

# SYLLABUS

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## INTERMEDIATE COURSE

### PAPER 1 : ADVANCED ACCOUNTING (100 MARKS)

#### Objective:

To acquire the ability to apply specific accounting standards and legislations to different transactions and events and in preparation and presentation of financial statements of various business entities.

Contents	Section	Weightage
1. Process of formulation of Accounting Standards including Indian Accounting Standards (IFRS converged standards) and IFRSs; Convergence vs Adoption; Objective and Concepts of carve outs.	<b>I</b>	<b>55%-65%</b>
2. Framework for Preparation and Presentation of Financial Statements (as per Accounting Standards).		
3. (i) Applicability of Accounting Standards to various entities		
(ii) Application of Accounting Standards: AS 1: Disclosure of Accounting Policies AS 2: Valuation of Inventories AS 3: Cash Flow Statements AS 4: Contingencies and Events Occurring		

<p>After the Balance Sheet Date</p> <p>AS 5: Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies</p> <p>AS 7: Construction Contracts</p> <p>AS 9: Revenue Recognition</p> <p>AS 10: Property, Plant and Equipment</p> <p>AS 11: The Effects of Changes in Foreign Exchange Rates</p> <p>AS 12: Accounting for Government Grants</p> <p>AS 13: Accounting for Investments</p> <p>AS 14: Accounting for Amalgamations (excluding inter-company holdings)</p> <p>AS 15: Employee Benefits</p> <p>AS 16: Borrowing Costs</p> <p>AS 17: Segment Reporting</p> <p>AS 18: Related Party Disclosures</p> <p>AS 19: Leases</p> <p>AS 20: Earnings Per Share</p> <p>AS 21: Consolidated Financial Statements of single subsidiaries (excluding problems involving acquisition of Interest in Subsidiary at Different Dates, Cross holding, Disposal of a Subsidiary and Foreign Subsidiaries).</p>		
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<p>AS 22: Accounting for Taxes on Income</p> <p>AS 23: Accounting for Investment in Associates in Consolidated Financial Statements</p> <p>AS 24: Discontinuing Operations</p> <p>AS 25: Interim Financial Reporting</p> <p>AS 26: Intangible Assets</p> <p>AS 27: Financial Reporting of Interests in Joint Ventures</p> <p>AS 28: Impairment of Assets</p> <p>AS 29: Provisions, Contingent Liabilities and Contingent Assets</p>		
<p>4. Company Accounts</p> <p>(i) Schedule III to the Companies Act, 2013 (Division I)</p> <p>(ii) Preparation of financial statements – Statement of Profit and Loss, Balance Sheet and Cash Flow Statement</p> <p>(iii) Buy back of securities</p> <p>(iv) Accounting for reconstruction of companies.</p>	<b>II</b>	<b>30%-35%</b>
<p>5. Accounting for Branches including foreign branches.</p>	<b>III</b>	<b>5%-10%</b>

## **PAPER – 2: CORPORATE AND OTHER LAWS (100 Marks)**

### **PART I – COMPANY LAW AND LIMITED LIABILITY PARTNERSHIP LAW (70 Marks)**

#### **Objective**

To develop an understanding of the legal provisions and acquire the ability to analyse and apply the laws in practical situations.

<b>Contents</b>	<b>Sections</b>	<b>Weightage</b>
<b>I. The Companies Act, 2013</b> including important rules and drafting of notices, resolutions etc.– 1. Preliminary 2. Incorporation of Company and Matters Incidental thereto 3. Prospectus and Allotment of Securities 4. Share Capital and Debentures	<b>I</b>	<b>20%-30%</b>
5. Acceptance of Deposits by Companies 6. Registration of Charges 7. Management and Administration	<b>II</b>	<b>20%-30%</b>
8. Declaration and Payment of Dividend 9. Accounts of Companies 10. Audit and Auditors 11. Companies Incorporated Outside India	<b>III</b>	<b>30%-35%</b>
<b>II. The Limited Liability Partnership Act, 2008 including important Rules</b>	<b>IV</b>	<b>15%-20%</b>

## PART II- OTHER LAWS (30 MARKS)

### Objective

- (a) To develop an understanding of the General Clauses Act.
- (b) To develop an understanding of the rules for interpretation of statutes
- (c) To have basic understanding of the Foreign Exchange Management Act, 1999.

