

15<sup>th</sup> March, 2014

## Important Announcement

### Attention: Intermediate (IPC) and Final Course students

Applicability of notified sections of the Companies Act, 2013 for  
November 2014, Examinations

As students may be aware that the Companies Act, 2013 has been notified in the Official Gazette on 30<sup>th</sup> August, 2013 stating that different dates may be appointed for enforcement of different provisions of this Act through notification of the Central Government in this regard.

Having regard to the above development, the Council at its 330<sup>th</sup> meeting revised the syllabus in a limited manner in the following papers of Intermediate (IPC) and Final Course(s) as per Annexure I (shown in Bold cum Italics).

Intermediate (IPC) Course	Final Course
Paper No. 2- Business Laws, Ethics and Communication	Paper No. 4- Corporate and Allied Laws
Paper No. 6 : Auditing and Assurance	Paper No.3 : Advanced Auditing and Professional Ethics

The Central Government has notified 98 sections of the Companies Act, 2013 on 12<sup>th</sup> September, 2013. Accordingly, those 98 notified sections are applicable for November 2014 examinations corresponding to their bifurcation into the Intermediate (IPC) and Final Course(s), i.e. from these 98 sections, 53 sections have been included in the Paper – 2, Business Laws, Ethics and Communication, Intermediate (IPC) Course, and 45 have been included in the Paper- 4, Corporate and Allied Laws, Final Course.

For reference and benefit of our students, the Board of Studies has released the following publications relevant for November, 2014 examinations for Paper – 2, Business Laws, Ethics and Communication, Intermediate (IPC) Course, and Paper- 4, Corporate and Allied Laws, Final Course:

Publication	Links for reference
Supplementary study material for Intermediate (IPC) Course	<a href="http://220.227.161.86/32794ssp-p2blec-ipcc.pdf">http://220.227.161.86/32794ssp-p2blec-ipcc.pdf</a>
Supplementary study material for Final Course	<a href="http://220.227.161.86/32793ssp-p4final.pdf">http://220.227.161.86/32793ssp-p4final.pdf</a>

Students may also note that the Study Material and Practice Manual of Corporate and Allied Laws, Final Course released in January, 2014 has been prepared keeping in view the amendments brought in by the Companies Act, 2013.

Director, Board of Studies

# Intermediate (IPC) Course

## SYLLABUS

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### PAPER – 2 : BUSINESS LAWS, ETHICS AND COMMUNICATION

(One paper – Three hours 100 Marks)

Level of Knowledge: Working knowledge

#### PART I – BUSINESS LAWS (60 MARKS)

Objective:

To test working knowledge of business laws and company law and their practical application in commercial situations.

Contents

#### Business Laws (30 Marks)

1. The Indian Contract Act, 1872
2. The Negotiable Instruments Act, 1881
3. The Payment of Bonus Act, 1965
4. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
5. The Payment of Gratuity Act, 1972.

#### Company Law (30 Marks)

The Companies Act, 1956 – Sections 1 to 197

- (a) Preliminary
- (b) Board of Company Law Administration National Company Law Tribunal; Appellate Tribunal
- (c) Incorporation of Company and Matters Incidental thereto
- (d) Prospectus and Allotment, and other matters relating to use of Shares or Debentures
- (e) Share Capital and Debentures

- (f) Registration of Charges
- (g) Management and Administration – General Provisions – Registered office and name, Restrictions on commencement of business, Registers of members and debentures holders, Foreign registers of members or debenture holders, Annual returns, General provisions regarding registers and returns, Meetings and proceedings.
- (i) Company Law in a computerized Environment – E-filing.

Note: If any provision of the Companies Act, 2013 comes into force in place of an existing provision under the Companies Act, 1956 or otherwise by way of new provision, the syllabus would accordingly include the corresponding or new provisions of the Companies Act, 2013, as the case may be.

## Part II – : ETHICS (20 Marks)

Objective:

To have an understanding of ethical issues in business.

Contents:

1. Introduction to Business Ethics  
The nature, purpose of ethics and morals for organizational interests; Ethics and Conflicts of Interests; Ethical and Social Implications of business policies and decisions; Corporate Social Responsibility; Ethical issues in Corporate Governance.
2. Environment issues  
Protecting the Natural Environment – Prevention of Pollution and Depletion of Natural Resources; Conservation of Natural Resources.
3. Ethics in Workplace  
Individual in the organisation, discrimination, harassment, gender equality.
4. Ethics in Marketing and Consumer Protection  
Healthy competition and protecting consumer's interest.
5. Ethics in Accounting and Finance  
Importance, issues and common problems.

