

Monthly GAAP Bulletin

August 2021





Introduction

Dear reader,

Grant Thornton Bharat is delighted to present the Monthly GAAP Bulletin, a publication that summarises significant accounting, auditing and related updates. This publication has been compiled to meet the needs of dynamic Indian businesses and focuses on the 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 July 2021. Following is the index of updates:





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a. Regulatory updates



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a. Regulatory updates

Companies Act updates

1. Commencement notification of Section 4 of Companies (Amendment) Act, 2020 and Companies (Incorporation) Fifth Amendment Rules, 2021

The Ministry of Corporate Affairs (MCA) vide notification dated 28 September 2020 had issued Companies (Amendment) Act 2020 (Amendment Act). The amendments were to be made effective from the date Central Government notifies it in the Official Gazette.

Click [here](#) for the Amendment Act.

MCA has now notified Section 4 of the Amendment Act with effect from 1 September 2021 which amends Section 16 of the Companies Act, 2013 (the Act) 'Rectification of Name of Company'. As per the amendment in Section 16 of the Act, if a Company is in default in complying with any direction given under Section 16 (1) of the Act, then central government would allot a new name to the company in the manner as may be prescribed.

The MCA, vide notification dated 22 July 2021, has also introduced a new rule, Rule 33A through Companies (Incorporation) Fifth Amendment Rules, 2021 (amended rules) for prescribing provisions for allotment of new name to the existing company under Section 16 (3) of the Act. The provisions of Rule 33 A are also effective from 1 September 2021.

As per Rule 33 A, in case a company fails to change its name or new name, as the case may be, in accordance with the direction issued under Section 16 (1) of the Act within a period of three months from the date of issue of such direction, the letters 'ORDNC' (Order of Regional Director Not Complied), the year of passing of the direction, the serial number and the existing Corporate Identity Number of the company shall become the new name of the company without any further act or deed by the company, and the Registrar shall accordingly make entry of the new name in the register of companies and issue a fresh certificate of incorporation in Form No. INC11C (format of Form No. INC 11C have been prescribed in the notification).

Also, refer to the Institute of Chartered Accountant of India (ICAI) announcement as below for a summary analysis of the impact of aforesaid amendments.

Click [here](#) for MCA notification.

Click [here](#) for amended rules.

Click [here](#) for ICAI announcement.

2. Clarification on spending of CSR funds for COVID-19 vaccination

MCA, vide its circular dated 23 March 2021, had earlier clarified that spending of CSR funds for COVID-19 is an eligible CSR Activity. In view of the continued spread of COVID-19 and in continuation to the aforesaid clarification, the MCA has now, vide its circular dated 30 July 2021, further clarified that spending of CSR funds for COVID-19 vaccination for persons other than the employees and their families is considered to be an eligible CSR activity under item no (i) and (xii) of Schedule VII of the Companies Act, 2013.

Click [here](#) for MCA circular.

SEBI updates

1. Standard operating procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement wherein the listed parent holding company and the listed subsidiary are in the same line of business

Securities and Exchange Board of India (SEBI), vide notification dated June 10, 2021, has notified the amendments made to the SEBI (Delisting of Equity Shares) Regulations, 2021, wherein, in Chapter VI, Part C, and Regulation 37, special provisions for a listed subsidiary company getting delisted through a scheme of arrangement have been inter-alia inserted with respect to a listed holding company and the listed subsidiary company who are in the 'same line of business'.

For the purposes of defining 'same line of business', SEBI has prescribed the following criteria which need to be fulfilled by the listed holding company and the listed subsidiary company:



A. India updates - Effective

- The principal economic activities of both holding company and subsidiary company are under the same group (3-digit numeric code) under the National Industrial Classification Code 2008
- Not less than 50% of revenue from the operations of the listed holding and listed subsidiary company must come from the same line of business as per last audited annual financial results submitted by both the companies in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations)
- Not less than 50% of the net tangible assets of the listed holding and listed subsidiary must have been invested in the same line of business as per last audited annual financial results submitted by both the companies in compliance with SEBI LODR Regulations.
- In case of change of name of the listed entities, within the last one year, at least 50% of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has to be earned by it from the activity indicated by its new name.
- The listed holding company and the listed subsidiary have to provide a self- certification with respect to both the companies being in the same line of business.

