



Accounting and Auditing Update

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Foreword

Special Purpose Acquisition Companies (SPACs) commonly referred to as 'blank check companies' have increasingly become popular as a new method of going public by companies. The explosive growth of these entities - which exist solely to acquire other companies has provided another option for sellers, as well as an efficient way for private companies to tap public equity markets. India is also witnessing a growing trend of companies in particular by start-ups and new age technology companies willing to go public through SPAC route like their international counterparts. Capital markets regulator, the Securities and Exchange Board of India (SEBI) has indicated that it would release a framework for SPACs in India. In this edition of Accounting and Auditing Update (AAU), we aim to provide an overview of the SPAC transactions including how they are different from traditional listing i.e. an Initial Public Offer (IPO) and present legal structures in India and related developments. In our upcoming editions, we will cover key accounting, financial reporting and taxation considerations for companies undertaking such transactions.

Recently, the European Securities and Markets Authority (ESMA) has issued certain enforcement

decisions from European Enforcers Coordination Sessions' database on financial statements covering decisions taken by national enforcers in the period from November 2019 to July 2020. The decisions aim to provide issuers and users of financial statements with relevant information on the appropriate and consistent application of International Financial Reporting Standards (IFRS) in the European Economic Area. Some of the key guidance relates to measurement of expected credit loss, identification and depreciation of leased assets, presentation of expenses relating to COVID-19 and classification of current and non-current liabilities in the balance sheet. Our article summarises key guidance provided by ESMA in each of the specific scenarios under IFRS.

To facilitate smooth and sound LIBOR transition by banks and financial institutions in India, the Reserve Bank of India (RBI) has recently, issued a road map and guidelines for LIBOR transition. In accordance with the guidelines, banks/financial institutions are encouraged to cease and also encourage their customers to cease entering into new financial contracts that reference LIBOR as a benchmark and instead use any widely accepted Alternative Reference Rates (ARR) as soon as practicable and in any case by 31 December

2021. RBI has also eased regulatory restrictions relating to loans and advances by banks to directors and related entities. Additionally, certain relaxations have been provided by the Ministry of Corporate Affairs (MCA) and SEBI to companies from various compliances including extension of timeline for conduct of Annual General Meeting by top 100 listed companies for FY2020-21. Our regulatory updates section provides an overview of these and other relevant financial reporting developments in India and internationally.

We would be delighted to receive feedback/ suggestions from you on the topics we should cover in the forthcoming editions of AAU.



Sai Venkateshwaran
Partner - Assurance
KPMG in India



Ruchi Rastogi
Partner - Assurance
KPMG in India

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CHAPTER 1

Knowing SPACs – Latest mode of going public

This article aims to:

Provide an overview of the latest mode of going public – SPAC listing and key considerations for companies undergoing such an arrangement.

Introduction

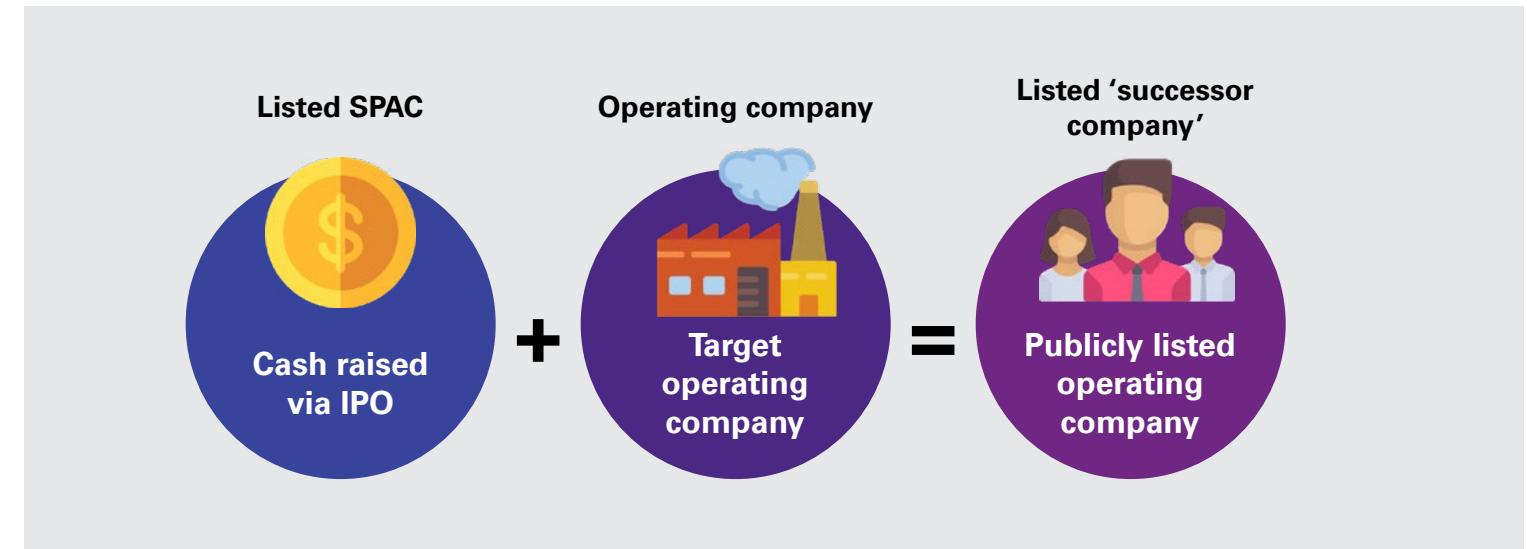
Special Purpose Acquisition Companies (SPACs) commonly referred to as 'blank check companies' have increasingly become popular as a new method of going public by companies internationally. By the end of 2020, SPACs proceedings had surged over 400 per cent year-over-year and have increased exponentially in the first quarter of 2021¹. The explosive growth of these entities - which exist solely to acquire other companies has provided another option for sellers, as well as an efficient way for private companies to tap public equity markets.

SPAC listing in India is expected to be permitted by Indian regulators and hence, it would help Indian companies to get access to liquidity and global public equity markets. Apart from explaining the SPAC structure and key considerations in this article, we have also covered the regulatory developments relating to SPAC listing in India.

How SPAC is different from a traditional Initial Public Offer (IPO)?

Traditionally, a company starts and develops a business. As it grows, it elects to raise capital in the public markets while determining that it has the resources and structures in place for the IPO process. Accordingly, the operating company lists its shares in the recognised stock exchange(s) and becomes public through a traditional IPO.

In a SPAC transaction, the private company becomes publicly traded by merging with a listed shell company - SPAC. Unlike traditional operating company, SPAC does not have an underlying operating business and does not have assets other than cash and limited investments, including the proceeds from the IPO.



(Source: NASDAQ website)

1. 2020 Has Been the Year of SPAC IPOs: Here Are the Prominent 4, Nasdaq article dated 28 December 2020.

