

Applicability of the Institute's Pronouncements, Publications and other Notifications for CA Final Examination November, 2012

Paper 1: Financial Reporting

A. Pronouncements

I. Statements and Standards

1. Framework for the Preparation and Presentation of Financial Statements
2. Accounting Standards (including limited revisions) – 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.

B. Publications

1. **Revision Test Paper (RTP) for November, 2012 examination** - Official Announcements Notifications (in relation to syllabus) issued till 30th April, 2012 (not given in the study material of January, 2012) will be given in the Revision Test Paper (RTP) for November, 2012 examination.
2. **Study Material (Vol. I, II and III) applicable for November, 2012 examination** - Study material issued in January, 2012 will be applicable for November, 2012 examination.

C. Notification relevant for November, 2012 examination

1. **Schedule VI revised by the Ministry of Corporate Affairs** on 28th February, 2011 pertaining to the preparation of Balance Sheet and Profit and Loss Account under the Companies Act, 1956 for the financial year commencing on or after 1.4.2011.
2. Revised Capital Adequacy Framework for Off-Balance Sheet Items for NBFCs .
3. **Amendment to para 46 of Accounting Standard 11 of the Companies (Accounting Standards) Rules, 2006**

The MCA has extended the option (for the enterprises) to capitalize the exchange differences arising on reporting of long term foreign currency monetary items till 31st March 2020 instead of 31st March 2012.

4. Insertion of para 46A in Accounting Standard 11 of the Companies (Accounting Standards) Rules, 2006.

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 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.
3. The Accounting Standard Interpretations (ASI) have been issued from time to time by the Council of the ICAI. These interpretations address questions that arise in course of application of a particular Accounting Standard. ASI 2 and ASI 11 have been withdrawn. ASI 12, 23, 27 and 29 have been withdrawn and issued as Guidance Notes. The remaining interpretations have been merged as explanations to the relevant paragraphs of the related Accounting Standards.

Text of all applicable Accounting Standards and Guidance Notes are available in the Appendices, Volume II of Financial Reporting Study Material. These can be accessed at- http://www.icaai.org/post.html?post_id=5936.

Applicability of Ind ASs

4. 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 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, 2012 Examination. However existing Accounting Standards are applicable for the students appearing in November, 2012 Examination

Paper 3 : Advanced Auditing and Professional Ethics

I. Quality Control and Engagement Standards

S.No	SA	Title of Standard on Auditing	Effective Date
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	April1, 2010
31	SA 700**	Forming an Opinion and Reporting on Financial Statements	April 1, 2011
32	SA 705**	Modifications to the Opinion in the Independent Auditor's Report	April 1, 2011
33	SA 706**	Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report	April 1, 2011
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

** "The Council, in partial modification of the decision taken by it at its 291st meeting held in December, 2009, decided that the effective date/applicability of the following Standards on Auditing a) SA 700 (Revised), "Forming an Opinion and Reporting on Financial Statements";b) SA 705, "Modifications to the Opinion in the Independent Auditor's Report";c) SA 706, "Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report" be postponed by one year and consequently the said Standards shall now be effective/applicable for audits of financial statements for periods beginning on or after 1st April, 2012 (instead of audits of financial statements for periods beginning on or after 1st April, 2011 as was earlier decided and referred to above). **However above said SA 700, 705 and 706 are applicable for November 2012 examination.**

II. Statements

1. Statement on Reporting under Section 227 (1A) of the Companies Act, 1956
2. Statement on the Companies (Auditor's Report) Order, 2003 (2005 Edition)

III. 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 (2005 Edition).*
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 (2006 Edition)
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 (excluding the portion relating to Fringe Benefit Tax Provisions) published in September, 2006.

Paper 4 : Corporate and Allied Laws

Applicability of relevant Amendments / Circulars / Notifications / Regulations etc. for November 2012, Examination:

1. The Companies Act, 1956

SUBJECT	AMENDMENT	CONTENT	LINKS FOR REFERENCE
The Companies Act, 1956	Revised Schedule VI	The MCA vide Notification No. S.O. 447(E) dated 28th February, 2011 and Notification No. S.O. 653(E) dated 30th March, 2011 has revised Schedule VI pertaining to the preparation of Balance Sheet and Profit & Loss Account to be	http://www.mca.gov.in/Ministry/notification/pdf/SO_653%28E%29_30mar2011.pdf

		prepared for the financial year commencing on or after 1st April, 2011.	
The SEBI Act, 1992	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009	SEBI vide Notification No. LAD-NRO/GN/2011-12/34/2499 dated 30 th January, 2012 has issued SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2012 by amending SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1328077505398.pdf
The SEBI Act, 1992	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009	SEBI vide Notification No. LAD-NRO/GN/2011-12/35/3186 dated 7 th February, 2012 has issued SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2012 by amending SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.	http://www.sebi.gov.in/cms/sebi_data/attachdocs/1328681193686.pdf

