Curriculum for Final (New) Course

**Group I**

Paper 1: Financial Reporting (100 Marks)

Paper 2: Strategic Financial Management (100 Marks)

Paper 3: Advanced Auditing and Professional Ethics (100 Marks)

Paper 4: Corporate and Allied Laws (100 Marks)
  - Section A: Company Law (70 Marks)
  - Section B: Allied Laws (30 Marks)

**Group II**

Paper 5: Advanced Management Accounting (100 Marks)

Paper 6: Information Systems Control and Audit (100 Marks)

Paper 7: Direct Tax Laws (100 Marks)

Paper 8: Indirect Tax Laws (100 Marks)
  - Section A: Central Excise (40 Marks)
  - Section B: Service Tax & VAT (40 Marks)
  - Section C: Customs (20 Marks)
Paper 1: Financial Reporting

(One paper – Three hours – 100 marks)

Level of Knowledge: Advanced knowledge

Objectives:

(a) To gain ability to analyze financial statements including consolidated financial statements of group companies and financial reports of various types of entities,
(b) To gain ability to apply valuation principles,
(c) To familiarise with recent developments in the area of financial reporting,
(d) To gain ability to solve financial reporting and valuation cases.

Contents:

1. Accounting Standards, Accounting Standards Interpretations and Guidance Notes on various accounting aspects issued by the ICAI and their applications.

2. Overview of International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), Interpretations by International Financial Reporting Interpretation Committee (IFRIC), Significant difference vis-a-vis Indian Accounting Standards.

Understanding of US GAAP,
Applications of IFRS and US GAAP.


4. Accounting for Corporate Restructuring (including inter-company holdings).

5. Consolidated Financial Statements of Group Companies Concept of a Group, purposes of consolidated financial statements minority interest, Goodwill, Consolidation procedures – Minority interests, Goodwill, Treatment of pre-acquisition and post-acquisition profit.

Consolidation with two or more subsidiaries, consolidation with foreign subsidiaries.

Consolidated profit and loss account, balance sheet and cash flow statement.

Treatment of investment in associates in consolidated financial statements.

Treatment of investments in joint ventures in consolidated financial statements.

6. Accounting and Reporting of Financial Instruments

Meaning, recognition, derecognition and offset, compound financial instruments

Measurement of financial instruments

Hedge accounting

Disclosures
7. Share based payments
Meaning, Equity settled transactions, Transaction with employees and non-employees
Determination of fair value of equity instruments
Vesting conditions
Modification, cancellation and settlement
Disclosures
8. Financial Reporting by Mutual funds, Non-banking finance companies, Merchant bankers, Stock and commodity market intermediaries.
9. Valuation
(a) Concept of Valuation
(b) Valuation of Tangible Fixed Assets
(c) Valuation of Intangibles including Brand Valuation and Valuation of Goodwill
(d) Valuation of Liabilities
(e) Valuation of Shares
(f) Valuation of Business
10. Developments in Financial Reporting
(a) Value Added Statement
(b) Economic Value Added, Market Value Added, Shareholders' Value Added
(c) Human Resource Reporting
(d) Inflation Accounting

Note: If either old Accounting Standards (ASs), Accounting Standards Interpretations (ASIs), Guidance Notes (GNs), Announcements and Limited Revisions to ASs are withdrawn or new ASs, GNs, Announcements and Limited Revisions to AS are issued by the Institute of Chartered Accountants of India in place of existing ASs, ASIs, GNs, 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 by the Institute.
Paper 2: Strategic Financial Management

(One paper – Three hours – 100 marks)

Level of Knowledge: Advanced knowledge

Objective:
To apply financial management theories and techniques for strategic decision making.

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. Project Planning and Capital Budgeting
   Feasibility study
   Cash flow Projections – Impact of taxation, depreciation, inflation and working capital
   Capital Budgeting Decisions - Certainty Equivalent approach, Evaluation of Risky Investment Proposals, Risk and Return analysis, Simulation and decision tree analysis, Sensitivity analysis, Capital Rationing, Adjusted Net Present Value, Replacement decisions, Application of Real Options in capital budgeting, Impact of inflation on capital budgeting decisions
   Preparation of Project Report
   Social cost benefit analysis.

