



The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

www.icmai.in

Foundation Course_Syllabus 2016 Structure & Contents

Suggestions are invited within 20th July,2015 at
bos@icmai.in

FOUNDATION COURSE_Syllabus 2016

The following table lists the learning objectives and the verbs that appear in the syllabus learning aims and examination question.

	Learning objectives	Verbs used	Definition
Level A	KNOWLEDGE What you are expected to know	List	Make a list of
		State	Express, fully or clearly , the details/ facts of
		Define	Give the exact meaning of
	COMPREHENSION What you are expected to understand	Describe	Communicate the key features of
		Distinguish	Highlight the differences between
		Explain	Make clear or intangible/state the meaning or purpose of
		Identify	Recognise, establish or select after consideration
		Illustrate	Use an example to describe or explain something

Study Weightage :

With a syllabus subject, a percentage weightage is shown against each section/ topic. This is provided as a strategic guide to the proportion of study time each topic requires. The study weightage also indicate the approximate proportional distribution of marks that may be allocated to topics in any single examination.

Summary of the Course :

Paper 1: Fundamentals of Economics and Management (FEM)	
Fundamentals of Economics	50%
Fundamentals of Management	50%

Paper 2: Fundamentals of Accounting (FOA)	
Fundamentals of Financial Accounting	60%
Fundamentals of Cost & Management Accounting	40%

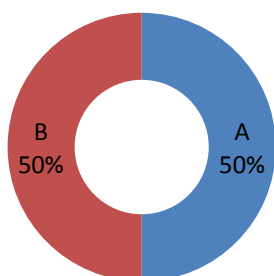
Paper 3: Fundamentals of Laws and Ethics (FLE)	
Fundamentals of Commercial and Industrial Laws	80%
Fundamentals of Ethics	20%

Paper 4 : Fundamentals of Business Mathematics and Statistics(FBMS)	
Fundamentals of Business Mathematics	40%
Fundamentals of Business Statistics	60%

Note : Subjects related to provisions of law/ applicable statutes shall be read with amendments made from time to time.

Paper 1: Fundamentals of Economics and Management (FEM)

Syllabus Structure



A	Fundamentals of Economics	50%
B	Fundamentals of Management	50%

ASSESSMENT STRATEGY

On-line MCQ mode

OBJECTIVES

To gain basic knowledge in Economics at the macro and micro level and understand the concept and principles of management

Learning Aims

The syllabus aims to test the student's ability to:

- ❖ Understand the basic concepts of economics at the macro and micro level
- ❖ Conceptualize the basic principles of management

Skill sets required

Level A: Requiring the skill levels of knowledge and comprehension

CONTENTS	Weightage
Section A : Fundamentals of Economics	50%
1.Basic concepts of Economics	
2.Forms of Market	
3.National Income	
4.Money	
5.Banking	
Section B: Fundamentals of Management	50%
6. Evolution of Management Thought	
7. Management Process	
(a) Introduction, Planning, Organizing, staffing, leading, control, communication, co-ordination	
(b) Concept of Power	
(c) Leadership & Motivation	
8. Group Dynamics & Organizational Conflicts	
(a) Group Dynamics	
(b) Management of Organizational Conflicts	
9.Decision-making – types and process	

Section A: Fundamentals of Economics [25 marks]

1. Basic Concepts of Economics

- (a) The Fundamentals of Economics & Economic Organizations
- (b) Utility, Wealth, Production, Capital
- (c) Central Problems of an Economy
- (d) Production Possibility Curve (or Transformation Curve)
- (e) Theory of Demand (meaning, determinants of demand, law of demand, elasticity of demand- price, income and cross elasticity) and Supply (meaning , determinants, law of supply and elasticity of supply)
- (f) Equilibrium
- (g) Theory of Production (meaning , factors, laws of production- law of variable proportion, laws of returns to scale)
- (h) Cost of Production (concept of costs, short-run and long-run costs, average and marginal costs, total, fixed and variable costs)

2. Forms of Market

- (a) Various forms of market- monopoly, perfect competition, monopolistic competition, oligopoly, duopoly
- (b) Pricing strategies in various markets

3. National Income

- (a) GDP, NDP, GNP, NNP, Measures of National Income
- (b) Personal Income, Private Income, Disposable Income
- (c) Consumptions, Savings and Investment
- (d) Economic growth and fluctuations

4. Money

- (a) Definition and functions of money
- (b) Inflation - meaning, effect on production and distribution of wealth, control measures

5. Banking

- (a) Definition, functions, utility, principles of Banking
- (b) Commercial Banks, Central Bank
- (c) Measures of credit control and Money Market
- (d) National & International Financial Institutions

Section B – Fundamentals of Management [25 marks]

6. Evolution of Management Thought

- (a) Evolution of Management thought – Classical, Neo-classical, Modern Theories
- (b) Management Process – introduction, planning, organizing, staffing, leading, control, communication, co-ordination.

