

# Draft Proposed Syllabus

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## FOUNDATION

### PAPER 1 : PRINCIPLES AND PRACTICES OF ACCOUNTING (100 MARKS)

**Level of Knowledge:** Basic knowledge

**Objective:**

To develop conceptual understanding of the fundamentals of financial accounting system and accounting for special transactions

**1. Theoretical Framework**

- (i) Meaning and Scope of accounting
- (ii) Accounting Concepts, Principles and Conventions
- (iii) Accounting Standards – concepts, objectives, benefits
- (iv) Accounting Policies
- (v) Accounting as a measurement discipline – valuation principles, accounting estimates

**2. Accounting Process**

Books of Accounts leading to the preparation of Trial Balance, Capital and revenue expenditures, Capital and revenue receipts, Contingent assets and contingent liabilities, Fundamental errors including rectifications thereof.

**3. Bank Reconciliation Statement**

**4. Inventories**

Basis of inventory valuation and record keeping.

**5. Depreciation accounting**

Methods, computation and accounting treatment of depreciation, Change in depreciation methods.

**6. Preparation of Final Accounts for Sole Proprietors**

**7. Simple Problems on Financial Statements of Not-for-Profit Organisations**

**8. Accounts from Incomplete Records.**

**9. Average Due Date and Account Current**

**10. Accounting for Special Transactions**

- (a) Consignments
- (b) Joint Ventures
- (c) Bills of exchange and promissory notes

- (d) Sale of goods on approval or return basis
- (e) Departmental accounts.

**11. Partnership Accounts**

Final accounts of partnership firms – Basic concepts of admission, retirement and death of a partner including treatment of goodwill.

**12. Introduction to Company Accounts**

Issue of shares and debentures, forfeiture of shares, re-issue of forfeited shares, redemption of preference shares.

## **Paper 2 (Part I): Mercantile Laws (60 Marks)**

### **Level of Knowledge:**

Basic Knowledge

### **Objective:**

“To test the general comprehension of elements of Mercantile Law including Company Law”

### **Contents**

1. The Indian Contract Act, 1872: An overview of Sections 1 to 75 covering the general nature of contract, consideration, other essential elements of a valid contract, performance of contract and breach of contract.
2. The Sale of Goods Act, 1930: Formation of the contract of sale, Conditions and Warranties, Transfer of ownership and delivery of goods, Unpaid seller and his rights.
3. The Indian Partnership Act, 1932: General Nature of Partnership, Rights and duties of partners, Registration and dissolution of a firm.
4. The Limited Liability Partnership Act, 2008: Introduction- covering nature and scope, Essential features, characteristics of LLP, Incorporation and differences with other forms of organizations.
5. The Companies Act, 2013 [section 1 to 22]: Important definitions, Introduction of company & corporate veil theory, Classes of companies, Conversion of company, Incorporation of company, Memorandum of Association, Articles of Association, Alteration of Memorandum and Articles, Doctrine of Indoor Management, Conversion of companies already registered, Promoters, Service of documents.

*Here, chapters 1 to 4 carries 45 marks and chapter 5 carries 15 marks.*

***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 dates notified by the Institute.***

# **Paper-2 (Part-II) General English**

## **SECTION A**

**Topic : Comprehension Passages and Note Making**

- **Subtopic : Comprehension Passages**
- **Subtopic: Note Making**

## **SECTION B**

**Topic: Developing Writing Skills**

- **Subtopic: Article Writing**
- **Subtopic: Report Writing**
- **Subtopic : Writing Formal Letters**
- **Subtopic : Writing Mails**
- **Subtopic : Resume Writing**

## **SECTION C**

**Topic: Basic English Grammar**

**Chapter-1 Introduction to Basic Writing**

**Chapter-2: Nouns, Pronouns and Verbs**

**Chapter-3 Articles, Adjectives and Adverbs**

**Chapter-4 Prepositions, Conjunctions and Interjections**

**Chapter -5 Direct-Indirect, Active -Passive Speech**

**Chapter 6 :Vocabulary Root Words, Synonyms, Antonyms, Prefixes, Suffixes), Phrasal verbs, Collocations and Idioms.**

**CA- Foundation Course**  
**PAPER –3: Business Mathematics Logical Reasoning and Statistics**  
(One Paper- Three hours- 100 Marks)

**LEVEL OF KNOWLEDGE:** Basic Knowledge

**OBJECTIVES:** The Objective of this course is to familiarize students with basic Mathematical and Statistical tools with emphasis on applications to Business, Finance and Economic situations .Logical reasoning tests helps the students thinking power and mental applicability skills.

The whole syllabus of Business Mathematics Logical Reasoning and Statistics shall be divided into two broad areas.

- Business Mathematics Logical reasoning (60 Marks)
- Business Statistics (40 Marks)

**A. Business Mathematics and Logical reasoning (60 marks)**

**Business Mathematics: 40 marks**

- **Chapter-1(Ratio and proportion, Indices and Logarithms )**
  - Ratio and proportion and Time and work related problems, Laws of Indices, Exponents and Logarithms and Anti Logarithms.
- **Chapter-2 (Equations and Matrices)**
  - Equations: Linear Simultaneous linear equations up to three variables, Quadratic and Cubic equations in one variable.
  - Algebra of Matrices, Inverse of a Matrix and determinants, solving system of equations using matrix method (Cramer's rule) involving not more than three variables.
- **Chapter-3 (Inequalities)**
  - Inequalities: Linear Inequalities in one variable and the solution space
- **Chapter -4 Time value of Money (Financial Mathematics)**
  - Time value of Money
    - Simple Interest
    - Compound interest
    - Effective Rate of Interest
    - Present Value
    - Net Present Value
    - Future Value
    - Perpetuity
    - Annuities
    - Sinking Funds
    - Calculating of EMI

Calculations of Returns:

- Nominal Rate of Return

- Effective Rate of Return
- Compound Annual growth rate (CAGR)
- **Chapter -5 (Sets Functions and Relations)**
- **Chapter -6 (Basic applications of Differential and Integral calculus (Excluding the trigonometric applications))**
- **Chapter-7 (Permutations and Combinations)**
  - Basic concepts of Permutations and combinations: Introduction, the factorial, permutations, results, circular permutations, permutations with restrictions, Combinations with standard results.
- **Chapter-8 (Sequence and Series )**
  - Introduction Sequences, Series, Arithmetic and Geometric progression, Relationship between AM and GM and Sum of n terms of special series.

### **Logical Reasoning: (20 marks)**

- Chapter -9
  - Number series coding and Decoding and odd man out.
- Chapter -10
  - Blood Relations,
- Chapter-11
  - Seating Arrangements,
- Chapter-12
  - Direction Tests
- Chapter-13
  - Syllogism.

### **B. Business Statistics (40 marks)**

- **Chapter -14 (Statistical description of Data)**
  - Statistical Representation of Data, Diagrammatic representation of data, Frequency distribution, Graphical representation of Frequency Distribution – Histogram, Frequency Polygon, Ogive, Pie-chart.
- **Chapter -15 (Measures of Central tendency and Dispersion )**
  - Measures of Central Tendency and Dispersion: Mean Median, Mode, Mean Deviation, Quartiles and Quartile Deviation, Standard Deviation, Co-efficient of Variation, Coefficient of Quartile Deviation.
- **Chapter-16 (Correlation and Regression)**
  - Correlation and Regression: Scatter diagram, Karl Pearson's Coefficient of Correlation Rank Correlation, Regression lines, Regression equations, Regression coefficients.
- **Chapter -17 (Theoretical Distributions)**
  - Theoretical Distributions: Binomial Distribution, Poisson distribution – basic application and Normal Distribution – basic applications.
- **Chapter-18 (Probability)**

- Probability: Independent and dependent events; mutually exclusive events. Total and Compound Probability; Bayes' theorem; and Mathematical Expectation.
- **Chapter-19 (Index Numbers and Time Series)**
  - (a) **Index Numbers:** Uses of Index Numbers, Problems involved in construction of Index Numbers, Methods of construction of Index Numbers.
  - (b) **Time Series Analysis** – basic application including Moving Average, Moving Average Method, and Method of Least Squares.
- **Chapter-20 (Sampling Theory and Testing of Hypothesis)**
  - (a) **Sampling theory:** Basic Principles of Sample survey, Comparison between sample survey and enumeration, errors in Sample survey, some important terms associated with sampling, types of sampling.
  - (b) **Testing of Hypothesis,** Large sample tests (Test for means, test for proportions and test for Standard deviations) and sample tests applications of t, F-distribution (Variance ratio test) and Chi-square test.

<b>Paper 4*: Business Economics &amp; Business and Commercial Knowledge (100 Marks)</b>	
<b>Part I: Business Economics (60 Marks)</b>	
1.	Introduction to Business Economics (a) Meaning of Business Economics (b) Objectives of Business Firm- Profit Maximization, Sales Maximization, Growth Maximization.
2.	Theory of Demand and Supply (a) Meaning and determinants of demand, Law of demand and Elasticity of demand — Price, income and cross elasticity (b) Theory of consumer's behaviour – Marshallian approach and Indifference curve approach (c) Meaning and determinants of supply, Law of supply and Elasticity of supply. (d) Demand Forecasting
3.	Theory of Production and Cost (a) Meaning and Factors of production (b) Laws of Production – The Law of Variable proportions and Laws of Returns to Scale, Producer's equilibrium (c) <b>Concepts of Costs</b> — Short-run and long-run costs, Average and marginal costs, Total, fixed and variable costs.
4.	Price Determination in Different Markets (a) Various forms of markets – Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly (b) Price determination in these markets.
5.	Business Cycles <ul style="list-style-type: none"> <li>• Meaning of Business Cycles</li> <li>• Phases of Business Cycles</li> <li>• Features of Business Cycles.</li> <li>• Causes behind these Cycles.</li> </ul>



**Paper 4 Part II**  
**Business and Commercial Knowledge**

**Objectives**

1. Have a basic knowledge of common business and commercial concepts.
2. Inculcate a habit to remain updated about developments in the business and commercial world.