3. Leasing decision including cross border leasing

4. Dividend Decisions
   Dividend theories, Determinants of dividend policies.

5. (a) Indian Capital Market including role of various primary and secondary market institutions
   (b) Capital Market Instruments
   Financial derivatives – stock futures, stock options, index futures, index options
   Option valuation techniques : Binomial model, Black Scholes Option Pricing Model, Greeks – Delta, Gamma, Theta, Rho and Vega
   Pricing of Futures – Cost of carry model
   Imbedded derivatives
(c) Commodity derivatives

(d) OTC derivatives - Swaps, Swaptions, Forward Rate Agreements (FRAs), Caps, Floors and Collars.

6. Security Analysis

Fundamental analysis - Economic analysis, Industry analysis and Company Analysis

Bond valuation, Price Yield relationship, Bond Price forecasting – application of duration and convexity, Yield curve strategies

Technical Analysis – market cycle model and basic trend identification, different types of charting, support and resistance, price patterns, moving averages, Bollinger Bands, momentum analysis.

7. Portfolio Theory and Asset Pricing

Efficient Market Theory – Random walk theory ; Markowitz model of risk return optimization

Capital Asset Pricing Model (CAPM)

Arbitrage Pricing Theory (APT)

Sharpe Index Model

Portfolio Management - Formulation, Monitoring and Evaluation

Equity Style Management

Principles and Management of Hedge Funds

International Portfolio Management.

8. Financial Services in India

Investment Banking

Retail Banking

On Line Share Trading

Depository Service.

9. (a) Mutual Funds: Regulatory framework, formulation, monitoring and evaluation of various schemes of Mutual funds, Money market mutual funds.

(b) Exchange Traded Funds.

10. Money Market operations

11. (a) Foreign Direct Investment, Foreign Institutional Investment.

(b) International Financial Management

Raising of capital abroad - American Depository Receipts, Global Depository Receipts, External Commercial Borrowings and Foreign Currency Convertible Bonds
International Capital Budgeting

12. Foreign Exchange Exposure and Risk Management
Exchange rate determination, Exchange rate forecasting
Foreign currency market
Foreign exchange derivatives – Forward, futures, options and swaps
Management of transaction, translation and economic exposures
Hedging currency risk.

13. Mergers, Acquisitions and Restructuring
Meaning of mergers and acquisition, categories, purposes
Process of mergers and acquisition – Identification and valuation of the target, acquisition through negotiation, due diligence, post – merger integration
Legal and regulatory requirements
Merger and Acquisition agreement
Reverse merger
Potential adverse competitive effects of mergers
Corporate Takeovers: Motivations, Co-insurance effect, Cross-border takeovers, Forms of takeovers, Takeover defenses
Going Private and Other Control Transactions: Leveraged Buyouts (LBOs), Management Buyouts (MBOs), Spin Offs and Asset Divestitures
Corporate Restructuring: Refinancing and rescue financing, reorganizations of debtors and creditors, Sale of assets, targeted stock offerings, downsizing and layoff programmes, negotiated wage give-backs, employee buyouts.
Paper 3: Advanced Auditing and Professional Ethics

(One Paper- Three hours - 100 marks)

Level of Knowledge: Advanced knowledge

Objectives:

(a) To gain expert knowledge of current auditing practices and procedures and apply them in auditing engagements,

(b) To develop ability to solve cases relating to audit engagements.

Contents:

1. Auditing Standards, Statements and Guidance Notes

Auditing and Assurance Standards (AASs); Statements and Guidance Notes on Auditing issued by the ICAI; Significant differences between Auditing and Assurance Standards and International Standards on Auditing.

2. Audit strategy, planning and programming

Planning the flow of audit work; audit strategy, planning programme and importance of supervision: review of audit notes and working papers; drafting of reports; principal’s ultimate responsibility; extent of delegation; control over quality of audit work; reliance on the work of other auditor, internal auditor or an expert.

