

FAQs – Common Proficiency Test

What is the Common Proficiency Test (CPT)?

CPT is an entry-level test for the Chartered Accountancy Course, comprising four subjects, namely: Fundamentals of Accounting, Mercantile Laws, General Economics and Quantitative Aptitude. This test is of 200 marks. The test is divided into two sessions of two hours each with a break in-between. CPT is an objective type test with negative marking. The first CPT examination is proposed to be held in November 2006. This is in place of the existing Professional Examination – I (PE-I). The last PE-I examination will be held in November 2007.

Who can join and when?

A student who has passed the Class 10 examination conducted by an examining body constituted by law in India or an examination recognised by the Central Government as equivalent thereto can join the CPT after registration.

What are the fees for registration and tuition?

The registration and tuition fees are Rs. 3,500, which is to be paid along with a filled in application form.

How to register for CPT?

A student should register with the Board of Studies by submitting the prescribed form, which can be obtained from offices of the Institute. The form can also be downloaded from the website <http://www.icai.org>.

What are the subjects to be studied?

SESSION – I (Two Sections– Two hours – 100 Marks)

- Section A: Fundamentals of Accounting (60 Marks)
- Section B: Mercantile Laws (40 Marks)
- SESSION – II (Two Sections– Two hours – 100 Marks)
- Section C: General Economics (50 Marks)
- Section D: Quantitative Aptitude (50 Marks)

Is there any study package?

Yes. The Board of Studies provides a comprehensive study package including large question bank. The Board of Studies also provides a CD for self-assessment. Using the CD, a student can get a question paper set of different subjects and test his level of preparation.

Is the Institute organising any oral coaching to assist the students for preparation?

The Institute through accredited institutions would provide such a facility. A list of such institutions will be available on the website <http://www.icai.org>.

Is joining oral coaching classes compulsory?

No. The oral coaching facility is optional.

What are the different types of modules for oral coaching available?

There are three different modules of oral coaching available to the students depending upon his requirement and availability of time.

Module - 1: 50 days oral coaching @ 5 hours per day

Module - 2: 125 days coaching @ 2 hours per day

Module - 3: 250 hours @ 1 hour per day

A student has to contact the Principal/Chief Co-ordinator of the accredited institution for admission to oral coaching.

What are the fees to be paid for undergoing oral coaching?

For fees payable to different modules, as well as the list of accredited institutions, please visit <http://www.icaai.org>.

What is the eligibility for appearing in the CPT?

A registered student may appear in CPT after he has appeared in the Senior Secondary Examination (10+2 examination) conducted by an examining body constituted by law in India or an examination recognised by the Central Government as equivalent thereto.

How to make application for appearing in the examination?

A student has to apply in the prescribed form along with the examination fee of Rs. 300 within

the stipulated period. Examination forms will be available at different offices and branches of the Institute commencing from the first week of September 2006 for the November 2006 examination.

What are the qualifying marks?

The qualifying marks are 50%. A student has to keep in mind that CPT is an objective type test with negative marking as will be indicated in the question paper for selecting the wrong option.

What is the next step after passing CPT?

After passing CPT and 10+2 examination, a student may join the Chartered Accountancy Course which is divided into following two levels and undergo practical training for 3 ½ years:

- Professional Competence Course
- Final Course

For further details, please refer to the flow diagram on the next page depicting the system of education and training for chartered accountancy course:

INVITATION TO CONTRIBUTE IN THE CHARTERED ACCOUNTANT

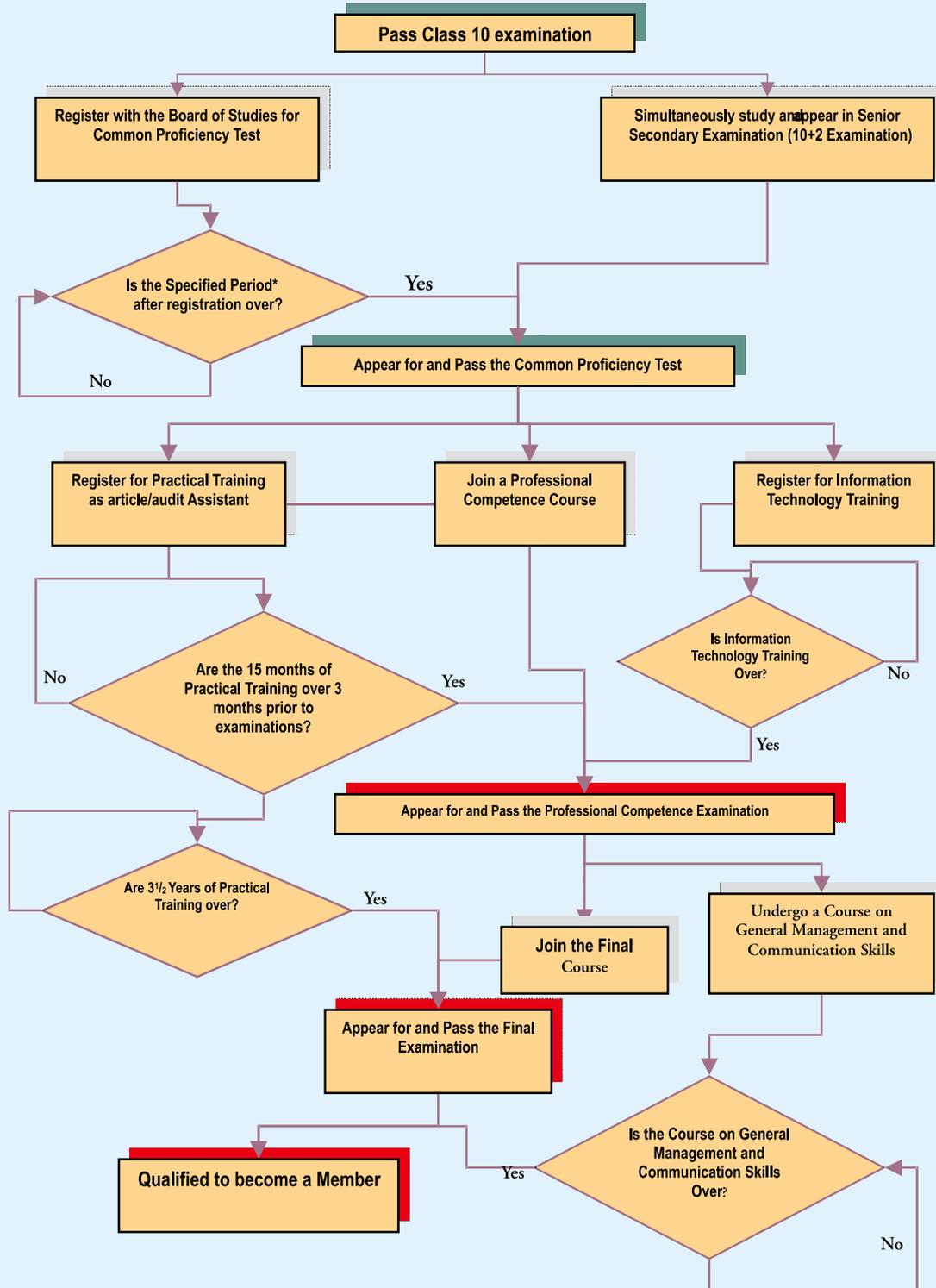
Members are invited to contribute for various sections and features of The Chartered Accountant Journal. Write-ups covering the topical issues and latest updates will be preferred.

Every write-up may be accompanied by an executive summary of about 100 words, the author's e-mail ID, a complete postal address, contact numbers, a declaration about originality of the article along with a good quality passport

size photograph (soft copy as well as hard copy). An honorarium of Rs. 5,000/- is payable for every article selected by the Editorial Board and published. Besides, for members of the profession, a CPE credit of four hours is also granted.

The articles can be sent to us by e-mail at eb@icai.org or eboard@icai.org, or by post to The Editor, The Chartered Accountant, Journal Section, ICAI, PO Box 7100, New Delhi – 110002.

New Scheme of Education and Training – At a Glance



* For first CPT Examination to be held in November 2006, the Specified Period is 30 days.

TRANSITION SCHEME

The Institute of Chartered Accountants of India has proposed to introduce a New Scheme of Education and Training. Structure of the proposed scheme of Education and Training for Chartered Accountancy is available in our website <http://www.icaai.org>. The students who are undergoing education and training under the existing scheme are offered the Transition Scheme as given below.

Proposed Transition Scheme for Professional Education (Course-I) Students

An existing student of Professional Education (Course-I) has two options:

- To continue with the Professional Education (Course-I) till the last Professional Education (Examination-I) is held in November 2007; or
- To switch over to Common Proficiency Test (CPT) at any time till the last Professional Education (Examination-I) is held in November 2007.

All students of Professional Education (Course-I) can switch over to CPT. They have to apply in the prescribed format to any of the offices of the Institute. They have to deposit Rs.100 in the form of Demand Draft/Pay Order drawn in favour of 'The Secretary, The Institute of Chartered Accountants of India', along with the filled in application form. The Board of Studies will send them study package for CPT free of cost. All such students are entitled to appear in the first CPT examination proposed to be held in November, 2006.

There will be a facility for online application and remittance of fees as well.

