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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH  
MINISTRY OF COMMERCE

C. L. Section.

NOTIFICATION

*Dacca, the 17th January 1978.*

No. S.R.O. 10-L/78.—In exercise of the powers conferred by clause (I) of Article 28 of the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973), the Council of the Institute of Chartered Accountants of Bangladesh with the approval of the Government make the following further amendments to the Bangladesh Chartered Accountants Bye-laws, 1973, the same having been previously published as required by clause (3) of that Article, namely:

In the aforesaid Bye-laws,—

(1) In Bye-law 2, in paragraph (3), *after* clause (j), the following new clause (jj) shall be *inserted*, namely:

“(jj) “recognised University” means a University established by or under any law for the time being in force and includes any other University declared by the Government, to be recognised University for the purposes of these bye-laws;”

(2) In Bye-law 43, in paragraph (1), *for* the words and full stop “not more than six other members of whom three shall be members of the Council elected by the Council and three shall be members of the Institute co-opted by the Council” the words, colon and full stop “not more than three other members of the Council elected by the Council:”

Provided that the Council may co-opt such number of members of the Institute as it thinks fit.” shall be *substituted*;

- (3) In Bye-law 44, in paragraph (1), *for* the words and full stop "not more than six other members of whom three shall be members of the Council elected by the Council and three shall be members of the Institute co-opted by the Council" the words, colon and full stop "not more than three other members of the Council elected by the Council:

Provided that the Council may co-opt such number of members of the Institute as it thinks fit." shall be *substituted*;

- (4) In Bye-law 45, in paragraph (1), *for* the words and full stop "not more than six other members of whom three shall be members of the Council elected by the Council and three shall be members of the Institute co-opted by the Council" the words, colon and full stop "not more than three other members of the Council elected by the Council:

Provided that the Council may co-opt such number of members of the Institute as it thinks fit." shall be *substituted*;

- (5) In Bye-law 46, in paragraph (1), *for* the words and full stop "not more than six other members of whom three shall be members of the Council elected by the Council and three shall be members of the Institute co-opted by the Council" the words, colon and full stop "not more than three other members of the Council elected by the Council:

Provided that the Council may co-opt such number of members of the Institute as it thinks fit." shall be *substituted*;

- (6) In Bye-law 68,—

- (i) In clause (a), the word "and" at the end shall be *omitted*; and  
 (ii) *for* clause (b) the following shall be *substituted*, namely:

"(b) such person is not less than eighteen years of age on the date of commencement of articles; and

"(c) such person is at least—

- (i) a second class graduate of a recognised University having secured at least one first division either in the S.S.C. or H.S.C. examination; or  
 (ii) an honours graduate of a recognised University securing not below second class; or  
 (iii) an M. A. or M. Com. or M. Sc. of a recognised University securing not below second class; or  
 (iv) a graduate of the Institute of Business Administration securing not below second class; or



(v) a graduate of a recognised University provided he obtains a certificate from the Institute to the effect that he has passed the examination conducted by the Institute in the subject or subjects as the Council may from time to time determine.”;

(7) In Bye-law 77,—

(a) in paragraph (1),

(i) In the first proviso, *for* clause (a) the following shall be *substituted*, namely:—

“(a) have, for the purpose of preparing for the Institute’s examination and for other reasons, leave of absence from his principal’s office or business for a total period not exceeding 1/11th of the period of his articleship:

Provided that in the case of a person who has been serving as an articulated student at the commencement of this amendment, leave shall be calculated at 1/11th of the period of articleship already served and he shall thereafter be entitled to balance leave, if any:

Provided further that if any person has, on the commencement of this amendment, enjoyed leave exceeding 1/11th of the period of his articleship, such person shall serve such further period to adjust the excess leave; and

(ii) in the second proviso, *for* the words “beyond eight months” the figure and words “exceeding 1/11th of the total period of his articleship” shall be *substituted*; and

(b) *for* paragraph (3) the following shall be *substituted*, namely:

“(3) A principal engaging an articulated student shall pay per month a minimum allowance of Taka 250.00 in the first year, Taka 280.00 in the second year and Taka 320.00 in the third year.”;