### Part III – COMMUNICATION (20 Marks)

Objective:

To nurture and develop the communication and behavioural skills relating to business

Contents:

1. Elements of Communication
  - (a) Forms of Communication: Formal and Informal, Interdepartmental, Verbal and non-verbal; Active listening and critical thinking
  - (b) Presentation skills including conducting meeting, press conference
  - (c) Planning and Composing Business messages
  - (d) Communication channels
  - (e) Communicating Corporate culture, change, innovative spirits
  - (f) Communication breakdowns
  - (g) Communication ethics
  - (h) Groups dynamics; handling group conflicts, consensus building; influencing and persuasion skills; Negotiating and bargaining
  - (i) Emotional intelligence - Emotional Quotient
  - (j) Soft skills – personality traits; Interpersonal skills ; leadership
2. Communication in Business Environment
  - (a) Business Meetings – Notice, Agenda, Minutes, Chairperson's speech
  - (b) Press releases
  - (c) Corporate announcements by stock exchanges
  - (d) Reporting of proceedings of a meeting
3. Basic understanding of legal deeds and documents
  - (a) Partnership deed
  - (b) Power of Attorney
  - (c) Lease deed
  - (d) Affidavit
  - (e) Indemnity bond
  - (f) Gift deed
  - (g) Memorandum and articles of association of a company
  - (h) Annual Report of a company

# SYLLABUS

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## PAPER – 6 : AUDITING AND ASSURANCE

(One Paper- Three hours -100 Marks)

Level of knowledge: Working Knowledge

Objective:’

To understand objective and concept of auditing and gain working knowledge of generally accepted auditing procedures and of techniques and skills needed to apply them in audit and attestation engagements.

Contents:

1. Auditing Concepts Nature and limitations of Auditing, Basic Principles governing an audit, Ethical principles and concept of Auditor’s Independence, Relationship of auditing with other disciplines.
2. Standards on Auditing and Guidance Notes Overview, Standard-setting process, Role of International Auditing and Assurance Standards Board, Standards on Auditing issued by the ICAI; Guidance Note(s) on Audit of Fixed Assets, Audit of Inventories, Audit of Investments, Audit of Debtors, Loans and Advances, Audit of Cash and Bank Balances, Audit of Miscellaneous Expenditure, Audit of Liabilities, Audit of Revenue, Audit of Expenses and provision for proposed dividends.
3. Auditing engagement Audit planning, Audit programme, Control of quality of audit work Delegation and supervision of audit work.
4. Documentation Audit working papers, Audit files: Permanent and current audit files, Ownership and custody of working papers.
5. Audit evidence Audit procedures for obtaining evidence, Sources of evidence, Reliability of audit evidence, Methods of obtaining audit evidence Physical verification, Documentation, Direct confirmation, Re-computation, Analytical review techniques, Representation by management, Obtaining certificate.
6. Internal Control Elements of internal control, Review and documentation, Evaluation of internal control system, Internal control questionnaire, Internal control check list, Tests of control, Application of concept of materiality and audit risk, Concept of internal audit.

7. Internal Control and Computerized Environment, Approaches to Auditing in Computerised Environment.
8. Auditing Sampling Types of sampling, Test checking, Techniques of test checks.
9. Analytical review procedures.
10. Audit of payments General considerations, Wages, Capital expenditure, Other payments and expenses, Petty cash payments, Bank payments, Bank reconciliation.
11. Audit of receipts General considerations, Cash sales, Receipts from debtors, Other Receipts.
12. Audit of Purchases Vouching cash and credit purchases, Forward purchases, Purchase returns, Allowance received from suppliers.
13. Audit of Sales Vouching of cash and credit sales, Goods on consignment, Sale on approval basis, Sale under hire-purchase agreement, Returnable containers, Various types of allowances given to customers, Sale returns.
14. Audit of suppliers' ledger and the debtors' ledger Self-balancing and the sectional balancing system, Total or control accounts, Confirmatory statements from credit customers and suppliers, Provision for bad and doubtful debts, Writing off of bad debts.
15. Audit of impersonal ledger Capital expenditure, deferred revenue expenditure and revenue expenditure, Outstanding expenses and income, Repairs and renewals, Distinction between reserves and provisions, Implications of change in the basis of accounting.
16. Audit of assets and liabilities.
17. Company Audit Audit of Shares, Qualifications and Disqualifications of Auditors, Appointment of auditors, Removal of auditors, Powers and duties of auditors, Branch audit , Joint audit , Special audit, Reporting requirements under the Companies Act, 1956.
18. Audit Report Qualifications, Disclaimers, Adverse opinion, Disclosures, Reports and certificates.
19. Special points in audit of different types of undertakings, i.e., Educational institutions, Hotels, Clubs, Hospitals, Hire-purchase and leasing companies (excluding banks, electricity companies, cooperative societies, and insurance companies).
20. Features and basic principles of government audit, Local bodies and not-for-profit organizations, Comptroller and Auditor General and its constitutional role.

Note: If any provision of the Companies Act, 2013 comes into force in place of an existing provision under the Companies Act, 1956 or otherwise by way of new provision, the syllabus would accordingly include the corresponding or new provisions of the Companies Act, 2013, as the case may be.

