

Regulatory updates for the month of October 2023

16 November 2023

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Introduction

The regulatory updates publication issued by the Foundation for Audit Quality (FAQ) highlights the latest developments in accounting, auditing and regulatory developments in India and internationally. This edition covers some of the important updates on accounting and regulatory matters and other discussion/consultation papers and publications for the period from **1 October 2023 to 31 October 2023**.

This edition covers the below topics:

The Securities and Exchange Board of India (SEBI) recently issued the revised framework for raising of funds by Large Corporates by issuance of debt securities. Some of the key aspects of the revised framework include:

- Applicability
- Revised definition of a LC
- Qualified borrowings, and
- Transitional requirements.

Additionally, various publications have been released by the regulators during this month. Some of these include:

- Exposure draft on Accounting Standards for Limited Liability Partnerships by ICAI
- The Master Direction – RBI (NBFC-Scale Based Regulation) Directions, 2023 by RBI
- Frequently Asked Questions (FAQs) on proposed ISSA 5000: The application of materiality by the entity and assurance practitioner by IAASB



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Updates from RBI

Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund

Outstanding credit amount of any account in India with any bank which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years is required to be transferred to the Depositor Education and Awareness (DEA) Fund of RBI, within a period of three months from the expiry of the said period of ten years¹.

As per the current guidelines, commercial banks are required to present all unclaimed liabilities, where the amount due has been transferred to the DEA Fund under 'Schedule 12 – Contingent Liabilities – Other items for which the bank is contingently liable'.

In order to ensure consistency in presentation of financial statements, RBI, vide a notification dated 25 October 2023 has stated that co-operative banks should present the unclaimed liabilities (where the amount due has been transferred to DEA Fund) under '**Contingent Liabilities – Others**'.

Additionally, all banks should disclose in the notes to accounts² that balances of the amount transferred to DEA Fund are included under 'Schedule 12 – Contingent Liabilities – Other items for which the bank is contingently liable' or 'Contingent Liabilities – Others,' as the case may be.

Effective date: The revised guidelines are applicable to all commercial and cooperative banks for preparation of financial statements for the year ending 31 March 2024 and onwards.

To access the text of the RBI notification, please [click here](#)

Action points for auditors

Auditors of commercial and co-operative banks should consider this update and review compliance with the disclosure requirements for the financial statements prepared for the year ending 31 March 2024 and onwards.



¹ Source: <https://sbi.co.in/web/personal-banking/information-services/deaf-claim>

² Note C10- which deals with Transfers to Depositor Education and Awareness Fund (DEA Fund)

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Updates from MCA

The Companies (Management and Administration) Second Amendment Rules, 2023

The Ministry of Corporate Affairs (MCA), vide a notification dated 27 October 2023 issued the Companies (Management and Administration) Second Amendment Rules, 2023 (the amendment rules). The amendment specifies provisions w.r.t. appointment of a designated person, i.e., every company must designate a person who would be responsible for furnishing and extending co-operation for providing information to the registrar, or any other authorised officer w.r.t. beneficial interest in shares of the company.

For this purpose, a company may designate:

- A Company Secretary, if there is a requirement of such appointment under the Companies Act, 2013 and the rules made thereunder, or
- A key managerial personnel, other than the Company Secretary, or
- Every director, if there is no Company Secretary or key managerial personnel.

Further, the amendment rules specify that till a person has not been so designated by a company, it would be assumed that the aforementioned persons are the designated persons.

Effective date: The amendment came into force from the date of publication in the Official Gazette, i.e., 27 October 2023.

To access the text of the notification, please [click here](#)

The Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023

MCA, vide a notification dated 27 October 2023 issued the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023 (the amendment rules). The key amendments issued include:

- **Share warrants not converted into shares:** The amendment states that every public company which has issued share warrants prior to the commencement of the Companies Act, 2013 and not converted them into shares should:
 - Inform the registrar in Form PAS-7 about such warrant within three months of the commencement of the amendment rules
 - The bearer of the share warrants should surrender such warrants and get the same dematerialised within six months of the commencement of the amendment rules, and



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- Where such warrants are not surrendered by the bearer within the prescribed period, the company should convert them into dematerialised form and transfer the same to the Investor Education and Protection Fund.
- **Issue of securities in dematerialised form:** Every private company, other than a small company should issue its securities in dematerialised form and facilitate dematerialisation of all its securities within 18 months of the closure of a financial year.
- **Form PAS-7 and PAS-8:** The amendment rules have also inserted Form PAS-7 (i.e., details of pending share warrants) and Form PAS-8 (i.e., notice for bearers of pending share warrants).

Effective date: The amendments came into force from the date of publication in the Official Gazette, i.e., 27 October 2023.

