

MAY 24

LIVE

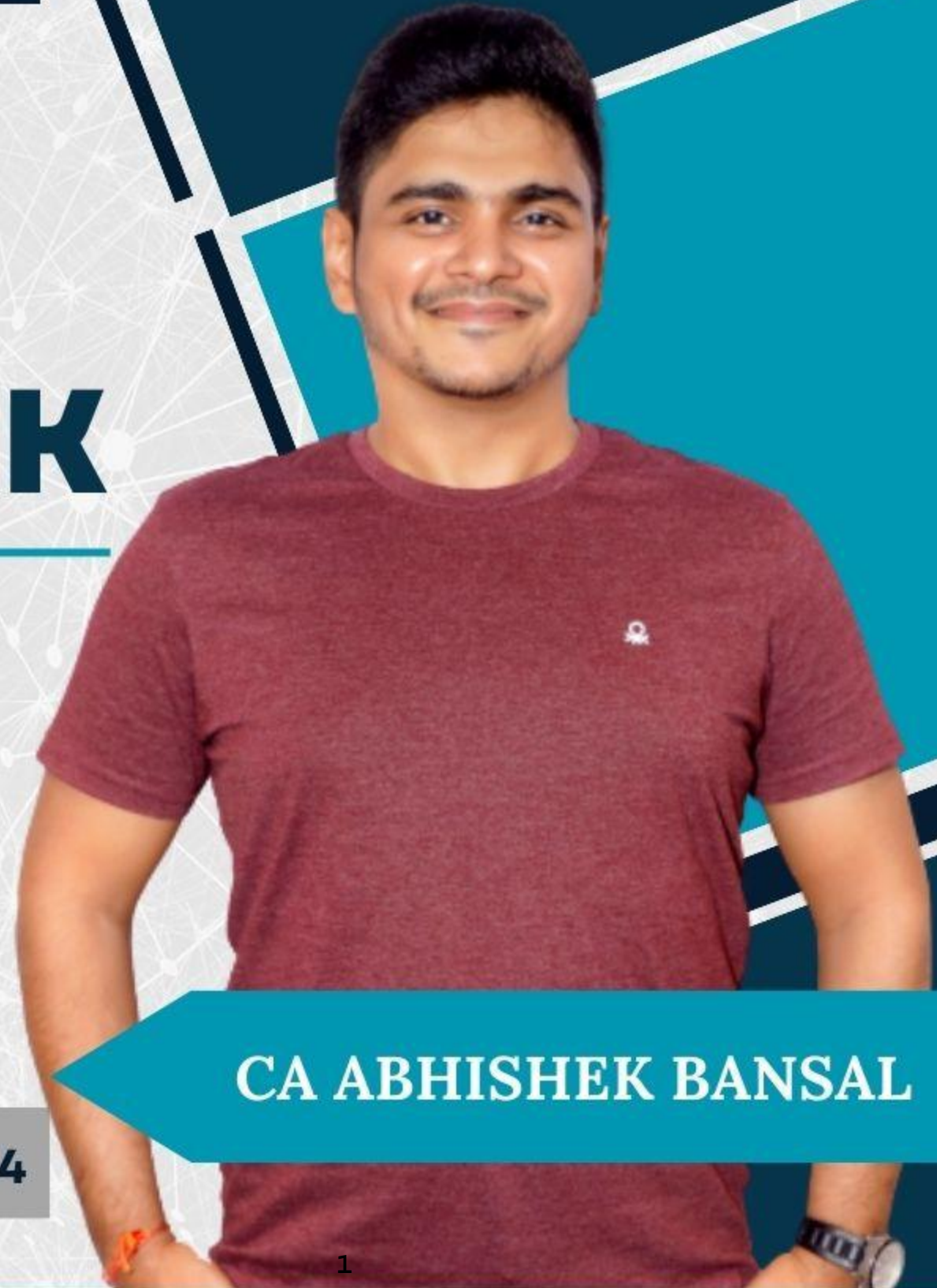
CA FINAL AUDIT SUPER FASTRACK

1 Main Book 1 Question Book
Duration : 60 Hrs Approx
(4-5 hours daily live)

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STARTING FROM 1ST FEB 2024



CA ABHISHEK BANSAL

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SUSTAINABLE DEVELOPMENT GOALS (SDG) & ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) ASSURANCE

Q1. Explain Sustainability/Sustainable development/Pillars.

