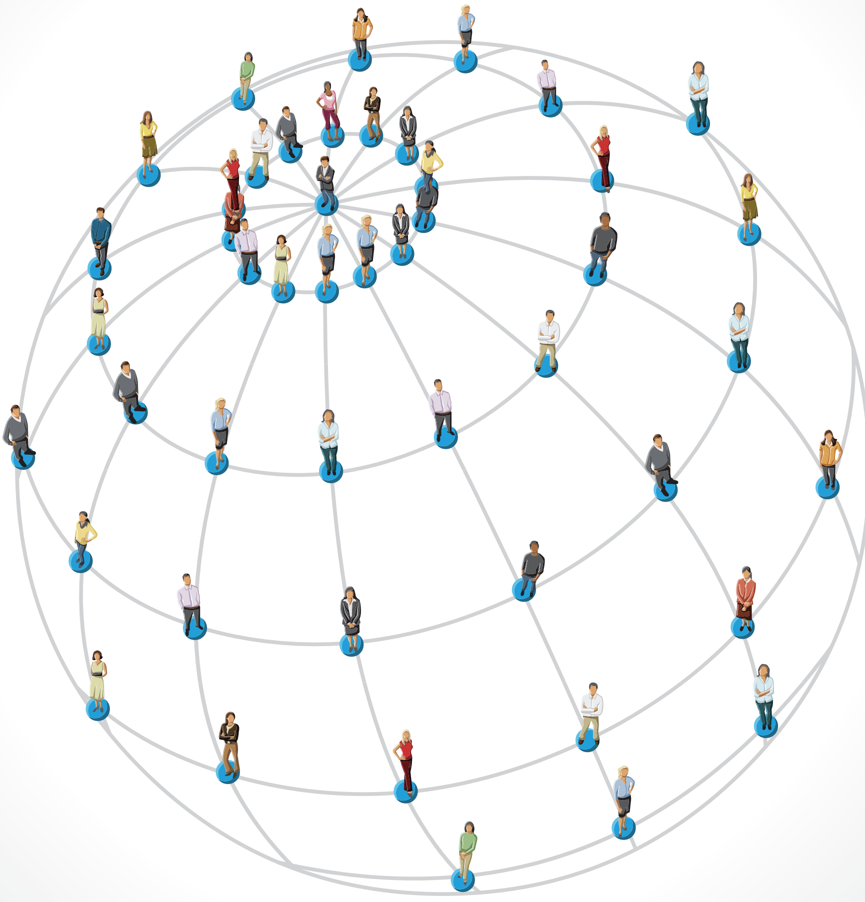
CPA Uganda

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA (CPAU)



EXAMINATION SYLLABUS

2016

CPA (U) EXAMINATIONS SYLLABUS STRUCTURE

LEVEL IV: Test of Professional Expertise				Integration of Knowledge Paper 18			
LEVEL III: Test of Professional Skills		Advanced Financial Reporting Paper 13	Public Sector Accounting & Reporting Paper 14	Business Policy & Strategy Paper 15	Advanced Financial Management Paper 16	Auditing & Other Assurance Services Paper 17	
LEVEL II: Test of Technical Skills		Financial Reporting Paper 8	Advanced Taxation Paper 9	Financial Management Paper 10	Management Decision & Control Paper 11	Auditing & Professional Ethics & Values Paper 12	
LEVEL I: Test of Competence	Financial Accounting Paper 1	Quantitative Techniques Paper 2	Economic Environment Paper 3	Business Law Paper 4	Business Management & Information Systems Paper 5	Taxation Paper 6	Cost & Management Accounting Paper 7

CONTENTS

1.0 BACKGROUND INFORMATION

1.1 Institute's Profile

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by an Act of Parliament, now The Accountants Act, 2013. ICPAU is governed by a Council, which is assisted by the Public Accountants Examinations Board (PAEB), and other committees of Council.

The functions of the Institute, as prescribed by the Accountants Act, 2013 are:

(i) To regulate and maintain the Standard of Accountancy in Uganda;

(ii) To prescribe and regulate the conduct of accountants and practicing accountants in Uganda.

ICPAU is a member of the International Federation of Accountants (IFAC) and the Pan African Federation of Accountants (PAFA).

1.2 Vision

To be a world-class professional accountancy Institute

1.3 Mission

To develop, promote and regulate the accountancy profession in Uganda, in public interest.

1.4 Core Values

- Professional excellence.
- Integrity
- Commitment
- Good governance
- Social responsiveness

1.5 The Public Accountants Examinations Board (PAEB)

As part of the function of regulating and maintaining the standard of accountancy, ICPAU conducts examinations in Uganda. This function is executed by the PAEB on behalf of Council.

PAEB is responsible for conducting the:

(a) Certified Public Accountants of Uganda - CPA (U) examinations. .

