

Subjects for study

Four subjects of study in ATE/Group I of IPCE are –

ATE / Group I

Paper 1: Accounting (100 marks)

Paper 2: Law, Ethics and Communication

Part I: Law (60 marks)

Business Laws (30 marks)

Company Law (30 marks)

Part II: Business Ethics (20 marks)

Part III: Business Communication (20 marks)

Paper 3: Cost Accounting and Financial Management

Part I: Cost Accounting (50 marks)

Part II: Financial Management (50 marks)

Paper 4: Taxation

Part I: Income-tax (50 marks)

Part II: Service Tax (25 marks) and
VAT (25 marks)

The level of knowledge expected of students in the above subjects is 'working knowledge'.

**ACCOUNTING TECHNICIAN COURSE (ATC) OR
GROUP I OF INTEGRATED PROFESSIONAL COMPETENCE COURSE (IPCC)**

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 – Profit and Loss Account, Balance Sheet and Cash Flow Statement
- (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.

9. Issues in Partnership Accounts

Final accounts of partnership firms – Admission, retirement and death of a partner including treatment of goodwill;

10. 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 include/exclude such new developments in place of the existing ones with effect from the date to be notified by the Institute.

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.
- (h) Company Law in a computerized environment – e-filing.

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.

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, inter-departmental, 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.

Paper 3: Cost Accounting and Financial Management

(One paper – three hours - 100 marks)

Level of Knowledge: Working knowledge

Part I: Cost Accounting (50 marks)

Objectives:

- (a) To understand the basic concepts and processes used to determine product costs;
- (b) To be able to interpret cost accounting statements;
- (c) To be able to analyse and evaluate information for cost ascertainment, planning, control and decision making; and
- (d) To be able to solve simple cases.

Contents:

1. Introduction to Cost Accounting

- (a) Objectives and scope of cost accounting
- (b) Cost centres and cost units
- (c) Cost classification for stock valuation, profit measurement, decision making and control
- (d) Coding systems
- (e) Elements of cost
- (f) Cost behaviour pattern, separating the components of semi-variable costs
- (g) Installation of a costing system
- (h) Relationship of cost accounting, financial accounting, management accounting and financial management.

2. Cost Ascertainment

(a) Material Cost

- (i) Procurement procedures - store procedures and documentation in respect of receipts and issue of stock, stock verification
- (ii) Inventory control - techniques of fixing of minimum, maximum and reorder levels, economic order quantity, ABC classification; stocktaking and perpetual inventory
- (iii) Inventory accounting
- (iv) Consumption - identification with products of cost centres, basis for consumption entries in financial accounts, monitoring consumption.

(b) Employee Cost

- (i) Attendance and payroll procedures, overview of statutory requirements, overtime, idle time and incentives
- (ii) Labour turnover
- (iii) Utilisation of labour, direct and indirect labour, charging of labour cost, identifying labour hours with work orders or batches or capital jobs
- (iv) Efficiency rating procedures

(v) Remuneration systems and incentive schemes.

(c) **Direct Expenses**

Sub-contracting – control on material movements, identification with the main product or service.

(d) **Overheads**

(i) Functional analysis – factory, administration, selling, distribution, research and development

Behavioural analysis – fixed, variable, semi variable and step cost

(ii) Factory overheads – primary distribution and secondary distribution, criteria for choosing suitable basis for allotment, capacity cost adjustments, fixed absorption rates for absorbing overheads to products or services

(iii) Administration overheads – method of allocation to cost centres or products

(iv) Selling and distribution overheads – analysis and absorption of the expenses in products/customers, impact of marketing strategies, cost effectiveness of various methods of sales promotion.

3. Cost Book-keeping

Cost ledgers – non-integrated accounts, integrated accounts, reconciliation of cost and financial accounts.

4. Costing Systems

(a) **Job Costing**

Job cost cards and databases, collecting direct costs of each job, attributing overhead costs to jobs, applications of job costing.

(b) **Batch Costing**

(c) **Contract Costing**

Progress payments, retention money, escalation clause, contract accounts, accounting for material, accounting for plant used in a contract, contract profit and balance sheet entries.

(d) **Process Costing**

Double entry book keeping, process loss, abnormal gains and losses, equivalent units, inter-process profit, joint products and by products.