*Students are expected to read at least one financial newspaper and one business magazine on a regular basis. They may also watch a business channel to remain updated about the developments related to commercial world.*

**Contents**

**1. Introduction to Business**

Nature of Business, Profession and Employment. Objectives of Business. Business and Commercial Knowledge. Economic and Non-Economic Activities.

**2. Business Environment**

Micro and Macro Environment, Elements of Micro Environment – Consumers/Customers, Competitors, Organization, Market, suppliers, Intermediaries, Elements of Macro Environment – Demographic, Economic, Political-legal, Socio-cultural, Technological, Global Environment.

**3. Business organizations**

Top Indian and Global Companies.

**4. Government Policies for Business Growth**

Policies creating conducive business environment – Startups, E-commerce. Liberalization, Privatization, Foreign Direct Investment.

**5. Organizations facilitating Business**

Indian regulatory bodies - SEBI, RBI, IRDA, CCI, FMC, CBDT, CBEC

Indian Development Banks – IFCI, IDBI, SIDBI, EXIM Bank, NABARD

Global organizations and world trade bodies – IMF, ADB, WTO, OECD, SAARC, ASEAN, OPEC.

Accounting Bodies – IFAC, IASB, IESB, CAPA, SAFA, AOSSG.

**6. Common Business and Commercial Terminologies**

Finance, Marketing and other business terms. Stock Market Terminology.

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## INTERMEDIATE LEVEL

### PAPER 1: ACCOUNTING

*(One paper – Three hours – 100 Marks)*

**Level of Knowledge : Working Knowledge**

**Objectives :**

To prepare and present financial statements of sole-proprietorship, partnerships and companies, to apply accounting principles to different transactions and events; and to gain the ability to apply Accounting Standards to non-complex scenarios

**Contents :**

1. Process of formulation of Accounting Standards including Ind ASs and their convergence with International Financial Reporting Standards (IFRSs) and various other International accounting standard setting bodies.
2. Framework for Preparation and Presentation of Financial Statements as per Accounting Standards).
3. Accounting Standards:
  - AS 1 : Disclosure of Accounting Policies
  - AS 2 : Valuation of Inventories
  - AS 3 : Cash Flow Statements
  - 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 6 : Depreciation Accounting
  - AS 7 : Construction Contracts (Revised 2002)
  - AS 9 : Revenue Recognition
  - AS 10 : Accounting for Fixed Assets
  - AS 11 : The Effects of Changes in Foreign Exchange Rates (Revised 2003)
  - AS 12 : Accounting for Government Grants
  - AS 13 : Accounting for Investments
  - AS 16 : Borrowing Costs
4. Company Accounts
  - (a) Preparation of financial statements – Statement of Profit and Loss, Balance Sheet and Cash Flow Statement, Statement of changes in Equity and Explanatory Notes;

- (b) Profit (Loss) prior to incorporation;
  - (c) Alteration of share capital, Accounting for bonus issue.
5. Cash flow Analysis.
  6. Accounting for Special Transactions:
    - (a) Investment Accounting
    - (b) Insurance claims for loss of stock and loss of profit and
    - (c) Branch accounts including foreign branches.
  7. Advanced Issues in Partnership Accounts in respect of Admission, Retirement and Death of a Partner including treatment of goodwill, Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversion into a company and Sale to a company; Issues related to accounting in Limited Liability Partnerships.
  8. Advanced Problems on Financial Statements of Not-for-Profit Organisations.

**Note :** If either a new Accounting Standards (ASs), Announcements and Limited Revisions to ASs are issued or the earlier one are withdrawn or new ASs, Announcements and Limited Revisions to ASs are issued in place of existing ASs, Announcements and Limited Revisions to AS, the syllabus will accordingly include / exclude such new developments in the place of the existing ones with effect from the date to be notified.

## PAPER – 2: CORPORATE AND OTHER LAWS

*(One paper – Three hours - 100 Marks)*

Level of Knowledge: Working knowledge

### PART I – CORPORATE LAW (60 MARKS)

#### Objective:

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

#### Contents

##### Corporate law (60 Marks)

1. The Companies Act, 2013 – Sections 23 to 122
  - (a) Prospectus and Allotment of Securities
  - (b) Share Capital and Debentures
  - (c) Acceptance of Deposits by companies
  - (d) Registration of Charges
  - (e) Management and Administration
  - (f) Company Law in a computerized Environment – E-filing.

**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.*

### Part II- OTHER LAWS (40 Marks)

**Objective:** To have an over-view of other Laws.

2. **The Indian Contract Act, 1872** (Specific contracts covered from section 76 onwards): Contract of Indemnity and Guarantee, Bailment, Pledge, Agency
3. **The Negotiable Instruments Act, 1881:** Meaning of Negotiable Instruments, Characteristics, Classification of Instruments, Different provisions relating to Negotiation, Negotiability, Assignability, Right and Obligation of parties, presentment of Instruments, Rules of Compensation
4. **The Payment of Bonus Act, 1965:** Applicability, Definitions, Entitlement of payment of bonus, Minimum and Maximum bonus, Calculation of bonus, Miscellaneous provisions
5. **The Employees' Provident Fund and Miscellaneous Provisions Act, 1952:** Introduction, Definition, Various Schemes and other provisions
6. **The Payment of Gratuity Act, 1972:** Extent & Applicability, Definitions, Payment of Gratuity, Calculation, Nominations & Miscellaneous provisions

7. **Interpretation of statutes and Drafting of simple deeds and documents:** Rules of Interpretation of statutes, Aids to interpretation, Rules of Interpretation/construction of Deeds and Documents, Drafting of simple deeds, Resolution, Minutes, Notices and Reports.
8. **The Prevention of Money Laundering Act, 2002- Basic structure:** Preliminary and Punishment for the Offence of Money laundering
9. **The Consumer Protection Act, 1986:** Definitions and Application of the Act, Consumer disputes redressal agencies and Miscellaneous provisions.
10. Tabular Format of major Labour Acts covering their name, preamble and basic comments

*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. Similarly if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute.*

**PAPER – 3: Cost Accounting**  
(Proposed name 'Cost and Management Accounting')  
(One Paper- Three hours- 100 Marks)

**LEVEL OF KNOWLEDGE:** Working Knowledge

**OBJECTIVES:**

- (a) To understand the basic concepts and processes used to establish the cost associated with the production of products and provision of services and use them to determine prices.
- (b) To be able to understand cost accounting statements.
- (c) To be able to apply information for cost ascertainment, planning, control and decision making.

**A. Overview of Cost and Management Accounting**

**(a) Introduction to Cost and Management Accounting**

- (i) Objectives and Scope of Cost and Management Accounting,
- (ii) The users of Cost and Management accounting information- Functions of management accounting.
- (iii) Role of cost accounting department in an organisation and its relation with other departments.
- (iv) Installation of Costing System
- (v) Relationship of Cost Accounting, Financial Accounting, Management Accounting and Financial Management.
- (vi) Cost terms and Concepts
- (vii) Cost Reduction and Cost Control
- (viii) Elements of Costs
- (ix) Cost behavior pattern, Separating the components of semi-variable costs, step costs.
- (x) Methods of Costing, Techniques of Costing.
- (xi) Coding Systems.

**(b) Elements of Cost and preparation of Cost Sheet**

- (i) Functional classification and ascertainment of cost (ii) Preparation of Cost Sheet

**B. Ascertainment of Cost and Cost Accounting System**

**(a) Material Cost**

- (i) Procurement procedures- Store procedures and documentation in respect of receipts and issue of stock, Stock verification,
- (ii) Valuation of material receipts,
- (iii) Inventory control-
  - Techniques of fixing level of stocks- minimum, maximum, re-order point, safety stock, determination of optimum stock level,
  - Determination of Optimum Order quantity- Economic Order Quantity (EOQ),
  - Techniques of Inventory control- ABC Analysis, FSN, HML, VED, Just-in-Time (JIT)- Stock taking and perpetual inventory system, use of control ratios,
- (iv) Inventory Accounting
- (v) Consumption- Identification with products of cost centres, Basis for consumption entries in financial accounts, monitoring consumption.

## **(b) Employee Cost**

- (i) Attendance and Payroll procedures-
  - Elements of wages- Basic wages, Dearness Allowance, Overtime, Bonus, Holiday and leave wages, Allowances and perquisites.
- (ii) Labour Cost Control
- (iii) Labour Turnover- Methods of calculating labour turnover, causes of labour turnover, effects of labour turnover.
- (iv) Utilisation of labour, Direct and indirect labour, charging of labour cost, Identifying labour hours with work orders or batches or capital jobs.
- (v) Remuneration systems and incentive schemes-
  - Time Rate System, Piece Rate System, Differential piece rate system, Calculation of wages, Effective Wages.

## **(c) Direct Expenses**

- (i) Direct expenses and Direct Material
- (ii) Nature of Direct or Chargeable expenses.
- (iii) 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.
- (ii) Behavioral analysis- Fixed, Variable, Semi- Variable and Step cost.
- (iii) Allocation and Apportionment of overheads using Absorption Costing Method.
- (iv) Factory Overheads- Primary distribution and secondary distribution,
- (v) Administration Overheads- Method of allocation to cost centres or products,
- (vi) Selling & Distribution Overheads- Analysis and absorption of the expenses in products/ customers, impact of marketing strategies, cost effectiveness of various methods of sales promotion.
- (vii) Concepts of Activity Based Costing (ABC).

## **(e) Recording and Accounting of Costs**

- (i) Non-integrated Accounting system- Ledger under non-integral system
- (ii) Integrated Accounting system- Ledgers under integral system.
- (iii) Relationship and difference between the Non- integrated Accounting system and Integrated Accounting system.
- (iv) Reconciliation of Cost and Financial Accounts.

## **C. Methods of Costing**

**(a) Job Costing:** Job cost cards and databases, collecting direct costs of each job, attributing overheads to jobs, Application of job costing.

**(b) Batch Costing:** Determination of optimum batch quantity, Ascertainment of cost for a batch, Preparation of batch cost sheet, Treatment of spoiled and defective works.

