

**SYLLABUS FOR GATEWAY ASSESSMENT-2 [MANAGERIAL LEVEL-2]  
FOR THE MEMBERS OF NATIONAL INSTITUTE OF BANKING AND FINANCE, PAKISTAN**

**INTRODUCTION:**

The syllabus contents of Gateway Assessment-2 have been designed for [JAIBP/AIBP/FIBP] holders of National Institute of Banking and Finance, Pakistan comprise of three areas of expertise i.e., Financial Accounting and Corporate Reporting, Advanced Management Accounting, and Corporate Governance & Business Laws.

Financial accounting & Corporate Reporting encompasses regulatory frameworks, conceptual foundations, and applicable accounting standards governing the preparation and presentation of financial information for stakeholders. In contrast advanced management accounting includes contents related to sophisticated techniques for managerial decision-making, cost analysis and financial management. Corporate governance and business law provides comprehensive understanding of corporate Laws and regulations necessary for legal compliance in various sectors of industry. These subjects collectively contribute to a comprehensive understanding of the financial and legal aspects of business management.

**LEARNING OUTCOMES**

Upon Completion of Gateway Assessment 2, candidates will be able to:

- Prepare, analyse, and interpret financial statements.
- Grasp principles and practices of effective corporate governance.
- Apply advanced managerial accounting techniques for decision-making.
- Develop and analyse budgets for effective financial planning.
- Utilize sophisticated performance measurement tools
- Enable to navigate legal complexities, ensure compliance, and contribute to the effective and ethical functioning of corporate entities.
- Understand the reporting obligations to regulatory authorities
- Upon successful completion of Gateway Assessment, candidates will be able to:
  - Enhance skills to leverage Management Information Systems for efficient data management
  - Equip with a well-rounded skill set combining technological, strategic, and financial competencies.
  - Have a proficiency in decisions making that contribute to organizational success.
  - Get preparedness for leadership roles in diverse business environments.
  - Use competency in strategic planning and implementation.
  - Understand various organizational structures and dynamics.

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
<b><u>FINANCIAL ACCOUNTING &amp; CORPORATE REPORTING</u></b>		
A	<b>REGULATORY AND CONCEPTUAL FRAMEWORK</b>	35%
	1. The regulatory framework	
	2. The Conceptual Framework	
	<b>SINGLE COMPANY FINANCIAL ACCOUNTS</b>	
	3. IAS 1 (Revised) Presentation of Financial statements	
	4. Reporting Financial Performance	
	5. Other Reporting	
	6. Accounting for non-current assets	
	7. Intangible non-current assets	
	8. Impairment of Assets	
	9. Leases	
	10. Statements of Cash Flows	
	11. IAS 2 Inventories and Short term WIP	
	12. Share Based Transactions and Financial instruments	
<b>ACCOUNTING FOR TAXATION</b>	35%	
13. IAS 12: Income taxes		
<b><u>ADVANCED MANAGEMENT ACCOUNTING</u></b>		
B	<b>FORECASTING AND BUDGETING TECHNIQUES</b>	35%
	14. Forecasts	
	15. Budgeting	
	16. Budgetary Control	
	<b>STANDARD COSTING AND VARIANCE ANALYSIS</b>	
	17. Standard Costing	
	18. Variance Analysis, Interpretation and Profit Reconciliation	
	<b>PROJECT APPRAISAL METHODS</b>	
	19. Capital Investment decisions	
	20. DCF techniques of investment appraisal	
	21. Taking account of taxation and inflation	
	22. Additional aspects of investment decision making	
	<b>COST ANALYSIS</b>	
	23. Break Even Analysis	
	24. Limiting factor Analysis	

### MODERN COSTING TECHNIQUES

25. Marginal Cost Analysis
26. Activity Based Costing
27. Throughput and Back flush Accounting
28. Environmental costing

### MANAGING SHORT-TERM FINANCE

29. Working Capital Management
30. Cash Management
31. Receivables & Payables Management
32. Inventory Management

### CORPORATE GOVERNANCE AND BUSINESS LAWS:

#### COMPANIES ACT, 2017, RELEVANT RULES AND REGULATIONS:

33. Companies Act, 2017
34. Companies (Incorporation) Regulations, 2017
35. Securities Act 2015
36. Code of Corporate Governance

