

**Level: CAP-III**  
**Paper 1 : Advanced Financial Reporting**  
**(One Paper - Three Hours - 100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- Enable the candidates to understand the purpose and context of “Nepal Financial Reporting Standards”,
- Prepare financial statements, including consolidated financial statements for limited liabilities companies and other specialized entities applying standards and to explain their presentations.
- Interpret financial statements and other data for the benefits of users.

**Course contents**

**1. Accounting principles and concepts**

- Fundamental accounting concepts and their relevance in preparation of financial statements.
- Conventional cost concept vis a vis fair value concept

**2. Financial Reporting Standards.**

- Nepal Accounting Standards(NAS)/ Nepal Financial Reporting Standards (NFRS) interpretations by Standing Interpretation Committee (SICs) and International Financial Reporting Standards Interpretation Committee (IFRICs) and their application.
- Conceptual framework, recognition, measurement of elements and disclosures of financial statements and significant departure from current practices.
- Issues and problems associated in general purpose financial reporting with the convergence of NFRS.
- Comparative study of national and international financial reporting standards/ GAAPs.

**3. Preparation and presentation of financial statements**

- a. Advanced problems in preparation and presentation of financial statements of limited liabilities companies, bank and financial institutions, mutual funds, merchant banker, insurance companies, stock broker and power development companies in accordance with applicable Financial Reporting Standards and relevant Acts and Rules.
- b. Valuation of goodwill, shares and business.
- c. Disclosure as per standards including,
  - Accounting policies
  - Segment information
  - Related parties transactions
  - Earnings per Share
  - Current and deferred taxation
  - Other as per the relevant Acts, rules or directives from regulating authorities.

- d. Understanding recent development in accounting
- Interim and group reporting
  - Value added statement
  - Economic value added statement
  - Human resource accounting
  - Corporate social responsibility reporting
  - Integrated Reporting
  - Environmental accounting
  - Corporate governance reporting

**4. Preparation of consolidated financial statements**

- Definitions of subsidiary and controlled companies
- Financial issues related to subsidiary and controlled companies for their inclusion and exclusion like intra-group transactions, fair value adjustments, minority interest
- Preparation of consolidated accounts of holding and group companies
- Accounting for associates

**5. Accounting for business combinations**

- Acquisition, absorptions, amalgamation, merger, de-merger and reconstruction.

**6. Statement of Cash Flows**

- Preparation (direct and indirect method) and interpretations.

**7. Accounting for foreign currency transactions**

**8. Analysis and interpretation of financial statements and related information**

- Appraisal of financial and related information by vertical and horizontal analysis, ratio analysis, common size statement.

**9. Accounting treatments for specialized transactions**

- Accounting treatment of transactions under lease, contract, intangible assets, financial instruments including hedge accounting, taxes, share based payment, employee benefits plan as per financial reporting standards.

**10. Public Financial Management and Government Accounting**

- Concept of public financial management;
- Process of budget formulation and approval; content of the budget;
- Government accounting system and implementation of NPSAS;
- Role of financial comptroller general to improve government accounting and public financial management system -treasury single account, PEFA, action plan to improve PFM.
- Role of office of the auditor general to improve government accounting and public financial management system-implementation of ISA, ISSAI, auditing, audit follow up
- Role of public accounts committee to improve government accounting and public financial management system

**Level CAP-III**  
**Paper 2 : Advanced Financial Management**  
**(One Paper - Three Hours - 100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- To gain an expert knowledge of the advanced issues involved in financial management and the features of financial management in the global context.

**Course contents**

**The Financial System**

- Introduction, structure of a financial system,
- Functions of financial management, equilibrium in financial markets, financial system and economic development, criteria to evaluate financial sector,
- Financial development: concepts, the technology of the financial system: delegation, credit substitution, pooling, netting.

**Financial Intermediaries**

- Depository institutions: commercial banks, near banks (including thrifts, finance companies and others), insurance, pension funds and mutual funds; their functions, issues and risks associated with their management;
- The economics of regulation of financial services, structure of Nepalese financial markets and their regulation.
- Credit rating agency: introduction, importance, functions, credit rating process, quality and integrity of rating , code of conduct

**Capital Markets**

- Understanding securities markets; market for government securities;
- Money market: evolution, growth, money market and the economy;
- Capital market: evolution, long-term finance and related issues, market for new issues, secondary market;
- Derivatives market: futures, options and swaps

**Valuation of Assets, Shares and Companies**

- Introduction, the valuation problem, valuing a company using published accounts,
- Valuing shares: the dividend valuation model, valuing the earnings stream, using the DCF approach, shareholder value analysis, valuation of unquoted companies, Bond valuation

