The Institute of Chartered Accountants of Bangladesh (ICAB)

Syllabus for ICAB
Professional Stage (Knowledge Level)
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CA Professional Stage Syllabus

CA Overview

The CA qualification

Aim

The CA qualification aims to ensure all newly qualified Chartered Accountants have the technical and professional skills to begin their career and from which to build their ongoing professional development.

Structure

The syllabus has been designed to develop core technical, commercial, and ethical skills and knowledge in a structured and rigorous manner. Progression through the CA modules, in combination with integrated and monitored work based learning, will equip and prepare students for the demanding multi-disciplinary case study. This final module demands a high level of analysis, synthesis and communication skills, commercial and ethical awareness and the application of professional judgement.

The diagram below shows the 14 modules at the Professional Stage, where the focus is on the acquisition and application of technical skills and knowledge, and the Advanced Stage which comprises three technical modules and the Case Study.

Ethics is embedded throughout the qualification and there are specific learning outcomes included in a number of the modules. The syllabus has been designed to ensure students understand the fundamental principles of ethics, can apply relevant ethical guidance and are able to recommend actions to resolve ethical issues.
Professional Stage

Aim
The Professional Stage of the CA qualification forms the first stage of formal learning and assessment for the CA and, as such, aims to provide students with the technical skills and underpinning knowledge to perform their work as trainee chartered accountants in a variety of environments.

The Professional Stage syllabus has been constructed with the following aims:
- to ensure that the required technical knowledge and skills can be learnt and assessed in a comprehensive and rigorous manner
- to allow the timing of exam study to be aligned as far as possible with the knowledge and skills needed in the workplace
- to enable appropriate educational progression and reinforcement during the study and assessment process.

Structure and progression
There are 14 modules in total. Seven ‘Knowledge’ modules focus on the introduction and development of core knowledge and skills. The other seven ‘Application’ modules further develop the knowledge and skills and assess practical technical application.

The Professional Stage as a whole forms the foundation of technical knowledge that is further developed and integrated at the Advanced Stage.

Syllabus
This document presents the learning outcomes for the 14 Professional Stage modules. The learning outcomes in each module should be read in conjunction with the relevant topics.

Assessment
The seven ‘Knowledge’ modules will be examined using short-answer questions. Each assessment will be 1.5 hours in length except ‘Taxation 1’ which will be 3 hours in length.

The seven ‘Application’ modules will be examined using traditional assessments using longer questions. Each examination will be 2.5 hours in length.

Flexibility
There will be no regulations stipulating the order in which students must attempt the modules in each level of the Professional Stage, allowing employers to design training programmes according to business needs. Students will be permitted a maximum of six attempts at each module, and no examination in the next level can be undertaken before the previous level has been completed.
Professional Stage – (Knowledge Level)

Assurance  -  100 Marks

Module aim
To ensure that students understand the assurance process and fundamental principles of ethics, and are able to contribute to the assessment of internal controls and gathering of evidence on an assurance engagement.

On completion of this module, students will be able to:
• explain the concept of assurance, why assurance is required and the reasons for assurance engagements being carried out by appropriately qualified professionals
• explain the nature of internal controls and why they are important, document an organisation’s internal controls and identify weaknesses in internal control systems
• select sufficient and appropriate methods of obtaining assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred to a senior colleague
• understand the importance of ethical behaviour to a professional and explain issues relating to integrity, objectivity, conflicts of interest, conflicts of loyalty, confidentiality and independence.

Specification grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitable questions to be set.

<table>
<thead>
<tr>
<th>Weighting</th>
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<td>%</td>
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<tr>
<td>1 The concept, process and need for assurance</td>
<td>20</td>
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<tr>
<td>2 Internal controls</td>
<td>25</td>
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<tr>
<td>3 Gathering evidence on an assurance engagement</td>
<td>35</td>
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<tr>
<td>4 Professional ethics</td>
<td>20</td>
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Abilities tested

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Application</th>
<th>Total</th>
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<td>70</td>
<td>30</td>
<td>100</td>
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</table>

The following learning outcomes should be read in conjunction with the Assurance and Audit and Ethics Standards tables in Appendix 1.

