

**Applicability of Pronouncements/Legislative Amendments/Circulars etc.  
for November, 2013 – Final Examination**

**Paper 1: Financial Reporting**

**A. Pronouncements**

**I. Statements and Standards**

1. Framework for the Preparation and Presentation of Financial Statements.
2. Accounting Standards - AS 1 to AS 32.

**II. Guidance Notes on Accounting Aspects**

1. Guidance Note on Treatment of Reserves created on Revaluation of Fixed Assets.
2. Guidance Note on Accrual Basis of Accounting.
3. Guidance Note on Accounting Treatment for Excise Duty.
4. Guidance Note on Terms Used in Financial Statements.
5. Guidance Note on Accounting for Depreciation in Companies.
6. Guidance Note on Availability of Revaluation Reserve for Issue of Bonus Shares.
7. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
8. Guidance Note on Accounting for Corporate Dividend Tax.
9. Guidance Note on Accounting for Employee Share-based Payments.
10. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
11. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25.
12. Guidance Note on Applicability of Accounting Standard (AS) 20, Earnings per Share.
13. Guidance Note on Remuneration paid to key management personnel – whether a related party transaction.
14. Guidance Note on Applicability of AS 25 to Interim Financial Results.
15. Guidance Note on Turnover in case of Contractors.
16. Guidance Note on the Revised Schedule VI to the Companies Act, 1956.

## B. Announcements

### 1. Presentation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA)

In the Revised Schedule VI format, no line item has been specified for the presentation of "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)". Therefore, the Council of the Institute at its 324th meeting held on March 24-26, 2013 at New Delhi, decided that debit or credit balance in FCMITDA should be shown on the "Equity and Liabilities" side of the balance sheet under the head 'Reserves and Surplus' as a separate line item.

### 2. Criteria for Classification of Entities and Applicability of Accounting Standards

Due to recent changes in the enhancement of tax audit limit, the Council of the ICAI has recently decided to change the 1st criteria i.e. determination of SME on turnover basis for Level II entities from Rs. 40 lakhs to Rs. 1 Crore with effect from the accounting year commencing on or after April 01, 2012.

#### Notes:

1. Students are expected to have thorough knowledge of the Accounting Standards (AS 1 to AS 29) and Guidance Notes on various aspects issued by the ICAI.
2. As far as AS 30, 31 and 32 are concerned, in view of the complexities involved, the questions involving conceptual issues (not involving application issues) may be asked. Since a separate topic of 'Financial Instruments' is included in the curriculum, simple practical problems based on AS 30, 31 and 32 may be asked.

*(Text of all applicable Accounting Standards and Guidance Notes are available in the Appendices, Volume II of Financial Reporting Study Material.)*

#### Non-Applicability of Ind ASs for November 2013 Examination

3. The Core Group was constituted by the Ministry of Corporate Affairs (MCA) for convergence of Indian Accounting Standards with International Financial Reporting Standards (IFRS). This Core Group decided that there will be two separate sets of Accounting Standards viz.

##### (i) Indian Accounting Standards converged with the IFRS (Known as Ind AS)

The MCA has hosted on its website 35 converged Indian Accounting Standards (Ind AS) without announcing the applicability date. These are the standards which are being converged by eliminating the differences of the existing Indian Accounting Standards vis-à-vis IFRS.

##### (ii) Existing Accounting Standards

The companies not falling within the threshold limits prescribed for Ind AS converged with IFRS compliance in the respective phases shall continue to use these standards in the preparation and presentation of financial statements.

***Students may note that Ind ASs are not applicable for the students appearing in November, 2013 Examination.***

## Paper 3: Advanced Auditing and Professional Ethics

### I. Professional Topics/Subjects

1. Code of Ethics

### II. A. Framework for Assurance Engagements

### II. B. Engagements and Quality Control Standards on Auditing (SQC/SA/SRS/SRE/SAE)

S.No	SA	<i>Title of Standard on Auditing</i>	<i>Effective Date</i>
1	SQC 1	Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements	April 1, 2009
2	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing	April 1, 2010
3	SA 210	Agreeing the Terms of Audit Engagements	April 1, 2010
4	SA 220	Quality Control for Audit of Financial Statements	April 1, 2010
5	SA 230	Audit Documentation	April 1, 2009
6	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements	April 1, 2009
7	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements	April 1, 2009
8	SA 260	Communication with Those Charged with Governance	April 1, 2009
9	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management	April 1, 2010
10	SA 299	Responsibility of Joint Auditors	April 1, 1996
11	SA 300	Planning an Audit of Financial Statements	April 1, 2008
12	SA 315	Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment	April 1, 2008
13	SA 320	Materiality in Planning and Performing an Audit	April 1, 2010
14	SA 330	The Auditor's Responses to Assessed Risks	April 1, 2008
15	SA 402	Audit Considerations Relating to an Entity Using a Service Organization	April 1, 2010

