Detailed Syllabus of Accounting Technician Course

Course Contents

The subjects prescribed for Accounting Technician Course are as follows. Each paper carries 100 Marks.

- Paper-I: Advanced and Management Accounting
- Paper-II: Auditing and Assurance
- Paper-III: Corporate and Other Laws
- Paper-IV: Taxation

The detailed syllabus of the AT Course are given in Annexure -1

Annexure-1

Paper 1: Advanced and Management Accounting

Total Marks:100

Time: 3 Hrs

Part A: Advanced Accounting (60 Marks)

Level of Knowledge: ***Working***

Objectives

- To enable the candidates to understand the principles, methods and procedures of accounting as followed by different entities.
- To enable the candidates to understand the relevant laws, principles and practices for the presentation and presentation of financial statements of companies.
- To provide understanding of the tools and techniques followed in the analysis and interpretation and presentation of financial statements of companies.

Detailed Course Contents

1. **Accounting Standards** – Framework for the preparation and presentation of financial statements as promulgated by Nepal Accounting Standard Board. Nepal Accounting Standards issued by Nepal Accounting Standards Board (made mandatory as well voluntary compliance but not the exposure drafts). Historical cost concept vs. realization concept for preparation and presentation of financial statements. Effect of changes in price levels. **(10 Marks)**
2. **Accounting for Special Transactions (higher level practical problems for each of them)** – lease, hire purchase and installment transactions; goods on sale or return; contract accounts, investment accounts, branch (including foreign branch) and departmental accounts. Computation of insurance claims for loss of stock and profit. **(5 Marks)**
3. **Preparation & presentation of financial statements for company –(15 Marks)**
   a. **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.
   b. Preparation of financial statements as per provisions in Company Act, format and contents as per the Act/Rules, interpretation of items in balance sheet and income statement.
   c. **Winding up of companies and accounting treatment arisen there from** – Statement of Affairs and Liquidator’s Account. Additional disclosures and comment on going concern

concept in relation to winding up.

d. **Concept of acquisition, absorptions, amalgamation, merger and reconstruction** – Simple practical problems.

e. **Cash flow statements –** objectives, preparation methods (direct and indirect) and interpretations.

f. Application of Nepal Accounting Standards in the preparation of financial statements for general purpose.

4. **Partnership Accounts –** Treatment of goodwill and profit sharing, admission, retirement and death of partner (including annuity and policies methods). Conversion of partnerships to a limited company and merger of firms. **(10 Marks)**

5. **Preparation and presentation of financial statements of special organizations (10 Marks)**

a. **Financial Institutions, including banks, finance companies and cooperatives –** types of financial institutions as per Banking and Financial Institutions Ordinance, 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. **Electricity companies –** nature of operation (generation, transmission and distribution), transfer pricing and requirements as per Nepal Electricity Act. Simple practical problems.

c. **Insurance companies** – nature of operation (life and general), 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.

d. **Agricultural farm accounting** – concept and peculiarity of inventory costing and valuation systems.

6. **Incomplete Accounts & Government Accounting** – concept of incomplete records and generation of need for financial information from other records, preparation of final financial statements from incomplete records. Concept and salient features of government accounting system. Basis of accounting and accounts classification. Differences between government and business accounting. Simple practical problems. **(5 Marks)**

7. **Analysis and interpretation of financial statements** **(5 Marks)**

a. evaluation of financial statements under Nepal Accounting Standards and other applicable International Financial Reporting Standards.

b. Segmental information analysis

c. Analysis of performance and position through cash flow, ratios and trend d. Related party transactions disclosure and treatment

Part- B Management Accounting (40 Marks)

Level of Knowledge :
Working Objectives :

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

8. Cost concepts for Decision Making (15 Marks)

8.1. Cost Behaviour
8.2. Methods of separating fixed and variable costs
8.3. Cost Volume Profit Analysis
 8.3.1. Profit volume ratio
 8.3.2. Break-even Point
 8.3.3. Margin of Safety
 8.3.4. Target profit
8.4. Limiting Factor
8.5. Marginal Costing and Differential Costing
8.6. Marginal Costing and Absorption Costing
8.7. Others

