

SYLLABUS FOR THE POST OF MANAGEMENT TRAINEE (FINANCE)

PART-I (SUBJECT / DISCIPLINE) – 100 QUESTIONS

SECTION – I

A. Financial Accounting

1. Accounting Conventions and Practices

- Concept
- Depreciation and various methods thereof
- Stock valuation
- Distinction between Capital and Revenue

2. Indian Accounting Standards (Ind-AS)

- Applicability of a particular accounting standard.
- Interpretation of various accounting standards.
- Scope of accounting standards.
- Compliance with the Accounting Standards.

3. Preparation of Company Accounts

- Preparation of Final Accounts under Company Law

4. Accounting and Interpretation of Financial Statements.

B. Industrial and Other Laws

1. Industrial Laws

- Factories Act
- Industrial Dispute Act
- Workman Compensation Act
- Payment of Wages Act, Minimum Wages Act
- Provident Funds Act
- Payment of Bonus Act
- Payment of Gratuity Act
- Consumer Protection Act etc

2. Other Laws

- Limited Liability Partnership
- RTI Act
- Competition Commission Act
- Negotiable Instruments Act.

C. Applied Direct Taxation

1. Direct Taxes- Comprehensive Study.

- Special problems centering on the concept of assessee, registered firm, Hindu Undivided Family, Companies, Association of persons and trust, minors, cooperatives, non-resident Indians and avoidance of double taxation.
- Salaries, perquisites, gratuity and retirement benefits, income from house property, capital gains, income from other sources, income from business and profession, problems arising from aggregation of income and set off and carry forward of losses.
- Computation of income and Return of Income Tax, Filing procedure, Principles of valuation of movable and immovable property. Advance payment of Tax.
- Deduction and collection of tax at source.
- Tax incentives and export promotion schemes, other benefits and tax exemptions.
- Assessment, appeals, revisions, review, rectification and application to Central Board of Direct Taxes.
- Penalties, Fines and prosecution.
- Refunds.
- Wealth Tax.

2 Practical problems and case studies under Direct Taxes.

D. Cost & Management Accounting

1. Basic aspects of Cost Accounting

- Cost Concepts and Classification of costs
- Materials: accounting and control systems procedures and techniques
- Labour: accounting, incentive schemes and control systems and procedures
- Direct Expenses
- Indirect expenses: allocation, apportionment, re-apportionment and absorption of overhead costs.
- Cost Accounting Standards.

2. Cost Accounting Methods and systems

- Job, batch, contract and process costing.
- Cost accounting for service sector
- Accounting entries for an integrated accounting system – cost ledgers
- Reconciliation between cost and Financial profit and loss account.
- Interlocking accounting

3. Decision Making Tools

- Marginal costing, break even analysis and its applications in decision making
- Absorption costing as a system of profit reporting and stock valuation.
- Throughput accounting as a system of profit reporting and stock valuation.
- Activity-based costing for profit reporting and stock valuation.
- Integration of standard costing with marginal cost accounting, absorption cost accounting and throughput accounting.
- Process costing including establishment of equivalent units in stock, work-in-progress and abnormal loss accounts and use of various methods like first-in-first-out, average cost and standard cost methods of stock valuation.

4. Budgeting

- Budget Concepts and Preparation
- Fixed and Flexible Budgets
- Time series analysis including moving totals and averages, treatment of seasonality, trend analysis using regression analysis and the application of these techniques in forecasting product and service volumes.
- Fixed, variable, semi-variable and activity-based categorizations of cost and their application in projecting financial results.
- Zero base budgeting

5. Standard Costing

- Manufacturing standards for material, labour, and overhead.
- Price/rate and usage/efficiency variances for materials, labour and overhead. Further subdivision of total usage/efficiency variances into mix and yield components.
- Fixed overhead variances.
- Planning and operational variances.
- Sales price and sales revenue/margin volume variances (calculation of the latter on a unit basis related to revenue, gross margin and contribution margin). Application of these variances to all sectors, including professional services and retail analysis.
- Interpretation of variances: interrelationship, significance.
- Benchmarking for setting standards

6. Costing and performance management

- Business performance measurement for performance improvement

7. Recent trends in cost and Management Accounting

E. Operations Management and Information Systems

1. Enterprise Resource Planning (ERP)

- Functional architecture of ERP, Material requirement planning & ERP, Business Process Reengineering & ERP, Supply chain management, Some applications involving SAP & Oracle (Financial), Change Management and ERP Implementations, Technology and International Considerations in implementation of ERP.