① Sustainability is a concept related to development of products, goods & services that involves meeting the need of the current generations w/o compromising the ability of future generations to fulfill their own need.

Some times it is also called sustainable development.

② It encompasses three pillars of sustainability:



A. Environment (E):

- Environmental stands for corporate climate policies, energy use, waste, pollutions, natural resource conservation, and treatment of animals.

- It includes the natural resources that every entity absorbs for its functioning like that of coal, electricity, water and so on.

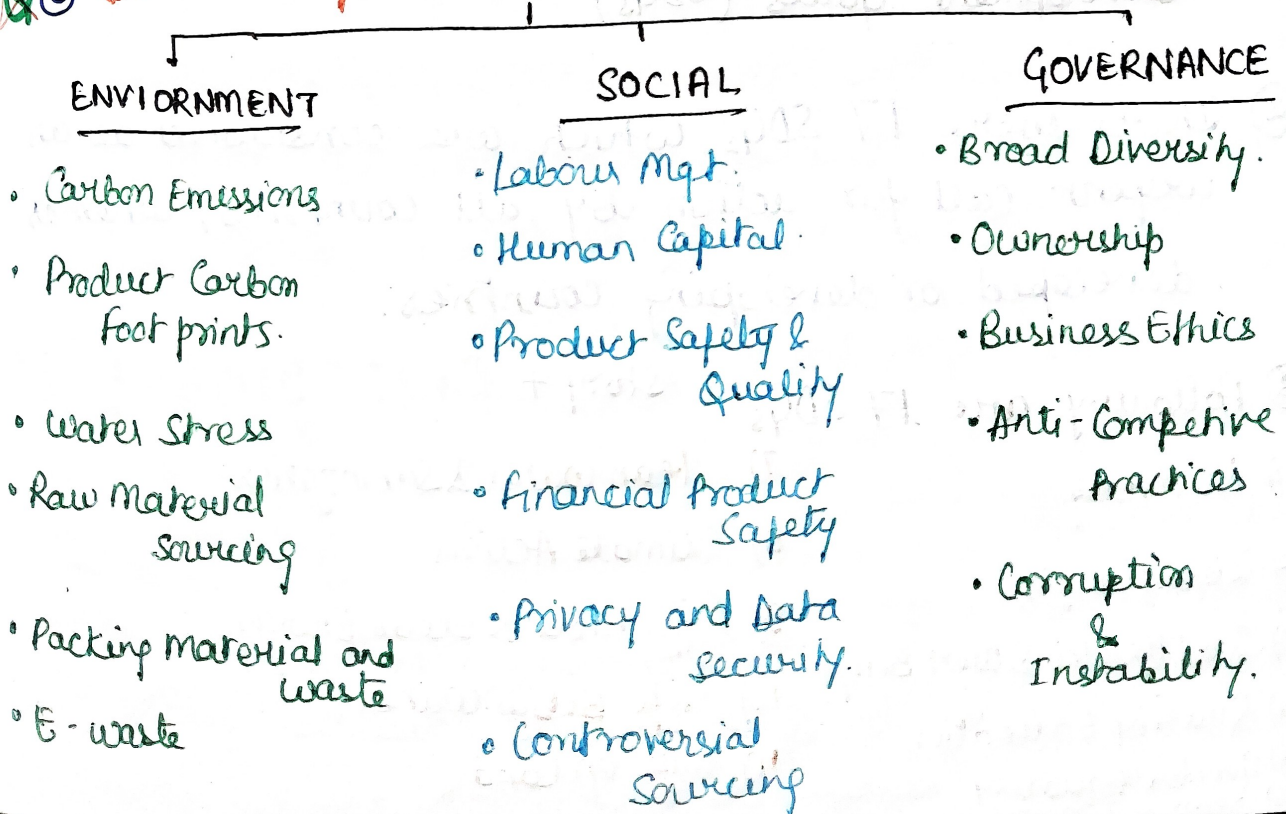
- Thus, one is dependent on the environment for carrying out its operations.

