



# Monthly GAAP Bulletin

May 2020



# 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](mailto:npsg@in.gt.com) with your comments, questions or suggestions.

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# **A. India updates - Effective**

**a. Auditing updates**

**b. Regulatory updates related to COVID-19**

## a. Auditing updates

### 1. Electronic signature for audit reports and certificates

The Institute of Chartered Accountants of India (ICAI) has issued an announcement for using electronic signature on audit reports, all reports issued pursuant to any attestation engagement and certificates, considering relevant provisions of the Information Technology Act, 2000 and the Indian Evidence Act, 1872, which allow use of electronic signatures for authentication of various documents.

It also emphasises that members need to ensure compliance with all requirements related to signature prescribed in the relevant law or regulation, standards on auditing and relevant announcements/clarifications issued by the ICAI on the matter, including requirement to mention Unique Document Identification Number (UDIN).

This announcement has come into force from 13 April 2020.

Click [here](#) for the ICAI announcement.

## b. Regulatory updates

### Companies Act updates

#### 1. Publication: Covid 19 - Regulatory Updates by the ICSI

The Institute of Company Secretaries of India (ICSI) released a publication titled, **Covid 19 - Regulatory Updates**, covering several relief measures announced by the government and various regulators to minimise the impact of COVID-19 on financial markets, taxpayers, investors and other stakeholders.

Click [here](#) for the ICSI publication.

#### 2. Relaxation in holding of annual general meetings (AGMs) by companies

Due to COVID-19 crisis, the Ministry of Corporate Affairs (MCA) has extended the timeline for holding AGMs by companies, whose financial year (FY) (other than first FY) has ended on 31 December 2019, to 30 September 2020.

Further, regulation 44(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires top 100-listed entities by market capitalisation to hold their AGMs, within a period of five months from the date of FY closing. The SEBI has extended this timeline for such entities whose FY ended on 31 December 2019 to 30 September 2020.

These circulars are effective from 21 April 2020 and 23 April 2020 respectively.

Click [here](#) for the MCA Circular.

Click [here](#) for the SEBI Circular.

#### 3. Clarifications on passing of ordinary and special resolutions by companies

The MCA vide circular dated 8 April 2020 and 13 April 2020, has made the following relaxations/clarifications on holding extraordinary general meetings (EGMs).

- All companies can hold EGMs on or before 30 June 2020 through video conferencing/other audio-visual means without compromising on other requirements of the law. The circular lays out detailed procedures for such EGMs, in addition to any other requirement provided in the 2013 Act or rules made thereunder. Such companies will also ensure use of electronic mode for all other compliances associated with provisions of general meetings. These include disclosures, inspection of related documents by members, or authorisations for voting by body corporates etc., as provided in the 2013 Act and the articles of association of the Company.

Click [here](#) for the MCA circular.

- Additional clarifications on the procedures to be followed by the companies for conducting EGMs by adhering to social distancing norms during COVID-19 lockdown till further orders.

Click [here](#) for the clarification.

#### 4. IBBI (Liquidation Process) (Second Amendment) Regulations, 2020 and IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2020

The Insolvency and Bankruptcy Board of India (IBBI) has issued IBBI (Liquidation Process) (Second Amendment) Regulations, 2020 and IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2020. As per the amendment, the timeline for any task/activity in relation to any liquidation process and corporate insolvency resolution process respectively, which was not completed due to the lockdown imposed by the central government in the wake of COVID-19 crisis will not be counted as a non-compliance.

The regulations have come into force on 17 April 2020 and 29 March 2020 respectively.

Click [here](#) and [here](#) for the respective regulations.

#### 5. COVID-19 related FAQs on Corporate Social Responsibility

The MCA has issued **COVID-19 related Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR)** providing clarifications on eligibility of CSR expenditure related to COVID-19 activities.

The FAQs, inter alia, clarify:

- Contribution made to PM CARES Fund will qualify as CSR expenditure under item no (viii) of Schedule VII of the 2013 Act.
- Contribution to Chief Minister's Relief Fund or State Relief Fund for COVID-19 is not included in Schedule VII of the 2013 Act, and therefore any contribution to such funds shall not qualify as CSR expenditure.
- Payment of salary/wages to employees and workers during the lockdown period (including imposition of other social distancing requirements) shall not qualify as CSR expenditure.
- Ex-gratia payment made to temporary/casual workers/daily-wage workers over and above the disbursement of wages, specifically for fighting COVID-19, will be admissible towards CSR expenditure as a one-time exception. However, there should be an explicit declaration by the board of directors of the company duly certified by the statutory auditor.

