

**INTERMEDIATE EXAMINATION
MODULE C**

PAPER C 6: FINANCIAL ACCOUNTING**(100 marks)****OBJECTIVE**

This course is designed to provide understanding of accounting methods and procedures as followed by business organizations. It systematically covers the accounting process of classification, summarization, presentation in the light of established accounting practices and application of principles set out by International Accounting and Reporting Standards in the preparation of financial statements.

The course is built on the basic accounting techniques covered in Paper B 4 and is designed to develop and broaden the knowledge and understanding of more financial accounting concepts.

INDICATIVE GRID:

SYLLABUS CONTENT AREA	WEIGHTAGE
1. Accounts of limited companies	25
2. Specialized accounting treatments	40
3. Other accounting and reporting issues	35
TOTAL	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

CONTENTS**1. Accounts of limited companies**

- Accounting and preparation of Financial Statements of limited companies in line with the requirement of the Companies Ordinance, 1984 and International Accounting and Financial Reporting Standards (referred to at the end of syllabus); (excluding liquidation, reconstruction, merger and consolidation);
- Significant accounting ratios and their relationship.

2. Specialised accounting treatments

- a) Accounting for Income Taxes
 - Current year tax;
 - Prior years tax;
 - Deferred tax.

- b) Accounting treatment of tangible and intangible assets including their recognition, derecognition, depreciation / amortization and subsequent re-measurement (revaluation, impairment, fair value etc);
- c) Accounting treatment of contingent losses and contingent gains;
- d) Related party disclosures;
- e) Revenue Recognition

3. Other accounting and reporting issues

- a) Conversion of partnerships to a limited company and merger of firms;
- b) Accounting treatment of profit and loss for the period including:
 - Changes in accounting policies;
 - Changes in accounting estimates and errors;
 - Events occurring after the balance sheet date;
- c) Recognition of borrowing costs.
- d) Accounting for leases

The IFRS included in Syllabus are:

IAS – 1	IAS – 2	IAS – 7	IAS – 8	IAS – 10
IAS – 12	IAS – 16	IAS – 17	IAS – 18	IAS – 23
IAS – 24	IAS – 36	IAS – 37	IAS – 38	

Note (s):

1. All items included in the syllabus of Introduction to Financial Accounting paper of Module B may again be tested in the above paper.
2. To encourage proper understanding and application of knowledge no questions requiring word by word reproduction of contents of IASs \ IFRS will be asked.
3. Reference to local and international pronouncements shall be deemed to have been changed whenever the same is replaced by a reporting standard.

MODULE C**PAPER C 7: TAXATION****(100 marks)****OBJECTIVE:**

The aim of this paper is to develop basic knowledge and understanding in the core areas of Income Tax and its chargeability as envisaged in the Income Tax Ordinance 2001 and the Income Tax Rules 2002 (relevant to the syllabus), Sales Tax Act 1990 and the Sales Tax Rules (relevant to the syllabus).

INDICATIVE GRID

SYLLABUS CONTENTS	WEIGHTAGE
1. INCOME TAX	
a. Basic concepts of taxation	15
b. Heads of income, Computation of income, Determination of tax liability	40
c. Types of persons and their taxation	10
d. Procedures and Administration	10
e. Income Tax Rules 2002	
2. SALES TAX	25
TOTAL	100

- Note:**
- Finance Act / Ordinance, Notifications and circulars issued within a period of less than 4 months from the date of examination shall not be tested*
 - Chapters, Parts and Divisions not mentioned here specifically are excluded from the syllabus. However, it is clarified to eliminate any ambiguity that if only a chapter is mentioned it includes all parts and if only a part is mentioned it includes all divisions.*
 - The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected.*
 - Students are not expected to remember the tax rates. Same if applicable shall be given in the question paper.*