(b) Accounting Technicians Diploma - ATD examinations.

2.0 CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA [CPA (U)] COURSE

2.1 Purpose of the CPA(U) Course

The CPA (U) course is designed to produce competent professional accountants, capable of making a positive contribution to the profession and the national economy in general. The graduates of the course have the potential to serve in many capacities, which include financial and management accountants, finance managers, auditors, tax and financial consultants, chief executive officers, chief operating officers etc.

2.2 Objectives of the CPA(U) Course

2.2.1 To produce competent professional accountants capable of applying the knowledge, skills and values acquired in a practical situation.

2.2.2 To provide a foundation of knowledge, skills and values that will stimulate those who complete the course to continue learning and adapting to changes throughout their professional lives.

3.0 ENTRY REQUIREMENTS:

To register as a CPA(U) student, one must have one of the following qualifications:

3.1 Degree

A degree from a recognised university. If the degree is obtained from outside Uganda, it must be accredited by the respective government and NCHE may have to validate it.

3.2 Certificates/Diplomas

3.2.1 An Accounting Technicians Certificate from a recognised professional accountancy body such as ICPAU, KASNEB, NBAA, etc.

3.2.2 A diploma pursued in a period of at least two years from a recognised university or Institution of Higher Learning. If the qualification is obtained from outside Uganda, it must be accredited by the respective government and NCHE may have to validate it.

3.2.3 A professional certificate offered by another body such as KASNEB, CIPS, CIM etc.

3.3 A-Level

Uganda Advanced Certificate of Education (UACE) with at least two principal passes or the equivalent plus a Uganda Certificate of Education (UCE) with at least 5 credits, including English Language and Mathematics or the equivalent.

4.0 REGISTRATION FOR STUDENTSHIP

Registration of students is continuous throughout the year.

Applications must be made on the appropriate forms issued by the Institute accompanied with the prescribed fees and the required documents.
Note:

1. *The Institute reserves the right not to register and/or de-register any student who in its opinion is not a fit and proper person for the accountancy profession in Uganda.*

2. *It is advisable for any person who wishes to sit for the course in any examination diet to register for studentship at least 2 months before the intended examinations diet.*

5.0 PROGRESSION RULES

Note: *The Institute reserves the right to vary or amend the rules and regulations.*

5.1 A candidate may sit for a minimum of one and a maximum of all the subjects at any Level at any one sitting.

5.2 A candidate must complete a lower level of the syllabus before proceeding on to the next level.

5.3 An exception to Rule 5.2 is where a candidate has one or two subjects at either level one or level two. In such a case, the candidate may sit for that one or the two subjects with some other subjects at next level.

5.4 No candidate will be allowed to combine the following Level 1 subjects with those of Level 2 in an examinations' diet:

	Level One	**Level Two**	**Level 3**
1.	CPA1:Financial Accounting	CPA 8: Financial Reporting	CPA 13: Advanced Financial Reporting
2.	CPA 6: Taxation	CPA 9: Advanced Taxation	
3.	CPA 7: Cost & Management Accounting	CPA 10: Management Decision & Control	
4.	CPA 11: Financial Management	CPA 16: Advanced Financial Management	
5.		CPA 12: Auditing & Professional Ethics and Values	CPA 17: Auditing & Other Assurance Services

5.5 A candidate must complete Level Three to be eligible to register for Level Four.

6.0 COURSE TIME LIMITS

6.1 The course must be completed in 10 years from the date of registration.

6.2 A student will be discontinued when the completion period expires. A student discontinued for this reason, may apply for re-registration as a new student.

7.0 MAINTAINING STUDENTSHIP

7.1 Annual renewal fees for studentship are due on 1 January of each year and should be paid not later than 31 March of each year.

7.2 Studentship will lapse if the annual renewal fees remain unpaid after 31 March

7.3 Students with outstanding dues (e.g. annual renewal and exemptions fees) will not be allowed to register for examinations.

7.4 A student whose studentship lapses due to non-payment of annual dues may, on application, renew their studentship by paying the appropriate penalty and the outstanding dues, as determined by the Institute.

7.5 A student who is not on the students' roll will not be permitted to sit for examinations.

7.6 The lapsed time of studentship will not affect the course completion time limits i.e. no extension of completion dates will be allowed due to studentship lapses

7.7 A student may be discontinued for professional misconduct.

8.0 EXAMINATIONS

8.1 Examinations are held thrice a year i.e. June, August and November/December.

8.2 Registration for examinations must be done on **online** on the Institute's website. Exceptions will seek guidance from the Institute.

8.3 Examinations entry must be preceded by payment of the prescribed examinations fees and evidence should be availed to the Institute to confirm the registration.

