

Level CAP-II
Paper: 1 Advanced Accounting
(One Paper - Three Hours - 100 Marks)

Level of Knowledge: Working

Course objectives:

- Enable the candidates to understand the principles, methods and procedures of accounting as followed by different entities.
- Enable the candidates to understand the relevant laws, principles, practices and NFRS for the preparation and presentation of financial statements.
- Provide understanding of the tools and techniques followed in the analysis and interpretation and presentation of financial statements of companies.
- Familiarize the candidates with the basics of computerized system of accounting.

Course contents

1. **Accounting**
Introduction, concepts, principles, system, methods, process, types and accounting as a profession
2. **Financial reporting standards**
National and international accounting authorities, procedures of developing NFRS, conceptual framework for the preparation and presentation of financial statements and working knowledge on the following Nepal Financial Reporting Standards including conceptual framework.
 - NFRS 3: Business combination
 - NAS 1: Presentation of financial statements
 - NAS 2: Inventories
 - NAS 3: Statement of cash flows
 - NAS 8: Accounting policies, changes in accounting estimates and errors
 - NAS 10: Events after the reporting period
 - NAS 16: Property, plant and equipment
 - NAS 17: Leases
 - NAS 18: Revenue
 - NAS 20: Accounting for government grants and disclosure of government assistance
 - NAS 21: The effect of changes in foreign exchange rates
 - NAS 37: Provisions, contingent liabilities, and contingent assets
3. **Accounting for special transactions**
Leases, hire purchase and installment system, contract accounts, investment accounts, branch (including foreign branch) and departmental accounts, computation of insurance claims for loss of stock and profit
4. **Company accounting**
Accounting for share capital and reserve funds-types of shares, issue of fresh shares, bonus shares, right issue, redemption of redeemable preference shares, issue, redemption and conversion of debentures, and underwriting of shares and debentures

Preparation and presentation of financial statements as per NFRS and provisions in Company Act, format and contents as per the prevailing laws, interpretation of items of financial statements, profit (loss) prior to incorporation.

Winding up of companies and accounting treatment arisen there from including Statement of affairs. Additional disclosures and comment on going concern concept in relation to winding up, Accounting of acquisition, absorptions, amalgamation, merger and reconstruction, Statement of cash flows- objectives, preparation methods (direct and indirect) and interpretations

5. **Partnership accounts**
Treatment of goodwill and profit sharing, admission, retirement and death of partner (including annuity and policies methods), dissolution, conversion and merger of firms
6. **Preparation and presentation of financial statements of special organizations**
 - a. **Banking and financial institutions**
Types of financial institutions as per prevailing Acts, formats and contents as prescribed by central bank, accounting policies and disclosures requirement, interest income recognition and loan loss provisioning, capital adequacy and cash reserve requirement. Simple practical problems
 - b. **Insurance companies**
Nature of operation (life and non-life), formats and contents of financial statements prescribed by Insurance Board, accounting and disclosure requirements, premium income recognition, liability recognition and treatment of re-insurance. Simple practical problems
 - c. **Agricultural accounting**
Concept and peculiarity of inventory valuations
 - d. **Accounting for co-operatives**
Nature of operation, formats and contents of financial statements prescribed by Department of Cooperatives, accounting and disclosure requirements, interest income recognition and loan loss provisioning, PEARL System. Simple practical problems.
7. **Preparation of financial statements from incomplete records**
Concept of incomplete records and generation of need for financial information from other records, preparation of final financial statements from incomplete records
8. **Government accounting**
Basis of accounting and accounts classification. Differences between government and business accounting, Simple practical problems. Concept of PFM and features of sound PFM of the country
9. **Analysis and interpretation of financial statements**
Interpretation of financial statements, Segmental information analysis, Analysis of performance and position through cash flow, ratios and trend
10. **Accounting for NPOs**
Preparation of financial statement of not for profit organizations, and fund based accounting
11. **Accounting in computerized system**
Salient features, chart of accounts and grouping, codification of accounts, maintenance of ledger, accounting packages- general and customized, accounting reports

Level CAP-II
Paper: 2 Audit and Assurance
(One Paper - Three Hours - 100 Marks)

Level of Knowledge: Working

Course objectives:

- To develop candidates' capability in understanding the relevant auditing procedure.
- To develop candidates' capability to display the ability to document the accounting and internal control system of an enterprise.
- To develop candidates' capability in identifying significant risks and apply risk assessment tools to the engagement.