#### SPECIAL COMPANIES

- |          |                                                                                                                                                            |            |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>C</b> | <ol style="list-style-type: none"> <li>37. Non- Banking Finance Companies</li> <li>38. Insurance Ordinance, 2000</li> <li>39. Banking Companies</li> </ol> | <b>30%</b> |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|

#### OTHER LAWS AND REGULATIONS

40. Companies (further issue of shares) Regulations, 2020
41. Listed Companies (Buy-Back of Shares) Regulations, 2019
42. Public Offering Regulations, 2017
43. Pakistan Stock Exchange Rule Book
44. Anti-money Laundering Act, 2010
45. Other Laws Business Continuity and Disaster Recovery

**Total**

**100%**

**Note:** The weightage shown against each section indicates, study time required for the topics in that section. This weightage does not necessarily specify the number of marks to be allocated to that section in the examination.

### DETAILED CONTENTS

#### PART – A (FINANCIAL ACCOUNTING AND CORPORATE REPORTING)

1. **The regulatory framework**
  - The International Accounting Standard Board (IASB)
  - Setting of International Financial Reporting Standards
2. **The Conceptual Framework**
  - Conceptual Framework and GAAP
  - The IASB's Conceptual Framework
  - Qualitative Characteristics of Financial Statements
  - The elements of Financial Statements

#### SINGLE COMPANY FINANCIAL ACCOUNTS

3. **IAS 1 (Revised) Presentation of Financial statements**
  - General Features
  - Structure and Detail Contents
  - Preparation of Financial Statements
  - Companies Act, 2017 Third, Fourth and Fifth schedules
4. **Reporting Financial Performance**
  - IFRS 5: Non-Current Assets held for Sale and discontinued operations.
    - ✓ Scope and definitions:
    - ✓ Conditions of IFRS 5:
    - ✓ Transfer from IAS 16 to IFRS 5
  - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
  - IFRS 8 Operating Segments.
  - IFRS 15 Revenue from Contracts with Customers.

- ✓ Five steps of Revenue Recognition.
- ✓ Construction contracts.
- IAS 24 Related Part Disclosures

5. **Other Reporting**
  - IAS 10 Events after the Reporting Period
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IFRIC 1: Change in Existing Decommissioning, Restoration and Similar Liabilities.)
6. **Accounting for non-current assets**
  - IAS 16 Property, Plant and Equipment
    - ✓ Scope and definitions
    - ✓ Cost of NCA:
    - ✓ Cost model.
    - ✓ Disposal of NCA
    - ✓ Exchange of NCA.
    - ✓ Revaluation model.
    - ✓ Different movements in Revaluation.
    - ✓ Excess depreciation.
    - ✓ Disposal of Revalued Assets.
  - IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.
    - ✓ Scope and definitions:
    - ✓ Government grants and assistance:
    - ✓ Revenue grant:
    - ✓ Treated as income
    - ✓ Deducted from respective expense
    - ✓ Capital grants:
    - ✓ Treated as deferred income and deducted from non-current assets IAS 23 Borrowing Costs
  - IAS 40 Investment Properties.
    - ✓ Scope and definitions:

- ✓ Investment properties.
- ✓ Transfer from IAS 16 to IAS 40

#### 7. Intangible non-current assets

- IAS 38 Intangible Assets.
  - ✓ Internally and externally generated intangibles.
  - ✓ Infinite and indefinite intangible
  - ✓ SIC 32: Intangible assets – Website costs
- Research & Development Cost
- IFRS 3 Business Combinations
  - ✓ Describe the concept of a group as a single economic unit
  - ✓ Define subsidiary, parent and control by identifying simple examples
  - ✓ Describe situations when control is presumed to exist
  - ✓ Identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements
  - ✓ Prepare and present simple consolidated statements of financial position and simple consolidated statement of comprehensive income involving a single subsidiary

#### 8. Impairment of Assets

- IAS 36 Impairment of Assets
- Cash Generating Units
- Goodwill and the Impairment of Assets
- Accounting treatment of an Impairment Loss.
- Reversal of impairment losses.