B. India updates - Proposed

SEBI further required that all the above-mentioned criteria (i.e. a to e) should be certified by the Statutory Auditor and SEBI Registered Merchant Banker.

Further, the shares of the listed holding company and the subsidiary company should be listed for at least three years and the subsidiary company should be a listed subsidiary of the listed holding company for a period of three years.

Click [here](#) for SEBI circular.

C. International updates – Effective

2. Extension of time for holding the Annual General Meeting (AGM) by top 100 listed entities by market capitalisation

Regulation 44(5) of the SEBI LODR Regulations requires top 100 listed entities by market capitalisation to hold their AGM within a period of five months from the date of closing of the financial year.

However, in view of the prevailing situation due to the COVID-19 pandemic, SEBI has extended the timelines for such entities and hence, these entities can hold their AGM within a period of six months from the date of closing of the financial year for 2020-21.

Click [here](#) for SEBI circular.

D. International updates - Proposed





A. India updates - Effective

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C. International updates – Effective

D. International updates - Proposed

3. Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to COVID-19

In view of the prevailing situation due to COVID-19 pandemic, SEBI has extended the timelines for compliance with the following regulatory requirements of SEBI circular dated 12 November 2020 by debenture trustee for the quarter/half year/year ended 31 March 2021.

Click [here](#) for SEBI circular.

Regulatory requirements of SEBI circular dated 12 November 2020	Current timeline	Extended timeline	Regulatory requirements of SEBI circular dated 12 November 2020	Current timeline	Extended timeline
Submission of reports/certifications to Stock Exchanges as per clause 2.1 of the circular			Disclosures on the website as per clause 4 of circular:		
a. Asset cover certificate		31 August 21	i. Monitoring of asset cover certificate and quarterly compliance report of the listed entity.		
b. A statement of value of pledged securities		31 August 21	ii. Monitoring of utilisation certificate		
c. A statement of value for Debt Service Reserve Account or any other form of security offered		31 August 21	iii. Status of information regarding breach of covenants/terms of the issue, if any action taken by debenture trustee	15 July 21	31 August 21
d. Net worth certificate of guarantor (secured by way of personal guarantee)	15 July 21	31 October 21	iv. Status regarding maintenance of accounts maintained under supervision of debenture trustee		
e. Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)		31 October 21			
f. Valuation report and title search report for the immovable/movable assets, as applicable.		31 October 21			



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SEBI updates

4. SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2021 and SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2021

SEBI has issued SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2021 (InvIT Regulations) and SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2021 (REIT Regulations) to further amend the SEBI (InvIT) Regulations 2014 and SEBI (REITs) Regulations 2014.

The amended regulations, inter alia, provides the following:

- SEBI has lowered the minimum subscription amount from any investor in case of initial offer and follow-on offer, to the range of INR 10,000 to INR 15,000 from earlier amount of INR 1,00,000 and INR 50,000 for InvIT & REIT respectively.
- Trading lot for the purpose of trading of units of the InvIT/REIT may consist of one unit (earlier 100 units).

- New Sub Regulation (3) in Regulation 26B of the InvIT Regulations, has been inserted to provide the minimum number of unit holder in an InvIT, other than the sponsor(s), its related parties and its associates, should be five, together and collectively holding at least 25% of the total units of the InvIT, at all times.

Click [here](#) for InvIT Regulations.

Click [here](#) for REIT Regulations.

5. Continuous disclosures in compliances by REITs and InvITs - Amendments

In order to enhance investor protection and to increase transparency in grievance redressal, SEBI, via circular dated 22 July 2021, has mandated REITs and InvITs to disclose all complaints including SCORES (SEBI Complaints Redress System) complaint received by the REITs and InvITs respectively on their website in the prescribed format and also file with the recognised stock exchange(s), where its units are listed within 21 days from the end of financial year or end of quarter, as the case may be.

Click [here](#) for SEBI circular for REITs.