1 The concept, process and need for assurance
Candidates will be able to explain the concept of assurance, why assurance is required and the reasons for assurance engagements being carried out by appropriately qualified professionals.

In the assessment, candidates may be required to:
a. define the concept of assurance
b. state why users desire assurance reports and provide examples of the benefits gained from them
c. compare the functions and responsibilities of the different parties involved in an assurance engagement
d. compare the purposes and characteristics of, and levels of assurance obtained from, different assurance engagements
e. identify the issues which can lead to gaps between the outcomes delivered by the assurance engagement and the expectations of users of the assurance reports, and suggest how these can be overcome
f. define the assurance process, including:
   - obtaining the engagement
   - continuous risk assessment
   - engagement acceptance
   - the scope of the engagement
   - planning the engagement
   - performing the engagement
   - obtaining evidence
   - evaluation of results of assurance work
   - concluding and reporting on the engagement
   - reporting to the engaging party
   - keeping records of the work performed
g. recognise the need to plan and perform assurance engagements with an attitude of professional scepticism
h. define the concept of reasonable assurance.

2 Internal controls

Candidates will be able to explain the nature of internal controls and why they are important, document an organisation’s internal controls and identify weaknesses in internal control systems.

In the assessment, candidates may be required to:

a. state the reasons for organisations having effective systems of control
b. identify the fundamental principles of effective control systems
c. identify the main areas of a business that need effective control systems
d. identify the components of internal control in both manual and IT environments, including:
   - the overall control environment
   - preventative and detective controls
   - internal audit
e. define and classify different types of internal control, with particular emphasis upon those which impact upon the quality of financial information
f. show how specified internal controls mitigate risk and state their limitations
g. identify internal controls for an organisation in a given scenario
h. identify internal control weaknesses in a given scenario
i. identify, for a specified organisation, the sources of information which will enable a sufficient record to be made of accounting or other systems and internal controls.

3 Gathering evidence on an assurance engagement

Candidates will be able to select sufficient and appropriate methods of obtaining assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred to a senior colleague.

In the assessment, candidates may be required to:

a. state the reasons for preparing and keeping documentation relating to an assurance engagement
b. identify and compare the different methods of obtaining evidence from the use of tests of control and substantive procedures, including analytical procedures

c. recognise the strengths and weaknesses of the different methods of obtaining evidence

d. identify the situations within which the different methods of obtaining evidence should and should not be used

e. compare the reliability of different types of assurance evidence

f. select appropriate methods of obtaining evidence from tests of control and from substantive procedures for a given business scenario

g. recognise when the quantity and quality of evidence gathered from various tests and procedures is of a sufficient and appropriate level to draw reasonable conclusions on which to base a report

h. identify the circumstances in which written confirmation of representations from management should be sought and the reliability of such confirmation as a form of assurance evidence

i. recognise issues arising whilst gathering assurance evidence that should be referred to a senior colleague.

4 Professional ethics

Candidates will be able to understand the importance of ethical behaviour to a professional and identify issues relating to integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and independence.

In the assessment, candidates may be required to:

a. state the role of ethical codes and their importance to the profession

b. recognise the differences between a rules based ethical code and one based upon a set of principles

c. recognise how the principles of professional behaviour protect the public and fellow professionals

d. identify the key features of the system of professional ethics adopted by IFAC and ICAB

e. identify the fundamental principles underlying the IFAC and the ICAB code of ethics

f. recognise the importance of integrity and objectivity to professional accountants, identifying situations that may impair or threaten integrity and objectivity

g. suggest courses of action to resolve ethical conflicts relating to integrity and objectivity

h. respond appropriately to the request of an employer to undertake work outside the confines of an individual's expertise or experience

i. recognise the importance of confidentiality and identify the sources of risks of accidental disclosure of information

j. identify steps to prevent the accidental disclosure of information

k. identify situations in which confidential information may be disclosed

l. define independence and recognise why those undertaking an assurance engagement are required to be independent of their clients

m. identify the following threats to the fundamental ethical principles and the independence of assurance providers:
   • self-interest threat
   • self-review threat
   • management threat
   • advocacy threat
   • familiarity threat
   • intimidation threat

n. identify safeguards to eliminate or reduce threats to the fundamental ethical principles and the independence of assurance providers

o. suggest how a conflict of loyalty between the duty a professional accountant has to their employer and the duty to their profession could be resolved.
Accounting - 100 Marks

Module aim
To ensure that students have a sound understanding of the techniques of double entry accounting and can apply its principles in recording transactions, adjusting financial records and preparing non-complex financial statements.