7. Management Process

- (a) Introduction, planning, organizing, staffing, leading, control, communication, co-ordination
- (b) Concept of Power, Authority, Delegation of Authority, Responsibility, Accountability
- (c) Leadership & Motivation – Concept & Theories

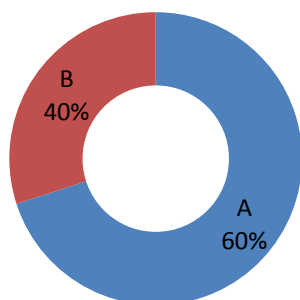
8. Group Dynamics & Organizational Conflicts

- (a) Group Dynamics- concept of group and team, group formation, group cohesiveness
- (b) Management of organizational conflicts- reasons, strategies

9. Decision-making- types of decisions, decision-making process.

Paper 2: Fundamentals of Accounting (FOA)

Syllabus Structure



A	Fundamentals of Financial Accounting	60%
B	Fundamentals of Cost & Management Accounting	40%

ASSESSMENT STRATEGY

On-line MCQ mode

OBJECTIVES

To gain comprehensive understanding of all aspects relating to preparation of financial statements, principles, procedures of accounting and their application to different practical situations

Learning Aims

The Syllabus aims to test the student's ability to:

- ❖ Understand and explain the conceptual framework of Accounting
- ❖ Prepare Accounts for various entities under different situations
- ❖ Acquire basic concepts of Cost & Management Accounting relevant for managerial decision making

Skill set required

Level A: Requiring the skill levels of knowledge and comprehension

CONTENTS	Weightage
Section A : Fundamentals of Financial Accounting	60%
1. Accounting Process	
2. Reconciliation Statement	
3. Accounting for Depreciation	
4. Preparation of Final Accounts	
5. Accounting for Special Transactions	
Section B: Fundamentals of Cost & Management Accounting	40%
6. Fundamentals of Cost Accounting	
7. Fundamentals of Management Accounting – basic knowledge	

Section A : Fundamentals of Financial Accounting [30 marks]

1. Accounting Process

- (a) Theoretical Framework of Accounting; Generally Accepted Accounting Principles, Concepts and Conventions
- (b) Capital and Revenue transactions- capital and revenue expenditures, capital and revenue receipts
- (c) Measurement, Valuation and Accounting estimates
- (d) Double entry system, Books of prime entry, Subsidiary Books, Cash Book
- (e) Journal, Ledger, Trial Balance
- (f) Rectification of Errors
- (g) Opening entries, Transfer entries, Adjustment entries, Closing entries

2. Bank Reconciliation Statements - basic understanding and application

3. Accounting for Depreciation - methods (Straight Line and Diminishing Balance methods only), computation and accounting treatment

4. Preparation of Final Accounts:

- (a) **Of a Profit making concern (for sole proprietorship concern only)**
 - (i) Accounting treatment of bad debts, reserve for bad and doubtful debts, provision for discount on debtors and provision for discount on creditors
 - (ii) Preparation of Trading Account, Profit & Loss Account and Balance Sheet
- (b) **Of a Not-for- Profit making concern**
 - (i) Preparation of Receipts and Payments Account;
 - (ii) Preparation of Income and Expenditure Account
- (c) **Under Single Entry and computation of profit (basic level)**

5. Accounting for Special Transactions

- (a) Bills of Exchange(excluding accommodation bill, insolvency)
- (b) Consignment (cost price, invoice price, commission & valuation)
- (c) Joint Venture
- (d) Sale of goods on approval or return basis

Section B: Fundamentals of Cost & Management Accounting [20 marks]

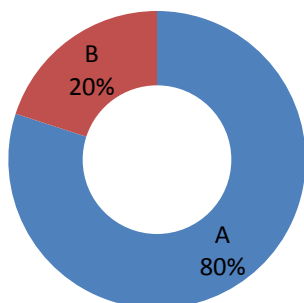
6. Fundamentals of Cost Accounting

- (a) Cost and Management Accounting – Generally Accepted Cost Accounting Principles & Cost Accounting Standards
- (b) Accounting for Material cost (including Accounting of Inventory – FIFO, Weighted Average Cost)
- (c) Accounting for Labour costs, Direct Expenses and Overheads
- (d) Computation of works cost

7. Fundamentals of Management Accounting - basic concepts of Marginal Costing and Break-even analysis – basic knowledge

Paper 3: Fundamentals of Laws and Ethics (FLE)

Syllabus Structure



A	Fundamentals Commercial and Industrial Laws	80%
B	Fundamentals of Ethics	20%

ASSESSMENT STRATEGY

On-line MCQ mode

OBJECTIVES

To gain basic knowledge in Laws and Ethics to understand the concepts of regulatory compliance, requirements and desired ethics expected from professionals

Learning Aims

The syllabus aims to test the student's ability to:

- ❖ Acquire adequate knowledge of the basic concepts of laws
- ❖ Understand the basic knowledge of ethics including allied regulatory compliance and requirements

Skill sets required

Level A: Requiring the skill levels of knowledge and comprehension

Note: Subjects related to applicable statutes shall be read with amendments made from time to time.

