation paper proposing certain changes/ providing clarification in the InvIT Regulations with regard to the following:

- Allowing InvITs to invest in two-level SPV structure;
- Mandatory sponsor holding in InvIT to be reduced to 10% from current requirement of 25% (subject to certain conditions);

- Increase in the number of sponsors from 3 to 5;
- Other operational requirements such as aligning regulations in line with the provisions of the 2013 Act and Securities Contracts (Regulation) Rules, 1957, filing of Project Implementation Agreement at the time of filing of offer document, etc.

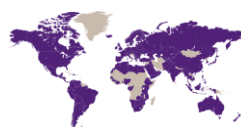
The consultation paper will be placed on SEBI website for seeking public comments.

Click [here](#) for press release.

Legislative framework for regulating deposit taking activities

The Standing Committee on Finance has made a number of observations/ recommendations to strengthen the regulatory framework for unauthorised deposit taking activities. The Government of India had constituted an Inter-Ministerial Group (IMG) for identifying gaps in the existing regulatory framework for deposit taking activities and to suggest administrative/ legislative measures, including formulation of new law, to cover all relevant aspects of 'deposit-taking'. IMG has finalised its report and has recommended a number of legislative and non-legislative measures, including legislation of a comprehensive Central law called the "Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill" ('Banning Bill'). The report of the IMG including the proposed 'Banning Bill' has been placed on the website of the Department of Financial Services, Ministry of Finance, for public comments.

Click [here](#) for banning bill and report.



IASB confirms amendments to current insurance contracts standard

IASB in its meeting held in May 2016 confirmed that it will amend the current insurance contracts Standard, IFRS 4. These amendments will be made to address issues that may arise from implementing the new financial instruments Standard, IFRS 9 before implementing the new insurance contracts Standard which will replace IFRS 4.

IASB has confirmed that it will issue amendments to IFRS 4 that will give:

- companies, that issue insurance contracts, the option to remove from profit or loss the volatility that may be caused by certain changes in the measurement of financial assets when applying IFRS 9 before the new insurance contracts Standard; and
- companies, whose predominant activities are insurance-related, an optional temporary exemption from applying IFRS 9 until 2021.

Click [here](#) for press release.

Proposed ASU on accounting for goodwill impairment

FASB issued proposed ASU, Simplifying the Accounting for Goodwill Impairment, which primarily addresses the subsequent measurement of goodwill under ASC 350-20, Intangibles – Goodwill and Other. The proposal aims to simplify the goodwill impairment test by removing Step 2, which is applied under the existing guidance when either (1) the carrying amount of a reporting unit exceeds its fair value under Step 1, or (2) a reporting unit with a zero or negative carrying amount fails the qualitative impairment test. The ASU has been issued for comments.

The last date for submission of comments is 11 July 2016.

Click [here](#) for exposure draft.

PCAOB issued revised proposal of the auditor reporting standard

The PCAOB has issued a revised proposal of the auditor reporting standard, The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, and related amendments to certain other PCAOB standards. The revised proposal seeks to enhance the form and content of the report to make it more relevant and informative to investors and other financial statement users. The auditor's report would include a description of 'critical audit matters'. The proposed standard and related amendment have been issued for public comments.

The last date for submission of comments is 15 August 2016.

Click [here](#) for proposed standard.

Abbreviations used in this publication

ICAI	Institute of Chartered Accountants of India
ASB	Accounting Standards Board
IRDAI	Insurance Regulatory and Development Authority of India
MCA	Ministry of Corporate Affairs
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
PIB	Press Information Bureau
Ind AS	Indian Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
FASB	Financial Accounting Standards Board
ASU	Accounting Standards Update
ASC	Accounting Standards Codification
SEC	U.S. Securities and Exchange Commission
PCAOB	Public Company Accounting Oversight Board

Contact us

NEW DELHI

National Office
Outer Circle
L 41 Connaught
Circus
New Delhi 110001
T +91 11 4278 7070

AHMEDABAD

BSQUARE
Managed Offices,
7th Floor, Shree
Krishna Centre, Nr.
Mithakali Six Roads,
Navrangpura,
Ahmedabad 380009
T +91 76000 01620

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib,
Bagmane Tech Park, C V
Raman Nagar,
Bengaluru – 560093
T+91 80 4243 0700

CHANDIGARH

B-406A, 4th Floor,
L&T Elante office
Industrial area,
Phase-I
Chandigarh 160002
T +91 172 4338 000

CHENNAI

Arihant Nitco Park,
6th Floor
No.90, Dr.
Radhakrishnan Salai
Mylapore
Chennai 600004
T +91 44 4294 0000

GURGAON

21st Floor, DLF
Square
Jacaranda Marg
DLF Phase II
Gurgaon 122002
T +91 124 462 8000

HYDERABAD

7th Floor, Block III
White House
Kundan Bagh,
Begumpet
Hyderabad 500016
T +91 40 6630 8200

KOCHI

7th Floor, Modayil Centre
Point,
Warriam road junction,
M.G.Road,
Kochi 682016
T +91 484 406 4541

KOLKATA

10C Hungerford
Street
5th Floor
Kolkata 700017
T +91 33 4050 8000

MUMBAI

16th Floor, Tower II
Indiabulls Finance
Centre
SB Marg,
Elphinstone (W)
Mumbai 400013
T +91 22 6626 2600

MUMBAI

9th Floor, Classic
Pentagon,
Nr Bisleri, Western
Express Highway,
Andheri (E)
Mumbai 400099
T +91 22 6176 7800

NOIDA

Plot No. 19A, 7th
Floor
Sector – 16A,
Noida 201301
T +91 120 7109 001

PUNE

401 Century Arcade
Narangi Baug Road
Off Boat Club Road
Pune 411001
T +91 20 4105 7000

For more information or for any queries, write to us at contact@in.gt.com



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