KPMG

First Notes

Social Audit Standards - Exposure Draft

12 September 2022

First Notes on

- Financial reporting
- Corporate law updates
- **Regulatory and other information**
- Disclosures

Sector

- **All**
- Banking and insurance
- Information, communication, entertainment
- Consumer and industrial markets
- Infrastructure and government

Relevant to

- **All**
- Audit committee
- CFO
- Others

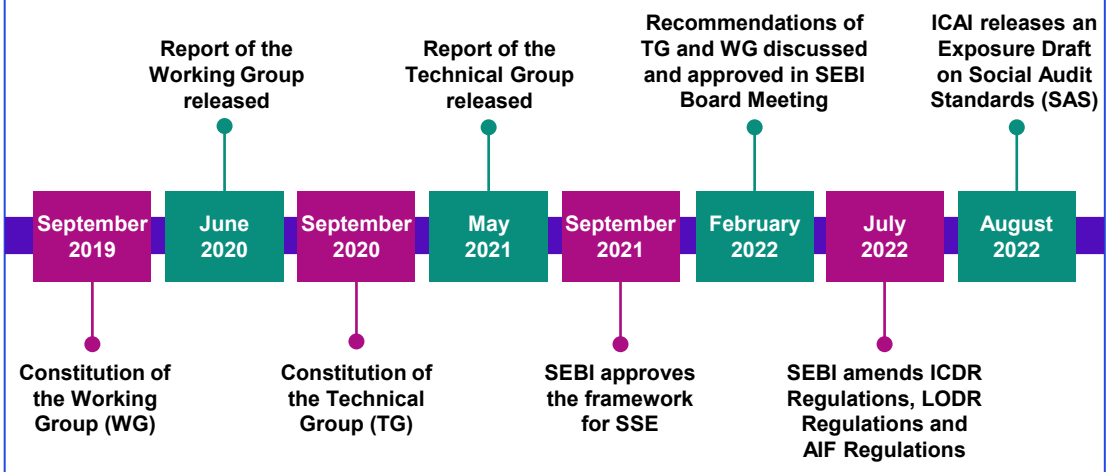
Transition

- Immediately
- Within the next three months
- Post three months but within six months
- Post six months
- **Forthcoming requirement**

Background

The Government of India in the FY2019-20 budget proposed for the creation of a Social Stock Exchange (SSE). The SSE would enable organisations working towards the realisation of social welfare objectives for listing their securities under the regulatory ambit of the Securities and Exchange Board of India (SEBI). The SSE is going to be a separate segment on the existing stock exchanges. The SSE will enable Social Enterprises (SEs) to raise funds.

Key developments which took place for set up of SSE and Social Audit Standards (SAS) has been illustrated with the help of a diagram below:



(Source: KPMG in India's analysis, 2022 read with the ICDR Regulations and SEBI notification dated 25 July 2022)

On 25 July 2022, SEBI introduced regulations pertaining to the SSE and amended the following regulations:

- The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations)
- The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations)
- The SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations).

New chapters have been added in the ICDR Regulations and the Listing Regulations pertaining to the SSE. Some key amendments relating to the SSE in the ICDR Regulations and the Listing Regulations are as below:

1. **Social Enterprises (SE):** An SE (eligible to participate in an SSE) would be an entity (Non-Profit Organization - NPO and For-Profit Social Enterprise - FPSE) that has a social intent and impact would be its primary goal. An SE will have to engage in at least one of the social activity out of the of 16 eligible social activities (Refer Annexure).
2. **Mode of raising funds:** Eligible NPOs may raise funds by issue of Zero Coupon Zero Principal (ZCZP) bonds, donations through Mutual Funds schemes, or other means, as specified by SEBI. A FPSE may raise funds through issuance of equity shares on the main-board, Small and Medium Enterprises platform, or innovators growth platform or equity shares issued to an AIF including a social impact fund, issuance of debt securities or any other means, as specified by SEBI.
3. **Disclosure requirements:** A FPSE whose designated securities would be listed on the stock exchange would be required to follow the disclosure requirements as specified in Chapter IX-A 'Obligations of Social Enterprises' of the LODR. Similarly, an NPO registered on the SSE would provide disclosures annually to the SSE on matters specified by the Board within 60 days from the end of the financial year or within such period as may be specified by the Board.
4. **Intimations and disclosures by a social enterprise to SSEs or stock exchanges:**
   - **Materiality assessment:** An SE whose designated securities are listed on the SSE(s) should disclose to the SSE(s) its policy for determination of materiality, duly approved by its board or management, as the case may be, as well as any event that may have a material impact on the planned achievement of outputs or outcomes. All such events should also be disclosed on the SE's website.
   - **Details of Key Managerial Personnel (KMP):** The board and management of an SE would authorise one or more of its KMP for determining materiality of an event or information for the purpose of making disclosures to the SSE or the stock exchange, as the case may be. Details of such KMP should be communicated to the SSE or to the stock exchange.
   - **Annual impact report:** An SE, which is either registered with or has raised funds through an SSE, should submit an annual impact report to the SSE in the format specified by SEBI. The annual impact report must be audited by a social audit firm employing social auditor(s).
   - **Statement of utilisation of funds:** A listed NPO should submit to the SSE(s) a statement in respect of utilisation of the funds raised, on a quarterly basis in the following manner:
     a. Category-wise amount of monies raised,
     b. Category-wise amount of monies utilised, and
     c. Balance amount remaining unutilised.

New development

As mentioned above, an SE either registered with or that has raised funds through an SSE is required to submit an annual impact report to the SSE. The annual impact report must be audited by a social audit firm employing social auditor.

Under the SSE framework, the ICAI has been entrusted with the responsibility of being the self-regulatory organisation for regulating the profession of social auditors. In this regard, on 5 August 2022, ICAI, through the Sustainability Reporting Standards Board (SRSB) released an Exposure Draft (ED) on Compendium of Social Audit Standards (SAS). It covered various concepts such as the regulatory and voluntary codes for social audit, role of Chartered Accountants in social audit, operationalising social audit in India and so on. Comment period of the ED ends on 13 September 2022.

Previously, in 2010, the Institute of Chartered Accountants of India (ICAI) had issued a Technical Guide on Social Audit.

In this issue of the First Notes, we aim to discuss the framework of SAS issued by the ICAI.

Framework for Social Audit Standards: An overview

The SAS will apply whenever an independent social audit of an SE is carried out. The five elements of a social audit engagement are:

- A three-party relationship involving a social auditor, a responsible party (generally SE), and the intended user
- Project/programme/intervention to be covered
- Project monitoring framework
- Evidence
- A written report.

SAS framework - applicability

The provisions specified by the SAS framework apply to:

a. Not For Profit Organisations (NPOs) seeking to only get registered with a SSE,

b. NPOs seeking to get registered and raise funds through an SSE, and

c. For Profit Social Enterprises (FPSEs) seeking to be identified as an SE under the provisions of the ICDR Regulations.

An NPO or a FPSE, in order to be identified as an SE, must **establish primacy of its social intent**. In this regard, SEBI has prescribed 16 thematic areas which would qualify as eligible activities.

Additionally, an SE should have at least 67 per cent of its activities, qualifying as eligible activities through one or more of the following:

- at least 67 per cent of the immediately preceding three-year average of revenues should be from providing eligible activities to members of the target population,
- at least 67 per cent of the immediately preceding three-year average of expenditure was incurred for providing eligible activities to members of the target population, and
- members of the target population to whom the eligible activities have been provided constitute at least 67 per cent of the immediately preceding three-year average of the total customer base and/or total number of beneficiaries.

A system of quality control

A social auditor/audit firm should establish a system of quality control which must include policies and procedures addressing each of the following elements:

i. Leadership responsibilities for quality within the firm,

ii. Ethical requirements,

iii. Acceptance and continuance of client relationships and specific engagements,

iv. Human resources,

v. Engagement performance, and

vi. Monitoring.