**Investment Decisions and Strategies**

- Cost of capital, advanced concepts of capital budgeting,

- Cash flow analysis using various methods, ranking mutually exclusive projects, investment evaluation and capital rationing,
- Applications in project appraisal: incremental cash flow analysis, replacement decisions, unequal lives, risk and uncertainty,
- Effects of inflation,
- Financial and operating leverage

### **International Financial Management**

- Financial management in a global context: the finance function and emerging challenges, the global financial markets;
- Nature and management of exposure and risk: exchange rate and interest rate volatility, classification of foreign exchange exposure and risk, interest rate exposure and risk; balance of payments: basics, valuation, components; global financial markets and interest rates: domestic and offshore markets,
- Overview of money market instruments; short-term borrowing in global markets; long-term borrowing in the global markets; International project appraisal, venture capital financing

### **Portfolio Theory & Assets Pricing**

- Efficient market theory, random walk theory,
- Markowitz model of risk return optimization: CAPM,
- Arbitrage pricing theory, sharp index model,
- Portfolio management, formulation, monitoring and evaluation, equity management, principles and management of hedge funds, international portfolio management

### **Foreign Exchange Management**

- Introduction-foreign exchange market, market participants, exchange rate determination, exchange rate quotation, exchange rate forecasting, exchange rate theories , risk management,
- Foreign exchange exposure, types of exposures, techniques for managing exposure, strategies for exposure management, hedging currency risk, provisions of Foreign Exchange Regulation Act 2019.

### **Emerging Concept of Financing**

- Lease financing; hybrid financing: preferred stock, warrants, and convertibles derivatives and risk management;
- Reorganization, mergers, leveraged buy-outs,
- Government finance, bail-out packages and other financial sector reforms program,
- Multinational financial institutions

### **Foreign Direct Investment**

- Costs involved and benefits derived,
- Foreign institutional investment,
- Instruments of international finance

**Level: CAP-III**  
**Paper 3 : Advanced Auditing**  
**(One Paper - Three Hours - 100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- To develop candidates' capability in performing and reporting on audit and assurance to increase reliability of financial and non-financial information.
- To develop candidates' capability in identifying significant risks and apply risk assessment tools to the engagement
- To develop candidates' capability to identify, gather and document evidence and assess its sufficiency and appropriateness for an audit engagement.
- To ensure that candidates' have acquired the competence to provide comprehensive audit and business assurance services, by testing their ability to integrate and apply their knowledge of auditing to realistic problems.

**Course contents**

**1. General concepts**

**Auditing**

- Concept of assurance and concept of audit
- Nepal Standards on Auditing (NSAs), Nepal Standards on Quality Control (NSQC), Practice Statements issued by the Institute of Chartered Accountants of Nepal
- Provisions governing audit by ICAN Act, Regulations and Circulars/Notices issued by ICAN
- Provisions of appointment, responsibility and reporting by auditors under prevailing acts

**Ethics**

- Code of ethics issued by ICAN and IFAC
- Provisions governing ethics by ICAN Act and Circulars/Notices issued by ICAN
- Verdict on disciplinary cases

**Governance**

- OECD principles on corporate governance
- Audit committee and its role
- Introduction to Sarbanes Oxley Act
- Provisions of corporate governance set forth under various prevailing acts of the country

**2. Audit process**

**Engagement Procedure**

- Legal procedures to comply before acceptance of new assignments
- Assessment of conflict of interest and threats to independence
- Communication with previous auditor
- Issuance of engagement letter

**Planning and Risk Assessment**

- Understanding the entity & its environment
- Assessment of audit risk and materiality
- Designing procedures to mitigate assessed risk
- Development of audit plan, program and checklist

### **Audit Test**

- Quantum of audit evidence
- Assertion of account balances
- Audit sampling
- Compliance and substantive test
- Special audit test procedures :
  - External confirmation
  - Physical verification
  - Observation
  - Enquiry
  - Self computations.
- Special audit considerations relating to :
  - Risk based audit
  - Fraud and error
  - Applicable laws & regulations
  - Using the work of internal auditors and other experts
  - Opening balances
  - Provisions and contingencies
  - Events after the reporting date
  - Related party transactions
  - Accounting policies, estimates and comparatives
  - Going concern
  - Presentation and disclosures of the financial statements.
- Management representations
- Audit documentation

### **Audit Reporting**

- Audit conclusion based upon evidence
- Management letter
- Audit report
- Other reporting responsibilities
- Subsequent events