Proposed Transition Scheme for Professional Education (Course-II) Students

Students of the Professional Education (Course-II) would fall under the following broad categories:-

- (a)
- Students who have passed one of the Groups of Professional Education (Examination-II);
 - Students who have appeared in Professional Education (Examination-II), but not passed any of the Groups; and
 - Students who have registered for Professional Education (Course-II) and eligible to

appear in Professional Education (Examination-II), but not yet appeared.

(b) Students who are registered, provisionally or otherwise, for Professional Education (Course-II), but ineligible to appear in Professional Education (Examination-II).

Proposed transition scheme for the categories of candidates falling under (a) above is as under:-

- Complete CCT/IT training before joining articles; join articles thereafter for 3½ years; appear in Professional Competence Examination (PCE) in May 2008 or thereafter, without the requirement of completion of minimum 18 months of practical training; or
- Continue with Professional Education (Examination-II) till the last Professional Education (Examination-II) to be held in May 2008.

Proposed transition scheme for the categories of students falling under (b) above is as under:-

- Complete CCT/IT training before joining articles; join articles thereafter for 3½ years; complete 18 months of practical training; and thereafter appear in PCE; or
- Continue with Professional Education (Course-II)/Examination till the last Professional Education (Examination-II) to be held in May 2008.

In addition, students who have passed Professional Education (Examination-II) either at the time of commencement of the proposed Scheme or later, but not joined articles due to various reasons, are proposed to be allowed to join articles up to May 2009. They will be required to complete CCT/IT training before joining articles. They can join articles thereafter for a period of 3 years.

Proposed Transition Scheme for Final Students

The proposed transition scheme for the Final Course students, who have passed Professional Education (Examination-II), and are under articles, is as under:-

- On completion of 2 years of training, such students are eligible to appear in the Final Examination, so long as the same is held un-

der the existing syllabus i.e., upto November 2009.

In the event of a candidate not being eligible to appear till the last Final Examination to be held in November 2009 under the existing syllabus, will be required to appear in the Final Examination under the proposed syllabus, but only during the last six months of articles (articles period being 3 years only).

Proposed Transition Scheme for the students who passed Professional Education (Examination-I) or Foundation Examination but not taken admission to Professional Education (Course-II)

A student falling under this category will be admitted only in Professional Competence Course (PCC) after the commencement of the proposed scheme.

SYLLABUS OF COMMON PROFICIENCY TEST

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 organisations

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 Law 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 Com-

petition, 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**

Proposed Implementation Schedule

Commencement of New Scheme	September 1, 2006
Registration commences for CPT	September 1, 2006
Last Date for Registration of PE – I	August 31, 2006
Last PE – I Examination	November, 2007
Last Date for Registration for the first CPT examination	October 1, 2006
Last Date for Depositing Examination Application Form for November, 2006 CPT	October 1, 2006
First CPT Examination	November, 2006
Declaration of Result of First CPT Examination	Within one month
Last Date for Registration for PE – II course	August 31, 2006
Registration commences for Articles under New Scheme (Applicable to PE – I/ Foundation Pass Students)	September 1, 2006
Last PE – II Examination	May, 2008
First Professional Competence Examination for students coming through PE – I/Foundation Route	May, 2008
First Professional Competence Examination for students coming through CPT route	November 2008
Last date for Registration of Articles of 3 years duration for PE – II qualified students	May 31, 2009
Last Final Examination (old)	November 2009
First Final Examination (New)	November 2008
First Batch of candidates under CPT eligible for Final Examination	May 2010

Chartered Accountants Examination, November 2006 ANNOUNCEMENT

1st July, 2006

The next Professional Education – I, Professional Education – II and Final Examinations of the Institute will be held from 1st November 2006 at the following centres:

1) **Centres in India** - Agra, Ahmedabad, Ahmednagar, Ajmer, Akola, Alappuzha, Allahabad, Alwar, Ambala, Amravati, Amritsar, Asansol, Aurangabad, Bangalore, Bareilly, Bathinda, Belgaum, Bhilwara, Bhopal, Bhubaneswar, Bikaner, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi/New Delhi, Dhanbad, Durg, Ernakulam, Erode, Faridabad, Ghaziabad, Goa, Guntur, Gurgaon, Guwahati, Gwalior, Hisar, Hubli, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jalgaon, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kanpur, Kollam (Quilon), Kolhapur, Kolkata, Kota, Kottayam, Kozhikode, Kumbakonam, Lucknow, Ludhiana, Madurai, Mangalore, Mathura, Meerut, Moradabad, Mumbai, Muzaffarnagar, Mysore, Nagpur, Nashik, Noida, Palghat, Panipat, Patiala, Patna, Pimpri-Chinchwad, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Rohtak, Saharanpur, Salem, Sangli, Shimla, Siliguri, Solapur, Surat, Thane, Thiruvananthapuram, Thrissur, Tiruchirappalli, Udaipur, Udupi, Ujjain, Vadodara, Varanasi, Vellore, Vijayawada, Visakhapatnam and Yamunanagar.