A SPAC (operated through a management team - referred as 'sponsors') identifies a prospective company - a specific industry or business that it will target (referred as 'target company') as it seeks to combine with an operating company. A SPAC is not obligated to pursue a target in an identified industry. Once the target is identified by the SPAC, its management negotiates with the operating company. If approved by SPAC shareholders (in cases where a shareholder vote is required), SPAC executes the business

SPACs - Advantages

- Faster execution than an IPO, average time for merger is three-six months
- Upfront price discovery thereby, reducing equity price risk during a volatile market
- Potentially larger capital raise to fuel growth and/or liquidity while maintaining control
- Alignment with industry luminaries and financial engineers to enhance growth and establish credibility
- Lower cost of marketing as SPAC merger does not need to generate interest from investors in public exchanges
- Higher quality sponsors (generally, experienced financial and industrial professionals) attracting larger funding along with broader regulatory acceptance.

combination. The merger of the SPAC and target company (referred as 'de-SPAC') may provide the target company with the capital that it might otherwise raise in a traditional IPO. SPAC shareholders and target shareholders own the now-public operating company after the merger.

Evaluation of a company's route to the public markets should be carefully considered given the relative benefits and costs of a SPAC versus a traditional IPO. Some of the key considerations are as follows:

SPACs – Disadvantages

- Possibility of shareholding dilution as sponsors of the SPAC have a stake in the SPAC through founder shares or promote, as well as warrants to purchase more shares
- Capital shortfall from potential redemption by the initial SPAC investors
- Financial diligence performed at narrower scope which could lead to potential restatements, incorrectly valued businesses or even lawsuits
- Lack of underwriting and comfort letter; SPAC being already public, the target company does not have an underwriter.

What are the specific considerations in a SPAC transaction?

Some of the other specific considerations relating to the SPAC transactions are as follows²:

- **Prospectus and trust account:** While investing in a SPAC, it is important to consider the SPAC's IPO prospectus as well its periodic and current reports filed with the regulatory authorities (in US filed with SEC) pursuant to its ongoing reporting. Further, SPAC IPO proceeds are held in a trust account until the initial business combination or liquidation of the SPAC. The terms of an offering should be carefully evaluated to understand the terms of the trust account and investment of the proceeds from the SPAC IPO.
- **Trading price:** Unlike a traditional IPO, the SPAC IPO price is not based on valuation of an existing business. Therefore, when the units, common stock and warrants begin trading, their market prices may fluctuate, and these fluctuations may bear a little relationship to the ultimate economic success of the SPAC.
- **Period to consummate the initial business combination:** Typically, a SPAC provides for a minimum 18 months and a maximum two-year time period to identify and complete an initial business combination transaction. Shareholders' approval is generally required to extend this time period.

2. What You Need to Know About SPACs, Update Investor Bulletin, The U.S. Securities and Exchange Commission dated 25 May 2021.

- **Books and records and internal control requirements:**

While planning for a business combination, it is important for the target company and the SPAC to consider the following:

- Annual or interim reporting
- Application of the regulatory rules and disclosure requirements, including reporting deadlines and the form and content of financial statements
- Adoption of new accounting standards in the financial statements required in the business combination filing that are not yet effective for the target company.

On the other hand, the combined company will need the necessary expertise, books and records and internal controls to provide reasonable assurance of its timely and reliable financial reporting.

- **Listing considerations post-merger:** In order to remain listed post-merger, the combined entity is required to ensure compliance with quantitative and qualitative listing requirements. The quantitative standards would ensure that the entity has sufficient public float, investor base and trading interest to provide liquidity necessary to promote fair and orderly markets. Material risks relating to delisting could trigger disclosure requirements for the combined entity.

The combined entity would also need to meet qualitative standards regarding corporate governance such as requirement regarding independent board of directors, audit committee consisting of directors with specialised experience, independent director oversight of executive

compensation and a code of conduct applicable to its directors. Therefore, advanced planning by the target company may be necessary to identify, elect, and on-board a newly constituted independent board and audit committee to adequately oversee the preparation and audit of the company's financial statements, books and records and internal controls.

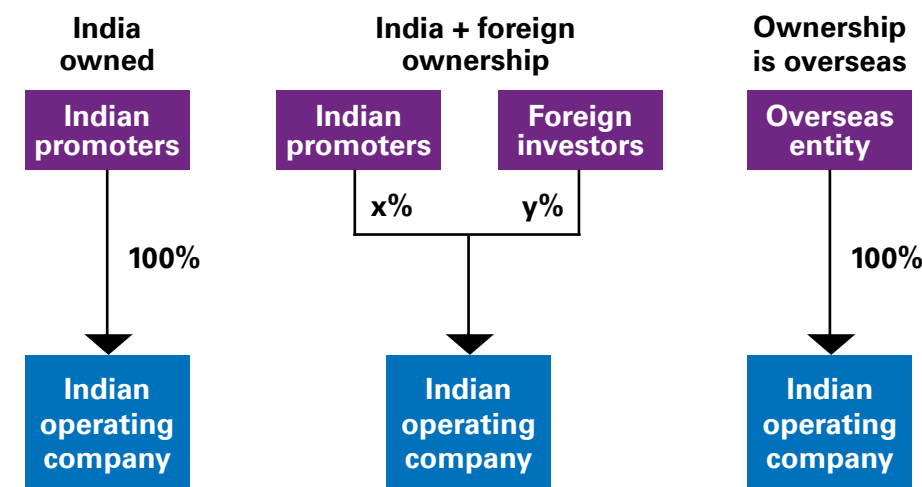
Other key considerations

Traditional IPO is likely to be expensive and could involve time-consuming registrations and disclosures. On the other hand, SPACs, in general involve fewer parties and negotiations. Hence, SPAC route is expected to offer a flexible and faster route for private equity majors and venture capital funds. However, there are certain accounting, financial reporting and disclosure considerations to be evaluated including:

1. Accounting and valuation of financial instruments issued
2. Accounting for acquisition/reverse acquisition
3. Share-based payment arrangements
4. Transactions with multiple targets, combined and carve-outs
5. Presentation issues including capital restructuring, segments, Earnings Per Share (EPS) and subsequent events
6. Audit of operating company's financial statements and other related considerations.

Legal structures in India

Typical legal structures in India can be categorised in the following:



Currently, companies incorporated in India (Indian companies) can access the capital markets outside India through certain routes (e.g. Global Depositary Receipts (GDRs), American Depositary Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs) and Foreign Currency Exchangeable Bonds (FCEBs)) and subject to ensuring compliance with the provisions of the 2013 Act and relevant regulations prescribed by the Securities and Exchange Board of India (SEBI).

On the other hand, companies incorporated outside India (foreign companies) can access the Indian capital markets only through the Indian Depository Receipts (IDRs) framework.

However, the Companies (Amendment) Act, 2020 issued on 30 September 2020 empowered the Central Government to allow certain class of public companies to list classes of securities in foreign jurisdictions³. Accordingly, it would enable domestic companies to list foreign securities without having to undertake a prior or simultaneous listing in India, or alternatively through incorporating foreign holding companies. SEBI has also given its recommendations to the Central Government (CG). Some of the key recommendations include the following:

- Listing would be allowed only on specified stock exchanges in 'permissible jurisdictions' outside India
- Relevant financial reporting requirements of the permissible jurisdictions to be complied with
- Evaluate applicable corporate governance norms of the permissible jurisdictions/India.