### **Audit of specialized enterprises**

- Insurance companies
- Banking and financial institutions,
- Stock brokers and commodity dealers
- Derivatives and hedging instruments
- Government, constitutional bodies, regulatory authorities and autonomous bodies
- Manufacturing and Trading organizations
- Mutual funds and investment companies
- Retirement benefit funds
- Educational institutions
- Agricultural farm
- Hydro power
- Hotels and hospitality sector
- Transport and carriers

- Real estate agencies and housing companies
- Union, club and societies
- Multinational companies
- Not for profit organizations

### 3. **Other services**

#### **Assurance and related services**

- Engagement to review financial statements
- Agreed upon procedure
  - Internal audit
  - Due diligence
  - Tax audit
  - Cost audit
  - Management audit
  - Performance audit
- Engagement to compile financial information
- Reporting on prospective information

#### **Other services**

- Forensic audit and Investigation
- Insolvency practitioners
- Fund controller
- Financial mediation

### 4. **Audit issues**

#### **Audit under computerized environment**

- Concept
- Impact on controls
- Specific issues of audit risk
- Security issues in computerized systems as stated in IFAC guidelines

#### **Computer Assisted Auditing Techniques**

- Concept and benefit
- Impact on audit process using CAAT
- Available tools of CAAT

#### **Fraud and auditors' liability**

- Concept
- Law and regulation
- Professional negligence versus criminal charges
- National and international case studies
- Auditors' liability with regards to "Money Laundering Act" and other prevailing Act

#### **Joint Audit and Branch Audit**

- Concept
- Managing audit process
- Reporting responsibilities

#### **Audit of fair values**

- Concept
- Principles and techniques of measurement

**Level CAP-III**  
**Paper 4 : Corporate Laws**  
**(One Paper - Three Hours - 100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- To gain an expert knowledge of Nepalese corporate laws and their practical application.

**Course contents**

**Nepal Chartered Accountants Act 2053 & Regulation 2061.**

- The Institute of Chartered Accountants of Nepal, laws enactment and establishment
- Composition, function and duties of the Council
- Accounting Standards Board and Auditing Standards Board, their functions
- Examination, qualifications and licensing of chartered accountants
- Membership, types and renewal
- Disciplinary committee and its functions
- Punishment
- Code of ethics
- Chartered Accountants Act, 2053 and Regulations 2061

**The Companies Act, 2063 and Rules**

- General meeting and board meeting,
- Accounts and audit,
- Inspection and investigation to be made by company registrar office
- Protection of shareholders
- Special provision relating to private company and one man company
- Holding, subsidiaries & foreign companies
- Audit committee
- Merger of company
- Dividend
- Company secretary
- Liability of company and shareholders
- Winding up and liquidation of company
- De-registration of company
- Company advisory board
- Offence, punishment and legal proceedings
- Some judicial decisions relating to company
- Relevant provision of Companies Act 2063.

**Securities Act, 2063 and Rules**

- Meaning and concept of securities and stock exchange
- Functioning of Securities Board,

- Registration and issuance of securities,
- Securities business and securities exchange professionals, security exchange market and transactions of securities,
- Collective investment scheme, operation of securities business,
- Regulation, monitoring, inspection and inquiry,
- Offences, penalties and legal proceedings and
- Relevant provisions of Securities Act & Regulation and guidelines and circulars issued by the Securities Board.

### **Banks and Financial Institutions Act, 2063**

- Operation of financial transactions
- Regulation, inspection and supervision
- Supply and recovery of credits
- Account and audit
- Merger of licensed institution
- offense and punishment
- Relevant provision on Banks & Financial Institutions Act, 2063
- Directives issued by NRB

### **Nepal Rastra Bank Act, 2058**

- Relationship of government with central bank
- Functions and powers of the central bank
- Monetary functions and operation of open market
- Monetary management, banknote and coins
- Regulation, inspection and supervision
- Offences, penalties and judicial proceedings
- Relevant provisions of Nepal Rastra Bank Act, 2058

### **Industrial Enterprises Act, 2049**

- Industrialization and concept of industrial environment industrial promotion board
- Licensing, registration and penalties
- One window committee
- Industrial human resource
- Facilities and concessions
- Relevant provision of Industrial Enterprises Act, 2049

### **Foreign Investment and Technology Transfer Act, 2049**

- Meaning and concept of foreign investment and technology transfer
- Permission for foreign investment
- Incentives for foreign investor
- Provision relating to visa
- Dispute settlement mechanism and procedure
- Incentives for foreign investor
- Relevant Provision of Foreign Investment and Technology Transfer Act, 2049