(e) **Operating Costing System**

5. Introduction to Marginal Costing

Marginal costing compared with absorption costing, contribution, breakeven analysis and profit volume graph.

6. Introduction to Standard Costing

Various types of standards, setting of standards, basic concepts of material and labour standards and variance analysis.

7. Budgets and Budgetary Control

The budget manual, preparation and monitoring procedures, budget variances, flexible budget, preparation of functional budget for operating and non-operating functions, cash budget, master budget, principal budget factors.

Part II: Financial Management (50 marks)

Objectives:

- (a) To develop ability to analyse and interpret various tools of financial analysis and planning;
- (b) To gain knowledge of management and financing of working capital;
- (c) To understand concepts relating to financing and investment decisions; and
- (d) To be able to solve simple cases.

Contents:

1. Scope and Objectives of Financial Management

- (a) Meaning, importance and objectives
- (b) Conflicts in profit versus value maximisation principle
- (c) Role of Chief Financial Officer.

2. Time Value of Money

Compounding and discounting techniques – concepts of annuity and perpetuity.

3. Financial Analysis and Planning

- (a) Ratio analysis for performance evaluation and financial health
- (b) Application of ratio analysis in decision making
- (c) Analysis of cash flow statement.

4. Financing Decisions

- (a) Cost of Capital – weighted average cost of capital and marginal cost of capital
- (b) Capital Structure decisions – capital structure patterns, designing optimum capital structure, constraints, various capital structure theories
- (c) Business risk and financial risk – operating and financial leverage, trading on equity.

5. Types of Financing

- (a) Different sources of finance
- (b) Project financing – intermediate and long term financing
- (c) Negotiating term loans with banks and financial institutions and appraisal thereof
- (d) Introduction to lease financing
- (e) Venture capital finance.

6. Investment Decisions

- (a) Purpose, objective, process
- (b) Understanding different types of projects
- (c) Techniques of decision making: non-discounted and discounted cash flow approaches - payback period method, accounting rate of return, net present value, internal rate of return, modified internal rate of return, discounted payback period and profitability index.
- (d) Ranking of competing projects, ranking of projects with unequal lives.

7. Management of working capital

- (a) Working capital policies
- (b) Funds flow analysis
- (c) Inventory management

- (d) Receivables management
- (e) Payables management
- (f) Management of cash and marketable securities
- (g) Financing of working capital.

Paper 4: Taxation

(One paper - three hours – 100 marks)

Level of Knowledge: Working knowledge

Objectives:

- (a) To gain knowledge of the provisions of Income-tax law relating to the topics mentioned in the contents below; and
- (b) To gain ability to solve simple problems concerning assessees with the status of 'Individual'; and covering the areas mentioned in the contents below.

Contents:

Part I: Income-tax (50 marks)

- 1. Important definitions in the Income-tax Act, 1961
- 2. Basis of charge; rates of taxes applicable for different types of assessees
- 3. Concepts of previous year and assessment year
- 4. Residential status and scope of total income; Income deemed to be received / deemed to accrue or arise in India
- 5. Incomes which do not form part of total income
- 6. Heads of income and the provisions governing computation of income under different heads
- 7. Income of other persons included in assessee's total income
- 8. Aggregation of income; set-off or carry forward and set-off of losses
- 9. Deductions from gross total income
- 10. Computation of total income and tax payable; rebates and reliefs
- 11. Provisions concerning advance tax and tax deducted at source
- 12. Provisions for filing of return of income.

Part II: Service tax (25 marks) and VAT (25 marks)

Objective:

To gain knowledge of the provisions of service tax as mentioned below and basic concepts of Value Added Tax (VAT) in India.

Service tax (25 marks)

Contents:

- 1. Service tax – concepts and general principles
- 2. Charge of service tax and taxable services
- 3. Valuation of taxable services
- 4. Payment of service tax and filing of returns

VAT (25 marks)

- 5. VAT – concepts and general principles
- 6. Calculation of VAT Liability including input Tax Credits
- 7. Small Dealers and Composition Scheme

8. VAT Procedures.

Note: If new legislations are enacted in place of the existing legislations the syllabus will accordingly include the corresponding provisions of such new legislations in the place of the existing legislations with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State VAT Law.