F. Financial Management

1. Overview of Financial Management

- Finance and Related Disciplines
- Scope of Financial Management,
- Planning environment
- Key decisions of Financial Management
- Emerging role of finance managers in India
- Earnings distributions policy
- Compliance of regulatory requirements in formulation of financial strategies
- Sources of finance – long term, short term and international
- Exchange rate – risk agencies involved and procedures followed in international financial operations

2. Financial Management Decisions

- Capital structure theories and planning
- Cost of capital
- Designing Capital Structure
- Capital budgeting
- Lease financing
- Working capital management
- Financial services
- Dividend and retention policies
- Criteria for selecting sources of finance, including finance for international investments
- Effect of financing decisions on Balance Sheet and Ratios
- Financial management in public sector
- Role of Treasury function in terms of setting corporate objectives, funds management – national and international
- Contemporary developments – WTO, GATT, Corporate Governance, TRIPS, TRIMS, SEBI regulations as amended from time to time

3. Financial analysis & planning

- Funds flow and cash flow analysis
- Financial ratio analysis -Ratios in the areas of performance, profitability, financial adaptability, liquidity, activity, shareholder investment and financing, and their interpretation.
- Limitations of ratio analysis
- Identification of information required to assess financial performance
- Effect of short-term debt on the measurement of gearing.

4. Operating and financial leverages

- Analysis of operating and financial leverages
- Concept and nature of leverages operating risk and financial risk and combined leverage
- Operating leverage and Cost volume Profit analysis – Earning Before Interest and Tax (EBIT) and Earning Per Share (EPS), indifference point.
- Modeling and forecasting cash flows and financial statements based on expected values for variables – economic and business
- Sensitivity analysis for changes in expected values in the models and forecasts
- Emerging trends in financial reporting

5. Investment Decisions

- Costs, Benefits and Risks analysis for projects
- Linking investment with customer's requirements
- Designing Capital Structure
- The impact of taxation, potential changes in economic factors and potential restrictions on remittance on these calculations
- Capital investment real options
- Venture Capital financing
- Hybrid financing / Instruments

6. Project Management

- Project Identification and Formulation
- Identification of Project opportunities
- Project Selection Consideration and Feasibility Studies
- Project appraisal & Cost Benefit analysis
- Source of Project Finance & Foreign Collaboration

7. International Monetary and Financial System

- Understanding the International Monetary System
- Export and Import Practices
- International Financial Management: Important issues and features, International Capital Market
- International Financial Services and Insurance: Important issues and features

G. Indirect & Direct - Tax Management

1. GST

2. Customs

3. Export Promotion Schemes, Foreign Trade Policy, EOU, SEZ.

4. Income Tax

H. Management Accounting - Enterprise Performance Management

1. Management Control Systems

- Control Systems within the framework of the organization
- The application of control systems and related theory to the design of management accounting control systems
- Structure and operation of management accounting control systems
- Behavioral consequences of using management accounting controls;
- Variation in control needs and systems dependent on organizational structure
- Management accounting system - need for detailed costing, overhead allocation and budgeting, identification of non-value adding activities in the accounting function.

2. Operations Management

- An overview of operations strategy and its importance
- Systems used in operations management: Manufacturing Resource Planning (MRP), Optimized Production
- Technologies (OPT), Just-in-Time (JIT) and Enterprise Resource Planning (ERP).
- Use of the Intranet in information management
- Strategies for balancing capacity and demand including level capacity
- Demand management strategies.
- Benchmarking and Business Process Re-engineering (BPR).

3. Cost Planning and Analysis for Competitive Advantage

- Value analysis and quality function deployment.
- The benefits of just-in-time production, total quality management and theory of constraints
- Kaizen costing, continuous improvement and cost of quality reporting.
- Learning curves and their use in predicting product/service costs, derivation of learning rate and learning index.
- Activity-based management in the analysis of overhead and its use in improving the efficiency of repetitive
- overhead activities.
- Multi-product break-even analysis, including break-even and profit/volume charts, contribution/sales ratio, margin of safety etc.
- Simple product mix analysis in situations where there are limitations on product/service demand and one other production constraint.
- Target costing.
- Life cycle costing and implications for marketing strategies.
- Value chain and supply chain management
- Strategic Total Cost Management

4. Treatment of Uncertainty in Decision Making

- The nature of risk and uncertainty.
- Sensitivity analysis in decision modeling and the use of computer software for 'what if' analysis.

