



**Syllabus revision approved on July 1<sup>st</sup>, 2021  
(Applicable from Winter 2021 Examination)**



## **Certified Financial & Management Accountant Program Syllabus**

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**Certified Financial & Management Accountant Syllabus**

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<b>Sr. No.</b>	<b>Study Level</b>	<b>Subject Code</b>	<b>Subject Title</b>	<b>Class Room Lectures</b>	<b>Credit Hours</b>
	<b>Operational</b>				
1		OL-01	Fundamental of Financial Accounting	60	6
2		OL-02	Commercial Law	50	5
3		OL-03	Business Mathematics and Statistical Inferences	60	6
4		OL-04	Business Economics	50	5
5		OL-05	Business Communication and Presentation Skills	50	5
	<b>Certification</b>				
6		CL-01	Fundamental of Cost and Management Accounting	60	6
7		CL-02	Financial Reporting	60	6
8		CL-03	Business Management and Behavioural Studies	50	5
	<b>Managerial</b>				
9		ML-01	Business Taxation	60	6
10		ML-02	Business & Technology	60	6
11		ML-03	Audit and Assurance	60	6
	<b>Strategic</b>				
12		SL-01	Advance Financial Reporting	60	6
13		SL-02	Advance Financial Management	60	6
			<b>Total</b>	<b>740</b>	<b>74</b>

# **CERTIFIED FINANCIAL & MANAGEMENT ACCOUNTANT**

## **COURSE OUTLINE**

### **Operational Level**

#### **OL-01 Fundamentals of Financial Accounting**

##### **PART - A**

##### **Conceptual, System and Regulatory Framework**

1. Accounting Nature and Objectives
  - ♣ Financial Accounting definition & objectives,
  - ♣ Cost Accounting definition & Objectives
  - ♣ Management Accounting definition & Objectives
  - ♣ Difference between financial accounting and cost and management accounting
2. Introduction to Financial Accounting
  - ♣ Explain the meaning and identify the examples of the following terms
  - ♣ Capital
  - ♣ Assets
  - ♣ Liabilities
  - ♣ Expenditures (Capital & Revenue)
  - ♣ Revenue
  - ♣ Accounting Equation

- ♣ Understand and explain the accounting equation
- 3. Accounting Regulatory Framework
  - ♣ Define Company Law
  - ♣ Define types of companies as per Company Laws i.e., private and public limited, listed and non-listed companies etc. Guarantee limited company, single Member Company
  - ♣ IAS, IFRS
  - ♣ Define IAS/ IFRS and its role
  - ♣ Explain purpose of implementation company laws, IAS, IFRS in Financial reporting
  - ♣ Accounting bodies
  - ♣ Identify and understand the role of regulatory bodies i. e, IFRS Foundation (IFRSF), the International Accounting Standards Board (IASB), the IFRS Advisory Council (IFRS AC) and the IFRS Interpretations Committee (IFRS IC)
- 4. Accounting Concepts and Conventions
  - ♣ Accounting Concepts & Principles (Going Concern, Accruals, Prudence, Consistency, Materiality, Substance over form, Business Entity, Money Measurement)
  - ♣ Cost and Values (Historical Cost Convention, Theory of Capital Maintenance, Current Purchasing Power Accounting, Current Cost Accounting, Fair Value, Value to the business)

## **PART - B**

### **Accounting Systems and Accounts Preparation**

- 5. Source Documents and Books
  - ♣ Identify various Source Documents (Sale & Purchase Order, Credit & Debit Note, GRN) and explain its purpose
  - ♣ Books (Sale day book, Purchase day book, Sales Return day book, Purchase Return day book, Cash book, Petty Cash book)
  - ♣ Concepts and layout
  - ♣ Recording of transaction in books and posting the item in the ledger accounts. 6. Double Entry and Ledger Accounting
  - ♣ Principles of double entry bookkeeping
  - ♣ Journal
  - ♣ Nominal Ledger
  - ♣ Posting from day book to nominal ledger and balance off ledger account
  - ♣ Sales and Purchase accounts, including personal accounts and Control accounts
- 7. Trial balance and Financial statements
  - ♣ Trial Balance

- o Need and objective of trial balance
  - o Preparing of trial balance
  - o Need and recording of adjustments
  - o Preparing of Adjusted trial balance
  - ♣ Income Statement, Balance Sheet/Statement of Financial Position
    - o Preparation of basic layout off financial statement and Illustrate some example of financial statements
  - ♣ Accounts Coding System-Define chart of accounts
8. Accruals and prepayments
- ♣ Accruals and Prepayments
    - o Prepare journal and adjusting entries of accruals and prepayments
    - o Explain the matching concept with related to accruals and prepayments
    - o How the amount of accruals and prepayments are depicted in financial statements?
9. Tangible non-current assets
- ♣ Depreciation
    - o Purpose of charging depreciation
    - o Methods of calculating depreciation (Straight line, reducing balance and sum of year's digit)
    - o Compute depreciation where any changes are made in estimated life and value of assets
  - ♣ Accounting treatment of the following:
    - o Re-valuation of non-current assets (Reversal of revaluation is excluded)
    - o Non-current asset disposal o Non-current asset register
10. Intangible non-current assets
- ♣ Accounting treatment of Intangible Assets
  - ♣ Research and Development Cost
    - o Define research and development cost
    - o Identify the treatment of research and development cost
11. Bad debts and allowances for receivables
- ♣ Sales and Accounting Concepts
  - ♣ Concept of debtor's age analysis
  - ♣ Bad and Doubtful Debts o Nature and purpose of bad and doubtful debts o General entries and aging analysis
  - ♣ Bad Debts Recovered
12. Provisions and Contingencies

- ♣ Categorization of liabilities (current and non-current liabilities)
  - ♣ Cash and Credit Purchases
  - ♣ Define, differentiate and classify Provisions, Contingent liabilities and Assets
13. Accounting for Inventories
- ♣ What is inventory or stock?
  - ♣ Its types; Raw Materials, Work in progress, Finished goods
  - ♣ Valuation of inventory as per IAS 2
  - ♣ Lower of cost or NRV
  - ♣ Valuation of Cost of sales and closing stock under FIFO, LIFO and AVCO (Both periodic and perpetual)
  - ♣ Stock and Work -in-progress
  - ♣ Accounting for Stocks - closing stock
  - ♣ Ledger Accounts for stock
  - ♣ Physical Count
  - ♣ Impact of inventory on Statement of Profit or Loss and Statement of Financial Positions from Trial Balance
14. Accounting for Sales Tax
- ♣ Principles of Sales Tax (input tax, output tax and net tax)
  - ♣ Bookkeeping Entries for Sales Tax
  - ♣ Define Standard Rated, Zero Rated and Exempt Supplies and impact of zero rated and exempted supply in sales tax.
15. Accounting for Payroll
- ♣ Define Wages and Salaries (Calculation of wages under piece rate and hourly based system is excluded)
  - ♣ Concept of Gross wages, deductions and net wages
  - ♣ Accounting entries of Wages from the Employee's Viewpoint
  - ♣ The Wages Book
  - ♣ Accounting for Payroll
16. Bank Reconciliation's
- ♣ Concept of Cash book, single column, double column and triple column cash book
  - ♣ Understanding of Bank statement and basic concepts
  - ♣ Reasons of differences between cash book balance and bank statement balance
  - ♣ Identifying differences in balances by ticking
  - ♣ Preparation of revised cash book
  - ♣ Preparation of bank reconciliation statement

- ♣ Concept of which balance to be shown in statement of financial position

17. Control accounts

- ♣ ledger Accounts and the Division of the ledger Understanding of Control Accounts
- ♣ Use of Control Accounts
- ♣ Purchase and Sale Day Books (Define and recording of transaction)
- ♣ Control Accounts Reconciliation

18. Correction of Errors

- ♣ Types of Errors
- ♣ Suspense Accounts
- ♣ Correcting Entries
- ♣ Impact of correction of errors on financial statements

**PART - C**

**Final Accounts**

19. Sole traders' accounts
  - ♣ Chart of Accounts
  - ♣ Preparation of Financial Statements
20. Company accounts
  - ♣ Types of Limited Company
  - ♣ Company Finance(Define concept)
  - ♣ Financial Statements (extract of financial statement showing form of capita finance)
  - ♣ Issuance of Shares Reserves(Define the concept)
  - ♣ Financial Statements of Companies
21. Manufacturing accounts
  - ♣ Preparation of Manufacturing Accounts
22. Incomplete records
  - ♣ Incomplete Records: Basic Approach
  - ♣ Cash and Bank Transactions
  - ♣ Using Ratios and Percentages (Find out missing figures by using profit percentages)
  - ♣ Preparation of Financial Statements
23. Income and expenditure accounts
  - ♣ Format of Income and Expenditure Accounts
  - ♣ Preparation of Income and Expenditure Accounts
  - ♣ Special Funds (Define Special funds i.e. capital fund, donation, annual subscription, life membership fees)
  - ♣ Preparation of Financial Statements
  - ♣ Interpretation of Accounts
24. Statements of cash flows
  - ♣ Format of a Statement of Cash Flows
  - ♣ Preparation of a statement of Cash Flows by Direct and Indirect Method
  - ♣ Uses of Statement of Cash Flows
25. Financial Ratios
  - ♣ Analysis of Accounting Statements and Use of Ratios
  - ♣ Liquidity, Working Capital and Solvency Ratios
  - ♣ Financial Gearing