Course contents

1. General concepts

a. Auditing and assurance

Concept of assurance versus audit, origin and history of audit, objectives, scope and limitation of audit, general principles governing an audit, relationship of audit with other subjects; different types of audit, statutory audit, internal audit, tax audit, latest development in auditing profession.

Differences between auditing and accounting, investigation, management etc, working knowledge on the following Nepal Standards on Auditing issued by the Institute of Chartered Accountants of Nepal.

- NSA 200-Objectives and general principles governing an audit of financial statements
- NSA 210-Terms of audit engagements
- NSA 230-Audit documentation
- NSA 250- Consideration of laws and regulations in an audit of financial statements
- NSA 300- Planning an audit of financial statements
- NSA 315 -Understanding the entity and its environment and assessing the risk of material misstatements
- NSA 320- Audit materiality
- NSA 500- Audit evidence
- NSA 505- External confirmation
- NSA 510- Initial engagements-opening balances
- NSA 530- Audit sampling and other means of testing
- NSA 610-Considering the work of internal auditing
- NSA 620-Using the work of an expert

b. Ethics

General introduction to code of ethics issued by ICAN, Provisions governing ethics by ICAN Act and circulars, Basic cases of verdict on disciplinary cases

c. Regulatory compliance

Regulatory framework: ICAN Act, Companies Act, Securities Act, Audit Act, Bank and

Finance Companies Act and other relevant acts with regards to appointment, responsibility and reporting by auditors

2. Planning an audit engagement

- a. **Understanding the entity and its environment and assessing the risk of material misstatement**
 - Understanding the client's business, risk assessment and response to assessed risk, Identification of business risk of Client and application of business risk concept over the audit risk assessment procedure.
 - Audit risk and concept of inherent risk, control risk and detection risk and interrelationship among the different types of audit risk,
 - Discuss the importance of risk analysis and identify and describe the need to plan and perform audits with an attitude of professional skepticism
 - Describe the use of information technology in the risk analysis
- b. **Audit plan and audit strategy- contents of an audit plan, concept of audit planning memorandum, and requirement of documentation in planning and communication to those charged with governance**
- c. **Concepts of using approaches on audit planning**

Reliance on control, Reliance on internal auditors, Reliance on other experts
Reliance on work of another auditor, Probable extent of tests of controls and substantive procedures, including analytical procedures, The nature and extent of client-generated information, The probable number, timing, staffing and location of assurance visits
- d. **Internal control system and control environment, fraud and error**

Definition of internal control, Management role in designing the internal control system
Design of internal control system to prevent and detect fraud and error, Components of internal control, Limitations of internal control, Concept of fraud and error and auditors responsibility to consider fraud in an audit, Auditor's responsibility with regard to fraud and error, Knowledge of Committee on Sponsoring Organization (COSO) framework
- e. **Application of analytical procedures**

Analytical review- concept and use of analytical review procedure in gathering audit evidence
- f. **Materiality, tolerable error, and sample sizes**

Concept of materiality and standards of auditing on materiality
- g. **Design and documentation of plan and program**
 - Audit documentations
 - Nature of audit documentation
 - Form, content and extent of audit documentation
 - Audit file (temporary and permanent)
 - Changes in audit documentation in exceptional circumstances
 - Concept of audit note book, working papers, etc.

- h. Evaluation of going concern assessment at planning stage and use of standard related to going concern in planning an audit engagement**
- i. Co-ordination and monitoring of the work. Evaluation of internal control system**
- j. Transaction cycles (revenue, purchases, payroll, inventory, capital expenditure)**
- k. Communication with management and those charged with corporate governance.**
- l. Evaluation of financial statement assertions: assets, liabilities, income and expenditure, including accounting estimates.**
- m. Concepts of using approaches on audit planning**
 - Reliance on control
 - Reliance on internal auditors
 - Reliance on other experts
 - Reliance on work of another auditor
 - Probable extent of tests of controls and substantive procedures, including analytical procedures
 - The nature and extent of client-generated information
 - The probable number, timing, staffing and location of assurance visits
- n. Internal control system and control environment, fraud and error**
 - Definition of internal control
 - Management role in designing the internal control system
 - Design of internal control system to prevent and detect fraud and error
 - Components of internal control
 - Limitations of internal control
 - Concept of fraud and error and auditors responsibility to consider fraud in an audit
 - Auditor's responsibility with regard to fraud and error
- o. Application of analytical procedures**