Click [here](#) for the FAQs.

#### 6. FAQs on Companies Fresh Start Scheme, 2020 and LLP Modified Settlement Scheme, 2020

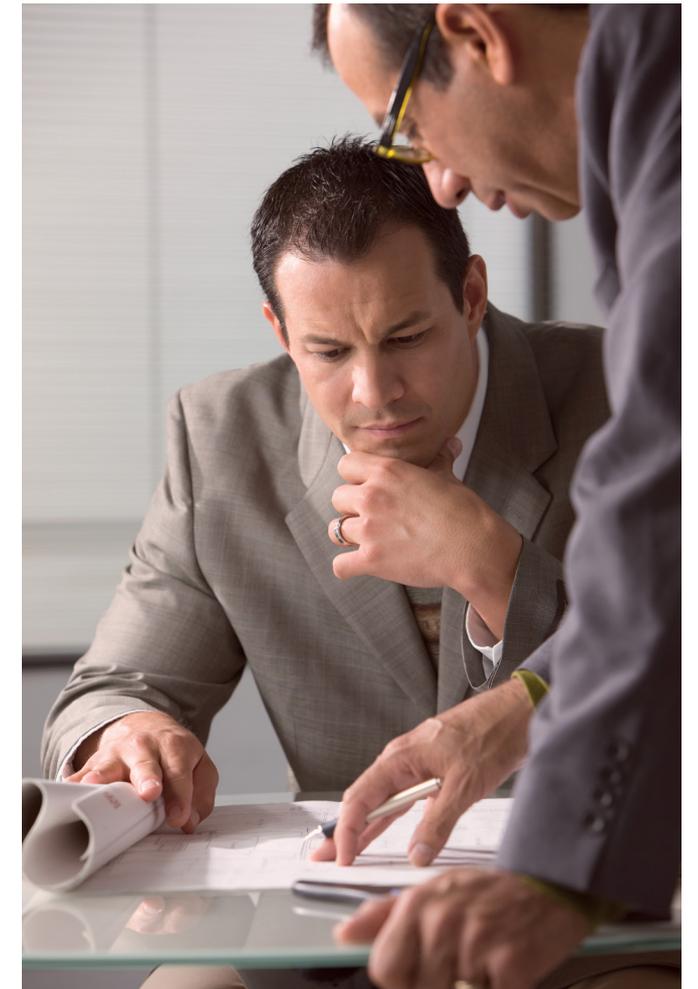
The MCA in its circulars, dated 30 March 2020, had introduced the Companies Fresh Start Scheme (CFSS), 2020 and revised the LLP Settlement Scheme, 2020. The latter was already in vogue to provide a first of its kind opportunity to both companies and LLPs to make a fresh start as a fully compliant entity irrespective of duration of the default.

Click [here](#) for CFSS.

Click [here](#) for modified settlement scheme.

Now, the MCA has issued clarifications through FAQs on the CFSS, 2020 and LLP Modified Settlement Scheme, 2020.

Click [here](#) for FAQs.



## SEBI updates

### 1. Measures to facilitate fund raising from capital markets

In the wake of challenges arising out of COVID-19 and in a bid to improve access to funding to the corporates through capital markets, the SEBI has issued a press release that grants certain temporary relaxations from the regulatory provisions related to rights/public issuances by listed entities, which, inter alia, include:

- Specific relaxations are applicable to fast-track rights issues that open on or before 31 March 2021.
- Flexibility in increasing/decreasing the fresh issue size, without requiring to file fresh draft offer document

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

### 2. Review of provisions under SEBI (Mutual Funds) Regulations, 1996

The SEBI in its circular, dated 24 September 2019, clarified that valuation agencies may not consider the delay in payment of interest/principal or extension of maturity of a security by an issuer as a default for valuation of money market or debt securities held by mutual funds. However, the delay should have been caused due to COVID-19 related nationwide lockdown and/or in light of the moratorium permitted by the Reserve Bank of India (RBI) (notification no. RBI/2019-20/186, dated 27 March 2020) creating temporary operational challenges in servicing debt.