3. Rules and operational guidelines yet to be notified.

4. SEBI forms expert group to examine feasibility of SPACs, The Economic Times, 11 March 2021.

5. SEBI plans to come out with framework for SPACs, The Economic Times, 24 June 2021.

6. IFSCA has been established as a unified regulator to develop and regulate financial products, financial services and financial institutions in the International Financial Service Centres (IFSCs) in India.

Other regulatory developments in India

In March 2021, SEBI has formed an expert group to examine the feasibility of introducing SPACs like structures in India⁴. SEBI is also planning to publish a framework for SPACs. Under the framework, SEBI may put in place a separate set of regulations on SPAC, whereby detailed listing rules would be provided for such firms. This would include a minimum threshold size for an IPO⁵.

To keep pace with the evolving global market, the International Financial Services Centers Authority (IFSCA)⁶ has also proposed a framework for capital raising and listing of SPACs on the recognised stock exchanges in IFSCs. In accordance with the proposed framework, a SPAC would be eligible to raise capital through an IPO of specified securities on the recognised stock exchanges in IFSC, only if:

- a. The primary objective of the issuer is to effect a merger or amalgamation or acquisition of shares or assets of a company having business operations
- b. The issuer does not have any operating business.

The offer size has been proposed to be not less than USD50 million and the sponsor will hold at least 20 per cent of the post issue paid up capital.

Therefore, companies in India would need to watch out for the developments in these areas.

Conclusion

India is also witnessing a growing trend of companies in particular by start-ups and new age technology companies willing to go public through SPAC route like their international counterparts. However, to promote this, there is an urgent need on the part of the regulators in India including SEBI and MCA to prescribe adequate guidelines which could govern such kind of transactions. The guidelines should necessarily address the critical risks that could arise while undertaking such transactions such as control and ownership of the combined entity, conflict of interest between sponsors and should also provide clear guidance on related accounting, auditing and financial reporting considerations and disclosure requirements.

On the other hand, companies willing to take this route will also need to identify talents and implement relevant processes which take time. Therefore, it is crucial for them to prepare public company readiness assessment plan in advance that serves as the basis of a timeline and framework for necessary remediation measures.

CHAPTER 2

ESMA enforcement decisions: Guidance on IFRS application issues

This article aims to:

Summarise the key guidance provided by ESMA on application issues under IFRS through its enforcement decisions.

Introduction

The European Securities and Markets Authority (ESMA) organises the European Enforcers Coordination Sessions (EECS), a forum of 38 European enforcers from all European Economic Area (EEA) countries which is responsible for supervision of International Financial Reporting Standards (IFRS). Through EECS, European enforcers discuss and share their experience on the application and enforcement of IFRS. Additionally, EECS produces technical advice on ESMA statements and opinions on accounting matters and reviews accounting practices applied by European issuers to enable ESMA to monitor market developments and practices.

Recently, ESMA has issued an extract¹ from EECS's database of enforcement decisions on financial statements covering decisions taken by national enforcers in the period from November 2019 to July 2020. The decisions aim to provide issuers and users of financial statements with relevant information on the appropriate and consistent application of IFRS² in the EEA. It also intends to inform market participants about which accounting treatments European enforcers may consider as complying with IFRS i.e. whether the treatments considered are within the accepted range of those permitted by IFRS.

We aim to summarise key guidance provided by the enforcers in each of the specific scenarios under IFRS.

Financial Instruments**Measurement of Expected Credit Losses (ECL)**

The enforcer considered a situation wherein an issuer expects to fully recover its trade receivables within six months' delay from the reporting date. Accordingly, the issuer did not recognise an ECL charge in its financial statements. However, the amount of trade receivable and interest for late payment were past due for between eight and 18 months.

Guidance: In accordance with IFRS 9, *Financial Instruments*, an entity should measure ECLs of a financial instrument in a way that reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Further, an entity should adjust historical data, such as credit loss experience, on the basis of current observable data to reflect the effects of the current conditions and its forecasts of future conditions that did not affect the period on which the historic data is based.

Basis above, in the given case, it was concluded that the issuer did not comply with the recognition and measurement requirements of IFRS 9 which

states that an entity should consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Accordingly, an issuer would need to provide a probability-weighted calculation of the trade receivables' ECL as at the reporting date that reflects a range of possible outcomes as required by IFRS 9.

Measurement of purchased credit impaired assets

As per IFRS 9, interest revenue for purchased or originated credit-impaired financial assets (POCI assets) should be calculated using the effective interest method, with the credit-adjusted effective interest rate applied to the amortised cost of the financial asset from initial recognition. The ECLs for these assets should be discounted using the credit-adjusted effective interest rate determined at initial recognition.

Accordingly, an issuer should use credit-adjusted effective interest rate determined at initial recognition to calculate the amortised cost of the purchased credit-impaired assets.

1. 25th Extract from the EECS's Database of Enforcement, ESMA, 15 July 2021.

2. The decisions published are based on the IFRS requirements valid at the time of the IFRS financial statements and may be superseded by subsequent developments in IFRS.

Leases

Identification of a lease

Under IFRS 16, *Leases* to determine whether a contract conveys the right to control the use of an identified asset, a company needs to assess whether the customer has the rights to:

- a. Obtain substantially all the economic benefits from the use of an identified asset
- b. Direct the use of the identified asset throughout the period of use.

Further, an asset can be either explicitly specified in the contract or implicitly specified at the time it is made available for use by the lessee. IFRS 16 also allows a portion of an asset's capacity to be an identified asset if it is physically distinct.

In a given situation, an issuer with projects on development, construction, and operation of wind farms leases plots of land where the wind farms are located. The lease contracts in most of the cases allow the owners of the land to use the parts of the land not constructed by the issuer for other activities to the extent that such use does not interfere with the operations of the lessee. However, the issuer considered that the existence of clauses that allow the landowner to use parts of the land to carry out other activities significantly limited its ability (i) to obtain the economic benefits related to the land and (ii) to control the asset. Accordingly, the issuer concluded that the contracts did not contain a lease and thus, did not comply with the requirements set out in IFRS 16,

Guidance: In the given case, it was concluded that there is an identified portion of an asset, which is physically distinct, consisting

of the part of the land occupied exclusively by the wind turbine (including the air space occupied by the blades). Further, the issuer (lessee) has the right to:

- a. Obtain substantially all the economic benefits from the use of the portion of the land as the land on which the wind turbine is located is exclusively used with the objective of generating wind energy.
- b. Direct the use of the asset as the issuer takes all the important decisions related to the use of the asset during the contract period such as determining the exact location of the windmills and the day-to-day operation of the windmills. Also, the issuer has unlimited access to the leased land in order to repair, ensure maintenance or carry out any other activities that the issuer considers necessary to uphold or to increase the efficiency of the equipment. The landowner does not have the right to object or to change the issuer's operating instructions.

