



## **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

### **THE SYLLABUS FOR COMMON PROFICIENCY TEST AS PER THE NEW SCHEME OF EDUCATION AND TRAINING FOR CHARTERED ACCOUNTANCY COURSE**

#### **Common Proficiency Test : One Paper, Two Sessions**

##### **Session I:**

*Section A: Fundamentals of Accounting*

*Section B: Mercantile Laws*

##### **Session II:**

*Section C: General Economics*

*Section D: Quantitative Aptitude*

## **Common Proficiency Test (CPT)**

*(One paper – Four hours – 200 Marks)*

**Level of Knowledge:** Basic knowledge

### **SESSION – I**

*(Two Sections– Two hours – 100 Marks)*

#### **Section A: Fundamentals of Accounting ( 60 Marks )**

##### **Objective:**

To develop conceptual understanding of the fundamentals of financial accounting system.

##### **Contents**

##### **1. Theoretical Framework**

- (i) Meaning and Scope of accounting
- (ii) Accounting Concepts, Principles and Conventions
- (iii) Accounting Standards – concepts, objectives, benefits
- (iv) Accounting Policies
- (v) Accounting as a measurement discipline – valuation principles, accounting estimates

##### **2. Accounting Process**

Books of Accounts leading to the preparation of Trial Balance, Capital and revenue expenditures, Capital and revenue receipts, Contingent assets and contingent liabilities, Fundamental errors including rectifications thereof.

##### **3. Bank Reconciliation Statement**

##### **4. Inventories**

Basis of inventory valuation and record keeping.

##### **5. Depreciation accounting**

Methods, computation and accounting treatment of depreciation, Change in depreciation methods.

##### **6. Preparation of Final Accounts for Sole Proprietors**

##### **7. Accounting for Special Transactions**

- (a) Consignments
- (b) Joint Ventures
- (c) Bills of exchange and promissory notes
- (d) Sale of goods on approval or return basis.

## **8. Partnership Accounts**

Final accounts of partnership firms – Basic concepts of admission, retirement and death of a partner including treatment of goodwill.

## **9. Introduction to Company Accounts**

Issue of shares and debentures, forfeiture of shares, re-issue of forfeited shares, redemption of preference shares.

### **Section B: Mercantile Law ( 40 Marks )**

#### **Objective:**

To test the general comprehension of elements of mercantile law

#### **Contents**

1. The Indian Contract Act , 1872: An overview of Sections 1 to 75 covering the general nature of contract , consideration , other essential elements of a valid contract , performance of contract and breach of contract.
2. The Sale of Goods Act, 1930: Formation of the contract of sale – Conditions and Warranties – Transfer of ownership and delivery of goods – Unpaid seller and his rights.
3. The India Partnership Act, 1932: General Nature of Partnership – Rights and duties of partners – Registration and dissolution of a firm.

### **SESSION – II**

*(Two Sections– Two hours – 100 Marks)*

### **Section C: General Economics ( 50 Marks )**

#### **Objective:**

To ensure basic understanding of economic systems, economic behaviour of individuals and organizations.

#### **Contents**

#### **(I) Micro Economics**

##### **1. Introduction to Micro Economics**

- (a) Definition, scope and nature of Economics
- (b) Methods of economic study
- (c) Central problems of an economy and Production possibilities curve.

##### **2. Theory of Demand and Supply**

- (a) Meaning and determinants of demand, Law of demand and Elasticity of demand — Price, income and cross elasticity

- (b) Theory of consumer 's behaviour – Marshallian approach and Indifference curve approach
- (c) Meaning and determinants of supply, Law of supply and Elasticity of supply.

### **3. Theory of Production and Cost**

- (a) Meaning and Factors of production
- (b) Laws of Production – The Law of variable proportions and Laws of returns to scale
- (c) Concepts of Costs — Short-run and long-run costs, Average and marginal costs, Total, fixed and variable costs.

### **4. Price Determination in Different Markets**

- (a) Various forms of markets – Perfect Competition, Monopoly, Monopolistic Competition and Oligopoly
- (b) Price determination in these markets.

## **(II) Indian Economic Development**

### **5. Indian Economy – A Profile**

- (a) Nature of the Indian Economy
- (b) Role of different sectors – Agriculture, Industry and Services in the development of the Indian economy, their problems and growth
- (c) National Income of India – Concepts of national income, Different methods of measuring national income, Growth of national income and per capita income in various plans.
- (d) Basic understanding of tax system of India – Direct and Indirect Taxation

### **6. Select Aspects of Indian Economy**

- (a) Population – Its size, rate of growth and its implication for growth
- (b) Poverty – Absolute and relative poverty and main programs for poverty alleviation
- (c) Unemployment – Types, causes and incidence of unemployment
- (d) Infrastructure — Energy, Transportation, Communication, Health and Education
- (e) Inflation
- (f) Budget and Fiscal deficits
- (g) Balance of payments
- (h) External debts.

**7. Economic Reforms in India**

- (a) Features of economic reforms since 1991
- (b) Liberalisation, Privatisation and Disinvestment
- (c) Globalisation.

**8. Money and Banking**

- (a) Money – Meaning and functions
- (b) Commercial Banks – Role and functions
- (c) Reserve Bank of India – Role and functions, Monetary policy.

**Section D: Quantitative Aptitude ( 50 Marks )**

**Objective:**

To test the grasp of elementary concepts in Mathematics and Statistics and application of the same as useful quantitative tools.

**Contents**

**1. Ratio and proportion, Indices, Logarithms**

**2. Equations**

Linear – simultaneous linear equations up to three variables, quadratic and cubic equations in one variable, equations of a straight line, intersection of straight lines, graphical solution to linear equations.

**3. Inequalities**

Graphs of inequalities in two variables — common region.

**4. Simple and Compound Interest including annuity — Applications**

**5. Basic concepts of Permutations and Combinations**

**6. Sequence and Series – Arithmetic and geometric progressions**

**7. Sets, Functions and Relations**

**8. Limits and Continuity — Intuitive Approach**

**9. Basic concepts of Differential and Integral Calculus (excluding trigonometric functions)**

**10. Statistical description of data**

- (a) Textual, Tabular & Diagrammatic representation of data.
- (b) Frequency Distribution.
- (c) Graphical representation of frequency distribution – Histogram, Frequency Polygon, Ogive

**11. Measures of Central Tendency and Dispersion**

Arithmetic Mean, Median – Partition Values, Mode, Geometric Mean and Harmonic, Mean, Standard deviation, Quartile deviation

**12. Correlation and Regression**

**13.** Probability and Expected Value by Mathematical Expectation

**14. Theoretical Distributions**

Binomial, Poisson and Normal.

**15. Sampling Theory**

Basic Principles of sampling theory , Comparison between sample survey and complete enumeration , Errors in sample survey , Some important terms associated with sampling , Types of sampling , Theory of estimation , Determination of sample size .

**16. Index Numbers**