- ♣ Investor Ratios
- ♣ Possible Drawbacks of Ratio Analysis
- ♣ Appraising the Position and Prospects of a Business

## **OL-02      COMMERCIAL LAW**

### **PART – A**

1. Introduction to Legal System of Pakistan
  - ♣ Need of study of law
  - ♣ Sources of law
  - ♣ System of court
  - ♣ Doctrine of precedent
  - ♣ Pakistan's law-making authority

### **PART - B**

2. The Contract Act, 1872
  - ♣ Contract and its kinds
  - ♣ Offer and acceptance
  - ♣ Consideration and object
  - ♣ Capacity of parties
  - ♣ Free consent
  - ♣ Void agreements
  - ♣ Contingent and quasi contracts
  - ♣ Performance of contract
  - ♣ Discharge of contract
  - ♣ Remedies for breach of contract
  - ♣ Indemnity and guarantee
  - ♣ Bailment and pledge
  - ♣ Contract of agency
3. Sales of Good Act, 1930
  - ♣ Contract of sale of goods
  - ♣ Conditions and warranties
  - ♣ Transfer of property
  - ♣ Performance of contract of sale
  - ♣ Rights of unpaid seller

4. Partnership Act, 1932
  - ♣ Definition and essential features
  - ♣ Merits and demerits
  - ♣ Kinds of partners including clauses related to minor partner
  - ♣ Difference between partnership and co-ownership
  - ♣ Formation of partnership
  - ♣ Types of partnership
  - ♣ Registration of firms and effect of nonregistration
  - ♣ Rights, duties and liabilities of partner
  - ♣ Implied authority and non-implied authority of partner
  - ♣ Re-constitution of a firm (incoming & outgoing partners)
  - ♣ Modes of dissolution of a firm;
5. Negotiable Instrument Act, 1881
  - ♣ Negotiable instrument
  - ♣ Parties to negotiable instrument
  - ♣ Presentment of negotiable instrument
  - ♣ Negotiation of negotiable instrument
  - ♣ Dishonor of negotiable instrument
  - ♣ Banker and customer

**PART – C**

6. PPRA Ordinance, 2002 (Public Procurement Regulatory Authority)
  - ♣ Chapter I.-Preliminary
  - ♣ Chapter II.-Establishment of Authority
  - ♣ Chapter III .-Management And Administration Of The Authority
  - ♣ Chapter IV.-Financial Provisions
  - ♣ Chapter V.-Regulatory and Other Provisions.
  - ♣ Chapter VI.-Miscellaneous
7. PPRA Rules,2004
  - ♣ Short title and commencement.
  - ♣ General Provisions
  - ♣ Procurement planning
  - ♣ Procurement Advertisements
  - ♣ Pre-Qualification, Qualification and Disqualification of Suppliers and Contractors

- ♣ Methods of Procurement
- ♣ Opening, Evaluation and Rejection of Bids
- ♣ Acceptance of Bids and Award of Procurement Contracts
- ♣ Maintenance of Record and Freedom of Information
- ♣ Redressal of Grievances and Settlement of Disputes

## **OL-03 BUSINESS MATHEMATICS & STATISTICAL INFERENCE**

### **PART – A**

#### **BUSINESS MATHEMATICS**

1. Basic Mathematical Techniques
  - ♣ Integers, Fractions and Decimals
  - ♣ Order of Operations
  - ♣ Percentage and Ratios
  - ♣ Roots and Powers
  - ♣ Errors
2. Formulae and Equations
  - ♣ Introduction
  - ♣ Manipulating Inequalities
  - ♣ Linear Equations, Linear Equations and Graphs, Simultaneous Equations
  - ♣ Non-Linear Equations, Progressions
  - ♣ Arithmetic Progression
  - ♣ Geometric Progression (nth Terms and Sum)
  - ♣ Matrices (Definition Sum and multiplication of two matrices)
  - ♣ Use in Solving simultaneous, equators, Cramer's rules
  - ♣ Linear programming, Properties and using of programming for maximization of profit and minimization of cost.
3. Derivatives
  - ♣ Concept of Derivative and differentiation
  - ♣ Basic Rules of differentiation
  - ♣ Instantaneous rate of change
  - ♣ Derivatives, Maxima and Minima & Point of Inflection
4. Compounding and Discounting
  - ♣ Simple Interest, Compound Interest, Equivalent Rates of Interest
  - ♣ Regular Savings and Sinking Funds

- ♣ Loan and Mortgages
- ♣ Concept of Discounting
- 5. Basic Investment Appraisal
  - ♣ Net Present Value (NPV) Method
  - ♣ Internal Rate of Return (IRR) Method
  - ♣ Annuities and Perpetuities
  - ♣ Linking Compounding and Discounting
  - ♣ Using Spread sheet (Define Spread sheet, need to use of spread sheet, Define work book, work sheets and type of cell contents)
  - ♣ Shareholder Value (define shareholder value and identify financial objectives to maximize shareholders wealth)

**PART – B**

**STATISTICS AND STATISTICAL INFERENCE**

- 6. Data and Information
  - ♣ Introduction, Characteristics of Good Information, Data Type (Qualitative and Quantitative data, primary and secondary data, discrete and continuous data)
- 7. Collection and Presentation of data
  - ♣ Tables, Charts, Frequency Distribution, Histograms, Ogives, Scatter Diagram
- 8. Averages
  - ♣ Arithmetic Mean, Harmonic mean, Geometric mean, Mode, Median
- 9. Dispersion
  - ♣ Range
  - ♣ Quartiles and Quartile Range and Quartile deviation or the Semi-Quartiles Range
  - ♣ Mean Deviation
  - ♣ Variance and Standard Deviation
  - ♣ Coefficient of Variation
  - ♣ Skewness
- 10. Correlation and Linear Regression
  - ♣ Correlation
  - ♣ Correlation Coefficient and Coefficient of determination
  - ♣ Spearman's Rank Correlation Coefficient
  - ♣ Lines of Best Fit
  - ♣ Scatter Graph Method
  - ♣ Linear Regression Analysis

- ♣ Using Spreadsheets (Characteristics of a useful spread sheets, Advantage and disadvantage of spread sheets, inserting formula in excel, explain formula with conditions)
11. Index numbers
- ♣ Basic Terminology
  - ♣ Index Relatives
  - ♣ Time Series of Index Relatives
  - ♣ Time Series Deflation
  - ♣ Composite Index Numbers
  - ♣ Weighted Index Numbers
  - ♣ Retail Price Index for Pakistan
12. Probability
- ♣ Concept of Probability and counting techniques (including multiplication rules of counting, combinations, permutations, etc))
  - ♣ Rules of Probability
  - ♣ Expected Values
  - ♣ Expectation and Decision Making
13. Normal distribution
- ♣ Probability Distributions (Discrete and continuous)
  - ♣ Normal Distribution
  - ♣ Standard Normal Distribution
  - ♣ Binominal of passion distribution
  - ♣ Hyper geometric distribution
  - ♣ Using Normal Distribution to Calculate Probabilities
  - ♣ Pareto Distribution and 80:20 Rule
14. Estimation & Testing
- ♣ Confidence Interval Z and T test for single population mean
  - ♣ Testing hypothesis Z and T test for single population mean
  - ♣ Chai square distribution
15. Sampling & Sampling Frequency Distribution
- ♣ Sampling Frequency Distribution with & without replacement for sample size 2 and 3
  - ♣ Random and Non-Random Sampling
  - ♣ Sampling Frequency distribution for proportion
16. Forecasting - Time series

- ♣ Components of Time Series (Define time series and identify its examples, preparing time series graphs and identifying trends)
- ♣ Finding the Trend (Methods, prepare trend equation using graphical means or regression analysis)
- ♣ Finding the Seasonal Variations (Define Season variations, finding the seasonal components using additive and multiplicative models)
- ♣ Forecasting (Define forecasting, forecasting using linear regression analysis)
- ♣ Limitation of Forecasting Models

## **OL-04 BUSINESS ECONOMICS**

### **PART - A**

1. Nature and Scope of Economics
  - ♣ Definition of Economics
  - ♣ Allocation of scarce resources and wants,
  - ♣ Micro VS Macro
  - ♣ Terminology of Economics; land, labor, capital and enterprise
  - ♣ Basic economics school of thoughts, Classical, new classical and modern school of thought
  - ♣ Major economics system of the world capitalism, socialism and Islamic
  - ♣ Concept of Opportunity Cost and Production Possibility Curve.
2. Consumer's Behaviour and Its Analysis
  - ♣ Utility and its kinds
  - ♣ Law of Diminishing Marginal Utility
  - ♣ Consumer's equilibrium through Indifference Curves Techniques
  - ♣ Income Effect, Price Effect and Substitution Effect
  - ♣ Consumer's surplus.
3. Organization
  - ♣ Form of Organization:
    - o Define Organization
    - o Need of Organization
    - o Private and public sector organization
  - ♣ Types of Not-for-Profit Organization:
    - o Define Profit seeking Organizations, not-for-profit organizations,
    - o Distinguish the goals of profit seeking organizations and not-for-profit organisations
    - o Internal and external Stakeholders Role in setting Organization Goals