Accordingly, basis above it was concluded that the issuer in the given case is required to apply IFRS 16 to the said transactions.

Depreciation of leased assets and dismantling costs

In a given situation, an issuer entered into a lease agreement to rent land. As per the terms of the agreement, the issuer is obliged to remove the Property, Plant and Equipment (PPE) (e.g., telecommunications equipment) that is being installed on the leased space at the end of the lease.

The issuer capitalised the costs for Asset Removal Obligations (ARO) within the Right-of-Use (RoU) assets and did not capitalise the costs with the item of PPE that is to be dismantled. Further, the issuer used the useful life of the telecommunications licenses

as the depreciation period for ARO and not the estimated terms of the leased lands or the useful life of the telecommunications equipment as it is unable to foresee the dates when each individual telecommunications site would have to be dismantled.

Guidance: As per IFRS 16, the costs of the RoU asset shall comprise an estimate of costs to be incurred by the lessee in dismantling and removing the asset and restoring the underlying asset to the condition required by the terms and conditions of the lease. Accordingly, in the given case, capitalisation of the costs of removing the telecommunications equipment and restoring the leased land as part of the RoU assets is in accordance with IFRS 16.

However, the issuer is required to consider the lease term of its RoU assets for the depreciation of the asset representing the costs of ARO instead of useful life of the telecommunications licenses. The reasons are as follows:

- a. The dismantling obligation is foreseen by the terms and conditions of the lease agreement
- b. The costs for ARO are incurred in relation to the leased land and not in relation to other specific telecommunication equipment, i.e. the issuer could replace the telecommunications equipment without the obligation to dismantle being triggered
- c. The issuer is obliged to restore the land to its original condition when the lease is over and
- d. The depreciation period of the costs for ARO should be aligned with the lease term of the land which is the underlying asset and would also coincide with the reasonably certain period of the lease.

Presentation and disclosures

Expenses related to COVID-19

In a given case, an issuer presented some costs and expenses related to COVID-19 such as, exceptional bonuses of employees, logistic costs including sanitising and protective measures for employees, as non-recurring items. As per the issuer, these costs result from events or transactions that do not relate to the issuer's ordinary activities in view of their nature, frequency or materiality.

Guidance: As per IAS 1, *Presentation of financial statements*, a fair presentation requires an entity to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information. Therefore, the issuer's presentation of COVID-19-related items did not comply with the presentation requirements of IAS 1 for the following reasons:

- COVID-19 impacted more than one line item of the statement of profit and loss and thus, it was not appropriate to isolate some of the costs and expenses in a single line and exclude them from the recurring operating income when other effects, which were positive, were presented in aggregate.
- The explanation provided by the issuer to classify some costs and expenses as linked to COVID-19 was not convincing. For instance, certain employee bonuses were classified by the issuer as COVID-19 related. However, these costs were also linked to an increase of the activity and efficiency of the issuer.
- It was not certain whether the effects of the COVID-19 would be limited to one period and not affect the performance of the issuer in future reporting periods.

Current/non-current liabilities in the balance sheet

In a given situation, an issuer issued debt fully subscribed by a company B, for an amount representing around 30 per cent of the total liabilities of the issuer with repayment due in October 2020. The issuer signed another contract with company B with similar maturity, to develop activities in the area of biotechnology. The issuer considered the two contracts linked as the loan was used to finance the activities and operations foreseen in the second contract.

At the end of 2019, the issuer requested the extension of the term of both contracts (the loan and the development contract) by one year. Company B signed a letter notifying the issuer that the extension of the debt maturity to October 2021 was upon a condition that the issuer formally demonstrated its ability to reimburse the loan at the new maturity date. As at 31 December 2019, company B had not formally validated that the condition set in the letter was met.

Additionally, in December 2019 the issuer signed a preliminary financing term agreement with another company C for an amount that would be sufficient to finance its current operations for two years and the reimbursement of the debt with company B by October 2021.

As company B had representatives on the issuer's board of directors, it was informed of the financial situation, the liquidity, the financial projections of the issuer and the new financing term signed with company C.

The issuer classified the financial liability as a non-current liability as of 31 December 2019.

Guidance: As per IAS 1, if an entity has the right, at the end of the reporting period, to roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current even if it would otherwise be due

within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (e.g., there is no arrangement for refinancing), the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

Basis above, it was concluded that in the given case as of 31 December 2019, the issuer did not have an unconditional right to defer the repayment of the liability for at least 12 months after the reporting date. Further, there was no legal and formal amendment of the debt agreement, or a formal and legally binding acknowledgement of company B that the conditions for extension of the debt maturity were met. The issuer had not signed a definitive, formal and irrevocable contract with company C but a preliminary financing term agreement. Additionally, company B did not formally confirm that the conditions set out in its letter were met as of 31 December 2019. The participation of company B in the issuer's board meetings and its knowledge of the issuer's financial situation did not demonstrate that the liability was no longer due to be settled within 12 months after the end of the reporting period. Moreover, refinancing was not at the discretion of the issuer as a third party investor was involved. Accordingly, the financial liability should be reclassified as current in the financial statements as of 31 December 2019.

Changes in liabilities arising from financial activities

Paragraph 44A of IAS 7, *Statement of Cash Flows*, requires an entity to provide 'disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'.

Further, paragraph 44D of IAS 7 states that 'one way to fulfil the disclosure requirement in paragraph 44A is by providing a reconciliation between the opening and closing balances in the

statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B (e.g. changes in fair values, effect of changes in foreign exchange rates, etc.).

In a given case, an issuer presented a reconciliation of a net financial debt in the notes to the financial statements which included – opening financial debt, total net cash flows movements of the period stemming from operating, investing and financing operations, other non-cash movements in net financial debt and closing net financial debt.

Narrative and quantitative information regarding the nature and amount of the main cash flows arising from financing activities was also disclosed in the notes to the financial statements. For example, dividends paid to the issuer's shareholders, acquisitions and disposals of treasury financial assets, cash payments on acquisitions of non-controlling interests and capital increase, and the nature and amount of the main movements on borrowings and financial debt.

Guidance: It has been concluded that the said disclosures made by the issuer did not fully enable users of financial statements to evaluate changes in liabilities arising from financing activities in accordance with paragraph 44A of IAS 7. The changes in liabilities arising from financing activities should have been disclosed separately and with sufficient details. Further, while disclosing the reconciliation, an entity should ensure that the reconciliation enables investors to link items included in the reconciliation to other items/ amounts included in the financial statements³. Also, the issuer should add a narrative or tabular disclosure detailing the non-cash changes in liabilities arising from financing activities separately from non-cash changes in other assets and liabilities from operating and investing activity.

