

Annexure 11

**CPA- CERTIFIED
PUBLIC
ACCOUNTANTS.**

The CPA certification is the highest standard of competence in the field of accountancy globally and is a highly sought-after and versatile credential for accountants. Check out all the important CPA exam details here in this exclusive blog.

CPA full form is Certified Public Accountants. It is an exam conducted by the American Institute of Certified Public Accountants (AICPA). It is a globally recognized designation for which aspirants must take the Uniform CPA Examination®. In India, Chartered Accountant (CA) designation is equivalent to CPA. In this article, we will be discussing how to become CPA exam pattern in detail.

Brief History of CPA

To define the standards of the accounting industry, 31 accountants formed an association called the 'American Association of Public Accountants (AAPA) in 1887. This association was renamed AICPA in 1957 and is responsible for conducting the CPA exam. In 2001, the industry witnessed a major scandal called the 'Enron Corporation scandal'. As per sources, the company's leaders duped regulations by showcasing fake holdings and poor accounting practices.

Thus, in 2002, the Sarbanes-Oxley Act was passed, and through this act, accountants are now liable to follow stringent restrictions for their consulting assignments. After this, the accounting industry saw a major shift in its general practices, hence the demand for certified accounting professional roles.

CPA Eligibility Criteria

Every state has its CPA exam prerequisites, but some standard eligibility criteria are:

- At least Graduation or equivalent degree**
- 150 semester hours of college course to earn a CPA license**
- 1-2 years of experience under any CPA**

Do remember that the eligibility criteria for the US states and other countries is different.

Eligibility Criteria For Indians

In this section, we will be discussing who can do CPA course. Indian students should have one of the following qualifications. They should be members of either ICAI, ICMAI, or ICSI. Other than being a member of one of these organizations, they can possess an MBA or M.Com degree.

Sections of the CPA Exam

CPA is a 4-hour long exam that is divided into four sections. These sections are created to assess the skills and knowledge of candidates. A candidate must finish all sections within the 18-month testing window. You are allowed to pause the exam time for 15 minutes only after third testlet.

You can take up any section in any order during one open testing window. You can take any number of exams during the same window, but you are not allowed to take one section twice in the same testing window. If you fail one part of the exam, you would not be able to retake that section until the next testing window opens.

Each section of the CPA exam has a time limit of 4 hours. The exam related CPA syllabus include:

1. Auditing and Attestation (AUD)- This section may include questions from the following areas:

- Forming Conclusions and Reporting
- Assessing Risk and Developing a Planned Response
- Performing Further Procedures and Obtaining Evidence
- Professional Responsibilities, Ethics, and General Principles

2. Business Environment and Concepts (BEC)- You can expect questions from the following areas:

- Corporate Governance
- Financial Management
- Operations Management
- Information Technology
- Economic Concepts and Analysis

3. Financial Accounting and Reporting (FAR)- Most of the questions in this section will be from:

- Transactions
- **Financial Statement Accounts**
- Local and State Governments
- Standard-Setting, Conceptual Framework, and Financial Reporting

4. Regulation (REG)- This part will include the following concept-based questions:

- **Business Law**
- Entity Federal Taxation
- Individual Federal Taxation
- Property Transaction Federal Taxation
- Professional Responsibilities, Ethics, and Federal Tax Procedures

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CPA Exam Structure

There are three parts in the CPA exam, categorized as testlets – MCQ, task-based and written communication. From the past few years, more importance is given to task-based simulations. MCQs are weighted evenly along with simulations except on BEC. MCQs are worth 50% of your points and simulations are worth the rest 50%. The AICPA has also divided the grade weightage to each topic/section under these testlets.