#### 9. Leases

- Characteristics of Leases
- IFRS 16 Lease
- Operating leases
- Finance leases

#### 10. Statements of Cash Flows

- IAS 7 Statement of Cash Flow
- Preparing a Statement of Cash Flow
- Interpretation of Statements of Cash Flows

#### 11. IAS 2 Inventories

- Definitions
- Measurement of Inventories
- Inventory Valuation Method
- Net Realizable Value
- Recognition as an Expense
- Disclosures

#### 12. Share based Transactions and Financial instruments

- Definitions
- Types of Transaction
- Equity-Settled Share-Based Payment Transactions Disclosures.
- Financial Assets and Financial Liabilities:
  - ✓ Scope and definitions of financial assets and financial liabilities:
  - ✓ Financial liabilities (Short term, long term, Convertible loan notes)
  - ✓ Indicate for the following categories of financial instruments how they should be measured and how any gains and losses from subsequent measurement should be treated in the financial statements:
    - i. Amortized cost
    - ii. Fair value through other comprehensive income (including where an irrevocable election has been made for equity instruments that are not held for trading)
    - iii. Fair value through profit or loss

### ACCOUNTING FOR TAXATION

#### 13. IAS 12 Income taxes

- Current Tax
- Deferred Tax
- Taxation in Company Accounts
- Presentation and Disclosure of Taxation
- SIC-25 Income Taxes—Changes in the Tax Status of an Entity or its Shareholders.

### PART - B

### ADVANCED MANAGEMENT ACCOUNTING

#### FORECASTING AND BUDGETING TECHNIQUES

#### 14. Forecasts

- Forecasting using historical data
- Linear regression analysis
- Scatter diagrams and correlation
- Sales forecasting
- Regression and forecasting
- Components of time series
- Finding the trend
- Finding the seasonal variations
- Time series analysis and forecasting Using spreadsheet packages to build business models

#### 15. Budgeting

- Why do organizations prepare budgets
- Framework for budgeting
- Steps in Budget preparation
- Functional budgets
- Budgetary Planning and Control system
- Sales Budgets
- Production Budget and related budgets
- Cash Budgets
- Master Budgets
- Capital Expenditure Budgets
- Monitoring procedures
- Fix and flexible budgets (static/planning budget and Flexible budget)
- Preparing flexible budgets (Calculation of Spending and Revenue variances are included)
- Preparation of projected profit and loss account and balance sheet

#### 16. Budgetary Control

- Flexible Budgets and Budgetary Control
- System design
- Using Spread sheets to build business models
- Rolling Budgets
- Behavioural implications of budgeting
- Budget Participation
- Use of Budgets as Targets
- Budget and Motivation Beyond Budgeting

### STANDARD COSTING AND VARIANCE ANALYSIS

#### 17. Standard Costing

- Uses of Standard costing
- Setting standards for manufacturing cost i.e., material, labour and manufacturing overheads
- Basic standards, ideal standards and attainable standards
- Setting standard in service industries
- Updating standards
- Comparison of budget and standard
- Criticism of standard costing

#### 18. Variance Analysis, Interpretation and Profit Reconciliation

- Variances
- Direct material cost variances
- Direct labour cost variances
- Variable overhead variances

- Fixed overhead variances
- Planning and operational variances
- Sales variances
- Operating statements
- Variances in a standard marginal costing
- Working backwards approach to variance analysis
- Material mix and yield variances
- Labour mix and yield variances
- Sales mix and quantity variances
- Investigate variance or not to investigate variance
- Variance investigation model
- Controllability principle in Joint Variances
- Interpreting variances
- Profit reconciliation (standard absorption costing and standard marginal costing systems)

## PROJECT APPRAISAL METHODS

### 19. Capital Investment decisions

- Process of investment decision making
- Payback Method
- Post Audit

### 20. DCF techniques of investment appraisal

- Discounted payback
- The net present value method
- The internal rate of return method
- NPV and IRR compared

### 21. Taking account of taxation and inflation

- Allowing for inflation (Adjusting cash flows for inflation)

### 22. Additional aspects of investment decision making

- Mutually exclusive projects with unequal lives
- Asset replacement
- Project abandonment
- Capital rationing
- Sensitivity analysis
- Probability analysis and long-term decisions

## COST ANALYSIS

### 23. Break Even Analysis

- Breakeven Analysis and Contribution Margin
- Breakeven Point in units and value for single product
- Contribution/Sales (C/S) Ratio
- Margin of Safety and Margin of Safety Ratio
- Breakeven arithmetic and profit targets
- Breakeven charts and profit/volume graphs
- Limitation of Breakeven analysis

### 24. Limiting factor Analysis

- Limiting factors
- Limiting factor analysis and restricted freedom of action
- Optimum production plan with scarce resources
- Make or buy decisions and scarce resources
- Limiting factors and shadow prices
- Using limiting factors analysis
- Sell or process further decisions
- Accept or reject special orders
- Dropping a product line or a segment of business