9. Costing for planning and Control – Budgets (10 Marks)

9.1. Budgets and Budgetary Control System
9.2. Steps in Budgetary Control
9.3. Types of Budgets
9.4. Fixed and Flexible Budgeting
9.5. Implementation of Budgets
9.6. Control Ratios

10. Uniform Costing and Inter firm comparison (5 Marks)
10.1. Meaning
10.2. Application of Uniform Costing
10.3. Objectives of Uniform Costing
10.4. Advantages of Uniform Costing
10.5. Limitations of Uniform Costing
10.6. Inter-firm Comparison

11. Cost Control And Cost Reduction (5 Marks)
11.1. Introduction
11.2. Distinction between Cost Control and Cost Reduction
11.3. Advantages of Cost Reduction
11.4. Cost Reduction Plan & Program
11.5. Scope of Cost Reduction

12. Cost Audit (5 Marks)
12.1. Important aspects of Cost Audit
12.2. Purpose of Cost Audit
12.3. Types of Cost Audit
12.4. Advantages of Cost Audit
12.5. Functions of Cost Auditor

Paper 2: Audit and Assurance

Total Marks: 100
Time: 3 Hrs

Level of Knowledge: ***Working***

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

Detailed Course Contents

1. Nature and Concepts of Assurance **(30 Marks)**

. **a) Principles & Concept of assurance**

- Benefits of assurance
- Purposes and characteristics of different forms of assurance
- Objectives of assurance; expression of opinion, detection and prevention of fraud and error
- Basic principals governing an assurance
- Relationship of assurance with other subjects; internal audit and External audit; Auditing and Investigation.

b) Regulatory and ethical issues

- Scope and terms of an assurance engagement
- Scope and authority of professional pronouncements; code of ethics issued by Institute of Chartered Accountants of Nepal, Code of ethics issued by IFAC and Nepal Standards on Auditing approved by Auditing Standards Board and issued by the Institute of Chartered Accountants of Nepal.
- Ethical and professional issues: integrity, objectivity, independence, confidentiality, professional competence and due care and professional behavior.
- Quality control
- Regulatory framework: Companies Act, Bank and Finance Companies Related Act and International Financial Reporting Standards and interpretations.

2. Planning an assurance engagement **(30 Marks)**

- Importance of knowledge and understanding of a business
- Application of analytical procedures
- Risk assessments
- Materiality, tolerable error, and sample sizes
- Design and documentation of plan and program
- Co-ordinance and monitoring of the work
- Evaluation of internal control system
- Transaction cycles (revenue, purchases, payroll, inventory, capital expenditure)
- Communication with management and those charged with corporate governance.

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

3. Gathering evidence during an assurance engagement **(20 Marks)**

- 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.
- 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 limited companies: Appointment of auditors, powers and duties of auditors.
- Special points in audit of different types of undertakings: i.e., educational institutions, hotel, clubs, hospitals, hire-purchase and leasing companies (excluding banks, electricity companies, cooperative societies, and insurance companies)
- Features and basic principles of government audit, local bodies and non- governmental organizations.

4 ***Completing and reporting on an assurance engagement*** **(20 Marks)**

- Subsequent events leading to adjustment or disclosure ii. Evaluation of results of assurance tests and procedures
- Reports on assurance engagements consistent with results of assurance procedures
- Elements of assurance reports
- Elements of auditor's reports and recommendations on the nature of an audit opinion
- Extracts for assurance reports

Paper 3: Corporate & Other Laws

Marks : 100
Time : 3 Hrs

Level of Knowledge : *Working*

Objective

- To gain the general knowledge of Nepalese Corporate laws and their practical application.