Click [here](#) for the circular.

### 3. Relaxation in compliance with requirements pertaining to mutual funds

The SEBI in its circular no SEBI/HO/IMD/DF3/CIR/P/2020/47 dated 23 March 2020 had temporarily relaxed certain compliance requirements and extended the timelines.

Now, the SEBI circular dated 30 April 2020 has further granted the following relaxations in the provision of SEBI (Mutual Funds) Regulations, 1996:

a. The effective date of implementation for certain policy initiatives have been extended as under:

S. No.	Circular name	Particulars	Extended date
1	Risk management framework for liquid and overnight funds and norms governing investment in short-term deposits dated 20 September 2019	Liquid funds will hold at least 20% of its net assets in liquid assets	30 June 2020
2	Review of investment norms for mutual funds for investment in debt and money market instruments dated 1 October 2019	Existing open-ended mutual fund schemes will comply with the revised limits for sector exposure	30 June 2020
3	Valuation of money market and debt securities dated 24 September 2019	Amortisation-based valuation will be dispensed with and irrespective of residual maturity, all money market and debt securities will be valued in terms of paragraph 1.1.2.2 of the Circular	30 June 2020

b. Timelines for submission of cyber security audit reports as mandated in the SEBI circular dated 10 January 2019 has been extended by two months up to 31 August 2020.

c. Timelines for filing scheme annual reports for the year 2019-20 has been extended by one month up to 31 August 2020.

Click [here](#) for the earlier and [here](#) for the current circular.

#### 4. Relaxation in SEBI (Buy-back of Securities) Regulations, 2018 due to the COVID-19 pandemic

Regulation 24(i)(f) of SEBI (Buy-back of Securities) Regulations, 2018 restricts companies to not raise new capital for a period of one year from the expiry of buyback period, except in discharge of their subsisting obligations.

Considering the current COVID 19 pandemic, to enable relatively quicker access to capital, the SEBI has temporarily reduced the restriction on period, from one year to six months.

This relaxation will be applicable till December 31, 2020. This circular is effective from 23 April 2020.

Click [here](#) for the circular.

#### 5. Relaxations/clarifications from SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI in its circular dated 19 March 2020 and 26 March 2020, had provided relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder. Refer [Monthly GAAP Bulletin - April 2020](#).

SEBI has decided to grant additional relaxations/issue clarifications in the following:

- Timelines for prior intimation to stock exchanges about meetings of the board of directors reduced from five to two days for board meetings that will be held up to 31 July 2020.
- Delayed intimation, beyond stipulated time-period of two days without attracting any penal provisions, to stock exchanges regarding loss of share certificates and issue of duplicate certificates between 1 March 2020 and 31 May 2020.
- Clarification that digital signatures may be used for authentication or certification of any filing/submission made to the stock exchanges until 30 June 2020.
- Extension of relaxations from requirements related to publication of advertisements in newspapers extended to debt-listed entities as well.

This circular has come into force from 17 April 2020.

Click [here](#) for the circular.

#### 6. Relaxation in adherence to prescribed timelines issued by the SEBI due to COVID-19 for registrars to an issue and share transfer agents (RTAs)

The SEBI introduced relaxation to intermediaries/market participants for equivalent period of lockdown declared by the government i.e., 21 days. This was over and above the prescribed time limits for activities/investor requests pertaining to physical securities/compliance or disclosure requirements, as per the annexure given in the circular.

Click [here](#) for the circular.

#### 7. Extension of timeline for compliance with the maximum limit for investment in unlisted NCDs

SEBI, vide its circular dated 1 October 2019, had placed restrictions on mutual funds to invest in unlisted Non-Convertible Debentures (NCDs), except for existing unlisted NCDs which were allowed to be grandfathered till maturity.

SEBI, vide circulars dated 1 October 2019 and 23 March 2020, has now extended the timeline for compliance with the maximum limits for investment in unlisted NCDs (of 15% and 10% of the debt portfolio of the scheme) to 30 September 2020 and 31 December 2020, respectively.

Click [here](#) for the Circular.