Contents	Sections	Weightage
<b>1. The General Clauses Act, 1897:</b> Important Definitions, Extent and Applicability, General Rules of Construction, Powers and Functionaries, Provisions as to Orders, Rules, etc. made under Enactments and Miscellaneous Provisions	<b>I</b>	<b>35%-40%</b>
<b>2. Interpretation of statutes:</b> Rules of Interpretation of Statutes, Aids to Interpretation, Rules of Interpretation/Construction of Deeds and Documents	<b>II</b>	<b>25%-30%</b>
<b>3. The Foreign Exchange Management Act, 1999:</b> Significant definitions and concepts of Current and Capital Account Transactions	<b>III</b>	<b>30%-40%</b>

**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.*

*The specific inclusions/exclusions in the various topics covered in the syllabus will be effected every year by way of Study Guidelines, if required.*

**PAPER 3: TAXATION (100 MARKS)**  
**SECTION A: INCOME-TAX LAW (50 MARKS)**

**Objective**

- (a) To develop an understanding of the provisions of income-tax law
- (b) To acquire the ability to apply such provisions to solve problems and address application oriented issues.

Contents	Section	Weightage
<p><b>1. Basic Concepts</b></p> <ul style="list-style-type: none"> <li>(i) Income-tax law: An introduction</li> <li>(ii) Significant concepts in income-tax law, including person, assessee, previous year, assessment year, income, agricultural income</li> <li>(iii) Basis of Charge</li> <li>(iv) Procedure for computation of total income and tax payable in case of individuals</li> </ul>	<b>I</b>	<b>10%-20%</b>
<p><b>2. Residential status and scope of total income</b></p> <ul style="list-style-type: none"> <li>(i) Residential status</li> <li>(ii) Scope of total income</li> </ul>		
<p><b>3. Heads of income and the provisions governing computation of income under different heads</b></p> <ul style="list-style-type: none"> <li>(i) Salaries</li> <li>(ii) Income from house property</li> <li>(iii) Profits and gains of business or profession</li> <li>(iv) Capital gains</li> <li>(v) Income from other sources</li> </ul>	<b>II</b>	<b>25%-30%</b>

<b>4.</b> Provisions relating to clubbing of income, set-off or carry forward and set-off of losses, deductions from gross total income	<b>III</b>	<b>15%-20%</b>
<b>5.</b> Advance Tax, Tax deduction at source and tax collection at source <b>6.</b> Provisions for filing return of income and self-assessment	<b>IV</b>	<b>15%-20%</b>
<b>7.</b> Computation of total income and income-tax payable by an individual under the alternative tax regimes under the Income-tax Act, 1961 to optimise tax liability.	<b>V</b>	<b>20%-25%</b>

**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 income tax law ceases to be in force, the syllabus will accordingly exclude such legislation(s) with effect from the date to be notified by the Institute.

Further, the specific inclusions/exclusions in any topic covered in the syllabus will be effected by way of Study Guidelines every year, if required. Specific inclusions/exclusions in a topic may also arise due to additions/deletions made every year by the Annual Finance Act.

## **SECTION B: GOODS AND SERVICES TAX (GST) (50 MARKS)**

### **Objective**

- (i) To develop an understanding of the provisions of goods and services tax law.
- (ii) To acquire the ability to apply such provisions to address/ solve issues in moderately complex scenarios.

<b>Contents</b>	<b>Section</b>	<b>Weightage</b>
Goods and Services Tax (GST) Laws		--
1. GST Laws: An introduction including Constitutional aspects	<b>I</b>	<b>0-5%</b>
2. Levy and collection of CGST and IGST i) Application of CGST/IGST law ii) Concept of supply including composite and mixed supplies iii) Charge of tax including reverse charge iv) Exemption from tax v) Composition levy	<b>II</b>	<b>50%-80%</b>
3. Basic concepts of: i. Classification ii. Place of supply iii. Time of supply iv. Value of Supply v. Input tax credit		
4. Computation of GST liability		
5. Registration		
6. Tax invoice; Credit and Debit Notes; Electronic way bill	<b>III</b>	<b>20%-45%</b>
7. Accounts and Records		
8. Payment of tax		
9. 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 GST Law.

Consequential/ corresponding amendments made in the provisions of the Goods and Services 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 every year by way of Study Guidelines. The specific inclusions/exclusions may also arise due to additions/ deletions every year by the annual Finance Act.

## **PAPER – 4: COST AND MANAGEMENT ACCOUNTING (100 MARKS)**

### **Objective**

- (a) To develop an understanding of the basic concepts and applications to establish the cost associated with the production of products and provision of services and apply the same to determine prices.
- (b) To develop an understanding of cost accounting statements.
- (c) To acquire the ability to apply information for cost ascertainment, planning, control and decision making.
- (d) To apply costing methods to determine the costs for different purposes.
- (e) To apply appropriate techniques to support short term decisions.

