

CA Final-Company and Allied Law

Amendments for Nov-2015 Exam.

Area	Notification / Circular	Effect
Sec.128	NOTIFICATION [F.NO. 1/19/2013-CL- VPART], DATED 16-1- 2015	The notice regarding address at which books of account may be kept shall be in Form AOC-5. (Sec. 128 1st Proviso)
Sec.129 / CFS	NOTIFICATION [F.NO. 1/19/2013-CL- VPART], DATED 16-1- 2015	Rule 6 providing for manner of CFS shall not apply for a company having subsidiary or subsidiaries incorporated outside India only for the financial year commencing on or after 1st April, 2014
Sec.168	NOTIFICATION NO. GSR 42(E) [F.NO. 01/9/2013- CL.V(PARTII)], DATED 19-1- 2015	Provided that in case a company has already filed Form DIR-12 with the Registrar under rule 15, a foreign director of such company resigning from his office may authorise in writing a practising chartered accountant or cost accountant in practice or company secretary in practice or any other resident director of the company to sign Form DIR-11 and file the same on his behalf intimating the reasons for the resignation
CSR Sec. 135	NOTIFICATION No. GSR 43(E)[F.NO. 1/18/2013-CL- VPART], DATED 19-1- 2015	Approved CSR activities can be undertaken through a registered trust/ society/ section 8 companies if they have established track record: The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established under section 8 of the Act by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, or otherwise [Substituted for the words "established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise" w.e.f 19.1.2015]: Provided that – (i) if such trust, society or company is not established by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, [Substituted for the words "not established by the company or its holding or subsidiary or associate company" w.e.f. 19.1.2015]it shall have an

		established track record of three years in undertaking similar programs or projects; (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
Sec.148	GENERAL CIRCULAR NO.2/2015[F.NO.1/40 /2013-CL-VPART], DATED 11-2-2015	Casual vacancy in the office of a Cost Auditor As per Rule 6(3A) any casual vacancy in the office of a cost auditor, whether due to resignation death or removal, shall be filled by the Board of Director, within thirty days of occurrence of such vacancy and the company shall inform the Central Government in Form CRA-2 within thirty days of such appointment of cost auditor.
Small Company – Sec.2(85)	ORDER [F. NO. 1/13/2013-CL.VPART]/ SO 504(E), DATED 13-2-2015	Means a company, other than a public company, – company" (i) Paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees; and [Substituted for "or" by the Companies (Removal of Difficulties) Order, 2015, w.e.f. 13-2-2015]. (ii) Turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees: Provided that nothing in this clause shall apply to – (A) a holding company or a subsidiary company; (B) a company registered under section 8; or (C) a company or body corporate governed by any special Act;
Sec.186	ORDER [F. NO. 1/13/2013-CL.VPART]/ SO 504(E), DATED 13-2-2015	Exemption for the applicability of section 186(1) Section 186(11)(b)(iv) provides that nothing contained in this section, except sub-section (1), shall apply made by a banking company or an insurance company or a housing finance company, making acquisition of securities in the ordinary course of its business [inserted by the Companies (Removal of Difficulties) Order, 2015, w.e.f 13.2.2015]
Sec.133	NOTIFICATION [F.NO.01/01/2009/CL-V(PART)], DATED 16-2-2015	Applicability of Ind AS 1. Any company may comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning on or after 1.4.2015, with the comparatives for the periods ending on 31st March, 2016, or thereafter; 2. The following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods

		beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely: – a) Companies whose <u>equity or debt securities are listed</u> or are in the process of being listed on any stock exchange in India or outside India and having net worth of Rs.500 Crs or more; b) Companies other than above having <u>net worth of Rs.500 Crs</u> or more; c) Holding, subsidiary, joint venture or associate companies of above. 3. The following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending on 31st March, 2017, or thereafter, namely: – a) Companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of Rs.250 crs or more; b) Companies other than above having net worth of Rs.250 Crs or more; c) Holding, subsidiary, joint venture or associate companies of above.
Sec.186	CIRCULAR NO.4/2015 [NO.1/32/2013-CL.V], DATED 10-3-2015	Loans and/or advances made by the companies to their employees, other than the managing or whole time directors (which is governed by section 185) are not governed by the requirements of section 186 of the Companies Act, 2013. This clarification will, however, be applicable if such loans/advances to employees are in accordance with the conditions of service applicable to employees and are also in accordance with the remuneration policy, in cases where such policy is required to be formulated.
Sec.204 Secretarial Audit Report	LETTER, DATED 11-3-2015	A member of the Institute in practice who is entitled to issue Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 and/or to sign/certify an Annual Return pursuant to Section 92 of the Companies Act, 2013 shall be deemed to be guilty of professional misconduct if he/she – Issues Secretarial Audit Report for more than 5 companies in a financial year ; and/or Signs /certifies Annual Return for more than 8 companies in aggregate, in a financial year. However, that in the case of a firm of Company Secretaries, the ceiling of five companies in case of issuance of