8.4 The closing dates for the receipt of the examinations entries are as follows:

Diet	Normal registration	Late registration
June	30 March	15 April
August	31 July	Not applicable
November	30 September	15 October

8.5 Withdrawal of examinations entries will not be accepted after 15 April and 15 October for the June and November/ December examinations respectively. Monies paid for examinations purposes can only be used for subsequent examinations diets or for settling any outstanding dues.

8.6 Examinations Centres

The examinations centres are as follows:

1	Arua	4	Gulu
2	Fort Portal	5	Mbale
3	Kampala	6	Mbarara

Note: The August examinations are conducted at the Kampala **centre** any change to this policy will be communicated as soon as it is made.

9.0 METHODS OF STUDY

There are four distinct methods of study:

(a) A full-time study at a training institution.

(b) Part-time study (i.e. evening or week-end classes) at a Training Institution.

(c) Private study.

(d) Correspondence by a training institution.

It is up to the student to choose the appropriate method of study. However, students are encouraged to have sufficient preparation for examinations.

10.0 TEACHING INSTITUTIONS

10.1 ICPAU is not engaged in the provision of tuition. This function is carried out by various training institutions.

10.2 The Institute will advise the students on recognised training institutions / centres from time to time.

11.0 PASS MARK

The pass mark for each subject is 50%.

12.0 APPEALS FOR REMARKING

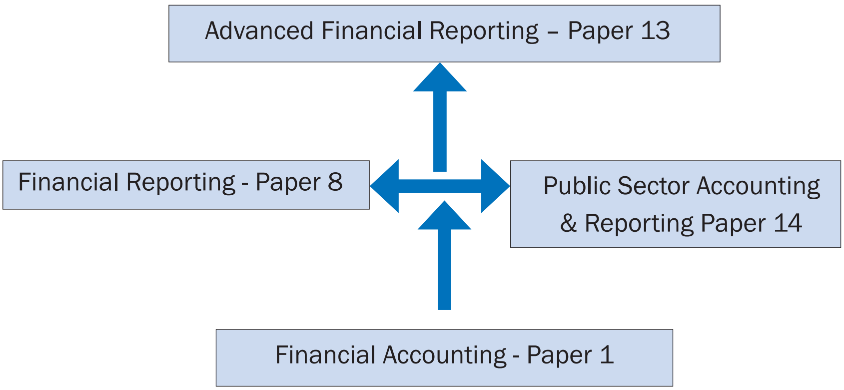
12.1 Candidates who are dissatisfied with their marks may apply for remarking within 14 days from the date of release of examinations results by completing an appeal form for remarking (available on www.icpau.co.ug) and paying the prescribed fees.

12.2 Candidates are advised not to make the appeal decision in a rush and to note that no extraneous circumstances will be considered during the remarking.

12.3 The remarking will take place within three weeks from the closure of the appeal period. No extensions will be granted.

12.4 A refund of the remarking fee, less an administrative charge of 20%, shall be made if, after the remarking, the candidate's results for a particular paper change from **FAIL** to **PASS.** Otherwise, no refund will be made.

FINANCIAL ACCOUNTING PAPER 1
SYLLABUS CHART



OVERALL AIM

To enable students develop an understanding of the fundamentals of financial accounting relating to bookkeeping and preparation of financial statements.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Explain the role of accounting and accountants.
2. Describe the financial reporting framework.
3. Explain the qualitative characteristics of financial information.
4. Explain the different forms of business organisations.
5. Record transactions in the books of prime entry and ledgers using double entry bookkeeping.
6. Prepare a trial balance and correct errors in accounting records.
7. Prepare financial statements for business organisations, manufacturing concerns, non-profit making organisations, and partnerships.
8. Reconcile financial transactions.
9. Prepare accounts and financial statements from incomplete records.
10. Understand and apply the general features of financial statements.

11. Apply some international financial reporting standards.
12. Define the different terms used in entrepreneurship.
13. Describe the entrepreneurship culture and structure.
14. Develop the basic skills in operations, finance, purchasing, marketing and human resource management.
15. Explain the challenges facing entrepreneurs and how to overcome them.
16. Describe the ethical responsibilities and challenges of accountants in business.

LEVEL OF ASSESSMENT

The examination will test knowledge, skill and comprehension of the principles of accounting relating to double entry bookkeeping and preparation of financial statements

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt any four.