### **(c) Contract Costing**

- (i) Ascertainment of cost of a contract, Progress payment, Retention money, Escalation clause, Cost plus contract, Value of work certified, Cost of Work not certified.
- (ii) Determination Value of work certified, Cost of work not certified, Notional and Estimated profit from a contact.

#### **(d) Process/ Operation Costing**

- (i) Double entry book keeping, Process loss, Abnormal gains and losses, Equivalent units, Inter-process profit, Valuation of work in progress.
- (ii) Joint Products- Apportionment of joint costs, Methods of apportioning joint cost over joint products,
- (iii) By-Products- Methods of apportioning joint costs over by-products, treatment of By-product cost in Cost Accounting.

#### **(e) Operating Costing System**

- (i) Determination of Costs, Profit and Prices of services of following sectors/ Industries:
  - Transport, Hospitals, Canteen/ Restaurants, Hotels/ Lodges, Schools/ Colleges, Financial Institutions/ Banks

### **D. Cost Control and Analysis**

#### **(a) Marginal Costing**

- (i) Determination of Cost of a product/ service under marginal costing method, determination of cost of finished goods, work-in-progress,
- (ii) Comparison of Marginal costing with absorption costing method- Reconciliation of profit under the both methods,
- (iii) Basic concepts of marginal costing, Contribution margin, Break-even analysis, Break –even and profit volume charts, Contribution sales ratio, Margin of Safety, Angle of Incidence, Cost-Volume-Profit Analysis (CVP), Multi- product break- even analysis, Limiting factor (key factor),
- (iv) Short term decision making using the above concepts (basic level).

#### **(b) Standard Costing**

- (i) Setting up of Standards, Types of Standards, Standard Costing as method of performance measurement.
- (ii) Calculation of Variances-
  - Material Cost Variance, Labour Cost Variance, Variable Overheads Variance, Fixed Overhead Variance and Sales Variances.

#### **(c) Budget and Budgetary Control**

- (i) Meaning of Budget, Essentials of Budget, Budget Manual, Budget setting process, Preparation of Budget and monitoring procedures.
- (ii) The use of budget in planning and control
- (iii) Flexible budget, Preparation of Functional budget for operating and non operating functions, Cash budget, Master budget,
- (iv) Introduction to Principal budget factor, Zero Based Budgeting (ZBB), Performance budget, Control ratios and Budget variances.

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**NOTE:** The relevant Cost Accounting Standards (CASs) as notified by MCA as per Companies Act 2013 will be complied with.

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## PAPER – 4 : DIRECT TAX LAWS AND INDIRECT TAX LAWS

*(One paper — Three hours – 100 Marks)*

**Level of knowledge:** Working knowledge

**Objective:** To develop an understanding of the provisions of income-tax law and different indirect tax laws and to acquire the ability to apply such knowledge to make computations and address other issues in non-complex scenarios.

### PART I: DIRECT TAX LAWS (60 MARKS)

#### Contents:

1. Basic Concepts
  - Income-tax law: An introduction
  - Important definitions in the Income-tax Act, 1961
  - Basis of Charge and Rates of Tax
  - Concept of previous year and assessment year
2. Residential status and scope of total income
  - Residential status
  - Scope of total income
  - Deemed receipt and accrual of income in India
3. Incomes which do not form part of total income
  - Incomes not included in total income
  - Tax holiday for newly established units in Special Economic Zones
  - Charitable and religious trusts and institutions: Basic concepts
4. Heads of income and the provisions governing computation of income under different heads
  - Salaries
  - Income from house property
  - Profits and gains of business or profession
  - Capital gains
  - Income from other sources
5. Income of other persons included in assessee's total income
  - Clubbing of income: An introduction
  - Transfer of income without transfer of assets
  - Income arising from revocable transfer of assets
  - Clubbing of income of income arising to spouse, minor child and son's wife in certain cases

- Cross transfers
  - Conversion of self-acquired property into property of HUF
  - Other provisions relating to clubbing of income
6. Aggregation of income; Set-off, or carry forward and set-off of losses
- Aggregation of income
  - Concept of set-off and carry forward and set-off of losses
  - Inter-source and Inter-head adjustments
  - Provisions governing set-off and carry forward and set-off of losses under different heads of income
  - Order of set-off of losses
  - Other provisions relating to set-off and carry forward of losses
7. Deductions from gross total income
- General provisions
  - Deductions in respect of payments
  - Specific deductions in respect of income
  - Other deductions
8. Computation of total income and tax liability of resident Individuals
- Meaning of total income
  - Income to be considered while computing total income of resident individuals
  - Special provisions for spouses governed by Portuguese civil code
  - Procedure for computation of total income and tax liability of resident individuals
9. Provisions concerning advance tax and tax deducted at source
- Introduction
  - Direct Payment
  - Provisions concerning deduction of tax at source
  - Certificate for deduction of tax at a lower rate
  - No deduction in certain cases
  - Miscellaneous Provisions relating to deduction of tax at source
  - Advance payment of tax
  - Interest for defaults in payment of advance tax and deferment of advance tax
10. Provisions for filing return of income
- Return of Income
  - Compulsory filing of return of income
  - Interest for default in furnishing return of income
  - Specified class or classes of persons to be exempted from filing return of income
  - Return of loss
  - Return of income of charitable trusts and institutions, political parties, universities, colleges etc.
  - Provisions relating to belated return, revised return etc.
  - Permanent account number
  - Persons authorized to verify return of income
  - Other provisions relating to return of income

## PART II – INDIRECT TAXLAWS (40 MARKS)

### Contents:

1. Concept of indirect taxes - General principles, Constitutional aspects
    - Concept and features of indirect taxes
    - Constitutional provisions of indirect taxes
    - Principal indirect taxes
    - Administration of indirect taxes
  2. Introduction to Central Excise Duty and Customs Duty – Basic concepts relating to levy, classification and valuation
    - Concept of excise duty, Types of excise duties, Sources of central excise law
    - Taxable event, Charge of excise duty, Concept of goods and excisable goods, Manufacture, Collection of excise duty,
    - Classification and valuation of excisable goods
    - Small Scale Industry (SSI) exemption
    - Concept of customs duty, Types of customs duties, Sources of customs law
    - Taxable event, Charge of customs duty including exceptions thereof
    - Classification and valuation of imported/export goods
- Date for determining the rate of duty and tariff valuation of imported and exported goods
3. Central Sales Tax
    - Basic concepts relating to inter-State sale
    - Sale outside a State
    - Sale in the course of import or export
    - Charge of central sales tax
    - Inter-State stock transfer
    - Rates of tax on inter-State sale
    - Determination of turnover
    - Levy and collection of central sales tax and goods of special importance in inter-State trade
  4. Value Added Tax
    - Basic concepts relating to VAT including its variants, different methods of computation and merits and demerits
    - State-Level VAT

- Backdrop for State–Level VAT in India
- Concepts relating to input tax credit
- Computation of net VAT liability
- VAT rates
- Composition scheme for small dealers
- VAT in relation to incentive schemes
- Works contract
- Lease transactions and hire purchase transactions

#### 5. Service tax

- Basic concepts and general principles
- Concept of service, charge of service tax, negative list of services, date of determination of rate of tax, value of taxable service and rate of exchange
- Point of taxation of services
- Exemptions and abatements
- Valuation of taxable services
- Registration
- Invoicing for taxable service
- Payment of service tax including reverse charge
- Furnishing of returns

**Note –** If any new legislation(s) is enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State VAT Law. Further, considering that Goods and Services Tax may be implemented in India in near future, the syllabus will accordingly be modified to include the same with effect from the date to be notified by the Institute.

Consequential/corresponding amendments made in the provisions of the direct and indirect tax laws covered in the syllabus of this paper which arise out of the amendments made in the provisions not covered in the syllabus will not form part of the syllabus. Further, the specific inclusions/exclusions in the various topics covered in the syllabus will be effected by way of Study Guide before each examination.

### **Illustrative list of Inclusions and Exclusions in the syllabus of new Intermediate Course Paper 4: Direct Tax Laws & Indirect Tax Laws**

- (1) In respect Part I: Direct Tax Laws, under "2. Residence and Scope of total income", the provisions of section 9A are excluded from the syllabus.
- (2) In respect of Part I: Direct Tax Laws, under "7. Deductions from gross total income" - "Specified deductions in respect of income", only deductions under section 80JJAA, 80QQB, 80RRB and 80TTA are included in the syllabus. All other deductions in respect of income are excluded from the syllabus of new Intermediate course.
- (3) In respect of Part I: Direct Tax Laws, under "4. Heads of income and the provisions governing computation of income under different heads" under "Profits and gains of business or profession", the provisions of section 44B, 44BB, 44BBA, 44BBB, 44C, 44D and 44DA relating to non-residents/foreign companies are excluded from the syllabus of new Intermediate course.
- (4) In respect of Part II: Indirect Taxes "2. Introduction to Central Excise Duty and Customs Duty", in point "Classification and valuation of excisable goods", an overall idea of concept of classification and scheme of valuation under central excise law is covered in the syllabus. Related rules are excluded from the syllabus of new Intermediate course.
- (5) In respect of Part II: Indirect Taxes "2. Introduction to Central Excise Duty and Customs Duty", in point "Classification and valuation of imported and export goods", an overall idea of concept of classification and scheme of valuation under customs law is covered in the syllabus. Related rules are excluded from the syllabus of new Intermediate course.
- (6) In respect of Part II: Indirect Taxes "5. Service Tax", Declared service [Section 66E], Determination of place of provision of service [Section 66C and Place of Provision of Services Rules, 2012], Bundled Services [Section 66F] and related provisions covered in any of the topics mentioned in the syllabus are excluded from the syllabus of new Intermediate course.

**Specific inclusions/exclusions in the syllabus may be effected by way of Study Guide, approved by the Board of Studies, before each examination.** Since tax laws are dynamic in nature, the specific inclusions/exclusions in syllabus may undergo a change with the passing of the Finance Act every year. In Indirect Taxes, the changes may also be on account of notifications and circulars. Accordingly, specific inclusions/exclusions in the syllabus would be effected by way of Study Guide, which would be approved by the Board of Studies, before each examination.