- ♣ Goal comparison between Managers and Shareholders
  - ♣ Define Principle agent and Issues related to Principle Agent
4. Return to Shareholders
- ♣ Return on Short Run Measures
  - ♣ Return on Long Run Measures
  - ♣ Risk and Return- the required rate
  - ♣ Impact of Financial Performance on Share Prices
5. Demand & Supply Analysis
- ♣ Definition of Market
  - ♣ Concept and law of Demand Curve
  - ♣ Concept and law of Supply Curve
  - ♣ Formation of Equilibrium price
  - ♣ Short Run and Long Run Equilibrium Price
6. Price Elasticity
- ♣ Calculation of Price Elasticity of Demand
  - ♣ Impact of Price Elasticity of Demand
  - ♣ Influences on Price Elasticity of Demand
  - ♣ Calculation of Price Elasticity of Supply
  - ♣ Influences on Price Elasticity of Supply
7. Price Instability and Government Measures
- ♣ Reasons for Price Instability in Markets for Primary Goods
  - ♣ Implications of Price Instability for Producer Incomes and Supply
  - ♣ Price Stabilization Policies
  - ♣ Minimum and Maximum Pricing Policies in Good Markets
  - ♣ Minimum and Maximum Pricing Policies in Factor Markets
8. Cost Behaviour
- ♣ Types of Cost
  - ♣ Short Run Cost Behaviour
  - ♣ Long Run Cost Behaviour
  - ♣ Impact of Long Run Costs on Industry Structure
  - ♣ Isocost and isoquant concepts
9. Profit Maximization
- ♣ Cost Volume Profit Analysis

- ♣ Profit Maximization- Graphical Approach
  - ♣ Profit Maximization- Numerical Approach
  - ♣ Influence of e-business on Cost and Market Behaviour:
    - o Effects on organizations due to e-business
    - o Impact of e-business on transaction costs and pricing decisions
  - ♣ Influence of Globalization on Cost and Market Behaviour
    - o Emerging Market opportunities due to globalization
    - o Impacts of globalization (e.g. industrial relocation, emergence of growth markets, enhanced competition, cross-national business alliances and mergers, widening economic divisions between countries)
10. Competition, Market Effects and Government Measures
- ♣ Methods of Business Integration
  - ♣ Measures of Market Competition and Concentration
  - ♣ Effects of Monopoly and Collusive Practices
  - ♣ Competition Policy
  - ♣ Nature of Externalities
  - ♣ Government Measures to deal with Externalities

**PART - B**

11. Functions of the Financial System
- ♣ Finance for Consumers
  - ♣ Finance for Firms
  - ♣ Finance for Government
  - ♣ Role and Functions of Financial Intermediaries
12. Domestic Institutions and Markets
- ♣ Commercial Banks and Credit Creation
  - ♣ Yield on Financial Instruments
  - ♣ Role of Central Banks
  - ♣ Influence of Central Bank over Financial Markets
  - ♣ Global Banking Crises-Basic Concept only
13. Foreign Exchange Markets
- ♣ About Foreign Exchange Markets
  - ♣ Factors Influencing Exchange Rates
  - ♣ Government Policies on Exchange Rates



14. Macroeconomic: Trade Cycle
  - ♣ Factors affecting National Income
  - ♣ Circular Flow of Income
  - ♣ Stages in the Trade Cycle
  - ♣ Impact of the Trade Cycle on Business Environment
  - ♣ Multiplier effect
15. Macroeconomic:  
The Role of Government
  - ♣ Government Macroeconomic Policy Goals
  - ♣ Elements of Public Finance
  - ♣ Unemployment
  - ♣ Inflation
  - ♣ Fiscal Policy
  - ♣ Monetary Policy
  - ♣ Supply side Policies
16. International Context
  - ♣ About Balance of Payment
  - ♣ Causes of imbalance in the balance of Payment
  - ♣ Policies to eliminate current account deficits
  - ♣ Terms of Trade
  - ♣ Role of Global Financial Institutions
  - ♣ Nature and Causes of Globalization
  - ♣ Trade Agreements and Trade Blocks
  - ♣ Impacts of Globalization

## **OL-05 Business Communication and Presentation Skill**

### **A Concepts**

1. Introduction to business communication
  - ♣ Define business communication
  - ♣ Describe with simple examples the goals, patterns (formal and informal), and channels of business communication.
2. Communication process
  - ♣ Define “communication process”
  - ♣ Explain and illustrate the components of the communication process, namely: context, sender, message, medium, recipient and feedback

- ♣ Identify the information needs of the organisation and its sources, levels and usefulness for effective communication
  - ♣ Explain with simple examples the barriers to effective communication
  - ♣ Describe different methods of communication and also state its appropriate medium
  - ♣ Classify different types of communication networks and describe their influence on the communication process within an organisation.
3. Seven C's of effective communication
- ♣ Describe with simple examples the seven C's of effective communication
  - ♣ Identify weaknesses in a given simple communication process applying the Seven C's concept and suggest corrections.

**B Intra-personal and Inter-personal skills**

1. Nature of Intra-personal communication
- ♣ Develop an awareness and appreciation of the importance of intra-personal communication
  - ♣ Identify the basic aspects of intra-personal communication including self-concept, perception and expectation.
2. Nature of Interpersonal communication
- ♣ Identify the axioms of interpersonal communication
  - ♣ Specify the purposes of interpersonal communication
  - ♣ Determine the role of stereotypes in the communication process
  - ♣ Identify the role of communication conflict in intercultural relationships
  - ♣ Explain the key ways to improve interpersonal skills
  - ♣ Identify the elements and traits of ethics in interpersonal communication.
3. Critical Thinking
- ♣ Explain the difference between creative thinking and critical thinking
  - ♣ Assess the effect of critical thinking over communication.
4. Non-verbal communication
- ♣ Identify forms of non-verbal communication including facial expressions, posture, gestures, eye contact, voice and touch
  - ♣ Explain the uses of non-verbal messages.
5. Verbal communication
- ♣ Contrast between oral and written communication
  - ♣ Explain and account for the basic forms of oral communication including face to face communications, interviews, telephone conversations, grapevine, negotiations, meetings and lecture/speech
  - ♣ Contrast between speaking and listening skills

- ♣ Develop a personal, constructive approach to dealing with conflict situations through speech communication strategies of conflict resolution
  - ♣ Explain the principles of preparing and delivering an effective public speech
  - ♣ Explain the importance of listening in effective business communication
  - ♣ Describe types and barriers to listening.
6. Visual communication
- ♣ Assess the role of visual communication in simplifying and comparing information and illustrating trends and ideas.
7. Written communication
- ♣ Classify the types of business letters and circulars
  - ♣ Determine the qualities of an effective letter and circular
  - ♣ Describe the different components of business letter
  - ♣ Explain the salient features of persuasive letters and circulars
  - ♣ State the meaning and purpose of a short business report
  - ♣ Describe the contents of a business report
  - ♣ Differentiate between different types of reports
  - ♣ Explain the contents of different types of reports.

## **C Communication via the internet**

1. Website hosting (types and services)
- ♣ State meaning, types and services of web hosting.
2. Types of electronic communication
- ♣ Explain the main features and practical use of social networking forums, blogs, podcasting, discussion boards, messaging, video conferencing and email
  - ♣ Discuss the benefits and limitations of various types of electronic communication.