B. Social(s): It addresses the relationships the entity has and the reputation it fosters with people and institutions in the communities where you do business and the value chain involved. It further includes labour relations, diversity, and inclusions.

C. Governance(G)
It is the internal system of practices, controls, and procedures entity adopts in order to govern itself, make effective investment decisions, comply with the law, and meet the needs of all stakeholders.

Every entity, which is itself a legal creation, requires governance.

Q3 The above pillars includes following elements:-



- ④ ESG reporting can be both Quantitative and qualitative in nature.

Qualitative reports describe company's strategy or policy around the relevant topics,

while

Quantitative approach includes metrics and key performance indicators (KPIs) linked with each area to measure progress against goals and report on achievement.

Q2. What are Sustainable Development Goals?

- ① Sustainable Development ~~Goal~~ was adopted by all United Nations members states to provide a blueprint, which mentioned the Sustainable Development Goals (SDGs)
- ② There were 17 SDGs which are considered as an urgent call for action by all countries, whether developed or developing countries.

③ Following are 17 SDGs: [Story + CALL DIP,RS]

- | | |
|-----------------------------|-------------------------------|
| 1) No Poverty | 7) Clean water & Sanitization |
| 2) Zero Hunger | 8) Climate Action |
| 3) Good Health & Well Being | 9) Affordable & Clean Energy |
| 4) Quality Education | 10) Life Below Water |
| 5) Gender Equality | 11) Life on Land |
| 6) Reduce Inequalities | |

- 12) **D**ecent work & Economic Growth.
- 13) **I**ndustry Innovation & Infrastructure
- 14) **P**eace, Justice & strong Institutions
- 15) **P**artnership for the Goals
- 16) **R**esponsible Consumption & Production
- 17) **S**ustainable Cities & Communities

Q3. What are the Global trends in Sustainable Reporting?

Refer Pg 485 Main Book.

Q4. What are the 6Cs of Integrated Reporting?
[M.S. FINH]

- 1) Manufactured Capital
- 2) Social Capital
- 3) Financial Capital
- 4) Intellectual Capital
- 5) Natural Capital
- 6) Human Capital

Refer Pg. 486

Main Book.

(Imp. Ans.)

Q5. What is Sustainability Reporting? Can you list out some of its benefit?

- ① Sustainability Reporting is an organization's practice of reporting publicly on its economic, environmental, and/or social impacts, and hence its contributions - positive or negative - towards the goal of sustainable development.

② Sustainability reporting refers to the info that companies provide about their performance to the outside world on a regular basis in a structured way.

③ Expected Benefits: It can help stakeholders to understand org's performance vis a vis sustainability and impacts.

④ Such reporting can help entities to focus on long-term value creation, by addressing environmental, social and governance (ESG) issues.

⑤ Investors can use ESG performance of companies to make investment decisions

⑥ Investing in social and environmental issues will not only improve own business continuity of companies but also put them in a better position with their B2B (Business to Business) customers as well as enable them to acquire new ones.

Q6. What are the Global Scenario in various countries?

United States

As per Securities and Exchange Commission (SEC) co's would be required to discuss financially material, climate related risks guided by

Task force on Climate-Related Financial Disclosures (TCFD)

Reporting would include:

- a) The Co's climate Risk mgt. processes.
- b) How the risks identified would impact financial performance.
- c) How these risks are managed and mitigated.
- d) Any scenario analysis, transition plans, and publicly announced climate goals.

2. United Kingdom

- 1) UK passed a law targeting net zero greenhouse gas (GHG) emissions by 2050.
- 2) It applies to large Co's that are either listed, exceed £500 million in annual turnover, or have more than 500 employees.
- 3) As such, Co's are required to discuss the strategy, processes, and due diligence regarding matters of: **(EESHA)**
 - The **E**nvironment (including the Co's impact on the environment)
 - The Co's **E**mployees.
 - **S**ocial matters
 - Respect for **H**uman rights.
 - **A**nti-corruption and anti-bribery.

