Skillshort

Self-Study Preparation Pack

CS EXECUTIVE

Paper 4: Corporate Accounting and Financial Management (CAFM)

Important Topics, Weightage & Question Frequency

For the December 2026 examination · Official split: Part I Corporate Accounting 60 marks; Part II Financial Management 40 marks · Frequency based on the papers of Dec 2024, June 2025, Dec 2025 and June 2026

Official Part weightage | Lesson frequency in 4 papers | Numericals vs theory | Priority list

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This subject pack has 6 parts

1 Chapter-wise notes
2 Important topics & weightage
3 Past papers: trends & links
4 Mock tests + solutions
5 Chapter practice questions
6 Last-week plan & strategy

Prepared by Skillshort for self-study. Original explanations and questions; not an official ICSI publication. Items marked VERIFY should be checked against the latest official material.

1. Official weightage and paper structure

Part	Lessons	Marks	Questions
Part I – Corporate Accounting	Lessons 1–10	**60**	Q1 case study, Q2, Q3, Q4 or Q4A – mostly numericals of 5 marks plus short theory
Part II – Financial Management	Lessons 11–19	**40**	Q5 case study, Q6 or Q6A – numericals of 4–5 marks plus 2–3 short theory parts

The Part split is printed in the ICSI syllabus. The question layout is reconstructed from the question lists of the last four papers VERIFY. About **70% of marks are numericals**; theory parts are short (definitions, "distinguish", "explain").

2. Lesson frequency – Part I (Dec 2024 – June 2026)

Lesson	Dec 2024	June 2025	Dec 2025	June 2026	Weight in practice
1 Introduction to accounting	–	–	–	–	★ (base for all)
2 Corporate accounting, Schedule III	–	–	**Five features of Schedule III**	–	★
3 Accounting standards	–	**AS 12 government grant**; **AS 26 patent / intangible**	**AS 16 borrowing costs**	Purpose of accounting standards	★★ 1 part every paper
4–5 Share capital and debentures	**Underwriting**; pro-rata allotment; debentures issued at premium; redemption by drawings; bonus shares	**Underwriting**; assets bought for shares; **convertible debentures**	**Underwriting + commission entries**; debentures on instalments; **bonus on partly paid shares**; assets for shares	**Forfeiture and re-issue**; **purchase of business**; **underwriting**; **convertible debentures**	★★★ 3–4 parts every paper
6 Buy-back, ESOP and related aspects	**ESOP conditions**	**ESOP accounting**; **escrow in buy-back**	**ESOP plan**	Summary balance sheet (capital restructuring) VERIFY	★★ 1 part
7 Consolidation	**LLP / partnership subsidiary**	**H and S consolidated BS**	–	**H and S consolidated BS**	★★ 1 part (5–10 marks)
8 Financial statement analysis	Ratios from trading data VERIFY	**Receivables turnover**; **DuPont A vs B**	Receivables / revenue ratios; income-statement analysis	**Q1 case: ratio analysis**	★★★ 1–2 parts every paper
9 Cash flows	Balance-sheet-based question VERIFY	–	**Cash flow statement**; **FCFF vs FCFE**	**Cash flow statement**; uses of cash-flow analysis	★★★ 1 part (5–10 marks)
10 Forecasting	–	**Materials consumed and payments**; forecasting and budgeting	–	**Components and factors of forecasting**	★★ 1 part

3. Lesson frequency – Part II

Lesson	Dec 2024	June 2025	Dec 2025	June 2026	Weight in practice
11–12 FM basics, time value of money	–	**Annuity investment**	**Rule of 69**	**Profit vs wealth maximisation**	★★ 1 part
13 Capital budgeting	**RADR and certainty equivalent**	–	**Q5 case: riskier proposal**; **multiple IRR**	**Q5 case: new product line**; importance of capital budgeting	★★★ 1–2 parts every paper
14 Cost of capital	Capital structure data (WACC) VERIFY	–	–	**Cost of capital (KKK Ltd)**	★★ 1 part
15 Capital structure and leverage	**MM: cost of equity**; **risk and leverage**; leverage from revenue and costs	**Equity vs debt plans – EPS**	**NI / NOI with EBIT data**; leverage from income statement	**Operating and financial leverage (3 situations × 3 plans)**	★★★ 1–2 parts every paper
16 Dividend decisions	–	**MM dividend model**	–	**Walter's model (COMOS Ltd)**	★★ 1 part
17 Working capital	**EOQ**	**Safety stock**	Capacity-based WC VERIFY	**WC estimate (10 lakh units)**; **cash budget**	★★★ 1 part every paper
18 Security analysis	**Holding-period return**; **Dow theory**	**RSI (14 sessions)**	**Systematic vs unsystematic risk**; MVA	**Investment vs speculation**	★★ 1–2 parts
19 Operational decisions (CVP)	**CVP: BEP and MoS**	–	Contract manufacturer – capacity / CVP VERIFY	–	★★ 1 part

TREND What this tells you

- **Share capital and debentures** (underwriting, forfeiture, convertible debentures, bonus, assets acquired for shares) is the single largest block – **15–20 marks** every paper.
- **Underwriting** was asked in **all four** papers – learn marked / unmarked / firm-underwriting net liability and the commission entries.
- **Consolidation, cash flow and ratio analysis** each give a full 5–10 mark part in most papers.
- In Part II, **capital budgeting** and **leverage / capital structure** are certain; one of **dividend models** (Walter, Gordon, MM) and one **working capital** numerical usually follow.
- Theory parts are short: AS provisions, Schedule III, forecasting, FCFF vs FCFE, Dow theory, RSI, Rule of 69/72.

4. Priority list

Priority	Topics	Why
★★★ Must do	Underwriting (net liability, commission); issue, forfeiture and re-issue of shares; debentures – issue, redemption, conversion; bonus shares; consolidated balance sheet (goodwill, NCI, unrealised profit); cash flow statement (indirect method); ratio analysis and DuPont; capital budgeting (NPV, IRR, PI, payback, risk); leverage and EBIT–EPS; WACC; working-capital estimate	Asked in three or four of the last four papers
★★ Important	AS 12, 16, 26 and other key AS; ESOP accounting and conditions; buy-back (limits, escrow, CRR); forecasting and EFN; TVM and annuities; dividend models (Walter, Gordon, MM); EOQ and safety stock; security analysis (HPR, RSI, Dow theory, risk types); CVP and BEP	One part in most papers
★ Do once	Basic accounting concepts; Schedule III features; MVA / EVA; Rule of 69 / 72; capital rationing	Occasional theory parts