
11 SYLLABUS OF PROFESSIONAL COMPETENCE COURSE (PCC) OFFERED BY ICAI

These are the courses you have to pass as part of Chartered Accountancy First Stage (PCC or PE-II or Intermediate). If a student pass these courses as part of Chartered Accountancy, he/she will get exemption for these courses in B.Com (A&F).

BCO-005: Advanced Accounting

8 Credits

Objectives:

- (a) To lay a theoretical foundation for the preparation and presentation of financial statements
- (b) To gain working knowledge of the professional standards, principles and procedures of accounting and their application to different practical situations,
- (c) To gain the ability to solve simple problems and cases relating to company accounts including special type of corporate entities, partnership accounts and
- (d) To familiarize students with the fundamentals of computerized system of accounting

Contents:

1. Conceptual Framework for Preparation and Presentation of Financial Statements

2. Accounting Standards: An overview; standards setting process

Working knowledge of: AS 1: Disclosure of Accounting Policies; AS 2: Valuation of Inventories; AS 3: Cash Flow Statements; AS 4: Contingencies and Events occurring after the Balance Sheet Date; AS 5: Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies; AS 6: Depreciation Accounting; AS 7: Construction Contracts (Revised 2002); AS 9: Revenue Recognition; AS 10: Accounting for Fixed Assets; AS 11: The Effects of Changes in Foreign Exchange Rates (Revised 2003); AS 12: Accounting for Government Grants; AS 13: Accounting for Investments; AS 14: Accounting for Amalgamations; AS 15: Borrowing Costs AS 16: Borrowing Costs; AS 19: Leases; AS 20: Earnings Per Share; AS 26: Intangible Assets; AS 29: Provisions, Contingent Liabilities and Contingent Assets.

3. Company Accounts

(a) Preparation of financial statements - Profit and Loss Account, Balance Sheet and Cash Flow Statement; (b) Profit (Loss) prior to incorporation; (c) Alteration of share capital, Conversion of fully paid shares into stock and stock into shares, Accounting for bonus issue, Accounting for employee stock option plan, Buy back of securities, Equity shares with differential rights, Underwriting of shares and debentures, Redemption of debentures (d) Accounting for business acquisition, Amalgamation and reconstruction (excluding problems of amalgamation on inter-company holding); (e) Accounting involved in liquidation of companies, Statement of Affairs (including deficiency/surplus accounts) and liquidator's statement of account of the winding up.

4. Financial Statements of Banking, Insurance and Electricity Companies

5. Average Due Date, Account Current, Self-Balancing Ledgers

6. Financial Statements of Not-for-Profit Organisations

7. Accounts from Incomplete Records

8. Accounting for Special Transactions

(a) Hire purchase and instalment sale transactions; (b) Investment accounts; (c) Departmental and branch accounts including foreign branches; (d) Insurance claims for loss of stock and loss of profit.

9. **Advanced Issues in Partnership Accounts**

Final accounts of partnership firms - Admission, retirement and death of a partner including treatment of goodwill; Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversion into a company and Sale to a company.

10. **Accounting in Computerised Environment**

An overview of computerized accounting system - Salient features and significance, Concept of grouping of accounts, Codification of accounts, Maintaining the hierarchy of ledger, Accounting packages and consideration for their selection, Generating Accounting Reports.

Note: *If either old Accounting Standards (ASs), Announcements and Limited Revisions to ASs are withdrawn or new ASs, Announcements and Limited Revisions to ASs are issued by the Institute of Chartered Accountants of India in place of existing ASs, Announcements and Limited Revisions to ASs, the syllabus will accordingly include/exclude such new developments in place of the existing ones with effect from the date to be notified by the Institute.*

BCO-006: Auditing and Assurance

8 Credits

Objective:

To understand objective and concepts of auditing and gain working knowledge of generally accepted auditing procedures and of techniques and skills needed to apply them in audit and attestation engagements and solving simple casestudies.

Contents:

1. **Auditing Concepts** - Nature and limitations of Auditing, Basic Principles governing an audit, Ethical principles and concept of Auditor's Independence, Relationship of auditing with other disciplines.
2. **Auditing and Assurance Standards** - Overview, Standard-setting process, Role of International Auditing and Assurance Standards Board and Auditing and Assurance Standards Board in India.
3. **Auditing engagement** - Audit planning, Audit programme, Control of quality of audit work - Delegation and supervision of audit work.
4. **Documentation** - Audit working papers, Audit files: Permanent and current audit files, Ownership and custody of working papers.
5. **Audit evidence** - Audit procedures for obtaining evidence, Sources of evidence, Reliability of audit evidence, Methods of obtaining audit evidence - Physical verification, Documentation, Direct confirmation, Re-computation, Analytical review techniques, Representation by management.
6. **Internal Control** - Elements of internal control, Review and documentation, Evaluation of internal control system, Internal control questionnaire, Internal control check list, Tests of control, Application of concept of materiality and audit risk, Concept of internal audit.
7. **Internal Control and Computerized Environment, Approaches to Auditing in Computerised Environment.**
8. **Audit Sampling** - Types of sampling, Test checking, Techniques of test checks. Analytical review procedures.
9. **Analytical review procedures.**
10. **Audit of payments** - General considerations, Wages, Capital expenditure, Other payments and expenses, Petty cash payments, Bank payments, Bank reconciliation.
11. **Audit of receipts** - General considerations, Cash sales, Receipts from debtors, Other Receipts.