CONTENTS:**1. INCOME TAX ORDINANCE 2001****a. Basic concepts of taxation**

- | | | |
|------|-----------------------|-------------------------------------|
| i. | Chapter I
defined) | Preliminary (concepts of terms |
| ii. | Chapter II | Charge of tax (excluding section 7) |
| iii. | Chapter IV | Common rules (Part I & II) |

b. Heads of income, Computation of income, Determination of tax liability

- | | | |
|------|------------------|--|
| i. | Chapter III | Tax on taxable income (excluding Sec 29A, 30 & 31) |
| ii. | Chapter IX | Minimum tax |
| iii. | Chapter X Part V | Advance tax and deduction of tax at source |
| iv. | Chapter XII | Transitional Advance Tax provisions |

c. Types of persons and their taxation

- | | | |
|------|---------------------------|--|
| i. | Chapter V Part I | Central concepts |
| ii. | Chapter V Part II - Div I | Individuals |
| iii. | Chapter V Part III | Association of persons |
| iv. | Chapter VII Part II | Taxation of foreign-source income of residents |

d. Procedures and Administration

- | | | |
|------|---------------------|---|
| i. | Chapter X Part I | Returns |
| ii. | Chapter X Part II | Assessments |
| iii. | Chapter X Part III | Appeals including Alternative Dispute Resolution |
| iv. | Chapter X Part IV | Collection and recovery of tax (Sections 137 to 140) |
| v. | Chapter X Part VIII | Audit (Section 177) |
| vi. | Chapter XI Part I | Administration – General (excluding section 224 to 227) |

e. Income Tax Rules 2002

The rules related to the above chapters of the Income Tax Ordinance 2001 shall also be examined

2. SALES TAX ACT 1990

- | | | |
|------|---|---|
| i. | Chapter I | Preliminary (concepts of terms defined) |
| ii. | Chapter II | Scope and payment of tax |
| iii. | Chapter III | Registration |
| iv. | Chapter IV | Book keeping and invoicing requirements |
| v. | Chapter V | Returns |
| vi. | The following rules (excluding annexure and forms) of the Sales Tax Rules – 2005 related to the relevant chapters of the Sales Tax Act may be examined. Rules other than the following shall not be examined at this stage: | |

- | | | |
|-----|-------------|--|
| (1) | Chapter I | Registration, Voluntary registration and De-registration |
| (2) | Chapter II | Filing of monthly returns |
| (3) | Chapter III | Credit and Debit Note and Destruction of Goods |
| (4) | Chapter IV | Apportionment of Input Tax |

MODULE C**PAPER C 8: BUSINESS COMMUNICATION & BEHAVIOURAL STUDIES (100 marks)****OBJECTIVE:**

The course aims to introduce students to the key concepts of business communication and their application. The course also intends to incorporate an understanding of the concepts of organizational behaviour to develop problem solving skills, negotiation skills and leadership qualities in the students.

INDICATIVE GRID

SYLLABUS CONTENTS	WEIGHTAGE
1. Principles of Effective Business Communication	25
2. Communication methods and skills	40
3. Organizational Behavior	35
TOTAL	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

CONTENTS:**1. Principles of Effective Business Communication****a. Introduction**

- i. Concepts and benefits of effective communication
- ii. Components of communication including effective listening
- iii. Problems of communication

b. Basic Principles of Business Communication

Seven C's of effective communication

c. Interpersonal Communication (IPC)

- i. Universals of IPC
- ii. Axioms of IPC
- iii. Types of IPC

2. Communication Methods and Skills**a. Business Messages**

- i. Planning before communication
- ii. Basic organizational plans
- iii. Appearance and design
- iv. Letters to customers
- v. Circular letters
- vi. Job application and Curricular Viatea (Résumé)
- vii. Good news messages & bad news messages
- viii. Persuasive messages
- ix. Business letters, memos, faxes and e-mail

b. Meetings

Preparation of Agenda, Notice and Minutes of meetings

c. Report and proposal writing

- i. Short report
- ii. Long report
- iii. Proposals

3. Organizational Behaviour (OB)**a. Introduction**

- i. Approaches to Organizational Behaviour
- ii. Definitions and characteristics of OB
- iii. Challenges faced by the management – Globalization, Information Technology, Diversity and Ethics

b. Organizational processes

- i. Organizational structure & design (principles of organization, different ways of structuring organization)
- ii. Organizational Change (nature of change process, resistance to change)
- iii. Organizational culture (concept, dysfunctional aspect of culture)

c. Individual Behaviour

- i. Perception
- ii. Attitude
- iii. Job Satisfaction
- iv. Job Stress

d. Motivation

- i. Types of Motivation
- ii. Theories of Motivation
- iii. Applications – Job Design
- iv. Goal setting and Management by Objectives (MBO)
- v. Management by Exception (MBE)

e. Leadership

- i. Type of Leadership
- ii. Theories of Leadership
- iii. Applications – Roles, Activities, Skills of Leaders
- iv. Group Dynamics and teamwork (types of groups, group formation, group structure, individual in groups, team work)

f. Conflict and Negotiation

- i. Levels of Conflict
- ii. Conflict Resolution
- iii. Negotiation & Stages of Negotiation
- iv. Peculiar Negotiation Situations

