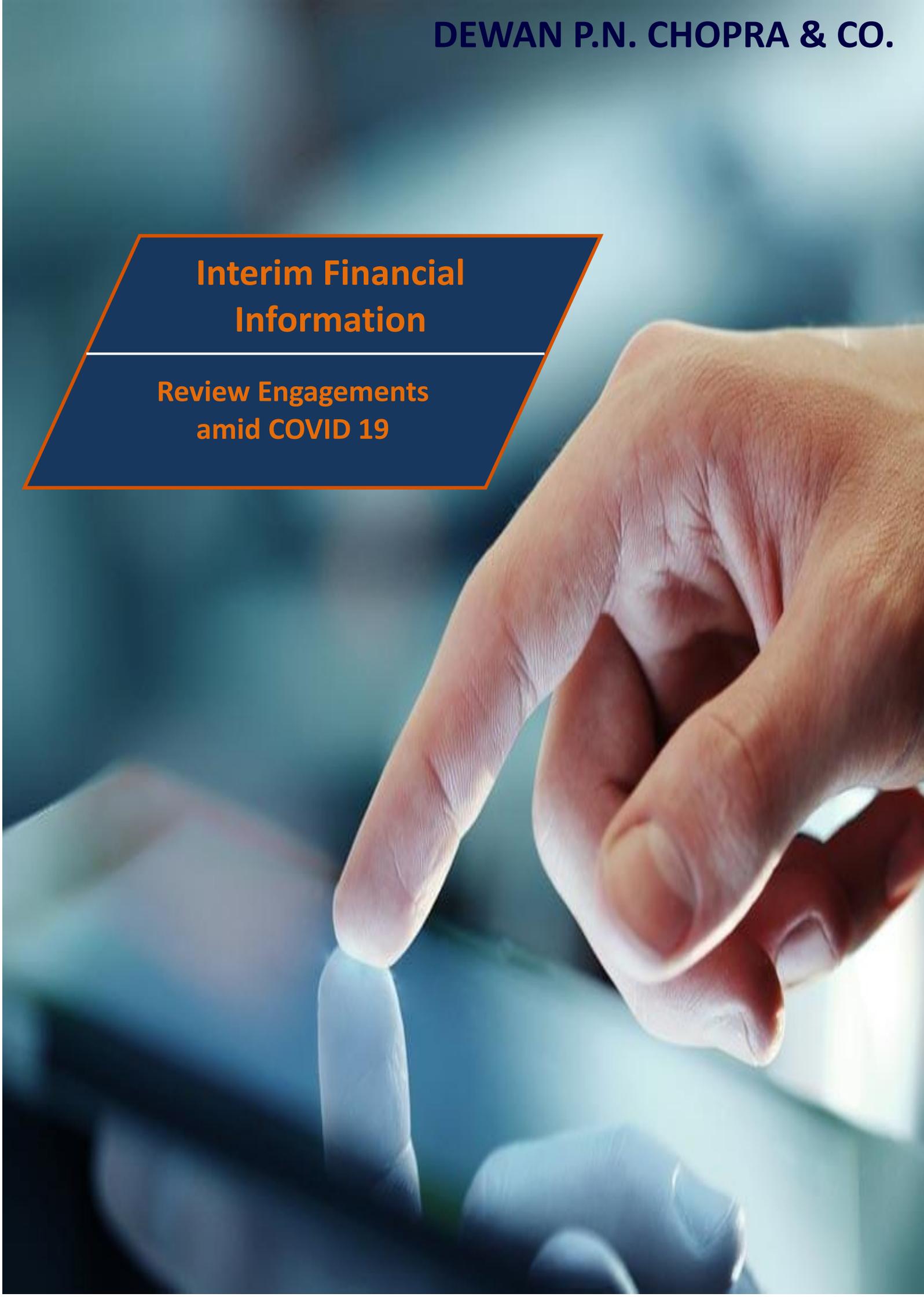


**Interim Financial
Information**

**Review Engagements
amid COVID 19**



Review Engagements on Interim Financial Information in the Current Evolving Environment Due to COVID-19

I. Background

For reviewing the Interim Financial Information, Auditor has to ensure that applicable financial framework has been complied with by the Company.