Click [here](#) for SEBI circular for InvITs.

6. Clarification on Intra-day Net Asset Value (NAV) for transactions in units of Exchange Traded Funds directly with Asset Management Companies

SEBI, vide circular dated 11 October 2006, had prescribed guidelines for applicability of 'closing NAV for the day' in respect of transactions in units of mutual funds schemes. However, this price is not considered relevant for transactions in units of Exchange Traded Funds (ETFs) by Authorised Participants/Large investors directly with AMC(s) as these transactions are based on price at which the securities representing the underlying index or underlying commodity, are purchased or sold.

For such transactions, SEBI, vide circular dated 30 July 2021, has now clarified that 'Intra-day NAV' based on the executed price at which the securities representing the underlying index or underlying commodity(ies) are purchased/sold, would be the applicable price. Appropriate disclosure in this regard shall be provided in the Scheme Information Document, Key Information Memorandum and Common application form. This circular is issued to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Click [here](#) for SEBI circular.



A. India updates - Effective

7. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

SEBI had issued a consultation paper on 8 July 2021 seeking comments on the amendments proposed in SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Issue of Sweat Equity) Regulations, 2002.

Subsequently, on 13 August 2021, SEBI has notified the revised regulations 'Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021' in the official gazette. The revised regulations have been introduced on the request of stakeholders to further streamline and rationalise the provisions of the regulations and make them more robust, in sync with best global practices and ease of doing business.

The revised regulations are effective from the date of publishing in official gazette, that is 13 August 2021 and hereby repeals the erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Issue of Sweat Equity) Regulations, 2002.

Click [here](#) for revised regulations.

B. India updates - Proposed

Other regulatory updates

1. Applicable date of certain deferred provisions of Volume-I of Revised Code of Ethics, 2019

ICAI has announced that the following provisions of Volume-I of Code of Ethics, 2019 (which was earlier deferred owing to prevailing situation due to COVID 19) will now be applicable and effective from 1 April 2022:

- Responding to Non-Compliance with Laws and Regulations [Sections 260 and 360]
- Fees - Relative Size [Paragraphs 410.3 to R410.6]
- Tax Services to Audit Clients [Subsection 604]

Click [here](#) for ICAI announcement.

C. International updates – Effective

2. ICAI publication on 'Relaxations from Regulatory Compliances due to Outbreak of COVID-19 pandemic-Part II'

Considering the various measures taken by the Government for the benefit of corporate sector and the stakeholders, the ICAI had earlier issued "Relaxations from Regulatory Compliances due to Outbreak of COVID-19 pandemic – Part I" (the publication) wherein the array of measures taken by the government has been compiled. In light of the various measures undertaken by the government due to the second wave of COVID-19, the committee has issued part II of this publication covering the period from August 2020 to June 2021. The publication has summed up portion of key relaxations and measures announced by the MCA and SEBI. The publication will facilitate quick and unified reference to all the measures to provide ease of compliance.

Click [here](#) for Part II of the publication.

D. International updates - Proposed

3. ICAI publication on 'Valuation: Professionals' Insight- Series 6'

ICAI has released the sixth series of the publication titled 'Valuation: Professionals' Insight'. This publication like the other five series is a compilation of the articles on various valuation topics written by experts in this field including valuation of debentures, treatment of ESOPs in business valuation, purchase price allocation and intangible asset valuation, start-up valuation, etc.

Click [here](#) for the Publication.



A. India updates - Effective

4. New definition of Micro, Small and Medium Enterprises

The Reserve Bank of India (RBI) vide notification dated 2 July 2020 and 21 August 2020 had announced a revised definition for Micro, Small and Medium Enterprises Sector' (MSMEs). In continuation of said notifications, RBI, vide notification dated 7 July 2021, has further made revision in definition for MSMEs, wherein the RBI has now included the retail and wholesale trades as MSMEs within the said definition for the limited purpose of priority sector lending under the RBI guidelines and allowed them to get themselves registered on Udyam Registration Portal under the specified codes. Further, the enterprises having Udyog Aadhaar Memorandum under the specified codes are now allowed to migrate to Udyam Registration Portal or file Udyam Registration afresh.