To access the text of the notification, please [click here](#)

MCA amends the Companies (Incorporation) Rules, 2014

Rule 30 of the Companies (Incorporation) Rules, 2014 (the Incorporation Rules) prescribes provisions relating to shifting of a company's registered office from one state or union territory to another state. As per these rules, a company needs to make an application in a prescribed form seeking approval for alteration of the memorandum with regard to the change of place of the registered office from one state or union territory to another.

On receipt of such application and other stipulated documents (such as a confirmation that no objection has been received from stakeholders on such transfer) the central government would confirm the alteration of the memorandum subject to certain terms and conditions³.

Recently, MCA amended Rule 30 of the Incorporation Rules, thereby inserting a new proviso to sub-rule 9, which states that – in case, where the management of the company has been taken over by a new management under a resolution plan, approved under Section 31 of the Insolvency Bankruptcy Code, 2016, and no appeal against the resolution plan is pending in any court or tribunal, and further no inquiry, inspection and investigation is pending or initiated after the approval of such plan, then **shifting of company's registered office may be allowed**.

Effective date: The amendment has come into force w.e.f. 21 October 2023.

To access the text of the amendment, please [click here](#)



³ This requirement is advocated in sub-rule 9 of Rule 30 of the Incorporation rules.

Updates from SEBI

SEBI extends certain relaxations for listed entities

In September 2023, MCA had extended the timelines for:

- i. Holding Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) through audio visual means up to 30 September 2024, and
- ii. From dispatching of physical copies of the financial statements (including board's report, auditor's report and other documents required to be attached therewith) up to 30 September 2024.

Pursuant to this, the Securities and Exchange Board of India (SEBI) received representations from various stakeholders for similar exemptions.

Accordingly, it has issued two circulars that provide the following relaxations to listed entities:

Issuers of Non-Convertible Securities (NCS)

Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) provides that a listed entity must send a hard copy of the prescribed statements⁴ to those holders of non-convertible securities who have not registered their e-mail addresses with the listed entities or depositories⁵.

SEBI has now extended the applicability of this provision up to **30 September 2024**.

Issuers of specified securities

SEBI, vide master circular dated 11 July 2023 had relaxed the applicability of Regulation 36(1)(b)⁶ of the LODR Regulations for Annual General Meetings (AGMs) and Regulation 44(4)⁷ of the LODR Regulations for general meetings (in electronic mode) held till 30 September 2023.

SEBI has now decided to extend these relaxations up to **30 September 2024**.

Effective date: The circulars are applicable with immediate effect.

To access the text of the circulars, please click [1](#) and [2](#)

⁴ The statement, containing the salient features of all the documents specified in Section 136 of the Act.

⁵ The email addresses are required to be registered in order to receive soft copies of the requisite statements.

⁶ Hard copy of documents and information to be shared with shareholders

⁷ Facility for e-voting provided to shareholders



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Revised framework for raising of funds by Large Corporates by issuance of debt securities

Regulation 50B of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (the NCS Regulations), lays down the criteria for a listed company to be considered as a Large Corporate (LC). Chapter XII of the master circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper (NCS Master Circular)⁸ stipulates the criteria of a LC and mandates the LCs to raise a minimum **25 per cent** of their incremental borrowings in a Financial Year (F.Y.) through issuance of debt securities over a contiguous block of three years from F.Y. 2022 onwards.

However, SEBI, vide a circular dated 19 October 2023 (the revised framework) has revised the framework for fund raising by issuance of debt securities by the LCs. Some of the key aspects of the revised framework include:

- **Applicability:** The revised framework would be applicable w.e.f. 1 April 2024 for LCs following April to March as their F.Y. For LCs which follow January to December as their F.Y., the revised framework would be applicable w.e.f. 1 January 2024.

- **Revised definition of a LC⁹:** All listed entities (except scheduled commercial banks), which as on the last day of the F.Y.:
 - a. Have their specified securities or debt securities or non-convertible redeemable preference shares listed on a recognised stock exchange(s) in terms of the LODR Regulations, **and**
 - b. Have outstanding long-term borrowings of INR1000 crore or above, **and**
 - c. Have a credit rating of "AA"/"AA+"/"AAA", wherein the credit rating pertains to the unsupported bank borrowing or plain vanilla bonds of an entity, with no structuring/support built in.
- **Qualified borrowings:** The LC should raise not less than 25 per cent of its qualified borrowings¹⁰ by way of issuance of debt securities in the F.Y.s subsequent to the F.Y. in which it has been identified as an LC. The revised framework provides that:
 - From F.Y. 2025¹¹ onwards, the requirement of mandatory qualified borrowing in a F.Y. should be met over a contiguous block of three years. Accordingly, a listed entity would be identified as a LC, as on the last day of 31 March, **FY "T-1"** or 31 December, **FY "T-1"**, and must fulfil the requirement of qualified borrowing for **FY "T"**, over **FY "T"**, **"T+1"** and **"T+2"**

- If at the end of three years, i.e., last day of **FY "T+2"**, there is a surplus in the requisite borrowings (i.e., the actual borrowings through debt securities is more than 25 per cent of the qualified borrowings for **FY "T"**), in such case, the framework has prescribed certain incentives for the LC. On the other hand, if there is a shortfall in the requisite borrowings, then the framework has provided for some dis-incentives as well.