12. **Audit of Purchases** - Vouching cash and credit purchases, Forward purchases, Purchase returns, Allowance received from suppliers.
13. **Audit of Sales** - Vouching of cash and credit sales, Goods on consignment, Sale on approval basis, Sale under hirepurchase agreement, Returnable containers, Various types of allowances given to customers, Sale returns.
14. **Audit of suppliers' ledger and the debtors' ledger** - Self-balancing and the sectional balancing system, Total or control accounts, Confirmatory statements from credit customers and suppliers, Provision for bad and doubtful debts, Writing off of bad debts.
15. **Audit of impersonal ledger** - Capital expenditure, deferred revenue expenditure and revenue expenditure, Outstanding expenses and income, Repairs and renewals, Distinction between reserves and provisions, Implications of change in the basis of accounting.
16. **Audit of assets and liabilities.**
17. **Company Audit** - Audit of Shares, Qualifications and Disqualifications of Auditors, Appointment of auditors, Removal of auditors, Powers and duties of auditors, Branch audit, Joint audit, Special audit, Reporting requirements under the Companies Act, 1956.
18. **Audit Report** - Qualifications, Disclaimers, Adverse opinion, Disclosures, Reports and certificates.
19. **Special points in audit of different types of undertakings**, i.e., Educational institutions, Hotels, Clubs, Hospitals, Hirepurchase and leasing companies (excluding banks, electricity companies, cooperative societies, and insurance companies).
20. **Features and basic principles of government audit**, Local bodies and not-for-profit organizations, Comptroller and Auditor General and its constitutional role.

Note: *Candidates are expected to have working knowledge of relevant Auditing and Assurance Standards issued by the ICAI with reference to above-mentioned topics.*

BCO-007: Law, Ethics and Communication

8 Credits

Part A: Law (60 Marks)

Objective:

To test working knowledge of business laws and company law and their practical application in commercial situations.

Contents:

Business Laws (30 Marks)

1. The Indian Contract Act, 1872
2. The Negotiable Instruments Act, 1881
3. The Payment of Bonus Act, 1965
4. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
5. The Payment of Gratuity Act, 1972.

Company Law (30 Marks)

The Companies Act, 1956 - Sections 1 to 197

- (a) Preliminary
- (b) Board of Company Law Administration - National Company Law Tribunal; Appellate Tribunal
- (c) Incorporation of Company and Matters Incidental thereto

- (d) Prospectus and Allotment, and other matters relating to use of Shares or Debentures
- (e) Share Capital and Debentures
- (f) Registration of Charges
- (g) Management and Administration - General Provisions - Registered office and name, Restrictions on commencement of business, Registers of members and debentures holders, Foreign registers of members or debenture holders, Annual returns, General provisions regarding registers and returns, Meetings and proceedings.
- (i) Company Law in a computerized Environment - E-filing.

Note: *If new legislations are enacted in place of the existing legislations, the syllabus would include the corresponding provisions of such new legislations with effect from a date notified by the Institute.*

Part B: Business Ethics (20 Marks)

Objective:

To have an understanding of ethical issues in business.

Contents:

1. **Introduction to Business Ethics:** The nature, purpose of ethics and morals for organizational interests; Ethics and Conflicts of Interests; Ethical and Social Implications of business policies and decisions; Corporate Social Responsibility; Ethical issues in Corporate Governance.
2. **Environment Issues:** Protecting the Natural Environment - Prevention of Pollution and Depletion of Natural Resources; Conservation of Natural Resources.
3. **Ethics in Workplace** – Individual in the organisation, discrimination, harassment, gender equality.
4. **Ethics in Marketing and Consumer Protection** – Healthy competition and protecting consumer's interest.
5. **Ethics in Accounting and Finance** – Importance, issues and common problems.

Part C: Business Communication (20 Marks)

Objective:

To nurture and develop the communication and behavioural skills relating to business

Contents:

1. **Elements of Communication**
 - (a) Forms of Communication: Formal and Informal, Interdepartmental, Verbal and non-verbal; Active listening and critical thinking; (b) Presentation skills including conducting meeting, press conference; (c) Planning and Composing Business messages; (d) Communication channels; (e) Communicating Corporate culture, change, innovative spirits; (f) Communication breakdowns; (g) Communication ethics; (h) Groups dynamics; handling group conflicts, consensus building; influencing and persuasion skills; Negotiating and bargaining; (i) Emotional intelligence - Emotional Quotient; (j) Soft skills - personality traits; Interpersonal skills; leadership.
2. **Communication in Business Environment**
 - (a) Business Meetings - Notice, Agenda, Minutes, Chairperson's speech; (b) Press releases; (c) Corporate announcements by stock exchanges; (d) Reporting of proceedings of a meeting.
3. **Basic understanding of legal deeds and documents**
 - (a) Partnership deed; (b) Power of Attorney; (c) Lease deed; (d) Affidavit; (e) Indemnity bond; (f) Gift deed; (g) Memorandum and articles of association of a company; (h) Annual Report of a company.

Part A: Cost Accounting (50 Marks)**Objectives:**

- (a) To understand the basic concepts and processes used to determine product costs,
- (b) To be able to interpret cost accounting statements,
- (c) To be able to analyse and evaluate information for cost ascertainment, planning, control and decision making, and
- (d) To be able to solve simple cases.

Contents:**1. Introduction to Cost Accounting**

(a) Objectives and scope of Cost Accounting; (b) Cost centres and Cost units; (c) Cost classification for stock valuation, Profit measurement, Decision making and control; (d) Coding systems; (e) Elements of Cost; (f) Cost behaviour pattern, Separating the components of semi-variable costs; (g) Installation of a Costing system; (h) Relationship of Cost Accounting, Financial Accounting, Management Accounting and Financial Management.

2. Cost Ascertainment

(a) Material Cost: (i) Procurement procedures - Store procedures and documentation in respect of receipts and issue of stock, Stock verification; (ii) Inventory control - Techniques of fixing of minimum, maximum and reorder levels, Economic Order Quantity, ABC classification; Stocktaking and perpetual inventory; (iii) Inventory accounting; (iv) Consumption - Identification with products of cost centres, Basis for consumption entries in financial accounts, Monitoring consumption.

(b) Employee Cost: (i) Attendance and payroll procedures, Overview of statutory requirements, Overtime, Idle time and Incentives; (ii) labour turnover; (iii) Utilisation of labour, Direct and indirect labour, Charging of labour cost, Identifying labour hours with work orders or batches or capital jobs; (iv) Efficiency rating procedures; (v) Remuneration systems and incentive schemes.