The quality control policies and procedures should be documented and communicated to the firm's personnel on a timely basis.

Understanding the entity and its environment

A social auditor should conduct a preliminary review of the entity and its environment to establish the primacy of its social intent. Such a review may include information and key points such as the stated objectives of the project/programme, project monitoring framework[1], programme specific baseline[2], mid-line and end-line[3] assessment reports, fund utilisation certificate, details of vendors and other third parties, and so on. The social auditor should take note of the project specific assumptions made, data collection methodology, key past performance trends, alignment of the project outcomes to National/State priorities, NITI Aayog's SDG India Index Indicators and so on.

Communication with TCWG

A social auditor should communicate clearly with Those Charged With Governance (TCWG) about the roles and responsibilities of the social auditor with respect to the social audit, an overview of the planned scope, timing of the social audit, communicate timely observations arising from the social audit that are significant/relevant to the project/programme. The social auditor should communicate appropriately with TCWG, deficiencies in internal control for programme implementation/management that the auditor has identified and in the social auditor's judgement are of sufficient importance to merit their respective attentions.

Data collection and analysis

For collecting data on different quantitative and qualitative parameters, the social auditor should use various methods such as interviews, questionnaires, Focussed Group Discussion (FGD)[4], etc. The respondents would be the stakeholders of the social enterprise which affect or are affected by the project. Based on the data collected, the social auditor should analyse and interpret it as per the 'Theory of change and logic model', explaining the process of intended social impact of the project.

In this regard, the review process should answer the following questions:

- What was the situation before and what would have happened in the absence of the project?
- How much has the project contributed to the changes that are evidenced as compared to pre project interventions?
- How much unintended impacts (positive and negative) happened due to the project?

[1] Project monitoring framework details the inputs, activities, outputs, outcomes and impact that would aid an auditor's understanding of the project. Additionally, an auditor should also consider parameters such as inclusiveness, relevance, effectiveness and efficiency, convergence and sustainability of the project for assessing an SE's impact.

[2] Baseline measurement is required to establish the starting point in any project/programme/project-based activity.

[3] A mid-line and end-line measurement is the audit conducted respectively during the intervention phase and after the end of that intervention.

[4] For the purpose of this framework, the Focussed Group Discussion constitutes subject matter experts including Non-Governmental Organisation (NGOs), NPOs, working on the respective thematic areas and actively engaged in social activities as well as beneficiaries.

Using the work of field level research agency/subject matter experts

In certain cases a social auditor would need to use the work of assistants/field level research agencies and/or other social auditors and subject matter experts. In such situations, the social auditor should perform relevant procedures to evaluate the appropriateness and adequacy of the work performed and consider their significant findings/assessments, if any, in the context of the specific social audit. A social auditor would be responsible for the overall social audit report of the SE.

Materiality

A social auditor should consider materiality while assessing the overall impact of the project. Materiality should be considered in the context of various quantitative and qualitative factors, such as relative magnitude, the nature and extent of the effect of these factors on the evaluation or measurement of the subject matter, the interests of different stakeholders involved, and so on.

Documentation

The social auditor should prepare engagement documentation on a timely basis which provides a record of the basis for the social audit report and is sufficient and appropriate to understand the nature, timing and extent of the procedures performed, evidence obtained, significant issues observed, if any and recommendations made for future improvements. The process of assembling the final engagement file should be completed within a period of 60 days after the date of the social audit report. Also, the retention period should be seven years from the date of the social audit report.

Use of technology

A social auditor should determine the usage and acceptability of technology for meeting the objectives, collecting and verifying evidence as well as validating impact measurements and assessments in case of social audit engagements. The social auditor should consider the extent of usage of IT tools to be deployed for:

- Information database to be maintained at one place for information of all stakeholders, beneficiaries, volunteers, staff
- Data collection process through online surveys, virtual interviews, satellite imagery for monitoring forestry coverage, etc.
- Data sorting and visualisation, data analysis, reporting.