Analytical review- concept and use of analytical review procedure in gathering audit evidence
- p. Materiality, tolerable error, and sample sizes**

Concept of materiality and standards of auditing on materiality
- q. Design and documentation of plan and program**
 - Audit documentations
 - Definitions, nature of audit documentation
 - Form, content and extent of audit documentation
 - Audit file (temporary and permanent)
 - Changes in audit documentation in exceptional circumstances
 - Concept of audit note book, working papers, etc.
- r. Evaluation of going concern assessment at planning stage and use of standard related to going concern in planning an audit engagement.**
- s. Co-ordination and monitoring of the work. Evaluation of internal control system**
- t. Transaction cycles (revenue, purchases, payroll, inventory, capital expenditure)**

u. Communication with management and those charged with corporate governance

v. Evaluation of financial statement assertions: assets, liabilities, income and expenditure, including accounting estimates

3. Gathering evidence during an audit engagement

- Assertions- meaning of assertions, types of assertions at classes of transactions and account balances, financial statement level and disclosure level, use of assertions in gathering audit evidence
- Concept, sufficient appropriate audit evidence
- Vouching and verification of major financial statement items (income, expenses, assets, liabilities, contingent liabilities) - consideration of internal control requirement, different laws and regulations and assertion testing
- Audit sampling and other means of testing
- Use of external confirmation as audit evidences
- Different methods of obtaining evidence
- Identification and use of the methods for different business situations
- Reliability of different types of assurance evidence
- Identification of situations where analytical procedures, test of control and substantive procedures are to be implied.
- Evidence from analytical procedures, test of control and substantive procedures
- Quantity and quality of evidence needed for reports
- Written confirmation of representations from management (management representations- concept, cases when management representation cannot be an audit evidence, use of management representations as audit evidence)
- Initial audit engagements- Consideration from the incoming auditor regarding the correctness of opening balances
- Audit of payments: General considerations, wages, capital expenditure, other payments and expenses, petty cash payments, audit of payments into and out of the bank, reconciliation of bank statements with cash book
- Audit of receipts: General considerations, cash sales, receipts from debtors, other receipts
- Audit of purchases, vouching cash and credit purchases, forward purchases, purchases returns
- Audit of sales, cash and credit sales, goods on consignment, sale on approval basis, sales under hire-purchase agreement, returnable containers, various types of allowances given to customers, sales returns, sales ledger
- Audit of suppliers' ledger and debtors' ledger: Self-balancing and the sectional-balancing system, total or control accounts, loose leaf and card ledgers, confirmatory statements from credit customers and suppliers, provision for bad and doubtful debts, writing off of bad debts
- Audit of impersonal ledgers: Capital expenditure, deferred revenue expenditure and revenue expenditure, outstanding expenses and income, repairs and renewals, distinction between reserves and provisions, implications of change in the basis of accounting
- Audit of assets and liabilities
- Audit of share capital and transfer of shares
- Audit of incomplete records
- Audit of accounting estimates (concept of "accounting estimates" and techniques to obtain audit evidence regarding the appropriateness of using the right estimate by management)
- Audit of limited companies: Appointment of auditors, powers and duties of auditors

4. Using work of others

- Using the work of another auditor
- Considering the work of internal auditor
- Using the work of an expert

5. Internal audit and corporate governance

- Concept of Internal Audit and Best Practices adopted from IFAC Code of Ethics for Internal Audit Services
- Difference between internal and external audit services
- Scope of internal audit function
- Internal audit reports
- Concept of corporate governance
- Role of internal audit in corporate governance
- Function and extent of internal audit in entities
- Outsourcing in internal audit
- Audit committee and relevant legal provisions for requirement of audit committee