(c) Direct Expenses: Sub-contracting - Control on material movements, Identification with the main product or service.

(d) Overheads: (i) Functional analysis - Factory, Administration, Selling, Distribution, Research and Development Behavioural analysis - Fixed, Variable, Semi variable and Step cost; (ii) Factory Overheads - Primary distribution and secondary distribution, Criteria for choosing suitable basis for allotment, Capacity cost adjustments, Fixed absorption rates for absorbing overheads to products or services; (iii) Administration overheads - Method of allocation to cost centres or products; (iv) Selling and distribution overheads - Analysis and absorption of the expenses in products/customers, impact of marketing strategies, Cost effectiveness of various methods of sales promotion.

3. Cost Book- keeping

Cost ledgers - Non-integrated accounts, Integrated accounts, Reconciliation of cost and financial accounts.

4. Costing Systems

(a) Job Costing: Job cost cards and databases, Collecting direct costs of each job, Attributing overhead costs to jobs, Applications of job costing.

(b) Batch Costing

(c) Contract Costing: Progress payments, Retention money, Escalation clause, Contract accounts, Accounting for material, Accounting for plant used in a contract, Contract profit and Balance sheet entries.

(d) Process Costing: Double entry book keeping, Process loss, Abnormal gains and losses, Equivalent units, Inter-process profit, Joint products and by products.

(e) Operating Costing System

5. **Introduction to Marginal Costing**

Marginal costing compared with absorption costing, Contribution, Breakeven analysis and profit volume graph.

6. **Introduction to Standard Costing**

Various types of standards, Setting of standards, Basic concepts of material and labour standards and variance analysis.

Part B: Financial Management (50 Marks)

Objectives:

- (a) To develop ability to analyse and interpret various tools of financial analysis and planning,
- (b) To gain knowledge of management and financing of working capital,
- (c) To understand concepts relating to financing and investment decisions, and
- (d) To be able to solve simple cases.

Contents:

1. **Scope and Objectives of Financial Management**

(a) Meaning, Importance and Objectives; (b) Conflicts in profit versus value maximisation principle; (c) Role of Chief Financial Officer.

2. **Time Value of Money**

Compounding and Discounting techniques- Concepts of Annuity and Perpetuity.

3. **Financial Analysis and Planning**

(a) Ratio Analysis for performance evaluation and financial health; (b) Application of Ratio Analysis in decision making; (c) Analysis of Cash Flow Statement.

4. **Financing Decisions**

(a) Cost of Capital - Weighted average cost of capital and Marginal cost of capital; (b) Capital Structure decisions - Capital structure patterns, Designing optimum capital structure, Constraints, Various capital structure theories; (c) Business Risk and Financial Risk - Operating and financial leverage, Trading on Equity.

5. **Types of Financing**

(a) Different sources of finance; (b) Project financing - Intermediate and long term financing; (c) Negotiating term loans with banks and financial institutions and appraisal thereof; (d) Introduction to lease financing; (e) Venture capital finance.

6. **Investment Decisions**

(a) Purpose, Objective, Process; (b) Understanding different types of projects; (c) Techniques of Decision making: Non-discounted and Discounted Cash flow Approaches – Payback Period method, Accounting Rate of Return, Net Present Value, Internal Rate of Return, Modified Internal Rate of Return, Discounted Payback Period and Profitability Index; (d) Ranking of competing projects, Ranking of projects with unequal lives.

7. **Management of Working Capital**

(a) Working capital policies; (b) Funds flow analysis; (c) Inventory management; (d) Receivables management; (e) Payables management; (f) Management of cash and marketable securities; (g) Financing of working capital.

Part A: Income Tax (75 marks)**Objectives:**

- (a) gain knowledge of the provisions of Income-tax law relating to the topics mentioned in the contents below and
- (b) To gain ability to solve simple problems concerning assessees with the status of 'Individual' and 'Hindu Undivided Family' covering the areas mentioned in the contents below.

Contents:

1. Important definitions in the Income-tax Act, 1961
2. Basis of charge; Rates of taxes applicable for different types of assessees
3. Concepts of previous year and assessment year
4. Residential status and scope of total income; Income deemed to be received / deemed to accrue or arise in India
5. Incomes which do not form part of total income
6. Heads of income and the provisions governing computation of income under different heads
7. Income of other persons included in assessee's total income
8. Aggregation of income; Set-off or carry forward and set-off of losses
9. Deductions from gross total income
10. Computation of total income and tax payable; Rebates and reliefs
11. Provisions concerning advance tax and tax deducted at source
12. Provisions for filing of return of income.

Part B: Service tax and VAT (25 marks)**Objective:**

To gain knowledge of the provisions of service tax as mentioned below and basic concepts of Value added tax (VAT) in India.

Contents:

1. Service tax - Concepts and general principles
2. Charge of service tax and taxable services
3. Valuation of taxable services
4. Payment of service tax and filing of returns
5. VAT - Concepts and general principles.

Note: *If new legislations are enacted in place of the existing legislations the syllabus will accordingly include the corresponding provisions of such new legislations in the place of the existing legislations with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State VAT Law.*

Part A: Information Technology (50 Marks)**Objective:**

To develop an understanding of Information Technology and its use by the business as facilitator and driver.

