

## **CMA Intermediate Syllabus**

### **Group I**

### **Paper 5: Financial Accounting**

#### **Section A:**

#### **Generally Accepted Accounting Principles & Accounting Systems**

**[10 marks]**

#### **1. Accounting Process**

- ✓ Theoretical framework ( meaning, scope and usefulness of Accounting; Accounting principles, concepts and convention)
- ✓ Accounting Life Cycle (ALC) – From Investment of Capital (Cash) to Realization of Revenue (Cash)
- ✓ Capital and Revenue transactions- capital and revenue expenditures, capital and revenue receipts
- ✓ Measurement, valuation and accounting estimates Double entry system, books of prime entry, subsidiary books, cash book, ledgers, trial balance
- ✓ Rectification of errors, opening entries, transfer entries, adjustment entries, closing entries

## **2. Accounting Standards**

- ✓ AS-1: Disclosure of Accounting Policies
- ✓ AS-2: Valuation of Inventories
- ✓ 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-10: Accounting for Fixed Assets
- ✓ AS-11: The Effects of Changes in Foreign Exchange Rates
- ✓ AS- 15: Employee Benefits
- ✓ AS-16: Borrowing Costs

## **3. Reconciliation Statements**

- ✓ Bank Reconciliation Statements
- ✓ Stock Reconciliation Statements
- ✓ Receivables/Payables Reconciliation Statement

## **Section B: Preparation of Accounts [30 Marks]**

## **4. Accounting for Depreciation, Depletion, Amortization and Impairment of Assets**

- ✓ Depreciation Policy, Depletion, Amortization and Impairment of Assets
- ✓ Depreciation Accounting (AS–6); Impairment of Assets (AS-28)
- ✓ Methods, computation and accounting treatment

## 5. Preparation of Financial statements:

### a) Of Profit-making organizations:

- ✓ Preparation of Profit & Loss Account and Balance Sheet
- ✓ Preparation of Cash Flow Statement (AS-3)
- ✓ Accounting treatment of bad debts, reserve for bad and doubtful debts, provision for discount on debtors and provision for discount on creditors

### b) Of Not-for-Profit organizations:

- ✓ Preparation of Receipts and Payments Account
- ✓ Preparation of Income and Expenditure Account
- ✓ Balance Sheet

### c) Under single entry system including conversion of single entry into double entry system:

- ✓ Concept of single entry system, conversion of single entry system into double entry system of accounting
- ✓ Application of accounting ratios for preparation of accounts under single entry system

## 6. Partnership

- ✓ Past adjustments and guarantee, profit & loss appropriation account
- ✓ Admission, Retirement, Death, Treatment of Joint Life Policy
- ✓ Dissolution of partnership firms including piecemeal distribution
- ✓ Amalgamation of partnership firms, Conversion of partnership firm into a company and sale of partnership firm to a company

## **7. Royalty and Hire Purchase**

- ✓ Accounting from the point of view of various parties
- ✓ Possession and repossession in case of default in payments

## **8. Branch and Departmental Accounts**

- ✓ Branch Accounts – Debtors system, Stock & Debtors system, Foreign Branch
- ✓ Departmental Accounts : Trading Account; Profit & Loss Account
- ✓ Calculation of net profit of various departments and allocation of expenses on the basis of suitable base, treatment of shortages, treatment of unrealized profit
- ✓ Preparation of General Profit & Loss Account and Balance Sheet

## **Section C: Control of Accounting Systems [10marks]**

### **9. Self-Balancing Ledger and Sectional Balancing Ledgers**

- ✓ Self-Balancing Ledgers
- ✓ Sectional Balancing Ledgers

## **Section D: Accounting in Service Sector [10marks]**

### **10. Accounting for Service Sectors**

- ✓ Revenue Recognition (AS-9)
- ✓ Construction Companies (AS7), Project Accounting
- ✓ Service sectors such as Software, ITES, Telecommunication, Entertainment, Hospital and Educational Institutions

## **Section E: Accounting for Special Transactions [20marks]**

### **11. Accounting for Special Transactions**

- ✓ Bills of Exchange, Consignment, Joint venture, Sale of goods on approval or return basis, Current Account
- ✓ Investment Accounts (AS–2,13)
- ✓ Insurance Claim ( Loss of Stock and Loss of profit)

