

Applicability of Standards/Guidance Notes/Legislative Amendments etc. for May, 2017 – Final Examination

Paper 1: Financial Reporting

- I. Framework for the Preparation and Presentation of Financial Statements.
- II. Accounting Standards

AS No.	AS Title
1	Disclosure of Accounting Policies
2	Valuation of Inventories
3	Cash Flow Statements
4	Contingencies and Events Occurring after the Balance Sheet Date
5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
7	Construction Contracts (Revised 2002)
9	Revenue Recognition
10	Property, Plant and Equipment (2016)
11	The Effects of Changes in Foreign Exchange Rates (Revised 2003)
12	Accounting for Government Grants
13	Accounting for Investments
14	Accounting for Amalgamations
15	Employee Benefits
16	Borrowing Costs
17	Segment Reporting
18	Related Party Disclosures
19	Leases
20	Earnings Per Share
21	Consolidated Financial Statements
22	Accounting for Taxes on Income
23	Accounting for Investment in Associates in Consolidated Financial Statements
24	Discontinuing Operations
25	Interim Financial Reporting
26	Intangible Assets
27	Financial Reporting of Interests in Joint Ventures

28	Impairment of Assets
29	Provisions, Contingent Liabilities and Contingent Assets

III. Guidance Notes on Accounting Aspects

1. Guidance Note on Accrual Basis of Accounting.
2. Guidance Note on Accounting Treatment for Excise Duty.
3. Guidance Note on Terms Used in Financial Statements.
4. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
5. Guidance Note on Accounting for Corporate Dividend Tax.
6. Guidance Note on Accounting for Employee Share-based Payments.
7. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
8. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25.
9. Guidance Note on Applicability of AS 25 to Interim Financial Results.
10. Guidance Note on Turnover in case of Contractors.
11. Guidance Note on the Schedule III to the Companies Act, 2013.
12. Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities.
13. Guidance Note on Accounting for Derivative Contracts.
14. Guidance Note on Accounting for Depreciation in Companies in the context of Schedule II to the Companies Act, 2013

IV. Applicability of the Companies Act, 2013 and other Legislative Amendments

The relevant notified Sections of the Companies Act, 2013 and legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authority up to 31st October, 2016 will be applicable for May, 2017 Examination.

V. Applicability of Indian Accounting Standard (Ind AS)
Topic of “Introduction of Indian Accounting Standards (Ind AS); Comparative study of ASs vis-a-vis Ind ASs; Carve outs/ins in Ind ASs vis-à-vis International Financial Reporting Standards (IFRSs)”

has been made applicable in place of “Overview of International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), Interpretations by International Financial Reporting Interpretation Committee (IFRIC), Significant differences vis-a-vis Indian Accounting Standards; Understanding of US GAAPs, Applications of IFRS and US GAAPs”.

Considering the significance and relevance of the Ind AS, the above topic has been included in the syllabus and the students are expected to have an overall knowledge of the contents covered therein. However, considering the extensive coverage of the contents covered in such topic, from the examination perspective, simple problems involving conceptual or application issues may be asked in the examination.

VI. Applicability of Amendments made by MCA in the Companies (Accounting Standards) Rules, 2006 and Companies (Indian Accounting Standards) Rules, 2015

Amendments made by MCA on 30.3.2016 in the Companies (Accounting Standards) Rules, 2006 and Companies (Indian Accounting Standards) Rules, 2015 are applicable for May, 2017 examination.

VII. Non-applicability of AS 30, 31 and 32 on the topic ‘Accounting and Reporting of Financial Instruments’

Ind AS 32 “Financial Instruments: Presentation”, Ind AS 107 “Financial Instruments: Disclosures” and Ind AS 109 “Financial Instruments” have been made applicable to the topic ‘Accounting and Reporting of Financial Instruments’ instead of AS 30 “Financial Instruments: Recognition and Measurement”, AS 31 “Financial Instruments: Presentation” and AS 32 “Financial Instruments: Disclosures”.

In view of the complexities involved, simple practical problems involving conceptual issues or application issues may be asked in the examination.

Paper 3: Advanced Auditing and Professional Ethics

I. Statements and Standards

1. Statement on Reporting under Section 227(1A) of the Companies Act, 1956
(Section 143(1) of the Companies Act, 2013).
2. Framework for Assurance Engagements.

II. Engagements and Quality Control Standards on Auditing

S.No	SA	Title of Standard on Auditing
1	SQC 1	Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements
2	SA 200	Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing
3	SA 210	Agreeing the Terms of Audit Engagements
4	SA 220	Quality Control for Audit of Financial Statements
5	SA 230	Audit Documentation
6	SA 240	The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements
7	SA 250	Consideration of Laws and Regulations in An Audit of Financial Statements
8	SA 260	Communication with Those Charged with Governance
9	SA 265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
10	SA 299	Responsibility of Joint Auditors
11	SA 300	Planning an Audit of Financial Statements