Forward-looking information and risk factors

In a given situation, the issuer (a bank), in its consolidated financial statements, offsets negative interest paid on financial assets against 'interest income' and positive interest income received from financial liabilities against 'interest expense'. The offset amounts were neither presented separately in the income statement nor disclosed in the notes. Further, the issuer discloses limited information on:

- The use of forward-looking information when determining ECLs
- Its write-off policy, including information on the expectation of recovery and on financial assets that were written off
- How it determines whether the financial asset is credit impaired and
- Its definition of default. The issuer referred to the definition of default in EU regulation no. 575/2013, whereas, according to its definition of credit-impaired financial assets, stage 3 facilities are facilities where the financial asset is non-performing or otherwise credit-impaired.

Guidance

- Effects of negative interest rates:** IAS 1 generally does not permit offsetting income and expenses. IFRS Interpretations Committee (IFRIC) in its agenda decision issued in January 2015 concluded that interest resulting from a negative effective interest rate on a financial asset does not meet the definition of interest revenue, because it reflects a gross outflow, instead of a gross inflow, of economic benefits. Consequently, the expense arising on a financial asset because of a negative effective interest rate should not be presented as interest revenue, but in an appropriate expense classification. Accordingly, issuer in the given case would need to change the presentation of the effects of negative interest

rates in the income statement and to provide further information regarding the amounts of interest expense on financial assets and interest income from financial liabilities in order to comply with the requirements of IAS 1.

- Disclosure on the use of forward-looking information:** Disclosures on the use of forward-looking information when determining ECLs need to be more specific. Disclosures on how the issuer considered macroeconomic variables such as expected GDP growth, number of bankruptcies, unemployment and inflation deemed relevant to enable users to understand the issuer's assessment of ECLs. To enable users to assess the recoverability of claims, the issuer should also provide a company-specific description of its write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity in accordance with IFRS 7, *Financial Instruments: Disclosures*.
- Disclosure on credit impairment:** Disclosures should also cover inputs to the assessment of impairment, the underlying assumptions as well as the estimation techniques used and should demonstrate how the issuer determined that financial assets are credit impaired.
- Definition of default:** The definition deemed too generic. The definition should allow users to understand the effects of credit risk on the amount, timing and uncertainty of future cash flows as required by IFRS 7. In particular, an issuer should disclose how it applies the different default definitions in relation to the various types of financial instruments and the reasons for selecting those definitions.

3. An entity applies judgement in determining the extent to which it disaggregates and explains the changes in liabilities arising from financing activities included in the reconciliation to meet the objective in paragraph 44A of IAS 7 as per IFRS interpretations committee.

Effects of changes in the credit risk related to financial liabilities designated as at FVTPL

While designating financial liabilities as at Fair Value Through Profit or Loss (FVTPL), paragraph 10A of IFRS 7 requires an issuer to disclose the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability. Additionally, an issuer is required to disclose a detailed description of the methods used to comply with the requirements in paragraph 10A in accordance with paragraph 11 of IFRS 7.

Therefore, in a given situation, disclosure of the impact of changes in the credit risk of liabilities designated as at FVTPL and of the methods applied is material information. Disclosure of this information is necessary to assess whether and how changes in the credit risk of the liabilities affect the financial statements.



CHAPTER 3

Regulatory updates

Extension of timeline for holding AGM by top 100 listed entities

Regulation 44(5) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) requires top 100 listed entities (by market capitalisation) to hold their Annual General Meeting (AGM) within a period of **five months** from the date of closing of the Financial Year (FY).

Relaxation

SEBI through a notification dated 23 July 2021 extended the timeline for conduct of AGM by top 100 listed entities. Accordingly, such entities should hold their AGM within a period of **six months** from the date of closing of the FY for 2020-21.

(Source: SEBI circular no. SEBI/HO/CFD/CMD1/P/CIR/2021/602 dated 23 July 2021)

SEBI board meeting

SEBI in its board meeting dated 29 June 2021 took some key decisions pertaining to the following:

Review of regulatory provisions related to Independent Directors (IDs)

SEBI approved certain amendments to LODR relating to regulatory provisions of IDs.

Key amendments are as follows:

- **Appointment/re-appointment and removal of IDs**

- Appointment/re-appointment and removal of IDs shall be through a special resolution of shareholders for all listed entities.
- Shareholders' approval for appointment of all directors including IDs shall be taken at the next general meeting, or within three months of the appointment on the board, whichever is earlier.
- The process to be followed by Nomination and Remuneration Committee (NRC), while selecting candidates for appointment as IDs, has been elaborated and made more transparent including enhanced disclosures regarding the skills required for appointment as an ID and how the proposed candidate fits into that skillset.
- The composition of NRC has been modified to include two-third IDs instead of existing requirement of majority of IDs.

- **Eligibility requirement**

- A cooling-off period of three years has been introduced for Key Managerial Personnel (KMP) (and their relatives) or employees of the promoter group companies, for appointment as an ID.

- Relatives of employees of the company, its holding, subsidiary or associate company have been permitted to become IDs, without the requirement of a cooling off period, in line with the Companies Act, 2013 (2013 Act).

- **Resignation of IDs**

- The entire resignation letter of an ID shall be disclosed along with a list of her/his present directorships and membership in board committees.
- A cooling-off period of one year has been introduced for an ID transitioning to a whole-time director in the same company/holding/subsidiary/associate company or any company belonging to the promoter group.

- **Audit committee:** At least two-third of the members of the audit committee shall be IDs and all related party transactions shall be approved by only IDs on the audit committee.

- **Directors and Officers (D&O) insurance:** The requirement of undertaking D&O insurance has been extended to the top 1,000 listed companies (by market capitalisation).

Effective date: The amendments are effective from 1 January 2022.

Merger of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Non-Convertible Redeemable Preference Shares (NCRPS)) Regulations, 2013 into a single Regulation – SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

Key provisions of the new regulations are as follows:

- Issuers other than unlisted Real Estate Investments Trusts (REITs) and Infrastructure Investment Trusts (InvITs) in existence for less than three years have been facilitated to tap the bond market subject to specified conditions.
- Restriction of not more than four issuances of debt securities in a year through a single shelf prospectus has been removed.
- Requirement for a minimum rating of AA- and minimum tenure of three years for a public issuance of NCRPS has been removed.
- The Electronic Book Provider (EBP) platform has been made mandatory for issuance of eligible securities on a private placement basis proposed to be listed amounting to INR100 crore or above in a FY.

Amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015

To streamline the process of reward payment and to enhance the quantum of reward under the informant mechanism, SEBI has approved certain amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Key amendments are as follows:

- The maximum amount of reward has been increased from INR1 crore to INR10 crore.

- If the total reward payable to the informant is less than or equal to INR1 crore, then the reward may be granted by SEBI, after the final order is issued.
- If the total reward payable to the informant is more than INR1 crore, then an interim reward not exceeding INR1 crore may be granted by SEBI, after the final order is issued. The remaining reward amount will be granted only upon receipt of the monetary sanctions amounting to at least twice the balance of the reward amount payable by SEBI.

Amendments to SEBI (InvIT) Regulations, 2014

- The minimum number of unit holders, other than its sponsor, its related parties and its associates shall be five together holding not less than 25 per cent of the total unit capital of the InvIT.