Contents:**1. Introduction to Computers**

- (a) Computer Hardware: Classification of Computers - Personal computer, Workstation, Servers and Super computers Computer Components - CPU, Input output devices, Storage devices
- (b) BUS, I/O CO Processors, Ports (serial, parallel, USB ports), Expansion slots, Add on cards, On board chips, LAN cards, Multi media cards, Cache memory, Buffers, Controllers and drivers
- (c) Computer Software: Systems Software - Operating system, Translators (Compilers, Interpreters and Assemblers), System utilities; General Purpose Software/ Utilities - Word Processor, Spread Sheet, DBMS, Scheduler / Planner, Internet browser and E-mail clients; Application Software - Financial Accounting, Payroll, Inventory; Specialised Systems”.. Enterprise Resource Planning (ERP) , Artificial Intelligence , Expert Systems, Decision Support Systems - An Overvi.ew

2. Data Storage, Retrievals and Data Base Management Systems

- (a) Data and Information Concepts: Bits, Bytes, KB, MB, GB, IB
- (b) Data organization and Access: Storage Concepts: Records, Fields, Grouped fields, Special fields like date, Integers, Real, Floating, Fixed, Double precision, Logical, Characters, Strings, Variable character fields (Memo); Key, Primary key, Foreign key, Secondary key, Referential integrity, Index fields; Storage techniques: Sequential, Block Sequential, Random, Indexed, Sequential access, Direct access, Random access including Randomizing; Logical Structure and Physical structure of files.
- (c) DBMS Models and Classification: Need for database, Administration, Models, DMLand DDL (Query and reporting); Data Dictionaries, Distributed data bases, Object oriented databases, Client Server databases, Knowledge databases
- (d) Backup and recovery - backup policy, backup schedules, offsite backups, recycling of backups, frequent checking of recovery of backup
- (e) Usage of system software like program library management systems and tape and disk management systems - features, functionalities, advantages
- (f) Data Mining and Data Warehousing - An overview

3. Computer Networks & Network Security

- (a) Networking Concepts - Need and Scope, Benefits; Classification: LAN, MAN, WAN, VPN; Peer-to-Peer, Client Server; Components- NIC, Router, Switch, Hub, Repeater, Bridge, Gateway, Modem Network Topologies- Bus, Star, Ring, Mesh, Hybrid, Architecture :Token ring, Ethernet Transmission Technologies and Protocols - OSI, TCP/IP, ISDN etc.; Network Operating System
- (b) Local Area Networks- Components of a LAN, Advantages of LAN
- (c) Client Server Technology: Limitation of Single user systems and need for Client Server Technology; Servers - Database, Application, Print servers, Transaction servers, Internet servers, Mail servers, Chat servers, IDS; Introduction to 3- tier and “n” tier architecture (COM, COM+)
- (d) Data centres: Features and functions, Primary delivery centre and disaster recovery site
- (e) Network Security: Need; Threats and Vulnerabilities; Security levels; techniques

4. Internet and other technologies

- (a) Internet and world-wide web, Intranets, Extranets, applications of Internet, Internet protocols
- (b) E-Commerce - Nature, Types (B2B, B2C, C2C), Supply chain management, CRM, Electronic data interchange (EDI), Electronic fund transfers (EFT), Payment portal, E-Commerce security;
- (c) Mobile Commerce, Bluetooth and Wi-Fi

5. Flowcharts, Decision Tables.

Part B: Strategic Management (50 Marks)

Objectives:

- To develop an understanding of the general and competitive business environment,
- To develop an understanding of strategic management concepts and techniques,
- To be able to solve simple cases.

Contents:

- Business Environment:** General Environment - Demographic, Socio-cultural, Macro-economic, Legal/political, Technological and Global Competitive Environment.
- Business Policy and Strategic Management:** Meaning and nature; Strategic management imperative; Vision, Mission and Objectives; Strategic levels in organisations
- Strategic Analyses:** Situational Analysis - SWOT Analysis, TOWS Matrix, Portfolio Analysis - BCG Matrix.
- Strategic Planning:** Meaning, stages, alternatives, strategy formulation.
- Formulation of Functional Strategy:** Marketing strategy, Financial strategy, Production strategy, Logistics strategy, Human resource strategy.
- Strategy Implementation and Control:** Organisational structures; Establishing strategic business units; Establishing profit centers by business, product or service, market segment or customer; Leadership and behavioural challenges.
- Reaching Strategic Edge:** Business Process Reengineering, Benchmarking, Total Quality Management, Six Sigma, Contemporary Strategic Issues.

BCOL-101: 100 Hours Information Technology Training Programme 8 Credits

Syllabus

S1. No.	Topic	Duration
1.	Computer Fundamentals	1 hr.
2.	Operating Systems	6 hrs.
3.	MS-Word	6 hrs.
4.	MS-Excel	15 hrs.
5.	MS-PowerPoint	5 hrs.
6.	Data Bases	15 hrs.
7.	MS-Office utilities	3 hrs.
8.	Accounting package	20 hrs.
9.	Computer Aided Audit Techniques	12 hrs.
10.	Web Technology and E-Commerce	10 hrs.
11.	Introduction to Visual Basic	5 hrs.
12.	Digital Signature and Verification of Electronic Record	2 hrs.
	Total	100 hrs.

Structure of Examination

Online Examination	60 Marks
Project Report to be evaluated by the BOS	20 Marks
Module tests	20 Marks
Pass Marks	60 Marks

**SYLLABUS OF
MASTER OF COMMERCE
IN FINANCE & TAXATION
M.COM (F&T)**

12 DETAILED SYLLABUS OF IGNOU COURSES

Course 1

MCO-01: Organisation Theory and Behaviour

BLOCK 1: ORGANISATION THEORY

- Unit 1 Introduction to Organisation
- Unit 2 Organisation Theory
- Unit 3 Organisation Structure and Effectiveness

BLOCK 2: ORGANISATIONAL BEHAVIOUR AND INDIVIDUAL PERSPECTIVE-I

- Unit 4 Overview of OB
- Unit 5 Individual Behaviour and Learning
- Unit 6 Perception
- Unit 7 Attitudes and Values

BLOCK 3: ORGANISATIONAL BEHAVIOUR AND INDIVIDUAL PERSPECTIVE-II

- Unit 8 Personality and Emotions
- Unit 9 Stress Management
- Unit 10 Motivation
- Unit 11 Job Design and Job Satisfaction