## **Labor Act, 2048**

- Industrial relations
- Worker's participation in management
- Trade unions
- Collective bargaining
- Wages and wages fixing mechanism
- Health and safety , welfare
- Special provisions to be applicable to special type of establishment
- Ethical code and industrial relations
- Industrial conflicts and settlement (conciliation, arbitration and adjudication)
- Labor dispute settlement mechanism and procedure
- Relevant provisions of Labor Act, 2048 and Rules 2049

## **Insurance Act, 2049 and Rules**

- Principles of insurance
- Insurer (registration, profession and duties)
- Insurance Board
- Insurance agent, surveyor and broker
- Fund and audit
- Inquiry and investigation
- Insurance tariff advisory committee
- Settlement of liabilities
- Insurance offence, penalties and legal proceedings
- Relevant Provision of Insurance Act, 2049, Regulation and Guidelines issued by Insurance Board.

## **International Financial Transactions Act, 2054**

- Concept of international financial transactions
- Process of taking the permission for international financial transactions
- Types of international financial transactions in Nepal
- International Financial Transactions Act, 2054

## **Co-operative Act, 2048 and Regulation 2049**

- Concept of co-operatives
- Co-operatives and financial transactions
- Wind-up and liquidation of co-operatives
- Co-operative offences and penalties
- Co-operative Act, 2048 and Regulation 2049

## **Insolvency Act 2063**

- Insolvency proceedings
- Restructuring scheme of company
- Liquidation of company
- Claims of creditors and mode of payment
- Voidable transaction
- Insolvency practice, and regulation and administration thereof

- Offense and punishment
- Relevant provision of Insolvency Act, 2063

### **Money Laundering Prevention Act, 2063**

- Offense
- Identity, transactions and details of the customers
- Coordination committee and financial information unit
- Laundering prevention department
- Investigation and inquiry
- Punishment
- Relevant provision of Money Laundering Prevention Act, 2063 and Money Laundering Prevention Rules, 2066

### **Public Procurement Act, 2063 and Rules 2064**

- Definition
- Responsibilities and methods of procurement
- Provisions relating to bids
- Provisions relating to consultancy services
- Review of procurement proceedings
- Procurement contract and conduct
- Monitoring of procurement activities
- Provisions relating to Public Procurement Act, 2063 & Rules 2064

### **Audit Act 2048**

- Meaning and concept of audit
- Method of the audit and matters to be audited
- Jurisdiction of Auditor General
- Constitutional provisions of auditing
- Governmental audit and office of the auditor general
- Audit of the government, wholly and partly government owned undertakings.
- Modes of auditing and reporting
- Propriety audit
- Other provisions of Audit Act, 2048

### **General provisions of the following Acts**

- Arbitration Act, 2055
- Banking Offence and Punishment Act, 2064
- Financial Mediator Act, 2058
- Foreign Exchange Regulation Act 2019

**Level: CAP-III**  
**Paper 5 : Management Information and Control System**  
**(One Paper - Three Hours - 100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- Highlight the role of professional accountant as manager and evaluator of information system.
- Identify information requirement of an organization, distinguish among the different types of information systems to recommend specific systems for organizational requirements.
- Assist in the analysis, design and implementation of information systems.
- Learn about the management, control and evaluation of IT infrastructure as well as information systems assets.

**Course contents**

**1. Organizational Management and Information System**

- Revision of organization system and management level
- Computer based management information system: definition and functional model, role of information
- Business perspective of information system
- IT and information security
- Knowledge of business for developing IT system
- IT governance

**2. Types of Information System**

- Types of information system according to organizational hierarchy: operational level, knowledge level, management level, and strategic level.
- Information system to support organization:
- Transaction processing system: introduction, data entry and validation, storage and master file update, error prevention and detection, report generation
- Knowledge work and office system: functions and tools
- Management information system
- Decision support system: goals and applications, components and tools
- Executive support system or executive information system: introduction, sources of ESS, roles and characteristics
- Expert support system: artificial intelligence, neural network, fuzzy logic, genetic algorithm
- Sales and marketing information system: model, inputs and out puts
- Manufacturing and production information system: model, inputs and out puts
- Finance and accounting information system: model, inputs and out puts
- Human resource information system: model, inputs and out puts, challenge and benefits

## 5. **Information Technology Strategy and Trends**

- Enterprise strategy and vision
- Internal and external business issues- position and business focus of the entity, relationship of it strategy and business strategy
- Factors influencing it- flexibility of changes in technology and business, budget, speed to the market, legal and regulatory body, business units
- Assess current and future IT environments- current status of IT: hardware, software, peoples, procedures and data
- IT risk and opportunity: trends and issues of current environments
- Business and IT alignment, compliance with service level agreements, stake holders attitude
- Different type of risks and risk assessment methodologies IT strategy planning: envision of future status, aligning future IT strategy with business strategy