## **Section F:**

### **Accounting for Banking, Insurance and Electricity Companies [20 Marks]**

### **12. Banking, Electricity and Insurance companies**

- ✓ Accounts of a Banking Company (as per Banking Companies Regulation Act)
- ✓ Accounts of an Electricity Company (as per Electricity Act)
- ✓ Accounts of Insurance Companies ( as per Insurance Act) including Stock Valuation

## **Paper 6: Laws, Ethics and Governance**

### **Section A: LAWS (Industrial and Economic Laws) [60 marks]**

#### **1. Laws of Contracts**

- ✓ Essential elements of a contract, offer and acceptance
- ✓ Void and voidable agreements
- ✓ Consideration
- ✓ Legality of object
- ✓ Multinational agreement
- ✓ E-contracts
- ✓ Strategies and constraints to enforce contractual obligations
- ✓ Quasi-contracts, contingent contracts, termination or discharge of contracts
- ✓ Special contracts: Indemnity and Guarantee; Bailment and Pledge; Laws of Agency

#### **2. Laws relating to Sale of Goods**

- ✓ Definition
- ✓ Transfer of ownership
- ✓ Performance of the contract of sale

**3. Laws relating to Employees: (object, scope and applicability of the following Acts):**

- ✓ Factories Act, 1948
- ✓ Industrial Disputes Act, 1947
- ✓ Workmen's Compensation Act, 1923
- ✓ Payment of Wages Act, 1936 and Minimum Wages Act, 1948
- ✓ Payment of Bonus Act, 1965 and Payment of Gratuity Act, 1972
- ✓ Employees State Insurance (E.S.I) Act, 1950
- ✓ Provident Fund (P.F.) Act, 1952

The Child Employee (Prohibition and Regulation) Act, 1986

**4. Negotiable Instruments Act, 1881**

- ✓ Definition, Acceptance and negotiation
- ✓ Rights and liabilities of Parties
- ✓ Dishonor of a Negotiable Instrument, Hundis
- ✓ Bankers and Customers

## **5. Laws related to Partnership:**

- ✓ Indian Partnership Act,  
1932
- ✓ Nature of Partnership
- ✓ Rights and liabilities of Partners
- ✓ Dissolution of Firms
- ✓ Limited Liability Partnership Act, 2008
  
- ✓ Concept, Formation, Membership,  
Functioning
- ✓ Dissolution

## **7. Prevention of Money Laundering Act, 2011**

- ✓ Historical background
- ✓ Prevention of Money Laundering Act, 2011
- ✓ Concepts, definitions, various transactions
- ✓ Obligations of Banks and Financial Institutions
- ✓ RBI Guidelines on KYC (Know Your  
Customer)



## **Section B: Corporate Laws and Governance**

**[20marks]**

### **8. Essentials of Corporate Laws**

- ✓ Company –types, formation and related procedures
- ✓ Director- roles, responsibilities, qualification, disqualification, appointment/re-appointment, retirement, resignation, removal, remuneration, powers, duties, Director's Identification Number (DIN), Loans to Directors, Office or Place of Profit
- ✓ Cost Accountant – Appointment, Role and Responsibilities—with special reference to Certification, Compliance Report and Performance Evaluation of the Organization

### **9. Right to Information Act, 2005**

- ✓ Salient features, objective
- ✓ Public authorities and their obligations
- ✓ Designations of Public Information Officers (PIO) and their duties
- ✓ Request for obtaining information

## **10. Governance**

- ✓ Basic understanding of Corporate Governance
- ✓ Corporate governance practices in India, USA, UK, Japan and Germany
- ✓ Tools for ensuring Governance:
- ✓ Cost Audit Methodology and Corporate Governance
- ✓ Internal Audit for Governance – nature, scope, function, planning process, investigation of fraud, internal audit reports
- ✓ Statutory Audit for Governance
- ✓ An introduction to e-governance and XBRL

## **Section C: Ethics [20 Marks]**

### **11. Ethics and Business**

- ✓ Evolution of Business Ethics (with reference to IFA C on Ethics – IEG-8)
- ✓ Ethics – meaning, importance, nature and relevance to business, values and attitudes of Professional Accountants
- ✓ The “Seven Principles of Public Life”–selflessness, integrity, objectivity, accountability, openness, honesty and leadership