BLOCK 4: GROUP BEHAVIOUR

- Unit 12 Group Formation and Structure
- Unit 13 Communication
- Unit 14 Conflict Management
- Unit 15 Team Building and Leadership
- Unit 16 Power and Politics

BLOCK 5: ORGANISATIONAL CULTURE AND DEVELOPMENT

- Unit 17 Organisational Culture and Climate
- Unit 18 Organisational Change
- Unit 19 Organisational Development
- Unit 20 Emerging Trends in OB

Course 2
MCO-03: Research Methodology and Statistical Analysis

BLOCK 1: RESEARCH AND DATA COLLECTION

- Unit 1 Introduction to Business Research
- Unit 2 Research Plan
- Unit 3 Collection of Data
- Unit 4 Sampling
- Unit 5 Measurement and Scaling Techniques

BLOCK 2: PROCESSING AND PRESENTATION OF DATA

- Unit 6 Processing of Data
- Unit 7 Diagrammatic and Graphic Presentation
- Unit 8 Statistical Derivatives and Measures of Central Tendency
- Unit 9 Measures of Variation and Skewness

BLOCK 3: RELATIONAL AND TREND ANALYSIS

- Unit 10 Correlation and Simple Regression
- Unit 11 Time Series Analysis
- Unit 12 Index Numbers

BLOCK 4: PROBABILITY AND HYPOTHESIS TESTING

- Unit 13 Probability and Probability Rules
- Unit 14 Probability Distributions
- Unit 15 Tests of Hypothesis-I
- Unit 16 Tests of Hypothesis-II
- Unit 17 Chi-Square Test

BLOCK 5: INTERPRETATION AND REPORTING

- Unit 18 Interpretation of Statistical Data
- Unit 19 Report Writing

Course 3
MCO-04: Business Environment

BLOCK 1: SOCIO-POLITICAL ENVIRONMENT

- Unit 1 Dimensions of Business Environment
- Unit 2 Socio-Cultural Environment
- Unit 3 Social Responsibilities of Business
- Unit 4 Political Environment

BLOCK 2: LEGAL ENVIRONMENT

- Unit 5 Regulatory Policies and Framework
- Unit 6 Corporate Laws-I
- Unit 7 Corporate Laws-II
- Unit 8 Labour Legislation

BLOCK 3: REGULATIONS OF FINANCIAL MARKETS

- Unit 9 Financial Markets
- Unit 10 Capital Market
- Unit 11 Regulation of Capital Market
- Unit 12 Investors' Protection and Corporate Governance

BLOCK 4: ECONOMIC ENVIRONMENT

- Unit 13 Structure of Indian Economy
- Unit 14 Economic Planning
- Unit 15 Economic Policies
- Unit 16 Small Scale Industries
- Unit 17 Economic Reforms

BLOCK 5: INTERNATIONAL AND TECHNOLOGICAL ENVIRONMENT

- Unit 18 Balance of Payment and Exim Policy
- Unit 19 Globalisation and WTO
- Unit 20 Foreign Investment and Collaborations
- Unit 21 Technological Environment

Course 4

MCO-06: Marketing Management

BLOCK 1: NATURE AND SCOPE OF MARKETING

- Unit 1 Introduction to Marketing
- Unit 2 Marketing Environment
- Unit 3 Marketing Information and Research

BLOCK 2: UNDERSTANDING CONSUMERS AND SELECTING TARGET MARKETS

- Unit 4 Buyer Behaviour
- Unit 5 Markets and Market Segmentation
- Unit 6 Market Targeting and Positioning

BLOCK 3: PRODUCT DECISIONS

- Unit 7 Product Concepts and Classification
- Unit 8 Product Development and Product Life Cycle
- Unit 9 Branding, Packaging and Servicing

