

20th May, 2014

Important Announcement

Attention: Intermediate (IPC) and Final Course students- May 2015 examinations and onwards

Subject: Revision of the syllabus for May 2015 examinations and onwards pursuant to enactment of the Companies Act, 2013

As students may be aware, the Companies Act, 2013 has been notified in the Official Gazette on 30th 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 333th meeting, revised the syllabus in a comprehensive manner in the following papers of Intermediate (IPC) and Final Course(s) as annexed herewith (shown in Bold cum Italics):

Intermediate (IPC) Course

Paper 1: Accounting (Group I)

Paper 2: Business Laws, Ethics and Communication (Group I)

Paper 5: Advanced Accounting (Group II)

Paper 6: Auditing and Assurance (Group II)

Final Course

Paper 3: Advanced Auditing and Professional Ethics (Group I)

Paper 4: Corporate and Allied Laws (Group I)

Director, Board of Studies

SYLLABUS

PAPER 1: ACCOUNTING

(One paper – Three hours – 100 Marks)

Level of Knowledge : Working Knowledge

Objectives :

- (a) To lay a foundation for the preparation and presentation of financial statements,
- (b) To gain working knowledge of the principles and procedures of accounting and their application to different practical situations,
- (c) To gain the ability to solve simple problems and cases relating to sole proprietorship, partnership and companies and
- (d) To familiarize students with the fundamentals of computerized system of accounting.

Contents :

1. A General Knowledge of the framing of the accounting standards, national and international accounting authorities, adoption of international financial reporting standards
2. Accounting Standards
Working knowledge of:
 - AS 1 : Disclosure of Accounting Policies
 - AS 2 : Valuation of Inventories
 - AS 3 : Cash Flow Statements
 - AS 6 : Depreciation Accounting
 - AS 7 : Construction Contracts (Revised 2002)
 - AS 9 : Revenue Recognition
 - AS 10 : Accounting for Fixed Assets
 - AS 13 : Accounting for Investments

AS 14 : Accounting for Amalgamations

3. Company Accounts
 - (a) Preparation of financial statements – Balance Sheet, Profit and Loss Account Cash Flow Statement, Statement of Changes in Equity and Explanatory Notes
 - (b) Profit (Loss) prior to incorporation
 - (c) Alteration of share capital, Conversion of fully paid shares into stock and stock into shares, Accounting for bonus issue
 - (d) Simple problems on Accounting for business acquisition, Amalgamation and reconstruction (excluding problems of amalgamation on inter-company holding)
4. Average Due Date, Account Current, Self-Balancing Ledgers
5. Financial Statements of Not-for-Profit Organisations
6. Accounts from Incomplete Records
7. Accounting for Special Transactions
 - (a) Hire purchase and instalment sale transactions
 - (b) Investment accounts
 - (c) Insurance claims for loss of stock and loss of profit.
8. Issues in Partnership Accounts
Final accounts of partnership firms – Admission, retirement and death of a partner including treatment of goodwill.
9. Accounting in Computerised Environment
An overview of computerized accounting system–Salient features and significance, Concept of grouping of accounts, Codification of accounts, Maintaining the hierarchy of ledger, Accounting packages and consideration for their selection, Generating Accounting Reports.

Note : If either old Accounting Standards (ASs), Announcements and Limited Revisions to ASs are withdrawn or new ASs, Announcements and Limited Revisions to ASs are issued by the Institute of Chartered Accountants of India in place of existing ASs, Announcements and Limited Revisions to ASs, the syllabus will accordingly exclude/include such new developments in place of the existing ones with effect from the date to be notified by the Institute.

SYLLABUS

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, 2013 – Sections 1 to 122

- (a) Preliminary
- (b) Incorporation of Company and Matters Incidental thereto
- (c) Prospectus and Allotment of Securities
- (d) Share Capital and Debentures
- (e) Acceptance of Deposits by companies
- (f) Registration of Charges
- (g) Management and Administration
- (i) Company Law in a computerized Environment – E-filing.

Note:

- (i) The provisions of the Companies Act, 1956 which are still in force would form part of the syllabus till the time their corresponding or new provisions of the Companies Act, 2013 are enforced.
- (ii) If new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.