Testlet Wise Data

Section	` Testlet 1	` Teslet 2	` Testlet 3	` Testlet 4	` Testlet 5
AUD	36 MCQ	36 MCQ	2 TBS	3 TBS	3 TBS
BEC	31 MCQ	31 MCQ	2 TBS	2 TBS	3 WCT*
FAR	33 MCQ	33 MCQ	2 TBS	3 TBS	3 TBS
REG	38 MCQ	38 MCQ	2 TBS	3 TBS	3 TBS

Question Wise Data

Section	AUD	BEC	FAR	REG
Multiple-Choice Questions (MCQs)	50%	50%	50%	50%
Task-Based Simulations (TBSs)	50%	35%	50%	50%
Written Communication Tasks (WCT)	n/a	15%	n/a	n/a

Skill Levels to be Assessed in Each Section

The CPA exam tests skills in a variety of evaluation methods.

Section	Remembering and understanding	Application	Analysis	Eva
AUD	25–35%	30–40%	20–30%	5–1
BEC	15–25%	50–60%*	20–30%	—
FAR	10–20%	50–60%	25–35%	—
REG	25–35%	35–45%	25–35%	—

*Includes written communication

Syllabus of Auditing (AUD) for the CPA Exam

	AUD Content	Allocation (%)
Area I	Ethics, Professional Responsibilities, and General Principles	15-25
Area II	Assessing Risk and Developing a Planned Response	25-35
Area III	Performing Further Procedures and Obtaining Evidence	30-40

Area IV	Forming Conclusions and Reporting	10-20
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Syllabus of Business Environment and Concepts (BEC) for the CPA Exam

	BEC Content	Allocation (%)
Area I	Enterprise <u>Risk Management</u> , Internal Controls, and Business Processes	20-30
Area II	Economics	15-25
Area III	Financial Management	10-20
Area IV	Information Technology	15-25
Area V	Operations Management	15-25

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Syllabus of Financial Accounting and Reporting (FAR) for the CPA Exam

	FAR Content	Allocation (%)
Area I	Conceptual Framework, Standard-Setting, and <u>Financial Reporting</u>	25-35
Area II	Select Financial Statement Accounts	30-40
Area III	Select Transactions	20-30

Area IV	State and Local Governments	5-15
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Syllabus of Regulation (REG) for the CPA Exam

	REG Content	Allocation (%)
Area I	Ethics, Professional Responsibilities, and Federal Tax Procedures	10-20
Area II	Business Law	10-20
Area III	Federal Taxation of Property Transactions	12-22
Area IV	Federal Taxation of Individuals	15-25
Area V	Federal Taxation of Entities	28-38

Calculating CPA Score

CPA exam score range on a scale of 0 to 99. To pass the CPA exam, candidates need to score at least 75 out of 99. Through scores, neither you can tell about the correct percentage or interpret it in any way. Each response goes through several quality assurance reviews for ensuring score accuracy. The total score in FAR, REG, and AUD is the weighted combination of scaled scores from MCQs and task-based simulations. For BEC section, total score is the weighted combination of scaled scores from task-based simulations, MCQs and written communication tasks. In case candidates fail, they will receive a Candidate Performance Report to assess performance in a specific section.

CPA Exam Cost

1. Application Fee

Depending upon the state, the application fee is around \$50-\$200 (approx. Rs. 3,600 to Rs. 14,500)

2. Examination Fee

Approx. \$193.45 for each section (approx. Rs. 14,100)

3. Registration Fee

Depending upon the state, one can either apply for one section at a time or can club all the sections and pay a registration fee to save the overall cost. The Notice to schedule (NTS) is valid for 6 months, so if you sign up for all four sections in one go, you need to schedule and appear for all four sections in the next 6 months, else, NTS won't be valid. The list of CPA exam registration costs is:

- When you take one section at a time- \$63 (approx. Rs. 4,600)
- If you take two sections at a time- \$81 (approx. Rs. 5,900)
- When you take three sections at a time- \$99 (approx. Rs. 7,200)
- If you take four sections at a time- \$177 (approx. Rs. 12,900)

4. Ethics Fees

Some states ask to clear ethics exam in order to earn a license after the completion of the uniform CPA exam. The fees for the ethics exam is \$150-200 (approx. Rs. 10,900 to Rs. 14,500).

5. CPA Licensing Fees

After the uniform CPA exam and ethics exam, candidates are eligible for earning a license, and for this, you need to pay approximately \$50 -500 per year depending upon the state. Yes, licensing fees are to be paid every year till eternity so as to maintain a CPA license and practice CPA.