## **Certification Level**

### **CL-01 FUNDAMENTALS OF COST & MANAGEMENT ACCOUNTING**

#### **PART – A**

#### **The Nature, Source and Purpose of Management Information**

1. Introduction to costing and performance measurement
  - ♣ Financial, Cost and Management Accounting Concepts
  - ♣ The Concepts of Cost
  - ♣ Cost Classification
  - ♣ Cost Classification for Inventory Valuation and Profit Measurement
  - ♣ Cost Classification for Control
  - ♣ Performance Measurement
  - ♣ Shareholder Value and Environmental and Social Concerns
2. Introduction to Management Accounting
  - ♣ What is management accounting
  - ♣ Definitions
  - ♣ The changing role of management accounting
  - ♣ Data and information
  - ♣ The purpose of management information
  - ♣ Sources and categories of information
  - ♣ CFMA and its role in management accounting
3. Sources of data
  - ♣ Types of Data
  - ♣ Sources of Data
  - ♣ Secondary Data
  - ♣ Sampling
  - ♣ Sampling Method
4. Cost classification
  - ♣ Total Product/Service costs
  - ♣ Direct Costs and Indirect Costs
  - ♣ Functional Costs
  - ♣ Fixed Costs, Variable Costs, semi-variable & Step fixed Cost

- ♣ Production and Non-Production Costs
  - ♣ Cost Codes
  - ♣ Cost Units, Cost Objectives and Responsibility Centres
5. Cost Behaviour
- ♣ Cost behaviour and levels of activity
  - ♣ Graphical representation of different types of costs
  - ♣ Cost behaviours patterns
  - ♣ Determining the fixed and variable elements of semi-variable costs and High and Low point method
  - ♣ Linear Equations and Graphs

## **PART - B**

### **Cost Accounting Systems**

6. Accounting for Materials
- ♣ What is inventory control
  - ♣ Ordering, Receipt and Issue of Raw Materials (Re-Order Level, Maximum level, minimum level danger level)
  - ♣ Storage of Raw Materials
  - ♣ Inventory Control Levels
  - ♣ Economic Order Quantity Model
  - ♣ ABC Controls for inventory)
  - ♣ Accounting for Material Costs
  - ♣ Inventory Valuation
  - ♣ FIFO (First in First out)
  - ♣ LIFO(Last in First out)
  - ♣ AVCO (Average Cost)
7. Accounting for Labour
- ♣ Classification of Labor Direct and indirect labor
  - ♣ Measuring labour activity
  - ♣ Remuneration methods (time-based systems, piecework systems and individual and group incentive schemes)
  - ♣ Treatment and calculation of Overtime and idle time
  - ♣ Recording labour costs
  - ♣ Labour turnover
  - ♣ Accounting for labour costs

8. Accounting for Overheads
- ♣ Classification and collection of Overheads
  - ♣ Overhead absorption rates and basis of absorption
  - ♣ Overhead allocation
  - ♣ Overhead apportionment and reapportionment
  - ♣ Overhead absorption
  - ♣ Blanket absorption rates and departmental absorption rates
  - ♣ Over and under absorption of overheads

**PART - C**

**Cost Accounting Techniques and Methods**

9. Absorption and Marginal costing
- ♣ Absorption Cost
  - ♣ Marginal Cost and Marginal Costing
  - ♣ Difference between marginal and absorption costing
  - ♣ Principle of Marginal Costing
  - ♣ Marginal Costing and Absorption Costing and the calculation of profit and inventory under both the methods
  - ♣ Reconciling Profit
  - ♣ Marginal Costing versus Absorption Costing
10. Job, Batch and Service costing
- ♣ Costing Method
  - ♣ Job Costing
  - ♣ Batch Costing
  - ♣ Service Costing
11. Process costing
- ♣ The basics of process costing
  - ♣ Losses in process costing
  - ♣ Losses with scrap value
  - ♣ Losses with a disposal cost
  - ♣ Valuing closing work in progress
  - ♣ Valuing opening work in process: FIFO method
  - ♣ Valuing opening work in progress weighted average cost method
12. Process costing, joint products and by products
- ♣ Joint products and by- products

- ♣ Dealing with common costs
- ♣ Joint products in process accounts
- ♣ Accounting for by products
- ♣ Methods of Allocation of joint cost

## **PART - D**

### **Standard Costing**

#### 13. Standard costing

- ♣ Standard costing (Explain standard costing using examples)
- ♣ Preparation of standards
- ♣ Uses of standard costing
- ♣ Other aspects of standard costing (Purpose and Limitations of standard costing) 14. Variance analysis
- ♣ Variances
- ♣ Direct material variances (Total, Price and usage variance)
- ♣ Direct labor variances (total, rate and efficiency variance)
- ♣ Variable overhead variances (total, expenditure and efficiency variance)
- ♣ Fixed overhead variances (total, expenditure, volume, capacity and efficiency variance)
- ♣ Reasons for cost variances
- ♣ Sales variances (Price and Volume Variances)
- ♣ Operating statements
- ♣ Deriving actual data from standard cost details and variances
- ♣ Inter-relationships between variances

## **CL-02 FINANCIAL REPORTING**

### **A Preparation of financial statements in accordance with IFRS and its interpretation**

1. IAS 1 Preparation of financial statements (preparation of statement of changes in equity only)
  - ♣ Prepare statement of changes in equity in accordance with the guidance in IAS 1 from data and information provided
2. IAS 7 Preparation of statement of cash flows (other than consolidated statement of cash flow)
  - ♣ Demonstrate
  - ♣ Calculate changes in working capital to be included in the operating activities

- ♣ Compute items which are presented on the statement of cash flows other than consolidated statement of cash
- ♣ Prepare a statement of cash flows of a limited company in accordance with IAS 7
- 3. Interpretation of financial statements and ratio analysis including limitations of financial statement and ratio analysis
  - ♣ Compute the following ratios:
    - Current ratio
    - Acid-test ratio/quick ratio
    - Gross profit
    - Return on equity
    - Return on assets
    - Return on capital employed
    - Debt-equity ratio
    - Inventory turnover
    - Debtor turnover
    - Creditor turnover
  - ♣ Interpret the relationship between the elements of the financial statements with regard to profitability, liquidity, efficient use of resources and financial position.
  - ♣ Draw conclusions from the information contained within the financial statements for appropriate user (Preparation of financial statements is not required from the ratios provided / calculated).
  - ♣ Understand the limitation of financial statements and ratio analysis.

**B Preparation of income & expenditure account, accounts from incomplete records and manufacturing account**

1. Accounting for non-profit organization / Income and expenditure account
  - ♣ Prepare simple income and expenditure account using data and information provided.
2. Preparation of accounts from incomplete records
  - ♣ Understand situations that might necessitate the preparation of accounts from incomplete records (stock or assets destroyed, cash misappropriation or lost, accounting record, destroyed etc.)
  - ♣ Understand and apply the following techniques used in incomplete record situations:
    - Use of the accounting equation
    - Use of opening and closing balances of ledger accounts
    - Use of a cash and / or bank summary
    - Use of markup on cost and gross and net profit percentage.



3. Maintenance of factory ledger and related accounting entries and preparation of manufacturing account.
  - ♣ Explain the scope of cost accounting and managerial accounting and compare them with financial accounting.
  - ♣ Explain using examples the nature and behaviour of costs
  - ♣ Identify and apply the concept of fixed, variable, and semi variable costs in given scenarios.
  - ♣ Identify and apply the concept of direct and indirect material and labour cost in given scenarios and differentiate them from overhead expenditure.
  - ♣ Understand cost accounting cycle and factory ledger of a manufacturing unit.
  - ♣ Post journal entries in factory ledger.
  - ♣ Prepare manufacturing account using given data.

### **C Other areas of IFRS**

1. The conceptual framework for financial reporting
  - Recognition and measurement of the elements of financial statements
  - Concepts of capital and capital maintenance
  - ♣ Recognize and measure elements of financial statements
  - ♣ Apply concepts of financial reporting, capital and capital maintenance.
2. IAS 16 Property, plant and equipment (revaluation and disclosure)
  - ♣ Present property, plant and equipment after recognition under revaluation model using data and information provided.
  - ♣ Compute depreciation for assets carried under revaluation models using information provided.
  - ♣ Account for de-recognition of property, plant and equipment recognised earlier under revaluation methods
  - ♣ Understand the disclosure requirements and prepare extracts of necessary disclosures.
3. IAS 20 Accounting for government grants and disclosure of government assistance
  - ♣ Understand accounting and disclosure for government grants.
  - ♣ Understand disclosure for government assistance.
4. IAS 23 Borrowing Costs
  - ♣ Discuss and understand accounting treatment for borrowing cost
  - ♣ Identify and account for borrowing costs in accordance with IAS 23
  - ♣ Disclose borrowing costs in financial statements
5. IAS 36 Impairment of Assets (other than cash-generating units CGU)

- ♣ Identify and assess the circumstances when the assets may be impaired (other than cash-generating units CGU).
- ♣ Discuss the measurement of recoverable amount
- ♣ Account for the related impairment expenses
- 6. IAS 40 Investment Property (other than lease issues)
  - ♣ Apply the requirements of IAS 40 in respect of recognition and measurement (excluding lease issues)
- 7. IFRS 15 Revenue from Contracts with Customers
  - ♣ Describe and apply the principles relating to accounting and reporting of revenue arising from the following contracts with customers:
    - sale of goods;
    - rendering of services

## **CL-03 BUSINESS MANAGEMENT AND BEHAVIORAL STUDIES**

### **A Management Concepts**

1. Meaning
  - ♣ Define the terms leadership and management; their nature and purpose
  - ♣ State the difference between Managers and Leaders using examples
  - ♣ Describe the classification of management roles enunciated by Henry Mintzberg.
  - ♣ Describe the major aspects of managerial work: planning, organising, leading and controlling.
2. Functions
  - ♣ Illustrate management model and explain the functions of management
  - ♣ Describe the roles and skills of management
  - ♣ Integrating managerial levels, roles and skills.
3. Classical Approach
  - ♣ Describe the principles of scientific management stated by Fredrick Taylor
  - ♣ Explain the key principles of management by Fayol and Urwick
  - ♣ Explain theories of management by Weber, Rosemary Stewart and Elton Mayo
  - ♣ Discuss the criticism on scientific management and classical approach to management
  - ♣ List the characteristics of bureaucratic organisations and discuss criticism on this form of management
  - ♣ Discuss theories of management presented by Peter Drucker, Rosabeth Moss Kanter and Mintzberg.
4. Behavioural Approach

- ♣ Discuss the Hawthorne experiments on human relation approach, their significance and implications
  - ♣ Discuss critically the relevance of these experiments for management and organisational behaviour
  - ♣ Discuss Theory X, Theory Y and Theory Z including their implications and differences.
5. Management Science Approach
- ♣ Explain the effects of operations research in business sciences
  - ♣ Discuss management skills involving time and stress management, innovations and creativity, communications, mentoring and leadership.
6. External factors – Competitors, suppliers, labour, customers
- ♣ Describe the direct and indirect interactive forces including political, legal health and safety and consumer protection forces may affect the organisational environment.
7. General environment - Political, legal, technological, economic, social
- ♣ Explain how the external forces affect the organisational environment using examples
  - ♣ Explain how social, demographic, ecological and competitive factors would impact business environment.