4) Specifically for the environment, climate-related disclosures must include:

- a) Climate change-related risks and opportunities
- b) How these risks and opportunities are managed through targets and KPIs
- c) How climate change is addressed in corporate governance.
- d) How climate risk impacts strategy.

Q7. What are the initiatives taken by ICAI for sustainability reporting?

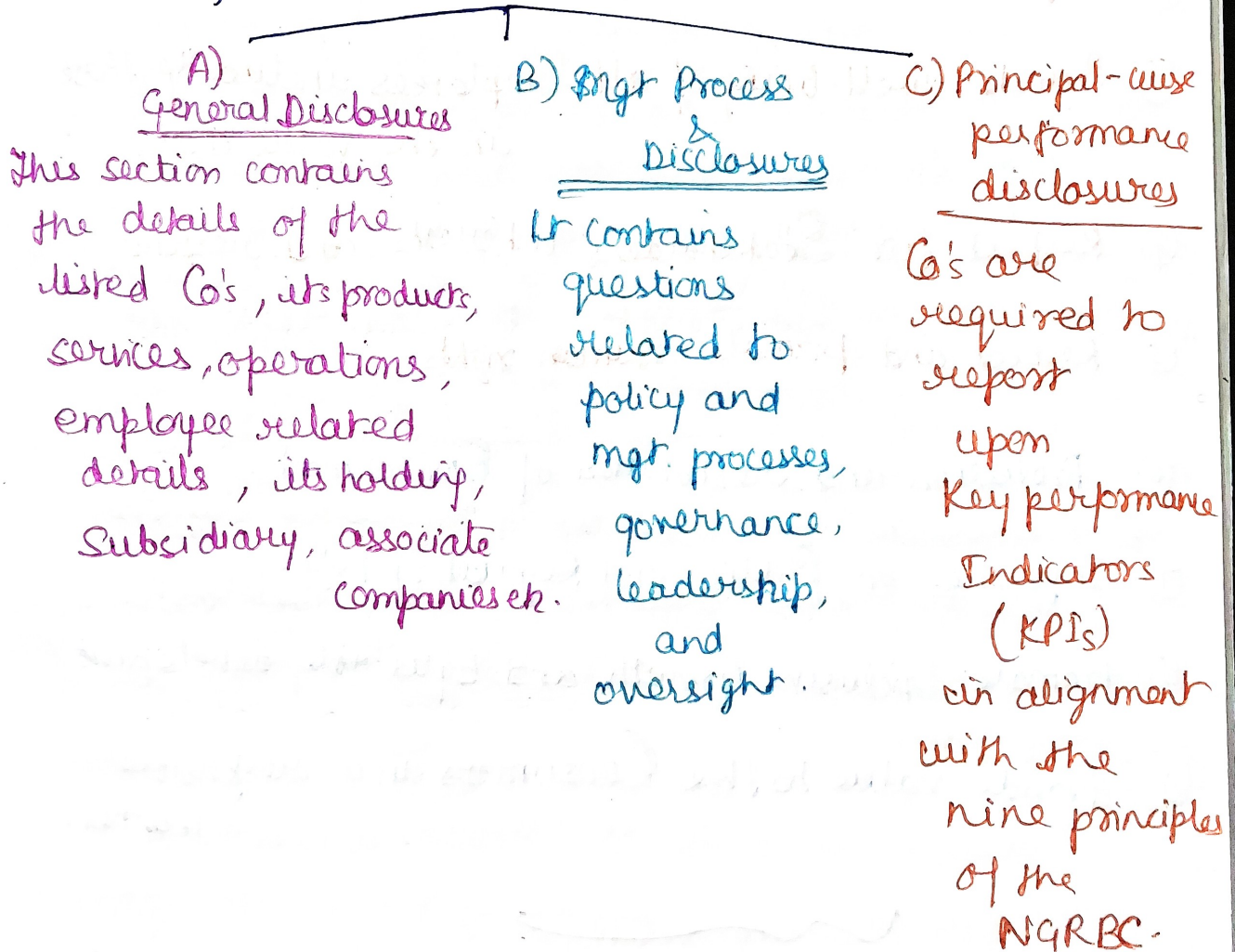
- ① ICAI constituted Sustainability Reporting Standards Board (SRSB)
- ② ICAI has also started a Certificate Course on Sustainable Development Goals (SDGs), Business Responsibility Reports (BRR), Integrated Reporting (IR) & also proposed an ICAI Executive Development Program on Business Responsibility Reporting (BRR)
- ③ ICAI has issued following publications:
 - Standard on Assurance Engagements (SAE 3410)
 - Assurance Engagements on Greenhouse Gas Statements.