16	SA 450	Evaluation of Misstatements Identified during the Audits	April 1, 2010
17	SA 500	Audit Evidence	April 1, 2009
18	SA 501	Audit Evidence - Specific Considerations for Selected Items	April 1, 2010
19	SA 505	External Confirmations	April 1, 2010
20	SA 510	Initial Audit Engagements-Opening Balances	April 1, 2010
21	SA 520	Analytical Procedures	April 1, 2010
22	SA 530	Audit Sampling	April 1, 2009
23	SA 540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures	April 1, 2009
24	SA 550	Related Parties	April 1, 2010
25	SA 560	Subsequent Events	April 1, 2009
26	SA 570	Going Concern	April 1, 2009
27	SA 580	Written Representations	April 1, 2009
28	SA 600	Using the Work of Another Auditor	April 1, 2002
29	SA 610	Using the Work of Internal Auditors	April 1, 2010
30	SA 620	Using the Work of an Auditor's Expert	April 1, 2010
31	SA 700	Forming an Opinion and Reporting on Financial Statements	April 1, 2012
32	SA 705	Modifications to the Opinion in the Independent Auditor's Report	April 1, 2012
33	SA 706	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	April 1, 2012
34	SA 710	Comparative Information - Corresponding Figures and Comparative Financial Statements	April 1, 2011
35	SA 720	The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements	April 1, 2010
36	SA 800	Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Framework	April 1, 2011

37	SA 805	Special Considerations-Audits of Single Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement	April 1, 2011
38	SA 810	Engagements to Report on Summary Financial Statements	April 1, 2011
39	SRE 2400	Engagements to Review Financial Statements	April 1, 2010
40	SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity	April 1, 2010
41	SAE 3400	The Examination of Prospective Financial Information	April 1, 2007
42	SAE 3402	Assurance Reports on Controls At a Service Organisation	April 1, 2011
43	SRS 4400	Engagements to Perform Agreed Upon Procedures Regarding Financial Information	April 1, 2004
44	SRS 4410	Engagements to Compile Financial Information	April 1, 2004

\* 'Effective date' means that the SA is effective for audits of the financial statements for periods beginning on or after the specified date.

### III. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956
2. Statement on the Companies (Auditor's Report) Order, 2003

### IV. Guidance Notes/Study Guide/Monograph

1. Guidance Note on Independence of Auditors.
2. Guidance Note on Audit Reports and Certificates for Special Purposes.
3. Guidance Note on Audit under Section 44AB of the Income-tax Act.\*
4. Guidance Note on Audit of Abridged Financial Statements.
5. Guidance Note on Audit of Inventories.
6. Guidance note on Audit of Debtors, Loans and Advances.
7. Guidance note on Audit of Investments.
8. Guidance note on Audit of Miscellaneous Expenditure.
9. Guidance Note on Audit of Cash and Bank Balances.
10. Guidance Note on Audit of Liabilities.
11. Guidance Note on Audit of Revenue.

12. Guidance Note on Audit of Expenses.
13. Guidance Note on Sections 227(3)(e) and (f) of the Companies Act, 1956.
14. Guidance Note on Certificate of Corporate Governance
15. Guidance Note on Computer Assisted Audit Techniques (CAATs).
16. Guidance Note on Audit of Payment of Dividend.
17. Guidance Note on Audit of Capital and Reserves.
18. Guidance Note on Provision for Proposed Dividend.
19. Guidance Note on Auditing of Accounts of Liquidators.
20. Guidance Note on Section 293A of the Companies Act and the Auditor.
21. Guidance Note on Audit of Consolidated Financial Statements.