## 4. **System Development Life Cycle-Acquisition, Development, Implementation, Maintenance and support**

- Business process design and BPR
- Definition, stages of system development: requirement, feasibility study, analysis, design, testing, implementation, support, documentation
- Hardware evaluation and selection
- Software evaluation and acquisition, RFP, IT proposal evaluation and cost benefit analysis.
- Underlying principles of system development
- Computer Aided System Engineering (CASE)
- Models of system development: water fall model, spiral model
- System testing
- System conversion, user manual and training
- System implementation, post implementation review and system maintenance  
Project management tools – context diagram, work breakdown structure, gantt chart, PERT and CPM

## 5. **System Analysis and Design**

- Strategies for system analysis and problem solving: modern structured analysis, information engineering, prototyping: joint application development, and rapid application development, object oriented analysis
- Concept of data and process modeling: data flow diagram, entity relationship diagram
- Strategies for system design: modern structured design, information engineering, prototyping, object oriented design
- Input design: batch and online input methods, system user issues, graphical user interface issues for input design
- Out put design: types of output, systems user interface for output design

## 6. E-Commerce and Inter organizational Systems

- Introduction to E-commerce: scope, technology and process
- Features of e-commerce: ubiquity, global reach,
- Universal standards, richness, interactivity, information density, personalization
- Categories of E-commerce: B2B, B2C, C2C
- Electronic payment process: web payment process, electronic fund transfer, micro payment systems, secure electronics payments

## 7. E-Business Enabling Software Package

- Enterprises Resource Planning (ERP): introduction, model, functional areas or modules, implementations, benefits and challenge
- Supply Chain Management: introduction , model, reverse logistic, supply chain planning and execution system
- Sales Force Automation: introduction and model
- Customer relationship management (CRM): introduction to computer based CRM, models, operations, challenged and benefits
- Emerging technologies in IT business environment
  - Cloud computing
  - Mobile computing
  - Virtualization
  - Virtual organization
  - Software as a service
  - Data exchange

## 8. Protection of Information Assets

Three primary goals of information security: confidentiality, integrity and availability

- Information security principles: accountability, awareness, ethics, multi-disciplinary, proportionality, integration, timeliness, assessment and equity
- System vulnerability and abuse: why system are vulnerable, hackers and computer viruses, disaster, security and errors
- System quality problems: software and data, bugs and defects, maintenance nightmare, data quality problems
- IT general controls, Logical access control, Network access control and Application controls
- Information security programs – people, policy and technology
- security policies, procedures, practices, standards and guidelines
- Training and education, ownership, defined relationships, cost considerations
- Basic job responsibilities of various IT functions – programmer, system analysts, database administrator, project manager, tester, network administrator, web content manager, webmaster, hardware technician, security specialist, Chief Information Officer, IS auditor
- Segregation of duties
- Development of control structure: cost and benefits, role of auditing in control process

## **9. Disaster Recovery and Business Continuity Planning**

- Assessing business continuity management
- Disasters recovery planning
- Data backup and recovery strategies: RAID, mirroring, clustering, high availability planning of servers
- Alternative processing facility arrangements  
IT outsourcing

## **10. Auditing and Information System**

- Introduction to information system audit and other assurance engagements
- Information system audit strategy
- Phases in information system audit – audit planning(scope, objective and audit program), examining and evaluating information, audit evidence, reporting audit findings
- Review of IT general controls, access controls, network controls, application controls, input and output controls
- Review of DRP/BCP
- Evaluation of IS: criterion for evaluation and risk, computer assisted audit techniques (CAAT)  
Introduction to standards for IS audit

## **11. Ethics and legal Issues in Information Technology**

- Agreement for confidentiality, trade secrets, discovery, non compete
- Patents, trademarks and copyright
- Significance of IT law
- Digital signatures and authentication of digitized information
- Introduction to digital data exchange and digital reporting standard-XML and XBRL
- Government initiative for digitized financial information filing: IRD, OCR and others
- Need for system audit as per various regulations such as NRB and IB requirement  
Brief introduction of COSO, COBIT, CMM, ITIL, ISO/IEC27001

## **12. Electronic Transactions Act, 2008**

- Electronic record and digital signature
- Controller and certifying authority:
- Dispatch, receipt and acknowledgement of electronic records
- Digital signature and certificates
- Functions, duties and rights of subscriber
- Electronic record and use of digital signature
- Network service
- Offence relating to computer
- Information technology tribunal
- Relevant provision of Electronic Transactions Act, 2008

**Level: CAP-III**  
**Paper 6: Advanced Taxation**  
**(One Paper- Two sections-Three hours-100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- Gain expert knowledge on direct & indirect taxes as well as to make the students to acquire ability to apply the expert knowledge in actual practice.
- Gain expert knowledge of the provisions of the direct and indirect tax laws.
- Acquire the ability to apply the knowledge of the provisions of laws to the various situations.