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

GROUP II
PAPER 5: ADVANCED ACCOUNTING
(One paper – Three hours – 100 Marks)

Level of Knowledge: Working Knowledge

Objectives:

- (a) To have an understanding of the conceptual framework for the preparation and presentation of financial statements,
- (b) To gain working knowledge of the professional standards and application of accounting principles to different practical situations, and
- (c) To gain the ability to solve advanced problems in the case of different entities.

Contents :

- 1. Framework for Preparation and Presentation of Financial Statements
- 2. Accounting Standards

Working knowledge of:

- AS 4 : Contingencies and Events occurring after the Balance Sheet Date
- AS 5 : Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies
- AS 11 : The Effects of Changes in Foreign Exchange Rates (Revised 2003)
- AS 12 : Accounting for Government Grants
- AS 16 : Borrowing Costs
- AS 19 : Leases
- AS 20 : Earnings Per Share
- AS 26 : Intangible Assets
- AS 29 : Provisions, Contingent Liabilities and Contingent Assets.

3. Advanced Issues in Partnership Accounts and Issues related to accounting in Limited Liability Partnerships

Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversion into a company and Sale to a company.

4. Company Accounts

- (a) Accounting for employee stock option plan, Buy back of securities, Equity shares with differential rights, Underwriting of shares and debentures, Redemption of debentures
- (b) Advanced problems for business acquisition, Amalgamation and reconstruction (excluding problems of amalgamation of inter-company holding)
- (c) Accounting involved in liquidation of companies, Statement of Affairs (including deficiency/surplus accounts) and liquidator's statement of account of the winding up.
- (d) Financial Reporting of Insurance, Banking and Electricity Companies and legal and regulatory requirements thereof

5. Accounting for Special Transactions

Departmental and branch accounts including foreign branches

Note – If either old Accounting Standards (ASs), Announcements and Limited Revisions to ASs are withdrawn or new ASs, Announcements and Limited Revisions to ASs are issued by the Institute of Chartered Accountants of India in place of existing ASs, Announcements and Limited Revisions to ASs, the syllabus will accordingly include/exclude such new developments in place of the existing ones with effect from the date to be notified by the Institute.

SYLLABUS

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, Eligibility, Qualifications and Disqualifications of Auditors, Appointment of auditors, Removal of auditors, Remuneration of Auditors, Powers and duties of auditors, Branch audit , Joint audit , Reporting requirements under the Companies Act, 2013, Other Important Provisions under the Companies Act, 2013 relating to Audit and Auditors and Rules made thereunder.
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:

- (i) The provisions of the Companies Act, 1956 which are still in force would form part of the syllabus till the time their corresponding or new provisions of the Companies Act, 2013 are enforced.
- (ii) If new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.

SYLLABUS

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
Relevant Provisions under the Companies Act, 2013 relating to Audit and Auditors and Rules made thereunder; 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. Provisions under the Companies Act, 2013 in respect of Accounts of Companies and Rules made thereunder. 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 to statutory auditors.; 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.

Note:

- (i) The provisions of the Companies Act, 1956 which are still in force would form part of the syllabus till the time their corresponding or new provisions of the Companies Act, 2013 are enforced.
- (ii) If new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.

SYLLABUS

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 Company Law in practical situations

Contents:

1. The Companies Act, 2013 and Rules framed thereunder in its entirety with specific reference to
 - (a) Declaration and payment of Dividend
 - (b) Accounts and audit
 - (c) Appointment and Qualifications of Directors
 - (d) Appointment and remuneration of Managerial Personnel
 - (e) Meetings of Board and its powers
 - (f) Inspection, inquiry and Investigation
 - (g) Compromises, Arrangements and Amalgamations
 - (h) Prevention of Oppression and Mismanagement
 - (i) Revival and Rehabilitation of Sick Companies
 - (j) Winding Up
 - (k) Producer Companies
 - (l) Companies incorporated outside India
 - (m) Offences and Penalties
 - (n) E-governance

- (o) National Company Law Tribunal and Appellate Tribunal
 - (p) Special Courts
 - (q) Miscellaneous Provisions
2. Corporate Secretarial Practice–Drafting of Resolution, Minutes, Notices and Reports

Note: The provisions of the Companies Act, 1956 which are still in force would form part of the syllabus till the time their corresponding or new provisions of the Companies Act, 2013 are enforced.

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 new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.