## PAPER 5: ADVANCED ACCOUNTING

*(One paper – Three hours – 100 Marks)*

**Level of Knowledge:** Working Knowledge

### **Objectives:**

To prepare and present financial statements of Insurance, Banking and Non-banking finance companies to gain the ability to apply the Accounting Standards and Guidance Notes to non-complex scenarios.

### **Contents :**

#### 1. Accounting Standards:

- AS 14 : Accounting for Amalgamations
- AS 15 : Employee Benefits
- AS 17: Segment Reporting
- AS 18 : Related Party Disclosures
- AS 19 : Leases
- AS 20 : Earnings Per Share
- AS 21 : Consolidated Financial Statements
- AS 22 : Accounting for Taxes on Income
- AS 23 : Accounting for Investments in Associates in Consolidated Financial Statements
- AS 24 : Discontinuing Operations
- AS 25 : Interim Financial Reporting
- AS 26 : Intangible Assets
- AS 27 : Financial Reporting of Interest in Joint Ventures
- AS 28 : Impairment of Assets
- AS 29 : Provisions, Contingent Liabilities and Contingent Assets.

#### 2. 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) Accounting for business acquisition, Amalgamation and reconstruction;

- (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 companies and Non-Banking Financial Companies and legal and regulatory requirements thereof.
3. Accounting for Hire Purchase Transactions
  4. Valuation of goodwill
  5. Application of Guidance Notes issued by the ICAI on various accounting aspects. (List attached for reference)

**Note :** If either a new Accounting Standards (ASs), Announcements and Limited Revisions to ASs are issued or the earlier one are withdrawn or new ASs, Announcements and Limited Revisions to AS are issued in place of existing ASs, Announcements and Limited Revisions to AS, the syllabus will accordingly include / exclude such new developments in the place of the existing ones with effect from the date to be notified.

The list of Guidance Notes in Accounting applicable in this paper for a particular exam will be issued separately before the respective examination.

## **Annexure**

### **Guidance Notes on Accounting Aspects applicable at Intermediate level**

1. Guidance Note on Accrual Basis of Accounting.
2. Guidance Note on Terms Used in Financial Statements.
3. Guidance Note on Availability of Revaluation Reserve for Issue of Bonus Shares.
4. Guidance Note on Accounting for Corporate Dividend Tax.
5. Guidance Note on Accounting for Employee Share-based Payments.
6. Guidance Note on Measurement of Income Tax for Interim Financial Reporting in the context of AS 25.
7. Guidance Note on Applicability of AS 25 to Interim Financial Results.
8. Guidance Note on Turnover in case of Contractors.
9. Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (Now Schedule III to the Companies Act, 2013).
10. Guidance Note on Accounting for Depreciation in companies in the context of Schedule II to the Companies Act, 2013

## **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. Nature, Objective and Scope of Audit**

Nature, objective and scope of Audit; Relationship of auditing with other disciplines; Overview, Standard-setting process, Role of International Auditing and Assurance Standards Board; Standards on Auditing, Guidance Note(s) issued by the ICAI; Inherent Limitations of an audit; Ethical requirements relating to an audit of financial statements; Preconditions for an audit; Audit Engagement; Agreement on Audit Engagement Terms; Terms of Engagement in Recurring Audits; Leadership Responsibilities for Quality on Audits; Concept of Auditor's Independence; Threats to Independence; Acceptance and Continuance of Client Relationships and Audit Engagements; Responsibility for the Prevention and Detection of Fraud; Fraud Risk Factors; Risks of Material Misstatement Due to Fraud; Communication of Fraud to Management and those charged with governance.

#### **2. Audit Documentation and Audit Evidence**

Concept of Audit Documentation; Nature & Purpose of Audit Documentation; Form, Content & Extent of Audit Documentation; Completion Memorandum; Ownership and custody of Audit Documentation; Audit procedures for obtaining audit evidence; Sources of evidence; Relevance and Reliability of audit evidence; Sufficient appropriate audit evidence; Written Representations on Audit Evidence; Objective of Auditor regarding Written Representation; Management from whom Written Representations may be requested; Written Representations about Management's Responsibilities; Obtaining evidence of inventory; Audit procedure to identify litigation & claims; External confirmation procedures; Management's refusal to allow the auditor to send a confirmation request; Negative Confirmations; Audit evidence about opening balances; Accounting policies relating to opening balances; Reporting with regard to opening balances; Meaning of Related Party; Nature of Related Party Relationships & Transactions; Understanding the Entity's Related Party Relationships & Transactions; Meaning of Subsequent Events; Auditor's obligations in different situations of subsequent



events; Responsibilities of the Auditor with regard to Going Concern Assumption; Objectives of the Auditor regarding Going Concern; Events or Conditions that may cast doubt about Going Concern Assumption; Audit Procedures when events or conditions are identified.

### **3. Audit Strategy, Planning and Programming**

Audit Strategy; Audit planning; Audit programme; Control of quality of audit work - Delegation and supervision of audit work; Materiality and Audit Plan; Revision of Materiality; Documenting the Materiality; Performance Materiality; Concept of Principal Auditor and Other Auditor; Acceptance as Principal Auditor; Procedures to be performed by Principal Auditor; Co-ordination between the Principal Auditor and Other Auditor; Relationship between the Internal Audit Function and the External Auditor; Using the work of the Internal Auditor; Documenting the work of Internal Auditor; Auditor's Expert - Meaning; Need for an Auditor's Expert; Understanding the Auditor's Expert; Agreement with the Auditor's Expert; Adequacy of the Auditor's Expert's Work.

### **4. Risk Assessment and Internal Control**

Risk Assessment procedures; Understanding the entity and its environment; Identifying and Assessing the Risk of Material Misstatement; Documenting the Risks; Elements of internal control; Review and documentation; Evaluation of internal control system; Internal control questionnaire; Internal control check list; Tests of control; Internal Control and IT Environment; Application of concept of materiality and audit risk; Concept of internal audit.

### **5. Audit Sampling and Analytical Procedure**

Meaning of Audit Sampling; Designing an audit sample; Types of sampling; Sample Size and selection of items for testing; Sample selection method; Test checking; Techniques of test checks; Nature of analytical procedures; Designing and performing analytical procedures; Investing the results of analytical procedures.

### **6. Audit of Items of Financial Statements**

Audit of various items of Financial Statements for e.g. Audit of Sales, Purchase, Receipts, Payments; Verification of Bank Balances; Vouching of items of Income & Expenses; Verification of Capital and Revenue Expenditure; Verification of Assets and Liabilities, Contingent Liabilities; etc. Audit of ledgers for e.g. supplier's ledger, debtor's ledger etc.

### **7. The Company Audit- I**

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; Forming an opinion on the Financial Statements; Auditor's Report- basic elements; Types of Modified Opinion; Basis for Modification Paragraph; Opinion Paragraph; Emphasis of Matter and Other Matter Paragraph in the Auditor's Report; Qualifications, Disclaimers, Adverse

opinion; Disclosures; Other Important Provisions under the Companies Act, 2013 relating to Audit and Auditors and Rules made thereunder; Nature of Comparative Information; Corresponding Figure; Comparative Financial Statements.

**8. The Company Audit- II**

Audit of Shares, Debentures, Dividends; Verification of issue of Bonus Shares; Specific provisions as regards accounts in the Companies Act, 2013.

**9. Audit of Banks and Insurance Companies**

Audit of various items forming part of financial statements in case of banks and insurance companies.

**10. Audit of Different Category of Entities**

Features and basic principles of government audit; Local bodies and not-for-profit organizations; Comptroller and Auditor General and its constitutional role; Basics of Limited Liability Partnerships (LLPs) audit; Audit of different type of undertakings, i.e., Educational institutions, Hotels, Clubs, Hospitals, Hire-purchase and leasing companies.

**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.

## PAPER – 7 : FINANCIAL MANAGEMENT

(60 Marks)

**Level of Knowledge:** Working knowledge

**Learning Outcome:** To gain knowledge of various aspects of Financial Management and the ability to apply such knowledge in decision-making in non-complex scenarios.

### Contents

#### A. Financial Management and Financial Analysis

##### (a) Introduction to Financial Management Function

- (i) Objective and scope of financial management
- (ii) Role and purpose
- (iii) Financial management environment
- (iv) Functions of finance executives in an organization
- (v) Financial distress and insolvency.

##### (b) Financial Analysis through Ratios

- (i) Users of the financial analysis
- (ii) Sources of financial data for analysis
- (iii) Calculation and Interpretation of ratios:
  - Analysing liquidity
  - Analysing leverage
  - Analysing efficiency/ activity
  - Analysing profitability
- (iv) Limitations of ratio analysis

#### B. Financing Decisions

##### (a) Sources of Finance

- (i) Different Sources of Finance, Characteristics of different types of long term debt and equity finance, Method of raising long term finance
- (ii) Different Sources of short term Finance
- (iii) Internal fund as a source of finance
- (iv) International sources of finance
- (v) Other sources of finance- Sale and lease back, Convertible debt, Venture capital, Grants etc.

## **(b) Cost of Capital**

- (i) Significance of cost of capital
- (ii) Factors of cost of capital
- (iii) Measurement of costs of individual components of capital
- (iv) Weighted average cost of capital (WACC)
- (v) Marginal cost of capital

## **(c) Capital Structure Decisions**

- (i) Significance of capital structure
- (ii) Capital structure planning and designing
- (iii) Designing of optimum capital structure
- (iv) Determinants of capital structure
- (v) Theories of Capital Structure and value of the firm- relevancy and Irrelevancy of capital structure.
- (vi) EBIT- EPS Analysis, Breakeven- EBIT Analysis.
- (vii) Under/ Over Capitalisation.