6. Continuing Professional Education (CPE) for CPA Exam

Many states demand 40 hours per year of continuing education so that the public accountant stays updated with the industry norms and updates. So the approximate cost for this CPE could be as low as \$800 per year ranging up to \$5000.

CPA Exam Pilot In India

The CPA exam is administered in India as a pilot at Prometric test centers in the cities of Ahmedabad, Bangalore, Calcutta, Chennai, Hyderabad, Mumbai, New Delhi, and Trivandrum.

A career as a CPA in finance and accounting is extremely rewarding. Your expertise is considered more than a normal accountant resulting in more opportunities, payouts, and increased credibility. Make sure to analyze the pros to generate more confidence.

CPA Career Path #1: Public Accounting

CPAs in public accounting firms provide a full range of accounting, auditing, tax, and consulting services for clients of all sizes. From entry level staff auditors to senior level partner roles, CPAs have the opportunity to work with large international clients, small local firms, and practically everything in between. The auditing of public and private company financial statements, in particular, is a coveted service. However, public accountants across the entire field are in high demand with great opportunities to advance throughout their career.

According to the American Institute of CPAs (AICPA), a few specialized areas CPAs can focus on within public accounting include financial forensics, business valuation, personal financial planning, and IT consulting. Some additional common roles include:

- Budget analyst
- Tax examiner

- **Business systems analyst**

CPA Career Path #2: Business, Government, and Not-for-Profits

CPAs in this broad field can hold a range of positions, from staff accountant and financial analyst to CFO. Their responsibilities include recording, analyzing, and reporting financial information for organizations. They can also carry out budgeting and internal auditing functions.

Noted by the AICPA, CPAs in business work for companies ranging from family-owned to Fortune 500. They are considered trusted business partners and can work in a variety of areas. Some potential roles include:

- **Staff-Financial Accounting & Reporting**
- **Staff-Tax Accounting**
- **Staff-Internal Audit**

CPAs who work in government hold roles at the federal, state, and local levels, and they have similar responsibilities as those in public accounting. Auditing, financial reporting, and management accounting are all shared duties.

Within nonprofits, a CPA's main job is to ensure the services an organization provides does not exceed their revenue. Potential nonprofit roles vary based on each organization, but a few include:

- **Staff financial accounting and reporting**
- **Staff internal audit**
- **Controller**

CPA Career Path #3: Specialist

CPAs are now regularly called upon to provide services in specialized areas. Choosing a specialty is a major decision, as it directly affects the sort of roles available, your salary, and the settings in which you work. It's best to follow your interests and find a specialty that you genuinely enjoy. In the information systems area, for example, specialists aid organizations in managing their information technology, including the massive amounts of data collected, by conducting risk assessments as well as analyzing and implementing systems improvements and revisions.

Another specialty CPAs fall in love with is internal auditing. An internal auditor is responsible for improving a company's operations by evaluating both the financial and operational sides of the business. It's safe to say CPAs in this role wear a lot of hats. They assess risks, controls, ethics, quality, economy, and efficiency to ensure the business is operating efficiently.

CPA Career Path #4: Forensic Services

Forensic CPAs use their accounting skills to investigate incidents like fraud, bribery, money laundering and embezzlement. They examine and collect evidence that will later enable the courts to determine if a crime has been committed or enable a dispute to be resolved. Often, law enforcement agencies like the FBI seek out forensic accountants to help further investigate crimes related to money. However, forensic accounting roles can be found in public accounting firms, consulting firms, insurance companies, and more.

Those wishing to pursue forensic accounting should possess strong written and verbal communication skills, an ethical mindset, and a natural desire to investigate. Every day in a forensic role is different, so it's a career path for those who want to stay on their toes.

CPA Career Path #5: Financial Advisor

CPAs serve as financial advisors to individuals, helping them to manage their finances and to make informed financial decisions related to home purchases, college savings, starting a business and retirement planning.

Financial advising is a great route for those who love crunching numbers and helping others. By working closely with clients, financial planners can directly impact the lives of others in a positive way.

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