



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
JANUARY, 2023

ACCOUNTING AND AUDITING UPDATES

- ♦ Opinion on classification of PPE under refurbishment, depreciation thereon and its impairment:

The Company has withdrawn the old assets, not in operation for more than 15 years, from the PPE and classified under CWIP with the intention of refurbishment and subsequent use. The Committee has given the opinion based on the principles of Ind AS 16 'Property, Plant and Equipment'.

- In case of subsequent expenditure involving replacement or major inspections/servicing/repair of an item of PPE, where such subsequent expenditure meets the recognition principle, the Standard only requires to derecognise the carrying amount of previous inspection cost or existing item or part of PPE being replaced and nowhere requires to transfer or classify such an item of PPE on which subsequent expenditure is being incurred as 'capital work in progress' or any other classification.
- Further, as per the opinion, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated and in such cases the asset should be assessed for impairment as per Ind AS 36 'Impairment of assets'.

For more details, [click here](#)

- ♦ FRRB of ICAI issued publication on 'Non-compliances observed in the Ind AS Financial Statements pertaining to Other Disclosure':

Ind AS	Observation
Ind AS 1 Presentation of Financial Statement	Non-disclosure of Accounting Policy of impairment of assets and segment reporting
Ind AS 24 Related Party Disclosures	Expense on account of waiver of an interest receivable pertains to a related party, it requires disclosure under Related Party Disclosure as per paragraph 18 (d) of Ind AS 24 which is not complied.
Ind AS 107 Financial Instruments: Disclosure	Non-Disclosure of maturity analysis of financial asset held by company for managing liquidity risk not in line with paragraph 11 E of Ind AS 107.
Ind AS 108 Operating Segments	An entity which constitutes a single reporting segment is also required to report the revenue from external customers for each product and service, or each group of similar product or services as per paragraph 32 of Ind AS 108.
Ind AS 109 Financial Instruments	There is requirement to disclose in financial statement about classification and measurement of financial asset valued (a) at amortized cost, (b) Fair value through profit and loss and (c) Fair value through other comprehensive income.

For more details, [click here](#)

- ◆ Exposure drafts issued by the ICAI:

S. No.	Document Title	Particulars
1.	International Tax Reforms- Pillar Two Model Rules	It introduces a global minimum tax for large multinational enterprise by applying a system of top-up taxes. It introduces a temporary exception to the accounting for deferred taxes arising from the implementation of said rules and targeted disclosure requirement.
2.	International Non-Profit Accounting Guidance (INPAG)- Part 1	It is used for the credibility of NPOs to stakeholders, and particularly those who contribute funds, is dependent on creating and maintaining trust. INPAG is being developed to meet the following three objective: 1. Quality 2. Trust 3. Comparability
3.	Guidance note on audit of Public Charitable institution under Section 12A of the Income-Tax Act, 1961	The accounts of trust or institution should have been audited and audit report is required to be issued where total income of the trust or institution as computed under the Income Tax Act without giving effect to the provisions of section 11 and 12 exceeds the maximum amount which is not chargeable to income tax. The object of this Technical Guide is to provide guidance to the auditors to conduct audit of accounts of charitable institutions under section 12A(1)(b)(ii) of the Income Tax Act, 1961.
4.	Guidance Note on Audit of Banks (2023 Edition)	This is the updated guidance note covering the recent changes.

For more details on para 1 and 2 above, [click here](#)

For more details on para 3 above, [click here and for para 4 above click here](#)

- ◆ SRSB of ICAI, has issued SSAE 3000, "Assurance Engagements on Sustainability Information".

This Standard on Sustainability Assurance Engagements (SSAE) 3000 deals with assurance engagements on an entity's sustainability information. Compliance with above SSAE is on voluntary basis for assurance reports covering periods ending on March 31, 2023 and mandatory basis for assurance reports covering periods ending on or after March 31, 2024.

For more details, [click here](#)

◆ Technical Guide on Digital Assurance:

AASB and DAAB of ICAI has issued this Technical Guide on Digital Assurance which will facilitate the members to adopt enhanced use of technology in audit by implementing the use of digitally available audit evidence and information. This guide provides illustrations about audit evidence which are digitally available.

For more details, [click here](#)

◆ Social Audit Standards:

SRSB of ICAI has issued Social [Audit](#) Standard which comprises of 16 topics covering the social environment.

For more details, [click here](#)

◆ Updated MCA e-forms

MCA has launched new version 3 portal for filing of 56 e-forms which are enabled in phased manner. For more details, [click here](#)

Glossary:

PPE	Property Plant and Equipment
CWIP	Capital Work in Progress
FRRB	Financial Reporting Review Board
ICAI	Institute of Chartered Accountants of India
SRSB	Sustainability Reporting Standard Board
SSAE	Standard on Sustainability Assurance Engagement
AASB	Auditing and Assurance Standards Board
DAAB	Digital Accounting and Assurance Board
MCA	Ministry of Corporate Affairs
EAC	Expert Advisory Committee

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