**Course contents**

- 1. Income Tax Act 2058 and Rules 2059**
- 2. Ethics and professional conduct in providing taxation services**
  - Tax services provided by professional accountants
  - Application of IFAC Code of Ethics on taxation services
  - Ethical requirements as per Income Tax Act and Anti Money Laundering provisions
- 3. Fundamentals of taxation and Nepalese tax system, income heads**
  - a. Basic terms used in tax law and their tax connection**
    - All definitions as per sec. 2 and relevant connecting sections
  - b. Residential concept**
    - Concept of resident and non-resident
    - Worldwide taxation and source taxation
    - Concept of Nepal sourced income and provisions
    - Double tax relief mechanism- foreign tax credit and double tax avoidance treaties- (including advance calculation)
    - Foreign permanent establishment
    - Controlled foreign entities
  - c. Basis of Taxation**
    - Persons liable to pay tax
    - Tax exempt organizations
    - Exempt incomes
    - Taxable income and assessable income
    - Rates of tax and business concessions
    - Head of income
  - d. 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

- e. **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.
- f. **Calculation of income from employment**
  - Components of income from employment
  - Incomes which are excluded from income from employment
- g. **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
- h. **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 setoff
  - Deductions not allowed
- i. **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
- j. **Tax Credits**
  - Medical tax credits
  - Foreign tax credits
- k. **Quantification, allocation and characterization of amounts**
  - Quantification
  - Characterization of payments under annuities, installments and leases
- l. **Special Provisions**
  - Taxation of shipping, telecom and air service providers (Sec. 70)
  - Banking business
  - Insurance business
- 4. **Administration and documentation administration, withholding and payments of tax**
  - a. **Administration tax authorities**  
Revenue structure at Finance Ministry, Tax department/office: structure, duties and power, management, tax payer's right, advance ruling, public circulars, international agreements, permanent account number
  - b. **Documentation**  
Form of documentation, service of documents, defective documents
  - c. **Tax withholding**  
By employers, from investment and service fee payments, contract payments, final withholding, and tax credit or tax adjustment. Withholding taxes in case of countries with Double Tax Avoidance Treaties

**d. Payment of Tax**

Time and mode of payment, Installments, proof of tax payment

**5. Returns and Assessments, Collection, Remission and refund**

**a. Returns**

Time of return of incomes, extension of time of return, return not required estimated return

**b. Assessments**

Self assessment, jeopardy assessment and amended assessment, assessments order & notices

**c. 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

**d. Remission and Refund**

Remission by Government, refund & set off and its procedure

**6. Legal Remedies, Interest, Fees, Penalties Offences**

**a. Administrative review**

Decisions, procedures, application to object the review

**b. Appeal**

Appeal to the Revenue Tribunal

**c. Interest**

Under payment of installments, failure to pay tax, failure to pay with deposit withholding tax

**d. 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

**e. Penalties**

For failure to pay tax, to authorized and unauthorized person, to accomplice, payment of penalties

**f. Offence**

For misleading statements, for obstructing or using inappropriate influence

All provisions of Income Tax Act 2058 and Income Tax Rules 2069.

**7. Value Added Tax Act, 2052 and Rules 2053**

**a. Introduction, coverage and administration**

(i) Introduction of VAT in Nepal

(ii) Spirit of preamble VAT Act, Terms used; Service, Supply, Return, Import, Export, Market price, person, registrant, TPIN, Supplier, value addition

(iii) 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

(iv) 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 and appeal and fees and interest**

- (i) Tax authorities and rights and duties of taxpayers
- (ii) Administrative revision and appeal to revenue tribunal
- (iii) Additional fees and interests, offences and penalties

#### **8. Excise Act, 2058 and Excise Rules 2059**

- a. Concept of excise and excise duty, history of excise duty in Nepal in brief
- b. Scope and objectives of Excise Act, 2058
- c. Terms; goods, service, institution (Pratisthan), license, license holder, production, producer, person, factory price, price, import, invoice
- d. 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
- e. Provisions of self-issue and physical control system, recovery ratios
- f. Penalties, administrative review and appeal