<b>Contents</b>	<b>Section</b>	<b>Weightage</b>
<b>1. Overview of Cost and Management Accounting</b>		
<b>(i) Introduction to Cost and Management Accounting</b> <ol style="list-style-type: none"> <li>a) Objectives and Scope of Cost and Management Accounting,</li> <li>b) The users of Cost and Management accounting information, Functions of management accounting.</li> <li>c) Role of cost accounting department in an organisation and its relation with other departments.</li> <li>d) Installation of Costing System</li> <li>e) Relationship of Cost Accounting, Financial</li> </ol>	<b>I</b>	<b>10%-15%</b>

<p>Accounting, Management Accounting and Financial Management.</p> <p>f) Cost terms and Concepts</p> <p>g) Cost Reduction and Cost Control</p> <p>h) Elements of Costs</p> <p>i) Cost behavior pattern, Separating the components of fixed, variable, semi-variable and step costs.</p> <p>j) Methods of Costing, Techniques of Costing.</p> <p>k) Digital Costing.</p>		
<p><b>(ii) Elements of Cost and preparation of Cost Sheets</b></p> <p>a) Functional classification and ascertainment of cost</p> <p>b) Preparation of Cost Sheets for Manufacturing sector and for Service sector</p>		
<p><b>2. Ascertainment of Cost and Cost Accounting System</b></p>		
<p><b>(i) Material Cost</b></p> <p>a) Introduction to procurement procedures. Valuation of receipts, issue and closing stock of Material, Stock verification.</p> <p>b) Material requirement analysis through digital costing including Government e-Marketplace (GeM). Introduction to Costing through Enterprise Resource Planning (ERP). Process of tender and</p>	<p><b>II</b></p>	<p><b>35%-40%</b></p>

	<p>quotation.</p> <p>c) Inventory control-</p> <ul style="list-style-type: none"> <li>- Techniques of fixing level of stocks- minimum, maximum, re-order point, safety stock, determination of optimum stock level,</li> <li>- Determination of Optimum Order quantity- Economic Order Quantity (EOQ),</li> <li>- Techniques of Inventory control- ABC Analysis, Fast, Slow moving and Non moving (FSN), High, Medium, Low (HML), Vital, Essential, Desirable (VED), Just-in-Time (JIT)- Stock taking and perpetual inventory system, use of inventory control ratios, Digital Inventory control</li> </ul> <p>d) Treatment of Normal/Abnormal Losses w.r.t. waste, scrap, spoilage, defective, obsolescence.</p>		
<p><b>(ii) Employee Cost</b></p>	<p>a) Introduction to Attendance and Payroll procedures</p> <p>b) Elements of wages- Basic</p>		

<p>pay, Dearness Allowance, Overtime, Bonus, Holiday and leave wages, Allowances and perquisites.</p> <p>c) Employee Cost Control</p> <p>d) Employee Turnover- Methods of calculating employee turnover, causes of employee turnover, effects of employee turnover.</p> <p>e) Remuneration systems and incentive schemes- Premium Bonus Method (Halsey Plan and Rowan Plan)</p>		
<p><b>(iii) Direct Expenses</b>  Identification of direct expenses with the main product or service and its treatment.</p>		
<p><b>(iv) Overheads</b></p> <p>a) Functional analysis- Factory, Administration, Selling, Distribution, Research and Development.</p> <p>b) Behavioral analysis- Fixed, Variable and Semi- Variable.</p> <p>c) Allocation and Apportionment of overheads using Absorption Costing Method.</p> <p>d) Factory Overheads- Primary and secondary distribution,</p> <p>e) Administration Overheads- Method of allocation to cost centres or products,</p>		

<p>f) Selling &amp; Distribution Overheads- Analysis and absorption of the expenses in products/ customers, impact of marketing strategies, cost effectiveness of various methods of sales promotion.</p> <p>g) Treatment of Research and development cost in cost accounting.</p>		
<p><b>(v) Concepts of Activity Based Costing (ABC)</b></p>		
<p><b>(vi) Integration of cost and financial data</b></p> <p>a) Recording of financial data and its segregation.</p> <p>b) Introduction to Non-integrated and Integrated Accounting system.</p> <p>c) Items included in cost accounts only but financial accounts and vice versa.</p> <p>d) Reconciliation of profit as per Cost and Financial Accounts (under Non-Integrated Accounting System).</p>		
<p><b>3. Methods of Costing</b></p>		
<p><b>(i) Single Output/ Unit Costing</b></p>		
<p><b>(ii) Job Costing</b>  <b>Job</b> cost cards and databases, collecting direct costs of each job, attributing overheads to jobs, Application of job costing.</p>	<p><b>III</b></p>	<p><b>20%-25%</b></p>