Section A : Fundamentals of Commercial and Industrial Laws	80%
1. Laws of Contracts	
2. Laws relating to Sale of Goods	
3. Indian Partnership Act,1932	
4. The Child Labour (Prohibition and Regulation) Act,1986	
Section B: Fundamentals of Ethics	20%
5. Ethics and Business	

Section A: Fundamentals of Commercial and Industrial Laws [40 marks]

1. Laws of Contracts

- (a) Essential elements of a contract, offer and acceptance
- (b) Void and voidable agreements
- (c) Consideration, legality of object and consideration
- (d) Capacity of Parties, free consent
- (e) Performance of contracts

2. Laws relating to Sale of Goods

- (a) Definition
- (b) Transfer of ownership
- (c) Performance of the Contract of Sale

3. Indian Partnership Act, 1932

- (a) Nature of Partnership
- (b) Rights and liabilities of Partners
- (c) Formation, Reconstitution and Dissolution of Firms

4. The Child Labour (Prohibition and Regulation) Act, 1986

- (a) Objective, Scope
- (b) Applicability of The Child Labour (Prohibition and Regulation) Act, 1986

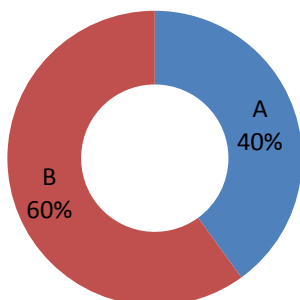
Section B: Fundamentals of Ethics [10 marks]

5. Ethics and Business

- (a) Ethics – meaning, importance
- (b) The “Seven Principles of Public Life” – selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- (c) The relationship between Ethics and Law
- (d) Ethics in Business

Paper 4: Fundamentals of Business Mathematics and Statistics (FBMS)

Syllabus Structure



A	Fundamentals of Business Mathematics	40%
B	Fundamentals of Business Statistics	60%

ASSESSMENT STRATEGY

On-line MCQ mode

OBJECTIVES

To gain understanding on the fundamental concepts of mathematics and statistics and its application in business decision-making

Learning Aims

The syllabus aims to test the student's ability to:

- ❖ Understand the basic concepts of mathematics and statistics
- ❖ Identify reasonableness in the calculation
- ❖ Apply the basic concepts as an effective quantitative tool
- ❖ Explain and apply mathematical techniques
- ❖ Demonstrate to explain the relevance and use of statistical tools for analysis and forecasting

Skill Set Required

Level A: Requiring the skill levels of knowledge and comprehension

CONTENTS	
Section A: Fundamentals of Business Mathematics	40%
1. Arithmetic	
2. Algebra	
3. Calculus	
Section B: Fundamentals of Business Statistics	60%
4. Statistical representation of Data	
5. Measures of Central Tendency and Dispersion	
6. Correlation and Regression	
7. Index Numbers	
8. Time Series Analysis- basic applications including Moving Average	
9. Probability	
10. Theoretical Distribution	

Section A: Fundamentals of Business Mathematics [20 marks]

1. Arithmetic

- (a) Ratios and Proportions
- (b) Simple and Compound interest
- (c) Progression - Arithmetic, Geometric, Harmonic

2. Algebra

- (a) Set Theory
- (b) Variation, Indices, Logarithms (basic concepts)
- (c) Permutation and Combinations (basic concepts)
- (d) Quadratic Equations (basic concepts)
- (e) Determinants and Matrices (basic concepts)

3. Calculus

- (a) Constant and variables, Functions, Limit & Continuity
- (b) Differentiability & Differentiation, Partial Differentiation
- (c) Derivatives – First order
- (d) Indefinite Integrals (basic concepts)
- (e) Definite Integrals (basic concepts)

Section B: Fundamentals of Business Statistics [30 marks]

4. Statistical Representation of Data

- (a) Diagrammatic representation of data
- (b) Frequency distribution
- (c) Graphical representation of Frequency Distribution – Histogram, Frequency Polygon, Ogive, Pie-chart

5. Measures of Central Tendency and Dispersion

- (a) Mean, Median, Mode, Mean Deviation
- (b) Quartiles and Quartile Deviation
- (c) Standard Deviation
- (d) Co-efficient of Variation, Coefficient of Quartile Deviation

6. Correlation and Regression

- (a) Scatter diagram
- (b) Karl Pearson's Coefficient of Correlation
- (c) Rank Correlation
- (d) Regression lines, Regression equations, Regression coefficients

7. Index Numbers

- (a) Uses of Index Numbers
- (b) Problems involved in construction of Index Numbers
- (c) Methods of construction of Index Numbers

8. Time Series Analysis – basic application including Moving Average

- (a) Moving Average Method
- (b) Method of Least Squares

9. Probability

- (a) Independent and dependent events; Mutually exclusive events
- (b) Total and Compound Probability; Baye's theorem; Mathematical Expectation

10. Theoretical Distribution

- (a) Binomial Distribution , Poisson Distribution – basic application
- (b) Normal Distribution – basic application