## **B Organisational process**

1. Organisational structure - principles of organisation, different ways of structuring organisation
- ♣ Explain the role of vision & mission in an organisation
  - ♣ Explain the meaning and nature of organisational structure
  - ♣ Describe the different types of organisations and their distinguishing features
  - ♣ Identify the different stakeholders who have interests in business firms
  - ♣ Describe the features of matrix functional, divisional and virtual organisations and their salient features
  - ♣ Explain the contingency theory of organisation structure including Burns & Stalker mechanistic and organic structure and
  - ♣ Mintzberg's five building blocks for organisational Configuration with the examples of six organisation configuration
  - ♣ Advantages and limitations of each type of organisational structure.
2. Organisational change - nature of change process, resistance to change
- ♣ Identify and explain the external forces creating changes in the performance of organisations
  - ♣ Describe the process of organisational change
  - ♣ Explain the forms of reaction to change

- ♣ Discuss managing strategic change including change management, change levers and management skills.
  - ♣ Explain Lewin's force field analysis, Lewin's three step approach, the change agent, Gemini 4 Rs and Mckinsey's 7s approach.
3. Organisational culture - concept, dysfunctional aspect of culture
- ♣ Describe organisational culture using examples
  - ♣ Discuss using examples the different levels of organisational culture
  - ♣ Describe the types of cultures and their efficacies in the context of performances of organisations.

**C Individual Behaviour and Motivation**

1. Perception
- ♣ Explain perception and perception process and their effects
  - ♣ Discuss using examples the difference between sensation and perception
  - ♣ Discuss using examples the Perceiver (internal factors) and Perceived (external factors) and their characteristics that affect perceptual selectivity
  - ♣ Analyse the perceptual problems/distortions in dealing with other people like stereotyping and halo effect, etc.
2. Attitude
- ♣ Define attitude and its components with reference to organisational cultures
  - ♣ Discuss the differences between cognitively based attitudes and affectively based attitudes
  - ♣ Describe the difference between implicit and explicit attitudes
  - ♣ Discuss cross-cultural differences in the bases for attitudes
  - ♣ Explain the relationship between attitude and behaviour.
3. Job satisfaction and stress
- ♣ Explain by offering examples meaning and outcomes of job satisfaction
  - ♣ Identify the measures to enhance satisfaction
  - ♣ Describe stress and identify the causes of job stress
  - ♣ Explain using examples the general categories of stressors or triggers of job stress that can affect performance
  - ♣ Identify consequences of stress and strategies in order to cope up with stress.
4. Maslow need hierarchy model
- ♣ Describe using examples motivation
  - ♣ Explain Maslow's need hierarchy theory
  - ♣ Explain strengths and problems in the application of Maslow's theory.
5. Herzberg's Two-Factor Theory

- ♣ Explain Herzberg's Two Factor theory of motivation and major criticism thereon
6. McClelland's Theory of Needs
    - ♣ Explain the three motivational needs theory presented by McClelland
    - ♣ State the difference between intrinsic and extrinsic motives.
  7. Goal setting
    - ♣ Explain the major dimensions of goal setting theory
    - ♣ Explain why and how goals contribute to self-motivation
    - ♣ Describe how to set effective goals and the problems encountered in setting goals.
  8. Management by objective
    - ♣ Explain the basic steps of the overall performance system of MBO.
  9. Self-efficacy
    - ♣ Define the term self-efficacy
    - ♣ Demonstrate understanding of the concepts of high self-efficacy and low self-efficacy.
  10. Reinforcement
    - ♣ Describe law of effect using relevant examples
    - ♣ Describe the concept of reinforcement as used in behavioural management
    - ♣ Describe positive and negative reinforcers using examples.
  11. Equity/organisational justice
    - ♣ Explain organisational justice and three components of the same, namely, distributive, procedural and interactional.
  12. Expectancy
    - ♣ Describe using simple examples Vroom's Expectancy theory and its three elements, namely, expectancy, instrumentality and valence.

## **D Leadership, Negotiation and Conflicts**

1. Type of leadership
  - ♣ Discuss different leadership styles, namely, free-rein, engaging, participative, task oriented and autocratic.
2. Theories of leadership
  - ♣ Discuss using simple examples different theories of leadership, namely, trait theories, Blake and Mouton theory, situational and contingency theories
  - ♣ Discuss Tannenbaum and Schmidt's continuum model of leadership styles
  - ♣ Discuss the various Contingency theories of leadership
  - ♣ Describe the principles and the need for adaptive change.

3. Roles, activities, skills of leaders
  - ♣ Discuss leadership roles and activities
  - ♣ Identify skills needed for effective leadership.
4. Group Dynamics and teamwork - types of groups, group formation, group structure, individual in groups, team work
  - ♣ Explain the differences between groups and teams
  - ♣ Discuss individual and group behaviour at work. Discuss formal and informal group behavior in work settings
  - ♣ Explain and illustrate balance theory of group formation
  - ♣ Describe the concept and stages of team formation, team roles and performances of effective and ineffective teams
  - ♣ Identify and describe stages of group development
  - ♣ List down the factors that increase and decrease group cohesiveness
  - ♣ Explain the ways to make teams more effective.
5. Negotiation skills
  - ♣ Explain various stages of the negotiation process
  - ♣ Describe the different skills of effective negotiators
  - ♣ Describe the roles of mediators, arbitrators, conciliators and consultants
  - ♣ Explain the low risk techniques of negotiation
  - ♣ Explain the high risk techniques of negotiation.
6. Conflict resolution
  - ♣ Discuss the conflict resolution process
  - ♣ Discuss conflicts at the individual and inter-group levels
  - ♣ Discuss the advantages and disadvantages of conflicts in organisations
  - ♣ Explain intra-individual conflict with model of frustration
  - ♣ List some of the physical, psychological and behavioural problems that occur due to conflict.

## **E Management Information Systems**

1. General system concepts of information technology
  - ♣ Demonstrate basic understanding of computer hardware i.e. input, output, storage of information and networking
  - ♣ Understand the concepts of information technology and information systems
  - ♣ Understand the role and types of information systems in business.
2. IT-based transaction processing systems

- ♣ Understand data entry, batch processing, online processing and real time - online processing.
3. IT-based financial reporting systems
    - ♣ Understand IT based financial reporting system.
  4. IT-based order processing and inventory control systems
    - ♣ Understand IT based order processing and inventory control systems.
  5. IT-based personnel systems
    - ♣ Understand IT based personnel systems.
  6. Integrated IT systems
    - ♣ Briefly describe integrated systems, their advantages and disadvantages
    - ♣ Understand main features of Enterprise Resource Planning.

## **Managerial Level**

### **ML-01 BUSINESS TAXATION**

#### **PART - A**

#### **Income Tax**

1. Income Tax Ordinance, 2001
  - ♣ Definitions;
  - ♣ Charge to tax;
  - ♣ Tax on taxable income (computation of income from salary, property, business, capital gains, other sources, exemptions, losses, deductible allowances, tax credits);
  - ♣ Common rules (general, tax year, assets);
  - ♣ Provisions governing persons (concept, individuals, aop, companies);
  - ♣ Special industries (insurance, oil & gas and other mineral deposits);
  - ♣ International (geographical source of income, taxation of foreign source of income of residents, taxation of non-residents, double taxation);
  - ♣ Anti-avoidance;
  - ♣ Minimum tax;
  - ♣ Procedures (returns, assessments, appeals, collection and recovery of tax, payments and deductions, refunds, records and audit, penalty, offence and prosecutions, additional tax);
  - ♣ Administration (general, transitional advance tax provisions, miscellaneous);
  - ♣ Schedules (first schedule, second schedule, third schedule, sixth schedule, seventh schedule).
  - ♣ Special provisions regarding depreciation,
  - ♣ Initial allowance,
  - ♣ Intangibles, pre-commencement expenses,
  - ♣ Scientific research expenditures,
  - ♣ Employees training and facilities,
  - ♣ Profit on debt,
  - ♣ Financial costs and lease payment,
  - ♣ Bad debts,
  - ♣ Provisioning regarding consumer loans,
  - ♣ Profit on non- performing debts,



- ♣ Transfer to participating reserve and tax accounting.
- ♣ Nature and areas of tax management;
- ♣ Deduction of tax at source;
- ♣ Advance payment of tax;
- ♣ Minimum tax;
- ♣ Importance of tax management while claiming allowance;
- ♣ Exemptions
- ♣ Deductions and tax credits;
- ♣ Filing of returns of income;
- ♣ Defaults and penalties.
- ♣ Capital gain tax

## 2. Income Tax Rules, 2002

- ♣ Definitions related to the rules;
- ♣ Heads of income;
- ♣ Income of residents;
- ♣ Tax of non-residents;
- ♣ Transfer pricing;
- ♣ Records and books of accounts;
- ♣ Certificates;
- ♣ Advance tax collection or deduction,
- ♣ Payment,
- ♣ Statements of tax collected or deducted.
- ♣ Income tax recovery rules,
- ♣ Registration of income tax practitioners,
- ♣ Recognized terminal benefits funds.