Amendments to SEBI (InvIT) Regulations, 2014 and SEBI (REIT) Regulations, 2014

- The minimum application value for publicly issued InvITs and REITs has been revised and shall be within the range of INR10,000-15,000 and the revised trading lot shall be of one unit.

(Source: SEBI press release no.22/2021 dated 29 June 2021)

Securities Contracts (Regulations) (Amendment) Rules, 2021

A public company desirous of getting its securities listed on a recognised stock exchange is required to comply with the prescribed minimum offer and allotment to public requirements under the Securities Contracts (Regulations) Rules, 1957.

The Ministry of Finance through a notification dated 18 June 2021 has issued certain amendments to the Securities Contracts (Regulations) Rules, 1957. Those, *inter alia*, include:

- **Minimum public shareholding:** The amendments modified conditions relating to minimum offer and allotment to public as follows:
 - Currently all issuers with the post issue capital (calculated at an offer price above INR4,000 crore) are required to dilute at least 10 per cent to public shareholding. As per the amended requirements, if the post issue capital of the company (calculated at an offer price) is above INR4,000 crore **but less than or equal to INR 1 lakh crore**, then at least 10 per cent of each class or kind of equity shares or debentures convertible into equity shares issued by the company should be the minimum offer and allotment to public in terms of an offer document.
 - (Emphasis added to highlight the change)*
 - The amendment has introduced a new classification if the post issue capital of the company (calculated at an offer prices) is above INR1 lakh crore. In such a case, at least such percentage of each class or kind of equity shares or debentures convertible into equity shares issued by the company equivalent to the value of INR5,000 crore and at least five per cent of each such class or kind of equity shares or debenture convertible into equity shares issued by the company should be the minimum offer and allotment to public.

Such a company should increase its public shareholding to at least 10 per cent within a period of two years and at least 25 per cent within a period of five years, from the date of listing of the securities, in the manner specified by SEBI.

- **Norms for listed companies going through Corporate Insolvency Resolution Process (CIRP):** As per the amendments, during CIRP under the Insolvency and Bankruptcy Code, 2016 (Code), if the public shareholding of the listed companies falls below 10 per cent, they are required to bring the public shareholding to at least 10 per cent within a period of **12 months** (earlier 18 months).

Additionally, every listed company shall maintain public shareholding of at least five per cent as a result of implementation of the resolution plan under the Code.

Effective date: The amendments are effective from the date of their notification in the official gazette i.e., 18 June 2021.

(Source: Ministry of Finance notification no. G.S.R 423(E) dated 18 June 2021)

Standard operating procedure for a listed subsidiary desirous of getting delisted through a scheme of arrangement

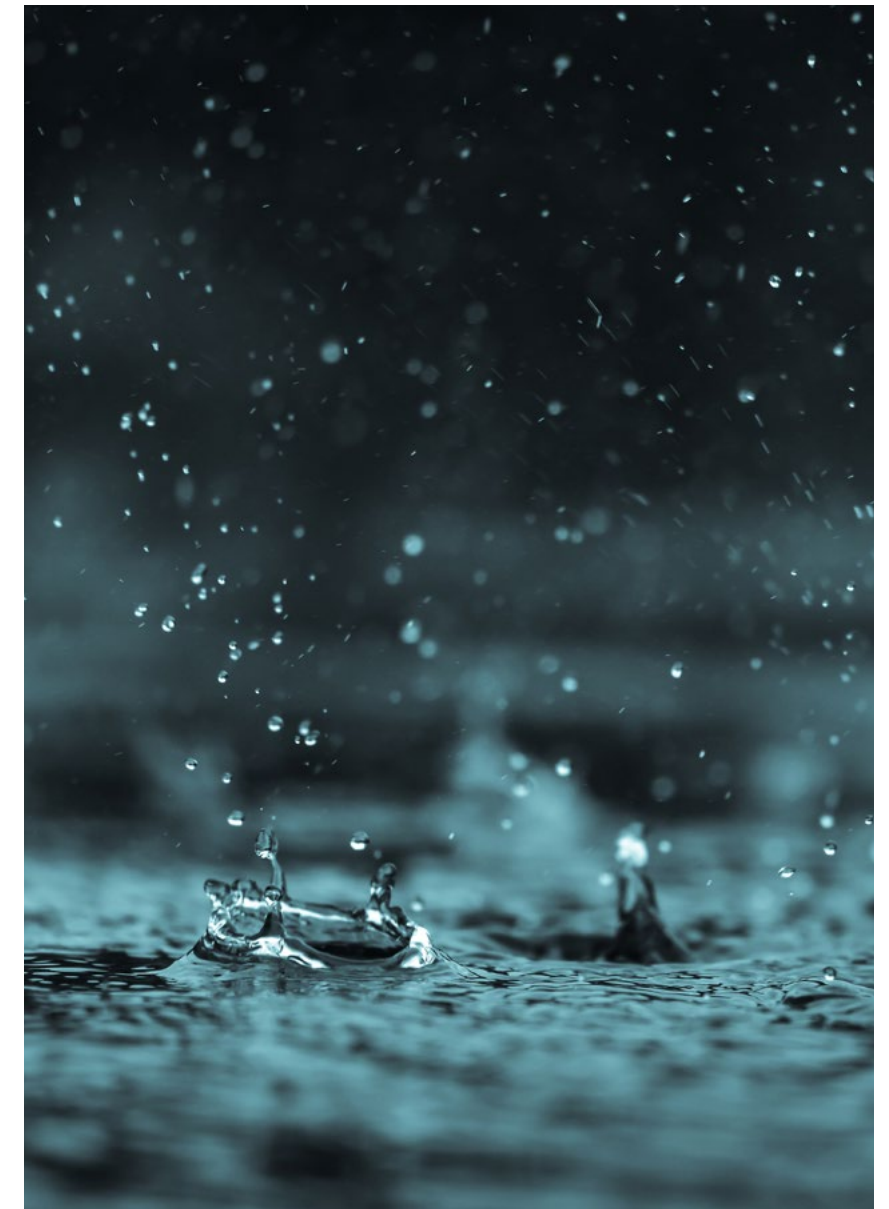
On 10 June 2021, SEBI has notified new regulations namely, SEBI (Delisting of Equity Shares) Regulations, 2021 (Delisting Regulations). Regulation 37 of the Delisting Regulations prescribe special provisions for a subsidiary company getting delisted through a scheme of arrangement wherein the listed holding company and the subsidiary company are in the same line of business.

SEBI through a circular dated 6 July 2021 has defined the following criteria to be fulfilled by the listed holding and listed subsidiary company, for the purpose of qualifying as 'same line of business':

- The principal economic activities of both holding and subsidiary company are under the same group under the National Industrial Classification (NIC) Code 2008.
- At least 50 per cent of revenue from 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 LODR.
- At least 50 per cent of the net tangible assets of the listed holding and listed subsidiary company 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 LODR.
- In case of change in name of the listed entities within last one year, at least 50 per cent 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 indicating its new name.
- Both the entities have to provide a self-certification regarding being in the same line of business.

All the above-mentioned criteria need to be certified by the statutory auditor and SEBI registered merchant banker.