MODULE D**PAPER D 9: COMPANY LAW****(100 marks)****OBJECTIVE:**

This course is to provide candidates with knowledge of the Companies Ordinance, 1984 and to develop amongst them an understanding of their application to corporate and other business environment, excluding advanced topics such as provisions relating to arbitration, arrangements and reconstruction, prevention of oppression and mismanagement, winding up etc. that are covered at the Final Examination stage.

INDICATIVE GRID

SYLLABUS CONTENTS	WEIGHTAGE
<p>1. The Companies Ordinance, 1984 – Sections 1-51</p> <p>a. Part I; Preliminary (concepts of terms defined)</p> <p>b. Part II; Jurisdiction of courts</p> <p>c. Part III; Section 12 and Section 13</p> <p>d. Part IV; Incorporation of companies and matters incidental thereto</p> <p>e. First schedule to the Companies Ordinance, 1984</p> <p>2. The Securities and Exchange Commission of Pakistan Act, 1997</p>	20
<p>3. The Companies Ordinance, 1984 – Sections 52-136</p> <p>a. Part V; Prospectus, allotment, issue and transfer of shares and debentures, deposits, etc.</p> <p>b. Part VI; Share capital and debentures.</p> <p>c. Part VII; Registration of mortgages, charges etc.</p>	25
<p>4. The Companies Ordinance, 1984 – Sections 142-262</p> <p>a. Part VIII Management and Administration (excluding investigation & related matters)</p> <p>b. Third Schedule to the Companies Ordinance, 1984</p>	55
TOTAL	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

MODULE D**PAPER D 10: COST ACCOUNTING****(100 marks)****OBJECTIVE**

The course is designed to equip candidates with fundamentals of accounting for material, labour and manufacturing expenses; an understanding of the importance of the role of cost accounting in planning and controlling the wide range of organizational and manufacturing cost. The students are expected to acquaint themselves with a comprehensive knowledge of established practices of cost accumulation methods and learn the application of this knowledge to basic planning, control and decision making. The course also covers job order, process costing and standard costing systems.

INDICATIVE GRID

SYLLABUS CONTENTS		WEIGHTAGE
1.	Cost concepts, Uses and Classification	40
2.	Elements of Cost Accounting	
a.	material	
b.	labour	
c.	overhead	
3.	Costing Systems	30
4.	Cost Behaviour	
5.	Planning and Control	30
6.	Decision Making	
TOTAL		100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected

CONTENTS:**1. COST CONCEPTS, USES AND CLASSIFICATION**

- a. The nature and scope of Cost Accounting; Sources of Cost data
- b. Definition of and distinction between financial accounting, cost accounting and management accounting
- c. The concept of "Cost" for different types of entities
- d. Cost classification

2. ELEMENTS OF COST ACCOUNTING**a. Material**

- i. Material purchasing, receiving and issuing procedures and its documentation
- ii. Inventory recording system (Perpetual and Periodic)
- iii. Basis of valuation – Cost formulas
- iv. Stock taking, Reconciliation of Bin Card and Stock Card, and adjustments for inventory differences
- v. Valuation of inventory at lower of Cost and NRV
- vi. Economic Order Quantity and Inventory Levels
- vii. Segregation of material for selective control (ABC Plan)

b. Labour

- i. System and documentation
- ii. Basis for Labour Cost Control
- iii. Labour turnover, Productivity and Efficiency measurement
- iv. Accounting entries for payroll and statutory deductions
- v. Wage incentive plans (piece work plan, bonus and group bonus plans)

c. Overheads

- i. Manufacturing expenses – actual and applied
- ii. Over or under applied overhead
- iii. Concept of production & Service Departments
- iv. Basis of apportionment and allocation of service department overheads to production department

3. COSTING SYSTEMS

- a. Fundamentals of Cost Accounting Information System
- b. Manufacturing Cost Accounting Cycle
- c. Chart of accounts
- d. Factory Ledger and accounting entries
- e. Reconciliation of Cost and Financial accounts
- f. Job order Costing
- g. Process costing
- h. Treatment of Joint Products and By-Products

