CA IPCC Syllabus

Group I

Paper 1: Accounting
[One paper: Three Hours – 100 marks]

Contents

A General Knowledge of the framing of the accounting standards, national and international accounting authorities, adoption of international financial reporting standards.

Accounting Standards:

- 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

Group I

Paper 2: Business Laws, Ethics and Communication
[One paper: Three Hours – 100 marks]

Part I: Business Laws (60 Marks)

Objectives:

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

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
Incorporation of Company and Matters Incidental thereto

Prospectus and Allotment, and other matters relating to use of Shares or Debentures

Share Capital and Debentures

Registration of Charges

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.

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: Business Ethics (20 Marks)

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: Business Communications (20 Marks)

Contents:

Elements of Communication

(a) Forms of Communication: Formal and Informal, Interdepartmental, Verbal and nonverbal; 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.
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.

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.

Group I

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:

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

| | 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. |

Cost Book-keeping

Cost Ledgers—Non-integrated accounts, Integrated accounts, Reconciliation of cost and financial accounts.

| (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, Interprocess profit, Joint products and by products.

(e) Operating Costing System

Introduction to Marginal Costing
Marginal costing compared with absorption costing, Contribution, Breakeven analysis and profit volume graph.

Introduction to Standard Costing
Various types of standards, Setting of standards, Basic concepts of material and Labour standards and variance analysis.

Budgets and Budgetary Control
The Budget manual, preparation and monitoring procedures, budget variance, 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)

Contents:

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.

Time Value of Money
Compounding and Discounting techniques— Concepts of Annuity and Perpetuity

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.

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.
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.

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.

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.

Group I
Paper 4 : Taxation
[One paper: Three Hours – 100 marks]

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
Part II: Service tax (25 Marks) and VAT (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. Concepts and general principles.
6. Calculation of VAT Liability including input Tax Credits
7. Small Dealers and Composition Scheme
8. VAT Procedures.

Group II
Paper 5 : Advanced Accounting
[One paper: Three Hours – 100 marks]

Contents:
Conceptual Framework for Preparation and Presentation of Financial Statements

Accounting Standards

<table>
<thead>
<tr>
<th>Working knowledge of:</th>
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<tbody>
<tr>
<td>AS 4: Contingencies and Events occurring after the Balance Sheet Date</td>
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<td>AS 5: Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies</td>
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<td>AS 11: The Effects of Changes in Foreign Exchange Rates (Revised 2003)</td>
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<td>AS 12: Accounting for Government Grants</td>
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<td>AS 16: Borrowing Costs</td>
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<td>AS 19: Leases</td>
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<td>AS 20: Earnings Per Share</td>
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<td>AS 26: Intangible Assets</td>
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Advanced Issues in Partnership Accounts

Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversation into a company and Sale to a company
Company Accounts

(a) Accounting for employee stock option plan, Buy back of securities, Equity shares with differential rights, Underwriting of shares and debentures, Redemption of debentures

(b) Advanced problems for business acquisition, Amalgamation and reconstruction (excluding problems of amalgamation of inter-company holding)

(c) Accounting involved in liquidation of companies, Statement of Affairs (including deficiency/surplus accounts) and liquidator's statement of account of the winding up.

(d) Financial Statements of Banking, Insurance and Electricity Companies

Group II

Paper 6 : Auditing and Assurance
[One paper: Three Hours – 100 marks]


2. Auditing and Assurance Standards - Overview, Standard-setting process, Role of International Auditing and Assurance Standards Board and Auditing and Assurance Standards Board in India.

3. Auditing engagement - Audit planning, Audit programme, Control of quality of audit work–Delegation and supervision of audit work.

4. Documentation - Audit working papers, Audit files: Permanent and current audit files, Ownership and custody of working papers.

5. Audit evidence - Audit procedures for obtaining evidence, Sources of evidence, Reliability of audit evidence, Methods of obtaining audit evidence, Physical verification, Documentation, Direct confirmation, Re-computation, Analytical review techniques, Representation by management.

6. Internal Control - Elements of internal control, Review and documentation, Evaluation of internal control system, Internal control questionnaire, Internal control check list, Tests of control, Application of concept of materiality and audit risk, Concept of internal audit.

7. Internal Control and Computerized Environment, Approaches to Auditing in Computerised Environment.

8. Audit Sampling - Types of sampling, Test checking, Techniques of test checks.


10. Audit of payments - General considerations, Wages, Capital expenditure, Other payments and expenses, Petty cash payments, Bank payments, Bank reconciliation.

11. Audit of receipts - General considerations, Cash sales, Receipts from debtors, Other Receipts.

12. Audit of Purchases - Vouching cash and credit purchases, Forward purchases, Purchase returns, Allowance received from suppliers.

13. Audit of Sales - Vouching of cash and credit sales, Goods on consignment, Sale on approval basis, Sale under hire-purchase agreement, Returnable containers, Various types of allowances given to customers, Sale returns.

14. Audit of suppliers’ ledger and the debtors’ ledger - Self-balancing and the sectional balancing system, Total or control accounts, Confirmatory statements from credit customers and suppliers, Provision for bad and doubtful debts, Writing off of bad debts.