## 8. Relaxation in compliance with requirements pertaining to AIFs, VCFs and portfolio managers

In light of the recent market events due to COVID-19 pandemic, SEBI has extended timelines for the following by two months:

- a. Due date for regulatory filings for Alternate Investment Funds (AIFs) and Venture Capital Funds (VCFs) for the periods ending 31 March 2020 and 30 April 2020, over and above the timelines prescribed under SEBI (AIFs) Regulations, 2012 and circulars issued thereunder.
- b. Monthly reporting to the SEBI by portfolio managers for the periods ending 31 March 2020 and 30 April 2020, and applicability of SEBI circular dated 13 February 2020 on Guidelines for Portfolio Managers.

These circulars have come into effect from 30 March 2020.

Click [here](#) for the circular for AIFs and VCFs.

Click [here](#) for the circular for portfolio managers.

## 9. Extension of deadline for implementation of the circular on Stewardship Code for all mutual funds and all categories of AIFs

The SEBI in its circular dated 24 December 2019 had introduced a Stewardship Code for all mutual funds and all categories of AIFs, in relation to their investment in listed equities. The Code was to come into effect from 1 April 2020.

Considering the recent market events due to COVID-19 pandemic, SEBI has now extended the timelines for implementation of the Stewardship Code to 1 July 2020.

Click [here](#) for earlier and [here](#) for the current circular.

## Other updates

### 1. Extension of timeline for review and updation of stewardship policy based on the revised guidelines on Stewardship Code for insurers in India

The Insurance Regulatory and Development Authority of India (IRDAI) had issued revised guidelines on Stewardship Code for insurers in India. As per these guidelines, all the insurers were advised to review and update their existing stewardship policy based on the revised guidelines within three months from the date of issue of the circular, i.e., by 7 May 2020.

Considering the present lockdown owing to COVID-19, the IRDAI has extended these timelines to 31 May 2020.

Click [here](#) for the circular.

### 2. Additional time allowed for filing of regulatory returns by the IRDAI

The IRDAI has allowed additional time for filing the following regulatory returns by insurers and insurance intermediaries as on 31 March 2020 due to COVID-19 crisis:

Period of returns	All insurers	All insurance intermediaries
Monthly returns	15 days	NA
Quarterly	30 days	NA
Half-yearly and yearly returns	30 days	30 days
Cyber security audit	30 days	30 days

The above mentioned time is granted in addition to the time normally available for filing the respective returns.

Click [here](#) and [here](#) for both the circulars.

### 3. Rescheduling of term loans in the context of COVID-19

The RBI had issued directions, dated 27 March 2020, providing moratorium of three months to the borrowers of term loans as COVID-19 crisis emerged. Considering the cash flow problems faced by the borrowers and in line with the RBI directions, the IRDAI has also issued instructions on providing moratorium on repayment of term loans subject to certain conditions specified in the circular.

Click [here](#) for the IRDAI circular.

### 4. Deferment of reporting under clause 30C and clause 44 of the Form No. 3CD

The Central Board of Direct Taxes (CBDT) in its order dated 14 May 2019 had deferred the reporting date under clause 30C [pertaining to General Anti-Avoidance Rules (GAAR)] and clause 44 [pertaining to Goods and Services Tax (GST) compliance] of the tax audit report (i.e., Form No. 3CD) up to 31 March 2020.

Click [here](#) for order dated 14 May 2019.

Now, in view of the prevailing situation due to COVID-19, CBDT has further deferred the effective date for reporting under above mentioned clauses till 31 March 2021.

Click [here](#) for the order.

### 5. Interest subvention and prompt repayment incentive for short-term crop loans during the years 2018-19 and 2019-20

In the wake of COVID-19 pandemic, RBI, vide notification date 21 April 2020, has instructed banks to extend the benefit of interest subvention of 2% and prompt repayment incentive of 3% for short-term crop loans up to INR 3 lakhs available to farmers whose accounts have become due or will become due between 1 March 2020 and 31 May 2020.

Click [here](#) for the RBI notification.

### 6. Restriction on declaration of dividends by banks (Revised)

The RBI, vide its notification dated 17 April 2020, has issued directions that no bank will make any further dividend payouts from the profits pertaining to the FY ending 31 March 2020 until further instructions in light of the COVID-19 pandemic. This restriction will be reassessed by the RBI based on the financial results of banks for the quarter ending 30 September 2020.

Click [here](#) for the notification.