#### **9. Customs Act, 2064 and Rules 2064**

- a. 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
- b. Import and export procedures, documents required for export and import, determination of duty, valuation: procedure and methods in practice, post clearance audit
- c. Charging of different duties and charges in customs point
- d. Provisions regarding jhitigunta, accompanied and unaccompanied goods
- e. Import under duty refundable procedure (DRP) and in bond system, bonded warehouse system, bank guarantee and the provision of re-export
- f. Finance act and related schedule
- g. Circulars relating to specific acts issued by Department of customs

#### **10. Double tax avoidance agreement (DTAA) and international taxation**

##### **a. Double Tax Avoidance Agreement (DTAA)**

Features, general definitions, resident, permanent establishment, income from immovable property, business profit, shipping and air transport, associated enterprises, dividends, interest, royalties, capital gains, personal services, government service, methods of elimination of double taxation, non-discrimination, mutual agreement procedures, assistance in collection of tax

##### **b. International Taxation**

Concepts, models, transfer pricing

**Level: CAP-III**  
**Paper 7 : Advanced Cost & Management Accounting**  
**(One Paper-Three Hours-100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- Understand cost accounting in relation to management functions.
- Provide knowledge of using costing data for decision making, control and understanding of emerging and techniques of performance appraisal and operational research.

**Course contents**

**Advanced Cost Accounting**

**[70 Marks]**

**Cost concepts and objectives of Costing systems**

- Basic cost concepts
- Cost classification
- Cost analysis
- Costing system
- Inventory valuation
- Data base for operational control and decision making
- Cost concept in decision making
- Application of incremental/differential cost techniques in managerial decision
- Programmed & non-programmed decisions
- Steps in decision making
- Behavioral study of costs for decision making

**Marginal Costing and Decision making problems**

- Theory of marginal costing
- Ascertainment of marginal cost
- Advantages and limitations of marginal costing
- Marginal cost equation
- Important factors in marginal costing decisions
- Pricing decisions under special circumstances decision making
- Key factor/limiting factor/budget factor
- Product mix and Price mix
- Profit planning

**Standard Costing and Variance analysis**

- Definitions and types of standards
- Setting up of standards
- Standard product cost sheet
- Advantages and criticism of standard costing
- Application of standard costing
- Control through variance analysis

- Computation of variances
- Reporting of variances
- Disposal of variances
- Accounting procedure for standard cost
- Disposition of variances

### **Budget & Budgetary Control**

- Budgetary control system
- Types of budgets
- Preparation of budgets
- Budget ratios
- Causes of difference with actual performance
- Zero based budgeting
- Responsibility accounting
- Performance budgeting
- Participative budgeting

### **Performance measurement**

- Meaning
- Importance of performance measurement
- Evaluation and reporting of performance
- Balance score card and its advantages
- Four basic business perspectives
- Benchmarking
- Advantages of benchmarking
- Types of benchmarking and process
- Theory of constraints (TOC)
- Key measurements required by TOC
- Five steps in TOC

### **Activity Based Costing**

- Meaning and definition
- Stages in activity based costing
- Purposes and benefits of activity based costing
- Installation and operation of activity based costing system
- Activity based cost management
- Difference between ABC and ABM
- Cost driver analysis
- Criticism of ABC System
- Activity based budgeting

### **Costing of Service Sector**

- Main characteristics of service sector
- Collection of costing data
- Costing methods used
- Pricing by service sector

## **Pricing Strategies**

- Pricing of finished products
- Theory of price
- Pricing policy
- Principles of product pricing
- New product pricing
- Pricing strategies
- Pareto analysis
- Transfer pricing

## **Emerging concepts in cost management**

### **Just in time approach**

- Meaning
- Impact of Just-in-time systems
- Performance measurement
- Back flushing in a just-in-time system

### **Material Requirement Planning (MRP)**

- Meaning and Purpose
- Data requirements to operate MRP System
- Methods of Operation
- Pre-requisite for successful operation of MRP System

### **Enterprise Resource Planning (ERP)**

- Meaning and Features of ERP
- Benefits of ERP
- Reasons for implementation of ERP by companies

### **Total Quality Management (TQM)**

- Introduction
- Operationalizing TQM
- Six Cs of TQM
- Overcoming TQM paralysis
- Control: The missing link of TQM

### **Life cycle costing**

- Product life cycle
- Phases of product life cycle
- Life cycle costs
- Life cycle costing and management control
- Advantages of life cycle costing

### **Target costing**

- Target cost definitions
- Four steps approach to target costing
- Target costing for target pricing
- Target costing vs. traditional costing

