

Concentration

Accountancy

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ACC 421 Taxation

Course Objectives

The objective of this course is to provide students with the knowledge of general principles and practices of tax law in Nepal. The course also aims to impart knowledge of tax planning and its impact on management decisions.

Course Description

In this course, students will be familiarized with the topics such as conceptual foundation of tax, taxation of income in Nepal, definition of basic terms under income tax act, tax accounting and timing, quantification, allocation and characterization of amounts, capital and revenue expenditures, classification and status of tax payer, computation of taxable income and tax liability from various sources, tax administration and official documentations, penal provision, tax planning and concept of VAT .

Course Outcomes

At the end of this course, the students should be able to:

- understand the fundamental concepts of taxation;
- understand the details of tax accounting and timing;
- learn about tax exemptions and concessions available in Nepal;
- compute taxable income from business, and investment;
- understand provisions related to tax payment, assessments and appeal;
- discuss the various aspects of tax planning, and understand the provisions of VAT in Nepal.

Course Contents

Unit I: Introduction

4 hours

Meaning and objectives of tax, Classification of taxes and their merits and demerits, Canons of taxation, Historical background of evolution of income tax in Nepal, Definition of basic terms under Income Tax Act, 2058, Implication of tax, Quantification of income tax .

Unit II: Tax Accounting and Timing

2 hours

Cash and accrual basis of accounting, Bad debts and its recovery, Long term contract, Capital and revenue expenditures, Set off and carry forward of losses, Quantification, allocation and characterization of amounts, Adjusting foreign incomes for taxation.

Unit III: Classification and Status of Tax Payer

2 hours

Natural person and entity, Residential status of tax payers, Special provision for natural person, Entities and retirement contributions and schemes.

Unit IV: Tax Exemptions and Tax Concessions

2 hours

Tax exempted incomes, tax holidays, business exemptions and tax concessions/rebate.

Unit V: Computation of Taxable Income from Business

6 hours

Income included under head of business and admissible expenses.

Unit VI: Computation of Taxable Income from Investment

4 hours

Income included under head of investment, Admissible expenses

Unit VII: Profit and Loss from Disposal of Assets

3 hours

Classification of assets, Actual disposal and deemed disposals, Net gain or loss from disposal of assets.

Unit VIII: Standard Deductions, Tax Rates and Tax Credits

6 hours

Standard deductions, Tax rates, Deduction for contribution to retirement fund, Deduction for life insurance premium, Contribution made to philanthropic purpose (donation/gift), Tax Credit for medical expenses, Tax credit for foreign tax paid.

Unit IX: Tax Payments

2 hours

Withholding payments, Advance payment of tax, Collection of advance tax, final payment of tax, Payment of tax in installments.

Unit X: Tax Assessments, Penal provisions, Appeals

4 hours

Computation of assessable income and taxable income, self assessment of tax, Jeopardy assessment, Amended assessment, Fines and penalties, Administrative review, Appeal to Revenue Tribunal, Petition to Supreme Court.

Unit XI: Tax Planning

3 hours

Tax planning, Rules against tax avoidance and evasion, Importance and scope of tax planning.

Unit XII: Tax Administration, Official Documentations

3 hours

Tax authorities and their powers, rights and duties, Rights and duties of taxpayers, Documentation, Record keeping and Information collection, Public circulars, Advance ruling, Tax manuals, Permanent Account Number, Recovery of tax.

Unit XIII: Introduction to Value Added Tax (VAT)

3 hours

Concept of VAT, Origin and evolution of VAT, Principle governing VAT, Types of VAT, Difference between VAT and Sales tax.

Unit XIV: Procedure of Value Added Tax (VAT)

4 hours

Conditions for charging VAT, goods/services exempted from VAT, Zero VAT concept, Payment of VAT, VAT setoff, Conditions applicable for setoff not allowed or Partial setoff, Refund of VAT, VAT Returns, Assessment of VAT, Penalties and appeal, Documentations.