		Secretarial Audit report and eighty companies in case of signing/certification of Annual Return would apply to each partner.
Sec.179 / Rule 8	NOTIFICATION NO. GSR 206(E)[F.NO.A-1/32/2013-CL-VPART], DATED 18-3-2015	Powers of the Board: No MGT 14 filing is required for the following resolutions [vide Companies (Meetings of Board and its Powers) Amendment Rules, 2015,MCA Notification Dated 18-3-2015]: - to take note of appointment(s) or removal(s) of one level below the Key Management Personnel - to take note of the disclosure of director's interest and shareholding; - to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid upshare Capital and free reserves of the investee company; - to accept or accept or renew publicdeposits and related matters; - to review or change the terms andconditions of public deposit; - to approve quarterly, half yearly and annual financial statements or financial results as the case may be.
Sec.186	GENERAL CIRCULAR NO.6/2015 [F.NO.5/3/13-CL.V], DATED 9-4-2015	Effective Rate of Interest u/s 186 It is clarified that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, there is no violation of Section 186(7).
Sec.197	GENERAL CIRCULAR 7/2015 [F.NO.1/5/2013-CLV], DATED 10-4-2015	It is clarified that a managerial person of listed companies and its subsidiaries may continue to receive remuneration for his remaining term in accordance with terms and conditions approved by company as per relevant provisions of Schedule XIII of earlier Act (i.e without the permission of CG) even if the part of his/her tenure falls after 1st April, 2014.
CARO 2015	NOTIFICATION NO. SO 990(E) [F.NO.17/45/2015-CL-V], DATED 10-4-2015	Refer Audit Report
Sec. 2(78)	NOTIFICATION NO. SO 1894(E) [F.NO.2/14/2014-CL.V], DATED 24-7-2014	Related Party Definition: Following shall be taken into account A private company in which a director or manager [or his relative] is a member or director; A public company in which a director or manager is a director [and] holds along with his relatives, more than two per cent of its paid-up share capital;

Sec.203	NOTIFICATION NO. SO 1913(E) [F.NO.1/5/2013-CLV], DATED 25-7-2014	An individual shall not be appointed or reappointed as the chairperson of the company, in pursuance of the articles of the company, as well as the managing director or Chief Executive Officer of the company at the same time unless (a) the articles of such a company provide otherwise; or (b) the company does not carry multiple businesses. <u>The following class of companies engaged in multiple businesses can appoint one or more Chief Executive Officers for each such business:-</u> <u>Public companies having paid-up share capital of Rs.100 crs or more and annual turnover of Rs.1000 crs or more</u>
Sec.123 / SchII	NOTIFICATION NO. GSR 627(E) [F.NO.A-17/60/2012-CLV], DATED 29-8-2014	The useful life of an asset shall not ordinarily be different from the useful life specified in Part C and the residual value of an asset shall not be more than five per cent of the original cost of the asset. However where a company adopts a useful life different from what is specified in Part C or uses a residual value different from the limit specified above, the financial statements shall disclose such difference and provide justification in this behalf duly supported by technical advice
Sec.123 / SchII	NOTIFICATION NO. GSR 627(E) [F.NO.A-17/60/2012-CLV], DATED 29-8-2014	Component Cost Approach voluntary for financial year 2014-15 and Mandatory for financial year 2015-16.
Sec.129 (preparation of CFS)	NOTIFICATION NO. GSR 723(E) [F.NO.1/19/2013-CLV-PART], DATED 14-10-2014	<u>Preparation CFS / Relaxation: Rule 6 providing for manner of CFS shall not apply to</u> Preparation of consolidated financial statement by an intermediate wholly-owned subsidiary, other than a wholly-owned subsidiary whose immediate parent is a company incorporated outside India. Subject to any other law or regulation, apply for the financial year commencing from the 1st day of April, 2014 and ending on the 31st March, 2015, in case of a company which does not have a subsidiary or subsidiaries but has one or more associate companies or joint ventures or both, for the consolidation of financial statement in respect of associate companies or joint ventures or both, as the case may be.
Sec.143(3)	NOTIFICATION NO. GSR 722(E) [F.NO.1/33/2013-CLV-PART], DATED 14-10-2014	<u>Audit Reports to state IFC:</u> For the financial years commencing on or after 1st April, 2015, the report of the auditor shall state about existence of adequate internal financial controls system and its operating effectiveness: Provided that auditor of a company may voluntarily