1. Companies Act, 2063 and Securities Act, 2063 **(40 Marks)**

1.1 Meaning, Concept and types of Company

1.2 Incorporation of Company, Prospectus , Memorandum & Articles, Shares and Debenture, General meeting and Board Meeting, Accounts and Audit, Liquidation of Company and Offence, Punishment and Legal Proceedings, Relevant provisions of Nepalese Company Act.

1.3 Meaning and Concept of Securities and Security Exchange.

1.4 General Concept on Securities Exchange Board, Security Exchange Market and Transactions of Securities, Securities Exchange Professionals, Offences, Penalties and Legal Proceedings and other Relevant Provisions of Nepalese Securities Exchange Act, 2040.

2. Banking Laws **(10 Marks)**

2.1 Concept of Bank and Types of Bank

2.2 Role of Central Bank and directives issued by Central bank other to banks and financial institutions

2.3 Objectives and Functions of the Central Bank

2.4 Establishment and Management of Commercial and Development Bank

2.5 Supervision, Direction and Monitoring of the Banks

2.6 Banking Offences and Penalties

2.7 Relevant Provisions of Banking Acts (NRB Act 2058 and BAFIA 2063)

3. Industrial Laws **(10 Marks)**

3.1 Meaning, Concept and Types of Industries

3.2 General Concept of Industry Promotion Board, Licensing, Registration of the Industry, Offences and Penalties

3.3 Meaning and Concept of Foreign Investment and Technology Transfer

3.4 General Concept of Incentives for Foreign Investor and Dispute Settlement

3.5 Relevant Provisions of Nepalese Industrial Enterprises Act, 2049 and Foreign Investment and Technology Transfer Act, 2049

4. Labor and Bonus Laws **(5 Marks)**

4.1 Concept of Labor / Capital Relations

4.2 Types Labor

4.3 Various Aspects of the labor, Code of Conduct and the punishment, Dispute Settlement

4.4 Meaning and Concept of Bonus

4.5 Bonus Distribution and Dispute Settlement

4.6 Relevant Provisions of Nepalese Bonus Act, 2030 and Labor Act, 2048

5. Law of Contract **(5 Marks)**

5.1 Meaning, Concept, Types and Elements of valid contract
5.2 Breach of Contract and its Remedies
5.3 Performance of Contractual Liability
5.4 Relevant Provisions of Nepalese Contract Act, 2056 and Indian Contract Act 1872.

6. Insurance Law **(5 Marks)**

6.1 Meaning, Concept and Types of Insurance
6.2 Fundamental Principles of Insurance
6.3 Premium and Policy
6.4 Insurance Offence and Penalties
6.5 Relevant Provisions of Nepalese Insurance Act, 2049

7. Audit Law **(5 Marks)**

7.1 Meaning and Concept of Audit
7.2 Basis of the Audit
7.3 Governmental Audit and Office of the Auditor General
7.4 Qualification of the Auditor
7.5 Relevant Provisions of Nepalese Audit Act, 2048

8. Laws Relating to the Negotiable Instruments **(5 Marks)**

8.1 Meaning and Concept of Negotiable Instruments
8.2 Classification of instruments
8.3 Differences between Promissory Note, Bill of Exchange and Cheque
8.4 Negotiation, negotiability, assignability
8.5 Rights and obligations of parties to an instrument obtained illegally
8.6 Notice of Dishonor
8.7 Noting and Protesting
8.8 Presentation of Instrument
8.9 Payment and Interest
8.10 Other Relevant Provisions of Nepalese Instrument Acts.

9. Nepal Chartered Accountants Act & Regulations **(10 Marks)**

9.1 About the Institute of Chartered Accountants of Nepal
9.2 Examination and Academic Qualification of Chartered Accountants, General Concept of Code of Conduct and Penalties
9.3 Relevant Provisions of Nepal Chartered Accountants Act, 2053 and Regulations 2061

10. Insolvency Act 2063 & Secured Transactions Act 2063 **(5 Marks)**

Paper 4: Taxation

Marks:100
Time:3 Hrs

Level of Knowledge: *Working*

Objectives

- The objective of this syllabus is to give candidates an understanding of the basic concepts of Nepal Income Tax as an important part of Direct Taxes and Value Added Tax , Excise and Customs Acts and Rules as an important part of Indirect Tax.