Click [here](#) for RBI notification

B. India updates - Proposed

5. Cessation of LIBOR: Transition arrangements

The Financial Conduct Authority, UK, in a press statement dated 5 March 2021 announced that all London Interbank Offered Rate (LIBOR) settings will either cease to be provided by any administrator or no longer be representative. Pursuant to this, RBI, on 8 July 2021, has issued an advisory to banks and other RBI-regulated entities, emphasising the need for preparedness for the transition away from LIBOR, including preparation of the adoption of the Alternative Reference Rates (ARR). The key steps to be taken in this regard include:

- Banks and financial institutions have been advised to cease entering into new financial contracts that reference LIBOR as a benchmark and instead use any widely accepted ARR, as soon as practicable and in any case by 31 December 2021.
- Banks and financial institutions are urged to incorporate robust fallback clauses in all financial contracts that reference LIBOR and the maturity of which is after the announced cessation date of the LIBOR settings.

C. International updates – Effective

- Banks have also been advised to cease using the Mumbai Interbank Forward Outright Rate (MIFOR), a benchmark which references the LIBOR, as soon as practicable and in any event by 31 December 2021. In this context, Financial Benchmarks India Pvt Ltd has started publishing daily adjusted MIFOR rates from 15 June 2021 and modified MIFOR rates from 30 June 2021 which can be used for legacy contracts and fresh contracts respectively.
- Contracts referencing LIBOR/MIFOR may generally be undertaken after 31 December 2021 only for the purpose of managing risks arising out of LIBOR/MIFOR referenced contracts undertaken on or before 31 December 2021.

Click [here](#) for RBI press release.

D. International updates - Proposed

6. Regulatory restrictions on loans and advances by banks

RBI through its master circular dated 1 July 2015 had issued guidelines on statutory and other restrictions on loans and advances by banks. RBI, vide circular dated 23 July 2021, has now revised regulatory restrictions on loans and advances to bank directors and their relatives as follows:

- For personal loans granted to any director of other banks, the threshold of INR 25 lakh, will stand revised to INR 5 crore.
- Unless sanctioned by the Board of Directors/Management Committee, banks should not grant loans and advance aggregating INR 5 crore and above to the specified persons and their relatives.
- The proposals for credit facilities of an amount less than INR 25 lakh or INR 5 crore (as the case may be) to these borrowers may be sanctioned by the appropriate authority in the financing bank under powers vested in such authority, but the matter should be reported to the RBI.
- Further, the terms 'personal loan', 'major shareholder' and 'control' have been defined in the circular by RBI.

Click [here](#) for RBI circular.



A. India updates - Effective

7. The Insolvency and Bankruptcy Code (Amendment) Bill, 2021

The Lok Sabha, on 28 July 2021, has passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2021 (the Bill) which was introduced in the Lok Sabha on 26 July 2021. The Bill replaces the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021, which was promulgated on 4 April 2021.

Considering the recommendations given by Insolvency Law Committee vide its report on 'Pre-Packaged Insolvency Resolution Process' which was released by MCA on 16 July 2021, the Bill introduces an alternate insolvency resolution process for MSMEs, called the pre-packaged insolvency resolution process, which provides a framework in order to provide a speedier, cost effective, semi-formal and less disruptive mechanism for insolvency resolution of MSMEs corporate debtors in distress.

Click [here](#) for the Bill.

Click [here](#) for the Insolvency Law Committee report.

B. India updates - Proposed

8. IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2021

Insolvency and Bankruptcy Board of India (IBBI) has issued IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2021 ('the amended regulations') to amend the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

The amended regulations will apply to every corporate insolvency resolution process ongoing or commencing on or after the date of coming into force of these regulations i.e., 14 July 2021.

The amended regulations, inter alia, provides the following:

- In the amended regulations, an insolvency professional, would be eligible to be appointed as an interim resolution professional (in addition to resolution professional) for a corporate insolvency resolution process (CIRP) of a corporate debtor, if he and all partners and directors of the insolvency professional entity of which he is a partner or director, are independent of the corporate debtor.