References

1. Government of Nepal, Income Tax Act, 2058 with amendment.
2. Government of Nepal, Income Tax Rules, 2059 with amendments.
3. Government of Nepal, Value Added Tax Act, 2052 with amendments.
4. Government of Nepal, Value Added Tax Rules, 2053 with amendments.
5. Government of Nepal, Finance Act (current).
6. Government of Nepal, Economic Survey (current).
7. Agrawal, J. *Income Tax, theory and practice*.
8. Dhakal, K. D., Pandey, B., & Bhattarai, R. *Fundamentals of Taxation*. Kathmandu: M. K. Publishers and Distributors.

9. Bhattarai, I., & Koirala, G. P. *Taxation in Nepal*. Kathmandu: Asmita Books Publishers and Distributors Pvt. Ltd.

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ACC 422 Auditing

Course Objectives

The course aims to introduce students to the basic concepts of auditing, techniques, legalities and applications in the functional areas of an organization.

Course Description

Students will be familiarized with topics such as conceptual foundation, planning an audit, internal check and control, vouching, verification and valuation, audit report, and auditing standards.

Course Outcomes

At the end of the course, the students will be able to:

- understand and appreciate the conceptual foundation of auditing and its evolution in Nepal
- prepare an audit plan and initiative process for its execution
- understand the concept and process of internal check and control
- discuss various types of audit reports and the formats
- obtain an overview of auditing standards in Nepal

Course Contents

Unit I: Conceptual Foundation

10 hours

Meaning, scope, Objectives and advantages of audit; Evolution of auditing practices in Nepal; Accounting, auditing and investigation; Types of errors and frauds; Detection and prevention of errors and frauds; Types of audits; Qualities, qualification, appointment, rights and duties of an auditor.

Unit II: Planning an Audit

8 hours

Preparation before an audit: instruction to client; distribution of work to audit staff; Audit program: contents, techniques and preparation of audit program; Audit note books: objectives, contents; Audit working papers: concept, objectives and advantages.

Unit III: Internal Check and Control

8 hours

Internal check: concept, objectives, characteristics, advantages and disadvantages; Internal control: concept and characteristics; Internal audit: concept, importance, role of internal auditor, internal audit and statutory audit; Test checking: concept, factors to be considered while test checking, advantages and limitations; Routine checking: concept, advantages and disadvantages.

Unit IV: Vouching, Verification and Valuation

6 hours

Concept, importance and objectives; Difference between vouching; Verification and valuation; Consideration before vouching; Process and methods of verification.

Unit V: Audit Report

4 hours

Concept, contents and types of audit reports; Process of issuing audit report; Certificate vs report,

Unit VI: Auditing Standard**4 hours**

Concept, objectives and importance of Auditing Standards; Brief overview of Nepal Auditing Standards

Unit VII: Recent Trends in Auditing**4 hours**

Concept of investigation, issues in auditing, recent trends in auditing.

Unit VIII: Professional Ethics and Regulation**4 hours**

Ethical standards of professional accountants, Auditing standard board of Nepal, Brief introduction of Nepal Chartered Accountant Act, 2002.

Basic Texts

1. Ramaswamy, M. S. *Auditing*. New Delhi: S. Chand and Co.
2. Saxena, R. G. *Principles of Auditing*. Mumbai: Himalayan Publishing House.

References

1. Government of Nepal, Auditing Act, 2048 with amendments.
2. Government of Nepal, Company Act, 2063 with amendments.
3. Auditing Standards Board of Nepal, relevant Nepal Standards on Auditing.
4. Nepal Chartered Accountants Act-1997 with latest amendments.

ACC 423 Advanced Management Accounting

Course Objectives

The course aims to provide in-depth knowledge of the concepts and tools of management accounting, and encourage students in applying management accounting tools and techniques in planning, controlling and decision-making process.

Course Description

The course helps to understand the insight into the concept and tools of management accounting and controllership functions; measuring income under different techniques for planning, controlling and decision-making. The course includes cost allocation and reporting techniques, CVP analysis under constraints and uncertainties, investment decision under uncertainty and pricing the products and services of the business enterprises; profit plans through budget, management control system and strategic management accounting.