- **Transitional requirements¹²:** The revised framework states that such LCs must comply with the requirement of raising 25 per cent of their incremental borrowings done during F.Y. 2022, F.Y. 2023 and F.Y. 2024 respectively by way of issuance of debt securities till **31 March 2024**, failing which, such LCs must provide a one-time explanation in their annual report for F.Y. 2024 (on a comply-or-explain basis).

To access the text of the circular, please [click here](#)

⁸ Chapter XII of the NCS Master Circular deals with Fund raising by issuance of debt securities by large corporates

⁹ The older definition of an LC is: all listed entities (except for Scheduled Commercial Banks), which as on the last day of the F.Y.:

a) have their specified securities or debt securities or non-convertible redeemable preference shares, listed on a recognised stock exchange(s) in terms of SEBI LODR Regulations, 2015; and
b) have an outstanding long-term borrowing of Rs. 100 crore or above, where outstanding long-term borrowings shall mean any outstanding borrowing with original maturity of more than one year and shall exclude external commercial borrowings and inter-corporate borrowings between a parent and subsidiary(ies); and
c) have a credit rating of "AA and above", where credit rating shall be of the unsupported bank borrowing or plain vanilla bonds of an entity, which have no structuring/support built in; and in case, where an issuer has multiple ratings from multiple rating agencies, the highest of such ratings shall be considered.

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Action points for auditors

The definition of a LC has now been revised and the threshold for long term borrowings eligibility has increased from INR 100 crore to now INR1000 crores. It is expected that a smaller number of companies would fall within the ambit of this definition of a LC now. SEBI has provided certain transitional relief for companies that were identified as LC as per the previous framework. Auditors of such companies should consider whether the transitional requirements prescribed have been complied with, and appropriate disclosures should be made in the annual reports for F.Y. 2024.

¹⁰ It refers to the incremental borrowing between two balance sheet dates having original maturity of more than one year, but excludes:

- External commercial borrowings;
- Inter-corporate borrowings involving its holding company and/or subsidiary and/or associate companies;
- Grants, deposits or any other funds received as per the guidelines or directions of the Government of India;
- Borrowings arising on account of interest capitalisation; and
- Borrowings for the purpose of schemes of arrangement involving mergers, acquisitions and takeovers

¹¹ FY 2025 shall mean 1 April 2024 – 31 March 2025 or 1 January 2024 – 31 December 2024, as the case may be.

¹² All listed entities (except for scheduled commercial banks), which as on last day of the F.Y.:

- Have their specified securities or debt securities or non-convertible redeemable preference shares, listed on a recognised stock exchange(s) in terms of the LODR Regulations, and
- Have an outstanding long-term borrowing of INR100 crore or above, and
- Have a credit rating of "AA and above", wherein the credit rating must be of the unsupported bank borrowing or plain vanilla bonds of an entity, which have no structuring/support built in.



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Updates from RBI

RBI advises the minimum number of whole-time directors for banking companies

The banking sector in India has undergone various regulatory changes, thereby resulting in growing complexity and uncertainty in relation to these regulatory compliances. In this regard, RBI felt a need to establish an effective senior management team in the banks to navigate the ongoing and emerging regulatory challenges. Consequently, on 25 October 2023, RBI issued a notification to mandate the following:

- **Appointment of whole-time directors:** RBI has now prescribed the requirement to ensure the presence of **at least two** Whole-Time Directors (WTDs), including the Managing Director (MD) and Chief Executive Officer (CEO) on the board of banks. The number of WTDs need to be decided by the board of the banks by taking into account factors such as – size of operations, business complexity, etc.
- **Changes in the Articles of Association (AoA):** The notification states that those banks which do not already have the enabling provisions regarding appointment of WTDs in their AoA, may first seek necessary approvals under Section 35B(1)(a)¹³ of the Banking Regulation Act, 1949, in order to comply with these requirements.

- **Submission of proposals for appointment:** Such banks which currently do not meet the minimum requirement of two WTDs are advised to submit their proposals for the appointment under Section 35B(1)(b) of the Banking Regulation Act, 1949, within a period of **four months** from the date of issuance of the notification.

To access the text of the notification, please [click here](#)

Action point for auditors

Auditors of banking companies should discuss this update with the management and Those Charged With Governance (TCWG), so that effective steps can be taken for the appointment of required WTDs on the board of such banks.

