

1. Increase in time limit for generating UDIN to 60 days

As per the recent announcement by the Institute of Chartered Accountants of India (ICAI), revised time limit for generating Unique Document Identification Number ('UDIN') is now 60 days from the date of the signing of certificates/reports/document instead of 15 days. The rationale given for the increase in the time period is that it will align with the Standards on Auditing and Standard on Quality Control (SQC 1) issued by ICAI.

In respect of retention period for engagement documentation (working papers), SQC 1 requires firms to establish policies and procedures for the timely completion of the assembly of audit files. It further provides that assembly of the final audit file is to be completed ordinarily in not more than 60 days after the date of auditor's report. Paragraphs A21 to A24 of Standard on Auditing (SA) 230- Audit Documentation refers the same on assembly of the audit file.

2. Summary of frequently asked questions (FAQs) on Corporate Social Responsibility (CSR)

Ministry of Corporate Affairs (MCA) has issued FAQs on CSR to facilitate a better understanding and effective implementation of the CSR provisions as provided under the Companies Act, 2013 read with Rules thereunder. It contains clarifications on various aspects including recent amendments on transfer of unspent CSR amounts and it supersedes FAQs and clarifications issued by MCA earlier.

The FAQs on CSR broadly covers the following areas:

- Applicability of CSR
- CSR expenditure
- CSR activities
- CSR implementation
- On-going projects
- Treatment of unspent CSR amount
- Impact assessment
- CSR reporting & disclosure

<https://resource.cdn.icai.org/66218clcg53480.pdf>

3. Expert Advisory Opinion

Presentation of change in non-current financial asset in Cash Flow Statement

➤ **Background:**

Expert advisory committee of ICAI has issued opinion in respect of classification of change in non-current financial asset in the cash flow statement. As per the terms of the contract and Ind AS 115, the Company has classified amount receivable from the customer as current and non-current financial asset. Further, for the purpose of preparing cash flow statement, the Company presented the movement in non-current financial asset due to billing progress under 'cash flows from operating activity' whereas, auditor is of the opinion of that such non-current financial assets should have been disclosed as investing activities in cash flow statement. The query asked by the Company is issue raised by whether change in non-current financial asset recognised in accordance with Ind AS 115 should be disclosed as cash flows from operating activity or under investing/financing activity as per Ind AS 7

➤ **Basis of Opinion:**

Ind AS 7, 'Statement of Cash Flows'.

Ind AS 115, 'Revenue from Contracts with Customers'.

➤ **Key Principles Applied & Conclusions:**

- Based on the review of terms and conditions of the contract, the Committee is of the opinion that the Company has been set up mainly for the purpose of construction, operation and maintenance of the project for the authority and other incidental activities under the concession agreement; and not for the purpose of investment in any asset to generate future income. The primary main revenue of the Company in the extant case arises from the construction, operation and maintenance services provided by the Company under the Concession Agreement and the consideration in lieu of rendering construction, operation and maintenance services by the Company is in the form of a financial asset, viz., a contractual right to receive cash.
- Financial asset in the above case is consideration for the services rendered by the Company. It represents the outcome of principal revenue-producing activities of the Company. Therefore, it can be considered as an operating receivable for the Company.
- Considering above and requirements of paragraph 20 of Ind AS 7, changes in non-current financial asset which is receivable in connection with the operating activities of the Company should be adjusted as 'changes in operating receivables' to determine the cash flow from operating activities under indirect method.
- If there is any portion of the receivables contains an interest element which is a financing component in the transaction, such financing component should be separated from the financial asset as per the relevant applicable Standard and should be considered and classified as cash flow from investing activities.

4. Exposure Drafts

a. Accounting Standard 105

With the aim to align the Accounting Standards (AS) with Indian Accounting Standards (Ind AS), the Accounting Standard Board of the ICAI has commenced the process of revising the AS's. As a result, the board has proposed an *AS 105 i.e. "Non-Current Assets held for Sale and Discontinued Operations"*.

Major differences between proposed AS 105 - *Non-Current Assets held for Sale and Discontinued Operations* & existing AS 24 - *Discontinuing Operations* are in respect of the following areas:

- Accounting
- Concept of discontinuing operations
- Time frame for recognition of sale
- Initial disclosure event
- Measurement of non-current assets held for sale
- Classification in case of abandonment
- Re-classification of assets held for sale

b. Guidance notes

ICAI has issued the following exposure drafts of guidance notes on Schedule III to the Companies Act 2013. The exposure drafts includes guidance note on additional disclosures requirements notified in March 2021 by Ministry of Corporate Affairs.

- Revised guidance note on division I – For Non Ind AS companies
- Revised guidance note on division II – For Ind AS companies
- Guidance note on division III - For NBFC that is required to comply with Ind AS