On completion of this module, students will be:
• proficient in the use of double entry accounting techniques and the maintenance of accounting records
• able to identify and correct omissions and errors in accounting records and financial statements
• able to specify the components of financial statements and prepare and present non-complex accounts for sole traders, partnerships and limited companies.

Specification grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitable questions to be set.

<table>
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<tr>
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<tbody>
<tr>
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<td>30</td>
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<tr>
<td>2 Adjustments to accounting records and financial statements</td>
<td>35</td>
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<tr>
<td>3 Preparing financial statements</td>
<td>35</td>
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</tbody>
</table>

Abilities tested

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Application</th>
<th>Total</th>
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<tr>
<td>20</td>
<td>80</td>
<td>100</td>
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</table>

The following learning outcomes should be read in conjunction with the Financial Reporting table in Appendix 1.

1 Maintaining financial records
Candidates will be proficient in the use of double entry accounting techniques and the maintenance of accounting records.

In the assessment, candidates may be required to:

a. specify why an entity maintains financial records and prepares financial statements
b. identify the sources of information for the preparation of accounting records and financial statements
c. record and account for transactions and events resulting in income, expenses, assets, liabilities and equity in accordance with the appropriate basis of accounting and the laws, regulations and accounting standards applicable to the financial statements
d. record and account for changes in the ownership structure and ownership interests in an entity
e. prepare a trial balance from accounting records and identify the uses of the trial balance.
2 Adjustments to accounting records and financial statements

Candidates will be able to identify and correct omissions and errors in accounting records and financial statements.

In the assessment, candidates may be required to:

a. identify omissions and errors in accounting records and financial statements and demonstrate how the required adjustments will affect profits and/or losses
b. correct omissions and errors in accounting records and financial statements using control account reconciliations and suspense accounts
c. prepare an extended trial balance
d. prepare journals for nominal ledger entry and to correct errors in draft financial statements.

3 Preparing financial statements

Candidates will be able to specify the components of financial statements, and prepare and present non-complex accounts for sole traders, partnerships and limited companies.

In the assessment, candidates may be required to:

a. identify the main components of a set of financial statements and specify their purpose and interrelationship
b. specify the key aspects of the accrual basis of accounting, cash accounting and break-up basis of accounting
c. prepare and present a balance sheet and income statement (or extracts therefrom) from the accounting records and trial balance in a format which satisfies the information requirements of the entity.
Business and Finance  -  100 Marks

Module aim
To provide students with an understanding of how businesses operate and how accounting and finance functions support businesses in achieving their objectives.

On completion of this module, students will be able to:
• identify the general objectives of businesses and the functions and tasks that businesses perform in order to meet their objectives
• specify the nature, characteristics, advantages and disadvantages of different forms of business structure
• identify the purpose of financial information produced by businesses and specify how accounting and finance functions support business operations, including the management of working capital
• specify the role of the accountancy profession and why the work of the profession is important
• identify the role that governance plays in the management of a business and specify how a business can promote an ethical culture
• specify the impact on a business of the economic environment in which it operates.

Specification grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitable questions to be set.

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<td>3  The role of finance and accounting</td>
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<td>4  The role of the accountancy profession</td>
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<td>5  Governance and ethics</td>
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<tr>
<td>6  External environment</td>
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Abilities tested

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The following learning outcomes should be read in conjunction with the Ethics Standards table in Appendix 1.

1 Business objectives and functions
Candidates will be able to identify the general objectives of businesses and the functions and tasks that businesses perform in order to meet their objectives.