RBI extends the prompt corrective action framework to government NBFCs

In December 2021, the Reserve Bank of India (RBI) had introduced the Prompt Corrective Action (PCA) framework for Non-Banking Financial Companies (NBFCs). The objective of the PCA framework is to enable supervisory intervention at an appropriate time and require the entity under supervision to initiate and implement remedial measures in a timely manner, so as to restore financial health of the NBFC. It also intends to act as a tool for effective market discipline.

RBI, vide a notification dated 10 October 2023 has now extended the PCA framework to government NBFCs* (except those in base layer), w.e.f. **1 October 2024**.

To access the text of the notification, please [click here](#)

* Based on the audited financials of the NBFC as on 31 March 2024, or thereafter

¹³ Provisions relating to appointment of managing directors, etc., to be subject to previous approval of the RBI.

Updates from The Ministry of Environment, Forest and Climate Change

The Green Credit Rules, 2023

Recently, the Government of India (GOI) launched the Green Credit Programme (GCP) under the Lifestyle for Environment (LIFE) initiative¹⁴. The aim of the GCP is to incentivise environment positive actions and encourage sustainable lifestyle by driving consumer and community towards behavioural changes that promote environment friendly actions. Under the GCP, green credit would be generated, which would be **tradable** on a domestic market platform.

As part of the GCP, on 12 October 2023, the Ministry of Environment, Forest and Climate Change notified the Green Credit Rules, 2023 (the Rules). Some of the key provisions of the Rules are discussed below:

- **Applicability and scope:** The Rules specify that green credit would be independent of carbon credit under the Carbon Credit Trading Scheme, 2023 made under the Energy Conservation Act, 2001. However, it has been specified that an environmental activity generating green credit may have climate co-benefits as well, such as reduction or removal of carbon emissions and may thus, be eligible for obtaining both green as well as carbon credit for the same activity.

Industries, companies and other entities may undertake **voluntary** environmental measures by generating or buying green credit. The Rules came into force from the date of publication in the Official Gazette, i.e., 12 October 2023.



¹⁴ The idea of LIFE was introduced by India during the 26th United Nations Climate Change Conference of the Parties (COP26) in Glasgow in 2021. The idea promotes an environmentally conscious lifestyle that focuses on 'mindful and deliberate utilisation' instead of 'mindless and wasteful consumption'.

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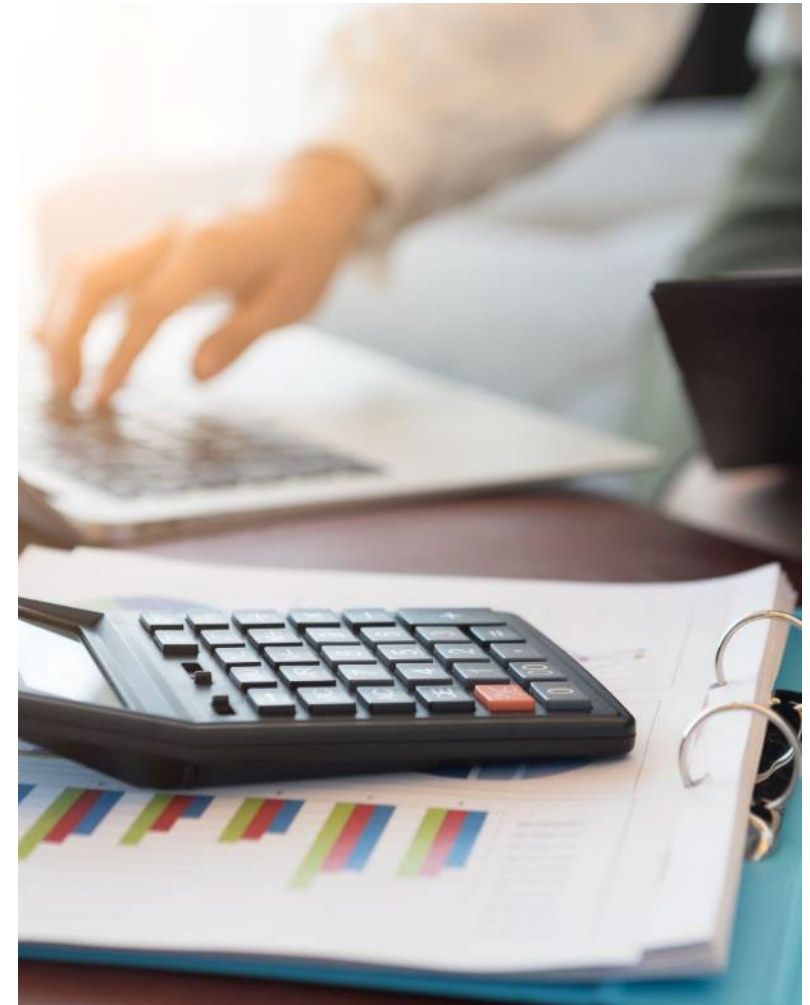