DETAILED SYLLABUS

A. INTRODUCTION

1. Introduction to accounting:
    - (a) Meaning:
        - (i) Financial accounting
        - (ii) Bookkeeping
        - (iii) Cost accounting
        - (iv) Management accounting
        - (i) Financial accounting versus bookkeeping
        - (ii) Cost accounting versus management accounting
2. Forms of business entity
    - (a) Sole proprietorships:
        - (i) Meaning
        - (ii) Characteristics
        - (iii) Benefits and limitations
    - (b) Partnerships:
        - (i) Meaning
        - (ii) Characteristics
        - (iii) Benefits and limitations
    - (c) Limited liability companies:
        - (i) Meaning
        - (ii) Characteristics and forms
        - (iii) Benefits and limitations;
        - (iv) Partnership versus Limited Liability Company
    - (d) Public and private limited liability companies:
        - (i) Meaning
        - (ii) Public versus private limited liability companies
        - (iii) Advantages and disadvantages

3. The Accountant
    (a) Meaning of:
        (i) An accountant per the Accountants Act, 2013
        (ii) Professional accountant per International Federation of Accountants (IFAC)
    (b) Role of an accountant in sustainable organisational success, and provision of assurance services
    (c) Drivers of sustainable organisational success
    (d) Fundamental ethical principles for professional accountants

B. INTRODUCTION TO FINANCIAL REPORTING FRAMEWORK

1. Preface to International Financial Reporting Standards (IFRSs)

    (a) Purpose of the preface to IFRSs
    (b) Objectives of the International Accounting Standards Board
    (c) The scope and authority of IFRSs
    (d) Process of setting accounting standards and the timing of the application of IFRSs

2. The Conceptual Framework for Financial Reporting

    (a) Purpose and status of the conceptual framework
    (b) Types, objectives, benefits and limitations of general purpose financial statements
    (c) Information needs of the users of financial statements
    (d) Economic decisions made by users of financial statements
    (e) Types of and application of the qualitative characteristics of useful financial information
    (f) Cost constraint of useful financial reporting
    (g) Elements of financial statements
    (h) Underlying accounting assumption

3. General features of financial statements under IAS 1 Presentation of Financial Statements:

    (a) Fair presentation and compliance with IFRSs
    (b) Going concern
    (c) Accruals basis of accounting
    (d) Materiality and aggregation
    (e) Offsetting
    (f) Frequency of reporting
    (g) Comparative information
    (h) Consistency of presentation

4. The Companies Act

    (a) Accounting and reporting requirements.
    (a) Impact of the Companies Act on financial accounting and reporting.

C. PRINCIPLES OF DOUBLE ENTRY AND SYSTEMS OF ACCOUNTING

1. Accounting equation and double entry system:

(a) The accounting equation and the statement of financial position:
  (i) The accounting equation
  (ii) Effects of business transactions on the accounting equation
  (iii) The effect of profit or loss on capital
(a) Double entry bookkeeping:
  (i) Meaning of ‘transaction’, ‘debit’ and ‘credit’
  (ii) The double entry system for assets, liabilities, capital, expenses and income
  (iii) Double entry bookkeeping and the convention of duality and the accounting equation
  (iv) Capital versus revenue expenditure

2. Preparation of books of account:

(a) Accounting process/ cycle:
  (i) The accounting cycle
  (ii) Books of prime entry
(b) Source documents:
  (i) Purpose of source documents: sales order, purchases order, invoice, credit note, delivery note, pay slip, goods received note, receipt
  (ii) Information shown on the face of each type of source document
(c) Journals:
  (i) General journal and subsidiary journals (sales day book, purchases day book, purchases and sales returns day books)
  (ii) Uses of the different types of journals
  (iii) Preparation of the different types of journals and posting of transactions to the ledgers
(d) (Cash book:
  (i) Purpose of the two and three column cash books
  (ii) Purpose of cash discounts – their recording and eventual transfer
  (iii) Preparation of the two and three column cash book, and the concept of contra entries and balancing of the cash book
  (iv) Petty cash book and imprest systems
  (v) Preparation of the petty cash book and posting to the ledger accounts
(e) Ledgers:
  (i) Types
  (ii) Purpose
  (iii) Format of a ledger and steps in ledger posting
  (iv) Recording transactions from journals to ledger accounts
  (v) Balancing and closing ledger accounts
  (vi) Meaning of the balance of each type of account
(f) Trial balance:
  (i) Meaning
  (ii) Purpose
  (iii) Preparation of a trial balance
(g) Preparation of bank reconciliation statement:
  (i) Nature and purpose of a bank reconciliation statement
  (ii) Bank statement balance versus the cash book balance

(iii) Meaning of: cheque crossing, cheque endorsement, cheque clearing and pay-in slips
(iv) Types of bank accounts
(v) Preparation of an adjusted cash book and bank reconciliation statement
(vi) Effect of bank overdraft on the reconciliation process

D. ADJUSTMENTS TO FINANCIAL STATEMENTS

1. Accruals and prepayments:

   (a) Meaning
   (b) Need for adjustments for accruals and prepayments
   (c) Preparation of journal entries and ledger entries for the adjustment of accruals and prepayments
   (d) The accruals concept
   (e) Accounting treatment in financial statements