(8) In Bye-law 80, the existing Bye-law shall be re-numbered as paragraph (1) and *after* paragraph ( ) as so re-numbered, the following new paragraph shall be *added*, namely:

“(2) A person shall not be eligible for enrolment on the Register of the Institute, except as otherwise provided for in the Order of these bye-laws, unless he has produced a certificate in such form as the Council may prescribe, from a member entitled to train articulated students that he has served as an articulated student with him for a continuous period of 3½ years in case he is a person specified in sub-clauses (i) and (v) of clause (c) of bye-law 68 and for a continuous period of 3 years if he is a person specified in sub-clauses (ii), (iii) and (iv) of the said bye-law:

Provided that the articulated period of three years in the case of a graduate of the Institute of Business Administration shall include the period of six months of such industrial training as the Council may approve in this behalf.”;



(9) for Bye-law 87 the following shall be *substituted*, namely:

“87. **Examination results.**—The Examination Committee shall consider the reports of the examiners and moderators on each examination and may accept them or reject them or may accept them subject to such modification or alteration which may seem desirable. The Examination Committee shall then report to the Council result of each examination and upon the adoption by the Council of the report of the Examination Committee, a list of successful candidates shall be published in the official gazette in such manner as the Council may deem fit.”;

(10) after Bye-law 88, the following new bye-laws shall be *inserted*, namely:

“88A. **Restriction on unsuccessful candidate in appearing subsequently.**—Notwithstanding anything contained in bye-law 88, no candidates shall, from the date of commencement of this bye-law, be allowed to appear at any examination in subjects specified in Sections ‘A’ and ‘B’ of Schedule ‘B’ if he has failed to pass the examination conducted by the Institute in such subjects for six times.

88B. **Failure of candidates in examinations in subjects specified in section C.**—A candidate for examination in subjects specified in Section ‘C’ of Schedule ‘B’ shall be required to pass such examination—

- (a) in the case of Intermediate Examination, by taking five consecutive examinations; and
- (b) in the case of Final Examination, within a period of five years from the date of completion of service as an articled student.

88C. **Referral.**—A candidate appearing in Intermediate Examination in the subjects specified in Section ‘C’ of Schedule ‘B’ and passing in all the papers except one paper may be allowed to appear in the failing paper without requiring to sit for the papers in which he has passed and in case of his passing the paper in which he was referred he shall be declared to have passed the Intermediate Examination:

Provided that for the purpose of referral, a candidate shall have to secure such minimum mark in the referred paper as the Council may decide:

Provided further that only one chance shall be allowed to clear the referred paper.”;

(11) in Bye-law 90, after paragraph (c) the following new paragraph (d) shall be *inserted*, namely:

“(3) Every articled student registered under any clause of bye-law 68 shall, unless exempted from so doing under any of these bye-laws, be eligible to present himself for the Intermediate Examination conducted in subjects specified in Section ‘C’ of Schedule ‘B’ on completion of fifteen months of articleship.”;

(12) in Bye-law 91, *after* paragraph (2), the following new paragraph (3) shall be *added*, namely:

“(3) The Council may subject to such reciprocal arrangement as it may enter into with the Institute of Industrial Accountants constituted under the Cost and Industrial Accountants Act, 1966 (XIV of 1966), or such other institutes as may be recognised in this behalf by the Council, grant exemption to any person from appearing in any paper or papers of the Intermediate Examination as the Council decide.”;

(13) in Bye-law 93, *after* paragraph (2), the following new paragraph (3) shall be *inserted*, namely:

“(3) No candidate shall be admitted to the Final Examination in the subjects specified in Section ‘C’ of Schedule ‘B’ unless he has passed or has been exempted from the Intermediate Examination and has either completed such period of service as an articled student as is required in these bye-laws for admission as a member or is serving the last twelve months of articleship:

Provided that a person who has passed the Intermediate Examination shall be eligible to appear at the Final Examination immediately after the next Final Examination.”;

(14) in Schedule ‘B’ *after* Section ‘B’ the following new Section ‘C’ shall be *added*, namely:

#### “SECTION C”

#### SUBJECT AND SYLLABUS OF THE EXAMINATION

[This Section shall have effect from the date as the Council may, by a notice issued in this behalf, determine.]