In the assessment, candidates may be required to:

a. state the general objectives of businesses
b. state the general objectives of strategic management and specify the strategic management process and interrelationship between a business’s vision, mission and strategic objectives
c. identify the various functional areas within businesses and show how the functions assist the achievement of business objectives
d. identify the nature and functions of organisational management, human resources management and operations management and show how these are influenced by human behaviour

e. show, in a given scenario, the relationship between a business's overall strategy and its functional strategies

f. identify the nature and purpose of strategic plans, business plans and operational plans

g. specify how a strategic plan is converted into fully-integrated business and operational plans

h. identify the main components of the risk management process and show how they operate

i. identify the key issues in relation to risk and crisis management.

2 Business structures

Candidates will be able to specify the nature, characteristics, advantages and disadvantages of different forms of business structure.

In the assessment, candidates may be required to:

a. identify different forms of businesses and specify their advantages and disadvantages

b. identify the differences between businesses carried out by sole traders, partnerships, limited liability partnerships, alliances and groups, and show the advantages and disadvantages of each of these structures

c. identify the differences between unincorporated businesses and companies, and show the advantages and disadvantages of incorporation.

3 The role of finance and accounting

Candidates will be able to identify the purpose of financial information produced by businesses and specify how accounting and finance functions support business operations, including the management of working capital.

In the assessment, candidates may be required to:

a. specify the extent to which financial information:
   • provides for accountability of management to shareholders and other stakeholders
   • reflects business performance
   • is useful to users in making economic decisions
   • meets the information needs of national, social and economic contexts (e.g. national statistical information)

b. specify how accounting and finance functions support businesses in pursuit of their objectives

c. identify the main considerations in establishing and maintaining accounting and financial reporting functions and financial control processes

d. identify, in the context of accounting systems, the issues surrounding:
   • information processing
   • information security

e. specify why the management of a business require information about performance measurement

f. identify the accountant’s role in preparing and presenting information for the management of a business

g. identify the constituent elements of working capital and treasury and specify the methods by which each element can be managed by the finance function to optimise working capital and cash flow

h. specify the relationship between a business and its bankers and other providers of financial products in the context of treasury and cash management.

4 The role of the accountancy profession

Candidates will be able to specify the role of the accountancy profession and why the work of the profession is important.
In the assessment, candidates may be required to:

a. identify the importance to the public interest of high quality, accurate financial reporting and assurance

b. specify the rationale for key parts of the profession’s work and the links between technical competence and professional responsibility, including accounting principles, accounting standards, sound business management and the public interest

c. specify the key features of the structure of the accountancy profession, the regulatory framework within which professional accountants work and the ways in which the accountancy profession interacts with other professions.
5 Governance and ethics

Candidates will be able to identify the role that governance plays in the management of a business and specify how a business can promote an ethical culture.

In the assessment, candidates may be required to:

a. state the reasons why governance is needed and identify the role that governance plays in the management of a business
b. identify the key stakeholders and their governance needs for a particular business
c. identify and show the distinction between the roles and responsibilities of those charged with governance and those charged with management
d. specify how differences in national and business cultures affect the governance of businesses
e. identify the roles and responsibilities of the members of the executive board, any supervisory board, the audit committee and others charged with governance, internal audit and external audit
f. identify the roles and responsibilities of those responsible within a business for internal audit and for the external audit relationship
g. specify the policies and procedures a business should implement in order to promote an ethical culture.

6 External environment

Candidates will be able to specify the impact on a business of the environment in which it operates.

In the assessment, candidates may be required to:

a. specify the signalling, rewarding and allocating effects of the price mechanism on business (including the concept of price elasticity)
b. specify the potential types of failure of the market mechanism and their effects on business
c. specify the principal effects of regulation upon businesses
d. show how the needs of different stakeholders in a business (e.g. shareholders, the local community, employees, suppliers, customers) impact upon it
e. specify the effects of key international legislation (including the Sarbanes-Oxley Act and trade restrictions) on businesses.
Management Information - 100 Marks

Module aim
To enable students to prepare essential financial information for the management of a business.