(Source: SEBI circular no. SEBI/HO/CFD/DIL 1/CIR/P/2021/0585 dated 6 July 2021)



Relaxations amid COVID-19

SEBI

SEBI through its circular dated 20 July 2021 has further extended the timelines for compliance with the following regulatory requirements of the SEBI circular dated 12 November 2020 by debenture trustees for the quarter/half-year/year ending 31 March 2021:

Regulatory requirements of SEBI circular dated 12 November 2020	Current timeline	Extended timeline
Submission of reports/certifications to stock exchanges		
Asset cover certificate	15 July 2021	31 August 2021
A statement of value of pledged securities		31 August 2021
A statement of value for Debt Service Reserve Account (DSRA) or any other form of security offered		31 August 2021
Net worth certificate of guarantor (secured by way of personal guarantee)		31 October 2021
Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)		31 October 2021
Valuation report and title search report for the immovable/movable assets, as applicable.		31 October 2021
Disclosures on the website		
i. Monitoring of asset cover certificate and quarterly compliance report of the listed entity	15 July 2021	31 August 2021
ii. Monitoring of utilisation certificate		
iii. Status of information regarding breach of covenants/terms of the issue, if any action taken by debenture trustee		
iv. Status regarding maintenance of accounts maintained under supervision of debenture trustee.		

(Source: SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2021/597 dated 20 July 2021)

MCA

- **No additional fees in filing of certain forms under the 2013 Act/LLP Act, 2008:** MCA has extended the timeline for companies/Limited Liability Partnerships (LLPs) to file certain forms (other than CHG-1, CHG-4 and CHG-9) which were or would be due for filing during 1 April 2021 to 31 July 2021 without payment of additional fee up to 31 August 2021.

(Source: MCA general circular no. 11/2021 dated 30 June 2021)

- **Relaxation of time for filing forms related to creation or modification of charges:** MCA has provided relaxation from filing forms related to creation or modification of charges under the 2013 Act as follows:

a. In case the date of creation/modification of charge is before 1 April 2021, but the timeline for filing such form had not expired under Section 77 of the 2013 Act as on 1 April 2021: The period beginning from 1 April 2021 and ending on 31 July 2021 would be excluded for the purpose of accounting the number of days under Section 77 or Section 78 of the 2013 Act. Accordingly, if the form is not filed within such period, the first day after 31 March 2021 would be reckoned as 1 August 2021 for the purpose of counting the number of days within which the form is required to be filed under Section 77 or Section 78 of the 2013 Act.

b. In case the date of creation/modification of charge is between 1 April 2021 to 31 July 2021: The period beginning from the date of creation/modification of charge to 31 July 2021 would be excluded for the purpose of counting of days under Section 77 or Section 78 of the 2013 Act.

Accordingly, if the form is not filed within such period, the first day after the date of creation/modification of charge would be reckoned as 1 August 2021 for the purpose of counting the number of days within which the form is required to be filed under Section 77 or Section 78 of the 2013 Act.

Further, the Institute of Chartered Accountants of India (ICAI), through an announcement dated 5 July 2021, has issued clarifications in the form of Frequently Asked Questions (FAQs) with respect to relaxation of time for filing forms related to creation/modification of charges under the 2013 Act issued by MCA.

(Source: MCA general circular no 12/2021 dated 30 June 2021 and ICAI FAQ dated 5 July 2021)

CBDT

The Central Board of Direct Taxes (CBDT) through its press release dated 25 June 2021 has announced tax exemption for expenditure on COVID-19 treatment and ex-gratia payment received by family members on death of a person due to COVID-19 from employer or other person. CBDT has also extended the timelines for various compliances under the Income-tax Act, 1961 (IT Act).

Tax exemption

- In respect of the amount received by a taxpayer for medical treatment from employer or from any person for treatment of COVID-19 during FY2019-20 and subsequent years
- In respect of the ex-gratia payment received by family members of a person from the employer of such person (without any limit) or from other person (limited to INR10 lakh in aggregate) on the death of the person on account of COVID-19 during FY2019-20 and subsequent years.

Extension of timelines

Particulars	Due date	Revised timeline
Objections to Dispute Resolution Panel (DRP) and Assessing Officer (AO) under Section 144C of the IT Act	1 June 2021	31 August 2021
Compliances to be made by the taxpayers for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the IT Act	Falls between 1 April 2021 to 29 September 2021	30 September 2021
Statement of deduction of tax for the last quarter of FY2020-21	31 May 2021	15 July 2021
Certificate of Tax Deducted at Source (TDS) in Form No. 16	15 June 2021	31 July 2021
Statement of income paid or credited by an investment fund to its unit holder in Form No. 64D for the Previous Year (PY) 2020-21	15 June 2021	15 July 2021
Statement of income paid or credited by an investment fund to its unit holder in Form No. 64C for the PY2020-21	30 June 2021	31 July 2021
Application under Section 10(23C), 12AB, 35(1)(ii)/(iia)/(iii) and 80G of the IT Act in Form No. 10A/10AB for registration/provisional registration/intimation/approval/provisional approval of Trusts/Institutions/Research Associations., etc.	30 June 2021	31 August 2021
Quarterly statement in Form No.15CC	15 July 2021	31 July 2021
Equalisation Levy Statement in Form No. 1 for FY2020- 21	30 June 2021	31 July 2021
Annual Statement required to be furnished under Section 9A(5) of the IT Act by the eligible investment fund in Form No. 3CEK for the FY2020-21	29 June 2021	31 July 2021
Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ended 30 June 2021	15 July 2021	31 August 2021
Exercising of option to withdraw pending application under Section 245M(1) of the IT Act in Form No. 34BB	27 June 2021	31 July 2021

Timeline for certain compliances which were earlier extended till 30 June 2021 has been further extended as follows:

- **Last date of linking Aadhaar with PAN under Section 139AA of the IT Act:** Extended up to 30 September 2021
- **Last date of payment of amount under Vivad se Vishwas (without additional amount):** Extended up to 31 August 2021
- **Time limit for passing an assessment order:** Extended up to 30 September 2021
- **Time limit for passing penalty order:** Extended up to 30 September 2021
- **Time limit for processing equalisation levy returns:** Extended up to 30 September 2021.

(Source: CBDT press release dated 25 June 2021)

MCA notified amended norms relating to incorporation of companies

Currently, Section 16(1) of the 2013 Act empowers Central Government (CG) to direct a company to change its name¹ in the following situations:

- a. In the opinion of the CG, the name is identical with or too nearly resembles the name by which a company in existence had been previously registered, whether under the 2013 Act or any previous company law
- b. On an application made to the CG by a registered proprietor of a trademark that the name is identical with or too nearly resembles to a registered trademark of such proprietor under the Trade Marks Act, 1999.

Amendment

MCA through a notification dated 22 July 2021 has notified Section 4 of the Companies (Amendment) Act, 2020 effective from 1 September 2021. In accordance with the amendments notified, if a company is in default in complying with any direction given under Section 16(1) of the 2013 Act, CG shall allot a new name to the company in such manner as may be prescribed. The Registrar of Companies (ROC) shall enter the new name in the register of companies in place of the old name and issue a fresh certificate of incorporation with the new name, which the company shall use thereafter.