3. Risk Assessment and Internal Control

Evaluation of internal control procedures; techniques including questionnaire, flowchart; internal audit and external audit, coordination between the two.

4. Audit under computerized information system (CIS) environment

Special aspects of CIS Audit Environment, need for review of internal control especially procedure controls and facility controls. Approach to audit in CIS Environment, use of computers for internal and management audit purposes: audit tools, test packs, computerized audit programmes; Special Aspects in Audit of E-Commerce Transaction.

5. Special audit techniques

(a) Selective verification; statistical sampling: Special audit procedures; physical verification of assets, direct confirmation of debtors and creditors

(b) Analytical review procedures

(c) Risk-based auditing.

6. Audit of limited companies

Statutory requirements under the Companies Act 1956; Audit of branches: joint audits; Dividends and divisible profits % financial, legal, and policy considerations.

7. Rights, duties, and liabilities of auditors; third party liability.
8. Audit reports; qualifications, notes on accounts, distinction between notes and qualifications, detailed observations by the statutory auditor to the management vis-a-vis obligations of reporting to the members.

9. Audit Committee and Corporate Governance

10. Audit of Consolidated Financial Statements, Audit Reports and Certificates for Special Purpose engagements; Certificates under the Payment of Bonus Act, import/export control authorities, etc.; Specific services to non-audit clients; Certificate on Corporate Governance.

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


13. Cost audit

14. Special audit assignments like audit of bank borrowers, audit of stock and commodity exchange intermediaries and depositories; inspection of special entities like banks, financial institutions, mutual funds, stock brokers.

15. Special features in audit of public sector companies. Directions of Comptroller and Auditor General of India under Section 619; Concepts of propriety and efficiency audit.

16. **Internal audit, management and operational audit** Nature and purpose, organisation, audit programme, behavioural problems; Internal Audit Standards issued by the ICAI; Specific areas of management and operational audit involving review of internal control, purchasing operations, manufacturing operations, selling and distribution, personnel policies, systems and procedures. Aspects relating to concurrent audit.

17. Investigation and Due Diligence.

18. Concept of peer review


**20. Professional Ethics**

Paper 4: Corporate and Allied 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 apply various provisions of the Companies Act in practical situations

Contents:
1. The Companies Act, 1956, Rules and Regulations thereunder in its entirety with specific reference to
   (a) Accounts and audit
   (b) Dividend
   (c) Directors - powers, managerial remuneration
   (d) Meetings, powers of the Board and related party transactions
   (e) Inspection and Investigation
   (f) Compromises, Arrangements and Reconstructions
   (g) Prevention of Oppression and Mismanagement
   (h) Revival and Rehabilitation of Sick Industrial Companies
   (i) Corporate Winding up and Dissolution
   (j) Producer Companies
   (k) Companies incorporated outside India
   (l) Offences and Penalties
   (m) E-governance
2. Corporate Secretarial Practice – Drafting of Resolution, Minutes, Notices and Reports

Section B: Allied Laws (30 Marks)

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

Contents:
3. An overview of the following laws –
   (a) The Securities and Exchange Board of India Act, 1992, Rules, Regulations and Guidelines issued thereunder.
   (b) The Securities Contracts (Regulation) Act, 1956
(c) The Foreign Exchange Management Act, 1999

(d) The Competition Act, 2002


(f) The Prevention of Money Laundering Act, 2002

4. Interpretation of Statutes, Deeds and Documents.
Paper 5: Advanced Management Accounting

(One paper – Three hours – 100 marks)

Level of Knowledge: Advanced knowledge

Objective:

To apply various management accounting techniques to all types of organizations for planning, decision making and control purposes in practical situations.

To develop ability to apply quantitative techniques to business problems

1. Cost Management

(a) Developments in the business environment; just in time; manufacturing resources planning; (MRP); automated manufacturing; synchronous manufacturing and back flush systems to reflect the importance of accurate bills of material and routings; world class manufacturing; total quality management.