## **12. Ethical Conflict**

- ✓ The relationship between ethics and law, difference between ethical codes and contracts
- ✓ Unethical behavior- consequences, conflicts of interest–causes and remedies.
- ✓ Ethics of Management Accountant Professionals

## **Paper 7: Direct Taxation**

### **Section A: Income Tax [65marks]**

#### **1. Income Tax Act, 1961**

##### a) Basic Concepts and definitions

- ✓ Background, concepts, definitions
- ✓ Capital and revenue–receipts, expenditures
- ✓ Basis of charge and scope of total income
- ✓ Residential Status and Incidence of Tax

##### b) Tax Accounting Standards by the Central Board of Direct Taxes (CBDT)

**2. Incomes which do not form part of Total Income  
[Sec.10, 10A, 10B and 11 to 13A]**

**3. Heads of Income and Computation of Total  
Income under various heads**

- ✓ Income from salaries
- ✓ Income from House property
- ✓ Profits and gains from Business or Profession
- ✓ Capital gains
- ✓ Income from other sources

**4. Income of other persons included in Assessee's Total Income; Aggregation of Income and Set off or Carry Forward of Losses; Deductions in computing Total Income; Rebates & Reliefs; Applicable Rates of Tax and Tax Liability**

**5. Taxation of Individuals including Non-residents, Hindu Undivided Family, Firms, LLP, Association of Persons, Co-operative Societies, Trusts, Charitable and Religious Institutions**

**6. Corporate Taxation—classification, tax incidence, computation of taxable income and assessment of tax liability, Dividend Distribution Tax(DDT), Minimum Alternate Tax and other special provisions relating to companies**

## **7. Tax Deduction at Source, Tax Collection at Source, Recovery and Refund of Tax, Advance Tax, Refunds**

## **8. Tax Planning and Tax Management**

### **a) Tax Planning**

- ✓ Concept and application
- ✓ For setting up new business units-study of location, nature of business, tax holiday offered [with special reference to provisions in Chapter VI A of the Act]
- ✓ Tax incentives and Export Promotion Schemes, other applicable tax benefits and exemptions

### **b) Tax Management**

- ✓ Computation of income and Return of Income Tax, Filing procedure, e-filing
- ✓ Assessment, Reassessment, Appeals, Revisions, Review rectifications, Settlement of cases
- ✓ Special procedure for assessment of Search cases;
- ✓ E- commerce transactions, Liability in Special cases
- ✓ Penalties, Fines and Prosecution

**Section B: Wealth Tax [10 Marks]**

**9. Wealth Tax**

- ✓ Background, concept and charge of wealth tax
- ✓ Assets, deemed assets, exempted assets
- ✓ Valuation of assets
- ✓ Computation of net wealth
- ✓ Return of Wealth Tax and assessment procedure

### **Section C- International Taxation [25marks]**

#### **a) International Taxation and Transfer Pricing**

##### **a) Basic concepts of International Taxation and Transfer Pricing**

- ✓ Residency issues, source of income, tax heavens, withholding tax, unilateral relief, double taxation avoidance agreements
- ✓ Transfer Pricing - concepts, meaning of International transactions
- ✓ Costing Issues in Transfer Pricing
- ✓ Computation of Arm's length Price- methods
- ✓ Governance through application of generally accepted cost accounting principles and techniques for assessment of arm's length price – a measure to curb revenue leakages/tax evasion
- ✓ Reference to Cost Accounting Records and Cost Audit Reports – in assessment of arm's length price.

- b) General Anti-Avoidance Rules (GAAR)–concept and application
- c) Advance Pricing Agreement (APA)–concept and application

## **Paper 8: Cost Accounting and Financial Management**

### **Section A: Cost Accounting- Prime Costs & Overheads**

**[60 marks]**

**1. General Purpose Cost Statement:** Cost Accounting Standards (CASs) (issued by the Institute of Cost Accountants of India from time to time), Generally Accepted Cost Accounting Principles (GACAP)–Purpose, Objective and Applicability