A review of interim financial information in accordance with SRE 2410 is a limited assurance engagement, in which the independent auditor of the entity expresses a conclusion whether, on the basis of the review, anything has come to the auditor's attention that causes the auditor to believe that the interim financial information is not prepared, in all material respects in accordance with the applicable financial reporting framework ("interim review conclusion"). This review is undertaken by the independent auditor of the entity.

II. Management's Responsibility for the Interim Financial Information

Management is responsible for preparing the interim financial information, and for establishing and maintaining effective internal control relevant to the preparation of the interim financial information. Management prepares the interim financial information in accordance with an applicable financial reporting framework.

III. The Applicable Financial Reporting Framework

Following financial reporting framework is applicable to various entities

Criteria for Entities	Applicable Financial Reporting Framework
All listed companies and unlisted companies having net worth above Rs. 250 crores (other than banking companies and insurance companies)	Companies (Indian Accounting Standards) Rules, 2015
Unlisted companies having net worth less than Rs. 250 crores	Companies (Accounting Standards) Rules, 2006 and sector specific

Banking companies and insurance companies	requirements, if any, laid down by regulators like RBI, IRDAI etc.
Other entities not covered above	Accounting Standards issued by ICAI

Further, the Securities and Exchange Board of India (SEBI) has also prescribed requirements to be complied with by the listed entities while preparing their financial results and audit/ limited review of these financial results. These requirements have been prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “LODR Regulations”).

For publishing financial results of Listed, SEBI has issued circulars dated November 30, 2015 and July 5, 2016. Further, regarding the formats for limited review reports, SEBI has issued circulars dated March 29, 2019 and July 19, 2019. These circulars may be referred for formats of financial results and formats of limited review reports. Further, SEBI has also issued a circular dated May 20, 2020 regarding “Advisory on disclosure of material impact of COVID–19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”/ “LODR”).

IV. The Auditor’s Review of the Interim Financial Information in Accordance with SRE 2410

Areas of Focus in Performing the Review of Interim Financial Information

- Changes in accounting estimates (e.g., fair value measurements, allowance for expected credit losses or inventory valuation), and the potential for heightened estimation uncertainty
- Application of new accounting policies as a result of new events or transactions (e.g., restructuring costs, employee termination benefits, government assistance or discontinued operations)
- Accounting for modifications to agreements and contracts, or terms and conditions of service (e.g., modifications to return policies, new or modified contracts with customers or suppliers or new or modified debt agreements)

- Impairment of non-financial assets (including goodwill)
- Tax considerations (e.g. recoverability of deferred tax assets)
- Potential breaches of loan covenants, including the impact on the classification of liabilities as current or non-current
- Impacts on management's going concern assessment
- Potential impact of employee cost derived from cost rate at end of the prior financial year, adjusted for significant market fluctuations and for significant one-off events, such as plan amendments, curtailments and settlements
- Applicability of force majeure clause in significant contracts
- New internal controls or changes to internal controls affecting the preparation of interim financial information
- Disclosure of the impact of COVID-19 on the balance sheet and the statement of profit and loss of the entity
- Disclosure requirements in the financial reporting framework that have been triggered because of COVID-19 (e.g., disclosures related to impairments, financial instruments, discontinued operations or loan breaches)
- The level of materiality used by management for recognition, measurement, presentation and disclosure in the interim financial information may have been affected by the financial effects of the COVID-19 pandemic
- Specific disclosure requirements stipulated by regulators to be made in the interim financial information
- Shift in the benchmarks for determining materiality
- Potential impact on group audit and reporting thereat
- Challenges faced in the remote operations and work from home scenario

V. Reference

For detailed guidance on this aspect, please refer the following URL:

<https://www.icai.org/resource/60696aasb49345.pdf>

DISCLAIMER:

The information contained herein is in summary form of Issued by Auditing and Assurance Standards Board of ICAI and is based on information available in public domain. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.