## **PART - B**

### **Sales Tax**

## 3. The Sales Tax Act, 1990

- ♣ Chapter No. I, II, III, IV, V, VII, VIII and IX of the Act, as amended up-to-date covering;
- ♣ Definitions;
- ♣ Scope and payment of tax;
- ♣ Registration;
- ♣ Book-keeping and invoicing requirements;

- ♣ Returns;
  - ♣ Offences and penalties, appeals and recovery of arrears.
4. The Sales Tax Rules, 2006
- ♣ Definitions related to rules.
  - ♣ Registration, compulsory registration
  - ♣ De-registration, filing of returns,
  - ♣ Credit and debit note
  - ♣ Destruction of goods,
  - ♣ Apportionment of input tax,
  - ♣ Refund,
  - ♣ Supply of zero-rated goods to diplomats,
  - ♣ Diplomatic missions,
  - ♣ Privileged persons and privileged organizations,
  - ♣ Taxpayer's authorized representatives,
  - ♣ Alternative dispute resolution,
  - ♣ Special procedure for issuance of electronic sales tax invoices between buyers and sellers

## **PART - C**

### **Indirect Tax**

5. Federal Excise Act and Rules
- ♣ Federal Excise Act, 2005(Chapter I & II only)
  - ♣ Notifications, rules general orders and circulars, issued under the Federal Excise Act, 2005 relevant of Chapter I & II only.

## **ML-02 BUSINESS & TECHNOLOGY**

1. The business organization
2. Business organization and structure
3. Organizational culture in business
4. Information technology and information systems in business
5. Stakeholders in business organizations
6. External analysis – political and legal factors
7. External analysis – economic factors
8. External analysis – social, environmental and technological factors
9. Competitive factors

10. Professional ethics in accounting and business
11. Governance and social responsibility in business
12. Law and regulation governing accounting
13. Accounting and finance functions within business
14. Financial systems and procedures
15. The relationship between accounting and other business functions
16. Audit and financial control
17. Fraud, fraudulent behavior and their prevention in business
18. Leadership, management and supervision
19. Recruitment and selection of employees
20. Individual, group and team behavior
21. Motivating individuals and groups
22. Learning and training at work
23. Review and appraisal of individual performance
24. Personal effectiveness at work
25. Communicating in business

## **ML-03 AUDIT AND ASSURANCE**

### **A General Concepts and Principles of Audit**

1. Introduction to International Federation of Accountants
  - ♣ Briefly describe the organisational overview encompassing
    - History;
    - Vision and mission
2. Introduction to international auditing and assurance standard setting body
  - ♣ Briefly describe the objectives and functions of IAASB.
3. Objective and general principles governing an audit (ISA 200)
  - ♣ Describe the objectives of audit including concepts of accountability, stewardship, agency, independence and fair presentation
  - ♣ Describe the overall objectives of the independent auditor.
  - ♣ Describe the concepts of assurance and levels of assurance i.e. absolute, reasonable and limited assurance including elements of an assurance engagement, assurances provided by audit and review engagement
  - ♣ Explain the requirements of an external audit, eligibility and ineligibility of auditor
  - ♣ Describe the rights and duties of auditors

- ♣ Explain the nature and scope of an audit designed to enable the independent auditor to meet those objectives
  - ♣ Outline the requirements establishing the general responsibilities of the independent auditor applicable in all audits including consideration of inherent limitations of an audit
  - ♣ Discuss the concept of professional scepticism.
  - ♣ Discuss the concept of interim and final audit
  - ♣ List the audit procedures that can be performed by the external auditor at the interim and final stage of an audit
  - ♣ Discuss the concept of audit of Not-for-profit organisations.
4. Responsibility for the financial statements
- ♣ Understand the responsibility of management and those charged with governance for financial reporting and related internal control on financial reporting.
5. Auditor's responsibility to consider fraud (ISA 240)
- ♣ Distinguish between the terms 'error', 'fraud' and 'misstatement'
  - ♣ Compare the respective responsibilities of management and auditors for fraud
  - ♣ Describe the matters to be considered and procedures to be carried out to assist the auditor in identifying, assessing and detecting the risks of material misstatement due to fraud
  - ♣ Identify the fraud risk factors in the simple scenario as given in the appendix 1 of ISA 240
  - ♣ Identify the circumstances that indicate the possibility of fraud in the simple scenario as given in the appendix 3 of ISA 240.
6. Legal considerations relating to appointment and removal of auditors (sections 246 to 253 of the Companies Act, 2017)
- ♣ Explain how the first and subsequent auditors are appointed
  - ♣ Explain how the first and subsequent auditors are removed
  - ♣ Describe qualification and disqualification of the auditor
  - ♣ Describe the powers and duties of auditors
  - ♣ Describe the concept of audit of cost accounts
  - ♣ Discuss the additional matters to be included in the auditor's report.
7. Terms of Audit engagements (ISA 210)
- ♣ Describe the preconditions for an audit and upon which it is necessary for the auditor and the entity's management to agree
  - ♣ Respond if preconditions are not present or limit is imposed on scope of audit in well explained simple situations
  - ♣ State the contents of an audit engagement letter

- ♣ Discuss the requirement of issuance of engagement letter and factors that necessitate the issuance of engagement letter in case of recurring audit
- ♣ Discuss the circumstances of acceptances of changes in terms of engagement by the auditor.

## **B Performance of Audit and Reporting**

1. Planning an audit (ISA 300)
  - ♣ Discuss the need for planning an audit including contents of an audit plan and its relation with risk assessment
  - ♣ Discuss the contents of overall audit strategy and audit plan
  - ♣ State who should be involved in planning and what preliminary engagement activities are necessary
  - ♣ Outline the additional considerations that should be identified while planning the initial audit.
2. Assessment of audit risks (ISA 315 and 330)
  - ♣ Discuss the risk based approach to auditing including audit risk model
  - ♣ Identify the inherent risk, control risk and detection risk in simple scenario
  - ♣ Explain relationship between audit risk and its components i.e. inherent risk, control risk and detection risk
  - ♣ Discuss the identification and assessment of the risks of material misstatement at both the financial statement level and assertion level, including understanding of entity, its environment, accounting and internal control systems
  - ♣ Explain the elements of internal control
  - ♣ Discuss the evaluation of controls and control environment and communication of deficiencies to the management
  - ♣ Explain the categories of control activities (internal controls) by using simple examples including Application and General IT Controls
  - ♣ Explain and identify the control weaknesses in the given scenario and suggest appropriate recommendations to remove these weaknesses
  - ♣ Discuss and explain the limitations of internal control system LO2.2.10: Discuss and explain the risks in specialised IT systems
  - ♣ Explain the different methods of recording internal control systems.
3. Audit materiality (ISA 320)
  - ♣ Explain the concepts of materiality and performance materiality using simple examples.
  - ♣ Explain materiality level or levels for particular classes of transactions, account balances or disclosures
  - ♣ Explain the relationship between audit risk and level of materiality
4. Audit evidence (ISA 500)

- ♣ Explain, using examples, sufficient appropriate audit evidence
  - ♣ Discuss the general principles assisting the auditor in assessing the relevance and reliability of audit evidence
  - ♣ Discuss audit procedures to obtain audit evidence including types of audit procedures
  - ♣ Discuss the course of action available to auditor in case sufficient appropriate audit evidence is not obtained
  - ♣ Explain the financial statement assertions including Assertions about class of transactions, account balances and presentation and disclosure
  - ♣ Explain the audit work related to Inventory
5. Audit sampling (ISA 530)
- ♣ Explain audit sampling, statistical sampling and sampling and non-sampling risk using simple examples
  - ♣ Discuss the relationship between sampling and audit risk model
  - ♣ Explain what matters are considered by auditors in respect of sample design, size and selection of items for testing using simple examples including sample selection method
  - ♣ Discuss the concept of misstatement and rate of deviation including expected and tolerated
  - ♣ State the audit procedures to be performed on selected sample
  - ♣ Discuss the concept of projecting misstatement and evaluating the results of audit sampling.
6. Substantive procedures (ISA 330)
- ♣ Understand the financial statement assertions
  - ♣ Briefly explain the advantages and dis-advantages of both test data and audit software.
  - ♣ Discuss the use of computer software in substantive testing, auditing around the computer and directional testing
  - ♣ Discuss the methods of obtaining audit evidence for substantive testing
  - ♣ Explain the nature, extent and timing of substantive procedures for different items of financial statements.
7. Tests of controls (ISA 330)
- ♣ Explain the nature, extent and timing of test of controls using simple examples
  - ♣ Explain the concept of Computer Assisted Audit Techniques
  - ♣ Explain how auditors evaluate the operating effectiveness of controls using simple examples
  - ♣ Explain the controls over major transaction cycles including related risks, weaknesses control objectives and designing appropriate tests of controls.