6. Audit conclusions and reporting

i. Concept of “Hot Review and Cold Review”

ii. Audit finalization and final review

- Importance of overall review of audit evidence obtained
- Procedures for overall review of financial statements
- Significance of uncorrected misstatements
- Effect of dealing with uncorrected misstatements

iii. Concluding and reporting on engagements

- Consideration of subsequent events
- Evaluation of results of assurance tests and procedures
- Reports on assurance engagements consistent with results of assurance procedures
- Elements of assurance reports
- The auditor’s report on financial statements- Elements of auditor’s report, auditor’s liability regarding the unaudited supplementary information presented with audited financial statements
- Types of audit opinion- Unqualified opinion and modified opinion
- Modified opinion- Qualified opinion, disclaimer of opinion, adverse opinion and situations when such opinion is concluded
- Audit reports- Unmodified reports and modified reports
- Modified reports- Modification through modification of opinion and modification without modifying audit opinion- use of emphasis of matter paragraph and other matter paragraph and cases when such paragraphs is added to auditor’s report
- Comparatives- Concepts of corresponding figures and comparative financial statements and their differences
- Auditor’s responsibility regarding other information in documents containing audited financial statements [not included- special purpose audit engagement-NSA-800]

iv. Related services

- The concept of audit and other assurance engagements

- Concept of statutory audits
- Inherent limitation of audit
- Concept of true and fair view
- Concept of materiality
- Concept of and differences between audit services and non audit services (assurance and non assurance engagements), the difference between limited assurance engagement and reasonable assurance engagement
- NSA: 240-Nepal Framework for Assurance Engagements
- Engagements to perform agreed upon procedures regarding financial information
- Engagements to compile financial information

7. Government audit

Government audit as per ISSAI frameworks, financial audit and compliance audit. General concept of performance audit, propriety audit and audit of governmental organizations - Simple knowledge testing about the definition of such concepts, features and basic principles of government audit and audit of local bodies

8. Audit of specific organizations

Audit of specific organizations- Hospitals, educational institutions like schools, universities, not for profit organizations, clubs , Cooperatives, Hire purchase and leasing companies, joint venture

Level CAP-II
Paper: 3 Corporate & Other Laws
(One Paper-Two Sections- Three Hours-100 Marks)

Level of Knowledge: Working

Course objectives:

- Understand the general knowledge of the provisions of Nepalese Commercial Laws and their application in business environment.

Course contents

Nepalese Commercial Laws

Nepal Chartered Accountants Act, 2053 and Nepal Chartered Accountants Rules, 2061

- About the Institute of Chartered Accountants of Nepal
- Objective of the Institute
- Council and its committees
- Procedure of disciplinary action
- Membership of the Institute
- Examination and academic qualification of chartered accountants,
- Recognition of professional qualification
- Certificate of practice
- Code of conduct and other provisions of Nepal Chartered Accountants Act, 2053 and Nepal Chartered Accountants Rules, 2061

The Companies Act 2063 [upto Section 119]

- Meaning and concept and types of company
- Incorporation of company,
- Lifting of corporate veil,
- Conversion of company,
- Pre-incorporation contract,
- Memorandum & articles, prospectus
- Constructive notice and indoor management
- Shares and debenture,
- Reduction of share capital,
- Purchase of company's own share,
- Issue of share at discount,
- Issue of share at premium,
- Meetings of company
- Board of directors
- Accounts and records of company and audit

Securities Act 2063 [upto Section 70]

- Meaning and concept of securities and stock exchange
- General concept on securities exchange board,

- Registration and issuance of securities,
- Stock exchange, securities business and securities exchange professionals, security exchange market and transactions of securities

Banks and Financial Institutions Act, 2063 [Upto Sec. 67]

- Incorporation of banks and financial institution
- Classification of banks and financial institution
- Board of directors and chief executive of banks and financial institutions
- License of banks and financial institutions
- Capital of banks and financial institutions
- Financial activities of banks and financial institutions
- Regulation, inspection and supervision
- Lending and recovery
- Accounts, records, financial statements and audit

Nepal Rastra Bank Act, 2058 [upto Section 75]

- Concept of bank
- Objectives and functions, duties and power of the central bank
- Formation of board and functions, duties and powers, financial provisions, monetary functions and open market operation
- Monetary unit, banknotes and coins
- Foreign exchange policy, regulation and reserve
- Relation with government of Nepal