#### **2. Business Process Analysis – Cost Centre and Cost Allocation**

##### **(a) Materials (CAS6):**

- (i) Procurement of materials-classification and coding, inventory management and control, JIT(just in time), return to suppliers, pricing of receipts, Physical verification and related issues
- (ii) Scrap, wastage, pilferage, obsolescence ,normal loss, abnormal loss (CASs related to above items)– framework

##### **(b) Employee Costs (CAS7):**

- (i) Employee routines, classification of Employee, time keeping, time booking, payroll preparation, disbursement of wages. Principles and methods of remuneration, Productivity Linked Incentive(PLI) Schemes
- (ii) Accounting control and reporting, Accounting for Employee Cost, Computation of Employee Cost rates, Idle time, Overtime, Employee turnover, Employee cost reporting



**(b) Direct expenses and problems connected there with (CAS10)**

**(d) Over head (with reference to all Cost Accounting Standards related to Overhead):**

- ✓ Overhead Cost Accounting
- ✓ Accounting and control of over heads, computation of pre-determined overhead recovery rates, treatment of over and under absorption of overhead costs. Reports of control of overhead costs
- ✓ Capacity costs, treatment of depreciation in costs

***Note: All related further pronouncements of CASs will also be applicable***

### **Section B: Financial Management [40marks]**

#### **3. Overview of Financial Management**

- ✓ Financial Management - meaning, objectives, scope, related finance disciplines, planning environment, key-decision areas
- ✓ Sources of Finance (Shares, Debentures, Debt, Public Deposits, Lease Financing); criteria for selecting sources of Finance including finance for International Investments and Venture Capital Funds
- ✓ Other Financial services-Hire Purchase, Forfeiting, Bill Discounting, Factoring, Asset Securitization
- ✓ Financial Decision – Making and Emerging role of finance managers
- ✓ Compliance of regulatory requirements in formulation of financial strategies

- ✓ Role of Treasury Function in terms of setting Corporate objectives, Funds Management- National and International
- ✓ Contemporary developments - WTO,GATT ,Corporate Governance, TRIPS, TRIMS, SEBI Regulations (as amended from time to time)
- ✓ Concepts of Value and Return – Time preference for money, Future Value, Present Value, Net Present Value (NPV)

#### **4. Tools for Financial Analysis & Planning**

- ✓ Funds flow and Cash flow Analysis
- ✓ Analysis Financial Ratio and Cash Flow Ratios - Ratios in the areas of performance, profitability, financial adaptability, liquidity, activity, shareholder investment and financing, interpretation of ratios and limitations of ratio analysis
- ✓ Identification of information required to assess financial performance, Effect of short – term debt on the Measurement of gearing

#### **5. Working Capital Management and Leverage Analysis**

- ✓ Working Capital policies related to Inventory, Receivables, Payables, Cash and Marketable securities
- ✓ Financing of working capital
- ✓ Concepts and nature of Leverages, Analysis of Operating and Financial Leverages, Operating Risk and Financial Risk and Combined Leverages
- ✓ Operating leverages and Cost Volume Profit analysis -Earning before Interest and Tax (EBIT) and Earning per Share (EPS), Indifference point

## 6. Cost of Capital

- ✓ Meaning, Components, methods of determination of cost of capital related to debt, preference shares, equity shares, retained earnings, depreciation fund
- ✓ Capital Asset Pricing Models (CAPM)
- ✓ Weighted Average Cost of Capital and Marginal Cost of Capital

## 7. Capital Budgeting

- ✓ Purpose, objective, process
- ✓ Understanding different types of projects
- ✓ 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.
- ✓ Ranking of competing projects, ranking of projects with unequal lives.
- ✓ Modeling and forecasting cash flows and financial statements based on expected values for variables – economic and business

## Group-II

### Paper 9: Operations Management & Information System

#### Section A: Operations Management [60marks]

#### 1. Operations Management

- a) Operations Management - introduction, scope, need, challenges, role in decision-making, operational strategies for competitive advantage
- b) Designing and managing operations:
  - ✓ Designing of goods and services – selection, product life cycle, generation of new products; product development
  - ✓ Process strategy, process analysis and design, production process flow, cost flow, costing system with special reference to: - Regulated Industries, Non-regulated Industries and Service Sectors