C. International updates – Effective

- The amended regulations have allowed the interim resolution professional or the resolution professional, as the case may be, to appoint any professional, in addition to registered valuers to assist him in discharge of his duties in conduct of the corporate insolvency resolution process, if he is of the opinion that the services of such professional are required and such services are not available with the corporate debtor.
- The interim resolution professional or the resolution professional, as the case may be, shall appoint a professional under this regulation on an arm's length basis following an objective and transparent process

Click [here](#) for amended regulations.

D. International updates - Proposed

9. Publications issued by ICAI on various topics under the Insolvency and Bankruptcy Code, 2016

The Institute of Chartered Accountants of India (ICAI) has issued the following publications on various topics under the Insolvency and Bankruptcy Code, 2016 (Code):

- Click [here](#) for Handbook on Resolution Plan under The Insolvency and Bankruptcy Code, 2016 which covers the various facets related to Resolution plan, its implications, the role of Resolution Professional and the Frequently Asked Questions on the same.
- Click [here](#) for Handbook on Personal Guarantors to Corporate Debtors under The Insolvency and Bankruptcy Code, 2016 which provides the understanding of the application and intricacies of the provisions related to personal guarantors under the Code.
- Click [here](#) for Handbook on Corporate Insolvency Resolution Process under The Insolvency and Bankruptcy Code, 2016 which contains a summary of the provisions relating to CIRP under the Code.
- Click [here](#) for Handbook on Moratorium under The Insolvency and Bankruptcy Code, 2016 which covers the stipulations with respect to moratorium under Corporate Insolvency Resolution Process and under Insolvency Resolution Process of Individuals and Partnership firms. It also covers the effects of moratorium and important case laws under the Code on Moratorium.



A. India updates - Effective

B. India updates - Proposed

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D. International updates - Proposed

10. Insurance Regulatory and Development Authority of India (Indian Insurance Companies) (Amendment) Regulations, 2021

Insurance Regulatory and Development Authority of India (IRDAI) has issued IRDAI (Indian Insurance Companies) (Amendment) Regulations, 2021 ('amended regulations'). The objective of these amended regulations is to harmonise the provisions of various regulations applicable to insurance companies with the requirements of Insurance (Amendment) Act, 2021 read with Indian Insurance Companies (Foreign Investment) Rules, 2015.

These amended regulations have come into force on 7 July 2021.

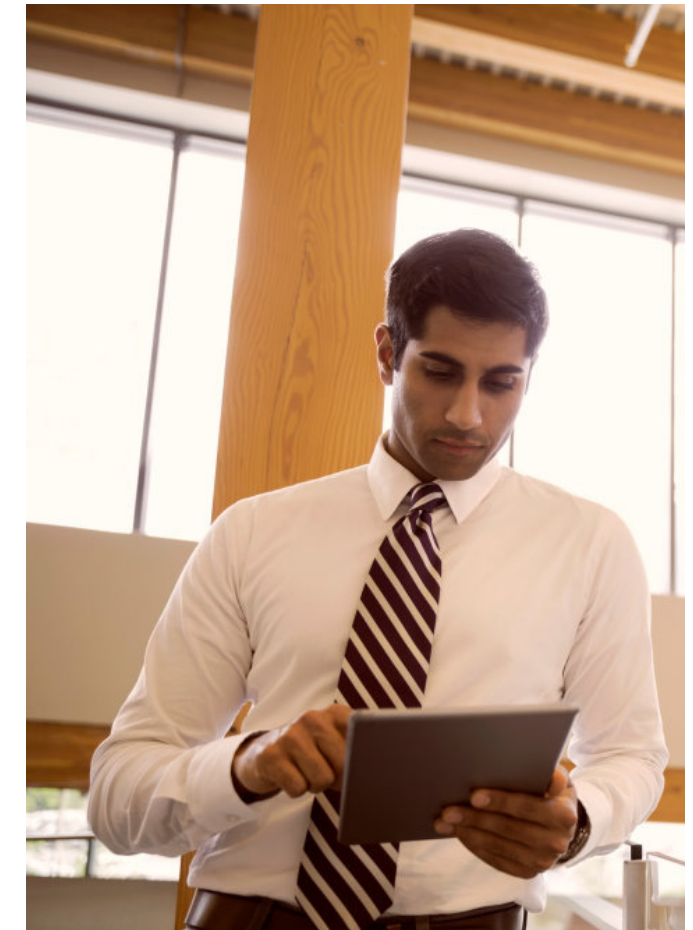
Key amendments introduced in amended regulations includes:

- Requirement of resident Indian citizenship for directors, KMPs etc – In an Indian insurance company with foreign investment
 - Majority of its directors;
 - Majority of its KMPs;
 - At least one among the chairperson of its board, its managing director and its chief executive officer should be Resident Indian Citizens.
- Requirement of foreign investment exceeding 49% - In an Indian insurance company with foreign investment exceeding 49%,
 - For a financial year for which dividend on equity shares and for which at any time the solvency margin is less than 1.2 times the control level of solvency, not less than 50% of the net profit for the financial year should be retained in general reserve; and
 - not less than 50% of its directors shall be independent directors, unless the chairperson of its Board is an independent director, in which case at least one-third of its Board should comprise of independent directors

Consequential amendments have been made in following regulations:

- Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000
- Insurance Regulatory and Development Authority of India (Transfer of Equity Shares of Insurance Companies) Regulations, 2015
- Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies Transacting Life Insurance Business) Regulations, 2015
- Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies Transacting other than Life Insurance Business) Regulations, 2015

Click [here](#) for amended regulations.





B. India updates - Proposed

a. Accounting updates



A. India updates - Effective

B. India updates - Proposed

C. International updates – Effective

D. International updates - Proposed

a. Accounting updates

1. Exposure Draft of AS 102, share-based payments

Accounting Standards Board (ASB) of ICAI has initiated the process of revision of Accountant Standard 102 (AS 102), Share-based payments. While the revised AS 102 has been prepared in accordance with the principles of Ind AS 102, there are some differences between the two standards which have been included in the Appendix 1 of the exposure draft. Key differences relate to transition provisions and share-based payments administered through a trust. Further, ASB has also maintained consistency in the numbering of AS with Ind AS numbering while formulating these standards. Accordingly, ICAI had issued Exposure Draft of the Accounting Standard (AS) 102, Share-based Payments for public comments.

Last date for sending comments was 7 August 2021.

Click [here](#) for exposure draft.

2. Exposure draft of Disclosures of Accounting Policies - Amendments to Ind AS 1, Presentation of Financial Statements

ICAI has issued an exposure draft on 'Disclosures of Accounting Policies - Amendments to Ind AS 1, Presentation of Financial Statements' which requires Companies to disclose their 'material accounting policy information' rather than their 'significant accounting policies'. To assist an entity in determining whether accounting policy information is material to its financial statements the following amendments are proposed to be added to Ind AS 1:

- To clarify that all accounting policy information relating to material transactions, other events or conditions is material.
- To provide examples of circumstances in which an entity would normally conclude that information about an accounting policy is material to its financial statements. The examples listed in paragraph 117B are not exhaustive but would help an entity determine whether accounting policy information is material.

- To explain that entity-specific accounting policy information is more useful to users of financial statements than accounting policy information that is standardised, or that duplicates or summarises the requirements of Ind AS.

Last date for sending comments is 31 August 2021.

Click [here](#) for exposure draft.

3. ICAI - Exposure draft of IFRS Practice Statement - Management Commentary

In May 2021, International Accounting Standard Board (IASB) had issued the exposure draft of revised IFRS Practice Statement - Management Commentary, which is not mandatory in nature. The revised Practice Statement provides comprehensive requirements that focus on information that investors and creditors need and guidance to help management identify that information and present it clearly.

ICAI has now also issued exposure draft of IFRS Practice Statement - Management Commentary and its Basis for Conclusion to provide an opportunity to the various stakeholders in India to raise their concerns at the initial International Standard-setting stage itself.

Last date for sending comments is 1 October 2021.

Click [here](#) for exposure draft.