2. Property, Plant and Equipment (IAS 16):

   (a) Depreciation:
      (i) Meaning
      (ii) Purpose
      (iii) Causes and
      (iv) Process of depreciation
   (b) Application of IAS 16:
      (i) Meaning of: property, plant and equipment, depreciation, depreciable amount, cost, carrying amount, entity-specific value, fair value, recoverable amount, residual value, useful life
      (ii) Recognition criteria for costs; initial and subsequent costs
      (iii) Measurement at recognition: elements of cost, measurement of cost
      (iv) Measurement after initial recognition: cost model vs. revaluation model, depreciation, depreciable amount and depreciation period, depreciation method
      (v) De-recognition; on disposal or when no economic benefits are expected from use or disposal, treatment of gains or losses on de-recognition
   (c) Methods of computing depreciation: straight line, reducing balance and revaluation
   (d) Roles of consistency and subjectivity in accounting for depreciation
   (e) Preparation of accounts and journal entries for:
      (i) Non-current assets
      (ii) Depreciation
      (iii) Disposal
      (iv) Recording transactions in non-current assets
   (f) Accounting for depreciation in the financial statements
   (g) Accounting for revaluation of non-current assets
   (h) Accounting treatment of trade-in value and insurance claims of non-current assets

3. Bad debts and provisions for doubtful debts

    (a) Bad debts versus doubtful debts
    (b) Reasons for providing for bad debts
    (c) Specific provision versus general provision; computation of specific and general provisions of bad debts
    (d) Accounting treatment of provisions for bad debts; increase in bad debts; decrease in bad debts; bad debts recovered in the ledger accounts and the financial statements

4. Trade and settlement (cash) discounts:

    (a) Meaning
    (b) Recording cash discounts in ledger accounts
    (c) Treatment of provisions for discounts allowed and received in the ledger accounts and the financial statements

E. INVENTORIES (IAS 2)

1. Inventories:

    (a) Definition of key terms
    (b) Accounting treatment for inventory and carriage costs:
        (i) Measurement of inventories: cost of inventories (purchase, conversion and other costs), cost of inventories of a service provider
        (ii) Cost formulas: types and computation of inventory values; net realisable value
        (iii) Application of the prudence convention to valuation of inventories
        (iv) Merits and demerits of continuous and period end records
    (c) Methods of inventory valuation and their impact on profits and assets
    (d) Factors that affect the choice of method adopted
    (e) Disclosures in respect of inventories in the financial statements

2. Preparation of stores ledger account using the cost formulas permitted by IAS 2

F. PREPARATION OF FINANCIAL STATEMENTS FOR SOLE TRADERS, PARTNERSHIPS AND LIMITED COMPANIES (FOR INTERNAL USE)

1. Preparation of financial statements for trading entities and service entities

    (a) Sole trader/ practitioner:
        Preparation of:
        (i) A statement of profit or loss and other comprehensive income
        (ii) A statement of financial position
    (b) Partnerships:
        (i) Purpose of a partnership deed and its contents.
        (ii) Types of partners and their obligations to the partnership
        (iii) Accounting rules from the Partnership Act and the partnership agreement/ deed
        (iv) Partnership accounts; types and format
        (v) Preparation of partnership capital accounts (fixed and fluctuating), current

accounts

(vi) Appropriation of profits/losses; conventional methods of dividing profits/ losses and maintaining equity between partners

(vii) Treatment of partners' share of profits, losses, interest on capital, drawings and interest on drawings in the ledger accounts; preparation of the appropriation account for the partnership

(viii) Preparation of a statement of profit or loss and other comprehensive income and statement of financial position

(ix) Changes in partnership and accounting for goodwill: on admission of partners, retirement of partners, dissolution of partnership; accounting treatment and effect on the partnerships' financial statements

(x) Recording dissolution entries of a partnership in ledger accounts (including the rule in Garner Vs Murray)

(xi) Preparation of a statement of financial position for a partnership after the revaluation of assets

(c) Limited company:

(i) Composition of the share capital and non-current liabilities of a limited company

(ii) Authorised and issued (fully paid) capital; nominal and market value of shares; and 'bonus issue' and 'rights issue' of shares

(iii) Advantages and disadvantages of increasing share capital by a bonus issue and rights issue of shares

(iv) Recording the shares issued and held in the relevant ledger accounts

(v) Appropriation of company profits and losses

(vi) Nature and purpose of dividends

(vii) Account for: dividends; loan interest; reserves; retained earnings, share premium, corporation tax

(viii) Capital versus revenue reserves; uses

(ix) Preparation of financial statements of limited liability company: statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity

2. Preparation of financial statements for manufacturing concerns:

(a) Manufacturing account:

(i) Identification of manufacturing costs (direct and indirect)

(ii) Classification of costs; direct production costs and factory overheads, fixed and variable costs, prime costs and total factory costs

(iii) Categories of inventory

(iv) Purpose of preparing a manufacturing account; preparation of a manufacturing account

(v) Account for factory costs with and without manufacturing profit

(b) Statement of profit or loss and other comprehensive income (SPLC), and statement of financial position

(i) Link between the manufacturing account and SPLC

(ii) Classification and apportioning expenses

(iii) Determination of unrealized profits

(iv) Manufacturing profit versus trading profit; inventory of manufacturing concerns versus trading entities

(v) Preparation of a statement of profit or loss and other comprehensive income, and a statement of financial position

G. CORRECTION OF ERRORS AND THE SUSPENSE ACCOUNT

1. Definition of errors

2. Types of errors:

   (i) Revealed by a trial balance
   (ii) Not revealed by the trial balance

3. Suspense account; uses and preparation

4. Correction of errors

5. Preparation of a corrected:

   (i) Trial balance
   (ii) Statement of corrected net profit or loss
   (iii) Statement of corrected financial position

H. PREPARATION OF FINANCIAL STATEMENTS FROM INCOMPLETE RECORDS

1. Incomplete records:

   (a) Meaning
   (b) Reasons for existence of incomplete records and their disadvantages
   (c) Preparation of a statement of affairs; uses
   (d) Deriving missing figures

2. Control accounts:

   (a) Meaning and purpose
   (b) Contra entries in control accounts and the source of information for control accounts
   (c) Preparation of:
      (i) Sales ledger control account
      (ii) Purchases ledger control account

3. Deriving of figures for profit where only the increase in capital and details of drawings are known

4. Definition, computation and application of mark-up and margin

5. Preparation of financial statements from incomplete records

I. PREPARATION OF FINANCIAL STATEMENTS FOR NON-PROFIT MAKING ORGANISATIONS

1. Meaning of non-profit making organisation

2. Objectives/ purpose of non-profit making organisations.

3. Non-profit making organisations versus profit making organisations

4. Subscriptions account:

   (a) Types
   (b) Accounting treatment in accordance with IAS 18: Revenue
   (c) Preparation of a subscriptions account

5. Receipts and payments account:

   (a) Meaning and purpose
   (b) Preparation
   (c) Shortcomings of receipts and payments reports

6. Statement of profit or loss:

   (a) Nature and purpose of statement of profit or loss of a non-trading organisation
   (b) Sources of income.
   (c) Receipts and payments account versus statement of profit or loss of a non-trading organisation

7. Determination and incorporation of profits or losses from special activities in the financial statements

8. Treatment for donations, grants, life membership fees and entrance fees

9. Accumulated fund:

   (a) Definition of accumulated fund
   (b) Determination of an accumulated fund
   (c) Effect of surplus or deficit on accumulated fund

10. Preparation of:

   (a) Statement of profit or loss and other comprehensive income and
   (b) Statement of financial position of a non-trading organisation.

11. Financial statements of a trading entity versus those of a non-trading organisation.

J. ETHICS

Ethical responsibilities and challenges of financial accountants

K. ENTREPRENEURSHIP

NATURE AND SCOPE OF ENTREPRENEURSHIP

1. Meaning of entrepreneurship and entrepreneur

2. Evolution of entrepreneurship in Uganda and in international context

3. Factors that determine the emerging of entrepreneurs

4. Entrepreneurial types

5. Characteristics of entrepreneurs

6. Challenges to entrepreneurs; solutions to those challenges

7. Entrepreneurial decision process

8. Risks taking

    (a) Types of risks in business
    (b) Risk identification
    (c) Risk assessment
    (d) Reward to entrepreneurship

9. Role of entrepreneurship in economic development of Uganda

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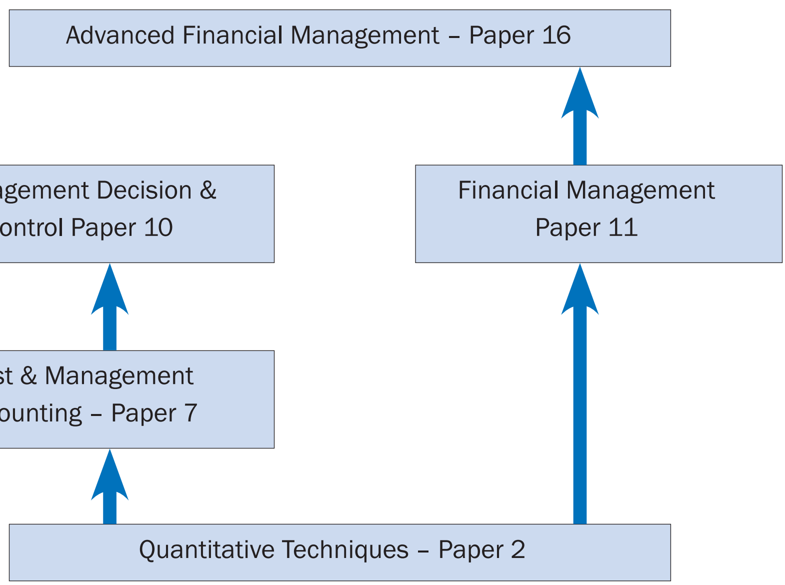
QUANTITATIVE TECHNIQUES - PAPER 2