## 7. COVID 19 Regulatory Package - Asset Classification and Provisioning

The RBI had issued a detailed statement on development and regulatory policies on 27 March 2020 which sets out various policies that directly address the stress in financial conditions caused by COVID-19.

Click [here](#) for the press release

The RBI Governor has now announced certain additional regulatory measures on the businesses and financial institutions in India, consistent with the globally coordinated action committed by the Basel Committee on Banking Supervision.

In this regard, the RBI, vide circular dated 17 April 2020, detailed instructions on asset classification and provisioning.

Click [here](#) for the notification.

## 8. Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances - Projects under Implementation

The RBI had issued instructions to banks to synchronise the guidelines for deferment of date of commencement of commercial operations (DCCO) for projects in non-infrastructure and commercial real estate (CRE) sectors, through a notification dated 7 February 2020.

The RBI has now decided to extend the above-mentioned guidelines to non-banking finance companies as well.

Click [here](#) for the notification.

## 9. Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets

The RBI had released the Prudential Framework on Resolution of Stressed Assets (Prudential Framework) on 7 June 2019.

Click [here](#) for the notification.

The RBI has now issued a notification that lists down detailed instructions related to extension of resolution timelines under the Prudential Framework.

Click [here](#) for the notification.



## 10. Export of Goods and Services - Realisation and Repatriation of Export Proceeds - Relaxation

The RBI has increased the period in which full amount of export value of goods or software or services needs to be realised and repatriated to India, from **nine months to 15 months** from the date of export, for the exports made up to or on 31 July 2020, because of COVID-19 pandemic.

Click [here](#) for the notification.

## 11. Submission of regulatory returns - extension of timelines by RBI

The RBI vide notification dated 29 April 2020 has extended timelines for their submission of regulatory returns by the scheduled commercial banks, payments banks and local area banks, all India financial institutions and all co-operative banks to the Department of Regulation, in order to mitigate the difficulties in timely submission of various regulatory returns, due to COVID-19 crisis.

Regulatory returns can be submitted with a delay of up to 30 days from the due date. The extension will be applicable to regulatory returns required to be submitted up to 30 June 2020. List of such returns is annex to the notification as well.

It may be noted that no extension in timeline is permitted for submission of statutory returns i.e., returns prescribed under the Banking Regulation Act, 1949, the RBI Act, 1934 or any other Act (for instance, returns related to CRR/SLR).

Click [here](#) for the notification.



# **B. India updates - Proposed**

**a. Accounting updates**

**b. Regulatory updates**

## a. Accounting updates

### 1. Exposure draft on Guidance Note on applicability of AS 25 and measurement of income tax expense for interim financial results

The ICAI has issued exposure draft on Guidance Note on applicability of AS 25 and measurement of income tax expense for interim financial results (exposure draft).

This exposure draft, inter alia, proposes to deal with the following issues:

- Whether AS 25, interim financial reporting, is applicable to interim financial results presented by an enterprise pursuant to the requirements of a statute/regulator, for example, quarterly financial results presented under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015; and
- The measurement of income tax expense for the purpose of inclusion in the interim financial reports.

Last date for submission of comments is 31 May 2020.

Click [here](#) for the exposure draft.

### 2. Exposure Draft on Guidance Note on accounting by e-commerce and cloud computing companies

The ICAI has issued exposure draft on Guidance Note on accounting by e-commerce and cloud-computing companies (exposure draft) that deals with accounting of above-mentioned companies in certain issues related to revenue and expense recognition.

Last date for submission of comments is 31 May 2020.

Click [here](#) for the exposure draft.

## b. Regulatory updates Companies Act updates

### 1. Extension of last date for submission of comments on Draft Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020

The MCA had invited comments on the draft Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 in its circular dated 13 March 2020

Refer [Monthly GAAP Bulletin - April 2020](#).

Considering the lockdown due to COVID-19 and requests received from various stakeholders, the last date of submitting the comments has been extended from 10 April 2020 to 20 April 2020.

Click [here](#) for the circular.



# **C. International updates – Effective**

**a. IFRS updates**

**b. US GAAP updates**

**c. Auditing updates**

## a. IFRS updates

### 1. Accounting for expected credit losses applying IFRS 9 in the light of current uncertainty resulting from the COVID-19 pandemic

The International Accounting Standards Board (IASB) has published a document regarding the application of IFRS 9, **Financial Instruments**, during the period of enhanced economic uncertainty arising from the COVID-19 pandemic.