Reporting – Social audit report

A social auditor needs to issue a written social audit report containing the findings from the assessment in terms of the impact created, gaps, if any, along with the recommendations for improvement. It should address the social impact assessment covered by the project that the intended users might be interested in. The framework does not require a standardised format for reporting on all social audit engagements. Social audit reports may be tailored to the area specific circumstances. The framework identifies certain basic elements which the social audit report should include.

List of Social Audit Standards

The amended ICDR Regulations prescribe 16 thematic areas which would qualify as eligible activities for the purpose of establishing primacy of social intent (Refer Annexure). Consequently, ICAI issued16 ED of the SAS, each corresponding to a specific area. These are as follows:

Standard No	Standard Name
SAS 100	Eradicating hunger, poverty, malnutrition and inequality
SAS 200	Promoting health care including mental healthcare, sanitation and making available safe drinking water
SAS 300	Promoting education, employability and livelihoods
SAS 400	Promoting gender equality, empowerment of women and LGBTQIA+ communities
SAS 500	Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation
SAS 600	Protection of national heritage, art and culture
SAS 700	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
SAS 800	Supporting incubators of Social Enterprises
SAS 900	Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
SAS 1000	Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector
SAS 1100	Slum area development, affordable housing and other interventions to build sustainable and resilient cities
SAS 1200	Disaster management, including relief, rehabilitation and reconstruction activities
SAS 1300	Promotion of financial inclusion
SAS 1400	Facilitating access to land and property assets for disadvantaged communities
SAS 1500	Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection
SAS 1600	Promoting welfare of migrants and displaced persons

Our comments

Over the years, there has been an ask from the funding agencies to NPOs to seek more information regarding utilisation of funds and an impact assessment of the impact of those funds. The introduction of a regulatory framework for SSE and SAS is an important step. This is likely to help investors and funding agencies to analyse and focus towards impact assessment, understand the usage of funds for beneficiaries. This is expected to provide greater credibility to the NPOs and SEs. As this is an emerging area, there are certain aspects that require further deliberation, they are as follows:

- **Applicability to government schemes:** The definition of an SE covers NPOs and FPSEs. A clarification is needed on whether these social audit standards will also apply to programmes/schemes run by the government and its agencies.
- **Multi-donor projects:** In certain situations, there are multi-donor funding arrangements wherein multiple donors - individuals as well as organisations contribute to support certain specific goals/welfare objectives. However, the proposed guidance is silent with regard to a project/programme which has been funded by multiple donors. Thus, more clarity needs to be provided on the same.
- **Annual impact report:** An SE could undertake a number of social projects/programmes. As per the ED issued by the ICAI, it seems a social audit could be undertaken for assessment of impact for even one specific project/ programme. As per the SEBI requirement, all SEs registered with an SSE or desirous of listing are required to submit an annual impact report to the SSE (in a format as specified by SEBI).
- **Independence of auditors:** The ED has not provided guidance on the tenure and rotation of social auditors. Appointment of social auditors by an SE itself might cast doubts over the independence and objectivity of the auditors. This could be identified as a significant independence risk. In cases where the social auditor is also appointed as the statutory or internal auditor of an SE, more clarity is required with respect to the specific independence considerations and requirements, if any.
- **Social audit v/s impact assessment:** The ED provides a framework to social auditors for performing a social impact assessment of a project/programme executed by an SE. A social auditor is required to provide a written social audit report containing the findings from the assessment in terms of impact created and gaps, if any, along with the recommendations for improvement. A social audit is a larger concept which requires an in-depth review of each aspect of a social project throughout the project life cycle. A social audit includes evaluation of internal processes, methodology and tools to study and monitor progress of the social project. The primary aim of social audit exercise is review of processes and progress of social projects and not measuring the impact created by the project.