On completion of this module, students will be able to:
- establish the costs associated with the production of products and provision of services and use them to determine prices
- select appropriate budgeting approaches and methods and prepare budgets
- identify key features of effective performance management systems, select appropriate performance measures and calculate differences between actual performance and standards or budgets
- identify and calculate relevant data for use in management decision making.

Specification grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitable questions to be set.

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<td>4 Management decision making</td>
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Abilities tested

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<tr>
<td>40</td>
<td>60</td>
<td>100</td>
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</table>

1 Costing and pricing
Candidates will be able to establish the costs associated with the production of products and provision of services and use them to determine prices.

In the assessment, candidates may be required to:
- recognise the use of cost information for different purposes
- classify costs as fixed, variable, direct or indirect
- calculate unit costs from information provided, using:
  - direct costing
  - absorption costing
  and reconcile the differences between the costs obtained
- select the most appropriate method of costing for a given product or service
- calculate the sales price for a given product or service using cost based pricing
- calculate transfer prices for specified sales to internal customers which take account of appropriate costs.
2 Budgeting and forecasting

Candidates will be able to select appropriate budgeting approaches and methods and prepare budgets.

In the assessment, candidates may be required to:

a. apply forecasting techniques to assist management in performance measurement and planning
b. prepare budgets, or extracts therefrom, from information supplied
c. select the most appropriate of the following budgeting approaches and methods, taking into account their advantages and disadvantages for planning, control and motivation:
   • bottom-up and top-down approaches to generating and managing budgets
   • activity-based, responsibility-based and product-based budget structures
   • zero-based and incremental budgeting
d. prepare a cash budget for a business which highlights the quantity and timing of cash surpluses and deficits
e. calculate the cash cycle for a business and recognise its significance
f. recognise how a business manages surpluses and deficits predicted in cash budgets.

3 Performance management

Candidates will be able to identify key features of effective performance management systems, select appropriate performance measures and calculate differences between actual performance and standards or budgets.

In the assessment, candidates may be required to:

a. identify the reasons for and key features of effective performance management systems
b. select appropriate financial and non-financial performance measures which effectively encourage the business as a whole to meet its objectives
c. identify the role of controls in ensuring effective performance management
d. identify how performance measures and compliance measures are integrated into the general systems of control in businesses
e. calculate differences between actual performance and standards or budgets in terms of price and volume effects and identify possible reasons for those differences
f. calculate and reconcile profits under direct, absorption or marginal costing.

4 Management decision making

Candidates will be able to identify and calculate relevant data for use in management decision making.

In the assessment, candidates may be required to:

a. calculate the break even point, contribution and margin of safety for a given product or service
b. allocate scarce resource to those products or services with the highest contribution per limiting factor
c. calculate the net present value, internal rate of return, payback period or accounting rate of return for a given project
d. identify the advantages and disadvantages of the investment appraisal techniques specified in 4(c) above.
Taxation I - 100 Marks

Module aims
To ensure that students gain an appreciation of the basics of taxation in Bangladesh and have an understanding of the basic ethical requirements of undertaking tax work.

On completion of this module, students will be able to:

- explain the general objectives of taxation and the influences upon the system of taxation in Bangladesh
- explain the ethical and professional issues for a professional accountant undertaking tax work
- describe the basic system of administration relating to taxation in Bangladesh
- describe how taxation in Bangladesh is applied to the income, expenditure, assets, liabilities or transactions of business entities
- describe how taxation in Bangladesh is applied to the income, expenditure, assets, liabilities or transactions of individuals

Specification Grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

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<td>Administration</td>
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<td>The taxation of business entities</td>
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<tr>
<td>The taxation of individuals</td>
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<tr>
<td>Value Added Tax</td>
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<tr>
<td><strong>Total:</strong></td>
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</table>

I General principles of taxation
Candidates should be able to explain the general objectives of taxation and the influences upon the system of taxation in Bangladesh.