SYLLABUS CHART



OVERALL AIM

To develop an understanding of the mathematical principles and concepts which are useful in problem solving and decision making

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Demonstrate an understanding of statistical methods used in decision-making
2. Demonstrate an understanding and application of statistical and mathematical models for estimation and forecasting
3. Demonstrate an understanding and application of techniques used in solving optimisation problems in management

LEVEL OF ASSESSMENT

The syllabus is assessed for knowledge, comprehension and application.

EXAMINATIONS STRUCTURE

There will be a three hour examination comprising of six questions of 20 marks each, of which the candidate will be required to attempt any five

DETAILED SYLLABUS

A. INTRODUCTION

1. Meaning of statistics
   - (a) Functions and limitations of statistics
   - (b) Types of statistics: descriptive and inference statistics

B. STATISTICAL DATA, PRESENTATION AND MEASURES

1. Statistical data
   - (a) Primary and secondary
     - (i) Sample and population
     - (ii) Discrete and continuous
     - (iii) Quantitative and qualitative
     - (iv) Variable and attribute
   - (b) Sources of data
   - (c) Methods of data collection: interview, questionnaire, direct observation, census and sample survey
   - (d) Merits and demerits of each method of data collection
   - (e) Response errors
   - (f) Sample frame
   - (g) Sampling techniques: random sampling (simple random and stratified), quasi random sampling (systematic and multistage sampling), non- random sampling (cluster and quota sampling)
   - (h) Advantages and disadvantages of each technique of sampling
   - (i) Methods of data presentation:
     - (i) Tables (row and column, two way, frequency and percentage distribution tables)
     - (ii) Basic principles of table design
     - (iii) Interpretation of data presented in each type of table
     - (iv) Limitations of each type of table
     - (v) Pictograms, charts (simple and compound bar charts, and pie charts)
     - (vi) Methods of construction of each type of chart; type of data suitable for each type of chart; limitations of each type of chart
     - (vii) Graphs (line graph, histogram, frequency polygon and curves, including

o-give, Lorenz and Z charts)

(viii) Basic principles of drawing each type of graph; interpretation and limitations of graphs

2. Measures of location / central tendency

(a) Measures of averages: arithmetic mean, weighted mean, mode, median, harmonic and geometric means
(b) Characteristics, merits and demerits of each type of average
(c) Computation of the mean using actual values and /or working mean
(d) Determination of the mode and median using both computational and graphical methods
(e) Interpretation of calculated values of each measure
(f) Computation of weighted mean, harmonic mean and geometric mean
(g) Relationship between mean, mode and median
Note: Knowledge of logarithms either from mathematical tables or calculator is assumed.

3. Measures of dispersion

(a) Meaning of dispersion and variation
(b) Measures of dispersion: range, quartile deviation (interquartile range), semi-quartile deviation (semi-interquartile range), decile and percentile range, mean deviation, quartile coefficient of dispersion, standard deviation and variance
(c) Characteristics, merits and demerits of each measure of dispersion
(d) Determination of quartile, decile and percentile by computation and graphically
(e) Computation of quartile coefficient of dispersion
(f) Computation of mean deviation, standard deviation and variance using the working mean method
(g) Properties of standard deviation and coefficient of variation
(h) Interpretation of calculated values of each measure

4. Measures of skewness

(a) Positive, symmetric and negative skewness
(b) Relationship among mean, mode and median in a skewed distribution: 3 (mean – median) = (mean – mode)
(c) Computation of measures of skewness using Karl Pearson's and Bowley's formulae
(d) Graphical illustration of the concept of skewness and kurtosis
(e) Comparison of skewness with measures of central tendency and dispersion
(f) Interpretation of skewness and degree of skewness

C. PROBABILITY AND DISTRIBUTIONS

1. Probability theory

(a) Basic concepts of probability: event, outcome, sample, sample space and equiprobable
(b) Classical definition of probability
(c) Properties of probability theory: (probability limits, total probability and

complimentary probability); types of events (independent, dependent, and mutually exclusive events)

(d) Rules used in probability theory that is addition and multiplication
(e) Conditional probabilities (prior and posterior, including use of probability trees and Bayes' theorem) as methods of computation
(f) Probability frequency distribution and the computation of expected values (expectation)

Note: Application of the knowledge of set theory in probability is assumed.