  Social impact assessment is the independent third-party review of the outcomes and impacts generated by implementing of the social project. An impact assessment is usually conducted after the project lifecycle has completed. The aim is to correctly assess the impact generated through successful implementation of the project. To undertake social impact study, established frameworks such as the International REC Standards (IRECS) can be used. The framework in its present form and content has integrated both the concepts and may lead to some ambiguity. More guidance would need to be provided on the two concepts – social audit and impact assessment for better understanding by practitioners as well as users of the SAS.
- **Use of technology in social audits:** The ED has generalised the use of technology tools for conducting a social audit. Since social audit involves a great emphasis on qualitative factors and metrics, organisations might face challenges in measuring the same. The SAS framework should provide practical guidance on the use of technology and other related drivers in conducting social audit.

Our comments (continued)

- **Materiality:** The ED on SAS provides a very broad based concept of materiality. It suggests users of SAS to consider quantitative and qualitative factors such as relative magnitude, nature and effect of these factors on the evaluation or measurement of the subject matter, and the interests of the stakeholders. In projects for social causes, these factors could involve significant judgement and may vary from organisation to organisation. Therefore, more guidance would need to be developed in this area.
- **Capacity building:** As per the SEBI notification, social audit firms employing social auditors who have qualified the certification course conducted by the National Institute of Securities Markets (NISM) shall be allowed to conduct social audit. Since social audit is a new concept, SEBI along with ICAI and NISM should look to build capacity of competent professionals to undertake social audits. In this regard, based on the recommendations given by the WG and the TG, SEBI in consultation with the National Bank for Agriculture and Rural Development (NABARD) and Small Industries Development Bank of India (SIDBI) has announced a Capacity Building Fund (CBF) of INR100 crore, which would be

  instituted to enable NPOs, and other stakeholders navigate the SSE and its processes, instruments, etc.
- **Applicability of SAS on green bond and blue bonds:** SEBI guidelines on green bonds provides a list of categories wherein funds raised through debt securities are eligible to be classified as 'green' debt securities. Additionally, SEBI has released a consultation paper on Green and Blue Bonds on 4 August 2022 as a mode of sustainable finance. The consultation paper recommends a number of disclosures to be added to the offer documents of Green Debt Securities. They include:

  a) Appointment of third-party reviewers/certifiers/auditor's

  b) Measurement of impact reporting project-by-project

  c) Details of identified projects and/or asset(s) where issuer proposes to utilise/allocate the proceeds of the issue of green debt securities

  d) Details of projects/portfolios that are proposed to be refinanced along with look back period for refinanced green projects.

  It would need to be evaluated if SAS could be applied to impact reporting of Green Debt Securities.
- **Alignment with the Companies Act, 2013 and CSR Rules:** For companies that fall within the ambit of Section 135 of the Companies Act, 2013 the Board of Directors of such companies need to file an annual report on CSR activities, policy and details of CSR amount spent against ongoing projects for the financial year, details of unspent CSR amount, computation of amounts available for set off, etc. With effect from 1 April 2021, amended Rule 8 of the CSR Rules specifically requires every company with an average CSR obligation of INR10 crore or more (in the immediately three preceeding financial years) to undertake an impact assessment of their CSR projects which have a total outlay of INR1 crore or more and such CSR project has been completed not less than one year before undertaking the impact study. Further, the impact assessment should be done through an independent agency. The impact assessment reports should be placed before the Board of Directors and should be annexed along with the annual report on CSR.

  Not for profit companies which are registered under Section 8 of the Companies Act, 2013 and that meet the thresholds as laid out above would need to undertake an impact assessment. Such a company, if desirous of listing with an SSE would need to file an annual impact report with the SSE also. It is important to note the Companies Act and SEBI Guidelines do not prescribe a format for the impact assessment report. It needs to be evaluated whether a Section 8 company which has already filed an impact assessment report with the ROC along with the CSR report can use the same impact assessment report for filing with an SSE.
- **Financial review and social audit:** The ED provides that the framework of the SAS is focussed on providing guidance to a social auditor for conducting an assessment of the social impact that the project/programme has created in the field. It does not seem to cover any element of a financial audit or review, which may be covered by relevant auditing/review standards. Financial review should be an integral part of the social audit exercise. The aim of a social audit is to ensure that funds have been used in proper project implementation and the outcome should be that the beneficiaries have been benefitted from the utilisation of the funds. Therefore, a financial review will go hand in hand with a social audit while performing impact assessment. The regulators may consider to provide greater clarity on this aspect.