Course Outcomes

This is an advanced course in management accounting. At the end of the course, the students will be able to:

- Get an insight into the changing perspectives of management accounting
- Understand the concept and practice of cost allocation and reporting
- Get an overview of cost volume profit analysis under uncertainty
- Understand how pricing decisions affect profitability of a firm
- Understand various budgeting techniques and processes
- Learn the concept of management control systems, and
- Familiarize themselves with the basics of strategic management accounting as a new development in management accounting.

Course Contents

Unit I: Changing Perspectives of Management Accounting

6 hours

Concepts and objectives of management and controllership function and responsibility; The impact of changing business environment on management accounting, Focus on customer satisfaction and new management approaches, Management accounting and ethical behaviour.

Unit II: Cost Allocation, Product Costing and Reporting

8 hours

Cost: concept, accumulation; Classifications, estimation, allocation, apportionment and reapportionment of service department cost using reciprocal techniques, Product costs under variable and absorption costing, Cost reporting under Traditional costing and Activity based costing (ABC) techniques; Use of allocation for segment reporting and decision making .

Unit III: Cost Volume Profit Analysis under constraints and uncertainty

6 hours

CVP analysis for product mix decision, CVP analysis under constraint using linear programming models for maximizing profit and minimizing cost, CVP analysis under the condition of uncertainty, Limitation and assumption of CVP analysis.

Unit IV: Pricing Decision and Profitability Analysis**6 hours**

Cost allocation and pricing; Role of cost information in pricing decision, Short run and long run pricing decision, Full cost and variable cost pricing technique; Target mark-up percentage, Cost plus pricing, Target ROI pricing technique; Target cost pricing technique; Customer profitability analysis, Internal pricing in decentralized organization.

Unit V: Budgeting Process**12 hours**

Budgeting and control process: needs, objectives and functions of budgeting; Types of budgeting, Budgeting for profit planning; Concepts of presentations of functional budgets; Master budget; Master budget and business development plan; Zero-based budgeting.

Unit VI: Management Control Systems**4 hours**

Control at different organizational levels, Deferent types of control, Management accounting control system, Goal congruence, Responsibility centres, Responsibility accounting; Evaluating managers vs evaluating centres.

Unit VII: Strategic Management Accounting**6 hours**

Introduction, Needs and objectives of strategic management accounting; Comparison of management accounting and strategic management accounting; Strategic management accounting and business decisions; The balanced score card.

Basic Text

Drury, C. *Management and Cost Accounting*. New Delhi: Cengage Learning.

References

1. Bajracharya & et. al. *Management Accounting*. Kathmandu: Asmita Publication.
2. Garrison & Noreen. *Management Accounting*. USA: Irwin.
3. Hilton, R. W. *Managerial Accounting*. McGraw-Hill, Inc.
4. Horngren, C. T., Foster G., & Datar S. M. *Cost Accounting: A Managerial Emphasis*. New Delhi: Prentice Hall of India.

Unit V: Profitability Analysis**6 hours**

Net profit margin, Operating income margin, Return on assets, Return on operating assets, Return on investment (ROI), Return on total equity, Return on common equity, Relationship between profitability ratios.

Unit VI: Financial Statement Analysis for Investors**5 hours**

Earnings for common shares, Price earnings ratio, Percentage of earning's retained, Dividend payout, Dividend yield, Book value per share, Stock option.

Unit VII: Cash Flow Analysis**6 hours**

Basic elements of the cash flows, Patterns of cash flows, Operating cash flow to current maturity of long term debt and current note payable, Operating cash flow to total debt, Operating cash flow per share, Operating cash flow to cash dividends.

Unit VIII: Expanded Analysis**5 hours**

Financial ratios as perceived by commercial loan departments, Financial ratios as perceived by corporate controllers, Financial ratios used in annual reports, Forecasting financial failure.