- Background material on BRSR (revised 2021)
- Sustainable Development Goals

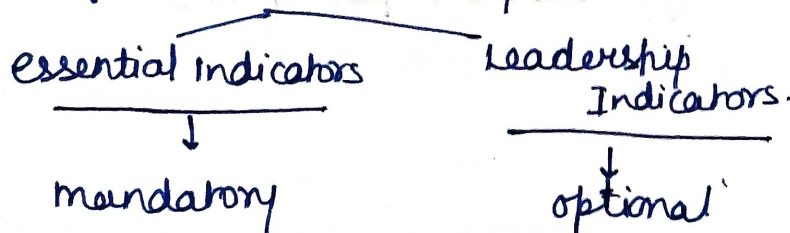
Q8. What is Business Responsibility and Sustainability Report (BRSR)

Reporting under BRSR is mandatory from FY 22-23

The Question is divided into 3 sections:



It is classified into 2 categories.



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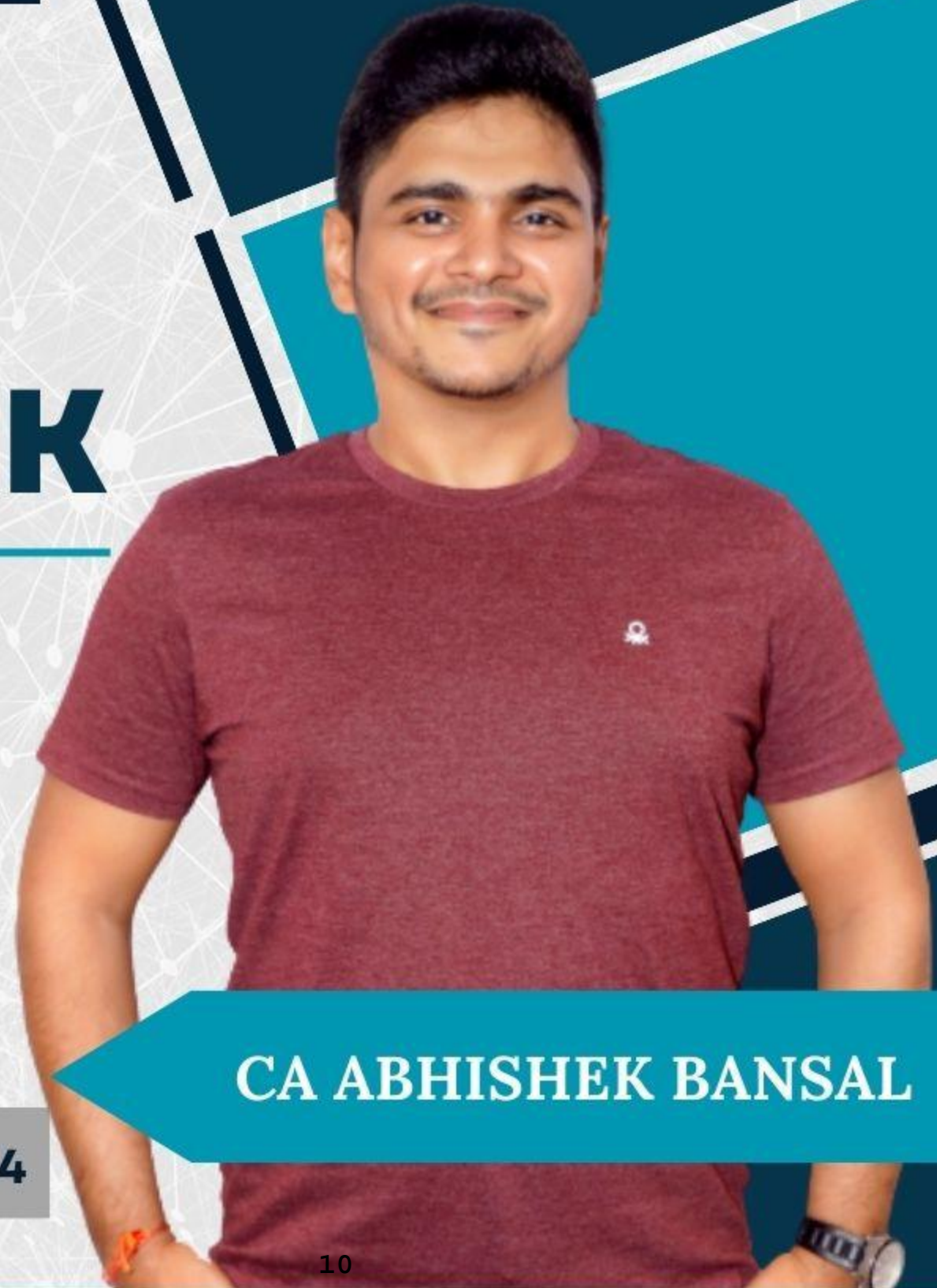
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Q9. What are the Nine Principles of BRSR.