In the examination, candidates may be required to
a. explain government’s taxation objectives in the context of economic, social and environmental issues
b. describe the range of taxation opportunities open to government and their relative advantages in meeting the government’s taxation objectives
c. explain the external influences on Bangladesh taxation objectives and policies and on the decisions taken by the Bangladesh courts on national taxation
d. explain the current response of government and the courts towards tax schemes designed to circumvent the law
e. explain why states negotiate and make double taxation agreements
f. explain how tax treaties affect the contracting states’ abilities to apply taxation
g. describe the sources of national tax law and practice and their relative importance
h. describe the likely impact on a taxpayer (business entity or individual) of the taxation objectives, policies and strategies proposed or adopted by governments or other authorities.
2 Ethical considerations
Candidates should be able to explain the ethical and professional issues for a professional accountant undertaking tax work.

In the examination, candidates may be required to
a. state the key ethical and professional issues for a professional accountant undertaking tax work
b. explain the reasons for the existence of ethical or professional rules relating to the undertaking of tax work.

3 Administration
Candidates should be able to describe the basic system of administration relating to taxation in Bangladesh.

In the examination, candidates may be required to
a. determine when an individual or entity comes within the scope of relevant national taxes and what action, if any, it should take, including any time limits for that action
b. determine due dates for
   • the making of returns and provision of other information to the relevant authorities
   • payments of tax
c. describe the implications of late submission of returns and other information or late payments of tax and calculate any resulting interest or penalties
d. identify the records that individuals and business entities must retain for taxation purposes, and state the periods for which those records must be retained
e. explain the different types of assessments

4 The taxation of business entities
Candidates should be able to describe how taxation in Bangladesh is applied to the income, expenditure, assets, liabilities or transactions of business entities.

In the examination, candidates may be required to
a. identify, for an entity, the national taxes applicable to different forms of income, expenditure, assets, liabilities or transactions, and state who is liable for the resulting taxation

5 The taxation of individuals
Candidates should be able to describe how taxation in Bangladesh is applied to the income, expenditure, assets, liabilities or transactions of individuals.

In the examination, candidates may be required to
a. identify, for any individual, the national taxes applicable to different forms of income, expenditure, assets, liabilities or transactions.

6 Value Added Tax (VAT)
Candidates should be able to describe the basic knowledge on VAT, some relevant terms, scope, registration, measurement, administration, turnover tax, supplementary duty and exempt goods and services.

In the examination, candidates may be required to
a. demonstrate the concept and definition
b. identify the VAT registration procedures
c. time & mode of VAT Payment
d. determine value for application of VAT
e. identify the application of zero rate, normal rate, truncated value and tariff value for VAT.
f. recognize VAT deduction and/or collection at source.
g. identify the input tax and output tax adjustment procedures
h. explain the turnover and supplementary duty
i. VAT books of accounts.
Business and Commercial Law - 100 Marks

Module aim
To ensure that students become familiar with the different aspects and provisions of commercial laws which they may come across in the normal course of their professional work.

On completion of this module, students will be able to:
- demonstrate a detailed understanding of contract law, knowing how to recognise formation, discharge and remedies for breach of contract
- define agency and apply basic laws of agency to case scenarios given
- recognise the existence of a contract of sale and demonstrate an understanding of the legal and commercial aspects of sale contracts
- recognise the existence of a partnership and demonstrate an understanding of the legal and commercial aspects of partnership
- recognise a negotiable instrument and to explain the legal position relating to such an instrument, utilising the principles of contract law
- demonstrate their knowledge of the main provisions of the Bankruptcy Act 1997
- demonstrate their knowledge of the main provisions of the Arbitration Act 2001.

Specification Grid
This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitable questions to be set.

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<td>2</td>
<td>The Sale of Goods Act 1930</td>
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<td>3</td>
<td>The Partnership Act 1932</td>
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<td>4</td>
<td>The Negotiable Instruments Act 1881</td>
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1 The Contract Act 1872
Candidates should be able to demonstrate a detailed understanding of contract law, knowing how to recognise formation, discharge and remedies for breach of contract. They should also be able to define agency and apply basic laws of agency to case scenarios given.