<p><b>(iii) Batch Costing</b>  Determination of optimum batch quantity, Ascertainment of cost for a batch, Preparation of batch cost sheet, Treatment of spoiled and defective work.</p>		
<p><b>(iv) Process/ Operation Costing</b>  a) Process cost recording, Process loss, Abnormal gains and losses, Equivalent units of production, Inter-process profit, Valuation of work in process.  b) Joint Products- Apportionment of joint costs, Methods of apportioning joint cost over joint products,  c) By-Products- Methods of apportioning joint costs over by-products, treatment of By-product cost.</p>		
<p><b>(v) Costing of Service Sectors</b>  Determination of Costs and Prices of services</p>		
<p><b>4. Cost Control and Analysis</b></p>		
<p><b>(i) Standard Costing</b>  a) Setting up of Standards, Types of Standards, Standard Costing as method of performance measurement.  b) Calculation and Reconciliation of Material Cost, Labour cost, Variable Overhead, Fixed Overhead</p>	<p><b>IV</b></p>	<p><b>25%-30%</b></p>

<p><b>(ii) Marginal Costing</b></p> <p>a) Basic concepts of marginal costing, Contribution margin, Break-even analysis, Break –even and profit volume charts, Contribution to sales ratio, Margin of Safety, Angle of Incidence, Cost-Volume-Profit Analysis (CVP),</p> <p>b) Determination of Cost of a product/ service under marginal costing method, determination of cost of finished goods, work-in-progress,</p> <p>c) Comparison of Marginal costing with absorption costing method- Reconciliation of profit under both the methods,</p> <p>d) Short term decision making -</p> <ul style="list-style-type: none"> <li>• Make or buy decision</li> <li>• Discontinuation decision</li> <li>• Multiproduct break-even analysis</li> <li>• Limiting factor (key factor)</li> </ul>		
<p><b>(iii) Budget and Budgetary Control</b></p> <p>a) Meaning of Budget, Essentials of Budget, Budget Manual, Budget setting process, Preparation of Budget and monitoring procedures.</p>		



	<ul style="list-style-type: none"> <li>b) The use of budget in planning and control</li> <li>c) Flexible budget, Preparation of Functional budget for operating and non-operating functions, Cash budget, Master budget,</li> <li>d) Introduction to Principal/Key budget factor, Zero Based Budgeting (ZBB), Performance budget, Control ratios and Budget variances.</li> <li>e) Budgets and motivation</li> <li>f) Feedback and Feedforward controlling in budgeting.</li> </ul>		
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## PAPER 5- AUDITING AND ETHICS (100 MARKS)

### Objective

- (a) To develop an understanding of the concepts in auditing and of the generally accepted auditing procedures, techniques and skills and acquire the ability to apply the same in audit and attestation engagements.
- (b) To understand and apply the concept of ethics while performing audit.

Contents	Section	Weightage
<p><b>1. Nature, Objective and Scope of Audit</b></p> <p><b>Auditing Concepts: Origin of Auditing,</b> Meaning of Audit, Need for audit, Objective of the audit, Scope of Audit, Benefits of an Audit, External Audit engagements, Qualities of Auditor,</p> <p>Inherent Limitations of an audit; Relationship of auditing with other disciplines.</p> <p>(SA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Standards on Auditing)</p>	<b>I</b>	<b>4%-6%</b>
<p><b>2. Audit Strategy, Audit Planning and Audit Program:</b></p> <p>(SA 300 Planning an Audit of Financial statements);</p> <ul style="list-style-type: none"><li>- Auditor's responsibility to plan an audit of financial statements.</li></ul> <p>Benefits of audit planning</p>	<b>II</b>	<b>8%-12%</b>

<ul style="list-style-type: none"> <li>- Planning is a continual and iterative process</li> <li>- Discussion of elements of planning with the entity's management. Involvement of Key Engagement Team Members in planning the audit. Preliminary engagement activities.</li> <li>- The auditor's consideration of client continuance and ethical requirements. Planning activities</li> <li>- Establishing an overall audit strategy- Assistance for the auditor. Development of audit plan</li> <li>- Documenting the overall audit strategy and audit plan; Audit program;</li> <li>- Development of Audit Plan and Program.</li> </ul>		
<p><b>3. Risk Assessment and Internal Control</b></p> <ul style="list-style-type: none"> <li>- Audit Risk,</li> <li>- Risk of Material Misstatement, Inherent Risk and Control Risk. Detection Risk</li> <li>- Sampling and Non-Sampling Risk</li> <li>- Concept of Materiality, Materiality in Planning and Performing an Audit</li> <li>- Auditor's responsibility to apply the concept of materiality</li> <li>- Auditor's determination of materiality is a matter of professional judgement. Materiality and Audit Risk</li> </ul>	<b>III</b>	<b>8%-12%</b>