12 SA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment

13 SA 320 Materiality in Planning and Performing an Audit

14 SA 330 The Auditor's Responses to Assessed Risks

15 SA 402 Audit Considerations Relating to an Entity Using a Service Organization

16 SA 450 Evaluation of Misstatements Identified during the Audits

17 SA 500 Audit Evidence

18 SA 501 Audit Evidence - Specific Considerations for Selected Items

19 SA 505 External Confirmations

20 SA 510 Initial Audit Engagements-Opening Balances

21 SA 520 Analytical Procedures

22 SA 530 Audit Sampling

23 SA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures

24 SA 550 Related Parties

25 SA 560 Subsequent Events

26 SA 570 Going Concern

27 SA 580 Written Representations

28 SA 600 Using the Work of Another Auditor

29 SA 610 (Revised) Using the Work of Internal Auditors

30 SA 620 Using the Work of an Auditor's Expert

31 SA 700 Forming an Opinion and Reporting on Financial Statements

32 SA 705 Modifications to the Opinion in the Independent Auditor's Report

33 SA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report

34 SA 710 Comparative Information – Corresponding Figures and Comparative Financial Statements

35 SA 720 The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements

36 SA 800 Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Framework

- 37 SA 805 Special Considerations-Audits of Single Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- 38 SA 810 Engagements to Report on Summary Financial Statements
- 39 SRE 2400 (Revised) Engagements to Review Historical Financial Statements
- 40 SRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity
- 41 SAE 3400 The Examination of Prospective Financial Information
- 42 SAE 3402 Assurance Reports on Controls At a Service Organisation
- 43 SAE 3420 (New) Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus
- 44 SRS 4400 Engagements to Perform Agreed Upon Procedures Regarding Financial Information
- 45 SRS 4410 (Revised) Compilations Engagements

III. Guidance Notes and other publications

- 1. Code of Ethics
- 2. Guidance Note on Independence of Auditors.
- 3. Guidance Note on Audit under Section 44AB of the Income-tax Act.
- 4. Guidance Note on Audit of Inventories.
- 5. Guidance Note on Audit of Debtors, Loans and Advances.
- 6. Guidance Note on Audit of Investments.
- 7. Guidance Note on Audit of Cash and Bank Balances.
- 8. Guidance Note on Audit of Liabilities.
- 9. Guidance Note on Audit of Revenue.
- 10. Guidance Note on Audit of Expenses.
- 11. Guidance Note on Computer Assisted Audit Techniques (CAATs).
- 12. Guidance Note on Audit of Payment of Dividend.
- 13. Guidance Note on Audit of Capital and Reserves.
- 14. Guidance Note on Audit of Banks.

15. Guidance Note on Audit of Internal Financial Controls over Financial Reporting.
16. Guidance Note on Reporting under section 143(3)(f) and (h) of the Companies Act, 2013.
17. Guidance Note on Reporting on Fraud under section 143(12) of the Companies Act, 2013.
18. Guidance Note on the Companies (Auditor's Report) Order, 2016.

IV Applicability of the Companies Act, 2013:

- (i) The relevant notified Sections of the Companies Act, 2013 and other legislative amendments including relevant Notifications / Circulars / Rules / Guidelines issued by Regulating Authorities, cut-off date will be 31st October, 2016.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies (Auditor's Report) Order, 2016 are applicable for May, 2017 Examination.

Paper 4 : Corporate and Allied Laws

Applicability of the following Amendments/Circulars/Notifications:

- (I) The Companies Act, 2013 The relevant sections of the Companies Act, 2013, along with significant Rules/ Notifications/ Circulars/ Clarification/ Orders issued by the Ministry of Corporate Affairs upto 31st October 2016.

For updates, see <http://www.mca.gov.in/>

- (II) SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 Vide Notification No. SEBI/LAD-NRO/GN/2016-17/003 dated 25th May, 2016, SEBI hereby further amend the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 through

the enforcement of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2016 from the date of their publication in the Official Gazette.

Amendments have been made in relevant Regulations 2, 4, 73 & 84 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and these shall be applicable to issuers filing offer documents with the Registrar of companies on or after the date of commencement of these regulations.

For amendment, refer the following Link

http://www.sebi.gov.in/cms/sebi_data/attachdocs/1464245320010.pdf

(III) The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 Ministry of Law and Justice on 16th August, 2016 has published for general information, the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016.

It is an Act further to amend four laws: (i) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), (ii) Recovery of Debts due to Banks and Financial Institutions Act, 1993 (RDBFI), (iii) Indian Stamp Act, 1899 and (iv) Depositories Act, 1996, and for matters connected therewith or incidental thereto.

Chapter II, of this amendment Act deals with the amendments to the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, whereby, it is an act to regulate securitisation and reconstruction of financial assets and enforcement of security interest and to provide for a central

database of security interests created on property rights, and for matters connected therewith or incidental thereto.

For amendment, refer the following Link

<http://financialservices.gov.in/Banking/LAWS.pdf>

**Non-Applicability of the following
Amendments/Circulars/Notifications / chapters of the Study
material:**

Chapter 9 of the study material (January 2016 edition) covering provisions relating to Revival and Rehabilitation of Sick-Industrial Companies.

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

Applicability of Finance Act, Assessment Year etc. for May, 2017 Examination

The provisions of direct tax laws and indirect tax laws, as amended by the Finance Act, 2016, including notifications and circulars issued up to 31st October, 2016, are applicable for May, 2017 examination. The relevant assessment year for Paper 7: Direct Tax Laws is A.Y.2017-18.