

Intermediate Course

Study Material

(Modules 1 to 3)

Paper 1

Advanced Accounting

**(Relevant for May, 2027 and
onward Examinations)**

Module – 1



BOARD OF STUDIES (ACADEMIC)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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BEFORE WE BEGIN ...

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 etc. 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.

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. In view of nobility of the objective to provide quality academic inputs to the students of CA course, the Board of Studies(A) of ICAI has decided to bring forth the Study Material of Advanced Accounting. This Study Material contains all applicable Accounting Standards and topics as detailed out in the syllabus.

Accounting is one of the core competence areas of chartered accountants. The paper of '**Advanced 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 an understanding of all the Accounting Standards and gain ability to apply the provisions contained therein to different practical situations.

The Study Material of Advanced Accounting has been designed having regard to the needs of home study and distance learning students. The study material has been bifurcated into three modules for the easy handling and convenience of students. For the 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(A).

The study material has been bifurcated into three modules divided into fifteen chapters in line with the syllabus. In the study material, Accounting Standards have not been discussed sequentially; instead the related Accounting Standards have been grouped and discussed in separate chapters for ease of understanding. For example, the 'Presentation and Disclosure based Accounting Standards like AS 1, AS 3, AS 17, AS 18, AS 20, AS 24 and AS 25 have been grouped in one chapter. It is important to read the Study Material thoroughly for understanding the coverage of syllabus in the paper of Advanced Accounting.

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 –

	Components of each Chapter	About the component
1.	Learning Outcomes	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.
2.	Chapter/Unit Overview	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.
3.	Content of each unit/ chapter	The concepts and provisions of accounting standards/topics 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.
4.	Illustrations involving conceptual understanding	Illustrations would help the students to understand the application of concepts/provisions of accounting standards. 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.
7..	Multiple Choice Questions (MCQ)	In the New Scheme of education and training, assessment for 30 marks in each paper at the intermediate and final level would be by way of case scenario based MCQs. Questions in this segment would comprise of a case scenario followed by a few MCQs based on the case scenario. All case scenario based MCQs would be application oriented. In the subject of Advanced Accounting, a student has to apply the concepts learnt in solving the MCQs based on the case scenario. In order to hone the application and analytical skills of students, independent MCQs have been included in every chapter of this Study Material. Solving these MCQs will enhance your conceptual clarity and sharpen your analytical skills.

Every effort has been done to make the Study Material error free, however if inadvertently any error is present and found by readers, they may send it to us immediately, so that it can be rectified at our end.

In case you need any further clarification/ guidance, you may send your queries through ICAI BoS App.

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: ADVANCED 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 Indian Accounting Standards (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.
 - (i) Applicability of Accounting Standards to various entities
 - (ii) Application 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 7: Construction Contracts
 - AS 9: Revenue Recognition
 - 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
- AS14: Accounting for Amalgamations (excluding inter- company holdings)
- AS 15: Employee Benefits
- AS 16: Borrowing Costs
- AS 17: Segment Reporting
- AS 18: Related Party Disclosures
- AS 19: Leases
- AS 20: Earnings Per Share
- AS21: Consolidated Financial Statements of single subsidiaries (excluding problems involving acquisition of Interest in Subsidiary at Different Dates, Cross holding, Disposal of a Subsidiary and Foreign Subsidiaries).
- AS 22: Accounting for Taxes on Income
- AS 23: Accounting for Investment in Associates in Consolidated Financial Statements
- AS 24: Discontinuing Operations
- AS 25: Interim Financial Reporting
- AS 26: Intangible Assets
- AS 27: Financial Reporting of Interests in Joint Ventures
- AS 28: Impairment of Assets
- AS 29: Provisions, Contingent Liabilities and Contingent Assets

4. Company Accounts

- (i) Schedule III to the Companies Act, 2013 (Division I)
- (ii) Preparation of financial statements – Statement of Profit and Loss, Balance Sheet and Cash Flow Statement

- (iii) Buy back of securities
- (iv) Accounting for reconstruction of companies.

5. Accounting for Branches including foreign branches.

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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