#### 2. Production Planning

- ✓ Production planning-introduction, control measures
- ✓ Economics and optimization- basics, Pareto Optimality condition, price-mechanism and optimum resource allocation, economic batch production
- ✓ Studies at work place-Time study, Work study, Method study, Activity sampling, Work simplification, Job Evaluation
- ✓ Forecasting-introduction, features, elements, steps, approaches, techniques (including time series, regression and correlation analysis)
- ✓ Capacity Management–Planning and Utilization for products and services
- ✓ Process selection, facility layout, designing work systems, Location Planning and Analysis

- ✓ Project Planning—introduction, aspects, Project Life Cycle, scheduling with Gantt Charts, PERT and CPM, Project Risk measurement
- ✓ Waiting Lines and Simulation—characteristics and measures of waiting lines, performance, queuing models, dispatching, scheduling technique, simulation and line balancing problem
  - (i) Human Resource Planning and optimization—introduction, job allocation/assignment
  - (ii) Optimum allocation of resources through application of linear programming techniques:
  - (iii) For Goods—inputs, processing, outputs JIT and Lean Operations
  - (iv) For Services

### **3. Productivity Management and Total Quality Management**

- ✓ Introduction, features, measurement techniques of factors of production, productivity index, productivity of Employee, productivity of materials, productivity of management resources, productivity of other factors
- ✓ Economics of Research and Development—for improving productivity
- ✓ Technological Innovation— emerging techniques and its applications for economic decision-making relating to productivity
- ✓ Methods of improving productivity including quality circles
- ✓ Total Quality Management (TQM)—basic stools and certification

#### **4. Economics of Maintenance and Spares Management**

- ✓ Breakdown maintenance, preventive maintenance & routine maintenance
- ✓ Obsolescence, replacement of machinery
- ✓ Maintenance – Techniques, Organization, problems
- ✓ Spare parts – Planning, policy and control
- ✓ Application of Queuing theory in maintenance and spares management

### **Section B: Information System [40marks]**

#### **5. Information System Analysis and Design**

- ✓ Information System-Systems development life cycle, Structured Systems Analysis and Design, Physical and Logical Data Inflow Diagrams
- ✓ Requirements Analysis, Design of New Systems. Data Modeling, Data dictionary, entity relationship diagram, structure charts, Transform and Transaction Analysis

#### **6. Database management Systems**

- ✓ File & Data Base Concept, Overview of DBMS, Data Models, Database Administrator, Database User, Scheme, Data Independence
- ✓ Relational Database Management System (RDBMS), some application of RDBMS using Oracle & SQL Server

## **7. Management Information System (MIS) and Information Economics**

- ✓ Management Information Systems: Definition, scope, planned and unplanned MIS, MIS information time scale, transaction processing
- ✓ MIS and Levels of Management—operational level, tactical level, strategic level
- ✓ Business Intelligence-Architecture Analysis
- ✓ Processing Management Accounting Information
- ✓ Quality of Information and Value of Information
- ✓ Desirable properties of Management Accounting Information
- ✓ Uncertainty and Management Accounting Information
- ✓ Impact of Information Technology on Management Accounting
- ✓ MIS in functional areas: Finance& Cost Management, Inventory, Marketing, HRM, Financial modeling

## **8. Enterprise Resource Planning (ERP)**

- ✓ FICO Module
- ✓ Basics of other modules of ERP – Production Planning, Plant Maintenance, Quality Management, Materials Management, Sales and Distribution, HR, Logistics

## **8. Cyber Law, e-commerce**

- ✓ Cyber laws
- ✓ E-commerce and electronic financial transactions

## **Paper 10: Cost & Management Accountancy**

### **Section A: Cost & Management Accounting– Methods & Techniques (50 Marks)**

#### **1. Cost Accounting Methods and Systems**

- ✓ Necessity and importance of cost accounting, what management expects of cost accounting, cost department organization and relationship with other departments, installation of a costing system and modification thereof; planning and progressing of accounting, design of forms and records
- ✓ Accounting entries for an integrated accounting system- cost ledgers; Reconciliation between cost and financial profit and loss account; Integrated and non-integrated accounting and reporting
- ✓ Job, batch, contract costing, process costing (including establishment of equivalent units in stock, work-in– progress and abnormal loss accounts and use of various methods like first-in-first out), operation costing, operating costing, unit costing, multiple costing, by-product and joint products