		include the statement referred to in this rule for the financial year commencing on or after 1st April, 2014 and ending on or before 31st March, 2015
Sec.160	GENERAL CIRCULAR NO. 38/2014 [F.NO.1/22/2013-CLV], DATED 14-10-2014	<u>Treatment of Deposit for director appointment made u/s 160 in case of Sec.8 Companies</u> The Board of directors of a section 8 company is to decide as to whether the deposit made by or on behalf of the person failing to secure more than twenty-five per cent of the valid votes is to be forfeited or refunded
Sec.129	GENERAL CIRCULAR NO.39/2014 [NO.4/2/2014-CLI], DATED 14-10-2014	Schedule III to the Act read with the applicable Accounting Standards does not envisage that a company while preparing its CFS merely repeats the disclosures made by it under stand-alone accounts being consolidated. In the CFS, the company would need to give <u>all disclosures relevant for CFS.</u>
Sec. 135	NOTIFICATION NO. GSR 741(E) [F.NO.1/18/2013-CLV], DATED 24-10-2014	Eligible Item u/s 135 <u>"including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation"</u> <u>"including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;</u>

COMPANIES (COST RECORDS AND AUDIT) RULES, 2014 - AS AMENDED

Application of Cost records - Rule 3	♦ For the purposes of section 148(1) of the Companies Act, 2013, the specified class of companies, including foreign companies, engaged in the production of the goods or providing services, having an overall turnover from all its products and services of Rs. 35 Cr. or more during the immediately preceding financial year, shall include cost records for such products or services in their books of account. ♦ A company which is classified as a micro enterprise or a small enterprise under the Micro, Small and Medium Enterprises Development Act, 2006 are exempted from compliance of these provisions. Specified Class of Companies <u>Regulated Sectors</u> Telecommunication, Electricity, Petroleum and Gas, Drugs and Pharma, Fertilizers and Sugar <u>Non-Regulated Sectors</u> Turbo jets, Arms and ammunitions, Steel, Rubber and Allied products, Coffee, tea, Cement etc.
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Applicability for Cost Audit - Rule 4	
Regulated Sector Industries	◆ Cost records are required to be audited if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is Rs. 50 Cr. or more and ◆ The aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is Rs. 25 Cr. or more.
Non-Regulated Sectors	◆ Cost records are required to be audited if the overall annual turnover of the company from all its products and services during the immediately preceding financial year is Rs. 100 Cr. or more and ◆ The aggregate turnover of the individual product or products or service or services for which cost records are required to be maintained under rule 3 is Rs. 35 Cr. or more.
Exemption	The requirement for cost audit under these rules shall not apply to a company which is covered in rule 3; and (i) whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue; or (it) which is operating from a special economic zone
Maintenance of Records - Rule 5	
(1) Every company under these rules including all units and branches thereof, shall, in respect of each of its financial year commencing on or after the 1st day of April, 2014, maintain cost records in form CRA-1. (2) The cost records referred to in sub-rule (1) shall be maintained on regular basis in such manner as to facilitate calculation of per unit cost of production or cost of operations, cost of sales and margin for each of its products and activities for every financial year on monthly or quarterly or half-yearly or annual basis. (3) The cost records shall be maintained in such manner so as to enable the company to exercise, as far as possible, control over the various operations and costs to achieve optimum economies in utilisation of resources and these records shall also provide necessary data which is required to be furnished under these rules.	
Cost Audit - Rule 6	
Appointment of Cost Auditor	Companies required to get the cost records audited, shall within 180 Days of the commencement of every financial year, appoint a cost auditor.
Intimation to Cost auditor and Central Govt.	Company shall inform the cost auditor of his or its appointment as such and file a notice of such appointment with the Central Government within a period of 30 days of the Board meeting in which such appointment is made or within a period of 180 days of the commencement of the financial year, whichever is earlier, through electronic mode, in form CRA-2, along with the specified fee.
Tenure of Cost Auditor	Every cost auditor appointed as such shall continue in such capacity till the expiry of 180 days from the closure of the financial year or till he submits the cost audit report, for the financial year for which he has been appointed.