- Assignment of probabilities to key variables in decision models.
- Analysis of probabilistic models and interpretation of distributions of project outcomes.
- Expected value tables and the value of information.
- Decision trees for multi-stage decision problems.

5. Enterprise performance measurement systems

- Balanced Score Card, EVA
- Segment Performance

6. Quality Management

- Approaches to quality management, including Total Quality Management (TQM), Statistical Quality Control (SQC) .
- The use of benchmarking in quality measurement and improvement.
- Practices of continuous improvement (e.g. Quality circles, Kaizen, 5S, 6 Sigma).
- Different methods of quality measurement (i.e. operational, financial and customer measures)
- Contemporary developments in quality management.
- External quality standards (e.g. the various ISO standards appropriate to products and organizations).
- Global awards for best practices and business performance

I. Advanced Financial Accounting & Reporting

1. Introduction to Ind-AS

- Indian Accounting Standards (Ind-AS)

2. Preparation of Company Accounts under various circumstances

- Relevant Terms
- Types of Mergers, methods of accounting
- Treatment of Goodwill arising on Merger.
- Purchase Consideration and Settlement.
- Accounting in the books of vendor / transferor company.
- Accounting for investment in subsidiary.
- Accounting of holding companies
- Consolidation of financial statements.
- Corporate Financial restructuring
- Accounting standards relevant to these concepts.

3. Group Financial Statements

- Holding company, Subsidiary Company and Associate company
- Consolidated Income Statement, Balance Sheet and Cash Flow Statements for Group of companies
- Concept of fair value at the time of acquisition
- Impact on group financial statements at the point of acquisition
- Compare and contrast acquisition and equity methods of accounting
- Reconstruction schemes , De-merger
- Preparation and interpretation of segmental analysis, inter-firm comparisons

4. Segment Reporting

5. Developments in External Reporting

- Applicability of a particular accounting standard.
- Interpretation of various accounting standards.
- Scope of accounting standards.
- Compliance with the Accounting Standards.
- Annual Reports – Statutory Requirements and External reports
- Preparation of Financial information in the Annual Reports
- External Reporting under capital market regulations
- Disclosure of post Balance Sheet events .
- Financial Reporting across the world
- Exposure to reporting under US and UK laws

- IFRS requirements for reporting

J. Companies Act Provisions relating to Audits, Cost Audit & Operational Audit

1. Companies Act Provisions relating to Audits

- Auditors' appointment, remuneration, removal, rights of statutory auditors, duties of statutory auditors, joint auditors, branch audits.
- report versus certificate, contents of the reports, qualifications in the report.
- relevant provisions of the Companies Act, 1956 and the Income-tax Act, 1961.
- Interface between statutory auditor and internal auditor.
- Corporate Governance

2. Review and Audit of Internal Control Systems

- Nature and scope of internal auditing, financial versus operational audit; concepts of efficiency audit, propriety audit, voucher audit, compliance audit, pre and post audits.
- CARO
- Audit Report
- Internal auditing function
- Planning and process of internal audit
- Verification of evidence, detailed checking versus sampling plans, statistical sampling as used in internal auditing; flow chart techniques.
- Internal control, nature and scope, internal auditor and internal controls.
- Field work, collecting evidences, interviews; memoranda.
- Audit notes and working papers.
- Audit reports - techniques of effective reporting; follow up of audit report.
- Summary reports of top management.
- Communications in internal auditing - improving auditor-auditee relationship.
- Scope of Audit Committee
- Internal audit and investigation of fraud

3. Company Cost Records and Audit Rules 2014

- Provisions of Cost Records & Cost Audit Report Rules 2014
- Form of cost audit report
- Annexure to the cost audit report
- Pro-forma to the cost audit report.
- Usefulness of Cost Audit.
- Procedure for prescription of rules
- Rules and its applicability
- Provisions of rules for various industries.

4. Various types of audit and their process:

- Evaluation of internal control system, budgetary control system, inventory control system, management information system.
- Due Diligence audit
- SOX Audit
- Energy Audit – meaning & methodology
- Productivity audit
- Inventory audit
- Environment audit
- Qualities of good certificate/report
- Bank Audit and Concurrent Audit.
- Systems Audit.
- Audit under ERP environment.
- ANTI-DUMPING – meaning, process, role of cost accountants

K. Companies Act 2013

L. Schedule III of Companies Act 2013