<ul style="list-style-type: none"> <li>- Application of materiality in planning and performing the audit. Concept of Performance materiality</li> <li>- Determining materiality and performance materiality when planning the audit.</li> <li>- Use of Benchmarks in determining materiality for the financial statements as a whole. Materiality level or levels for particular classes of transactions, account balances or disclosures.</li> <li>- Revision in materiality as the audit progresses. Documenting the Materiality. (SA 320 Materiality in Planning and Performing an Audit).</li> <li>- Identifying and Assessing the Risk of Material Misstatement, Risk Assessment procedures.</li> <li>- Understanding the entity and its environment; Internal control,</li> <li>- Documenting the Risks;</li> <li>- Evaluation of internal control system;</li> <li>- Testing of Internal control; Internal Control and IT Environment (SA 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment);</li> </ul> <p><b>Digital Audit:</b> Key features, Impact of IT related Risks, Impact on Controls, Internal Financial Controls as per Regulatory requirements, Types of Controls, Audit approach,</p>		
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<p>Understanding and documenting Automated environment, Testing methods, data analytics for audit, assessing and reporting audit findings.</p> <p>Overview and Introduction - The Auditor's Responses to Assessed Risks- SA 330</p>		
<p><b>4. Audit Evidence</b></p> <ul style="list-style-type: none"> <li>- Meaning of Audit Evidence</li> <li>- Relevance and Reliability of audit evidence; Sufficient appropriate audit evidence, Meaning of Assertions</li> <li>- Assertions contained in the Financial Statements. Source of audit evidence;</li> <li>- Test of controls</li> <li>- Substantive Procedures- Test of details and Substantive analytical procedures Audit procedures for obtaining audit evidence.</li> <li>- Evaluation of Audit Evidence (SA 500 Audit Evidence); Audit Trail</li> </ul> <p>(Using the work of Internal Auditors – SA 610)</p> <ul style="list-style-type: none"> <li>- Internal audit function.</li> <li>- External Auditor's Responsibility for the audit Evaluating the internal audit function.</li> <li>- Basics of Internal Financial Control and reporting requirements. Distinction between Internal Financial Control and Internal Control over Financial Reporting.</li> </ul>	<p><b>IV</b></p>	<p><b>12% - 18%</b></p>

<ul style="list-style-type: none"> <li>- Audit Sampling: (SA 530 Audit Sampling). Meaning of Audit Sampling;</li> <li>- Designing an audit sample; Types of sampling; (Approaches to Sampling)</li> <li>- Sample Size and selection of items for testing; Sample selection method</li> <li>- Obtaining evidence of existence of inventory; Audit procedure to identify litigation &amp; claims, obtaining evidence regarding the presentation and disclosure of segment information (SA 501 Audit Evidence - Specific Considerations for Selected Items); External confirmation procedures; Management's refusal to allow the auditor to send a confirmation request; Negative Confirmations (SA 505 External Confirmations); Audit evidence about opening balances; Accounting policies relating to opening balances; Reporting with regard to opening balances (SA 510 Initial Audit Engagements-Opening Balances);</li> <li>- Meaning of Related Party; Nature of Related Party Relationships &amp; Transactions; Understanding the Entity's Related Party Relationships &amp; Transactions (SA 550 Related Parties);</li> <li>- Analytical Procedures:</li> <li>- Meaning, nature, purpose and timing of analytical procedures; Substantive analytical procedures,</li> </ul>		
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<ul style="list-style-type: none"> <li>- Designing and performing analytical procedures prior to Audit;</li> <li>- Investigating the results of analytical procedures (SA 520 Analytical Procedures).</li> </ul> <p><b>6. Audit Documentation</b></p> <ul style="list-style-type: none"> <li>- Concept of Audit Documentation.</li> <li>- Nature &amp; Purpose of Audit Documentation; Form, Content &amp; Extent of Audit Documentation. Completion Memorandum;</li> <li>- Ownership and custody of Audit Documentation (SA 230 Audit Documentation);</li> </ul>		
<p><b>5. Audit of Items of Financial Statements:</b></p> <ul style="list-style-type: none"> <li>- Audit of sale of Products and Services; Audit of Interest Income, Rental Income, Dividend Income, Net gain/loss on sale of Investments etc.</li> <li>- Audit of Purchases, Employee benefits expenses, Depreciation, Interest expense, Expenditure on Power &amp; Fuel, Rent, Repair to building, Repair to Machinery, Insurance, Taxes, Travelling Expenses, Miscellaneous Expenses etc.</li> <li>- Audit of Share Capital, Reserve &amp; Surplus, Long Term Borrowings, Trade Payables, Provisions, Short Term Borrowings &amp; Other Current Liabilities.</li> <li>- Audit of Land, Buildings, Plant &amp; Equipment, Furniture &amp; Fixtures,</li> </ul>	<b>V</b>	<b>12%-20%</b>