## **(d) Leverages**

- (i) Types of Leverages- Operating, Financial and Combined
- (ii) Analysis of leverages

## **C. Capital Investment and Dividend Decisions**

### **(a) Capital Investment Decisions**

- (i) Objective of capital investment decisions
- (ii) Methods of Investment appraisal:
  - Payback period, Discounted payback period
  - Accounting Rate of Return (ARR),
  - Net Present Value (NPV)- The meaning of NPV, Strengths and limitations of NPV method, The impact of taxation on the NPV analysis, The impact of Inflation on the NPV analysis, The working capital adjustment in an NPV analysis, Capital rationing, Equivalent Annual Costs, Adjusted present value
  - Internal Rate of return (IRR)- Limitations of the IRR method, Multiple IRRs,
  - Modified internal Rate of Return (MIRR)- Definition and explanation of MIRR, The process for calculating MIRR, Strengths of the MIRR approach.
  - Profitability Index

### **(b) Dividend Decisions**

- (i) Basics of Dividends
- (ii) Forms of dividend
- (iii) Determinants of dividend

- (iv) Relevancy and Irrelevancy of Dividend Policies- Traditional Approach, Walter's model, Gordon's model, Modigliani and Miller (MM) Hypothesis.

#### **D. Management of Working Capital**

##### **(a) Management of Working Capital**

- (i) The management of working capital- Liquidity and Profitability
  - (ii) The Working capital financing decisions- Primary and Secondary Sources of Liquidity
  - (iii) The working Capital Cycle (operating Cycle), Effectiveness of Working Capital based on its operating and cash conversion cycles
  - (iv) Assessment of working capital requirement
  - (v) Management of Accounts Receivables (Debtors),
  - (vi) Management of Accounts Payables (Creditors)
  - (vii) Management of Inventory
  - (viii) Management of Cash, Treasury management
  - (ix) Banking norms of working capital finance
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## Part II: Business Economic Environment (40 Marks)

1. Business and Its Economic Environment
  - I. Introduction
  - II. Elements of Business Economic Environment
    - Economic Systems
    - Economic Conditions
    - Economic Policies
2. Economic Environment in India
  - I. Economic Planning and Economic Reforms in India
    - Objectives of Planning in India
    - Five-Year Plans
    - Economic Reforms
  - II. Various Sectors in India- Agriculture, Industry, Service and Infrastructure
    - Agriculture
    - Industry
      - Industrial Growth and Diversification
      - Industrial Policy in India
        - Industrial Policy Resolution 1948
        - Industrial Policy Resolution 1956
        - Industrial Policy Resolution 1991
          - Industrial Licensing Policy
          - Micro Small and Medium Enterprises Policy
          - National Manufacturing Policy
    - Service
    - Infrastructure
  - III. Economic Condition in India
    - I. Economic Growth – National Income and Per Capita Income
    - II. Poverty in India
    - III. Unemployment in India
    - IV. Inflation
    - V. Balance of Payments
    - IV. Financial Environment – Structure of Indian Financial System
3. Monetary Policy in India
  - I. Concept and Meaning of Monetary Policy
  - II. Objectives of the Monetary Policy
  - III. Impact of Monetary Policy on Business
  - IV. Monetary Policy in India
4. Fiscal Policy in India

- I. Concept and Meaning of Fiscal Policy
  - II. Objectives of the Fiscal Policy
  - III. Impact of Fiscal Policy on Business
  - IV. Fiscal Policy in India
5. Global Economic Environment of Business
- I. Globalization
  - II. Trends in Global Economy
  - III. Role of World Trade Organization
  - IV. Foreign Trade Policy of India

## **Intermediate (IPC) Paper - 8A: Information Technology**

**(60 Marks)**

**Level of Knowledge:** Working Knowledge

**Objective:** “To develop understanding of Information Technology as a key enabler and facilitator of implementing Information Systems in enterprises and their impact on business processes and controls”.

### **Contents**

#### **Chapter 1: BUSINESS PROCESSES MANAGEMENT AND IT**

- Introduction to Business Processes and related concepts, Various Business processes – Accounting, Sale, Purchase etc.;
- Information Processing, Business Process Automation (BPA) - Benefits & Risks, BPA implementation, Business Risks of failure of IT;
- Theories of Process Management;
- Business Process Management (BPM) and its implementation, Information as a business asset, Impact of IT on business processes, Change Management Process;
- Constructing an overview diagram of business processes with an assistance of automated design techniques: Entity Relationship Diagrams and Flowcharts.

#### **Chapter 2: ACCOUNTING INFORMATION SYSTEMS**

- Introduction to Information Systems and its components;
- Information Systems Development Life Cycle (SDLC) and related key phases;
- Information Systems and organizational infrastructure;
- Define Accounting Information Systems (AIS), its types, role and importance to accountants and business, Interrelationship between business processes and Accounting Information Systems.

#### **Chapter 3: INFORMATION SYSTEMS'S DOMAIN**

- Applying Information Systems to business, Organization and Systems, Domain of Business Information Systems, Information Systems and their role in businesses; IT and Internet as a business enabler & driver;
- Classification of Information Systems, Concepts of Business Intelligence, Specialized Business Information Systems
- Business Reporting and fundamentals of XBRL (eXtensible Business Reporting Language).

#### **Chapter 4: INFORMATION TECHNOLOGY RISKS AND CONTROLS**

- Identifying Information Technology Risks, relevant controls and their need;
- Classification of Controls – Management Control Framework and Application Control Framework.



## **Chapter 5: TELECOMMUNICATION AND NETWORKS**

- Fundamentals of telecommunication, Components and functions of Telecommunication Systems, Role of telecommunication in Information Systems.
- Classification of Telecommunication Networks, Digital Data Transmission, Network Topology etc.;
- Network Architecture, Standards and protocols;
- Network risks, Controls and Security;
- Network administration and management – Concepts and Issues

## **Chapter 6: EMERGING TECHNOLOGIES AND IT ACT, 2000**

- Concepts of Computing Technologies - Grid Computing, Mobile Computing, Cloud Computing: overview and architecture;
- Emerging technological concepts and latest devices;
- Risks, Controls and Assurance in Emerging Technologies;
- Overview of e-Commerce and m-Commerce technologies, Payment Methods;
- Overview of Specific sections of IT Act, 2000

## Strategic Management (40 Marks)

### Objectives

- (a) To develop an understanding of strategic management concepts and techniques.
- (b) To be able to correlate concepts of strategic management to business situations.

### Contents

#### 1. Introduction to Strategic Management

- *Business Policy*
- *Meaning and Nature of Strategic management*
- *Business Strategy*
- *Strategic levels in organizations*
- *Strategic Management in Government and Not-for-profit organization*

#### 2. Dynamics of Competitive Strategy

- *Competitive Landscape*
- *Strategic Analysis*
- *Industry and competitive Analysis*
- *Core Competence*
- *Competitive advantage*
- *Internal and External Analysis*
- *SWOT Analysis*
- *Globalization*

#### 3. Strategy Making Process

- *Strategic Planning and Decision Making*
- *Strategic intent*
- *Vision, Mission and Objectives*
- *Strategic Management Process*
- *Strategy Formulation*

#### 4. Corporate Level Strategies

- *Corporate Strategy*
- *Nature, scope and concerns of corporate strategy*
- *Strategic Alternatives at Corporate Level*
  - *Growth*

- *Stability*
- *Expansion*
- *Retrenchment*
- *Mergers*
- *Acquisition*
- *Strategic Alliances*

## 5. Business Level Strategies

- *Competitive strategies at business level*
- *Michael Porter's Generic Strategies*
- *Best-Cost Provider Strategy*

## 6. Functional Level Strategies

- *Marketing Strategy*
- *Financial Strategy*
- *Operations Strategy*
- *Human Resource Strategy*
- *Research and Development*

## 7. Organisation and Strategic Leadership

- *Organisation structure*
- *Strategic Business Unit*
- *Strategic Leadership*
- *Strategy supportive culture*
- *Entrepreneurship and intrapreneurship*

## 8. Strategy Implementation and Control

- *Strategy Implementation*
- *Interrelationships between Strategy Formulation and Implementation*
- *Strategic Change*
- *Strategic Control*
- *Strategic Audit*
- *Business Process Reengineering*
- *Benchmarking*

# Draft Proposed Syllabus

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## FINAL LEVEL

### PAPER 1 : FINANCIAL REPORTING

*(One paper – Three hours – 100 marks)*

**Level of Knowledge:** Advanced knowledge

**Objectives:**

To analyze the Indian Accounting Standards (Ind ASs), Accounting Standards (ASs) and Guidance Notes for discerning and formulating the appropriate financial reporting treatment; and gain the ability to integrate and solve problems in complex scenarios.

**Contents:**

1. Framework for Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards.
2. Application of Indian Accounting Standards (Ind ASs) and Existing Accounting Standards on various accounting aspects with reference to-
  - Separate financial statements
  - Consolidated financial statements
  - Disclosures
  - Financial instruments
  - Special transactions
  - Understanding of Industry Specific Accounting.
3. Application of Guidance Notes issued by ICAI on various accounting aspects.
4. Principles of Integrated Reporting.

**Note** – If either a new Indian Accounting Standard (Ind AS) or Accounting Standard (AS), Announcements and Limited Revisions to Ind AS / AS are issued or the earlier one are withdrawn or new Ind AS / AS, Announcements and Limited Revisions to Ind AS / AS are issued in place of existing Ind AS / AS, Announcements and Limited Revisions to Ind AS / AS, the syllabus will accordingly include / exclude such new developments in the place of the existing ones with effect from the date to be notified.

The list of Guidance Notes in Accounting applicable in this paper for a particular exam will be issued separately before the respective examination.

## Annexure

### Guidance Notes on Accounting Aspects applicable at Final level

1. Guidance Note on Accounting Treatment for Excise Duty.
  2. Guidance Note on Accounting Treatment for MODVAT/CENVAT.
  3. Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.
  4. Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (Now Schedule III to the Companies Act, 2013).
  5. Guidance Note on Accounting for Derivative contracts (issued 2015)
  6. Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities (Issued May 15, 2015)
  7. Guidance Note on Accounting for Oil and Gas Producing Activities (revised 2013)
  8. Guidance Note on Accounting Treatment for Excise Duty
  9. Guidance Note on Accounting for State-level Value Added Tax
  10. Guidance Note on Accounting for Real Estate Transactions (Revised 2012) and Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued May, 2016
  11. Guidance Note on Accounting for Rate Regulated Activities
  12. Guidance Note on Accounting for Self-generated Certified Emission Reductions (CERs) (Issued 2012)
  13. Guidance Note on Accounting by Dot-Com Companies
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## PAPER 2 : STRATEGIC FINANCIAL MANAGEMENT

*(One paper – Three hours – 100 marks)*

**Level of Knowledge:** Advanced knowledge

**Objective:** To be drafted once the syllabus is finalized.

**Contents:**

### 1. Financial Policy and Corporate Strategy

- Strategic decision making framework
- Interface of Financial Policy and strategic management
- Balancing financial goals vis-à-vis sustainable growth.