# Final Course

## SYLLABUS

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### PAPER – 4: CORPORATE AND ALLIED LAWS

(One paper - Three hours - 100 marks)

#### SECTION A : COMPANY LAW (70 MARKS)

Level of Knowledge: Advanced knowledge

Objective:

To be able to analyze and apply various provisions of the Companies Act in practical situations

Contents:

1. The Companies Act, 1956, Rules and Regulations thereunder in its entirety with specific reference to
  - (a) Accounts and audit
  - (b) Dividend
  - (c) Directors - powers, managerial remuneration
  - (d) Meetings, powers of the Board and related party transactions
  - (e) Inspection and Investigation
  - (f) Compromises, Arrangements and Reconstructions
  - (g) Prevention of Oppression and Mismanagement
  - (h) Revival and Rehabilitation of Sick Industrial Companies
  - (i) Corporate Winding up and Dissolution
  - (j) Producer Companies
  - (k) Companies incorporated outside India

- (l) Offences and Penalties
  - (m) E-governance
2. Corporate Secretarial Practice–Drafting of Resolution, Minutes, Notices and Reports

SECTION B : ALLIED LAWS (30 MARKS)

Objective:

To develop ability to analyse the requirements of laws stated in the Section.

Contents:

3. An overview of the following laws –
- (a) The Securities and Exchange Board of India Act, 1992, Rules, Regulations and Guidelines issued thereunder.
  - (b) Securities Contracts (Regulation) Act, 1956
  - (c) The Foreign Exchange Management Act, 1999
  - (d) The Competition Act, 2002
  - (e) The Banking Regulation Act, 1949, The Insurance Act, 1938. The Insurance Regulatory and Development Authority Act, 1999. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
  - (f) The Prevention of Money Laundering Act, 2002
4. Interpretation of Statutes, Deeds and Documents.

Note: If any provision of the Companies Act, 2013 comes into force in place of an existing provision under the Companies Act, 1956 or otherwise by way of new provision, the syllabus would accordingly include the corresponding or new provisions of the Companies Act, 2013, as the case may be.

# SYLLABUS

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## PAPER 3: ADVANCED AUDITING AND PROFESSIONAL ETHICS

(One Paper- Three hours - 100 marks)

Level of Knowledge: Advanced knowledge

Objectives:

- (a) To gain expert knowledge of current auditing practices and procedures and apply them in auditing engagements,
- (b) To develop ability to solve cases relating to audit engagements.

Contents:

1. Auditing Standards, Statements and Guidance Notes  
Auditing and Assurance Standards (AASs); Statements and Guidance Notes on Auditing issued by the ICAI; Significant differences between Auditing and Assurance Standards and International Standards on Auditing.
2. Audit strategy, planning and programming  
Planning the flow of audit work; audit strategy, planning programme and importance of supervision: review of audit notes and working papers; drafting of reports; principal's ultimate responsibility; extent of delegation; control over quality of audit work; reliance on the work of other auditor, internal auditor or an expert.
3. Risk Assessment and Internal Control  
Evaluation of internal control procedures; techniques including questionnaire, flowchart; internal audit and external audit, coordination between the two.
4. Audit under computerized information system (CIS) environment  
Special aspects of CIS Audit Environment, need for review of internal control especially procedure controls and facility controls. Approach to audit in CIS Environment, use of computers for internal and management audit purposes: audit tools, test packs, computerized audit programmes; Special Aspects in Audit of E-Commerce Transaction.

5. Special audit techniques
  - (a) Selective verification; statistical sampling; Special audit procedures; physical verification of assets, direct confirmation of debtors and creditors
  - (b) Analytical review procedures
  - (c) Risk-based auditing.
6. Audit of limited companies  
Statutory requirements under the Companies Act 1956; Audit of branches: joint audits; Dividends and divisible profits % financial, legal, and policy considerations.
7. Rights, duties, and liabilities of auditors; third party liability.
8. Audit reports; Qualifications, notes on accounts, distinction between notes and qualifications, detailed observations by the statutory auditor to the management vis-a-vis obligations of reporting to the members.
9. Audit Committee and Corporate Governance
10. Audit of Consolidated Financial Statements, Audit Reports and Certificates for Special Purpose engagements; Certificates under the Payment of Bonus Act, import/export control authorities, etc.; Specific services to non-audit clients; Certificate on Corporate Governance.
11. Special features of audit of banks, insurance companies, co-operative societies and non-banking financial companies.
12. Audit under Fiscal Laws, viz, Direct and Indirect Tax Laws.
13. Cost audit
14. Special audit assignments like audit of bank borrowers, audit of stock and commodity exchange intermediaries and depositories; inspection of special entities like banks, financial institutions, mutual funds, stock brokers.
15. Special features in audit of public sector companies. Directions of Comptroller and Auditor General of India under Section 619; Concepts of propriety and efficiency audit.
16. Internal audit, management and operational audit Nature and purpose, organisation, audit programme, behavioural problems; Internal Audit Standards issued by the ICAI; Specific areas of management and operational audit involving review of internal control, purchasing operations, manufacturing operations, selling and distribution, personnel policies, systems and procedures. Aspects relating to concurrent audit.
17. Investigation and Due Diligence.
18. Concept of peer review
19. Salient features of Sarbanes – Oxley Act, 2002 with special reference to reporting on internal control.

20. Professional Ethics

Code of Ethics with special reference to the relevant provisions of The Chartered Accountants Act, 1949 and the Regulations thereunder.

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