## MODERN COSTING TECHNIQUES

### 25. Marginal Cost Analysis

- Marginal Costing as a tool for business decision making
- Concept of marginal cost and total cost with respect to business decision making

### 26. Activity Based Costing

- Reasons for the development of ABC

- Outline of an ABC system
- Absorption costing versus ABC
- Marginal costing versus ABC
- Introducing an ABC system
- Benefits of ABC system

### 27. Throughput and Back flush Accounting

- The theory of constraints (TOC)
- Throughput accounting

### 28. Environmental costing

- The importance of environmental costs
- Environmental footprints
- Types of cost
- Environmental cost accounting

## MANAGING SHORT-TERM FINANCE

### 29. Working Capital Management

- Working capital
- Working capital ratios
- Cash Conversion Cycle

### 30. Cash Management

- Budgeting for borrowings
- Overdrafts
- Loans
- Trade payables as a source of finance
- Export finance
- Cash surpluses
- Cash investments: bank and building society accounts
- Marketable securities: prices and interest rates
- Other types of investment

### 31. Receivables & Payables Management

- What is credit control?
- Total credit
- The credit cycles
- Payments terms and settlement discounts
- Maintaining information on receivables
- Collecting debts
- Credit insurance, factoring and invoice discounting
- Managing payables

### 32. Inventory Management

- Managing inventories
- Inventory controls systems

## PART – C

## CORPORATE GOVERNANCE AND BUSINESS LAW

### COMPANIES ACT, 2017, RELEVANT RULES AND REGULATIONS

#### 33. Companies Act, 2017

- Companies Act, 2017
- (Sections: 1 to 302, 304 to 306, 312 to 396, 406 to 468, 471 to 473, 498, 500, 505)
- Companies (General Provisions & Forms) Regulations, 2018 - Regulations: 8 to 30
- Companies (Manner and Selection of Independent Directors) Regulations, 2018)

#### 34. Companies (Incorporation) Regulations, 2017

- Regulations: 2 to 10 & 15

#### 35. Securities Act, 2015

- Sections: 2, 63 to 65, and 87 to 131 with relevant rules and regulations

#### 36. Code of Corporate Governance

- Listed Companies (Code of Corporate Governance) Regulations, 2019
- Public Sector companies (Corporate Governance) Rules, 2013

## SPECIAL COMPANIES

### 37. Non-Banking Finance Companies

- Non- banking Finance Companies (Companies Ordinance, 1984 Section 282A to 282M)
- NBFC (Establishment and Regulation) Rules 2003- Rules 1 to 7
- The Non-banking Finance Companies and Notified Entities Regulations, 2008 (Regulation 2, 3, 9, 10, 15B, 16-18, and 25)

### 38. Insurance Ordinance, 2000

- Sections (1 to 14, 28, 35, 36, 45 to 48)

### 39. Banking Companies

- The Banking Companies Ordinance, 1962 sections (1,2,5,6,9,11,13 to 24, 29 34 to 38)
- Foreign Exchange Manual of State Bank of Pakistan (Chapter 19 and 20)

## OTHER LAWS AND REGULATIONS

### 40. Companies (further issue of shares) Regulations, 2020

- All Chapters with Schedules

### 41. Listed Companies (Buy-Back of Shares) Regulations, 2019"

- Complete rules with latest amendments

### 42. Public Offering Regulations, 2017

- Chapter 1 to 5 and First Schedule

### 43. Pakistan Stock Exchange Rule Book

- Chapter 5, 5A and 5B

### 44. Anti-money Laundering Act, 2010

- Section 2 to 20 & 30 with relevant Anti-money Laundering Regulations, 2015
- Payment Systems and Electronic Fund Transfers Act, 2007 Sections 2, 4, 5, 8, 14, 18

### 45. Others Laws:

- Companies (Postal Ballot) Regulations, 2018
- Companies (Distribution of Dividends) Regulations, 2017
- Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017
- Employees Contributory Fund (Investment in Listed Securities) Regulations 2018
- Competition Act, 2010 (Chapter I and II)
- Companies (Related Party Transactions & Maintenance of Related Records) Regulations, 2018 – (Regulations: 3 to 6)
- Private Placement of Securities Rules, 2017 – (Rules 4 to 6)
- Listed Companies (Substantial Acquisition of voting shares and Takeovers) Regulations, 2017