

N D A Update – Recent amendments in Companies Act

MCA has issued various notifications recently amending Schedule III, Companies (Accounts) Rules and Companies (Audit & Auditors) Rules.

Amendment of Schedule III –

MCA has issued a notification on 24th March, 2021 making certain amendments in Schedule III of the Companies Act 2013. These amendments have been made with effect from 1st April 2021. Some of these amendments have been made in line with CARO 2020. Some of the important amendments are:

- Disclosure of shareholding of promoters at the year end with percentage change during the year
- Current maturity of long term borrowing which hitherto was disclosed under “Other Current Liabilities”/ “Other Financial Liabilities” shall now be disclosed under “Short term borrowings” in case of general company/ “Borrowings” under “Current Liabilities” in case of Ind-AS companies.
- Security deposit which was hitherto disclosed under “Long term Loans & Advances” shall now be disclosed under “Other Non Current Assets”. In case of Ind-AS companies, it was hitherto disclosed under Loans and now it shall be disclosed under “Other Financial Assets”.
- Ageing schedule of Trade Payables / Trade Receivable with reference to the due date of payment. In case where due date is not specified, disclosure shall be made from the date of transaction. Unbilled dues shall be separately disclosed.
- Disclosure for title deeds of immovable properties not in the name of the company
- Disclosure shall be made in the prescribed format if loans and advance are granted (either severally or jointly with others) to Promoters, Directors, KMPs, Related Parties which are either repayable on demand; or without specifying any term or period of repayment
- Ageing schedule of Capital Work in progress (CWIP) and CWIP completion schedule
- Disclosure of Benami property giving therein details of property, beneficiaries etc
- Disclosure for wilful default if declared as wilful defaulter by any bank, financial institution or other lender
- Disclosure of Ratios (11 in case of general and Ind-AS companies and 4 in case of Ind-AS NBFC). Explanation is required in case of any change in the ratio by more than 25% as compared to preceding year.

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- Undisclosed Income: Transaction not recorded in books which has been surrendered or disclosed as income during the year under Income Tax Act shall be disclosed unless there is immunity from disclosure under any scheme. It shall also state whether previously unrecorded income and relevant asset have been properly recorded in the books during the year.
- Disclosure of Crypto or Virtual currency if the company has invested / traded
- Disclosure of CSR – Amount to be spent, Amount spent, Shortfall with reasons, nature of CSR activities etc
- In case where the borrowings from banks and financial institutions have not been used for the specific purpose for which it was taken, disclosure shall be made for the details where the funds have been used.
- In case where the company has borrowed money from banks or financial institutions on the basis of security of current assets, following disclosure shall be made:
 - Whether quarterly return filed with bank or institutions are in agreement with the books of account
 - If not, reconciliation shall be provided with reasons of material discrepancies
- Rounding off of the figures has been made mandatory.
http://www.mca.gov.in/Ministry/pdf/ScheduleIIIAmendmentNotification_24032021.pdf

Amendment to the Companies (Accounts) Rules

MCA has issued notification on 24th March 2021 amending the aforesaid Rules with effect from 1st April 2021. Following are the amendments:

- Effective 1st April 2021, every company using accounting software for maintaining books of account shall only use such software having feature of recording audit trail of every transaction, creating an edit log of every change in the books along with the date of such change. It has to be ensured that the audit trail cannot be disabled.
 - In the Board Report of certain companies, following should be disclosed:
 - Details of application made or proceedings pending under the Insolvency and Bankruptcy Code during the year and the status at the year end
 - Details of difference between valuation at the time of one time settlement and the valuation while taking loan along with reasons thereof
- http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_24032021.pdf