<p>Vehicles, Office Equipment, Goodwill, Brand/Trademarks, Computer Software etc.</p> <ul style="list-style-type: none"> <li>- Audit of Loan &amp; Advances, Trade Receivable, Inventories, Cash &amp; Cash Equivalent, Other Current Assets. Audit of Contingent Liabilities.</li> </ul> <p>(The list of items is illustrative only)</p>		
<p><b>7. Completion and Review</b></p> <ul style="list-style-type: none"> <li>- Meaning of Subsequent Events;</li> <li>- Auditor’s obligations in different situations of subsequent events</li> <li>- Procedures for subsequent events (SA 560 Subsequent Events)</li> <li>- Responsibilities of the Auditor with regard to Going Concern Assumption; Objectives of the Auditor regarding Going Concern;</li> <li>- Events or Conditions that may cast doubt about Going Concern Assumption;</li> <li>- Audit Procedures when events or conditions are identified (SA 570 Going Concern).Overview and Introduction of Evaluations of Misstatements identified during the audit (SA 450)</li> <li>- Written Representations as Audit Evidence.</li> <li>- Objective of Auditor regarding Written Representation;</li> <li>- Management from whom Written Representations may be requested;</li> </ul>	<p><b>VI</b></p>	<p><b>8%-12%</b></p>



<ul style="list-style-type: none"> <li>- Written Representations about Management's Responsibilities (SA 580 Written Representations);</li> <li>- Overview and Introduction of SA 260: Communication with Those Charged with Governance</li> <li>- Overview and Introduction of SA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</li> </ul>		
<p><b>8. Audit Report:</b></p> <ul style="list-style-type: none"> <li>- Forming an opinion on the Financial Statements;</li> <li>- Auditor's Report- basic elements (SA 700 Forming an Opinion and Reporting on Financial Statements);</li> <li>- Communicating key Audit Matters in the Independent Auditor's Report (SA 701) Types of Modified Opinion; Circumstances When a Modification to the Auditor's Opinion is Required, Qualified, Adverse, Disclaimer of Opinion (SA 705 Modification to the Opinion in the Independent Auditor's Report);</li> <li>- SA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report;</li> <li>- Nature of Comparative Information;</li> <li>- Corresponding Figure; Comparative Financial Statements (SA 710 Comparative Information – Corresponding Figures and Comparative Financial Statements).</li> </ul>	<p><b>VII</b></p>	<p><b>8%-12%</b></p>

<ul style="list-style-type: none"> <li>- Branch audit; Joint audit; Reporting requirements under the Companies Act, 2013 including CARO;</li> </ul>		
<p><b>9. Special Features of Audit of Different Type of Entities</b></p> <p>Appointment of Auditor, Audit Procedure and Audit Report in respect of different Category of Entities: Government; Local bodies; Not-for-profit organizations; Trust and Societies, Partnership Firms, Audit of different type of undertakings, i.e., educational institutions, Hotels, Clubs, Hospitals, Basics of Limited Liability Partnerships (LLPs) audit and Co-operative Societies Audit.</p>	<b>VIII</b>	<b>12%-18%</b>
<p><b>10. Audit of Banks:</b> Understanding of accounting system in Banks, Audit Approach, Audit of Revenue items, Special Consideration in Bank Audit with emphasis on Advances and NPAs.</p>		
<p><b>11. Ethics and Terms of Audit Engagements</b></p> <ul style="list-style-type: none"> <li>- Meaning of Ethics;</li> <li>- Ethics is a State of Mind Need for Professional Ethics;</li> <li>- Principles based approach v Rules based approach; (Ethical or Legal)</li> <li>- The fundamental principles of Professional Ethics: Integrity; Objectivity; Professional Competence and Due care; Confidentiality; Professional Behaviour.</li> <li>- Independence of Auditors;</li> </ul>	<b>IX</b>	<b>8%-10%</b>

