

Knowledge Round-up – 01st Aug 2016

Companies (Accounts) Amendment Rules, 2016

MCA has issued Companies (Accounts) Amendment Rules, 2016 ('Amendment Rules') to amend the Companies (Accounts) Rules, 2014 ('Principal Rules'). The amendment rules, inter alia, provide that:

- A Company will be exempted from the requirement to prepare consolidated financial statements ('CFS'), subject to the following conditions:
 - It is a wholly or partially owned subsidiary of another company and all its other members have been intimated in writing and they do not object to the fact that company is not presenting CFS;
 - Its securities are neither listed nor in the process of listing on any stock exchange, in India or outside India; and
 - Its ultimate or any intermediary holding company files CFS with the registrar which are in compliance with the applicable accounting standards.

(earlier the exemption was available to an intermediate wholly-owned subsidiary whose immediate parent is incorporated in India);

- The board's report should include the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report (earlier a separate section on report of their performance and financial position was required to be presented);
- Form AOC 1, 'Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures' and Form AOC-4, 'Form for filing financial statement and other documents with the Registrar' have been substituted with new forms AOC 1 and AOC-4 respectively, which include following changes;
 - New form AOC 1 requires to state the date since when/on which subsidiary/associate/joint venture was acquired/associated;
 - New form AOC-4, provides that:
 - a. In Segment I - 'Information and particulars in respect of balance sheet', 'Unhedged Foreign Exchange Exposure' is required to be disclosed under financial parameters of balance sheet items as on financial year end date;
 - b. In Segment III - 'Reporting of Corporate Social responsibility (CSR)', the details of net profits need to be disclosed for last three financial years. Also, company needs to state that whether a responsibility statement of the CSR committee on the implementation and monitoring of CSR policy is enclosed to the Board's Report.

The amendment rules are effective from 27 July 2016.

Click [here](#) for amendment rules.

Companies (Incorporation) Third Amendment Rules, 2016

MCA has issued Companies (Incorporation) Third Amendment Rules, 2016 ('Amendment Rules') to further amend the Companies (Incorporation) Rules, 2014 ('Rules'). The amendment rules, inter alia, provide the following:

- Rules with respect to conversion of unlimited liability company into a limited liability company by shares or guarantee have been provided. Further, new Form No. INC-11A, 'Certificate of Incorporation pursuant to conversion of Unlimited Liability company into Limited Liability Company', and Form No. INC-27A 'Advertisement to be published in the newspaper for conversion of Unlimited Liability into Limited Liability Company' are introduced;
- Every company which has a website for conducting online business or otherwise will disclose/ publish its details including name, address of its registered office, the Corporate Identity Number, Telephone number, name of the person who may be contacted in case of any queries or grievances etc. on the website;
- In case of a company which has not filed annual returns or financial statements to registrar or has failed to pay/repay matured deposits/debentures or interest thereon, alteration of Memorandum by change of name will be allowed upon filing necessary documents or payment/repayment of matured deposits/debentures or interest thereon;
- Form No. INC 27, 'Conversion of public company into private company or private company into public company', is substituted with new Form INC 27, 'Conversion of public company into private company or private company into public company and conversion of unlimited liability company into a company limited by shares or guarantee'.

The amendment rules will come into force on the date of their publication in the Official Gazette.

Click [here](#) for amendment rules.

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Half yearly/ Quarterly Review of Accounts of Public Sector Banks

With reference to RBI's circular dated 05 June 2003 on conduct of half yearly/quarterly review of accounts of Public Sector Banks (PSUs), RBI has issued revised reporting format of half-yearly review ended on 30 September. PSUs are required to prepare the results in the revised format, effective from the next review date.

Click [here](#) for notification.