## **2. Decision Making Tools (advanced level)**

- ✓ Marginal Costing: basic concepts; break even analysis and cost-volume-profit analysis; break-even charts and profit charts; differential cost analysis; stock valuation under marginal costing techniques versus absorption costing techniques; applications of marginal costing in decision making
- ✓ Throughput Accounting (TA)–as a system of profit reporting and stock valuation
- ✓ Activity-Based Costing (ABC) for profit reporting and stock valuation
- ✓ Integration of Standard Costing with Marginal Cost Accounting, Absorption Cost Accounting and
- ✓ Throughput Accounting
- ✓ Transfer Pricing – determination of inter-departmental or inter-company transfer price
- ✓ Treatment of special expenses in costs such as – research and development expenses, preliminary expenses, rectification expenses, costs of obsolescence.
- ✓ Accounting and control of waste, scrap, spoilage, defective

## **3. Budgeting and Budgetary Control**

- ✓ Budget Concepts and Budget Preparation
- ✓ Fixed and Flexible Budgets
- ✓ Fixed, variable, semi-variable and activity-based categorizations of cost and their application in projecting financial results
- ✓ Zero Base Budgeting (ZBB)
- ✓ Budgetary Control

### **3. Standard Costing**

- ✓ Concept and uses; accounting–methods and reconciliation– stock valuation
- ✓ Variance Analysis: Cost, Profit and Sales Variances–presentation of variances, investigation of variances, revision of standards
- ✓ Reporting– requisites of reports– interpretation and uses for Managerial decision-making activities
- ✓ Uniform Costing and Inter-firm comparison

### **Section B: Cost Records and Cost Audit (20marks)**

#### **4. Cost Accounting Records and Cost Audit**

- ✓ Cost Accounting Records and Cost Audit under Companies Act, 1956
- ✓ Nature and scope of Cost Audit
- ✓ Cost Compliance Reports–by Cost Accountants
- ✓ Companies (Cost Accounting Record) Rules, 2011 and Companies (Cost Audit Report) Rules, 2011

## Section C: Economics for Managerial Decision-making (30marks)

### 5. Economics for Managerial Decision-Making

- ✓ Concepts of Markets, analysis of market demand and empirical estimation of demand
- ✓ Government Intervention and effect
- ✓ Business and economic forecasting
- ✓ Empirical production, function and cost analysis
- ✓ Factor demand and input decisions
- ✓ Pricing Policies

### Paper 11: Indirect Taxation

#### 1. Canons of Taxation-Indirect Taxes

- ✓ Features of Indirect Tax, Constitutional Validity
- ✓ Indirect Tax Laws, administration and relevant procedures

#### 2. Central Excise

- ✓ The Central Excise Law-Goods, Excisable Goods, Manufacture and manufacturer, Classification, Valuation, Related Person, Captive Consumption, CAS4 CENVAT, Basic Procedure, Export, SSI, Job Work
- ✓ Assessments, Demands, Refund, Exemptions, Power of Officers
- ✓ Adjudication, Appeals, Settlement Commission, Penalties.
- ✓ Central Excise Audit and Special Audit under 14A and 14AA of Central Excise Act
- ✓ Impact of tax on GATT94, WTO, Anti-Dumping processing
- ✓ Tariff Commission and other Tariff authorities

### **3. Customs Laws**

- ✓ Basic concepts of Customs Law
- ✓ Types of customs duties, Anti-Dumping Duty, Safeguard Duty
- ✓ Valuation, Customs Procedures, Import and Export Procedures, Baggage, Exemptions, Warehousing, Demurrage, Project Import and Re-imports
- ✓ Penalties and Offences

### **4. EXIM POLICY**

- ✓ EXIM Policy
- ✓ Export Promotion Schemes, EOU
- ✓ Duty Drawback
- ✓ Special Economic Zone

### **5. Service Tax**

- ✓ Introduction, Nature of Service Tax, Service Provider and Service Receiver
- ✓ Registration procedure, Records to be maintained
- ✓ Negative List of Services, Exemptions and Abatements
- ✓ Valuation of Taxable Services
- ✓ Payment of service Tax, Returns of Service Tax
- ✓ CENVAT Credit Rules, 2004
- ✓ Place of Provision of Service Rules, 2012
- ✓ Other aspects of Service Tax
- ✓ Special Audit u/s 72A of the Finance Act, 1994 for Valuation of Taxable Services