<ul style="list-style-type: none"> <li>- Threats to Independence : Self Interest threats; Self Review threats; Advocacy threats; Familiarity threats; Intimidation threats;</li> <li>- Safeguards to Independence; Professional Skepticism Terms of Audit Engagements Preconditions for an audit; Audit Engagement.</li> <li>- Agreement on Audit Engagement Terms.</li> <li>- Terms of Engagement in Recurring Audits (SA 210 Agreeing the Terms of Audit Engagements);</li> <li>- Overview and Introduction of SQC 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.</li> <li>- Overview and Introduction of SA 220 - Quality Control for an Audit of Financial Statements).</li> </ul>		
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**Note:**

- (i) The specific inclusions/exclusions, in any topic covered in the syllabus, will be effected every year by way of Study Guidelines.
- (ii) If new legislations/ Standards on Auditing/Guidance Notes/Statements are enacted in place of the existing legislations/ Standards on Auditing/Guidance Notes/Statements, the syllabus would include the corresponding provisions of such new legislations/ Standards on Auditing/Guidance Notes/Statements with effect from a date notified by the Institute. The changes in this regard would also form part of Study Guidelines.

## PAPER – 6 : FINANCIAL MANAGEMENT AND STRATEGIC MANAGEMENT (100 MARKS)

### SECTION A : FINANCIAL MANAGEMENT (MARKS: 50)

#### Objective

- (a) To develop an understanding of various aspects of Financial Management and acquire the ability to apply such knowledge in decision-making.
- (b) To understand various finance functions like financing decision, investment decision, dividend decision.
- (c) To develop an understanding of working capital management and its component.

Contents	Section	Weightage
<b>1. Financial Management and Financial Analysis</b>		
<b>(i) Introduction to Financial Management Function</b> <ul style="list-style-type: none"> <li>a) Objective and scope of financial management.</li> <li>b) Profit Maximisation, Wealth Maximisation and Value Creation.</li> <li>c) Role of Financial Manager and Financial Controller.</li> <li>d) Financial management environment.</li> <li>e) Functions of finance executives in an organization.</li> <li>f) Financial distress and insolvency.</li> </ul>	<b>I</b>	<b>10%-15%</b>

<p><b>(ii) Financial Analysis through Ratios</b></p> <ul style="list-style-type: none"> <li>a) Users of the financial analysis</li> <li>b) Sources of financial data for analysis</li> <li>c) Calculation and Interpretation of ratios.</li> <li>d) Limitations of ratio analysis</li> </ul>		
<p><b>2. Financing Decisions and Cost of Capital</b></p>		
<p><b>(i) Sources of Finance</b></p> <ul style="list-style-type: none"> <li>a) Different Sources of Finance, Characteristics of different types of long-term debt and equity finance, Method of raising long term finance</li> <li>b) Different Sources of short-term Finance</li> <li>c) Contemporary sources of funding- P2P lending, Equity funding, Crowd funding, Start-up funding, etc.</li> <li>d) Internal fund as a source of finance</li> <li>e) International sources of finance</li> <li>f) Other sources of finance- Lease Financing, Sale and lease back, Convertible debt, Venture capital, Grants etc.</li> </ul>	<b>II</b>	<b>45%-50%</b>
<p><b>(ii) Cost of Capital</b></p> <ul style="list-style-type: none"> <li>a) Significance of cost of capital</li> <li>b) Factors of cost of capital</li> <li>c) Measurement of costs of</li> </ul>		

<p>individual components of capital</p> <p>d) Weighted average cost of capital (WACC)</p> <p>e) Marginal cost of capital</p>		
<p><b>(iii) Capital Structure Decisions</b></p> <p>a) Significance of capital structure</p> <p>b) Determinants of capital structure</p> <p>c) Capital structure planning and designing</p> <p>d) Designing of optimum capital structure</p> <p>e) Theories of Capital Structure and value of the firm-relevancy and Irrelevancy of capital structure.</p> <p>f) EBIT- EPS Analysis, Breakeven- EBIT Analysis.</p> <p>g) Under/ Over Capitalisation.</p>		
<p><b>(iv) Leverages</b></p> <p>a) Types of Leverages- Operating, Financial and Combined</p> <p>b) Analysis of leverages</p>		
<p><b>3. Capital Investment and Dividend Decisions</b></p>		
<p><b>(i) Capital Investment Decisions</b></p> <p>a) Objective of capital investment decisions</p> <p>b) Methods of Investment appraisal:</p> <p>- Payback period, Discounted payback period</p>	<p><b>III</b></p>	<p><b>20%-25%</b></p>