### 2. Risk Management

- Identification of types of Risk faced by an organisation
- Evaluation of Financial Risks
- Value at Risk (VAR)
- Evaluation of appropriate method for the identification and management of financial risk.

### 3. Advanced Capital Budgeting Decisions

- Allowing inflation in Capital Budgeting Decision
- Adjustment of Risk and Uncertainty in Capital Budgeting Decision
  - (a) Probability Analysis
  - (b) Certainty Equivalent Method
  - (c) Risk Adjusted Discount Rate
  - (d) Monte Carlo Simulation
  - (e) Decision Tree Analysis
  - (f) Scenario Analysis
  - (g) Sensitivity Analysis
- Adjusted Present Value
- Specific Capital Budgeting Decisions (Replacement of Assets and Capital Rationing)

### 4. Security Analysis

- Fundamental Analysis
- Technical Analysis
  - (a) Meaning
  - (b) Assumptions
  - (c) Theories and Principles
  - (d) Charting Techniques

(e) Efficient Market Hypothesis (EMH) Analysis

**5. Security Valuation**

- Theory of Valuation
- Return Concepts
- Equity Risk Premium
- Required Return on Equity
- Discount Rate Selection in Relation to Cash Flows
- Approaches to Valuation of Equity Shares
- Valuation of Preference Shares
- Valuation of Bond
- Valuation of Alternative Investments

**6. Lease Financing**

- Concept and Classification
- Significance and Limitations of Lease Financing
- Financial Evaluation of Leasing Decision

**7. Portfolio Management**

- Portfolio Analysis
- Portfolio Selection
- Capital Market Theory
- Portfolio Revision
- Portfolio Evaluation
- Asset Allocation
- Fixed Income Portfolio
- Risk Analysis of Investment in Distressed Securities
- Alternative Investment Strategies in context of Portfolio Management

**8. Foreign Exchange Exposure and Risk Management**

- Exchange rate determination
- Foreign currency market
- Management of transaction, translation and economic exposures
- Hedging currency risk
- Foreign exchange derivatives – Forward, futures, options and swaps

**9. International Financial Management**

- International Capital Budgeting
- International Working Capital Management
  - (a) Multinational Cash Management
    - ❖ Objectives of Effective Cash Management
    - ❖ Optimization of Cash Flows/ Needs
    - ❖ Investment of Surplus Cash
  - (b) Multinational Receivable Management
  - (c) Multinational Inventory Management

#### 10. Interest Rate Risk Management

- Interest Rate Risk
- Hedging Interest Rate Risk
  - (a) Traditional Methods
  - (b) Modern Methods including Interest Rate Derivatives

#### 11. Corporate Valuation and Reorganization

- Conceptual Framework of Valuation
- Approaches/ Methods of Valuation
  - (a) Assets Based Valuation Model
  - (b) Earning Based Models
  - (c) Cash Flow Based Models
  - (d) Measuring Cost of Equity
    - ❖ Capital Asset Pricing Model (CAPM)
    - ❖ Arbitrage Pricing Theory
    - ❖ Estimating Beta of an unlisted company
  - (e) Relative Valuation
    - ❖ Steps involved in Relative Valuation
    - ❖ Equity Valuation Multiples
    - ❖ Enterprise Valuation Multiple
  - (f) Other Approaches to Value Measurement
    - ❖ Economic Value Added (EVA)
    - ❖ Market Value Added (MVA)
    - ❖ Shareholder Value Analysis (SVA)
  - (g) Arriving at Fair Value
  - (h) Cross Border Mergers
- Corporate Restructuring



- (a) Conceptual Framework
- (b) Rationale
- (c) Forms
- (d) Mergers and Acquisitions
  - ❖ Financial Framework
  - ❖ Takeover Defensive Tactics
  - ❖ Reverse Merger
- (e) Divestitures
  - ❖ Partial Sell off
  - ❖ Demerger
  - ❖ Equity Carve outs
- (f) Ownership Restructuring
  - ❖ Going Private
  - ❖ Management/ Leveraged Buyouts

**12. Islamic Finance**

- (a) Major difference between Islamic Finance and other forms of Finance
- (b) Concept of Riba
- (c) Major Islamic Financial Instruments

# PAPER 3: ADVANCED AUDITING AND PROFESSIONAL ETHICS

*(One Paper- Three hours - 100 marks)*

**Level of Knowledge:** Advanced knowledge

**Objectives:**

- (a) To analyse current auditing practices and procedures and apply them in auditing engagements,
- (b) To evaluate the ability to solve cases relating to audit engagements.

**Contents:**

**1. Auditing Standards, Statements and Guidance Notes**

Engagement & Quality Control Standards, Statements and Guidance Notes on Auditing issued by the ICAI; Significant differences between Engagement & Quality Control Standards and International Standards.

**2. Risk Assessment and Internal Control**

Evaluation of internal control procedures; Components of internal controls; Techniques including questionnaire, check list, flowchart; Internal control and risk assessment; Risk-based audit- audit risk analysis, general steps; Internal audit; Reporting on internal control weaknesses; Salient features of Sarbanes Oxley Act with special reference to reporting on Internal Control; COSO Framework.

**3. Audit of Limited Companies**

Application of Relevant Provisions under the Companies Act, 2013 relating to Audit and Auditors and Rules made thereunder; Powers/rights, duties of auditors; Branch Audit, significance of true and fair view; Dividends and divisible profits- financial, legal, and policy considerations; depreciation; Special features of audit of Limited Liability Partnerships (LLPs)- Eligibility for audit, appointment of auditor, remuneration, etc.

**4. Liabilities of Auditors**

Professional negligence; Civil liabilities; Criminal liabilities; Liabilities under Income Tax Act.

**5. Audit Reports**

Basic elements of auditor's report; Types of opinion; Audit report under the Companies Act, 2013; Reporting under CARO; Notes on accounts; Distinction between notes and qualifications; Distinction between audit reports and certificates; Audit reports and certificates for special purpose engagements; Detailed observations by the statutory auditor to the management vis-a-vis obligations of reporting to the members.

**6. Audit Committee and Corporate Governance**

Audit committee under clause 49 of the listing agreement; Audit committee under the Companies Act, 2013; Role of auditor in Audit Committee and Certification of Compliance of Corporate Governance; Disclosure requirements; Report on corporate governance.

**7. Audit of Consolidated Financial Statements**

Provisions under the Companies Act, 2013 in respect of Accounts of Companies and Rules made thereunder; Audit of Consolidated Financial Statements- responsibility of

parent company, auditor of the consolidated financial statements; audit considerations- permanent consolidation, current period consolidation; reporting.

**8. Miscellaneous Audits**

Special features of audit of banks, insurance companies, co-operative societies and non-banking financial companies.

**9. Audit under Fiscal Laws**

Audit under Fiscal Laws, viz, Direct and Indirect Tax Laws.

**10. Cost Audit**

Types, advantages of cost audit; Cost audit under the Companies Act, 2013.

**11. Special Audit Assignments**

Special audit assignments like audit of members of stock exchange, mutual funds, depositories, bank borrowers; Environmental audit; Energy audit.

**12. Audit of Public Sector Undertakings**

Audit of government companies; Comprehensive audit; Concept of propriety audit; Performance audit.

**13. Internal Audit, Management and Operational Audit**

Provisions of internal audit as per Companies Act, 2013; Scope of internal auditing; Relationship between internal and external auditor; Internal Audit Standards issued by the ICAI; Management audit and Operational audit.

**14. Investigation and Due Diligence**

Audit versus Investigation; Steps for investigation; Types of investigation; procedure, powers, etc. of investigator; Forensic audit- meaning, difference between statutory audit and forensic audit, category for forensic engagements, collection of evidences etc; due diligence.

**15. Concept of Peer Review**

**16. 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.*

## PAPER – 4: CORPORATE AND OTHER ECONOMIC 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 interpret the provisions of the Companies Act in practical situations

**Contents:**

1. The Companies Act, 2013 and Rules framed thereunder in its entirety with specific reference to section 149 onwards:
  - (a) Appointment and Qualifications of Directors
  - (b) Appointment and remuneration of Managerial Personnel
  - (c) Meetings of Board and its powers
  - (d) Inspection, inquiry and Investigation
  - (e) Compromises, Arrangements and Amalgamations
  - (f) Prevention of Oppression and Mismanagement
  - (g) Revival and Rehabilitation of Sick Companies
  - (h) Winding Up
  - (i) Producer Companies
  - (j) Companies incorporated outside India
  - (k) Offences and Penalties
  - (l) E-governance
  - (m) National Company Law Tribunal and Appellate Tribunal
  - (n) Special Courts
  - (o) 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: OTHER ECONOMIC LAWS (30 MARKS)