BLOCK 4: PRICING DECISIONS

Unit 10 Objectives and Methods of Pricing

Unit 11 Price Adjustment Strategies

Unit 12 Regulation of Prices

BLOCK 5: DISTRIBUTION DECISIONS

Unit 13 Distribution Channels

Unit 14 Marketing Intermediaries

Unit 15 Distribution Logistics

BLOCK 6: PROMOTION DECISIONS AND EMERGING ISSUES

Unit 16 Marketing Communication

Unit 17 Personal Selling and Sales Promotion

Unit 18 Advertising and Publicity

Unit 19 Emerging Issues in Marketing

Course 5

IBO-06 : International Business Finance

BLOCK 1: INTERNATIONAL FINANCIAL SYSTEM

Unit 1 International Monetary Agreements and Institutions

Unit 2 International Financial Markets

Unit 3 International Banking

Unit 4 International Transactions and Balance of Payments

BLOCK 2: FOREIGN EXCHANGE RISK MANAGEMENT

Unit 5 Foreign Exchange Markets

Unit 6 Determination and Forecasting of Exchange Rates

Unit 7 Currency Risk Management

Unit 8 Measuring and Managing Transaction Exposure

Unit 9 Measuring and Managing Translation and Economic Exposure

BLOCK 3: INVESTING IN FOREIGN OPERATIONS

Unit 10 Corporate Strategy and Foreign Direct Investments

Unit 11 International Project Appraisal

Unit 12 Cost of Capital for Foreign Investments

Unit 13 Political Risk and Tax Aspects

BLOCK 4: FINANCING INTERNATIONAL OPERATIONS

Unit 14 Designing Global Capital Structure

Unit 15 International Cash Management

Unit 16 Foreign Trade Financing

Unit-17 Project Export Financing

Audio : 1) Forex Regulation in India

2) Globalisation and new financing choices for international firms

13 DETAILED SYLLABUS OF ICAI COURSES

Course 1 MCO-011: Financial Reporting

Objectives

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

Contents

- 1 Accounting Standards** - Accounting Standards Interpretations and Guidance Notes on various accounting aspects issued by the ICAI and their applications.
- 2 Overview of International Accounting Standards (IAS)** - International Financial Reporting Standards (IFRS), Interpretations by International Financial Reporting Interpretation Committee (IFRIC), Significant difference vis-a-vis Indian Accounting Standards.
Understanding of US GAAP; Applications of IFRS and US GAAP.
- 3 Corporate Financial Reporting** - Issues and problems with special reference to published financial statements.
- 4 Accounting for Corporate Re-structuring** (including inter-company holdings).
- 5 Consolidated Financial Statements of Group Companies:** Concept of a Group, purposes of consolidated financial statements minority interest, Goodwill; Consolidation procedures – Minority interests, Goodwill, Treatment of pre- acquisition and post-acquisition profit.
Consolidation with two or more subsidiaries, consolidation with foreign subsidiaries; Consolidated profit and loss account, balance sheet and cash flow statement; Treatment of investment in associates in consolidated financial statements; Treatment of investments in joint ventures in consolidated financial statements.
- 6 Accounting and Reporting of Financial Instruments:** Meaning, recognition, derecognition and offset, compound financial instruments; Measurement of financial instruments; Hedge accounting; Disclosures
- 7 Share based payments:** Meaning, Equity settled transactions, Transaction with employees and non-employees; Determination of fair value of equity instruments; Vesting conditions; Modification, cancellation and settlement; Disclosures
- 8 Financial Reporting by Mutual funds, Non-banking finance companies, Merchant bankers, Stock and commodity market intermediaries.**
- 9 Valuation**
(a) Concept of Valuation; (b) Valuation of Tangible Fixed Assets; (c) Valuation of Intangibles including Brand Valuation and Valuation of Goodwill; (d) Valuation of Liabilities; (e) Valuation of Shares; (f) Valuation of Business;
- 10 Developments in Financial Reporting:** (a) Value Added Statement; (b) Economic Value Added, Market Value Added, Shareholders' Value Added; (c) Human Resource Reporting; (d) Inflation Accounting.

Note: *If either old Accounting Standards (ASs), Accounting Standards Interpretations (ASIs), Guidance Notes (GNs), Announcements and Limited Revisions to ASs are withdrawn or new ASs, GNs, Announcements and Limited Revisions to AS are issued by the Institute of Chartered Accountants of India in place of existing ASs, ASIs, GNs, Announcements and Limited Revisions to AS, the syllabus will accordingly include/exclude such new developments in the place of the existing ones with effect from the date to be notified by the Institute.*

Course 2

MCO-012: Strategic Financial Management

Objective

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

Contents

- 1 Financial Policy and Corporate Strategy:** Strategic decision making framework; Interface of Financial Policy and strategic management; Balancing financial goals vis-à-vis sustainable growth.
- 2 Project Planning and Capital Budgeting:** (a) Feasibility study; (b) Cash flow Projections – Impact of taxation, depreciation, inflation and working capital; (c) Capital Budgeting Decisions - Certainty Equivalent approach, Evaluation of Risky Investment Proposals, Risk and Return analysis, Simulation and decision tree analysis, Sensitivity analysis, Capital Rationing, Adjusted Net Present Value, Replacement decisions, Application of Real Options in capital budgeting, Impact of inflation on capital budgeting decisions; (d) Preparation of Project Report; (e) Social cost benefit analysis.
- 3 Leasing decision including cross border leasing**
- 4 Dividend Decisions:** Dividend theories, Determinants of dividend policies.
- 5 (a) Indian Capital Market** including role of various primary and secondary market institutions; **(b) Capital Market Instruments -** Financial derivatives – stock futures, stock options, index futures, index options; Option valuation techniques : Binomial model, Black Scholes Option Pricing Model, Greeks – Delta, Gamma, Theta, Rho and Vega; Pricing of Futures – Cost of carry model; Imbedded derivatives; **(c) Commodity derivatives; (d) OTC derivatives -**Swaps, Swaptions, Forward Rate Agreements (FRAs), Caps, Floors and Collors.
- 6 Security Analysis**
Fundamental analysis: Economic analysis, Industry analysis and Company Analysis

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

Technical Analysis: Market cycle model and basic trend identification, different types of charting, support and resistance, price patterns, moving averages, Bollinger Bands, momentum analysis.
- 7 Portfolio Theory and Asset Pricing**

Efficient Market Theory – Random walk theory ; Markowitz model of risk return optimization; Capital Asset Pricing Model (CAPM); Arbitrage Pricing Theory (APT); Sharpe Index Model; Portfolio Management - Formulation, Monitoring and Evaluation; Equity Style Management; Principles and Management of Hedge Funds; International Portfolio Management.
- 8 Financial Services in India:** Investment Banking; Retail Banking; On Line Share Trading; Depository Service.
- 9 (a) Mutual Funds:** Regulatory framework, formulation, monitoring and evaluation of various schemes of Mutual funds, Money market mutual funds;
(b) Exchange Traded Funds.
- 10 Money Market operations**
- 11 (a) Foreign Direct Investment, Foreign Institutional Investment;**
(b) International Financial Management - Raising of capital abroad - American Depository Receipts, Global Depository Receipts, External Commercial Borrowings and Foreign Currency Convertible Bonds; International Capital Budgeting; International Working Capital Management.
- 12 Foreign Exchange Exposure and Risk Management:** Exchange rate determination, Exchange rate forecasting; Foreign currency market; Foreign exchange derivatives – Forward, futures, options and swaps; Management of transaction, translation and economic exposures; Hedging currency risk.

- 13 Mergers, Acquisitions and Restructuring:** Meaning of mergers and acquisition, categories, purposes; Process of mergers and acquisition – Identification and valuation of the target, acquisition through negotiation, due diligence, post – merger integration; Legal and regulatory requirements; Merger and Acquisition agreement; Reverse merger; Potential adverse competitive effects of mergers;

Corporate Takeovers - Motivations, Co-insurance effect, Cross-border takeovers, Forms of takeovers, Takeover defenses; Going Private and Other Control Transactions - Leveraged Buyouts (LBOs), Management Buyouts (MBOs), Spin Offs and Asset Divestitures

Corporate Restructuring - Refinancing and rescue financing, reorganizations of debtors and creditors, Sale of assets, targeted stock offerings, downsizing and layoff programmes, negotiated wage give-backs, employee buyouts

Course 3

MCO-013: Advanced Auditing and Professional Ethics

Objectives

- (a) To gain expert knowledge of current auditing practices and procedures and apply them in auditing engagements,
- (b) To develop ability to solve cases relating to audit engagements.