- **Eligible activities:** The Rules lay down certain activities w.r.t. protection, preservation or conservation of environment, which would be eligible for generation of green credit. These are:
 - a. **Tree plantation** – to promote activities for increasing the green cover across the country
 - b. **Water management** – to promote water conservation, water harvesting and water use efficiency or water savings, including treatment and reuse of wastewater
 - c. **Sustainable agriculture** – to promote natural and regenerative agricultural practices and land restoration to improve productivity, soil health and nutritional value of food produced
 - d. **Waste management** – to promote circularity, sustainable and improved practices for waste management, including collection, segregation, and environmentally sound management
 - e. **Air pollution reduction** – to promote measures for reducing air pollution and other pollution abatement activities
 - f. **Mangrove conservation and restoration** – to promote measures for conservation and restoration of mangroves

- g. **Ecomark label development** – to encourage manufacturers to obtain ecomark label for their goods and services, and
- h. **Sustainable building and infrastructure** – to encourage the construction of sustainable buildings and other infrastructure using environment friendly technologies and materials.

- **Procedure and methodology:** The Rules specify that:
 - A person or entity desirous of obtaining green credit must register the activity with the administrator (i.e., the Indian Council of Forestry Research and Education)
 - On receipt of the application, the administrator would get the activity verified by a designated agency. Upon satisfactory verification, green credit certificate would be granted to the applicant
 - The methodology for calculating green credit in respect of any activity undertaken would be notified by the Central Government in due course.

To access the text of the Rules, please [click here](#)



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Draft methodology for water harvesting based green credit

'Water management' has been identified as one of the eligible activities for generation of green credit. In this regard, pursuant to the issue of the Rules, on 23 October 2023, the GOI issued the draft methodology for water harvesting based green credit (the methodology). The methodology lists down certain key details, such as – the type of project, site selection process, water conservation/harvesting structures, calculation of issuance of green credit, etc.

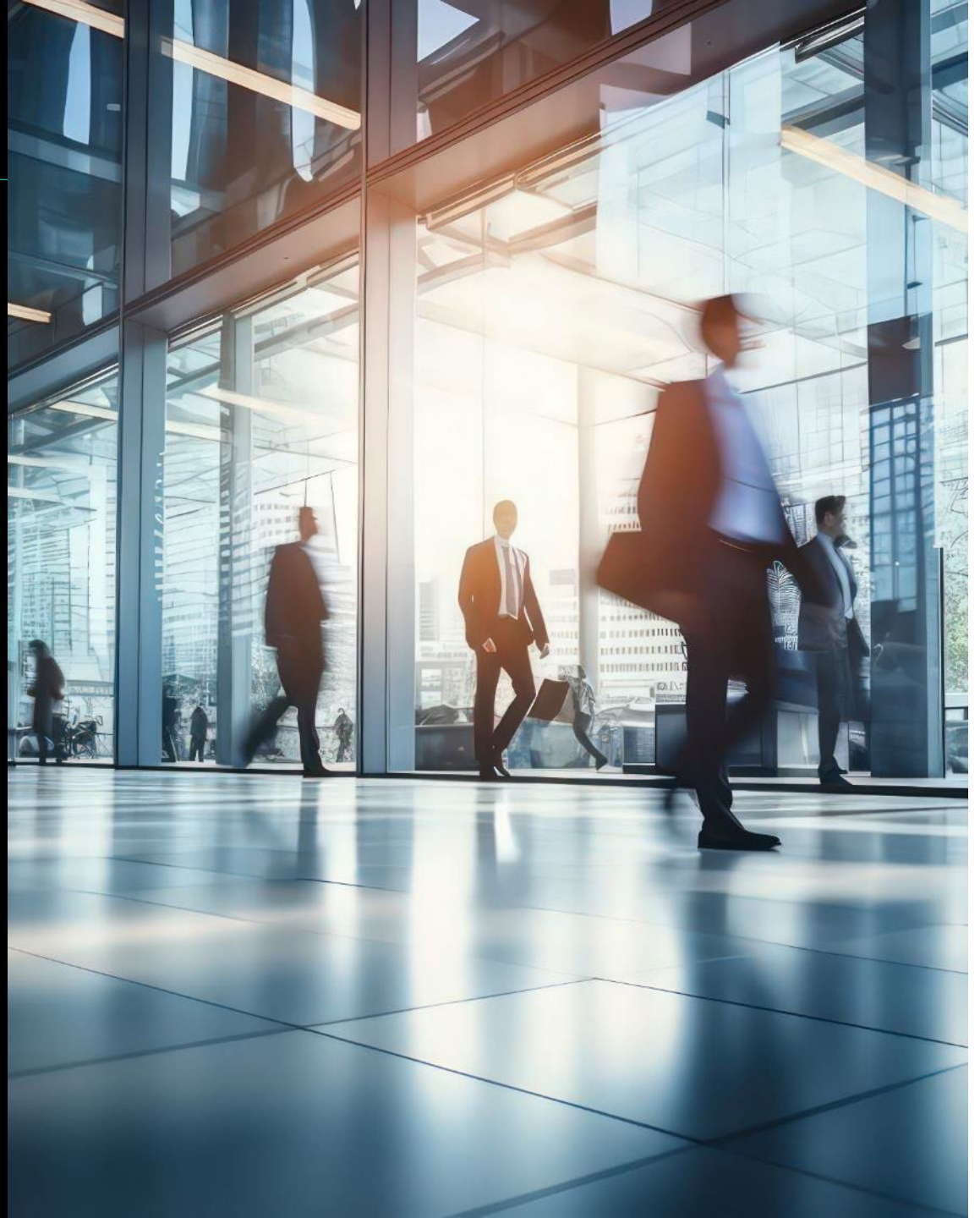
The methodology would come into effect on or after the expiry of a period of 15 days from the date of publication of the methodology in the Official Gazette, i.e., 23 October 2023.