2) **Overseas Centres:** - Dubai (UAE) and Kathmandu (Nepal) [ONLY FOR PE-I, PE-II AND FINAL EXAMINATIONS].

Applications for admission to Professional Education – I, Professional Education – II and Final Examinations are required to be made in the prescribed forms. The application forms are priced at Rs. 60/- per application form and will be available for sale from **3rd August 2006**. The candidates requiring forms by post may please send their requisition to the Joint Secretary (Examinations), The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi – 110002,

along with a remittance of Rs. 60/- per application form by Demand Draft/ Indian Postal Order, drawn in favour of the "Secretary, The Institute of Chartered Accountants of India", payable at New Delhi giving clearly the address where the application form is required together with postal stamps worth Rs. 15/-.

While the Management Accountancy Course (MAC Part-I) and Insurance and Risk Management (IRM) examinations will be held from **6th November 2006**, the International Trade Laws and World Trade Organisation (ITL&WTO) Examination will also be held at the centres mentioned above (except Kathmandu and Dubai) from **1st November 2006**. For application forms for these examinations, please write to the Joint Secretary (Examinations), ICAI, New Delhi along with a postal order/Demand Draft for Rs. 25/- drawn in favour of the Secretary, ICAI, New Delhi or obtain the same against the cash payment from Regional and Branch offices of the Institute from **3rd August 2006**. The Management Accountancy Course (MAC Part-I), Insurance and Risk Management Course (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) Examinations are open only to Members of the Institute.

The name of examination i.e. Professional Education – I, Professional Education – II, Final, Management Accountancy Course (MAC Part-I), Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL&WTO) for which the form is required should specifically be mentioned in the requisition letter. The student examination forms will be sent by ordinary post. No responsibility is taken for non/ late delivery of forms by post. The forms will also be available against cash payment for personal collection at the offices of the Institute at New Delhi and its Regional and Branch Offices from **3rd August 2006**. Details

of date schedule of examinations will be found printed in the relevant application forms. **For the current examination also, the students of PE I examination will have the option of on-line filling up of examination forms on www.icaicai.org.**

The Examinations will be held in two sessions - morning session from 8.00 A.M. to 11.00 A.M. (IST) in respect of Professional Education – I, Final, Management Accountancy Course (MAC Part-I), and Insurance and Risk Management (IRM) Examinations and afternoon session from 12.30 P.M. to 3.30 P.M. (IST) in respect of Professional Education – II and International Trade Laws and World Trade Organisation (ITL&WTO) Examinations. Details of Examination timing/session, dates of examinations, venue and sequence of papers pertaining to each examination will be found printed on the Admit Card.

There will be no change in the examination schedule in the event of any day of the examination being declared a Public Holiday by the Central Government or any State Government.

The last dates for receipt of application forms are 24th August 2006 (without late fee) and 31st August 2006 (with late fee of Rs. 200/-).

Professional Education – I Examination is open only to those students who are already registered with the Institute of Chartered Accountants of India and fulfil the requisite eligibility conditions.

Candidates of the Professional Education – I, Professional Education – II and Final Examinations will be allowed to opt for Hindi medium for answering questions. Further details will be available in the information sheets attached to relevant application forms.

EVENTS

National Tax Seminar at Ranchi

Organised by Fiscal Laws Committee		Hosted by Ranchi Branch of CIRC of ICAI	
Theme	Practice in Taxation – A Cutting Edge		
Date & Time	Saturday, 26 th August 2006 (9:30 am to 5:30 pm)		
Venue	Hotel Capitol Hill, Main Road, Ranchi – 834 001 (Jharkhand)		
Topics to be Discussed		Speakers	
(i) Survey search and seizure		CA. N.K.Poddar	
(ii) Issues in business deductions		CA. Prakash Malu	
(iii) Issues in taxation of real estate transactions		CA. Pradeep Kapasi	
(iv) Issues in capital gains		CA. Kashi Khandelwal	
CPE Hours: 6 (Six)	Fees: Rs. 600.00 (Rupees six hundred only)		
Contact Persons and Contact Details			
CA. Manoj Fadnis Chairman, Fiscal Laws Committee 09302217716 manojfadnis@icai.org	CA. Vijay Garg Seminar – Director Chairman, CIRC of ICAI 093145-03871 vijaymgarg@ yahoo.com	CA. Rajiv Mittal Conference Convenor, 09431114501 mittalrr@gmail.com; mittalrr@yahoo.com	CA. Shyam Murari Chaudhary, Chairman, Ranchi Branch of CIRC of ICAI 09431186744; 0651-206471; ranchi@icai.org