Contents

- 1 Auditing Standards, Statements and Guidance Notes:** Auditing and Assurance Standards (AASs); Statements and Guidance Notes on Auditing issued by the ICAI; Significant differences between Auditing and Assurance Standards and International Standards on Auditing.
- 2 Audit strategy, planning and programming:** Planning the flow of audit work; audit strategy, planning programme and importance of supervision: review of audit notes and working papers; drafting of reports; principal's ultimate responsibility; extent of delegation; control over quality of audit work; reliance on the work of other auditor, internal auditor or an expert.
- 3 Risk Assessment and Internal Control:** Evaluation of internal control procedures; techniques including questionnaire, flowchart; internal audit and external audit, coordination between the two.
- 4 Audit under computerized information system (CIS) environment:** Special aspects of CIS Audit Environment, need for review of internal control especially procedure controls and facility controls. Approach to audit in CIS Environment, use of computers for internal and management audit purposes: audit tools, test packs, computerized audit programmes; Special Aspects in Audit of E-Commerce Transaction.
- 5 Special audit techniques:** (a) Selective verification; statistical sampling: Special audit procedures; physical verification of assets, direct confirmation of debtors and creditors; (b) Analytical review procedures; (c) Risk-based auditing.
- 6 Audit of limited companies:** Statutory requirements under the Companies Act 1956; Audit of branches: joint audits; Dividends and divisible profits - financial, legal, and policy considerations.
- 7 Rights, duties, and liabilities of auditors; third party liability.**
- 8 Audit reports** - qualifications, notes on accounts, distinction between notes and qualifications, detailed observations by the statutory auditor to the management *vis-a-vis* obligations of reporting to the members.

- 9 Audit Committee and Corporate Governance**
- 10 Audit of Consolidated Financial Statements**, Audit Reports and Certificates for Special Purpose engagements; Certificates under the Payment of Bonus Act, import/export control authorities, etc.; Specific services to non-audit clients; Certificate on Corporate Governance.
- 11 Special features of audit of banks, insurance companies, co-operative societies and non-banking financial companies.**
- 12 Audit under Fiscal Laws**, viz, Direct and Indirect Tax Laws.
- 13 Cost audit**
- 14 Special audit assignments** like audit of bank borrowers, audit of stock and commodity exchange intermediaries and depositories; inspection of special entities like banks, financial institutions, mutual funds, stock brokers.
- 15 Special features in audit of public sector companies.** Directions of Comptroller and Auditor General of India under Section 619; Concepts of propriety and efficiency audit.
- 16 Internal audit, management and operational audit:** Nature and purpose, organisation, audit programme, behavioural problems; Internal Audit Standards issued by the ICAI; Specific areas of management and operational audit involving review of internal control, purchasing operations, manufacturing operations, selling and distribution, personnel policies, systems and procedures. Aspects relating to concurrent audit.
- 17 Investigation and Due Diligence**
- 18 Concept of peer review**
- 19 Salient features of Sarbanes – Oxley Act, 2002** with special reference to reporting on internal control.
- 20 Professional Ethics:** Code of Ethics with special reference to the relevant provisions of The Chartered Accountants Act, 1949 and the Regulations there under.

Course 4

MCO-014: Corporate and Allied Laws

Section A : Company Law (70 Marks)

Objective

To be able to analyze and apply various provisions of the Companies Act in practical situations

Contents

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

Section B: Allied Laws (30 Marks)

Objective

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

Contents

1 An overview of the following laws:

- (a) The Securities and Exchange Board of India Act, 1992, Rules, Regulations and Guidelines issued thereunder.
- (b) The Securities Contracts (Regulation) Act, 1956
- (c) The Foreign Exchange Management Act, 1999
- (d) The Competition Act, 2002
- (e) The Banking Regulation Act, 1949, The Insurance Act, 1938. The Insurance Regulatory and Development Authority Act, 1999. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- (f) The Prevention of Money Laundering Act, 2002

2 Interpretation of Statutes, Deeds and Documents.

Course 5 MCO-015: Advanced Management Accounting

Objectives

- (a) To apply various management accounting techniques to all types of organizations for planning, decision making and control purposes in practical situations.
- (b) To develop ability to apply quantitative techniques to business problems

Contents

1 Cost Management

(a) Developments in the business environment; just in time; manufacturing resources planning; (MRP); automated manufacturing; synchronous manufacturing and back flush systems to reflect the importance of accurate bills of material and routings; world class manufacturing; total quality management; (b) Activity based approaches to management and cost analysis; (c) Analysis of common costs in manufacturing and service industry; (d) Techniques for profit improvement, cost reduction, and value analysis; (e) Throughput accounting; (f) Target costing; cost ascertainment and pricing of products and services; (g) Life cycle costing; (h) Shut down and divestment.

2 Cost Volume Profit Analysis

(a) Relevant cost; (b) Product sales pricing and mix; (c) Limiting factors; (d) Multiple scarce resource problem; (e) Decisions about alternatives such as make or buy, selection of products, etc.