(b) Activity based approaches to management and cost analysis

(c) Analysis of common costs in manufacturing and service industry

(d) Techniques for profit improvement, cost reduction, and value analysis

(e) Throughput accounting

(f) Target costing; cost ascertainment and pricing of products and services

(g) Life cycle costing

(h) Shut down and divestment.

2. Cost Volume Profit Analysis

(a) Relevant cost

(b) Product sales pricing and mix

(c) Limiting factors

(d) Multiple scarce resource problems

(e) Decisions about alternatives such as make or buy, selection of products, etc.

3. Pricing Decisions

(a) Pricing of a finished product

(b) Theory of price

(c) Pricing policy

(d) Principles of product pricing

(e) New product pricing

(f) Pricing strategies
Pricing of services
Pareto analysis

4. Budgets and Budgetary Control
The budget manual, Preparation and monitoring procedures, Budget variances, Flexible budgets, Preparation of functional budget for operating and non-operating functions, Cash budgets, Capital expenditure budget, Master budget, Principal budget factors.

5. Standard Costing and Variance Analysis
Types of standards and sources of standard cost information; evolution of standards, continuous improvement; keeping standards meaningful and relevant; variance analysis; disposal of variances.
(a) Investigation and interpretation of variances and their inter relationship
(b) Behavioural considerations.

6. Transfer pricing
(a) Objectives of transfer pricing
(b) Methods of transfer pricing
(c) Conflict between a division and a company
(d) Multi-national transfer pricing.

7. Cost Management in Service Sector
8. Uniform Costing and Inter firm comparison
9. Profitability analysis - Product wise / segment wise / customer wise

10. Financial Decision Modeling
(a) Linear Programming
(b) Network analysis - PERT/CPM, resource allocation and resource leveling
(c) Transportation problems
(d) Assignment problems
(e) Simulation
(f) Learning Curve Theory
(g) Time series forecasting
(h) Sampling and test of hypothesis
Paper 6: Information Systems Control and Audit

(One Paper – Three hours – 100 marks)

Level of knowledge: Advanced knowledge

Objective:
To gain application ability of necessary controls, laws and standards in computerized Information system.

Contents:

1. Information Systems Concepts
   Management Information System – Role of information within business
   Business information systems – various types of information systems – TPC, MIS, DSS, EIS, ES

2. Systems Development Life Cycle Methodology
   Introduction to SDLC/Basics of SDLC
   Requirements analysis and systems design techniques
   Strategic considerations: Acquisition decisions and approaches
   Software evaluation and selection/development
   Alternate development methodologies- RAD, Prototype etc
   Hardware evaluation and selection
   Systems operations and organization of systems resources
   Systems documentation and operation manuals
   User procedures, training and end user computing
   System testing, assessment, conversion and start-up
   Hardware contracts and software licenses
   System implementation
   Post-implementation review
   System maintenance
   System safeguards
   Brief note on IS Organisation Structure

3. Control objectives
(a) Information Systems Controls
Need for control
Effect of computers on Internal Audit
Responsibility for control – Management, IT, personnel, auditors
Cost effectiveness of control procedure
Control Objectives for Information and related Technology (COBIT)
(b) Information Systems Control Techniques
Control Design: Preventive and detective controls, Computer-dependent control, Audit trails, User Controls (Control balancing, Manual follow up)
Non-computer-dependent (user) controls: Error identification controls, Error investigation controls, Error correction controls, Processing recovery controls
(c) Controls over system selection, acquisition/development
Standards and controls applicable to IS development projects
Developed / acquired systems
Vendor evaluation
Structured analysis and design
Role of IS Auditor in System acquisition/selection
(d) Controls over system implementation
Acceptance testing methodologies
System conversion methodologies
Post implement review
Monitoring, use and measurement
(e) Control over System and program changes
Change management controls
Authorization controls
Documentation controls
Testing and quality controls
Custody, copyright and warranties
Role of IS Auditor in Change Management
(f) Control over Data integrity, privacy and security
Classification of information
Logical access controls
Physical access controls
Environmental controls
Security concepts and techniques – Cryptosystems, Data Encryption Standards (DES), Public Key Cryptography & Firewalls
Data security and public networks
Monitoring and surveillance techniques
Data Privacy
Unauthorised intrusion, hacking, virus control
Role of IS Auditor in Access Control

4. **Audit Tests of General and Automated Controls**

(a) Introduction to basics of testing (reasons for testing);

(b) Various levels/types of testing such as: (i) Performance testing, (ii) Parallel testing, (iii) Concurrent Audit modules/Embedded audit modules, etc.