It does not change, remove nor add to, the requirements in IFRS 9. It is intended to support the consistent and robust application of IFRS 9.

The document acknowledges that estimating expected credit loss (ECL) on financial instruments is challenging in the current circumstances and highlights the importance of companies using all reasonable and supportable information available - historic, current and forward-looking to the extent possible - when determining whether lifetime losses should be recognised on loans and in measuring ECL.

Click [here](#) for the news.

Click [here](#) for the document.

## b. US GAAP updates

### 1. AICPA Auditing Standards Board formally issues deferral of effective dates

Auditing Standards Board of the American Institute of Certified Public Accountants has issued Statement on Auditing Standards (SAS) 141 that amends the effective dates of following SASs:

- SAS No. 134, **Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements**, as amended
- SAS No. 135, **Omnibus Statement on Auditing Standards - 2019**
- SAS No. 136, **Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, as amended**
- SAS No. 137, **The Auditor's Responsibilities Relating to Other Information Included in Annual Reports**
- SAS No. 138, **Amendments to the Description of the Concept of Materiality**
- SAS No. 139, **Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134**
- SAS No. 140, **Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137**

This SAS delays the effective dates of above-mentioned SAS(s) and the amendments to other SAS(s) made by SAS Nos. 134-140, from 15 December 2020 to 15 December 2021, in order to provide more time for firms to implement these SAS(s) in light of the effect of the coronavirus pandemic.

SAS Nos. 134, 136-137, and 139-140, as originally issued, do not permit early implementation. This SAS amends these SASs to no longer preclude early implementation.

This SAS is effective from date of issuance, i.e., 20 April 2020.

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

Click [here](#) for the Statement on Auditing Standards No. 141.



## c. Auditing updates

### 1. Support material related to technology: Audit documentation when using automated tools and techniques

The International Auditing and Assurance Standards Board (IAASB) has released **non-authoritative** support material related technology for audit documentation when using automated tools and techniques (ATT), such as data analytics, robotics automation processes or artificial intelligence applications. The publication intends to assist auditors in understanding how the use of ATT during an audit engagement may affect the auditor's documentation in accordance with International Standard on Auditing (ISA) 230, Audit Documentation, and the documentation requirements of other relevant ISAs.

Click [here](#) for the news.

Click [here](#) for the support material.

### 2. ISRS 4400 (Revised), Agreed-Upon Procedures Engagements

The IAASB has released International Standard on Related Services (ISRS) 4400 (Revised), **Agreed-Upon Procedures Engagements**. The revised standard and its application material targets to achieve following objectives:

- Consistency in the performance of agreed-upon procedures engagements
- Enhancement relating to, among other matters, the exercise of professional judgement, compliance with independence requirements, engagement acceptance and continuance considerations, using the work of a practitioner's expert, and greater clarity and transparency in the agreed-upon procedures report
- Responding to the needs of stakeholders

ISRS 4400 (Revised) will be effective for agreed upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022.

Click [here](#) for the news.

Click [here](#) for the ISRS 4400 (Revised).

### 3. Conforming amendments to IAASB's international standards as a result of the revised IESBA Code

The IAASB has released amendments to the IAASB's international standards as a result of the recently restructured and revised International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). These conforming amendments aim to align the IAASB's international standards with the revisions to the IESBA Code.

These amendments will be effective as of 15 July 2020.

Click [here](#) for the news.

Click [here](#) for the amendment.

### 4. Staff audit practice alert: Highlighting areas of focus in an evolving audit environment due to the impact of COVID-19

The IAASB has issued a staff audit practice alert highlighting the areas of focus in an evolving audit environment due to the impact of COVID-19. Entities being audited are adjusting to the changing environment related to their businesses and operations, including financial reporting processes, disclosures in financial statements and their ability to maintain operations in the near future. It emphasises that auditors also have to adjust how they obtain sufficient appropriate audit evidence on which to base the audit opinion. Also, auditors may need to revise the identification and assessment of certain risks of material misstatement and change planned audit procedures or **perform alternative or additional audit procedures** as may be appropriate.

This alert includes a list of certain most significant areas that may need to be further considered in designing and performing audit procedures.

