1. **Key highlight of proposed AS 108 'Segment Reporting' as compared to existing AS 17 'Segment Reporting' is as under:**

   AS 17 does not mandate the disclosure of the nature and amount of any items of segment revenue and segment expense that are of such size, nature, or incidence that their disclosure is relevant to explain the performance of the segment for the period. However, AS 108 requires the separate disclosure of the nature and amount of segment revenue and segment expenses if such items of revenue and expenses are material.

2. **Expert Advisory Opinion:**
   Estimation of Final Mine Closure Plan and treatment of the same in the books of account on a year-on-year basis

   A. **Background:**
   The Expert Advisory Committee ('EAC') of the ICAI has issued an opinion in respect of the Accounting treatment of the Final Mine Closure Plan (hereinafter referred to as 'the FMCP'). (*FMCP means a plan for the purpose of decommissioning, reclamation and rehabilitation of a mine or part thereof after cessation of mining and mineral processing operations.*)

   AB Ltd. (hereinafter referred to as 'the Company') is a State Government Undertaking. It is in the business of exploration and marketing of various minerals in the State. As per the Indian Bureau of Mines and Mineral Conservation and Development Rules (MCDR), 2017, an FMCP has to be submitted to the competent authority two years prior to the proposed closure of the mine.

   As per the Management of the Company, if the provision is created in the last two years before the closure of the mine, the expected expense would be huge, which may affect fair presentation, as the expense pertains to several years. Accordingly, the Management has decided to provide for the liability of FMCP and to amortise it over the leasehold period. The Company has accounted for FMCP by creating a provision of the amount that represents the present value of the estimated obligation, and the increase in the amount in subsequent years is treated as a finance cost.

   The C& AG are of the view that FMCP estimated is based on the current scheduled rates, hence the need for discounting does not arise.

   B. **Key issues:**
   1. Whether the company is correct in accounting for the Plan based on the present value of the estimated amount of the obligation?
   2. Whether the view of the C& AG correct?
   3. The best accounting practices to be followed.

   C. **Basis of opinion:**
   a. Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'
   b. Ind AS 106, 'Exploration for and Evaluation of Mineral Resources'

   D. **Key Principles Applied & Conclusions:**
   1. The Committee notes that as per Ind AS 37, a provision is required to be recognised in respect of such costs since there exists an obligation to perform the site restoration and closure of the mine. Thus, the Company should recognise a decommissioning or restoration provision in respect of the mine closure obligation.

   2. As per Ind AS 37, the decommissioning provision shall be recognised at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Thus, the Committee is of the view that the provision for estimated expenditure should be made at current prices at the reporting date considering the relevant conditions and obligations.

3. Further, the Committee is of the view that, since the mine closure costs are towards the closure activities at the end of the mine life, the obligation is a long-term obligation, the provision shall be discounted if the effect of the time value of money is material.

4. On the basis of the above, the EAC is of the view that:
    a. The Company should follow accounting for the mine closure obligation as per Ind AS 37 as mentioned in the above points.
    b. The view of C&AG depends on whether the effect of the time value of money is material or not. If the effect of the time value of money is material then discounting is necessary and if the effect of the time value of money is not material then need of discounting does not arises.
    c. The accounting for decommissioning provision will depend on how the related costs have been accounted for. If the related costs are capitalised, the associated decommissioning costs should also be capitalised and if the related costs are expensed, then any associated decommissioning or restoration costs should also be expensed.

3. Effective Date of applicability of Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements"

SAE 3410 "Assurance Engagements on Greenhouse Gas Statements" has been issued by the Council in February 2021 to strengthen assurance frameworks for non-financial information. The effective date of application of SAE 3410 is as below:

i. Voluntary basis for assurance reports covering periods ending March 31, 2023.
ii. Mandatory basis for assurance reports covering periods ending on or after March 31, 2024.

The objective of SAE 3410 to obtain limited or reasonable assurance, as applicable, about whether the Greenhouse Gas Statement is free from material misstatement, whether due to fraud or error.