

Monthly GAAP Bulletin

November 2021





Introduction

Dear reader,

Grant Thornton Bharat is delighted to present Monthly GAAP Bulletin, which 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.

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A. India updates - Effective

a. Regulatory updates



A. India updates - Effective

a. Regulatory updates Companies Act updates

1. Extension of last date of filing of Cost Audit Report

Rule 6(5) of Companies (Cost Records and Audit) Rules, 2015 requires every cost auditor who conducts an audit of the cost records of a company, to submit the cost audit report to the Board of Directors of the company within a period of 180 days from the closure of the financial year to which the report relates.

The Ministry of Corporate Affairs (MCA) had earlier extended the last date of filing of cost audit report to the Board of Directors for the financial year 2020-21 till 31 October 2021.

Consequently, the cost audit report for the financial year ended on 31 March 2021 can be filed (in e-form CRA-4) within 30 days from the date of receipt of the copy of the cost audit report by the company.

Click [here](#) for the circular dated 27 September 2021.

B. India updates - Proposed

MCA has, vide its notification dated 29 October 2021, extended the last date of filing of cost audit report for the financial year 2020-21 by another month, i.e., till 30 November 2021. Accordingly, deadline for filing e-form CRA 4 will also extend by a month.

Click [here](#) for the circular.

2. MCA relaxes filing of certain e-forms without levy of additional fees

Additional fees for filing of Form 8 (Statement of Account and Solvency) by LLPs

MCA vide its circular dated 26 October 2021 has granted extension to LLPs for filing of e-Form 8 (Statement of Account and Solvency) by two months i.e., from 30 October 2021 to 30 December 2021 without payment of any additional fees.

Click [here](#) for the circular.

Additional fees for filing of annual financial statements

MCA vide its circular dated 29 October 2021, granted relaxation on levy of additional fees for filings of annual financial statement required to be done for the financial year ended 31 March 2021, by deciding that no additional fees shall be levied up to 31 December 2021 for the filing of following e-forms:

C. International updates – Effective

- AOC-4 forms: Form for filing financial statement and other documents with the Registrar.
- MGT-7/MGT 7A: Form for filing annual return by a company/ OPCs and Small company.

Click [here](#) for the circular.

SEBI updates

1. Revised formats for filing quarterly financial information under Regulation 52 of LODR regulations

Pursuant to the amendments in Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (LODR Regulations) vide the notification dated 7 September 2021 - click [here](#) for amendment notification dated 7 September 2021, SEBI, vide its notification dated 5 October 2021, has now prescribed the format for filing quarterly financial information under Regulation 52 for entities with listed non-convertible securities. Further, SEBI has inter-alia also clarified that comparative financial information is not required to be presented for the four quarters ended 30 September 2020, 31 December 2020, 31 March 2021 and 30 June 2021 in case where financial results were not prepared by the listed entity for such periods.

Click [here](#) for circular uploaded.

Further, SEBI, vide its notification dated 14 October 2021, has also prescribed the reporting format for limited review reports and audit reports for quarterly/ half- yearly and



A. India updates - Effective

annual reporting to be issued by the auditors of the debt listed entities under Regulation 52 of LODR regulations as follows:

- Limited Review Report for quarterly standalone financial results for entities other than banks and NBFCs
- Limited Review Report for quarterly standalone financial results for banks and NBFCs
- Audit Report for quarterly standalone financial results for entities other than Banks and NBFCs
- Audit Report for quarterly standalone financial results for Banks and NBFCs
- Audited Annual consolidated financial results for entities other than banks and NBFCs
- Audited Annual consolidated financial results for banks and NBFCs

Click [here](#) for circular

2. SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021

SEBI on 26 October 2021 has published the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 (SEBI ICDR) to amend the SEBI ICDR

B. India updates - Proposed

Regulations, 2018. The amendment has amended the following two conditions mentioned under regulation 6(3) which deals with eligibility requirement for an initial public offer, wherein the company has issued equity shares with superior voting rights (SR equity shares) to its promoters/ founders.

- SR shareholder shall not be part of the promoter group whose collective net worth is more than INR 1000 crores (earlier INR 500 crores).
- SR equity shares should have been issued prior to the filing of Draft Red Herring Prospectus (DRHP) and held for a period of at least 3 months (earlier 6 months) prior to the filing of RHP.

Click [here](#) for the notification.

3. SEBI (Depositories and Participants) Regulations, 2021

SEBI vide notification dated 26 October 2021 amended the SEBI (Depositories and Participants) Regulations, 2018, wherein the audit report required to be submitted by the issuer on a quarterly basis under Regulation 76(1) for the reconciliation of

C. International updates – Effective

total issued share capital has now been permitted to be issued by a practicing Cost Accountant in addition to qualified Chartered Accountant or a practicing Company Secretary. Click [here](#) for the notification.