In the assessment, candidates may be required to
a. define, apply and advise on
- formation
  - agreement
  - consideration
  - intention to create legal relations
- enforcement of contracts
  - terms
  - privity
• performance of contracts
• termination of contracts
  - breach of contract
  - discharge of contract
  - exemption clauses
  - remedies for breach of contract
• indemnity and guarantee
• bailment and pledge

b. differentiate between factors affecting the validity of contracts
• void
• voidable
• illegal

c. define agency
d. outline the nature of agency and describe the methods by which agency can be created (by consent, by deed, by ratification, by necessity, by estoppel, by partnership under the Partnership Act 1932)
e. describe and apply the duties and rights of agents
f. define, apply and advise on the authority an agent has to enter into contracts on behalf of a principal, including express, implied and apparent authority; and that given to partners under the Partnership Act 1932
g. identify the legal position in a given straightforward scenario concerning agency, applying the principles set out in learning outcomes a to f above.

2 The Sale of Goods Act 1930

Candidates should be able to recognise the existence of a contract of sale and demonstrate an understanding of the legal and commercial aspects of sale contracts.

In the assessment, candidates may be required to
a. recognise when a legally binding contract of sale exists between two parties and how a contract may be enforced
b. identify the circumstances under which a contract of sale can be terminated and possible remedies for breach of contract
c. define, apply and advise on
  • conditions and warranties
  • passing of property and risk
  • transfer of title
  • rules as to delivery
  • duties and rights of seller and buyer
  • sale by auction
d. identify the legal position in a given scenario concerning sale of goods, applying the principles set out in learning outcomes a to c above and the principles of contract law.

3 The Partnership Act 1932

Candidates should be able to recognise the existence of a partnership and demonstrate an understanding of the legal and commercial aspects of partnership.

In the assessment, candidates may be required to
a. describe how a partnership may be created
b. recognise when a partnership exists between parties
c. define, apply and advise on
  • partnership and co-ownership
  • partnership and a company
• partnership and Hindu family business
• classes of partners and partnership
• partnership property
• registration of firm
• relations of partners to one another, and relations of partners to third party
• rights and liabilities of partners
• authority of partners
• minor as partner
• reconstitution of firm and dissolution of firm

d. identify the legal position in a given straightforward scenario concerning a partnership, applying the principles set out in learning outcomes a to c above, in contract law and in the Partnership Act.

4 The Negotiable Instruments Act 1881

Candidates should be able to recognise a negotiable instrument and to explain the legal position relating to such an instrument, utilising the principles of contract law.

In the assessment, candidates may be required to
a. define the following negotiable instruments, describe the differences between them, and explain how they may normally be used by a business
  • cheque
  • bill of exchange
  • promissory note
b. explain fully the commercial and legal effects of the following in regard to a cheque, in terms of the creation, acceptance and discharge of liability
  • endorsements
  • crossings
  • dishonour and penalties
  • banker's liability
c. define, and explain the commercial significance of, "holder in due course" and "presentment" in relation to a bill of exchange
d. define, apply and advise on
  • capacities of parties
  • rights and liabilities of parties
  • discharge of parties from liabilities
  • lost instruments
  • dishonour of bill of exchange, payment for honour
  • forged instruments
e. identify the legal position in a given scenario concerning a negotiable instrument, applying the principles set out in learning outcomes a to d above and the principles of contract law.

5 The Bankruptcy Act 1997

Candidates should be able to demonstrate their knowledge of the main provisions of the Bankruptcy Act 1997

In the assessment, candidates may be required to
a. identify the nature and function of the bankruptcy court, plaints, receivership and orders of adjudication
b. define, apply and advise on
  • acts of bankruptcy
  • persons subject to bankruptcy proceedings
  • filing plaint
• procedures and hearing
• dismissal of plaint
• order of adjudication and its effects
• duties of debtors
• exempted properties
• creditors’ committee
• discharge of bankrupt
• fraudulent preference and its effects
• nullification and protection of transactions
• status of secured creditors
• appointment of receiver
• Official Receiver
• powers functions and liabilities of receiver
• management and disposal of estate
• disqualification of undischarged bankrupt
• appeals.

6 The Arbitration Act 2001

Candidates should be able to demonstrate their knowledge of the main provisions of the Arbitration Act 2001.