<ul style="list-style-type: none"> <li>- Accounting Rate of Return (ARR),</li> <li>- Net Present Value (NPV) - The meaning of NPV, Strengths and limitations of NPV method, The working capital adjustment in an NPV analysis, Capital rationing, Equivalent Annual Costs,</li> <li>- Internal Rate of return (IRR)- Limitations of the IRR method, Multiple IRRs,</li> <li>- Modified internal Rate of Return (MIRR)- Definition and explanation of MIRR, Process for calculating MIRR, Strengths of the MIRR approach.</li> <li>- Profitability Index</li> </ul>		
<p><b>(ii) Dividend Decisions</b></p> <ul style="list-style-type: none"> <li>a) Basics of Dividends</li> <li>b) Cash dividend, stock dividend/ bonus share, stock-splits, share buy back</li> <li>c) Determinants of dividend</li> <li>d) Relevancy and Irrelevancy of Dividend Policies- Traditional Approach, Walter's model, Gordon's model, Modigliani and Miller (MM) Hypothesis.</li> </ul>		

<b>4. Management of Working Capital</b>		
<ul style="list-style-type: none"> <li>a) The management of working capital- Liquidity and Profitability</li> <li>b) The Working capital financing decisions- Primary and Secondary Sources of Liquidity</li> <li>c) The working Capital Cycle (operating Cycle), Effectiveness of Working Capital based on its operating and cash conversion cycles</li> <li>d) Assessment of working capital requirement</li> <li>e) Management of Accounts Receivables (Debtors)</li> <li>f) Factoring and Forfaiting</li> <li>g) Credit Management <ul style="list-style-type: none"> <li>- Credit granting</li> <li>- Monitoring accounts receivables</li> <li>- Debt collection</li> </ul> </li> <li>h) Management of Accounts Payables (Creditors)</li> <li>i) Management of Cash, Treasury management</li> <li>j) Banking norms of working capital finance</li> </ul>	<b>IV</b>	<b>15%-20%</b>



## PAPER 6B: STRATEGIC MANAGEMENT (50 MARKS)

### Objective

To develop an understanding of strategic management concepts and techniques and acquire the ability to apply the same in business situations.

Contents	Section	Weightage
<p><b>1. Introduction to Strategic Management</b></p> <p>(i) Meaning and Nature of Strategic management</p> <p>(ii) Importance and Limitations of Strategic Management</p> <p>(iii) Strategic Intent - Vision, Mission and Goals and Values</p> <p>(iv) Strategic Levels in Organizations (Network, Corporate, Business and Functional)</p>	<b>I</b>	<b>15%-25%</b>
<p><b>2. Strategic Analysis: External Environment</b></p> <p>(i) International and Macro Environment: PESTLE Analysis</p> <p>(ii) Defining the industry for analysis (Value Chain, PLC)</p> <p>(iii) Porters Five Forces - Industry environment analysis</p> <p>(iv) Understanding customers and markets</p> <p>(v) Competition in the industry</p>	<b>II</b>	<b>15%-25%</b>

<p><b>3. Strategic Analysis: Internal Environment</b></p> <ul style="list-style-type: none"> <li>(i) Understanding key stakeholders (Mendelow's Model)</li> <li>(ii) Strategic drivers (Industry &amp; markets, Customers, Channels, Product &amp; Services, Competitive Advantage)</li> <li>(iii) The role of resources and capabilities</li> <li>(iv) Combining external and internal analysis (SWOT Analysis)</li> <li>(v) Gaining competitive advantage (Michael Porter's Generic Strategies)</li> </ul>	<p><b>III</b></p>	<p><b>15%-25%</b></p>
<p><b>4. Strategic Choices</b></p> <ul style="list-style-type: none"> <li>(i) Strategic Choices: Concentric, Conglomerate, Market Development, Product Development, Innovation, Horizontal integration, vertical integration, Turnaround, Divesture, Liquidation</li> <li>(ii) How to Develop Strategic Options <ul style="list-style-type: none"> <li>○ Ansoff's Matrix</li> <li>○ ADL Matrix</li> <li>○ BCG Matrix</li> <li>○ GE Matrix</li> </ul> </li> </ul>	<p><b>IV</b></p>	<p><b>15%-25%</b></p>

<p><b>5. Strategy Implementation and Evaluation</b></p> <ul style="list-style-type: none"> <li>(i) Implementation: Formulation vs. Implementation Matrix, Linkages and Issues</li> <li>(ii) Strategic Change through Digital Transformation</li> <li>(iii) Organisation Structure (hard) and Culture (soft)</li> <li>(iv) Strategic Leadership</li> <li>(v) Strategic Control</li> <li>(vi) Strategic Performance Measures</li> </ul>	<p><b>V</b></p>	<p><b>15%-25%</b></p>
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**Note: A deviation of maximum  $\pm 5\%$  in the specified section-wise weightage is permitted.**