hindustantimes

ht horizons

EDUCATION FOR A BETTER CAREER

NEW DELHI, WEDNESDAY FEBRUARY 24, 2010, 8 Pages

www.hthorizons.com

RAJ K RAJ

Fine figures

Started primarily for determining the cost of manufactured goods during World War II, cost accountancy is much more than that today, reports **Rahat Bano**

Cost-cutter: A cost accountant can help in cost-cutting, better management information systems and enhance productivity

---

cut out and keep

career 1 COST ACCOUNTANT

WHAT'S IT ABOUT?

Cost accountants collect, assimilate, collate and analyse all financial information related to an organisation. The management makes decisions based on information provided by these professionals. Their chief role is to ensure that managerial decisions are within cost prescriptions. They need to give a prognosis for proposed projects based on past and current financial performances. To do this, a cost accountant has to consider factors such as the cost of raw materials, labour, transport and overheads, among others. His/her responsibilities include designing and implementing effective management information and control systems, planning costing systems and methods, inventory control incorporating mathematical models, investment analysis, project management, internal audit, cost audit, diagnosis of sick industries, fund management, pricing planning, interpreting information and data related to business activities and translating them. This guides the management in taking the right decisions

CLOCK WORK

The average day of a practising cost accountant:

10 am: Check mail. Go for a kick-off meeting with a client at their office. Get introduced to client's key officials, including techno-commercial people. Discuss scope of work and audit and set deadline for completing audit. Get brief introduction about client's manufacturing and service facilities and the type of software they use. Visit client's plant

2 pm: Lunch

2.30 pm: Return to office and make audit formats to take information from the client

4 pm: Coffee break

4.15 pm: Shoot off e-mails to client with first-cut observations, ask for more details about process flows and how the entire system works

6.30 pm: Pack up for the day

THE PAYOFF

The salary of fresh CWAs can be up to **Rs 6 lakh a year** at the entry level and after that the sky is the limit as far as the growth prospects are concerned

SKILLS

- Strong quantitative aptitude and interest in finance
- Sharp analytical skills
- Should have good communication skills (both written and oral)

HOW DO I GET THERE?

After passing Class XII, complete ICWAI coaching and enrol for the institute's foundation course. However, graduates in engineering and other disciplines, postgraduates as well as gazetted officers are exempted from the foundation course and they can straightway register for the next level – the intermediate course, which takes at least 18 months to complete. Students need to then do the 18-month final course. The final course includes computer training (100 hours), and audit / industrial training (three years). Exams are held in June and December at centres in India, Dubai, Oman and Botswana. Under an agreement with ICWAI, Indira Gandhi National Open University offers specialised BCom (financial and cost accounting) and MCom (management accounting and financial strategies) programmes for ICWAI students. Students can simultaneously pursue the BCom programme with ICWAI's foundation/ intermediate course and MCom with the final course. Chartered Institute of Management Accountants (CIMA), London, recognises the CWA qualification and exempts students from 12 of its 16 papers. Australia and Canada, too, recognise the credential. ICWAI also offers a one-year certificate in accounting technicians, particularly targeted at village youth. Those completing the CAT can upgrade to the CWA qualification

INSTITUTES & URLS

- Institute of Cost and Works Accountants of India, headquartered at Kolkata, with four regional centres www.icwai.org
- Indira Gandhi National Open University (offers special BCom and MCom programmes for ICWAI enrolees) www.ignou.ac.in

PROS & CONS

- Niche job
- Well-paying work
- You can set up independent practice too, but this has relatively limited scope in cost accountancy

THE INFORMATION IS INDICATIVE

Cost and works accountants (CWAs) — called management accountants in other countries — work in and beyond the 44 classes of product-oriented industries, such as sugar, paper, refrigerators, cement and steel, for which cost audit is mandatory. They collect, assimilate, collate and analyse financial information from all areas of an organisation. Theirs is a critical role in that the management makes decisions based on the information provided by these professionals. Their chief role is to ensure that managerial decisions are within prescribed costs.

GN Venkataraman, president, Institute of Cost and Works Accountant of India (ICWAI), says the demand for cost accountants is expanding. Even in a slowdown, students got packages of Rs 4 lakh to Rs 6 lakh during campus placements last year. "The demand is more. We are trying to catch up." ICWAI has about two lakh enrolees but only 1500-2000 qualify to be cost accountants every six months.

Cousins of chartered accountants (CAs) and company secretaries (CSs), cost accountants occupy the top slots of chairpersons, managing directors, finance directors, financial controllers, chief accountants, cost controllers, marketing managers, chief internal auditors, in government and private organisations, public sector enterprises, and multinational companies. (The Central government has an Indian Cost Accounts Service, which is at par with its Class I services). A few well-known CWAs include RS Sharma, CMD, ONGC; Anil Sardana, CMD, Tata Teleservices, and Chanda Kochar, MD and CEO, ICICI Bank.

