

CA - IPCC COURSE MATERIAL

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**AMENDMENTS IN LAW
APPLICABLE FOR MAY 2018 EXAMS OF IPCC & CA INTER**



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Note:

Dear Students,

All latest amendments applicable for May – 2018 were included in this material. Don't forget that in the public examination, examiner will definitely be inclined to pose more questions on recent amendments.

LAW AMENDMENTS FOR MAY 2018 - C.LAW**I. AMENDMENTS AS PER RTP - MAY 2018**

S. No	Relevant Topic	Before Amendment	After Amendment
1	Exempted Deposits (What are not deposits)	Any amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds and Mutual Funds registered with the Securities and Exchange Board of India in Accordance with regulations made by it. [Rule-2(xviii) of Companies Deposits Rules]	Any amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds, "INFRASTRUCTURE INVESTMENT TRUSTS" and Mutual Funds registered with the Securities and Exchange Board of India in accordance with regulations made by it."
2	Acceptance of Deposits by private companies	Sec.73(2) (a) to (e) shall not apply to private Companies which accepts from its members monies not exceeding one hundred per cent, of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.	Sec.73(2) (a) to (e) shall not apply to private Company: (A) which accepts from its members monies not exceeding one hundred per cent. Of aggregate of the paid up share capital, free reserves and securities premium account; or (B) which is a startup, for five years from the date of its incorporation; or (C) which fulfills all of the following conditions, namely:- a) which is not an associate or a Subsidiary company of any other company; b) If the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and c) Such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under this section. All the companies covered above shall file the details of monies accepted to the Registrar in such manner as may be specified.
3	Acceptance of Deposits from members	A private company may accept from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.	A Specified IFSC Public company and a private company may accept from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in Form DPT-3.

			<p>A Specified IFSC Public company means an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone.</p> <p>The maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:—</p> <p>(i) a private company which is a start-up, for five years from the date of its incorporation;</p> <p>(ii) a private company which fulfill all of the following conditions, namely:—</p> <p>a) which is not an associate or a subsidiary company of any other company;</p> <p>b) the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and</p> <p>c) Such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73:</p> <p>Provided also that all the companies accepting deposits shall file the details of monies so accepted to the Registrar in Form DPT-3.”</p>
4	Exemption to Government Companies – Place for Conducting AGM	Registered office of the company or such other Place as the Central Government may approve. [Sec.96(2)]	<p>Registered office of the company or such other place within the city, town or village in which the registered office of the company is situate or such other place as the Central Government may approve in this behalf” shall be substituted</p> <p>The exceptions shall be applicable to a Government company which has not committed a default in filing of its financial statements under section 137 of the Companies Act or annual return under section 92 of the said Act with the Registrar. [Sec.96(2)]</p>
5	Financial Statement Definition	The financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement [Sec.2(40)]	The financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a startup) may not include the cash flow statement;

			“Start-up company” means a private company incorporated under the Companies Act, 2013 or the Companies Act, 1956 and recognised as start-up in accordance with the notification issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.
6	Signing of Annual return	In relation to One Person Company and small company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.	In relation to One Person Company, small company and private company (if such private company is a startup), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.”
7	Audit report contents	Sec.143(3)(i) shall not apply to: (i) which is a one person company or a small company; or (ii) which has turnover less than rupees fifty crores as per latest audited financial statement or which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore.”	Sec.143(3)(i) shall not apply to: (i) which is a one person company or a small company; or (ii) which has turnover less than rupees fifty crores as per latest audited financial statement and which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore.”

Applicability of Rotation of Auditors (As amended)

1. All Listed companies
2. All Unlisted Public companies having
 - a) Paid up share capital of Rs. 10 crore or more (or)
 - b) Borrowings from financial institutions, banks or public deposits of Rs. 50 crores or more.
3. All Private limited companies having
 - a) Paid up share capital of Rs. 50 crore or more (earlier it was 20 crores) (or)
 - b) Borrowings from financial institutions, banks or public deposits of Rs. 50 crores or more.