Industrial Enterprises Act, 2049

- Meaning, concept and types of industries
- General concept of industry promotion board, licensing, registration of industrial , facilities and concessions,
- Formation and functions of one window committee
Industrial human resource and sick industry and other provisions of Industrial Enterprises Act, 2049

Labor Act, 2048

- Concept of labor / capital relations
- Types labor, employment and security of service, working hours and remuneration
- Health & safety, welfare, special types of enterprise, Code of conduct and the punishment, dispute settlement and other provisions of Labor Act, 2048

Bonus Act, 2030

- Meaning and concept of bonus
- Bonus calculation and distribution
- Restriction on payment of bonus
- Payment of bonus in advance
- Welfare fund, Dispute settlement and other provisions of Bonus Act, 2030

Contract Act 2056

- Meaning and concept of contract
- Types of contracts

- Essential elements of valid contract
- Guarantee, indemnity and subrogation
- Contract relating to bailment, collateral & deposit, sale of goods, agency and transportation of goods
- Performance and execution of contractual liability
- Breach of contract and its remedies, privity of contract, and other provisions of Contract Act, 2056

Insurance Act 2049

- Meaning, concept and types of insurance
- Fundamental principles of insurance
- Formation, functions and power of insurance board
- Registration and cancellation of registration of insurer
- Insurance agent, surveyor and broker
- Audit, insurance offence, punishment and penalties and other provisions of Insurance Act, 2049

Negotiable Instruments Act 2034

- Meaning and concept of negotiable instruments
- Classification of instruments
- Promissory note, bill of exchange and cheques
- Endorsement
- Negotiation, negotiability, assignability
- Rights and obligations of parties to an instrument obtained illegally
- Presentment of instrument, dishonor of instrument
- Notice of dishonor
- Noting and protesting
- Discharge from liability
- Payment and interest
- Presumption as to negotiable instrument and other provisions of Negotiable Instrument Act, 2034

Social Welfare Act, 2049

- Definition,
- Social welfare program, welfare council, meeting and decision of the council,
- Function, duties and power of the council,
- Affiliation, economic assistance, suspension
- Other provisions of Social Welfare Act, 2049

WTO and Nepalese Laws

- WTO and its membership
- Function and role of WTO
- Concept of Financial Bill/Act
- Legislative process of Nepal
- WTO parameters and Nepalese laws

**CAP-II Paper: 4 Financial Management
(One Paper - Three Hours - 100 Marks)**

Level of Knowledge: Working

Course objectives:

- Develop knowledge and understanding of financial management methods for analyzing the various sources of finance and
- Capital investment opportunities and application of various tools and techniques for business planning and control.

Course contents

Introduction and Fundamental Concepts of Financial Management

- An overview of financial management
- Functions and objectives of financial management
Financial environment: markets, institutions, and interest rates; risk and return: the basics, time value of money

Strategic Finance and Policy

- Capital structure: introduction, shareholders' funds, methods of raising equity finance, long-term debt finance,
- Operating and financial gearing, gearing and the required return,
- Cost of equity and debt capital, overall cost of capital, Financial distress, signaling and agency costs.

Analysis of Financial Statements

- Overview, financial statement analysis and its precautions,
- Horizontal analysis, vertical analysis, ratio analysis,
- DuPont analysis, Cash flow analysis, analysis reporting

Valuation of Securities

- Fixed income securities - characteristics and valuation;
- Common stock- characteristics, valuation and issuance, Hybrid securities-characteristics

Capital Investment Decision

- Concepts of cost of project
- Capital budgeting, evaluating cash flows, cash flow estimation,
- Investment evaluation and capital rationing

Working Capital Management and Financial Forecasting

- Financial forecasting and working capital policy
- Short-term finance, management of cash and marketable securities, management of accounts receivables, Short-term and long-term funding alternatives

Distribution Policy

- Dividend decision: strategic and legal dimensions of dividend, theory of dividend and retention policy

Overview of Capital Market

- Primary and secondary market,
- Dematerialization, CDS, stock exchange, commodities exchange and regulatory framework, mutual fund, International capital market

Investment opportunities in Nepalese Capital Market

- Key factors and indicators to be considered before making investment in capital market
- IPO & secondary market

CAP-II Paper: 5 Cost and Management Accounting
(One Paper - Three Hours - 100 Marks)

Level of Knowledge: Working

Course objectives:

- Required comprehensive knowledge of costing concepts and detail procedures and documentation involved in cost ascertainment systems.
- Provide with an understanding of the application of above knowledge to basic planning, control and decision-making.