Related amendment has also been made in the Companies (Incorporation) Rules, 2014 through a notification dated 22 July 2021.

As per the amendment, if a company fails to change its name or new name, as the case may be, in accordance with the direction issued by the CG 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 (CIN) of the company shall become the new name of the company without any further act or deed by the company.

ROC shall accordingly make entry of the new name in the register of companies and issue a fresh certificate of incorporation in Form No.INC-11C.

The notification also provides the format for Form INC-11C - Certificate of Incorporation pursuant to change of name due to Order of Regional Director not being complied.

(Source: MCA notification no. S.O. 2904(E) and G.S.R. 503(E) dated 22 July 2021)

Road map for LIBOR transition

In August 2020, the Reserve Bank of India (RBI) had requested banks to frame a board-approved plan, outlining an assessment of exposures linked to the London Interbank Offered Rate (LIBOR) and the steps to be taken to address risks arising from the cessation of LIBOR, including preparation for the adoption of the Alternative Reference Rates (ARR).

On 8 July 2021, RBI has issued certain guidelines for LIBOR transition as follows:

- Banks/financial institutions are encouraged to cease and also encourage their customers 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/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 respective LIBOR settings.
- Banks are encouraged to cease using the Mumbai Interbank Forward Outright Rate (MIFOR) which references the LIBOR as soon as practicable and in any case by 31 December 2021.

Banks may trade in MIFOR after 31 December 2021 only for certain specific purposes such as transactions executed to support risk management activities such as hedging, required participation in central counterparty procedures (including transactions for hedging the consequent MIFOR exposure), market-making in support of client activities or novation of MIFOR transactions in respect of transactions executed on or before 31 December 2021.

1. On its first registration or on its registration by a new name.

- Banks/financial institutions must undertake a comprehensive review of all direct and indirect LIBOR exposures and put in place a framework to mitigate risks arising from such exposures on account of transitional issues including valuation and contractual clauses.

(Source: RBI notification no. RBI/2021-22/69 dated 8 July 2021)

Regulatory restrictions on loans and advances by banks

RBI through its master circular dated 1 July 2015 has issued guidelines on statutory and other restrictions on loans and advances by banks.

Amendment

On 23 July 2021, RBI has issued certain amendments to the regulatory restrictions contained in the master circular relating to loans and advances by banks. In accordance with the amendments, unless sanctioned by the board of directors/management committee, banks should not grant loans and advances aggregating **INR5 crore and above** (earlier INR25 lakh) to:

- Any relative other than spouse and minor/dependent children of their own chairmen/managing directors or other directors
- Any relative other than spouse and minor/dependent children of the chairman/managing director or other directors of other banks (including directors of scheduled co-operative banks, directors of subsidiaries/trustees of mutual funds/venture capital funds)
- Any firm in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) and (b) above is interested as a partner or guarantor and

- Any company in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) and (b) above is interested as a major shareholder or as a director or as a guarantor or is in control.

(RBI notification no. RBI/2021-22/72 dated 23 July 2021)

Guidance note on accounting for derivative contracts (2021 version)

On 6 July 2021, ICAI has issued a revised guidance note on accounting for derivative contracts consequent to the global developments in respect of Inter-Bank Offered Rates (IBORs) and its impact on the way financial information is accounted for in the financial statements. The revised guidance note addresses the replacement issues relating to hedge accounting arising from IBOR reform.

(Source: Guidance Note on accounting for derivative contracts- Revised 2021 issued by ICAI on 6 July 2021)

IRDAI (Indian Insurance Companies) (Amendment) Regulations, 2021

The Insurance Regulatory and Development Authority of India (IRDAI) on 7 July 2021 has issued the IRDAI (Indian Insurance Companies) (Amendment) Regulations, 2021 to harmonise the provisions of various regulations applicable to insurance companies with Insurance (Amendment) Act, 2021 read with Indian Insurance Companies (Foreign Investment) Rules, 2015 by amending the corresponding regulations.

Key amendments are as follows:

- **Requirement of resident Indian citizenship for directors, KMP, etc.:** In an Indian insurance company with foreign investment, following should be Resident Indian Citizens:
 - A majority of its directors
 - A majority of its KMP, and
 - At least one among the chairperson of its board, its managing director and its Chief Executive Officer.
- **Requirement for foreign investment exceeding 49 per cent:** In an Indian insurance company with foreign investment exceeding 49 per cent, following should be ensured:
 - For a FY for which dividend is paid 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 per cent of the net profit for the FY shall be retained in general reserve and
 - Not less than 50 per cent 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 shall comprise of independent directors.

(Source: IRDAI notification no. F. No. IRDAI/Reg/6/178/2021 dated 7 July 2021)

FASB issued an Accounting Standard Update (ASU) on Topic 842, *Leases*

The Financial Accounting Standards Board (FASB) through an announcement dated 19 July 2021 has issued an Accounting Standards Update (ASU) which is intended to improve an area of the leases guidance related to a lessor's accounting for certain leases with variable lease payments.

Under Topic 842, *Leases*, a lessor may be required to recognise a selling loss at lease commencement (day-one loss) for a sales-type lease with variable payments even if the lessor expects that the arrangement will be profitable overall. This accounting outcome results in financial reporting that does not faithfully represent the underlying economics either at lease commencement or over the lease term.

The ASU amends the lessor lease classification requirements. 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.

Effective date: The amendments are effective for fiscal years beginning after 15 December 2021, for all entities, and interim periods within those fiscal years for public business entities and interim periods within fiscal years beginning after 15 December 2022, for all other entities.

(Source: FASB media advisory dated 19 July 2021)





KPMG in India's IFRS institute

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First Notes



Ind AS amendments including inter-bank offered rate reforms and extension of COVID-19 related rent concession

29 July 2021

In view of the recent amendments to IFRS, and in order to keep the Ind AS converged with IFRS, on 18 June 2021, the Ministry of Corporate Affairs (MCA) issued certain amendments to Ind AS (the 2021 amendments). These amendments have been issued in the following areas:

- Inter-bank Offered Rate (IBOR) related reforms (phase 2 reforms)
- Extension of practical expedient for rent concession
- Amendments consequent to issue of Conceptual Framework for financial reporting under Ind AS
- Other minor/clarificatory updates.

The amendments are effective from annual reporting periods beginning on or after 1 April 2021.

This issue of First Notes aims to provide an overview of the 2021 amendments.



Voices on Reporting (VOR) – Quarterly updates publication

On 21 July 2021, KPMG in India released the VOR - Quarterly updates publication. The publication provides a summary of key updates from the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), the Institute of Chartered Accountants of India (ICAI) and the Reserve Bank of India (RBI) that are expected to be relevant for stakeholders for the quarter ended 30 June 2021.

To access the publication, please click [here](#).



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2nd Floor, Block T2 (B Wing), Lodha Excellus, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai- 400011, Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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