4. COST BEHAVIOUR

- a. Analysis of fixed, variable and semi variable expenses
- b. Direct cost and Indirect cost
- c. Cost estimation using high-low points method and linear regression analysis
- d. Marginal costing and Absorption costing
- e. Product cost and Period cost
- f. Breakeven analysis and charts

5. PLANNING AND CONTROL

- a. Principles of Budgeting
- b. Cash Budgets
- c. Revenue Budgets
- d. Flexible Budgets
- e. Projected Income statement and Balance Sheet
- f. Standard Costing concepts

6. DECISION MAKING

- a. Opportunity Cost
- b. Relevant Cost
- c. Make or buy decisions
- d. Pricing for special orders
- e. Further processing decisions
- f. Utilization of spare capacity
- g. Decision with limiting factors (excluding linear programming)

MODULE D**PAPER D 11: AUDITING****(100 marks)****OBJECTIVE**

The purpose of the syllabus is to give students theoretical and to a limited extent, technical knowledge and skills of auditing and review of historical financial information. It will provide a foundation for acquiring intensive knowledge required for professional competence.

The syllabus will ensure that candidates are able to understand the nature of auditing and review services and are familiar with the intellectual and procedural bases for performing them.

INDICATIVE GRID

SYLLABUS CONTENTS	WEIGHTAGE
1. General concepts & principles of audit	25
2. Performance of audit	35
3. Audit conclusions and reporting	20
4. Specific areas	20
TOTAL	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected.

CONTENTS:**1. General concepts and principles of audit**

- Objective and general principal governing an audit
- Responsibility for the financial statements
- Auditor's responsibility to consider fraud and errors
- Introduction to International Federation of Accountants
- Introduction to international auditing and assurance standard setting body
- Legal consideration relating to appointment and removal of auditor
- Acceptance and continuance of audit client including requirement of Code of Ethics issued by ICAP
- Audit engagements

2. Performance of audit

- Planning an audit
- Assessment of audit risk
- Audit materiality
- Audit evidence
- Audit sampling
- Substantive procedures
- Test of controls
- Analytical procedures
- Documentation

3. Audit conclusions and reporting

- Nature of different audit opinions (Students will only be expected to understand the form and implications of audit qualifications)
- Form of audit reports under the Companies Ordinance, 1984

4. Specific areas

- External confirmation
- Subsequent events
- Management representation
- Consideration of related parties
- Using the work of another auditor, internal auditor and expert
- Review of interim financial statements by the independent auditor

Candidates are expected to respond examination questions with reference to international and local pronouncements issued by any relevant standard setting body. The standards related to syllabus outline are prescribed as under:

ISA-200	ISA-210	ISA-220	ISA-230	ISA-240	ISA-300
ISA-315	ISA-320	ISA-500	ISA-505	ISA-520	ISA-530
ISA-550	ISA-560	ISA-580	ISA-600	ISA-610	ISA-620
ISA-700	ISA-701	ISRE-2410			

Institute of Chartered Accountants of Pakistan has a practice to publish periodically the bound volumes of updated auditing pronouncements. All pronouncements related to the areas covered in the syllabus and published in such bound volumes are deemed applicable for examination purposes (irrespective of their date of applicability date in practice) unless ICAP specifically notifies that the same will not be adopted. However, pronouncements and revisions published by ICAP within less than six months from the date of examination shall not be tested.

Note: Reference to ISAs shall be deemed to have been changed whenever the same is replaced by another standard.

MODULE D**PAPER D 12 INFORMATION TECHNOLOGY****(100 marks)****OBJECTIVES**

The objective of this syllabus is to provide the students with adequate knowledge of the following areas and their applications with particular reference to business and finance:

- Computer hardware and software.
- Important elements and concepts of information systems.
- Basic principles of computer programming
- Computer software application.
- IT Security and controls
- Practical experience on performing various general procedures and use of standard packages

INDICATIVE GRID

SYLLABUS CONTENTS	WEIGHTAGE
1. Computer Hardware and Related Matters	10
2. Information Systems	10
3. Computer Programming and Software Applications	20
4. System Development and Internal Controls	20
5. Practical Test	40
TOTAL	100

Note: The weightages given above are for guidance purposes only and some deviations in setting of papers could be expected.