Course contents

Cost concepts and costing methods

- Evolution of cost accounting
- Definitions
- Objectives of cost accounting
- Importance of cost accounting
- Cost accounting system
- Cost concepts and elements of costs
- Types and methods of costing
- Cost, expenses and loss
- Relationship between cost accounting, financial accounting, management accounting and financial management
- Classification of costs, Cost centers and cost unit

Material Control

- Purchasing of materials
- Receiving of materials
- Inspection of materials
- Storage of materials
- Issuing of materials
- Maintenance of inventory records
- Techniques of material control
- Pricing methods
- Stock valuation material losses
- Treatment of normal loss and abnormal loss of materials
- Accounting of waste, scrap, spoilage and defectives
- Just in time (JIT)
- Material requirement planning (MRP)

Labour Control

- Direct and indirect labour
- Control over labour costs
- Attendance and payroll system
- Treatment of holiday pay, idle time, overtime etc.

- Labour turnover
- Methods of wage payment
- Incentive system
- Accounting for labours
- Job evaluation and merit rating
- Efficiency rating procedures

Overhead Control

- Classification of overheads
- Manufacturing overheads
- Office and administrative overheads
- Selling and distribution overheads
- Distribution of overheads
- Absorption of overheads
- Treatment of under-absorbed and over-absorbed overheads
- Treatment of certain items in costing
- Actual overhead rate vs. predetermined overhead rate
- Blanket overhead rate vs. departmental overhead rate
- Supplementary overhead rate
- Concept related to capacity
- Comprehensive machine hour rate

Unit costing

- Meaning
- Cost sheet
- Production statement
- Production account

Cost Accounts System, Cost Control (Integrated & Non-integrated Accounting System)

- Non-integrated accounting system
- Integrated accounting system
- Reconciliation of cost and financial accounts

Methods of Costing

- a. Job Costing System
 - Meaning, procedures of job cost accounting,
 - Advantages of job costing, job ticket
- b. Batch Costing System
- c. Contract Costing System
 - Meaning
 - Recording of contract costs
 - Specific aspects of contract costing
 - Profit on incomplete contracts
 - Distinction between job costing system and contract costing system
- d. Job Costing System
 - Meaning, procedures of job cost accounting,

- Advantages of job costing, job ticket
- e. Batch Costing System
- f. Contract Costing System
 - Meaning
 - Recording of contract costs
 - Specific aspects of contract costing
 - Profit on incomplete contracts
 - Distinction between job costing system and contract costing system
 - Progress payments, retention money, escalation and de-escalation clause, balance sheet entries
- g. Process Costing System
 - General principles
 - Treatment of process loss and gains
 - Working progress
 - By-products and joint products
 - Inter-process profits
 - Distinction between job costing system and process costing system
 - Equivalent production unit
 - Apportionment of joint costs
- h. Operating Costing System
 - Introduction, scope
 - Collection, classification and ascertainment of cost
 - Cost unit

Cost concepts for Decision Making

- a. Cost behavior
- b. Methods of separating fixed and variable costs
- c. Cost Volume Profit Analysis
 - Profit volume ratio
 - Break-even point
 - Margin of safety
 - Target profit
- d. Limiting factor
- e. Marginal costing and differential costing
- f. Marginal costing and absorption costing
 - Marginal cost equation
 - Break even chart and angle of incidence
 - Sales mix
 - Advantages of marginal costing
 - Limitations of marginal costing

Costing for planning and Control – Budgets

- Budgets and budgetary control system

- Steps in budgetary control
- Types of budgets
- Fixed and flexible budgeting
- Implementation of budgets
- Control ratios
- Advantages of budgetary control system
- Limitations of budgetary control system
- Zero based budgeting

Standard costing:

- Meaning and Objectives
- Advantages and limitations
- Distinction between budgetary control and standard costing
- Types of standards
- Setting standards
- Material cost variance analysis
- Labor cost variance analysis

Uniform Costing and Inter firm comparison

- Meaning
- Application of uniform costing
- Objectives of uniform costing
- Advantages of uniform costing
- Limitations of uniform costing
- Inter-firm comparison

Cost Control And Cost Reduction

- Introduction
- Distinction between cost control and cost reduction
- Advantages of cost reduction
- Cost reduction plan & program
- Scope of cost reduction

Paper-6 Business Communication & Marketing (One Paper- Two Sections-Three Hours-100Marks)

Section A: Business Communication

Level of Knowledge: Working

Course objectives:

- Develop an understanding of the role of communication in business, communication process with basic qualities of business documents, letters, reports through writing assignments, simulating situations occurring in business organizations.
- Become familiar with sources of business information and the techniques for collecting data necessary for the preparation of documents in business and produce employment communication, including resume, cover letter, and other employment documents.
- Develop an understanding of non-written business communications and demonstrate human relations skills through the use of effective listening techniques and interpersonal skills within a group setting (team building).

Course contents

Introduction: Communicating at Work

- Succeeding in the new workplace
- Examining the process of communication
- Overcoming interpersonal barriers
- Communicating in organizations
- Ethics in business communications
- Strengthening your communication skills

Working in Groups

- Listening skills
- Group interactions
- Determining group goals
- Individual roles in groups
- Conflict resolution
- Effective meetings
- Writing notifications, agenda and minutes
- Giving and receiving feedback in groups

Communicating Across Cultures

- Importance of international business
- Diversity in today's workplace
- Ways to look at culture
- Values, beliefs, and practices
- Nonverbal communication
- Writing to an international audience
- Learning more about international business communication

Employment Communication

- Preparing for employment
- The persuasive resume
- Emailing your resume
- The persuasive letter of application
- Follow-up letters
- Interviewing for employment

Writing Reports and Proposals

- An inside perspective: analyzing data and writing reports and proposals
- A timetable for writing reports and proposals
- Choosing information for reports and proposals
- Analyzing data and information for reports and proposals
- Organizing information in reports and proposals
- Presenting information effectively
- Report types: informational and analytical
- Proposal types: technical and financial
- Formal and informal reports and proposals

Paper: 6 Section B: Marketing

Level of Knowledge: Working

Course objectives:

- Develop knowledge and understanding of fundamentals of marketing relevant to a professional accountant.
- Understanding marketing forces and practices in organizations.

Course contents

Meaning of Marketing and Marketing Mix

- Marketing: meaning and importance
- Marketing mix: meaning and components
- Emerging marketing challenges

Evolution of Marketing Concepts

- Production, product, selling, marketing, customer & societal, Holistic concept

Environmental Context of Marketing

- Marketing environment: meaning, importance
- Micro environment forces in marketing
- Macro environment forces in marketing
- Impact of environment on marketing
- Marketing environment in Nepal

Market Segmentation and Targeting

- Market segmentation: meaning, benefits and requirements
- Process of market segmentation
- Segmentation variables for consumer and industrial markets.
- Market targeting
- Market segmentation in Nepal

Market Information System

- Meaning and importance of market information system
- Components of market information system
- Market research process
- Problems of market information system in Nepal

Buyer Behavior Analysis

- Meaning and importance of buyer behavior
- Stages of consumer buying behavior
- Factors affecting consumer buying process
- Features of organizational buying behavior
- Factors affecting organizational buying behavior
- Consumer buying behavior in Nepal

Product Decisions

- Product: Meaning, levels, types
- Product life cycle and marketing activities
- Process of new product development and reasons for their failure
- Product line and mix
- Service product
- Branding, packaging, labeling
- Product scenario in Nepal.

Price Decisions

- Price: meaning, importance, objectives and factors affecting price determination
- Methods of price determination
- Pricing policies and strategies
- Pricing scenario in Nepal

Place Decisions (Distribution)

- Place: meaning, importance and objectives
- Marketing middlemen
- Channels structures for consumer and industrial products
- Physical distribution: meaning and components.