Nine Principles are categorized into: **[E SESH-EPIC]**

2 in Environment

3 in Social

4 in Governance

- ① **E**thics, Transparency and Accountability
- ② **S**afe and Sustainable Goals and Service
- ③ Promote well-being of all **E**mployees including those in the value chain.
- ④ Respect for **S**takeholders' interests and responsiveness.
- ⑤ Respect and promote **H**uman rights.
- ⑥ Protection and Restoration of **E**nvironment.
- ⑦ Influence on **P**ublic and Regulatory policy.
- ⑧ Promote **I**nclusive Growth and Equitable development.
- ⑨ Provide value to the **C**onsumers in a responsible manner.

for detail Refer Pg 493

Q10. Reporting in BRSR / Assurance

① Reporting in BRSR is applicable to top 1000 listed entities

② ICAI has recently issued Standard on Sustainability Assurance Engagements (SSAE) 3000

- Assurance Engagements on Sustainability

Information
This standard deals with Assurance engagements on an entity's sustainability info.

This Standard applies for assurance engagements which pertain to providing reasonable or limited assurance on sustainability info.

The effective date of application of SSAE 3000 is as follows:

Voluntary basis
for assurance report
covering periods
ending on 31st March 2023.

Mandatory basis
ending on or
after 31st March
2024

③ ICAI has also issued SSAE 3410, Assurance Engagements on Greenhouse Gas Statements which deal with assurance engagements on an entity's sustainability info including assurance of BRSR.

Q11. Methodology to provide assurance on BRSR

- ① Preliminary Review of ESG report, parameters.
- ② On-site Assessment/Verification of ESG report.
- ③ Issuance of Assessment Report and Assessment Statement.
- ④ Review of the responses and clarifications on findings.
- ⑤ Submission of findings of the on-site assessment and document review.
- ⑥ Preparation of Assessment/Verification report including final results of Assessment/Recommendation.

Story

- check the result
- Call paper for re-valuation
- Issuing to the teacher to check
- Teacher will review
- Teacher will submit the findings
- Now we mail to ICAI

Q12. What is the role of auditor on ESG aspects in audit of FS of the Co.

- ① The role of auditor is to obtain reasonable assurance that FS as a whole are free from material misstatement whether due to fraud or error.
- ② He should report that the FS are prepared as per AFRF.
- ③ In developing the understanding of the entity the auditor should include the consideration of climate related risk and how this risk may be relevant to the audit.
- ④ This climate risk could be more relevant for certain industry
eg. Bank, Insurance, Agriculture, energy etc.
- ⑤ The auditor's report is a key mechanism of communication to the user.
It provides info about auditor's responsibility and about the understanding significant matters in audit and how they were addressed.
- ⑥ In some circumstances it may also include EOM para to draw attention that are of

fundamental importance to the users understanding
of FS.

⑦ The auditor should also read the other info for consistency with info disclosed in FS like annual report, press releases as per the requirement of SA 720.