Non-Applicability of the following Amendments/Circulars/Notifications in Corporate and Allied Laws (Final)

S.No.	Subject Matter	CA Final – Corporate and Allied Laws
1.	The Companies Bill, 2011	Not Applicable
2.	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. Students have been advised accordingly.] In view of the paradox of the new provisions relating to winding-up as introduced by the Companies (Second Amendment) Act, 2002 have not yet fully been notified and proposed Bill on company law were contemplated upon one time or other since now and then, it was thought that neither all the provisions relating to winding-up as contained in the existing Act, 1956 nor new provisions as introduced by the Companies (Second Amendment) Act, 2002 should not be made applicable from the view point of examinations. However, instead of making neither of them be applicable, there are certain practical common problems which students may study for time being and those provisions/problems have been stated in the aforesaid para 9.4 of the study material. Though study material contains literature on the new law as per (Second Amendment) Act, 2002, questions should be based only on para 9.4 and not outside the same.
3.	Provisions relating to Revival and Rehabilitation of Sick-Industrial Companies	Not Applicable

Paper 7 : Direct Tax Laws

1. The **Study Material and Practice Manual for Paper 7: Direct Tax Laws (A.Y.2012-13)**, as amended by the **Finance Act, 2011** (relevant for A.Y.2012-13) and significant notifications/ circulars/other legislations up to 30.6.2011. The Study Material contains three volumes. Volume III is the Practice Manual.

2. **Final Course - Supplementary Study Paper – 2011**, which explains the amendments made by the Finance Act, 2011 (relevant for A.Y. 2012-13) and significant notifications/circulars issued between 1.5.2010 and 30.6.2011 [Portions relating to Direct Tax Laws].
3. **Select cases in Direct and Indirect Tax Laws (2011)** – An Essential reading for the Final Course [Portions relating to Direct Tax Laws].
4. **Revision Test Paper (RTP) for November 2012 examination** - The significant amendments made by circulars/notifications issued between 1.7.2011 and 30.4.2012 would be given in the RTP for November, 2012 examination.

Paper 8 : Indirect Tax Laws

1. The **Study Material and Practice Manual for Paper 8: Indirect Tax Laws, as amended by the Finance Act, 2011** and significant notifications/circulars/other legislations up to 30.6.2011. The Study Material contains three volumes. Volume III is the Practice Manual.

Note: Although all the taxable services are covered in the Study Material, it may be noted that students would be examined only in respect of the following taxable services:

- **Intellectual Property Services**
 1. Franchise services
 2. Intellectual property services
- **Financial services**
 3. Banking & other financial services
 4. Credit rating agency's services
 5. Stock broking services
- **Transport of goods services**
 6. Goods transport agency's services
 7. Courier services
 8. Mailing list compilation and mailing services
 9. Transport of goods by air services
 10. Clearing and forwarding agent's services
 11. Cargo handling services
 12. Custom house agent's services
 13. Storage and warehousing services
 14. Transport of goods through pipeline or other conduit
 15. Transport of goods by rail services
- **Professional Services**
 16. Practising Chartered Accountant's services
 17. Management or business consultant's services

- 18. *Technical testing and analysis services*
- 19. *Market research agency's services*
- 20. *Legal consultancy services*
- 21. *Public relations services*
- **Real estate & infrastructure services**
 - 22. *Construction in respect of commercial or industrial buildings or civil structures*
 - 23. *Construction services in respect of residential complexes*
 - 24. *Architect's services*
 - 25. *Real estate agent's services*
 - 26. *Site preparation and clearance, excavation, earthmoving and demolition services*
 - 27. *Interior decorator's services*
 - 28. *Renting of immovable property services*
- **Business services**
 - 29. *Business auxiliary services*
 - 30. *Business support services*
 - 31. *Manpower recruitment agent's services*
 - 32. *Management, maintenance or repair services*

Students may further note that Point of Taxation Rules, 2011 as covered in the Study Material will apply for November, 2012 examinations.

2. **Final Course – Supplementary Study Paper – 2011**, which explains the amendments made by the Finance Act, 2011 and significant amendments made by notifications and circulars issued between 1.5.2010 and 30.6.2011 [Portions relating to Indirect Tax Laws]
3. **Select cases in Direct and Indirect Tax Laws (2011)** – An Essential reading for the Final Course [Portions relating to Indirect Tax Laws].
4. **Revision Test Paper (RTP) for November 2012 examination** - The significant amendments made by circulars/notifications issued between 1.7.2011 and 30.4.2012 would be given in the RTP for November, 2012 examination.