C. International updates – Effective

a. US GAAP updates



A. India updates - Effective

B. India updates - Proposed

C. International updates – Effective

D. International updates - Proposed

a. US GAAP updates

1. FASB issued ASU 2021-05 - Leases (Topic 842): Lessors - certain leases with variable lease payments

The Financial Accounting Standards Board (FASB), on 19 July 2021, has issued ASU 2021-05 - Leases (Topic 842): Lessors - Certain leases with variable lease payments to amend lessor lease classification requirements. As per ASU 2021-05, a lessor is now required to classify and account for a lease with variable payments as an operating lease if:

- the lease would have been classified as a sales-type lease or a direct financing lease and;
- the lessor would have otherwise recognised a day-one loss.

A day-one loss or profit is not recognised under operating lease accounting. The resulting financial reporting is expected to more faithfully represent the economics underlying the lease and improve the decision usefulness of information provided to the users of financial statements.

Click [here](#) for media advisory.

Click [here](#) for ASU.





D. International updates - Proposed

a. Auditing updates

b. IFRS updates



A. India updates - Effective

B. India updates - Proposed

C. International updates – Effective

D. International updates - Proposed

a. Auditing updates

1. IAASB issued an exposure draft on a new Standard for Audit of Less Complex entities

The International Auditing and Assurance Standards Board (IAASB) has issued an exposure draft on a new Standard for Audit of Less Complex entities to reduce complexity, improve understandability, and make International Standards on Auditing more scalable and proportionate to circumstances of an audit of a less complex entity.

Last date for sending comments is 31 January 2022.

Click [here](#) for exposure draft.

b. IFRS updates

1. IASB decides to extend the comment period for Exposure Draft Disclosure Requirements in IFRS Standards - A Pilot Approach

International Accounting Standards Board (IASB) in March 2021, had issued an exposure draft which proposes to introduce a new approach to develop disclosure requirements and new disclosure requirements for IFRS 13, Fair value measurement, and IAS 19, Employee benefits. This exposure draft proposes to enable companies to enhance their judgement and reduce 'boilerplate' information, giving investors more useful information. The last date for sending comments was 21 October 2021.

In the meeting held on 21 July 2021, IASB has extended the comment period for the Exposure Draft to 12 January 2022.

Click [here](#) for IASB news.

Click [here](#) for exposure draft.





A. India updates - Effective

B. India updates - Proposed

C. International updates – Effective

D. International updates - Proposed

2. IASB proposes reduced disclosure requirements for subsidiaries

IASB has issued an exposure draft on ‘Subsidiaries without Public Accountability: Disclosures’, a new proposed IFRS standard. The proposed IFRS Standard would permit a subsidiary to apply reduced disclosure requirements when applying IFRS Standards in its financial statements provided that:

- the subsidiary does not have public accountability; and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Standards.

The proposal aims to ease financial reporting for subsidiaries while meeting the needs of the users of their financial statements. IASB has tailored the disclosure requirements in the proposed IFRS Standard to meet the needs of financial statement users of subsidiaries without public accountability.

Last date for sending comments is 31 January 2022.

Click [here](#) for IASB news.

Click [here](#) for exposure draft.

3. IASB proposes minor amendment to transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time

IASB has issued an exposure draft on ‘Initial Application of IFRS 17 and IFRS 9-Comparative Information’ which proposed narrow scope amendments to IFRS 17, Insurance Contracts (IFRS 17).

Many insurers will apply IFRS 17 and IFRS 9, Financial Instruments (IFRS 9) for the first time from 2023 for annual reporting and are at an advanced stage of preparing to apply these new Standards. However, some of these insurers have informed the IASB of significant temporary accounting mismatches on initial application of the new Standards that can make the change in accounting more difficult to communicate to investors. These mismatches arise in circumstances when IFRS 9 is not reflected in the accounting for financial assets in the prior periods presented when IFRS 17 and IFRS 9 are first applied.

The Exposure Draft proposes a narrow-scope amendment to the transition requirements in IFRS 17 would enable these insurers to address this issue by giving them an option to present comparative information for certain financial assets in a manner consistent with IFRS 9.

Last date for sending comments is 27 September 2021.

Click [here](#) for IASB news.

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