Glossary

As part of the amendments made to the ICDR Regulations[5], SEBI introduced certain important concepts and definitions which are imperative in understanding the overall framework of social audit. Some of the key concepts issued in this regard include:

- **Social Stock Exchange (SSE):** An SSE is a separate segment of a recognised stock exchange having nationwide trading terminals, permitted to register Not for Profit Organisations[6] (NPOs) and/or list the securities issued by NPOs
- **Social auditor:** Social auditor refers to an individual registered with a self-regulatory organisation under ICAI or such other agency, as may be specified by SEBI, who has qualified a certification programme conducted by the National Institute of Securities Market (NISM) and holds a valid certificate in this regard
- **Social audit firm:** Social audit firm means any entity which has employed social auditors and has a track record of minimum three years for conducting social impact assessment
- **For Profit Social Enterprise (FPSE):** An FPSE is a company or body corporate operating for profit, which is a social enterprise for the purposes of the ICDR Regulations and does not include a company incorporated under section 8 of the Companies Act, 2013
- **Social enterprise:** Social enterprise refers to an NPO or FPSE that meets the eligibility criteria specified in the ICDR regulations.

[5] The amendments have been issued by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 (ICDR Amendment Regulations)

[6] An NPO means a social enterprise, which is any of the following entities:

- A charitable trust registered under the Indian Trusts Act, 1882
- A charitable trust registered under the public trust statute of the relevant state
- A charitable society registered under the Societies Registration Act, 1860
- A company incorporated under section 8 of the Companies Act, 2013
- Any other entity as may be specified by SEBI

Annexure

List of areas provided by SEBI, which would qualify as eligible activities for the purpose of establishing primacy of social intent

Section 292E of the SEBI notification dated 25 July 2022 defines the eligibility criteria for being identified as an SE. In order to establish the primacy of its social intent, an SE shall meet the following eligibility criteria:

It shall indulge in at least one of the following activities:

i. eradicating hunger, poverty, malnutrition and inequality;

ii. promoting health care including mental healthcare, sanitation and making available safe drinking water;

iii. promoting education, employability and livelihoods;

iv. promoting gender equality, empowerment of women and LGBTQIA+ communities;

v. ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;

vi. protection of national heritage, art and culture;

vii. training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

viii. supporting incubators of Social Enterprises;

ix. supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building;

x. promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector;

xi. slum area development, affordable housing and other interventions to build sustainable and resilient cities;

xii. disaster management, including relief, rehabilitation and reconstruction activities;

xiii. promotion of financial inclusion;

xiv. facilitating access to land and property assets for disadvantaged communities;

xv. bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection;

xvi. promoting welfare of migrants and displaced persons;

xvii. any other area as identified by the Board or Government of India from time to time

KPMG in India offices

Ahmedabad
Commerce House V, 9th Floor,
902, Near Vodafone House,
Corporate Road,
Prahlad Nagar,
Ahmedabad – 380 051
Tel: +91 79 4040 2200

Bengaluru
Embassy Golf Links Business Park,
Pebble Beach, 'B' Block,
1st & 2nd Floor,
Off Intermediate Ring Road,
Bengaluru – 560071
Tel: +91 80 6833 5000

Chandigarh
SCO 22-23 (1st Floor)
Sector 8C, Madhya Marg
Chandigarh – 160 009
Tel: +91 172 664 4000

Chennai
KRM Towers, Ground Floor,
1, 2 & 3 Floor, Harrington Road
Chetpet, Chennai – 600 031
Tel: +91 44 3914 5000

Gurugram
Building No.10, 8th Floor
DLF Cyber City, Phase II
Gurugram, Haryana – 122 002
Tel: +91 124 307 4000