Basic Text

Gibson, C. H. *Financial Statement Analysis*. New Delhi: Cengage Learning.

References

1. Subramanyam, K. R. & Wild, John J. (New edition). *Financial Statement Analysis*. New Delhi: McGraw-Hill/Irwin.
2. Friedson, Martin & Alvarez, Fernando. (New edition). *Financial Statement Analysis: A Practitioner's Guide*. New Delhi: John Wiley & Sons, Inc.

ACC 424 Accounting Information System

Course Objectives

The aim of this course is to introduce the basic aspects of accounting information system (AIS) of business organizations. This course discusses how accountants can improve the design and functioning of the AIS so that it truly adds value to the organization. It also attempts to familiarize students on how information technology is altering the nature of accounting. Finally, this course is designed to help students acquire the understanding and knowledge in the design, implementation and evaluation of information systems.

Course Description

This course presents a systematic coverage of theory and application of accounting information system. Basically, it deals the role of AIS, overview of business process, concept of e-business, revenues and expenditures cycle, production, human resources management and payroll cycle. Finally it deals with the general ledger and reporting system as well as system development and system analysis.

Course Outcomes

By the end of this course, student will be able to:

- understand what accounting information system is and describe the overview of business process;
- discuss what e-business is and how it affects organizations;
- understand the perceptives of the revenue cycle and cash disbursements cycle;
- describe the major business activities performed in the production cycle and human resource management and payroll cycle; and
- gain an understanding of the information processing operation required to update the general ledger and produce reports.

Course Contents

Unit I: Introduction and Role of AIS

4 hours

Concept and components of AIS, The role of AIS in the value chain, Data and information, Decision making, Decision structure, Decision scope, AIS and corporate strategy, Information technology and business strategy and the Role of AIS in today's organizations.

Unit II: Overview of Business Process

4 hours

Business activities and information needs, Transaction processing: Data input, processing and storage; Providing information for decision making: Managerial reports, Budgets and performance reports; Internal control considerations

Unit III: Introduction to E-Business

4 hours

Concept and models of e-business; E-business effects on business process; Inbound and outbound logistics; E-business success factors; Infrastructure for e-business: Types of networks, Communications software and Network configuration options.

Unit IV: Revenue Cycle: Sales and Cash Collections**8 hours**

Concept, Revenue cycle business activities: Sales order entry, Shipping ,billing and account receivable; Information processing procedures; Control: Sales order entry, Shipping, Billing and account receivable, Cash collections; Revenues cycle information needs and data model.

Unit V: Expenditure Cycle: Purchasing and Cash Disbursements**8 hours**

Introduction; Expenditure cycle business activities: purchase requests, order goods, generating purchase orders, Receive and store goods, pay for goods and services; Control objectives, threats and procedures of the expenditure cycle; Expenditure cycle information needs and data model.

Unit VI: Production, Human Resources Management and Payroll Cycle**8 hours**

Concept; Production cycle activities: Product design, Planning and scheduling, Production operations, Cost accounting, Control objectives, Threats and procedures of production cycle; Payroll cycle activities; Control objectives, Threats, and Procedures of payroll cycle.

Unit VII: General Ledger and Reporting System**5 hours**

Concept; General ledger and reporting activities: Updating general ledger, Posting adjusting entries, Preparing financial statements, Producing managerial reports; Control objectives, Threat and procedures of reporting system; Using information for decision making.

Unit VIII: System Development Process**7 hours**

Concept; Systems development: Systems development life cycle, The players; Planning techniques in system development; Systems analysis: Initial investigations, Systems survey, Feasibility analysis, System analysis report; Business process reengineering: Principles and Challenges; Conceptual systems design; Physical systems design; Systems implementation; Systems conversion.

Basic Texts

1. Romeny, B. M., & Steinbart, J. P. *Accounting Information System*. Delhi: Pearson Education.
2. Hall, J. A. *Accounting Information Systems*. South-Western, USA: Cengage Learning.