#### INTERMEDIATE EXAMINATION

##### PAPER (I)

##### FINANCIAL ACCOUNTING I (One paper—Three hours—100 marks):

Company accounts including holding companies accounts in all aspects and accounting requirements of the Companies Act, including the treatment in accounts of shares and debentures, dividend on shares, interest on debentures, taxation and directors’ remuneration.

Interpretation of accounts and the use of ratios. Accounting for leasing and hire purchase; Departmental and branch accounts including calculation of inter branch projects and consolidation of branch and head office accounts.

Accounting for reconstruction, mergers, absorption, liquidation of companies, conversion of proprietorship and partnership firm into companies.



Accounting for valuation of shares, valuation of business, prospects reports, profit forecasts, choice among sources of finance, networth evaluation.

Historical cost inflation accounting; current issues and controversies relating to contemporary accountancy thoughts and practice.

#### PAPER (II)

#### FINANCIAL ACCOUNTING II (One paper—Three hours—100 marks):

Accounts of all types of commercial, Industrial and financial institutions including—

- (a) Partnerships : formation and dissolution of firms; retirement and induction of partners, partnership deed, requirements of Partnership Act.
- (b) Central bank, commercial bank, agricultural credit bank, industrial credit banks together with statutory requirements.
- (c) Insurance companies including life and general, treatment of re-insurance, requirements of Insurance Act.
- (d) Utility undertakings, namely, electricity, water and sewerage, gas fields, etc.
- (e) Accounts of professions, *e.g.*, doctors, solicitors, accountants, royalty, etc.
- (f) Accounts of clubs, hotels and social services organisations including hospitals.
- (g) Bills of exchange, joint venture, consignment accounts, sale or return, investment account, voyage account, contract accounts, preparation of account from incomplete records.

#### PAPER (III)

#### COST ACCOUNTING AND STATISTICS (One paper—Three hours—100 marks) :

##### Section I—Cost Accounting (50 marks) :

The nature and classification of costs. The elements of cost, cost centres and cost units. The relationship between cost and financial accounts. Cost book-keeping through double entry theory. Theory of cost behaviour. Introduction to the theory of control in accountancy.

Cost accounting as part of the management information system, yielding data for control and decision making.

Cost behaviour pattern and the influence of volume and activity, marginal costing theory and practice. The contribution concept, Break-even analysis, profit/volume ratios, margin of safety, profit graphs.

Standards costing—its technique and application—determination of standards and treatment of variances—reconciliation between standard costs and financial accounts.

Job costing systems, Product costing for process industries. The significance of conversion cost. Accounting for material losses. Problems of common costs, joint products and by-products.

Cost ascertainment for services and functioning including maintenance, power generation and distribution, road transport, welfare, marketing, administration and research. Problem in allocating these costs to users and products.

The classification and coding of accounts, the design of costing forms and records, the establishment of routines for processing cost data. Reconciled, interlocking and integrated systems of accounts for costing and financial data.

## Section II—Statistics (50 marks) :

### Measurement and description :

- (a) The nature of statistical data : Need for measurement; statistical description and structure; accuracy of data; outlying observations; sources of data.
- (b) Description of sample data: Classification; graphical presentation; histograms frequency distributions; measures of location and variation and other calculation.

### Probability and Sampling :

- (a) The meaning of probability : Rules for calculating the probabilities of simple events, mathematical expectation.
- (b) Random variable and probability distribution: Their nature and use; the concept of moments; the binomial distribution and its properties; normal approximation to binomial.
- (c) Sampling: Random sampling; modified random sampling; sampling distribution of the mean; standard error of the mean.
- (d) Index number : Purposes of calculation; selection of items; choice of base period; choice of weight; methods of construction; use of indices in making valid comparisons.

### Inference :

- (a) Estimation : Point estimates and confidence intervals; estimation of a population mean; estimation of unknown proportion in attribute sampling; estimation with large or small samples.
- (b) Testing hypotheses : Type I and type II errors; testing a mean; testing the difference between two means; testing a proportion; testing the difference between two proportions.
- (c) Co-relation and regression with variables : Scatter diagrams; linear relationships; least squares; estimation of regression lines; standard error of estimations; co-relation, co-efficient and its interpretation.