Section A: Direct Tax- (50 Marks)

1. Terms, basis of tax, calculation of incomes, tax accounting and timing (15 Marks)

(i) Definitions:

Retirement contribution, payment, retirement fund, final withholding payment, payment to individual/natural person, entity, company, resident and non-resident person, relatives, tax assessment, turnover, business assets, non business taxable assets, depreciable assets, exempt institution, long term contract, disposal, lease, rent, vested ownership, market value, profit distribution, employment, royalty, investment, investment insurance, trading stock, foreign income tax, permanent establishment (PE), foreign PE, relevant person, adjustable taxable income, approved retirement fund, service fee, beneficiary.

(ii) Basis of tax:

Imposition, calculation of tax, tax rates, taxable income, assessable income and income head classification, tax exemptions and concessions; exempt amounts, business exemptions and privileges, application for exemptions, entity exempt by advance ruling, submission of financial statement by exempted organization.

(iii) Sources of incomes and total incomes:

Income from business, employment and investment, total assessable income.

(iv) Deductions, loss adjustments and reductions:

Averaging inclusions and deductions under long-term contracts, deductions not allowed, reductions

(v) Methods of tax accounting:

Cash basis, accrual basis and hybrid accounting, reverse of amounts including bad debts.

(vi) Computation of incomes, tax, interest and fines.

2. Quantification and characterization, Computation of net gains and losses from assets and liabilities (7 Marks)

(i) Quantification of amounts and in rupees, indirect payments,

(ii) Jointly owned investments,

(iii) Characterizations: Compensation payments; payments under annuities, Installments sales and finance leases

(iv) Transfer pricing, other arrangements and income splitting

(v) General anti-avoidance rule

(vi) Net gains and losses, outgoings and net outgoings, incomings and net incomings, disposal of an asset or liability, disposal with retention of asset or liability, disposal under installment sale or finance lease, voluntary disposal.

(vii) Transfer of assets to spouse or former spouse, transfer of assets on death, transfer between associates and non market transfers, disposal by merger and by splitting.

(viii) Apportionment of outgoings and incomings.

3. Special Provisions, Depreciation provisions **(8 Marks)**

(i) For Individuals:

Couple, tax credit exemptions, standard deductions, allowances (remote area allowance, pension), tax rates, medical cost and tax credit,

(ii) For Entities:

Tax principles, distributions, dividend taxation, entity and beneficiary, change in control, allowances, tax rates (including schedule dividend) not to be included under entity income.

(iii) For Banking & Insurance business:

Treatment as separate business, general insurance business, investment insurance business, gain from investment insurance, carry back of losses, tax rates.

(iv) For Retirement Savings:

Approval for fund, taxation of funds, treatment of retirement payments, and limit of retirement contribution.

(v) Depreciation:

Allowances, classification and pooling, computation rates, disposal of depreciable assets, additional depreciation.

4. Administration and Documentation Administration, Withholding and Payments of Tax (5 Marks)

(i) Administration Tax Authorities: taxpayer's right, Advance rating, public circulars, public circulars, International agreements, permanent account number.

(ii) Documentation: Form of documentation, service of documents, defective documents.

(iii) Tax withholding: By Employers, from investment and service fee payments, contract payments, final withholding, and tax credit or tax adjustment.

(iv) Payment of Tax: Time and mode of payment, Installments, Proof tax payment

5. Returns and Assessments, Collection, Remission and refund (5 Marks)

(i) Returns: Time of return of incomes, extension of time of return, return not required estimated return.

(ii) Assessments: Self assessment, jeopardy assessment and amended assessment, assessments order & notices.