CONTENTS**1. Computer Hardware and Related Matters:****1.1 Parts and accessories of computer**

- Recent developments in computer hardware

1.2 Networking

- Networking components
- Network configuration and design
- Types of networks
- Use of communication devices
- Transmission medium
- Network administration and controls

2. Information Systems:**2.1 Fundamentals of Information Systems**

- General system concepts
- System architectures

2.2 Organizational Information Systems

- Information flow in an organization
- Management Information System
- Transaction Processing Systems
- Financial reporting systems
- Order processing and inventory control systems
- Personnel systems
- Sales and marketing systems
- Integrated systems

2.3 Commonly used ERPs**2.4 Knowledge Based Systems**

- Decision Support System (DSS)
- Executive Information System (EIS)
- Expert System (ES)

2.5 Transaction processing in business and accounting applications

- General application processing
- Data entry/ capturing / editing
- Master file update
- Reporting and queries
- Processing modes
- Batch processing
- On-line processing
- Real time processing
- Distributed processing
- Multi tasking
- Multi processing

3. Computer Programming and Software Applications:**3.1 Introduction to Computer Programming**

- Basic principles and concepts of program writing

3.2 Flow Charts

- Benefits and limitation of flowcharts
- Types of flowcharts

3.3 Decision Tables

- Benefits and limitation of decision tables
- Types of decision tables

3.4 Computer Aided Software Engineering (CASE)

- Types of CASE tools, their applications and advantages

3.5 Operating System

- Introduction to commonly used operating systems including DOS, Windows, Novell NetWare, Unix and Linux

3.6 Utility Software

- Compression utilities, disk maintenance utilities, antivirus programs and audio and video software etc., their features, benefits and limitations

3.7 Communication Software

- Features, benefits and limitations of Internet browsers, email software, chatting programs, telephony via Internet and video conferencing etc.

3.8 E-Commerce

Basic concepts covering:

- Current trends in e-commerce
- E - commerce Tools and technologies
- Electronic data capture
- Publishing systems
- Communication systems
- E-commerce services for example electronic trading, online banking and online information services etc.
- Electronic Payment Systems
- Payment options
- Security technologies

3.9 Web Hosting and Surfing

- Website hosting
- Downloading software from web
- Use of search engines

4. Introduction to System Development and Control Activities

4.1 Systems Development Life Cycle (SDLC)

- Feasibility study based on investigation and analysis of existing systems
- Structured systems analysis, planning, designing and implementation
- Evaluation and control of Information Systems and needs
- Documentation
- Post implementation review

4.2 Data organization and access Methods

- Data structures and file organizations
- Access methods and file maintenance
- Types of data files

4.3 Database Management System (DBMS)

- Introduction to commonly used DBMS like Oracle and SQL Server etc. (their characteristics, advantages and limitations)

4.4 Control Activities

Introduction to:

- Control design
- General controls
- Preventive, detective and corrective controls
- Audit trails

4.5 Control over Data Integrity, Privacy, and Security

- Logical access controls
- Physical access controls
- Program security techniques
- Data security and public networks
- Monitoring and surveillance techniques

4.6 Disaster Recovery Planning

- Threat and risk management
- Software and data backup techniques
- Alternative processing facility arrangements
- Disaster recovery procedural plan

5. Practical experience

Following software programme (latest version) shall be examined in the practical tests:

Description	Weightage
Windows and Internet	5
Microsoft Excel	10
Microsoft Word	7
Microsoft Power Point	5
Microsoft Access	5
Microsoft Project	4
Microsoft Outlook / Outlook Express	4
TOTAL	40

NOTE:

Computer practical work of not less than 120 hours is required in order to ensure that students become well equipped to appear in the practical examination successfully. Allocation of 120 hours should be as follows:

Description	Minimum allocated hours
Windows and Internet	15
Microsoft Excel	30
Microsoft Word	21
Microsoft Power Point	15
Microsoft Access	15
Microsoft Project	12
Microsoft Outlook / Outlook Express	12
TOTAL	120

ICAP will conduct a practical examination of 2 hours duration to test hands on experience covering 40% credit of the course. Theory paper of Information Technology will cover 60%. The result shall be based on the combined marks obtained at practical and theory examinations. The computer practical examination will be held soon after the Intermediate examination. The date of practical examination and other details would be notified by the Examination Directorate.