Section 143(3H1): Internal Financial Controls (IFC) M auditor of a private company is not required to report on the adequacy and operating effectiveness of IFC in the auditor’s report provided such a private company meets either of the given conditions:

- a) It is a one person company or a small company, or
- b) It has a turnover of less than INR 50 crore as per the latest audited financial statements or the borrowings of such a company from banks or financial Institutions or any body corporate at any point of time during the FY is less than INR 25 crore

II. OTHER AMENDMENTS TILL 31.10.2017

S. No	Chapter	Additions	Deletions	Modifications
1.	Company Basic Concepts	Nil	Nil	-
2.	Classes of Companies	Nil	Nil	Amendment in Sec.2(87)
3.	Promotion & Incorporation of a Company	Nil	Nil	-

4.	Memorandum & Articles of Association	Nil	Nil	Amendment in Rule-28 & 30 of Companies (Incorporation) Rules, 2014 – These amendments pertain to shifting of registered office within state and from one state to another state.
5.	Prospectus	Nil	Nil	-
6.	Allotment of Securities & Underwriting		Nil	-
7.	Deposits	Nil	Nil	Amendment in Sec.73 & 76
8.	Membership	Nil	Nil	
9.	Share Capital	Nil	Nil	Delegation of powers to RD u/s 66
10.	Calls on shares & Forfeiture	Nil	Nil	-
11.	Transfer & Transmission of shares	Nil	Nil	-
12.	Debentures	Nil	Nil	-
13.	Charges	Nil	Nil	-
14.	General Meetings – I	Nil	Nil	-
15.	General Meetings – II	Nil	Nil	-
16.	Miscellaneous Matters in Company Law	Nil	Nil	-
17.	Company Accounts	Nil	Nil	-
18.	Company Audit	Nil	Nil	-
19.	Dividend	Nil	Nil	Transfer of shares to IEPF is treated as transmission of shares by operation of law.

S.NO.	Particulars	Section
A.	CLASSES OF COMPANIES	
1.	Holding Company shall not have more than 2 layers of subsidiaries. This restriction shall not apply to Banking Companies, Non-Banking Financial Companies, Insurance Companies and Government Companies.	Sec.2(87)
B.	MEMORANDUM & ARTICLES OF ASSOCIATION	
1.	An application seeking confirmation from the Regional Director for shifting the registered office within the same State from the jurisdiction of one Registrar of Companies to the jurisdiction of another Registrar of Companies, shall be filed by the company with the Regional Director in Form No.INC.23 along with the prescribed documents such as Board Resolution, Special Resolution, declaration by directors etc.	Sec.12 and Rule-28 of Incorporation rules
2.	An application seeking approval from the Central Government u/s 13(4) for shifting the registered office from one State to another state, shall be filed by the company with the Central Government in Form No.INC.23 along with the prescribed documents such as Copy of altered Memorandum, Board Resolution, Copy of minutes of GM, Details of creditors and debenture holders etc.	Sec.13 and Rule-30 of Incorporation Rules
C.	DEPOSITS	
1.	A private company may accept from its members monies not exceeding 100% of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in Form DPT-3.	Sec.73 & 76 and Rule-3 of Deposits rules

2.	Companies may accept deposits without deposit insurance contract till the 31 st March, 2018 or till the availability of deposit insurance product, whichever is earlier.”.	Sec.73 & 76 and Rule-2 of Deposits rules
D.	SHARE CAPITAL	
1.	Powers and functions of CG u/s 66(2) is delegated to Regional Directors at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad and Shillong	Sec.66(2)
E.	DIVIDEND	
1.	Transfer of shares to IEPF u/s 124(6) shall be treated as transmission of shares by operation of law and the company shall follow the procedure applicable to transmission of shares while shares are being transferred to IEPF.	Sec.124

THE END

MASTER MINDS