### Objective:

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

### Contents:

3. **The Foreign Exchange Management Act, 1999-** Overview: Introduction, broad structure of FEMA, Definition, Regulation and Management of Foreign Exchange, Contraventions and Penalties in brief, miscellaneous provisions
4. **The Competition Act, 2002-** Overview: Introduction, Competition Policy and Law, Competition Act, 2002 and further amendments and Definitions.
5. **The Banking Regulation Act, 1949-** Overview: Introduction, Business of banking companies, Reserve fund, restriction on loan and advances, Audit and different provisions  
**The Insurance Act, 1938-** Overview: Important definitions and other provisions related to Insurance  
**The Insurance Regulatory and Development Authority Act, 1999-** Overview- Important definitions, duties, powers and functions of authority, finance, accounts and audit and other matters  
**The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002-** Overview: Important Definitions, Regulation of Securitisation and Reconstruction of Financial Assets of Banks and Financial Institutions, Enforcement of Security Interest, Offences and Penalties, Miscellaneous Matters  
**The Reserve Bank of India Act, 1934-** Overview: Chapter III-C of the Act
6. **The Prevention of Money Laundering Act, 2002-**Advanced portion: Definitions, Punishment for the Offence of Money laundering, Obligation of Banking Companies, Financial Institutions and Intermediaries or a person carrying on a designated business or profession, Appellate Tribunal, Special Court, Procedure for Attachment and Confiscation of Property and Recovery of fines and penalties.
7. **The Intellectual Property Rights- Trade mark and Patent Rights-** Overview: covering trade mark and patent rights,  
Trade Mark: Important definitions, procedure and effect of registration and other provisions  
Patents Rights: Preliminary, Inventions not patentable, grant of Patents and rights conferred thereby and other provisions
8. **Foreign Contribution Regulation Act, 2010-** Overview: Definitions, Regulation of Foreign contribution and Miscellaneous provisions
9. **Legislative framework on listing agreements-** Clause 35 and 41 of the listing agreements required for the working of the listing companies
10. **General Clauses Act, 1897-** Overview: Important definitions and Applicability, Commencement, termination and computation of time, Powers conferred to be exercisable from time to time, Power to appoint include power to suspend or dismiss, Constructions of Notification, etc, issued under enactments, Power to issue, to include power to add to, amend, vary or rescind notifications, orders, rules, or bye-laws and other provisions.
11. **\*The Bankruptcy and Insolvency Code, 2015-** Overview: Preliminary, Corporate insolvency resolution process, Liquidation process and other provisions

12. **\*\*The Arbitration and Conciliation Act, 1996**-Overview: General Provisions, Arbitration agreement, Tribunal, Conciliation
13. **\*\*The Societies Registration Act, 1860**- Overview: Formation of society by Memorandum of association and registration and other related provisions
14. **\*\*The Indian Trust Act, 1882**- Overview: Creation of Trusts, Duties and Liabilities, Certain obligations in the nature of trusts
15. **\*\*The Co-operative Societies Act, 1912**- Overview: Preliminary, Registration, Duties of Registered societies, Privileges and Miscellaneous provisions

\*yet to receive the assent of the President of India.

\*\* To be discussed

**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. Similarly if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute.

## CA-Final

### PAPER – 5: Advanced Management Accounting (Proposed Nomenclature\*: Strategic Management Accounting) (One Paper- Three hours- 100 Marks)

#### OBJECTIVES:

- (a) To apply various strategic management accounting techniques as a discipline for planning and controlling performance so that strategic objectives can be set, monitored and controlled.
- (b) To develop skills of analysis, synthesis and evaluation in management accounting to challenge emerging issues as they might affect or influence the management of performance with in organisations.
- (c) To develop abilities to analyse and evaluate business problems using the applications of quantitative methods to management accounting.

#### LEVEL OF KNOWLEDGE/ SKILL SET REQUIRED:

Expert Knowledge

## **PART-A**

### **Strategic Cost Management & Decision Making**

#### **Sub-Part-I**

##### **Strategic Cost Management**

###### **Introduction to Strategic Cost Management**

- 1) Concept of Strategic Cost Management
- 2) Traditional Cost Management Vs Strategic Cost Management

###### **Modern Business Environment**

- 1) Introduction/ Characteristics of the Modern Business Environment
- 2) Cost of Quality & Total Quality Management
- 3) Throughput Accounting and Theory of Constraints
- 4) Supply Chain Management (SCM)
- 5) Gain Sharing Arrangements
- 6) Outsourcing

###### **Lean System and Innovation**

- 1) Introduction to Lean System
  - (a) Just-in-Time (JIT)
  - (b) Kaizen Costing
  - (c) 5 Ss
  - (d) Total Productive Maintenance (TPM)
  - (e) Cellular Manufacturing/ One-Piece Flow Production Systems
  - (f) Six Sigma (SS)
- 2) Introduction to Process Innovation and Business Process Re-engineering (BPR)

###### **Cost and Management Accounting Techniques**

- 1) Target Costing
- 2) Value Analysis/ Value Engineering
- 3) Life Cycle Costing

#### **Sub-Part-II**

##### **Strategic Decision Making**

###### **Decision Making using Cost Concepts and CVP Analysis**

- 1) Decision Based on Relevant Costing Principles
- 2) Decision Making Based on Activity Based Costing
- 3) Qualitative and Long Term Aspects of Short Term Decisions
- 4) Other Short Term/ Long Term Decisions



## Pricing Strategies / Decisions

- 1) Theory & Principles of Product Pricing
- 2) Pricing – New Product, Finished Products & Pricing of Services
- 3) Sensitivity Analysis in Pricing Decisions
- 4) Pricing Decision under Special Circumstances
- 5) Pricing Strategies

## PART-B

### CONTROL AND PERFORMANCE MEASUREMENT

#### Sub-Part-I

#### Management Accounting Control

##### Budgetary Control – Behavioural Aspects

- 1) Concept of Budget as a Control System
- 2) Behavioural Aspects of Budgeting/ Budgetary Control
- 3) Beyond Budgeting

##### Control through Standard Costing – Analysis and Interpretation of Variances

- 1) Analysis of Advanced Variances – Planning and Operational Variances/ Controllable and Uncontrollable Variances, Learning effect in Variance Analysis, Quality Cost Variances, Variance Analysis in Service Industry (including the phenomenon of "McDonaldization") and Public Services, Variance Analysis in Activity Based Costing, Standard Process Costing, Relevant Cost Approach to Variance Analysis
- 2) Integration of Standard Costing with Marginal Cost Accounting
- 3) Reconciliation of Statements
- 4) Variance Investigation, Variance Investigation Techniques, Interpretation of Variances, Possible Interdependence Between Variances, and Reporting
- 5) Criticism of Standard Costing (including its use in the contemporary business environment)

#### Sub-Part-II

#### Performance Measurement and Reporting

##### Divisional Performance Measures

- 1) Responsibility Accounting
- 2) Financial and Non-Financial Performance Measures, Critical Success Factors and Link to Performance Measurement, Key Performance Indicators (KPI)
- 3) Performance Measurement in the Not-for-Profit Sector
- 4) Preparation of Performance Reports

### **Divisional Transfer Pricing**

- 1) Meaning, Purpose & Principles of Transfer Pricing
- 2) Methods of Transfer Pricing
- 3) The Behavioural Consequences arising from Divisional Structures
- 4) International Transfer Pricing

### **Strategic Analysis of Operating Income**

- 1) Operating Profit Analysis
- 2) Advanced Activity Based Costing – Direct Product Profitability, Direct Customer Profitability, Distribution Channel Profitability; Activity – Based Management (ABM); Activity – Based Budgeting (ABB)
- 3) Pareto Analysis

## **PART - C**

### **QUANTITATIVE METHODS TO MANAGEMENT ACCOUNTING**

#### **Application of Quantitative Methods to Management Accounting**

- 1) Learning Curve/ Experience Curve
- 2) Linear Programming, Transportation & Assignment Problems
- 3) Simulation
- 4) Network Analysis

#### **\*NOMENCLATURE**

To make this subject internationally comparable, the name of the subject may be changed to **"STRATEGIC MANAGEMENT ACCOUNTING"**.

# PAPER 6A: FINANCIAL SERVICES AND CAPITAL MARKETS

*(One paper – One and Half hours – 50 marks)*

**Level of Knowledge:** Advanced knowledge

**Objective:** To be drafted once the syllabus is finalized.

**Contents:**

1. **Indian Financial System**
  - Financial Market
  - Capital Market
  - Primary Market
  - Secondary Market
  - Money Market Instruments
  - Equity Market
  - Debt Market
2. **Capital Market**
  - New Issue Market
  - Right Issue
  - Secondary Market
    - (a) Stock Market Operations
    - (b) Indian Debt Market
3. **Commodity Market**
  - What are Commodity Markets
  - Role of Commodity Markets
  - Commodity Market in India
  - Application of Derivative in Commodities
  - Global Commodities Exchanges
4. **Derivatives Analysis and Valuation**
  - Forward/ Future Contract
  - Options
  - Swaps
5. **Merchant Banking**
  - Basics
  - Meaning

- Organization
- Scope of Merchant Banking
- Functions of Merchant Banking
- 6. **Mutual Funds**
  - Meaning
  - Evolution
  - Types
  - Performance Measures
  - Mutual Fund Organisation
  - Advantages and Disadvantages of Mutual Fund
  - Exchange Traded Funds (ETFs)
- 7. **Factoring and Forfaiting**
  - Introduction and Concept
  - Factoring and Bill Discounting
  - Mechanism
  - Service Package
  - Types of Factoring
  - Benefits and Problems of Factoring
  - Financial Aspects of Factoring
  - Financial Evaluation of Factoring Decision
  - Forfaiting
- 8. **Credit Rating**
  - Introduction
  - Rating Services
  - Objectives and types
  - Uses
  - Credit Rating Process
  - Credit Rating Methodology
  - Rating Revisions
  - Credit Rating Agencies in India
  - Limitations
  - SEBI and Credit Rating

9. **Securitization**
  - Introduction
  - Concept and Definition
  - Benefits of Securitization
  - Participants in Securitization
  - Mechanism of Securitization
  - Problems in Securitization
  - Securitization Instruments
  - Pricing of Securitization Instruments
  - Securitization in India
10. **Private Equity**
  - Meaning and Classification
    - (a) Venture Capital
    - (b) Buyouts
    - (c) Special Cases
  - Risk and Cost of Investing in Private Equity
  - Exit Routes
  - Valuation of Private Equity Transactions
  - Private Equity Funds
11. **Investment Banking**
  - Concept
  - Functions
  - Challenges
  - Developments in Investment Banking
12. **The Securities and Exchange Board of India Act, 1992**
  - Rules
  - Regulations
  - Guidelines issued thereunder
13. **Legislative framework on listing agreements**
14. **The Securities Contract (Regulation) Act, 1956**
15. **Chapter III-D of the RBI Act, 1934**

## **PAPER 6B: INFORMATION SYSTEMS CONTROL AND AUDIT (Final)**

*(50 marks)*

**Level of Knowledge:** Advanced Knowledge

**Objective:**

“To develop competencies and skill-sets in evaluation of controls and relevant evidence gathering in an IT environment using IT tools and techniques for effective and efficient performance of accounting, assurance and compliance services provided by a Chartered Accountant”.