### **Value chain analysis**

- Meaning & definitions

- Classification of business activities for VCA
- Competitive advantage and customer value
- Value chain approach for assessing competitive advantages
- Strategic framework for VCA
- Limitations of VCA
- Value chain analysis vs. conventional management accounting

### **Cost Audit**

- Important aspects of cost audit
- Purpose of cost audit
- Types of cost audit
- Advantages of cost audit
- Functions of cost auditor

### **Quantitative Techniques**

**[30 Marks]**

#### **Linear Programming**

- Introduction
- Graphical method
- Trial and error method of solving linear programming problem
- The simplex method
- Marginal value of a resource
- Practical application of linear programming
- Limitation of linear programming

#### **Transportation Problems**

- Introduction
- Methods of finding initial solution to transportation problem
- Optimality test
- Special cases
- Maximization transportation problem
- Prohibited routes

#### **Assignment Problems**

- Introduction
- The assignment algorithm
- Unbalanced assignment problems

#### **Network Planning-PERT/CPM**

- General framework of PERT/CPM
- Advantages of critical path analysis
- Fundamentals of CPA network
- Critical path analysis
- Probability of achieving completion date
- Comments on assumptions of PERT/CPM
- Distinction between CPM and PERT
- Updating the network
- Project crashing
- Resource smoothing

- Resource leveling

### **Simulation**

- Introduction
- Monte carlo simulation
- Simulation and inventory control

### **Learning Curve Theory**

- Introduction
- Distinctive features of learning curve theory in manufacturing environment
- The learning curve ratio
- Learning curve equation
- Learning curve application
- Limitation of learning curve theory

**CAP-III Paper 8 : Strategic Management and Decision Making Analysis**  
**(One Paper-Three Hours-100 Marks)**

**Level of Knowledge: Expert**

**Course objectives:**

- Develop knowledge and understanding of process, concepts and techniques of strategic management and decision making analysis relevant to a professional accountant.
- Develop skills to formulate and implement strategies and analyze decisions in the Nepalese context.

**Course contents**

**Concept of Strategy**

- Concept and characteristics of strategy
- Levels of strategy
- Strategic planning
- Relevance of strategic thinking for professional accountant.

**Strategic Management**

- Concept, characteristics and importance of strategic management
- Process of strategic management
- Elements of strategic management

**External Environment Analysis**

- Meaning and nature of environment
- Elements of environment
- Objective setting
- SWOT analysis, ETOP, PEST-NG approach
- External environment analysis process

**Internal Analysis**

- Concept and process of internal analysis
- Areas of internal analysis
- Techniques of internal analysis
- Assessment of internal resources and core competencies
- Strategic advantage profile

**Strategic options**

- Concept of strategic options
- Strategic alternatives at corporate, business and functional levels
- Directions and methods for strategy development
- Blue ocean versus Red ocean strategy

## **Strategy Formulation and Strategic Choice**

- Process of strategy formulation
- Evaluation of strategic alternatives
- Portfolio analysis
- Risk analysis
- Strategic choice: criteria and techniques (BCG & GE Matrix)

## **Strategy Implementation and Evaluation**

- Concept and process of strategy implementation
- Designing structure
- Resource planning
- Management system
- Strategic information system
- Strategic control, process, types
- Strategic change management: concept and approaches

## **Role of Chief Executive in Strategic Management**

- Role in formulation of strategies
- Role in implementation and evaluation of strategies

## **Decision Making Process and Techniques**

- Rational decision making process
- Strategic decision making: concept, characteristics, process and importance
- Techniques of strategic decision making

## **Project Management**

- Project- definition of the project; why project management; project life cycle
- Project selection –criteria for choice; project selection model; management of risk; project portfolio process; project proposal.
- Project management – the project manager; selection of project manager; institutional environment and managerial behavior.
- Project organization- project as a part of functional organization; pure project organization; matrix and mixed organizational system.
- Project planning – initial project coordination; system integration; sorting out the project; work breakdown and responsibility chart;
- Conflict and negotiation – nature of negotiation; partnering, chartering and change; conflict and project life cycle; principles of negotiation
- Budgeting and cost negotiation – project budget estimate.
- Scheduling – PERT, CPM; risk analysis using simulation; extension and application.
- Resource allocation –resource loading; resource leveling; resource scheduling.

- Monitoring and information system – planning-monitoring-controlling cycle; reporting process;
- Project control – purpose of control; control process; design control system; control of change.
- Project termination – project auditing; varieties of project termination; termination process; final report

### **Strategic Management and Decision Making Practices in Nepal**

- Strategic management practices in corporate sector of Nepal
- Decision making practices in corporate sector of Nepal