8. Analytical procedures (ISA 520)
  - ♣ Explain the nature and purpose of substantive analytical procedures using simple examples
  - ♣ State the purpose of analytical procedures performed near the end of the audit
  - ♣ Applying analytical procedures through calculations of different ratios for different items of financial statements
  - ♣ Factors to be considered when using analytical procedures as substantive procedures
  - ♣ Course of action when results of analytical procedures identify fluctuations and inconsistencies.
9. Documentation (ISA 230)
  - ♣ Explain the nature and purpose of audit documentation
  - ♣ Describe the form, content and extent of audit documentation using simple examples
  - ♣ Discuss the use of computer based audit working papers
  - ♣ Explain the difference between permanent and current working papers with examples.
  - ♣ List the contents of working paper file / audit documentation
  - ♣ Discuss the ownership, custody and confidentiality of audit working papers
  - ♣ Understand the nature of assembly of the final audit file.
  - ♣ Explain the features of audit working papers.
10. Audit opinion and form of audit report under International Standards on Auditing and under the Companies Act, 2017 and Going Concern (ISA-570 Revised)
  - ♣ Understand modified and unmodified audit opinion
  - ♣ Explain qualified opinion, disclaimer of opinion and adverse opinion
  - ♣ Explain emphasis of matter and other matter in the auditor's report
  - ♣ List the circumstances under which an external auditor uses an emphasis of matter and other matter paragraph in the auditor's report
  - ♣ Discuss the modification of audit opinion and audit report in different situations including when entity is not a going concern and related concepts.
  - ♣ Drafting of opinion paragraph
  - ♣ Key Audit matters and other related concepts as per ISA 701.
  - ♣ Briefly state the contents of the auditor's report under International Standards on Auditing and under the Companies Act, 2017
  - ♣ State the penalty for non-compliance with provisions related to the audit report.

**C Specific Areas**

1. External confirmations (ISA 505)
  - ♣ Define external confirmation and list various types of third party confirmations available to an external auditor.
  - ♣ Describe the significance of using external confirmation procedures for obtaining relevant and reliable audit evidence
  - ♣ Describe the steps involved in external confirmation procedures
  - ♣ Differentiate between the positive confirmation request and negative confirmation request, including their appropriateness in different situations
  - ♣ Discuss the conditions of sending negative confirmations
  - ♣ Discuss the auditor's course of action if management refuses to allow auditor to send confirmation.
2. Subsequent events (ISA 560)
  - ♣ Explain subsequent events and its relevance with the following critical dates
    - Date of the financial statements
    - Date of approval of the financial statements
    - Date of the auditor's report
    - Date the financial statements are issued
  - ♣ Explain the subsequent events review procedure
  - ♣ Discuss the classification of subsequent events into adjusting and non-adjusting events
  - ♣ Describe the auditor's responsibility in respect of following situations
    - Events occurring between the date of the financial statements and the date of the auditor's report
    - Facts which become known to the auditor after the date of the auditor's report but before the date the financial statements are issued
    - Facts which become known to the auditor after the financial statements have been issued
  - ♣ Identify the subsequent events and explain the auditor's responses.
3. Written representation (ISA 580)
  - ♣ Discuss the nature of written representations as audit evidence
  - ♣ Discuss the circumstances where written representations are necessary and the matters on which representations are commonly obtained
  - ♣ Discuss the form and content of written representations
  - ♣ Explain the various types of written representation



- ♣ Discuss the auditor's course of action if management refuses to provide requested written representation.
  - ♣ Discuss the auditor's course of action when there is doubt as to the reliability of written representation provided by the management.
4. Consideration of related parties (ISA 550)
- ♣ Describe the term related party using simple examples
  - ♣ Discuss how related party transactions can give rise to the risk of material misstatement using simple examples
  - ♣ Describe the audit procedures including risk assessment procedures and related activities to obtain information relevant to identifying the related party relationships and transactions including responses to the assessed risk of material misstatement.
5. Using the work of internal auditors and auditor's experts (, ISA 610 and ISA 620)
- ♣ Explain the relationship between the external auditor with internal auditors and auditor's experts
  - ♣ Explain the internal audit function including internal audit activities
  - ♣ Discuss the factors determining the independence of internal auditors and weaknesses and limitations of internal audit
  - ♣ Discuss how external auditors determine whether and to what extent they use the work of internal audit
  - ♣ Discuss how the auditor assesses the work of an expert
  - ♣ Discuss how the external auditor uses the work of an auditor's expert when that work is used to assist in obtaining sufficient appropriate audit evidence.
6. Engagement to review financial statements 2400
- ♣ Explain the objective of a review engagement of financial statements and how it differs from an audit
  - ♣ State the terms of engagement which may be included in the engagement letter
  - ♣ Explain assurance and non- assurance engagement with examples.
  - ♣ Describe the procedures generally adopted by the practitioner to obtain evidence in review engagements
  - ♣ Discuss and explain the report issued under engagement to review financial statements.

## **D Computer Programming and IT Controls**

1. Benefits and limitations of flowcharts
- ♣ Describe the macro, mini and micro level details of flowcharts
  - ♣ State the benefits and limitations of flowcharts using simple examples.

2. Types of flowcharts
  - ♣ Classify and distinguish between types of flowcharts, namely, linear, deployment and opportunity flowcharts
  - ♣ Draw different types of flowcharts for given situations
3. General and application controls in IT systems/environment
  - ♣ Describe general controls and classify them into environment, development, maintenance and operational controls using simple examples
  - ♣ Describe IT application controls using simple examples
  - ♣ Discuss the evaluation of various IT controls including authorization, separation of duties/functions, adequacy of documentation, access controls, safeguard of IT assets, independent check on performance, verification of accounting records, comparison of accounting records with assets, computer-dependent controls (edit, validation, etc.), user controls (control balancing, manual follow-up, etc.), audit trails
  - ♣ State controls over data transmission
4. Preventative, detective and corrective controls
  - ♣ Describe preventative, detective and corrective controls using simple examples.
  - ♣ Describe procedures and controls for identification/investigation /correction / tracking of errors in IT systems/environment
5. Logical access controls
  - ♣ Describe logical access controls for a given situation/system.
  - ♣ Describe the usefulness of system logs for analysing a system's performance.

## **E Professional Ethics**

1. Fundamental principles (sections 100 to 120 of the Code of Ethics for Chartered Accountants revised 2019)
  - ♣ Describe with simple examples the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behavior
  - ♣ Apply the conceptual framework to identify, evaluate and address threats to compliance with fundamental principles
  - ♣ Understand the threats and circumstances that cause threats of self-interest, self-review, advocacy, familiarity, and intimidation
  - ♣ Discuss the safeguards to offset the threats to compliance with the fundamental principles
  - ♣ Discuss the concept of resolution of ethical conflict in compliance with fundamental principles.