**Contents:**

### **CHAPTER 1: CONCEPTS OF GOVERNANCE AND MANAGEMENT OF INFORMATION SYSTEMS**

- Overview of Governance, Risk and Compliance (GRC);
- Overview of Governance of Enterprise IT (GEIT);
- COBIT 5 Framework: Principles, Enablers, Processes, Assurance

### **CHAPTER 2: INFORMATION SYSTEMS' CONTROLS AND RISK MANAGEMENT**

- Need for protection of Information systems, Business impact of various Information Systems Risks, IT Risk Management;
- Need of controls and control objectives, Overview of Information Systems' Controls – Management Control and Application Control framework;
- Information Systems Security Policies, Standards and Guidelines; Review and monitoring of controls at various levels - Parameters, user creation, granting of access rights, segregation of duties etc.;
- Internal Controls over Financial Reporting (ICFR), Control failures, Information Technology related fraud.

### **CHAPTER 3: INFORMATION SYSTEMS' AUDIT**

- Different types of Information Systems audit and assurance engagements;
- Auditing Information Systems - Approach methodology, best practices and standards;
- Information Systems (IS) Audit planning and Business Continuity Planning (BCP) Audit;
- Ethics and Standards for the Information System's Auditor;
- Auditing Information Technology using Computer Assisted Audit (CAAT) Tools and Techniques, Risk assessment techniques, Business Intelligence and Business analytics;
- System Audit Report as per best practices.

### **CHAPTER 4: BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY PLANNING**

- Assessing and mapping Business Continuity Management (BCM) practices to organization requirements, objectives and budgets;
- Assessing the process of Business Impact Analysis (BIA);
- Evaluate adequacy of Business Continuity Plans processes and practices;

- Disaster Recovery Strategies and Plans;
- Data Backup, Retention and Restoration Practices, Documentation: BCP Manual and BCM Policy;
- Industry best practices and regulatory requirements as relevant for Business Continuity Management (BCM).

# PAPER – 7 : ADVANCED DIRECT TAX LAWS AND INTERNATIONAL TAXATION

*(One paper – Three hours – 100 Marks)*

## Part I : Advanced Direct Tax Laws (70 Marks)

**Level of knowledge:** Advanced knowledge

**Objective:** To acquire the ability to analyze and interpret the provisions of direct tax laws and recommend solutions to practical problems.

### Contents:

Law and Procedures under the Income-tax Act, 1961,

- (i) Basis of charge, income which do not form part of total income, heads of income, income of other persons included in assessee's total income, aggregation of income, set-off and carry forward of losses, deductions from gross total income, rebates and reliefs
- (ii) Special provisions relating to companies and certain persons other than a company<sup>1</sup>
- (iii) Liability in Special Cases<sup>2</sup>
- (iv) Tax Planning, Tax Avoidance & Tax Evasion
- (v) Income-tax Authorities
- (vi) Procedure for assessment
- (vii) Appeals and Revision
- (viii) Settlement of Tax Cases
- (ix) Penalties
- (x) Offences & Prosecution
- (xi) Miscellaneous Provisions
- (xii) Collection & Recovery of Tax, Refunds
- (xiii) Other Provisions<sup>3</sup>

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<sup>1</sup> Including firms, LLPs, Trusts, AOPs, BOIs, Securitisation Trusts, Business Trusts, Investment Fund etc.

<sup>2</sup> Representative assesseees, Executors etc.

<sup>3</sup> The entire income-tax law is included at the Final level. Any residuary provision under the Income-tax Act, 1961, not covered under any of the above specific provisions and under the provisions relating to International Taxation in Part II, would be covered under "Other Provisions". Further, if any new chapter is included in the Income-tax Act, 1961, the syllabus will accordingly include the provisions relating thereto.



## Part II: International Taxation (30 Marks)

**Level of knowledge:** Working knowledge

**Objective:** To develop an understanding of the provisions of International Taxation and acquire the ability to apply such knowledge to make computations and address other issues in non-complex scenarios.

**Contents:**

- (1) International Taxation provisions under the Income-tax Act, 1961, including
  - (i) Non-resident Taxation
  - (ii) Double Taxation Relief
  - (iii) Transfer Pricing & Other Anti-Avoidance Measures
  - (iv) Advance Rulings
  - (v) Specific Reporting Regime in respect of Country by Country reporting and master file
  - (vi) Tax incentives to International Financial Services Centre
- (2) Equalisation levy
- (3) Overview of Model Tax Conventions<sup>4</sup>
- (4) Tax treaties: application and interpretation
- (5) Tax Information Exchange Agreements
- (6) Base Erosion and Profit Shifting
- (7) Law and Procedures under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

**Note:** If any new legislation(s) are enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in the place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation(s) on direct tax laws ceases to be in force, the syllabus will accordingly exclude such legislation(s) with effect from the date to be notified by the Institute.

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<sup>4</sup> US, UN , OECD

## PAPER 8 : ADVANCED INDIRECT TAX LAWS

*(One paper – Three hours – 100 marks)*

**Level of Knowledge:** Advanced knowledge

**Objective:** To acquire the ability to analyze and interpret the provisions of indirect tax laws and recommend solutions to practical problems.

**Contents:**

### Section A: Central Excise, Service Tax and GST (75 Marks)

- I. Central Excise Law as contained in the Central Excise Act, 1944 and the Central Excise Tariff Act, 1985
  - Constitutional aspects
  - Levy of excise duty – All provisions including application of excise law, taxable event, charge of excise duty, concept of goods and excisable goods, manufacture, rate of excise duty, exemption from excise duty
  - Classification and Valuation of excisable goods
  - CENVAT Credit mechanism
  - Procedures under central excise – All procedures including removal of excisable goods, registration, invoicing, records, payment of excise duty, returns, assessment, bonds, warehousing of excisable goods, remission of duty, export procedures, SSI exemption
  - Demand, Adjudication, Refund, Offences, Penalties, Confiscation, Prosecution
  - Powers of Central Excise Officers, Recovery proceedings, Audit under central excise
  - Appeals and Revision, Advance Ruling, Settlement Commission
  - Other provisions<sup>1</sup>
  
- II. Law relating to service tax as contained in the Finance Act, 1994 as amended from time to time.
  - Constitutional and other general aspects
  - Levy of service tax – All provisions including application of service tax law, concept of service, charge of service tax, negative list of services, declared services, bundled services, date of determination of rate of tax, value of taxable service and rate of exchange, place of provision of service, point of taxation
  - Valuation of taxable service
  - Exemptions and Abatements

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<sup>1</sup> The entire central excise law is included in the syllabus at the Final level. Any residuary provision under the Central Excise Act, 1944 and Central Excise Tariff Act, 1985, not covered under any of the above specific provisions, would be covered under "Other Provisions". Further, if any new Chapter is included in the Central Excise Act, 1944 or Central Excise Tariff Act, 1985, the syllabus will accordingly include the provisions relating thereto.

- Procedures under service tax –All procedures including registration, invoicing, person liable to pay service tax, payment of service tax including payment under reverse charge, interest on delayed payment of service tax, returns, records, assessment
- Demand, Adjudication, Offences, Penalties, Prosecution, Powers of Central Excise Officers, Recovery proceedings, Audit under service tax
- Appeals, Advance Ruling
- Other provisions<sup>2</sup>

### III. Goods and Services Tax (GST) - Overview of proposed GST in India

#### Section B: Customs (25 Marks)

##### I. Customs Law as contained in the Customs Act, 1962 and the Customs Tariff Act, 1975

- Constitutional aspects
- Levy of customs duty – All provisions including application of customs law, taxable event, charge of customs duty, exceptions to levy of customs duty, exemption from custom duty
- Types of duties
- Classification and valuation of imported and export goods
- Import and Export Procedures –  
All import and export procedures including special procedures relating to baggage, goods imported or exported by post, stores
- Provisions relating to prohibited goods, notified goods, specified goods, illegal importation/exportation of goods
- Warehousing and Drawback
- Demand, Adjudication, Refund, Offences, Penalties, Confiscation, Prosecution
- Powers of Proper Officers, Recovery proceedings
- Appeals and Revision, Advance Ruling, Settlement Commission
- Other provisions<sup>3</sup>

##### II. Foreign Trade Policy to the extent relevant to the indirect tax laws

- Introduction to FTP – legislation governing FTP, salient features of an FTP, administration of FTP, contents of FTP and other related provisions

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<sup>2</sup> The entire service tax law is included in the syllabus at the Final level. Any residuary provision relating to service tax under the Finance Act, 1994 as amended from time to time, not covered under any of the above specific provisions, would be covered under "Other Provisions". Further, if any new Chapter relating to service tax is included in the Finance Act, 1994, the syllabus will accordingly include the provisions relating thereto.

<sup>3</sup> The entire customs law is included in the syllabus at the Final level. Any residuary provision under the Customs Act, 1962 or Customs Tariff Act, 1975, not covered under any of the above specific provisions, would be covered under "Other Provisions". Further, if any new Chapter is included in the Customs Act, 1962 or Customs Tariff Act, 1975, the syllabus will accordingly include the provisions relating thereto.

- Overview of provisions relating to import and export of goods
- Overview of export promotion schemes provided under FTP

**Note** – With respect to Goods and Services Tax as covered in point (III) under Section A: Central Excise, Service Tax and GST and Foreign Trade Policy as covered in point (II) under Section B: Customs, only a working level of knowledge is expected from students. If any new legislation(s) is enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute. Further, considering that Goods and Services Tax may be implemented in India in near future, the syllabus will accordingly be modified to include the same with effect from the date to be notified by the Institute.