In the assessment, candidates may be required to
a. define an arbitration agreement under the Act
b. state the effects of an arbitration agreement
c. define, apply and advise on
   • international commercial arbitration and its enforcements
   • subject matters of arbitration
   • different methods of arbitration
   • arbitration tribunal
   • arbitral proceedings
   • arbitral award
   • appeals.
Information Technology Knowledge - 100 Marks

Module aim
To introduce students to the reasons for the use of IT in enterprises, the link between the strategy of a business and the IT that it uses in practice, and methods for managing IT, and to outline the types and systems of internal control used in computer-based business systems.

On completion of this module, students will be able to:
- explain the importance of information within an organization in decision making and financial reporting and describe the features of information systems that organizations use
- explain general systems concepts and to describe and state the characteristics of the components of IT processing and communication systems
- describe how transactions are processed, how data is organized and stored and the roles and responsibilities within the IT function
- outline the organization and management required relating to IT within organizations
- describe the types of software used by individuals within organizations and by accounting professionals
- describe how organizations manage electronic communication and explain the risks and benefits in relation to electronic communication
- identify and explain the components of internal control within computer-based business systems

Specification Grid
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<td>5 Internal control in computer-based business systems</td>
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I Information within organizations
Candidates should be able to explain the importance of information within an organization in decision making and financial reporting and describe the features of information systems that organizations use.

In the examination, candidates may be required to
a. explain the significance of information as a key resource within organizations
b. state the attributes of information and the distinction between information and data
c. identify the operating, managerial and strategic levels in organizations
d. indicate the characteristics of decisions and information needs at different organizational levels
e. describe the characteristics of information systems between and within organizations
f. describe the role IT plays in information systems, in particular financial reporting systems.
2 Information Technology Architecture

Candidates should be able to explain general systems concepts and to describe and state the characteristics of the components of IT processing and communication systems. They should also be able to describe how transactions are processed, how data is organized and stored and the roles and responsibilities within the IT function.

In the examination, candidates may be required to:

a. outline the nature and types of systems used within and between organizations, and describe the system architectures in those systems.
b. define or state the characteristics of basic IT terminology such as:
   - applications (integrated and stand-alone)
   - hardware
   - software
   - networks
   - computer software languages used to enable e-commerce.
c. identify advantages of point-of-sale processing.
d. define and explain the implications of data structure, including the concepts of:
   - data analysis
   - data validation
   - record, field, character, array
   - database management systems.
e. define basic IT concepts such as:
   - Batch processing
   - Real-time processing
   - Distributed processing
   - Physical access controls
   - Modification controls.
f. recognize basic security controls.
g. identify basic data validation or editing techniques.
h. describe the common protocols and standards used to facilitate connection and communication within IT systems.
i. state the roles and responsibilities of computer operators, librarians, system and application programmers, and database, network, web and other system administrators.

3 Management of IT

Candidates should be able to outline the organization and management required relating to IT within organizations. They should also be able to describe the types of software used by individuals within organizations and by accounting professionals.

In the examination, candidates may be required to:

a. describe policies and management processes used by organizations in order to:
   - maintain efficient running of IT systems
   - manage IT assets
b. describe how organizations:
   - control software changes
   - manage IT problems
   - monitor performance of IT systems
   - exercise financial control over IT resources.
c. describe and explain how organizations organize and manage security over IT activities.
d. describe the types of personal software used by individuals within organizations and by accounting professionals.
4 Communication and IT

Candidates should be able to describe how organizations manage electronic communication and explain the risks and benefits in relation to electronic communication.

In the examination, candidates may be required to
a. identify and explain the benefits and risks of information technology relating to communication
b. describe and classify the types of network configurations used by organizations and identify the components of such networks.

5 Internal control in computer-based business systems

Candidates should be able to identify and explain the components of internal control within computer-based business systems.

In the examination, candidates may be required to
a. describe the general internal control environment for information technology within organizations
b. explain how and why IT control objectives are set by organizations
c. describe and explain the treatment of risk in design and operating systems of internal control in computer-based business systems
d. describe how IT internal control activities are conducted within organizations
e. identify the information and communication needs of internal controls over information technology
f. explain the IT monitoring activities that organizations undertake.