## PAPER (IV)

## AUDITING I (One paper—Three hours—100 marks) :

The objects of an audit; various types of audit; appointment and removal of auditors; object and form of audit reports in particular the nature and purpose of the audit of limited companies; the place of auditors in the economic framework of the business community; the importance of the independence of the auditor as the verifier of financial information and nature of his responsibilities for his opinions.

The audit report under companies Act; the meaning of the audit report and the recognised types of qualified opinions; the concept of truth and fairness.

The responsibility of director for presenting accounts, systems of internal control and safeguarding the assets of the company; the auditors relationship with the directors and management; co-ordination of internal and external audits.

The form of the audit and the nature of the audit evidence; the appraisal and evaluation of the system of internal control over transactions, assets and liabilities, the design of audit procedures, the drawing of conclusion therefrom, examination in depth; verification of assets and liabilities; divisible profits; audit working papers.

Deciding case laws affecting the rights, duties and responsibilities of auditors *vis-a-vis* shareholders and third parties.

## PAPER (V)

## TAXATION I (One paper—Three hours—100 marks) :

General principles of income tax, income tax authorities charge of tax, total income, residential status, general exclusions, exemptions and allowances, heads of income (salary, interest on securities, income from property profit and gains of business, profession and vocation, and other sources), return of income and notices, computations of income of individuals, association of persons and firms, normal and provisional assessment, registration of firms under section 25A, losses, deduction of tax at source, advance payment of tax, appeal procedure.

## PAPER (VI)

## LAW (Mercantile Law and Company Law) : (One Paper—Three hours— 100 marks) :

Partnership Act, Arbitration Act, Bankruptcy and Insolvency Act, Trusts and Receivership, Carriage of Goods Act.

Companies Act.

Banking Companies Ordinance, Insurance Act, Co-operative Societies Act.

Nationalisation Order, Abandoned Properties (Management and Control) Order, Industrial Relations Ordinance.



FINAL EXAMINATION

GROUP I

PAPER (I)

FINANCIAL ACCOUNTING III (One paper—Three hours—100 marks) :

The preparation of reports and financial statements, such as cash flow statements, movement of assets statements, source and application of funds statements.

The source of finance : Stock exchange and issuing house practice underwriters and other finance institutions including Rin Sangs tha, Shilpa Bank and Commercial banks. Capital structure and capital gearing. Effect of monetary and fiscal measures on the supply of money—cost of capital—construction in financial forecasting.

Inflation and its effect on financial management—replace cost accounting.

The use of indices.

Investment management: Current and fixed assests—liquidity, types of investment, portfolio management.

Inter-firm comparisons; value and limitations.

Share valuation methods. Amalgamation and take-overs. Valuation of business. Capital reconstruction schemes. Dividend policy.

Capital project implementation—preparation and use of critical path analysis.

PAPER (II)

AUDITING II (One paper—Three hours—100 marks) :

All matters included in the auditing syllabus of Intermediate examination.

The provisions of Companies Act in so far as they affect the auditor and accountant; report for prospectuses, special provisions relating to banks and insurance companies, legal rights, duties and responsibilities of the auditors, the law relating to the distribution of profits.

The Institutes recommendations on accounting and auditing including those issued by other recognised Institutes.

Rules of professional conduct, knowledge of Chartered Accountant Order, Bye-laws and directives of the Institute.

The principles of the audit of computer systems.

An appreciation of the application of statistical sampling techniques for audit purposes.

PAPER (III)

TAXATION II (One paper—Three hours—100 marks):

Expert knowledge of law and practice of Income Tax Act including practical problems and interpretation of statute.

General knowledge of the laws relating to sales tax, wealth tax, gift tax and estate duty including practical problems.

PAPER (IV)

MANAGEMENT ACCOUNTING (One paper—Three hours—100 marks):

Types of standard cost—ideal, basic and current principles and practice of setting performance standards and Value standards. Revision of standards. Analysis, significance, presentation and investigation of variances and sub-variances, Behavioural aspects of control accounting.