## 6. VAT Act

- ✓ Central Sales Tax
  - (i) Introduction, Definitions, salient features of CST Act
  - (ii) Stock Transfer, Branch transfer, Inter State Sale
  - (iii) Various forms for filing of returns under CST
  - (iv) Procedures under Central Sales Tax (CST)
  
- ✓ Value Added Tax (VAT)
  - (i) Introduction, definitions, salient features of State VAT Act
  - (ii) Treatment of stock & branch transfer under State VAT Act
  - (iii) Filing of return under State VAT Act
  - (iv) Accounting & Auditing VAT

## 7. Basic Concepts of International Taxation & Transfer Pricing in the context of Indirect Taxation

- ✓ International Taxation & Transfer Pricing issues in the context of Indirect Taxation
- ✓ Indirect Taxation issues in cross-border services
- ✓ General Anti-Avoidance Rule (GAAR)–concept and application
- ✓ Advance Pricing Agreement (APA)–concept and application

## **Paper 12: Company Accounts and Audit**

### **Section A: Generally Accepted Accounting Principles (GAAP) (20 Marks)**

#### **1. Conceptual Framework for preparation and Presentation of Financial Statements**

Financial Statements in line with the Companies Act, 1956

#### **2. Accounting Standards:**

AS11: The Effects of Changes in Foreign Exchange

Rates (Revised 2003)

AS12: Accounting for Government Grants

AS15: Employee Benefits

AS19: Leases

AS20: Earning Per Share

AS26: Intangible Assets

AS29: Provisions, Contingent Liabilities and Contingent Assets

## **Section B: Accounts of Joint Stock Companies (40marks)**

### **3. Accounting for Shares and Debentures**

- ✓ Issue of Equity shares–IPO (Initial Public Offer), FPO (Follow on Public Offer), Right Shares, Bonus Shares, Sweat Equity Shares, Shares issued otherwise than for cash
- ✓ Forfeiture of Shares, Reissue of Forfeited Shares
- ✓ Buy Back of Equity Shares
- ✓ Issue and Redemption of Preference Shares
- ✓ Issue and Redemption of Debentures
- ✓ Employees Stock Option Plan (ESOP), Employees Stock Option Scheme (ESOS)
- ✓ Underwriting of Shares and Debentures

### **4. Presentation of Financial Statements (as per Revised Schedule VI)**

- ✓ Part I –Form of Balance Sheet
- ✓ Part II–Form of Statement of Profit and Loss

### **5. Cash Flow Statement (AS3)**

### **5. Segmental Reporting (AS17)**

## **7. Business Combinations and Corporate Restructuring**

- ✓ Accounting for Amalgamation [AS-14]
- ✓ Advanced problems for business acquisition, Amalgamation and reconstruction (excluding problems of amalgamation)
  - (i) Of inter-company holding)
  - (ii) Internal Reconstruction
- ✓ Profits and Losses prior to Incorporation

## **8. Accounting involved in liquidation of companies, Statement of affairs (including deficiency/surplus accounts) and Liquidator's statement of account of winding up**

### **Section C–Auditing (40marks)**

## **9. Auditing Concepts**

- ✓ Nature, scope and significance of Audit
- ✓ Generally Accepted Auditing Principles and Techniques
- ✓ Auditing and Assurance Standards
- ✓ Internal Check, Internal Control
- ✓ Internal Audit–industry specific– regulated and non-regulated industries



## 10. Provision relating to Audit under Companies Act

- ✓ Auditor's qualification, disqualification, appointment, remuneration, removal, power and duties
- ✓ Branch Audit, Joint Audit, Special Audit, Cost Audit, Secretarial Audit
- ✓ Reporting requirements under companies act, Report versus certificate, contents of their reports, qualifications in their reports
- ✓ Audit of shares and debentures
- ✓ Audit of divisible profits and dividends
- ✓ Audit of Government Companies
- ✓ Interface between Statutory Auditors and Internal Auditors
- ✓ Contemporary issues in Auditor's independence – Issues, tools and institutions (basic knowledge)