

The Accounting Times



By Department of Accountancy, Patuck-Gala College, Santacruz (E)

Volume No. 6

Issue No.22

SEPTEMBER 2020

India Amends Its Accounting Standards, Major Relief for Entities like Airlines & Retail Chains

India has amended the accounting standards to provide relief to companies that received concessions on their rentals after Covid-19 outbreak. Changes to the Indian Accounting Standards will allow companies to show the benefit in their profit and loss (P&L) account. The move comes as a huge relief for airlines or retail chains that have many assets or properties on hire. Until now, if any terms and conditions of an existing lease contract changed, then it would have to be treated as a new lease contract. This meant that if a company got a rental concession for one year in a ten-year contract, the benefit would have to be reworked to reflect its present value, which would be lower than the current value. The latest amendment does away with the need for such recalculations, and the benefit can be taken into the P&L for the current period, simplifying the accounting to a great extent. The relaxation on rental concession accounting is especially beneficial to companies that have many assets or properties on hire, such as airlines or retail chains, insurance companies and banks, according to Shalu Kedia, director at Nangia and Co. “This would also improve the profitability of a company,” Kedia added.

(KHAN MOHD SHAHZAD – TYBCOM/ A/ 78)

COVID-19: All India Bank Strike For March 27

The All India bank strike called for March 27 by bank unions stands deferred. It may be recalled that All India Bank Employees Association (AIBEA) and All India Bank Officers' Association (AIBOA) had given the call for All India bank strike on March 27 to oppose the merger of 10 banks and proposed privatization of IDBI Bank. "Looking to the increasing health risk and alert on account of COVID-19 and taking cognizance of Prime Minister's broadcast to the nation on this issue, and the need to stand with the people at large at this hour of national health threat scenario, and the panic and fear prevailing amongst the people, it was felt desirable to review our strike call, and hence, it has been decided to defer our proposed strike," CH Venkatachalam, Secretary General, All India Bank Employees Association (AIBEA) said.

(SIMRAN SHARMA R. /TYBBI /18)

RBI To Conduct OMO To Boost Liquidity

The Reserve Bank of India (RBI) has announced that is to conduct special "Open Market Operations (OMO)" on 2 July 2020. The aim is to pump up liquidity in the financial system. RBI's special OMO session will see the simultaneous purchase and sale of government securities for Rs.10,000 crore. RBI will sell short-term securities, that worth Rs.10,000 crore, that are maturing in the current band next year and purchase long-term securities of an equal amount maturing between 2027 and 2033. The move by the Central Bank is expected to improve both liquidity and bond yields.

An open market operation (OMO) refers to a central bank's buying and selling of government securities in the open market in order to expand or contract the amount of money in the banking system. Securities' purchases inject money into the banking system and stimulate growth, while sales of securities do the opposite and contract the economy.

In a multiple price-auction, each successful bidder pays the price stated in his bid. In case of 'uniform price' auctions, all successful bidders pay the same price that is the cut-off price at which the market clears the issue.

(SNEHA RAKESH SHUKLA/SYBCOM/124)

Mobile Accounting

Mobile accounting is the ability to access and process accounting information, which could be data, applications, etc. over the devices that are not restricted by the physical locations. That means you can access data or applications from anywhere using the tablet, laptop, Smartphone and other internet-connected devices.

With certain solutions, you do not even require to download or install the application on the local device. Your internet browser can deliver that for you.

It also means operations such as managing financial transactions, maintaining payrolls, calculating taxes, etc. can be processed and monitored by the user over handheld devices without being in the office premises. The idea is to let the accounting operations continue over a device that user is familiar and comfortable with. So, check Whatsapp messages from friends and also file the taxes for the client at the fingertips without any disruption. Since accuracy and security of accounting are as critical for businesses as for professionals, the reliability has to be a necessary element with every innovation in the accounting industry. The rising abilities of mobile devices and improvements with the security solutions have enhanced the reliability of the mobile accounting solutions.

(RATHOD VANDANA MOHAN PARVATI/SYBCOM/B/20)