(iii) Collection: Preference for tax payable by withholding, claim over assets, auction of assets, prohibition order, liquidities of officers, recovery from recover and agent, suit filing.

(iv) Remission and Refund: Remission by Government, refund & set off and its procedure.

6. Legal Remedies, Interest, Fees, Penalties Offences (5 Marks)

(i) Administrative Review: Decisions, procedures, application to object the review.

(ii) Appeal: Appeal to the Revenue Tribunal.

(iii) Interest: Under payment of installments, failure to pay tax, failure to pay with deposit withholding tax.

(iv) Fees: For failure to maintain documents, for failure to file return, for failure to making false document and aiding and obtains, assessments of interest and fees.

(v) Penalties: For failure to pay tax, to authorized and unauthorized person, to accomplice, payment of penalties.

(vi) Offence: For misleading statements, for obstructing or using inappropriate influence.

7. International Taxation, Tax Settlement Commission, Circulars (5 Marks)

(i) Sources: Incomes, gains, losses and payments.

(ii) Entities and Establishments: Foreign permanent establishment, controlled foreign entities.

(iii) Taxation: Non-residents (service providers) related to shipping, air transport or telecommunication, foreign tax credit.

(iv) The Tax Settlement Commission: Formation, jurisdiction and role in revenue collection.

(v) Circulars and Advance Rulings: Issued by IRD in different times.

Section B: Indirect Taxes (50 Marks)

1. Excise Act, 2058 and Excise Regulation 2059 (10 Marks)

- Concept of Excise and excise Duty, History of Excise Duty in Nepal in brief.
- Scope and Objectives of excise Act, 2058
- Terms; goods, service, institution (Pratisthan), License, license holder, production, producer, person, Factory price, price, import, invoice.
- Excisable products, exemption of excise, collection of excise, pricing of excisable products, obtaining and termination of license, renew of license, excise duties and fees, special provisions for cigarettes, Bidi, alcoholic (madira) and molasses, conditions related to seize, possession and arrest.
- Provisions of self issue and physical control system, recovery ratios.
- Penalties, administrative review and appeal.

2. Value Added Tax Act, 2052 and Regulation 2053 (20 Marks)

(a) Introduction, coverage and administration

- Introduction of VAT in Nepal,
- Spirit of preamble VAT Act, Terms used; Service, Supply, Return, Import, Export, Market price, person, registrant, TPIN, Supplier, value addition.
- **Coverage:** Taxable activities, time of place of supply, tax rate, Zero rated areas, exempted goods and services, Treatment of negative value addition, Capital goods, threshold, determination of market price, and treatment of reconditioned goods, discount and gifts, importation under bank guarantee.
- Tax Administration: Registration, tax invoicing, Accounting, Return filing, Tax Assessments, conditions for assessing by tax officer, Collection/payments, Tax credit; full credit, partial credit, proportionate credit, Refunds, Tax audit and investigation, suspension of business transaction.

(b) Tax Authorities, revision, appeal, fees and interest (5 Marks)

- Tax Authorities and Rights and duties of Taxpayers,
- Administrative Revision and Appeal to Revenue Tribunal.
- Additional Fees and Interests, Offences and Penalties.

3. Customs Act, 2064 and Regulation 2064 (15 Marks)

- Scope and objectives of Customs Act, Terms: Export, import, customs duty, chief of customs, customs officer, customs area, pragyapan patra, demurrage, unauthorized and illegal import and export, customs facility, facility in duty, under invoicing, classification of goods for customs purpose.
- Import and export procedures, Documents required for export and import, determination of duty, valuation: procedure and methods in practice, post clearance audit.
- Charging of different duties and charges in customs point,
- Provisions regarding Jhitigunta, accompanied and unaccompanied goods.
- Import under Duty Refundable Procedure (DRP) and in bond system, Bonded warehouse system, Bank guarantee and the provision of re-export.
- Finance Act and related Schedule.
- Circulars relating to specific Acts issued by Department of Customs.