2. Client and engagement acceptance (section 320 and 330 of the Code of Ethics for Chartered Accountants revised 2019)
- ♣ Explain the advertisement and publicity guidelines of ICAP's Code of Ethics for obtaining the audit work
  - ♣ Apply the conceptual framework to identify, evaluate and address threats in case of Fees, Referral Fees and Tendering for audit work.
  - ♣ Explain using simple examples the matters to be considered and the procedures that an audit firm/ professional accountant should carry out in the following circumstances:
    - Client acceptance
    - Engagement acceptance
    - Changes in a professional appointment (including Additional work, Mid-Term Removal and Non reappointment)

**Strategic Level**

**SL-01      ADVANCE FINANCIAL REPORTING**

**A      Group Financial Statements**

1.    Preparation of group financial statements
  - IFRS 3 Business Combinations
  - IFRS 10 Consolidated Financial Statements
  - IFRS 11 Joint Arrangements
  - IFRS 12 Disclosure of Interests in Other Entities
  - IAS 27 Separate Financial Statements
  - IAS 28 Investments in Associates and Joint Ventures
2.    IAS 7 Preparation of statement of cash flows (only Consolidated)
3.    IAS 21 The Effects of Changes in Foreign Exchange Rates (including IFRIC 22)

**B      Financial Reporting**

1.    Financial instruments
  - IFRS 7 Financial Instruments: Disclosures
  - IFRS 9 Financial Instruments (including IFRIC 16 & 19)
  - IAS 32 Financial Instruments: Presentation
2.    Employees benefit and share based payments
  - IFRS 2 Share-based Payment
  - IAS 19 Employee Benefits (including IFRIC 14)
3.    IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
4.    IFRS 13 Fair Value Measurement
5.    IFRS 15 Revenue From Contracts with Customers
6.    IFRS 16 Leases
7.    IAS 12 Income Taxes (including SIC 25)
8.    IAS 24 Related Party Disclosures
9.    IAS 33 Earnings per Share
10.    IAS 34 Interim Financial Reporting (including IFRIC 10)
11.    IAS 36 Impairment of Assets
12.    IAS 40 Investment Property

## **C Specialized Financial Statements and Areas**

1. Small and medium sized entities
2. Banks
3. Mutual funds
4. Insurance companies
5. IAS 26 Accounting and Reporting by Retirement Benefit Plans
6. Specialized area of IFRSs
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IFRS 4 Insurance Contracts
  - IFRS 6 Exploration for and evaluation of Mineral Resources
  - IFRS 14 Regulatory Deferral AccountsIAS 29 Financial Reporting in Hyperinflationary Economies (including IFRIC 7)
7. Overview of Islamic Accounting Standard issued by ICAP
8. Overview of IPSASs and The Conceptual Framework for General Purpose Financial Reporting by Public Sector
  - IPSAS 1 Presentation of Financial Statements
  - IPSAS Financial Reporting Under the Cash Basis of Accounting

## **SL-02 Advance Financial Management**

### **PART - A**

#### **FORMULATION OF FINANCIAL STRATEGY**

1. **Objectives of organizations**
  - ♣ Objectives of Companies
  - ♣ Stakeholders and Objectives
  - ♣ Objectives of public owned
  - ♣ Objectives of non-commercial bodies
2. **Constraints on Financial Strategy**
  - ♣ Constraint Factors
  - ♣ Economic Constraints
  - ♣ International Constraints
  - ♣ Regulatory bodies
3. **Forecasting and Analysis**
  - ♣ Performance Analysis
    - Calculation of ratios including DuPont approach and Z-Score.

- ♣ Cash Forecasts
  - Preparation of Cash Budget only
- ♣ Financial Statements Forecast
  - Budgeted Income statement
  - Budgeted Balance sheet
- ♣ Sensitivity Analysis and Changes in variables
  - Concept of sensitivity Analysis in all of the above Forecasted statements and calculation of revised cash budget.

#### **4. Financial Strategies**

- ♣ Working Capital Management
  - Working capital needs(temporary and permanent need) and working capital financing strategies (aggressive, conservative and moderate strategy)
- ♣ Dividend Policy
  - Traditional theory of dividend Policy
  - MM theory of Dividend Policy
  - Dividend irrelevancy theory
  - Factors affecting dividend policy
  - Dividend signalling
  - Dividend stability
  - Other Dividend Policies: constant D/P, constant DPS, residual , zero etc
  - Stock Dividend and Stock Splits
  - Share buy back

### **PART - B**

#### **FINANCING DECISIONS**

#### **5. Equity finance**

- ♣ Capital Markets
  - Primary and Secondary market
  - Concept of Initial Public offer, underwriting and placing
- ♣ Rights Issues
  - Concept of right issue and its impact of right issue on wealth of shareholder
- ♣ Scrip Dividends, Bonus Issues and Share Splits
- ♣ Share Prices and Investment Returns
- ♣ Efficient Market Hypothesis (types of market efficiency i.e. weak, semi strong and strong)

## 6. Debt finance

- ♣ Medium Term Finance
- ♣ Long Term Debt
- ♣ Convertible Securities
- ♣ Warrants
- ♣ International Debt Finance
- ♣ Valuation of Perpetual bonds, Zero coupon bonds, Bonds with definite maturity, Deep discount bonds
- ♣ concept of KIBOR and LIBOR
- ♣ Treasury securities
- ♣ Yield curve (Term structure of interest rates)
- ♣ Bond price behavior such as price/yield relationship
- ♣ Callable and puttable bonds

## 7. Leasing

- ♣ Operating VS financial lease
- ♣ Amortization
- ♣ Leasing as a Source of Finance
- ♣ Lease or Buy decision

## 8. The cost of capital

- ♣ Concept of Cost of capital, optimum cost of capital and its theories
- ♣ Cost of Equity
  - Dividend Valuation Model Without growth and with growth
  - CAPM
- ♣ Cost of debt (All types of Debts)
- ♣ Cost of preference shares (redeemable, irredeemable, convertible)
- ♣ Weighted average cost of capital
  - Calculation of weighted average cost of capital (WACC)
- ♣ Project Specific Cost of Capital
  - Concept of leverage, Business Risk and financial Risk and calculation of Asset beta and Equity beta.
  - Calculation of Risk adjusted WACC of a single business
  - Calculation of Risk adjusted WACC of a combined business (Only two businesses combined)

**9. The capital structure**

- ♣ Capital Structure decision
  - Concept of capital structure and optimum capital structure
- ♣ Effect of Capital Structure on ratios
- ♣ Theories of Capital Structure
  - Traditional theory of capital structure
  - MM theory without tax
  - MM theory with tax

**10. Treasury Management**

- ♣ Treasury Functions
  - Roles and responsibilities of a treasury department
- ♣ Concepts of Foreign currency and domestic currency, FX exchange rate understanding Bid/Buying rates and Ask/Offer/Selling rates in Direct and Indirect Quoting.
- ♣ Risk and Reward
  - Assessment of Risk associated with dealings in Foreign currency
- ♣ Hedging for foreign currency Risk
  - Invoice in home currency
  - Leading and lagging
  - Netting / Matching assets and liabilities
  - Forward rate agreement and contracts
  - Money market hedging
  - Currency options (Basic concept and basic calculations)
  - Currency futures (Basic concept and basic calculations)
  - Currency swaps (Basic concept and basic calculations)

**PART - C**

**INVESTMENT DECISIONS AND PROJECT CONTROL**

**11. Investment appraisal techniques**

- ♣ Capital Investment Appraisal
  - Concept of Capital investment and its appraisal
  - Non Discounted Techniques
- ♣ Accounting rate of return
- ♣ Payback period
  - Discounted Techniques



- ♣ NPV Calculation of NPV by preparing operating cash flows and adjusting for inflation and taxation.
- ♣ IRR /MIRR
- ♣ Discounted payback period
- ♣ Profitability index
- ♣ Dealing with assets of unequal lives o Equivalent Annual Benefit (EAB) o Equivalent annual Cost (EAC)
- ♣ Risk and Uncertainty
  - Sensitivity analysis in Capital investment appraisal
  - Concept and application of expected values in calculation of NPV

## 12. International investment

- ♣ International Investment: Basis and Risk
- ♣ International Investment: Appraisal
  - Calculation of NPV for international projects
- ♣ Purchasing power parity
- ♣ International fisher effect
- ♣ Interest rate parity
- ♣ Appreciation and depreciation of currency
- ♣ Further risks / exposure in international investment

## 13. Specific investment appraisal scenarios

- ♣ Capital Rationing
- ♣ De-merger including exit strategies
  - Single period capital Rationing. Calculation of optimum investment mix under both assumptions that projects can be divisible and indivisible.
  - Concept of soft and hard capital rationing and reasons of these.
- ♣ Dealing with assets of unequal lives and Asset replacement cycle decision
  - Calculation of Equivalent Annual Benefit (EAB)
  - Calculation of Equivalent Annual Cost (EAC)
- ♣ Real Options Black Scholes Model - Introduction
- ♣ Adjusted Present Value
  - Concept of APV and when to calculate APV in capital investment appraisal
  - Calculation of APV
  - APV in case of Subsidized or cheap loan

**14. Control of investment projects**

- ♣ Investments and Projects
- ♣ Feasibility Study
- ♣ Project Control
- ♣ Investment Performance
- ♣ Post-Completion Audits

**15. Business valuations**

- ♣ Reasons for Valuations
- ♣ Asset Valuation bases
- ♣ Earning Valuation bases
- ♣ Dividend Valuation bases
- ♣ Cash Flow Valuation Method
- ♣ Calculation of Economic value added (EVA) and Market value added (MVA)
- ♣ Valuation of intangible assets CIV approach
- ♣ Valuation issues

**16. Amalgamations and restructuring**

- ♣ Mergers and Acquisitions (Types of mergers / integration, Types of synergies in merges)
- ♣ Conduct of a takeover
- ♣ Payment Methods
- ♣ Valuation of Mergers and Amalgamations
- ♣ Regulation of Acquisitions
- ♣ Post-acquisition integration
- ♣ Impact of mergers and acquisition on stakeholders
- ♣ Bootstrapping
- ♣ Impact on combined EPS after merger
- ♣ LBO/MBO
- ♣ Défense mechanisms