The budgeting concept; budgetary control; budget manual; fixed and flexible budgets; budget centres. Management participation in budget preparation—involvement and motivation budget period; variances analysis.

Capital budgeting—long range forecasting and planning—its importance, accuracy and limitations. Risk analysis, decision trees, probability factors. Demand for capital—capital productivity and the problems of estimating earnings. Allowance for uncertainty in forecasting.

Capacity decisions—product mix, make or buy, alternative methods of manufacture, shut down problems. Pricing policy and contribution theory—influence of customer demand patterns, elasticity of demand, marketing strategy.

Performance evaluation techniques. Profitability criteria and ratios—Return on capital employed, the nature of capital employed and its computation.

GROUP II

PAPER (I)

MANAGEMENT (Principle and Practices): (One paper—Three hours—100 marks):

Principles of Management:

Basic principles and methodology of management—their application in business enterprises—Functions of management; Planning, Organising Staffing, directing, motivating, co-ordinating and controlling; management by objectives; problems connected with organisational goal attainment.



**Management in Planned Economy:**

An understanding of how industry in the socialistic economy functions; role of management in relation to enterprises; authority; independence and influence of managers; role of enterprise management in rational planning and execution of plans; managerial behaviour, managerial incentive system, management and innovation in the socialistic economy.

**Marketing Management:**

Modern management concept of marketing particularly in relation to socialistic economy; Distribution system, consumer demand, structure of market, factors affecting efficiency of distribution, pricing, planning of market operations, product innovation, advertising, influencing consumer preference, research and development, selling price, marginal cost, cost plus concept.

**Personnel Management:**

All phases of man-power management in private and public enterprises; human relations, recruitment, selection, induction, training, promotion, transfer, turn over, health, safety, morale, discipline, job evaluation, merit rating, principal ILO standards and conventions.

**PAPER (II)**

**ECONOMICS (One paper—Three hours—100 marks):**

Nature and significance of economics, nature of wealth and capital, factors of production, allocation of resources, diminishing and increasing returns, relation of production of consumption and capital formation, the price mechanism, supply and demand, competition and monopoly, theory of values, distribution of income—national income, nature and use of money—functions of Bangladesh Bank, the scheduled banks and main institutions of the money market, inflations and deflations, foreign exchange and balance of payments, theory of employment and trade cycle.

Economic policies and economic development of Bangladesh particularly in the field of agriculture, industry, trade and commerce, state sponsored corporations and their role in the economic development, economic planning and development plan.

**PAPER (III)**

**COMPANY LAW AND STATUTORY LAWS GOVERNING AUDITS OF STATUTORY CORPORATIONS/AGENCIES: (One paper—Three hours—100 marks):**

Detailed knowledge of company law including the winding up banking companies, law of co-operative societies, insurance Act and rules.

Contract Act, sale of goods Act, law relating to carriage of goods, partnership Act, negotiable instrument Act, arbitration Act, bankruptcy and insolvency Act; rights and duties of trustees and receivers.

Government systems of auditing.

PAPER (IV)

FINANCIAL DECISIONS MAKING AND DATA PROCESSING (One paper—Three hours—100 marks):

The analysis of problems as a basis for decisions on such matters as choice of financing methods, dividend policy and capital gearing, capital expenditure including replacement of assets, location of activities, leasing of buying, valuation of shares. Project priority ranking criteria pay back, financial rate of return, present value of D. C. F. method, influence of taxation and investment incentives. Project cost control. Cost benefit analysis.

Methods and techniques of discounted cash-flow; statistical probability; statistical estimation and testing of hypotheses; statistical survey methods; linear programming; queuing method; optimisation of stock levels and working capital; simulation methods; statistical aids to forecasting.

Data processing and other business equipment; office methods and equipment; the function (not the technical characteristic) and the principles of selection and use of different kinds of equipment such as mechanical and electronic accounting machines, computers and peripheral equipment; punch cards; paper tape; magnetic tape; soft ware.

M. YUNUS UDDIN

*Secretary, ICAB.*