To access the text of the methodology, please [click here](#)



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Updates from IAASB

IAASB amends ISA 700 and ISA 260

The International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) now requires firms to publicly disclose when they have applied the independence requirements for Public Interest Entities (PIEs) in an audit of financial statements.

In order to action this new requirement, recently, the International Auditing and Assurance Standards Board (IAASB) released certain narrow scope amendments to the International Standard on Auditing (ISA) 700 (Revised), *Forming an Opinion and Reporting on Financial Statements* and ISA 260 (Revised), *Communication with Those Charged with Governance*. These amendments provide a clear and practical framework for implementing the new requirement introduced by IESBA through appropriate communication in the auditor's report and with those charged with governance.

To access the text of the IAASB amendments, please [click here](#)

Updates from FASB

FASB issues disclosure improvements in response to SEC's disclosure update and simplification initiative

In the Securities and Exchange Commission (SEC) Release No. 33-10532, *Disclosure Update and Simplification*, issued in August 2018, the SEC referred certain disclosure requirements that overlap with, but require incremental information to, the generally accepted accounting principles to the Financial Accounting Standards Board (FASB).

Accordingly, on 9 October 2023, FASB issued an Accounting Standards Update (ASU) that incorporates these disclosure requirements. The amendments in the ASU are expected to clarify and improve disclosure and presentation requirements of a variety of topics and allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements.

To access the text of the ASU, please [click here](#)



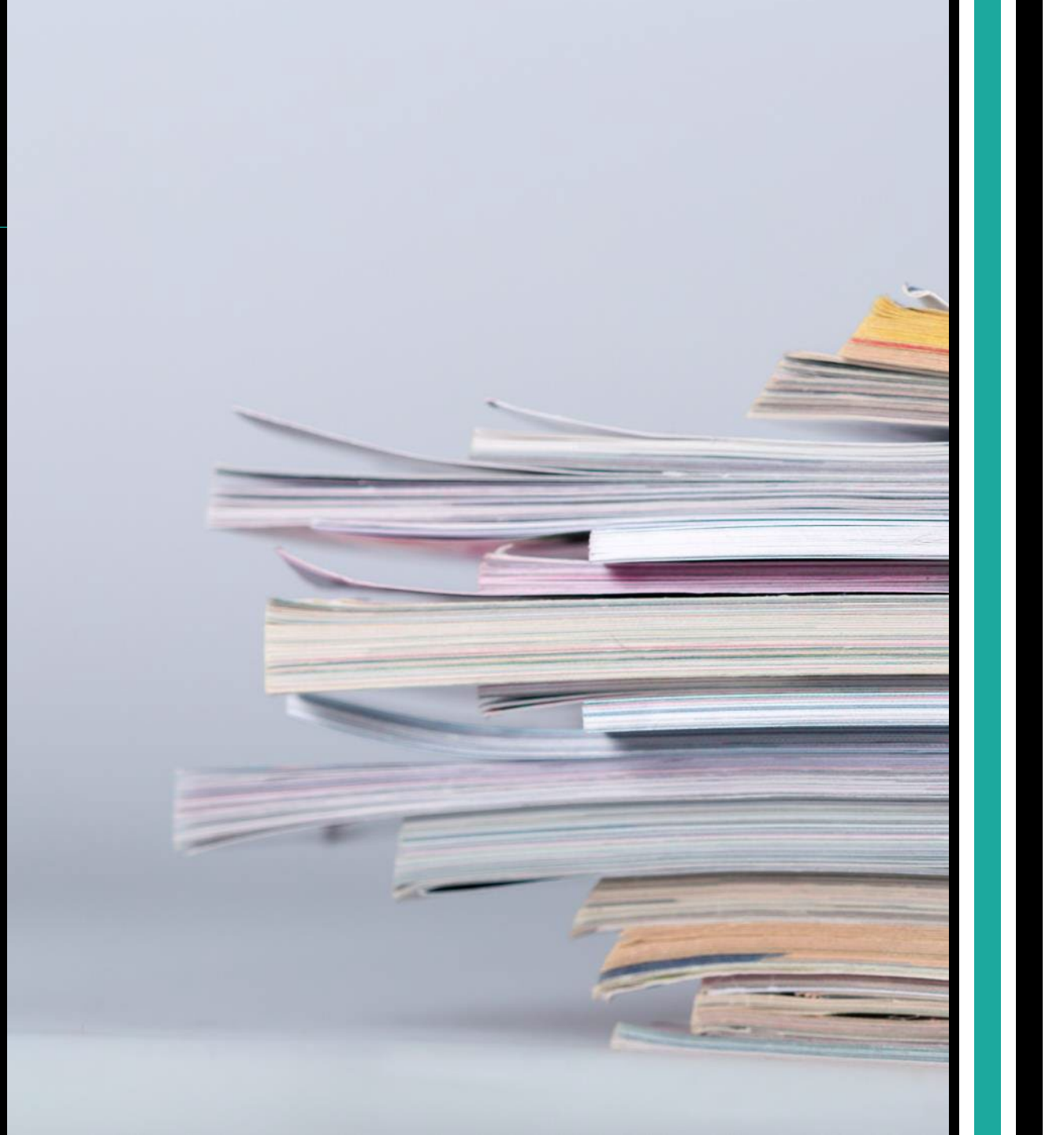
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The table below provides an overview of some important exposure drafts/consultation papers released by various regulators during this month:

Regulator	Publication	Particulars
ICAI	Exposure draft on International Non-Profit Accounting Guidance (INPAG) Part 2	<p>Currently, there are no common international accounting standards for Non-Profit Organisations (NPOs). The International Financial Reporting for Non-Profit Organisations (IFR4NPO) project aims to address this issue by strengthening NPO governance and financial management through the development of internationally applicable financial reporting guidance for NPOs.</p> <p>Consequently, first Exposure Draft (ED) of the International Non-Profit Accounting Guidance (INPAG) was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Humentum in November 2022. The INPAG ED1 was focused on the overarching framework for NPO financial reporting. In this regard, recently, the ED of INPAG Part-2 has been issued. It covers some of the key accounting transactions that are relevant for NPO financial reporting, which include:</p> <ul style="list-style-type: none">a. Expenses on grants and donationsb. Revenuec. Inventories, andd. Foreign currency translation. <p>With a view to invite comments from the members, ICAI has hosted the INPAG ED2 on its website. It is open for comments up to 10 January 2024.</p> <p>To access the text of INPAG ED2, please click here</p>

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Regulator	Publication	Particulars
ICAI	Exposure draft on Accounting Standards for Limited Liability Partnerships	<p>Currently, Accounting Standards (AS) issued by the ICAI for applicability of AS to non-company entities are applicable to Limited Liability Partnerships (LLPs) for the preparation and presentation of their financial statements.</p> <p>Section 34A of the LLP Act, 2008 prescribes that the Central Government may, in consultation with the National Financial Reporting Authority (NFRA), prescribe the standards of accounting as recommended by the ICAI for a class or classes of LLPs. Recently, ICAI issued the Exposure Draft (ED) on AS for LLPs.</p> <p>The ED is open for comments up to 27 November 2023.</p> <p>To access the text of the ED, please click here</p>

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ICAI	Technical guide on internal audit of pharmaceutical industry (2023 edition)	<p>The Indian pharmaceutical industry is exposed to varied nature of resources and a complex external environment. This requires the need of optimised use of resources, assessment and improvement of existing controls and processes, assurance and advice w.r.t. governance, risk appetite, risk and control culture. Thus, internal audit is seen as a good tool for the growth of pharmaceutical industry. In this regard, Chartered Accountants play a crucial role in assisting pharmaceutical industry by planning and channelling risks into opportunities, as well as assisting management in taking further action.</p> <p>Recently, ICAI released a technical guide to provide guidance to the internal auditors in carrying out internal audit of companies operating in pharmaceutical industry. It provides guidance on various aspects involved in different stages of the pharmaceutical industry and regulatory framework. The guide also describes risks associated with pharmaceutical industry and internal controls checklist for various processes.</p> <p>To access the text of the technical guide, please click here</p>
ICAI	Manual on concurrent audit of banks (2023 edition)	<p>Concurrent audit is a management process, integral to the establishment of a sound internal accounting function and effective control mechanism for banks. In order to assist the members in understanding the intricacies of concurrent audit and thereby improve the quality of concurrent audit reports, recently, ICAI issued the manual on concurrent audit of banks (2023 edition). The manual incorporates the revised concurrent audit guidelines issued by RBI in September 2019 and includes the revised concurrent audit checklist. It comprises of the following three parts:</p> <p>Part I: Understanding the banking business and its legal framework Part II: Domain of concurrent audit, and Part III: Concurrent audit checklist and core banking system.</p> <p>To access the text of the manual, please click here</p>