Promotion Decisions

- Promotion: meaning, objectives
- Promotion mix: meaning and factors affecting it
- Advertising: meaning, importance, objectives, media
- Public relations: meaning, objectives, methods
- Sales promotion: meaning, objectives, methods

- Personal selling: meaning, objectives, methods
- Promotion scenario in Nepal

Emerging Concepts in Marketing

- Relationship marketing
- E-commerce
- Strategic alliances
- Green marketing
- Ethics in professional services marketing

Level CAP-II
Paper: 7 Income Tax & VAT
(One Paper - Three Hours - 100 Marks)

Level of Knowledge: Working

Course objectives:

- The objective of this syllabus is to give candidates an understanding of the basic concepts of Nepalese Income Tax regulations as an important part of direct taxes and of Nepalese Value Added Tax regulation as an important part of indirect tax in Nepal.
- Recognize the principles governing taxation of income, gain from disposal of assets and liabilities and conditions of disposals and deemed disposals.
- Recognize the basic concepts of charging income tax on various incomes.
- Recognize the basic concepts of tax planning.
- Apply code of ethics principles in taxation assignments.

Course contents

- Income year
- Assets (depreciable assets, investment, stock, business assets etc.)
- Persons (natural and legal person and their types, associated persons.)
- Income (Eg. service fee, royalty, dividend etc.)
- Definitions of basic concept as per Sec. 2

Residential concept

- Concept of resident and non-resident
- Worldwide taxation and source of taxation
- Concept of Nepal sourced income and provisions
- Double tax relief mechanism- foreign tax credit and double tax avoidance treaties
- Basic concept of foreign permanent establishment

a. Basis of taxation

- Persons liable to pay tax
- Tax exempt organizations
- Exempt incomes
- Taxable income and assessable income
- Rates of tax and business concessions
- Heads of income

b. Tax accounting

- Nepal accounting standard vs tax accounting
- Cash vs. accrual basis of accounting in taxation
- Basis of accounting for natural person and entities
- Change in accounting methods
- Reverse of amounts including bad debts
- **Approved Retirement Funds**
- **Permanent Account Number (PAN)**

1. Computation of taxable income

a. Calculation of income from business:

- Components of income from business
- Incomes which do not form part of income from business.
- Deductions allowed from income from business

- Limitations and conditions for a particular deduction
 - Schedule 2 of the Act.
- b. Calculation of income from employment**
- Components of income from employment
 - Incomes which are excluded from income from employment
- c. Calculation of income from investment**
- Components of income from investment
 - Incomes which do not form part of income from investment
 - Deductions allowed from income from business
 - Limitations and conditions for a particular deduction
- d. Deductions allowed from taxable income:**
- Deduction for donation and gifts
 - Deductions for contributions to retirement funds
 - Deduction for life insurance premium paid
 - Deduction for losses from income from business or investment
 - Carry forward and carry back of losses for set off
 - Deductions not allowed
- e. Calculation of net gains from disposal of assets and liabilities**
- Net gain and tax calculation from gain from disposal of non business chargeable assets
 - Net gain and tax calculation from disposal of business assets
- f. Tax credits**
- Medical tax credits
 - Foreign Tax credits
- g. Quantification, allocation and characterization of amounts**
- Quantification & characterization of payments under annuities, installments and leases
- 2. Withholding taxes**
- Concept of withholding taxes
 - Payments attracting withholding taxes
 - Final withholding taxes
 - Withholding tax returns
- 3. Tax returns, tax assessment and appeals**
- Estimated tax returns
 - Final tax returns
 - Revised tax assessment process
 - Jeopardy tax assessment
 - Tax collection, waiver and refund
 - Tax administration – duties and power of DG, Tax officer, tax office
- 4. Other fundamental concepts of Income Tax Act**
- Provisions of Income Tax Act not specifically mentioned but interlinked/relevant to the concepts covered above.

Income Tax Act 2058 and Income Tax Rules, 2059

Excluded:

1. Sections 41 to 49, relating to Disposal of business with special conditions
2. Sections 59 to 62, relating to Bank & Insurance Business
3. Section 114 and above – relating to tax review and fine/penalties

Value Added Regulations of Nepal (Marks allocation reduced from 40 marks to 30 marks)