JASJEET PLAHA

Cost accountant Sanjay Gupta at work

Cost accountants are employed for cost accounting, accounting, financial management, financial/business analysis, auditing / internal auditing, direct and indirect taxation, as also systems analysis and systems management. Their work options also include functional consultancy in Enterprise Resource Planning (ERP) implementation, process analysis in business process outsourcing (BPO) houses and teaching in colleges or business institutes. Incidentally, 35 universities recognise the CWA qualification — along with a Bchelor's degree — as qualification for entry to MPhil and PhD programmes in commerce and allied disciplines.

Some enterprising sorts venture out on their own. Either individually or in partnership with one or more members of the institute, they offer many services, such as cost audit under the Companies Act, valuation audit under the Central Excise Act, CENVAT audit under Central Excise Act, special audit under Customs Act, audit under VAT Acts of various states, certification of cost of production for captive consumption for the purpose of excise duty assessment, certification under the export and import policy, certification of consumption for import application, tax and project management consultancy, as well as business valuation. Cost accountants can provide management consultancy as well.

"Opportunities for accounting executives lie across sectors as finance is the backbone of any organisation. The applications of cost accounting are very wide," says Sanjay Gupta, chairman, Northern India Regional Centre, ICWAI.

However, you might still wonder why one would prefer a CWA over CA or CS? It's true that a CA can do an audit of even a neighbourhood shopkeeper or help file tax returns of individuals. CWAs, on the other hand, have their niche. "A CA performs a post-mortem. He comes into the picture when the activity has already taken place whereas a cost accountant is with you from the inception of a project," says Gupta. "As a cost accountant, you can help in cost-cutting, better MIS (management information systems), and enhanced productivity."

"Many a time, students are in a dilemma over which course — CA/CWA and CS — they should do. Though all the three courses have similarities, the key difference lies in the depth of the subjects studied and the exam orientation. While the cost accounting course has in-depth study relating to cost and management accounting, chartered accountancy covers in-depth study of financial accounting, auditing, and tax aspects. Company secretaryship comes with detailed study relating to company law," explains Gupta. Certainly, there is nothing like the best course — the choice should depend on the aspirant's interest, aptitude, abilities and objectives in life.

rbano@hindustantimes.com

MORE DEMAND FOR CWAs

The head of the profession's regulator on the prospects

What's the demand and supply of these professionals?

As an institution, we have completed 51 years. We have 48,000 members and two lakh students. Cost accountants are decently employed. The moment they pass the exams they are picked up by employers. Even in the slowdown last year, students got pay packages of Rs 4 lakh to Rs 6 lakh in campus placements.

The demand for cost accountants is expanding. About 1500-2000 cost accountants come out every six months. But the demand is greater. We are trying to catch up.

Reportedly, only about three per cent CWAs practise?

There is not much regulatory power given to us. But we are trying for that. An expert group headed by cost adviser BB Goyal in its report to the ministry of corporate affairs, suggested that all companies with a threshold limit of Rs 50 crore turnover or paid-up capital of Rs 10 crore must get cost audits done and maintain cost audit records. We hope that once this recommendation is implemented, the practice area will improve and boost the demand for cost accountants. We are expecting changes in the law, which would automatically require more companies to get cost audits done.

Also, the ministry is going to allow us to call ourselves cost and management accountants. It's only because of a law that we are called cost and works accountants and it's going to change soon.

Tell us about the certificate in accounting technicians.

There is a big demand for one million junior accountants. CAs and CWAs cannot fulfil all the requirements of the economy. To facilitate inclusive growth, we introduced the certificate course for 10+2-pass village youth who are trained to man small and medium enterprises, e-*choupals, panchayats,* etc. They may continue training to become cost accountants.

Interviewed by Rahat Bano

We are expecting changes in the law, which would automatically require more companies to get cost audits done

–GN Venkataraman, president, Institute of Cost and Works Accountant of India

---

CA TOPPERS SHARE TIPS

Plan the 'right' strategies to crack the exams

Vimal Chander Joshi

vimal.joshi@hindustantimes.com

Chartered accountancy final examinations are tough, no doubt. However, good planning, four months of dedicated study and unflinching determination can help you sail through. The toppers of November's final exam shared their tried and tested methods with us.

Akhil Lalit Roongta, a rank-three holder of CA (Final, New Course), made sure his cell phone remained switched off for the four months (before the exams) "that demand sincere hard work, when you must stay away from all distractions. I used to study for 15-16 hours (every day). To ward off boredom, I would go for evening walks with my elder brother," says Roongta, a 21-year-old CA from Nasik.

Divided over coaching

Should one go in for CA coaching? Some students believe success depends entirely on the student's own abilities and coaching has little bearing on the outcome. Roongta, for instance, joined coaching classes but didn't attend for the full term. "In Nasik, there aren't many reputed coaching institutes and the ones I joined didn't help much. So, I left the classes midway," he adds.

Grizelda G. Lobo, rank-three holder of CA (Final, Existing Course), echoes that view though she did attend classroom sessions in

Continued on page 2