Filling of Casual Vacancy	◆ Any casual vacancy in the office of a cost auditor, whether due to resignation, death or removal, shall be filled by the BOD within 30 days of occurrence of such vacancy and ◆ the company shall inform the Central Government in Form CRA-2 within thirty days of such appointment of cost auditor.
Submission of Cost Audit report	← Every cost auditor, who conducts an audit of the cost records of a company, shall submit the cost audit report along with his or its reservations or qualifications or observations or suggestions, if any, in form CRA-3. ← Every cost auditor shall forward his report to the Board of Directors of the company within a period of 180 days from the closure of the financial year to which the report relates and the Board of Directors shall consider and examine such report particularly any reservation or qualification contained therein. ← Every company covered under these rules shall, within a period of thirty days from the date of receipt of a copy of the cost audit report, furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein, in form CRA-4 along with specified fees.
Form CRA-1	
	The Form CRA-1 prescribes the form in which cost records shall be maintained. The form categorises the requirement of maintaining proper details as per 30 headings. The headings are as follows: (1) Material Cost, (2) Employee Cost, (3) Utilities, (4) Direct Expenses, (5) Repair and Maintenance, (6) Fixed Assets and Depreciation, (7) Overheads, (8) Administrative Overheads, (9) Transportation Cost, (10) Royalty and Technical Know-how, (11) Research and Development expenses, (12) Quality Control Expenses, (13) Pollution Control Expenses, (14) Service Department Expenses, (15) Packing Expenses, (16) Interest and Financing Charges, (17) Any other item of Cost, (18) Capacity Determination, (19) Work-in-progress and finished stock, (20) Captive Consumption, (21) By-Products and Joint Products, (22) Adjustment of Cost Variances, (23) Reconciliation of Cost and Financial Accounts, (24) Related Party Transactions, (25) Expenses or Incentives on Exports, (26) Production records, (27) Sales records, (28) Cost Statements, (29) Statistical Records, (30) Records of Physical Verification.

Insurance / IRDA

IRDA	Insurance Regulatory and Development Authority has been renamed as "Insurance Regulatory and Development Authority of India"
FDI in Insurance	INDIAN INSURANCE COMPANIES (FOREIGN INVESTMENT) RULES, 2015 No Indian insurance company shall allow the aggregate holdings by way of Total Foreign Investment in its equity shares by Foreign Investors, including portfolio investors, to exceed 49% of the paid up

	equity capital of such Indian Insurance Company. An Indian Insurance Company shall ensure that its ownership and control shall remain at all times in the hands of resident Indian entities. FDI proposals upto 26% of the total paid up equity of the Indian Insurance Company shall be allowed on the automatic route and beyond which upto 49% shall be on the FIPB route. Foreign Portfolio Investment in an Indian Insurance Company shall be governed by FEMA. Any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA. The foreign equity investment cap of 49% shall apply on the same terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and other insurance intermediaries appointed under the provisions of IRDA. Where an entity like a Bank, whose primary business is outside the insurance area, is allowed by the Authority to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e. non-insurance related) business
Renewal of Certificate	Section 3A has been amended by the Insurance Laws (Amendment) Act, 2015 to remove the process of annual renewal of the Certificate of Registration issued to Insurers under section 3 of the Insurance Act, 1938. The Insurers shall however, continue to pay such annual fee as may be prescribed by the Regulations. Thus, w.e.f. 26.12.2014 insurers shall not be issued the Renewal Certificate of Registration (IRDA/R6) on an annual basis.

Foreign Exchange Management, 1999

Foreign Exchange Management (Export and Import of Currency) Regulations 2000	Individual may carry to Nepal or Bhutan, currency notes of Reserve Bank of India denominations above Rs.100, i.e. currency notes of Rs.500 and/or Rs.1000 denominations, subject to a limit of Rs.25000.
Export of Goods / Realization of FOREX	The period of realization and repatriation of export proceeds shall be nine months from the date of export for all exporters including Units in SEZs, Status Holder Exporters, EOUs, Units in EHTPs, STPs & BTPs until further notice

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