\* Guidance Note on Audit under section 44AB of the Income-tax Act, 1961 (2005 edition) alongwith the Supplementary Guidance Note on Tax Audit under section 44AB (forming part of the publication "Guidance Note on Fringe Benefit Tax" published in September, 2006). It may be noted that the Guidance Note on Fringe Benefit Tax is not relevant for the examination.

## Paper 4: Corporate and Allied Laws

### Applicability of relevant Circulars/Notifications/Regulations etc.

Subject	Amendment	Content	Links Reference	For
The Companies Act, 1956	Appointment of Cost Auditor by companies	The Ministry of Corporate Affairs vide General Circular No. 36/2012 dated 6 <sup>th</sup> November, 2012 has provided some changes in the procedure for the appointment of cost auditor under section 233B of the Companies Act, 1956 to be followed by the companies and the cost auditor.	<a href="http://www.mca.gov.in/Ministry/pdf/General_Circular_36_2012.pdf">http://www.mca.gov.in/Ministry/pdf/General_Circular_36_2012.pdf</a>	
The Companies Act, 1956	Filing of Cost Audit Report and Compliance Report in XBRL mode	The Ministry of Corporate Affairs vide General Circular No. 43/2012 dated 26 <sup>th</sup> December, 2012 has decided that all cost auditors and the companies concerned are allowed to file their Cost Audit Reports and Compliance Reports for the year 2011-12 with the Central Government in the XBRL mode, without any	<a href="http://www.mca.gov.in/Ministry/pdf/General_Circular_43_2012.pdf">http://www.mca.gov.in/Ministry/pdf/General_Circular_43_2012.pdf</a>	

		penalty, within 180 days from the close of the company's financial year to which the report relates or by January 31, 2013, whichever is later.	
The Companies Act, 1956	Companies (Directors Identification Number) Rules, 2006	The Ministry of Corporate Affairs vide Notification No. G.S.R. 173(E) dated 15 <sup>th</sup> March, 2013 has issued Companies Directors Identification Number (Amendment) Rules, 2013 by amending the Companies (Directors Identification Number) Rules, 2006.	<a href="http://www.mca.gov.in/Ministry/pdf/Gaz_noti_GSR173-E_dated_15mar2013.pdf">http://www.mca.gov.in/Ministry/pdf/Gaz_noti_GSR173-E_dated_15mar2013.pdf</a>
The SEBI Act, 1992	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009	SEBI vide Notification No. LAD-NRO/GN/2012-13/32/4947 dated 27 <sup>th</sup> February, 2013 has issued SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2013 by amending SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.	<a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1361965458649.pdf">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1361965458649.pdf</a>

**Non-Applicability of the following Circulars/Notifications for November, 2013 examination**

S.No.	Subject Matter	Content
1.	Companies (Second Amendment) Act, 2002 [relating to Winding up]	Not Applicable [Only General Provisions of winding up as covered under Paragraph 9.4 of the study material is applicable for the examination.] Since, new provisions as introduced by the Companies (Second Amendment) Act, 2002, have not yet been completely notified so such provisions are not applicable from the examinations point of view. However, certain problems have been covered under para 9.4 of the study material which are applicable for the students in the relevant examination.
2.	Provisions relating to Revival and Rehabilitation of Sick-Industrial Companies	Not Applicable

## Paper 7 : Direct Tax Laws & Paper 8 : Indirect Tax Laws

Applicability of Finance Act, Assessment Year etc. for November, 2013 Examination

(1)	The amendments made by the <b>Finance Act, 2012</b> in Direct Tax Laws & Indirect Tax Laws;
(2)	The provisions of Direct Tax Laws as applicable for the <b>assessment year 2013-14</b> ;
(3)	The significant <b>notifications and circulars issued upto 30th April, 2013</b> (DTL and IDTL).

*(The Study Materials of Direct Tax Laws and Indirect Tax Laws relevant for May, 2013 and November, 2013 examinations are updated based on the provisions of law as amended by the Finance Act, 2012 and significant circulars and notifications issued up to 30.6.2012. The amendments made by the Finance Act, 2012 and notifications and circulars issued between 1.7.2011 and 30.6.2012 are also separately discussed in the publication "Supplementary Study Paper-2012". The publication "Select Cases in Direct and Indirect Tax Laws" relevant for November 2013 examination contains a discussion of recent significant select cases in Direct and Indirect Tax Laws.)*