15. Audit of impersonal ledger - Capital expenditure, deferred revenue expenditure and revenue expenditure, Outstanding expenses and income, Repairs and renewals, Distinction between reserves and provisions, Implications of change in the basis of
16. **Audit of assets and liabilities.**

17. **Company Audit** - Audit of Shares, Qualifications and Disqualifications of Auditors, Appointment of auditors, Removal of auditors, Powers and duties of auditors, Branch audit, Joint audit, Special audit, Reporting requirements under the Companies Act, 1956.

18. **Audit Report** - Qualifications, Disclaimers, Adverse opinion, Disclosures, Reports and certificates.

19. Special points in audit of different types of undertakings, i.e., Educational institutions, Hotels, Clubs, Hospitals, Hire-purchase and leasing companies (excluding banks, electricity companies, cooperative societies, and insurance companies).

20. Features and basic principles of government audit, Local bodies and not-for-profit organizations, Comptroller and Auditor General and its constitutional role.

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**Group II**

**Paper 7 : Information Technology and Strategic Management**

[One paper: Three Hours – 100 marks]

**Introduction to Computers**

(a) **Computer hardware**
- Classification of computers – personal computer, workstation, servers and super computers
- Computer components – CPU, input output devices, storage devices

(b) **BUS, I/O CO processors, ports (serial, parallel, USB ports), expansion slots, add on cards, on board chips, LAN cards, multi media cards, cache memory, buffers, controllers and drivers**

(c) **Computer software**
- Systems software – operating system, translators (compilers, interpreters and assemblers), system utilities
- General purpose software/ utilities - word processor, spread sheet, DBMS, scheduler / planner, internet browser and e-mail clients
- Application software – financial accounting, payroll, inventory
- Specialised systems – Enterprise Resource Planning (ERP), artificial intelligence, expert systems, decision support systems – an overview

**Data Storage, Retrievals and Data Base Management Systems**

(a) **Data and information concepts:** bits, bytes, KB, MB, GB, TB

(b) **Data organization and access**
- Storage concepts : records, fields, grouped fields, special fields like date, integers, real, floating, fixed, double precision, logical, characters, strings, variable character fields (Memo); key, primary key, foreign key, secondary key, referential integrity, index fields.
- Storage techniques: sequential, block sequential, random, indexed, sequential access, direct access, random access including randomizing
- Logical structure and physical structure of files

(c) **DBMS models and classification:**
- Need for database, administration, models, DML and DDL (query and reporting); data dictionaries, distributed data bases, object oriented databases, client server databases,
<table>
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<tr>
<th>Computer Networks &amp; Network Security</th>
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<tbody>
<tr>
<td>(a) Networking concepts – need and scope, benefits</td>
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<tr>
<td>Classification: LAN, MAN, WAN, VPN; peer-to-peer, client server</td>
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<td>Components - NIC, router, switch, hub, repeater, bridge, gateway, modem</td>
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<td>Network topologies – bus, star, ring, mesh, hybrid, architecture: token ring, ethernet</td>
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<td>Transmission technologies and protocols – OSI, TCP/IP, ISDN etc.</td>
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<td>Network operating system</td>
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<td>(b) Local Area Networks – components of a LAN, advantages of LAN</td>
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<td>(c) Client server technology</td>
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<td>Limitation of single user systems and need for client server technology</td>
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<tr>
<td>Servers – database, application, print servers, transaction servers, internet servers, mail servers, chat servers, IDS</td>
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<tr>
<td>Introduction to 3-tier and “n” tier architecture (COM, COM+)</td>
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<td>(d) Data centres: features and functions, primary delivery centre and disaster recovery site</td>
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<tr>
<td>(e) Network security need; threats and vulnerabilities; security levels; techniques</td>
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<thead>
<tr>
<th>Internet and other technologies</th>
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<tbody>
<tr>
<td>(a) Internet and world-wide web, intranets, extranets, applications of internet, internet protocols</td>
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<tr>
<td>(b) E-commerce - nature, types (B2B, B2C, C2C), supply chain management, CRM, Electronic Data Interchange (EDI), Electronic Fund Transfers (EFT), payment portal, e-commerce security;</td>
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<td>(c) Mobile commerce, bluetooth and Wi-Fi</td>
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Flowcharts, Decision Tables.

Section B: Strategic Management (50 marks)

Objectives

(a) To develop an understanding of the general and competitive business environment;
(b) To develop an understanding of strategic management concepts and techniques;
(c) To be able to solve simple cases.

Contents:

1. Business Environment
   General environment - demographic, socio-cultural, macro-economic, legal/political, technological, and global; competitive environment.

2. Business Policy and Strategic Management
   Meaning and nature; strategic management imperative; vision, mission and objectives;
3. **Strategic Analyses**
   - Situational analysis – SWOT analysis, TOWS matrix, portfolio analysis - BCG matrix.

4. **Strategic Planning**
   - Meaning, stages, alternatives, strategy formulation.

5. **Formulation of Functional Strategy**
   - Marketing strategy, financial strategy, production strategy, logistics strategy, human resource strategy.

6. **Strategy Implementation and Control**
   - Organisational structures; establishing strategic business units; establishing profit centers by business, product or service, market segment or customer; leadership and behavioural challenges.

7. **Reaching Strategic Edge**
   - Business process re-engineering, benchmarking, total quality management, six sigma, contemporary strategic issues.