Click [here](#) for staff audit practice alert.

# **D. International updates - Proposed**

**a. IFRS updates**

**b. US GAAP updates**

**c. Auditing updates**

## a. IFRS updates

### 1. Exposure Draft - Interest Rate Benchmark Reform-Phase 2: Proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The IASB has issued an exposure draft on proposed amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (exposure draft) to assist companies in providing useful information to investors about the effects of interest rate benchmark reform on financial statements. These proposed amendments aim to address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships because of the reform.

The proposed amendments, inter alia, include:

- **Modifications** - a company will not de-recognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but will instead update the effective interest rate to reflect the change in the interest rate benchmark;
- **Hedge accounting** - a company will not discontinue its hedge accounting solely because of replacing the interest rate benchmark if the hedge meets other hedge accounting criteria; and
- **Disclosures** - a company will disclose information about new risks arising from the interest rate benchmark reform and how it manages the transition to alternative benchmark rates

Last date for submission of comments is 25 May 2020.

Click [here](#) for news.

Click [here](#) for exposure draft.

Further, Accounting Standards Board of the ICAI has also invited comments on the above-mentioned exposure draft.

Last date for submission of comments with the ICAI was 20 May 2020.

Click [here](#) for the announcement inviting comments on exposure draft.

### 2. Exposure Draft - COVID-19 related rent concessions: Proposed amendment to IFRS 16

The IASB has issued an exposure draft on proposed amendments to IFRS 16, Leases, (exposure draft) to provide lessees with practical relief during the COVID-19 pandemic while enabling them to continue providing useful information about their leases to users of financial statements.

The proposed amendment addresses issues affecting the application of IFRS 16 requirements to large volumes of rent concessions granted as a direct consequence of the COVID-19 pandemic during 2020.

The proposed amendment:

- Permits lessees, as a practical expedient, not to assess whether particular COVID-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient will account for those rent concessions as if they were not lease modifications.
- Requires lessees that apply the practical expedient to disclose that fact.

Last date for submission of comments was 8 May 2020.

Click [here](#) for news.

Click [here](#) for exposure draft.

Further, the Accounting Standards Board of the ICAI has also invited comments on the above-mentioned exposure draft with additional question on whether in the Indian context, Ind AS 116, Leases, should be revised based on the final amendments to IFRS 16.

Last date for submission of comments with the ICAI was 5 May 2020.

Click [here](#) for the announcement inviting comments on exposure draft.

### 3. Discussion paper - Business combinations - Disclosures, Goodwill and Impairment

The IASB has published a discussion paper on Business Combinations - Disclosures, Goodwill and Impairment that sets out the IASB's preliminary views on how companies can provide better information so that investors can hold companies to account for acquisitions of other companies. Refer [Monthly GAAP Bulletin - April 2020](#).

Now, Accounting Standards Board of the ICAI has also invited comments on the above-mentioned discussion paper issued by the IASB.

Last date for submission of comments with the ICAI is 30 June 2020.

Click [here](#) for the announcement inviting comments on discussion paper.

## b. US GAAP updates

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

The Financial Accounting Standards Board has issued a proposed Accounting Standards Update (ASU) that would grant one-time deferral of the effective dates for specified entities of the following ASUs:

- ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (Revenue)
- ASU 2016-02, Leases (Topic 842) (Leases)

Last date for submission of comments was 6 May 2020.

Click [here](#) the exposure draft.

### 2. Request for comments - interim analysis of critical audit matter requirements

The Public Company Accounting Oversight Board (PCAOB) is conducting an interim analysis to gain an initial understanding of how auditors responded to the critical audit matter (CAM) requirements, whether and how investors are using CAM communications, and audit committee and preparer experiences.

In this regard, PCAOB has requested for comments on stakeholder's initial experience with CAMs.

Last date for submission of comments is 15 June 2020.

Click [here](#) for the document.

## c. Auditing updates

### 1. Exposure draft on ISA 600 (Revised): Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors) and proposed conforming and consequential amendments to other ISAs

The IAASB has published an exposure draft on International Standard on Auditing (ISA) 600 (Revised), **Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)**.

Last date for submission of comments is 2 October 2020.

Click [here](#) for the news.

Click [here](#) for the exposure draft.



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