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Evolving role of a CA - Shift towards strategic decision making

The traditional role of a chartered accountant restricted to accounting and auditing, has now changed substantially and there has been a marked shift towards strategic decision making and entrepreneurial roles that add value beyond traditional financial reporting. The primary factors responsible for the change are the increasing business complexities on account of plethora of laws, borderless economies consequent to giant leap in e-commerce, emergence of new financial instruments, emphasis on corporate social responsibility, significant developments in information technology, to name a few. These factors necessitate an increase in the competence level of chartered accountants to take up the role of not merely an accountant or auditor, but a global solution provider. Towards this end, the scheme of education and training is being continuously reviewed so that it is in sync with the requisites of the dynamic global business environment; the competence requirements are being continuously reviewed to enable aspiring chartered accountants to acquire the requisite professional competence to take on new roles.

Skill requirements at Intermediate Level

Under the Revised Scheme of Education and Training, at the Intermediate Level, you are expected to not only acquire professional knowledge but also the ability to apply such knowledge in problem solving. The process of learning should also help you inculcate the requisite professional skills, i.e., the intellectual skills and communication skills, necessary for achieving the desired level of professional competence.

Accounting is one of the core competence areas of chartered accountants. The paper of ‘Accounting’ at Intermediate level concentrates on conceptual understanding of the crucial aspects of accounting. The objective of the paper at this level is to acquire the ability to apply specific accounting standards and legislations to different transactions and events for preparation and presentation of financial statements of various business entities. The students are required to develop understanding of the Accounting Standards and gain ability to apply the provisions contained therein to practical situations.

Know your syllabus and Study Material

The syllabus of Accounting has an appropriate mix of various topics of sole proprietorship, partnership and companies as the objective of the paper is to gain ability to solve simple problems related to different businesses entities. The Study
Material of Accounting has been designed having regard to the needs of home study and distance learning students. The Study Material has been divided into fifteen chapters in line with the syllabus. It is important to read the Study Material thoroughly for understanding the coverage of syllabus in the paper of Accounting.

The study material has been bifurcated into three modules for the easy handling and convenience of students. For bare text of Framework for Preparation and Presentation of Financial Statements and Accounting Standards, the students are advised to refer the “Accounting Pronouncements” which has been separately published by the Board of Studies.

**Framework of Chapters – Uniform Structure comprising of specific components**

Efforts have been made to present each topic of the syllabus in a lucid manner. Care has been taken to present the chapters in a logical sequence to facilitate easy understanding by the students. Sincere efforts have been taken to incorporate the relevant amendments in the Accounting Standards, Companies Act, 2013 and SEBI regulations in this study material.

The content for each chapter/unit of the study Material has been structured in the following manner –

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<thead>
<tr>
<th>Components of each Chapter</th>
<th>About the component</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Learning Outcomes</td>
<td>Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of each chapter/unit. Demonstration of these learning outcomes would help you to achieve the desired level of technical competence</td>
</tr>
<tr>
<td>2. Chapter/Unit Overview</td>
<td>As the name suggests, the flow chart/table/diagram given at the beginning of each chapter would give a broad outline of the contents covered in the chapter</td>
</tr>
<tr>
<td>3. Content of each unit/chapter</td>
<td>The concepts and provisions of each accounting standard/topic are explained in student-friendly manner with the aid of Examples/illustrations/diagrams/flow charts. These value additions would help you develop conceptual clarity and get a good grasp of the topic. Diagrams and Flow charts would help you understand the concept/application of accounting standard/topic in a better manner.</td>
</tr>
</tbody>
</table>
4. **Illustrations involving conceptual understanding**

Illustrations would help the students to understand the application of concepts/provisions of accounting standards/topics. In effect, it would test understanding of concepts/provisions as well as ability to apply the concepts/provisions learnt in solving problems and addressing issues.

5. **Summary**

A summary of the chapter is given at the end to help you revise what you have learnt. It would especially facilitate quick revision of the chapter the day before the examination.

6. **Test Your Knowledge**

This section comprises of number of multiple choice questions, theoretical questions and practical questions which would help students to evaluate what they have understood after studying the chapter. The questions given in this section have also been supplemented with the answers to help the students in evaluating their solutions so that they can know about their grey areas.

We hope that these student-friendly features in the Study Material makes your learning process more enjoyable, enriches your knowledge and sharpens your application skills.

*Happy Reading and Best Wishes!*
SYLLABUS

PAPER – 1 : ACCOUNTING
(One paper – Three hours – 100 Marks)

Objective:
To acquire the ability to apply specific accounting standards and legislations to different transactions and events and in preparation and presentation of financial statements of various business entities.

Contents:
1. Process of formulation of Accounting Standards including Ind ASs (IFRS converged standards) and IFRSs; convergence vs adoption; objective and concepts of carve outs.
2. Framework for Preparation and Presentation of Financial Statements (as per Accounting Standards).
3. Applications of Accounting Standards:
   - 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 10 : Property, Plant and Equipment
   - AS 11 : The Effects of Changes in Foreign Exchange Rates
   - AS 12 : Accounting for Government Grants
   - AS 13 : Accounting for Investments
   - AS 16 : Borrowing Costs
   - AS 17 : Segment Reporting
   - AS 22 : Accounting for Taxes on Income
4. Company Accounts
   (i) Preparation of financial statements – Statement of Profit and Loss, Balance Sheet and Cash Flow Statement;
   (ii) Managerial Remuneration;
   (iii) Accounting for tax: Concept of deferred tax asset and deferred tax liability in line with AS 22 “Accounting for Taxes”;

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(iv) Profit (Loss) prior to incorporation;
(v) Accounting for bonus issue and right issue;
(vi) Redemption of preference shares;
(vii) Redemption of debentures.

5. **Accounting for Special Transactions:**
   (i) Investment;
   (ii) Insurance claims for loss of stock and loss of profit;
   (iii) Hire-purchase and Instalment sale transactions.

6. **Special Type of Accounting**
   (i) Departmental Accounting;
   (ii) Accounting for Branches including foreign branches;
   (iii) Accounts from Incomplete Records.

7. **Dissolution of partnership firms including piecemeal distribution of assets; Amalgamation of partnership firms; Conversion of partnership firm into a company and Sale to a company; Issues related to accounting in Limited Liability Partnership.**

**Note:** If either new Accounting Standards (AS), Announcements and Limited Revisions to AS are issued or the earlier ones are withdrawn or new AS, Announcements and Limited Revisions to AS are issued in place of existing AS, 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.
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