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Regulator	Publication	Particulars
ICAI	Technical guide on reports of audit under Section 12A/10(23C) of the Income Tax Act, 1961	<p>Over the past few years, charitable trusts and institutions have witnessed a major transformation in terms of the reporting requirements. In order to better equip the practitioners in engaging with such entities, recently, ICAI issued a technical guide on reports of audit under Section 12A/10(23C) of the Income Tax Act, 1961 (the technical guide). The technical guide encompasses the taxation aspects relating to charitable trusts and institutions, exploring the fundamental concepts that underpin their creation and operation.</p> <p>It would enable the members to understand the intricacies w.r.t. recent amendments in this sphere and its related re-notified audit forms.</p> <p>To access the text of the technical guide, please click here</p>
RBI	Master Direction – RBI (NBFC-Scale Based Regulation) Directions, 2023	<p>Recently, RBI issued the Master Direction – RBI (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (the 2023 Master Directions). These directions apply to NBFCs and supersede the existing NBFC – Non Systemically Important Non-Deposit taking (RBI) Directions, 2016 and NBFC – Systemically Important Non-Deposit taking Company and Deposit taking Company (RBI) Directions, 2016.</p> <p>To access the text of the 2023 Master Directions, please click here</p>

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The table below provides an overview of some important publications released by various international regulators during this month:

Regulator	Publication	Particulars
IESBA	Q&As on revisions to the Code relating to definition of engagement team and group audit	<p>In February 2023, the International Ethics Standards Board for Accountants (IESBA) issued certain revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) relating to the definition of 'engagement team' and 'group audit'. The revisions mainly dealt with the following matters:</p> <ul style="list-style-type: none"> • Strengthen and clarify the independence principles that apply to individuals and firms engaged in a group audit, • Specify the need for appropriate communication on independence matters between the group auditor firm and component auditor firms participating in the group audit, • Amend the definitions of the terms 'engagement team' and 'audit team' in the Code to recognise the different and evolving engagement team structures, and address the implications of those definitional changes, etc. <p>In this regard, recently IESBA issued certain Q&As on the aforementioned revisions. The Q&As aim to explain the alignment between the changes introduced by IESBA with the corresponding revisions made by IAASB in the International Standards on Auditing (ISAs) and International Standards on Quality Management (ISQMs) and enable the relevant stakeholders in understanding the revisions to the Code.</p> <p>To access the text of the Q&As, please click here</p>
IAASB	FAQs on proposed ISSA 5000: The application of materiality by the entity and assurance practitioner	<p>On 2 August 2023, IAASB issued the Exposure Draft (ED) of the proposed International Standard on Sustainability Assurance (ISSA) 5000, <i>General Requirements for Sustainability Assurance Engagements</i>. One of the key provisions of the ED is relating to application of materiality by the entity and assurance practitioner.</p> <p>Based on the feedback received from various stakeholders, IAASB felt the need to provide additional information on materiality matters. Accordingly, recently it issued certain FAQs on the proposed ISSA 5000. The FAQs address various materiality issues, including:</p> <ul style="list-style-type: none"> • Application of the concept of materiality to sustainable reporting and assurance • Definition of 'double materiality' • How a practitioner should consider an organisation's materiality process during a sustainability assurance engagement, etc. <p>To access the text of the FAQs, please click here</p>

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CBDT	Extension of timeline for filing Form 10B/10BB and Form ITR-7 for AY 2023-24	<p>The Central Board of Direct Taxes (CBDT), vide a circular dated 20 October 2023 extended the due date of filing of report of the accountant under Clause 8 of Section 10AA, read with Clause 5 of Section 10A of the Income Tax Act, 1961 for Assessment Year (A.Y.) 2023-24 to 31 December 2023.</p> <p>To access the text of the circular, please click here</p>
ICAI	Compliance with the provisions of significant beneficial ownership	<p>On 18 October 2023, ICAI issued an announcement, sensitising companies to abide by the provisions of Section 90 of the Companies Act, 2013 (the 2013 Act) read with the Companies (Significant Beneficial Owners) Rules, 2018 (the SBO Rules), pertaining to Significant Beneficial Ownership (SBO). The announcement is in line with the initiative of the MCA to create wider awareness of the SBO provisions. Some of the key aspects that have been reiterated in the announcement include:</p> <ul style="list-style-type: none">• Meaning of SBO• Declaration in e-form BEN-1• SBO return in e-form BEN-2• SBO register in e-form BEN-3 <p>To access the text of the announcement, please click here</p>



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