5. **Risk assessment methodologies and applications**: (a) Meaning of Vulnerabilities, Threats, Risks, Controls, (b) Fraud, error, vandalism, excessive costs, competitive disadvantage, business, interruption, social costs, statutory sanctions, etc. (c) Risk Assessment and Risk Management, (d) Preventive/detective/corrective strategies

6. **Business Continuity Planning and Disaster recovery planning**: (a) Fundamentals of BCP/DRP, (b) Threat and risk management, (c) Software and data backup techniques, (d) Alternative processing facility arrangements, (e) Disaster recovery procedural plan, (f) Integration with departmental plans, testing and documentation, (g) Insurance

7. An overview of Enterprise Resource Planning (ERP)

8. Information Systems Auditing Standards, guidelines, best practices (BS7799, HIPPA, CMM etc.)

9. Drafting of IS Security Policy, Audit Policy, IS Audit Reporting - a practical perspective

10. Information Technology Act, 2000
Paper 7: Direct Tax Laws

(One paper – Three hours – 100 marks)

Level of Knowledge: Advanced knowledge

Objectives:
(a) To gain advanced knowledge of the provisions of direct tax laws,
(b) To acquire the ability to apply the knowledge of the provisions of direct tax laws to various situations in actual practice.

Contents:
I. The Income-tax Act, 1961 and Rules thereunder (90 marks)
II. The Wealth-tax Act, 1957 and Rules thereunder (10 marks)

While covering the direct tax laws, students should familiarise themselves with considerations relevant to tax management. These may include tax considerations with regard to specific management decisions, foreign collaboration agreements, international taxation, amalgamations, tax incentives, personnel compensation plans, inter-relationship of taxation and accounting, with special reference to relevant accounting standards and other precautions to be observed to maximise tax relief. Further, they should have a basic understanding about the ethical considerations in tax management and compliance with taxation laws.

Note – If new legislations are enacted in place of the existing legislations relating to income tax and wealth tax, the syllabus will accordingly include such new legislations in the place of the existing legislations with effect from the date to be notified by the Institute.
Paper 8: Indirect Tax Laws
(One paper – Three hours – 100 marks)

Level of Knowledge: Advanced knowledge

Objectives:

(a) To gain expert knowledge of the principles of the laws relating to central excise customs and service tax,

(b) To acquire the ability to apply the knowledge of the provisions of the above-mentioned laws to various situations in actual practice.

Contents:

Section A: Central Excise (40 marks)
Central Excise Act, 1944 and the related Rules, Circulars and Notifications; Central Excise Tariff Act, 1985 and the related Rules.

Section B: Service tax & VAT (40 marks)
Law relating to service tax as contained in the Finance Act, 1994 as amended from time to time and the related Rules, Circulars and Notifications.

Issues related to Value Added Tax:
1. Backdrop for State-Level VAT in India
2. Taxonomy of VAT
3. Input tax credit, tax invoices
4. Small dealers and composition scheme
5. VAT procedures
6. VAT in relation to incentive schemes, works contract, lease transactions and hire purchase transactions.
7. VAT and Central Sales Tax

Section C: Customs (20 marks)
Customs Act, 1962 and the related Rules, Circulars and Notifications; Customs Tariff Act, 1975 and the related Rules.

While covering the above laws, students should familiarize themselves with the inter-relationship of accounting with excise, customs and service tax and also the ethical considerations involved in the compliance of these laws.

Note – If new legislations are enacted in place of the existing legislations relating to central excise, customs and service tax, the syllabus will accordingly include such new legislations in place of the existing legislations with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State VAT Law.