4. Guiding principles for bringing uniformity in benchmarks of mutual fund schemes

In order to standardise and bring uniformity to the benchmarks of mutual fund schemes, SEBI, on 27 October 2021 issued a two-tiered structure for benchmarking certain categories of Mutual Fund Schemes.

- The first-tier benchmark shall be reflective of the category of the scheme, and
- The second-tier benchmark shall be demonstrative of the investment style /strategy of the fund manager within the category.

The second-tier benchmark is optional and shall be decided by the asset management companies according to investment style /strategy of the index. Click [here](#) for the circular.

Other regulatory updates

1. Revised Regulatory Framework for NBFCs

Reserve Bank of India (RBI) on 22 January 2021 had issued a discussion paper titled 'Revised Regulatory Framework for non-banking financial companies (NBFCs) - A Scale-Based Approach' (SBR Framework), Click [here](#) for the discussion paper dated 22 January 2021, based on the inputs received, RBI has now introduced a revised scale-based regulatory framework for NBFCs. SBR Framework encompasses different facets of regulations applicable to NBFCs such as covering capital requirements, governance standards, prudential regulation, etc.

This shall be an integrated regulatory framework for NBFCs providing a holistic view of the SBR structure, set of fresh regulations being introduced and respective effective timelines. Detailed guidelines as outlined in the annexure to the aforesaid notification, will be issued subsequently. The revised SBR framework will be effective from 1 October 2022. However, the instructions relating to ceiling on specified IPO funding will be effective from 1 April 2022.

Click [here](#) for the SBR framework.



B. India updates - Proposed

a. Accounting updates

b. Auditing updates

A. India updates - Effective

a. Accounting updates

1. Feedback on post-implementation review of Ind AS 109-classification and measurement

The International Accounting Standards Board (IASB) of IFRS Foundation had requested for information on post-implementation review for 'IFRS 9-Classification and Measurement' from various stakeholders during September 2021 in order to identify whether the Standard provides information that is useful to users of financial statements; whether there are requirements that are difficult to implement and may prevent the consistent implementation of the standard; and whether unexpected costs have arisen in connection with applying or enforcing the standard.

In this regard, the Accounting Standards Board (ASB) of ICAI, vide announcement dated 5 October 2021, has also requested stakeholders to provide their feedback on post-implementation of 'Ind AS 109-classification and measurement' (corresponding to IFRS 9) by 10 December 2021.

Click [here](#) for ICAI's announcement.

Click [here](#) for IASB's publication.

B. India updates - Proposed

b. Auditing updates

1. Exposure drafts of amendments to various engagement and quality control standards and other documents

The Auditing and Assurance Standards Board (AASB) of ICAI has decided to amend certain engagement and quality control standards in order to update the references to various provisions of relevant acts, rules, regulations, accounting standards, and other pronouncements which were prevailing at the time of issuance of these standards and were modified thereafter.

Accordingly, AASB has finalised the exposure drafts for the following:

- Various engagement and quality control standards
- Preface to the standards on quality control, auditing, review, other assurance and related services
- Glossary of terms
- Framework for assurance engagements

Last date for comments is 7 December 2021
Click [here](#) for ICAI's announcement.

C. International updates – Effective





C. International updates - Effective

a. Auditing updates

b. US GAAP updates

A. India updates - Effective

a. Auditing updates

1. PCAOB issues Staff Guidance on audit evidence from other sources

Public Company Accounting Oversight Board (PCAOB) issues 'Staff Guidance: Insights for Auditors' on matters to be considered by auditors while assessing the relevance and reliability of information from external sources to use as audit evidence.

In addition, the guidance emphasises the relationship between the quality and quantity of audit evidence.

Click [here](#) for the staff guidance.

B. India updates - Proposed

b. US GAAP updates

1. FASB provides new private company practical expedient

The Financial Accounting Standards Board (FASB) on 25 October 2021 issued an Accounting Standards Update (ASU) to improve an area of financial reporting for private companies that issue equity-classified share-based awards.

The ASU 2021-07, provides private companies the option to elect a practical expedient to determine the current price input of equity-classified share-based awards issued as compensation using the reasonable application of a reasonable valuation method.

Click [here](#) for media advisory.

Click [here](#) for ASU.

C. International updates – Effective

2. New FASB standard improves consistency in accounting for acquired revenue contracts with customers in a business combination

FASB on 28 October 2021 issued an ASU that addresses diversity in practice related to the accounting for revenue contracts with customers acquired in a business combination.

Under current Generally Accepted Accounting Principles (GAAP), an acquirer generally recognises assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers and other similar contracts that are accounted for in accordance with Topic 606, Revenue from Contracts with customers, at fair value on the acquisition date.

The ASU 2021-08 improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in a business combination and revenue contracts with customers not acquired in a business combination. Click [here](#) for the media advisory. Click [here](#) for the ASU.



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