Hyderabad
Salarpuria Knowledge City, 6th
Floor, Unit 3, Phase III, Sy No. 83/1,
Plot No 2, Serilingampally Mandal,
Ranga Reddy District,
Hyderabad – 500 081
Tel: +91 40 6111 6000

Jaipur
Regus Radiant Centre Pvt Ltd.,
Level 6, Jaipur Centre Mall,
B2 Bypass Tonk Road
Jaipur – 302 018.
Tel: +91 141 - 7103224

Kochi
Syama Business Centre
3rd Floor, NH By Pass Road,
Vytilla, Kochi – 682 019
Tel: +91 484 302 5600

Kolkata
Unit No. 604,
6th Floor, Tower – 1,
Godrej Waterside,
Sector – V, Salt Lake,
Kolkata – 700 091
Tel: +91 33 4403 4000

Mumbai
2nd Floor, Block T2 (B wing),
Lodha Excellus,
Apollo Mills Compound
N. M. Joshi Marg,
Mahalaxmi, Mumbai – 400 011
Tel: +91 22 3989 6000

Noida
Unit No. 501, 5th Floor,
Advant Navis Business Park
Tower-A, Plot# 7, Sector 142,
Expressway Noida,
Gautam Budh Nagar,
Noida – 201 305
Tel: +91 0120 386 8000

Pune
9th floor, Business Plaza,
Westin Hotel Campus, 36/3-B,
Koregaon Park Annex, Mundhwa
Road, Ghorpadi, Pune – 411 001
Tel: +91 20 6747 7000

Vadodara
Ocean Building, 303, 3rd Floor,
Beside Center Square Mall,
Opp. Vadodara Central Mall,
Dr. Vikram Sarabhai Marg,
Vadodara – 390 023
Tel: +91 265 619 4200

Vijayawada
Door No. 54-15-18E, Sai Odyssey,
Gurunanak Nagar Road, NH 5,
Opp. Executive Club, Vijayawada,
Krishna District ,
Andhra Pradesh - 520008
Contact: 0866-6691000

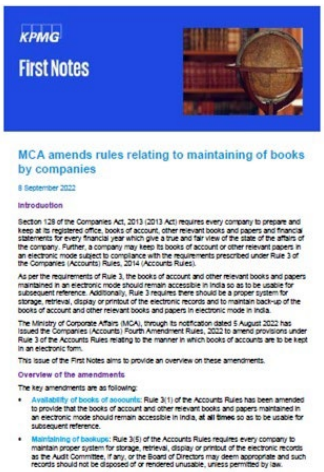
Missed an issue of Accounting and Auditing Update or First Notes?

Issue no. 73 – August 2022

The topics covered in this issue are:

- Interim Financial Reporting
- ICAI issued revised guidance note on CARO 2020
- Regulatory updates

To access the publication, please click here



MCA amends rules relating to maintaining of books by companies

8 September 2022

Section 128 of the Companies Act, 2013 (2013 Act) requires every company to prepare and keep at its registered office, books of account, other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of the affairs of the company. Further, a company may keep its books of account or other relevant papers in an electronic mode subject to compliance with the requirements prescribed under Rule 3 of the Companies (Accounts) Rules, 2014 (Accounts Rules).

The Ministry of Corporate Affairs (MCA), through its notification dated 5 August 2022 has issued the Companies (Accounts) Fourth Amendment Rules, 2022 to amend provisions under Rule 3 of the Accounts Rules relating to the manner in which books of accounts are to be kept in an electronic form.

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

To access the First Notes, please click here

Voices on Reporting

KPMG in India is pleased to present Voices on reporting (VOR) – a series of knowledge sharing calls to discuss current and emerging issues relating to financial reporting.

On 21 July 2022, KPMG in India released its 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) for the quarter ended 30 June 2022.

To access the publication, please click here.

Follow us on:
home.kpmg/in/socialmedia

Feedback/queries can be sent to aaupdate@kpmg.com
Previous editions are available to download from: home.kpmg/in

KPMG Assurance and Consulting Services LLP, 2nd Floor, Block T2, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011
Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.