3 Pricing Decisions

(a) Pricing of a finished product; (b) Theory of price; (c) Pricing policy; (d) Principles of product pricing; (e) New product pricing; (f) Pricing strategies; (g) Pricing of services; (h) Pareto analysis

4 Budgets and Budgetary Control

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

- 5 Standard Costing and Variance Analysis**
Types of standards and sources of standard cost information; evolution of standards, continuous - improvement; keeping standards meaningful and relevant; variance analysis; disposal of variances.
(a) Investigation and interpretation of variances and their inter relationship
(b) Behavioural considerations.
- 6 Transfer pricing**
(a) Objectives of transfer pricing; (b) Methods of transfer pricing; (c) Conflict between a division and a company; (d) Multi-national transfer pricing.
- 7 Cost Management in Service Sector**
- 8 Uniform Costing and Inter firm comparison**
- 9 Profitability analysis - Product wise / segment wise / customer wise**
- 10 Financial Decision Modeling**
(a) Linear Programming; (b) Network analysis - PERT/CPM, resource allocation and resource leveling;
(c) Transportation problems; (d) Assignment problems; (e) Simulation; (f) Learning Curve Theory;
(g) Time series forecasting; (h) Sampling and test of hypothesis

Course 6

MCO-016: Information Systems and Control and Audit

Objective

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

Contents:

- 1 Information Systems Concepts**
General Systems Concepts – Nature and types of systems, nature and types of information, attributes of information; Management Information System – Role of information within business; Business information systems – various types of information systems – TPC, MIS, DSS, EIS, ES
- 2 Systems Development Life Cycle Methodology**
Introduction to SDLC/Basics of SDLC; Requirements analysis and systems design techniques; Strategic considerations : Acquisition decisions and approaches; Software evaluation and selection/ development; Alternate development methodologies- RAD, Prototype etc; Hardware evaluation and selection; Systems operations and organization of systems resources; Systems documentation and operation manuals; User procedures, training and end user computing; System testing, assessment, conversion and start-up; Hardware contracts and software licenses; System implementation; Post-implementation review; System maintenance; System safeguards; Brief note on IS Organisation Structure
- 3 Control objectives**
 - (a) Information Systems Controls - Need for control, Effect of computers on Internal Audit; Responsibility for control – Management, IT, personnel, auditors; Cost effectiveness of control procedure; Control Objectives for Information and related Technology (COBIT)
 - (b) Information Systems Control Techniques - Control Design, Preventive and detective controls, Computer-dependent control, Audit trails, User Controls (Control balancing, Manual follow up); Non-computer-dependent (user) controls - Error identification controls, Error investigation controls, Error correction controls, Processing recovery controls
 - (c) Controls over system selection, acquisition/development - Standards and controls applicable to IS development projects - Developed / acquired systems, Vendor evaluation, Structured analysis and design, Role of IS Auditor in System acquisition/selection
 - (d) Controls over system implementation - Acceptance testing methodologies, System conversion methodologies, Post implement review, Monitoring, use and measurement.

- (e) Control over System and program changes - Change management controls, Authorization controls, Documentation controls, Testing and quality controls, Custody, copyright and warranties, Role of IS Auditor in Change Management
 - (f) Control over Data integrity, privacy and security - Classification of information, Logical access controls, Physical access control, Environmental control, Security concepts and techniques – Cryptosystems, Data Encryption Standards (DES), Public Key Cryptography & Firewalls, Data security and public network, Monitoring and surveillance technique, Data Privacy, Unauthorised intrusion, hacking, virus control, Role of IS Auditor in Access Control
- 4 Audit Tests of General and Automated Controls**
- (a) Introduction to basics of testing (reasons for testing); (b) Various levels/types of testing such as - Performance testing, Parallel testing, Concurrent Audit modules/Embedded audit modules, etc.
- 5 Risk assessment methodologies and applications**
- (a) Meaning of Vulnerabilities, Threats, Risks, Controls, (b) Fraud, error, vandalism, excessive costs, competitive disadvantage, business, interruption, social costs, statutory sanctions, etc. (c) Risk Assessment and Risk Management, (d) Preventive/detective/corrective strategies
- 6 Business Continuity Planning and Disaster recovery planning**
- (a) Fundamentals of BCP/DRP, (b) Threat and risk management, (c) Software and data backup techniques, (d) Alternative processing facility arrangements, (e) Disaster recovery procedural plan, (f) Integration with departmental plans, testing and documentation, (g) Insurance
- 7 An over view of Enterprise Resource Planning (ERP)**
- 8 Information Systems Auditing Standards, guidelines, best practices (BS7799, HIPPA, CMM etc.)**
- 9 Drafting of IS Security Policy, Audit Policy, IS Audit Reporting - a practical perspective**
- 10 Information Technology Act, 2000**

Course 7

MCO-017: Direct Tax Laws

Objectives

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

Contents

- 1 The Income-tax Act, 1961 and Rules thereunder (90 marks)
- 2 The Wealth-tax Act, 1957 and Rules thereunder (10 marks)

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

***Note:** If new legislations are enacted in place of the existing legislations relating to income tax and wealth tax, the syllabus will accordingly include such new legislations in the place of the existing legislations with effect from the date to be notified by the Institute.*

Course 8

MCO-018: Indirect Tax Laws

Objectives

- (a) To gain expert knowledge of the principles of the laws relating to central excise customs and service tax,
- (b) To acquire the ability to apply the knowledge of the provisions of the above-mentioned laws to various situations in actual practice.

Contents

Section A: Central Excise (40 marks)

- 1 Central Excise Act, 1944** and the related Rules, Circulars and Notifications.
- 2 Central Excise Tariff Act, 1985** and the related Rules.

Section B: Service tax & VAT (40 marks)

- 3 Law relating to service tax** as contained in the Finance Act, 1994 as amended from time to time and the related Rules, Circulars and Notifications.
- 4 Issues related to Value Added Tax:**
 - i Backdrop for State-Level VAT in India
 - ii Taxonomy of VAT
 - iii Input tax credit, tax invoices
 - iv Small dealers and composition scheme
 - v VAT procedures
 - vi VAT in relation to incentive schemes, works contract, lease transactions and hire purchase transactions.
 - vii VAT and Central Sales Tax

Section C: Customs (20 Marks)

- 5 Customs Act, 1962** and the related Rules, Circulars and Notifications;
- 6 Customs Tariff Act, 1975** and the related Rules.

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

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