2. Permutations and combinations

(a) The factorial notation
(b) Application of permutations and combinations in probability

3. Probability distribution

(a) The concept of probability distribution
(b) Normal distribution – properties and standardisation
(c) Computation of probabilities using normal distribution tables
(d) Binomial distribution probability properties and use of binomial formula
(e) Computation of the mean, variance and standard deviation of a binomial distribution
(f) Use of binomial distribution tables to find probabilities
(g) Approximating a binomial distribution to a normal distribution
(h) Properties and computation of probabilities using poisson distribution

D. ESTIMATION AND HYPOTHESIS TESTING

1. Estimation

(a) Definition of concepts: estimation, estimator (point estimator and interval estimator), standard error of the mean, and population and sample means
(b) Confidence limits and intervals
(c) Estimation of the population mean from a large sample using normal distribution
(d) Estimation of the mean from a small sample using Student's t distribution
(e) Use of contingency tables for chi-square distribution
(f) Estimation of the population proportion from a large sample

2. Hypothesis and significance tests

(a) Definition of basic concepts used in hypothesis testing: null (Ho) and the alternative (Ha) hypotheses, errors in hypothesis testing (type (I) and type (II) errors), critical (acceptance and rejection) regions, and level of significance
(b) Methods of testing (normal Z score, Student's t and chi-square)
(c) Reading values from tables (one tailed and two tailed)
(d) Computation of the statistic and determination of the level of significance at a particular percentage
(e) Testing of population mean and population proportion
(f) Testing goodness of fit, use of contingency tables, and computation of expected values for chi-square test

3. Control charts

   (a) Definition of the concept ‘control chart’
   (b) Advantages and disadvantages of control charts
   (c) Drawing control charts
   (d) Interpretation and making conclusions from control charts

E. INDEX NUMBERS

1. Meaning, uses, importance and limitations of index numbers
2. Price and quantity relatives
3. Considerations in the construction of index numbers
4. Types of index numbers: simple and weighted (price and quantity)
5. Computation, comparison and interpretation of Laspeyres and Paasche price and quantity indices
6. Time series relatives: fixed base and chain relatives
7. Published indices: cost of living, consumer, stock and retail indices

F. REGRESSION AND CORRELATION

1. Correlation

   (a) Definition and importance of correlation analysis
   (b) Types of correlation: linear or non-linear, positive, negative, zero and no correlation
   (c) Scatter diagrams
   (d) Methods of calculating coefficient of correlation: product moment (Karl Pearson’s) and rank correlation (Spearman’s formula).
   (e) Interpretation of correlation co-efficient
   (f) Merits and demerits of each method
   (g) Link between correlation and causation

2. Regression

   (a) Definition of terms: regression, regression equation, regression coefficients
   (b) Distinction between correlation and regression
   (c) Uses of regression line
   (d) Definition of dependent and independent variables
   (e) Regression equation: y on x and x on y
   (f) Calculation of regression equation using least squares method
   (g) Interpretation of regression line and prediction of other values using the line
   Note: This excludes non-linear regression and non-linear correlation.

G. TIME SERIES AND FORECASTING

1. Time series

   (a) Definition of terms: forecasting, time series
   (b) Examples of time series and their uses / importance

(c) Components of time series: secular trend, seasonal variation, cyclic variation and irregular variation
(d) Seasonal adjustment and deflating time series

2. Methods of computing trend

(a) Moving average method and exponential smoothing
(b) Computation of trend by least squares method
(c) Graphical representation of data
(d) Estimation of production or output using a trend line
(e) Limitations and merits of moving averages and least squares methods

3. Forecasting

(a) Steps involved in forecasting
(b) Methods of forecasting: quantitative and qualitative, regression analysis and deseasonalisation method, exponential smoothing, interpolation and extrapolation and their interpretation
(c) Construction and uses of the Z chart

H. LINEAR ALGEBRA AND CALCULUS

1. Algebra

(a) Linear, quadratic and simultaneous equations in 2 or 3 variables
(b) Methods of solving quadratic equations by factorisation, completing the square and use of the quadratic formula
(c) Methods of solving simultaneous equations by elimination, substitution and matrix methods
(d) Formulating equations involving quadratic and simultaneous equations in 2 variables or 3 variables

2. Functions and graphs

(a) Explicit functions in one variable of polynomial nature up to the third degree (i.e. f(x) = a + bx + cx2+ dx3 +..........)
(b) Graphical representation of functions

3. Calculus

(a) Geometric interpretation of differentiation
(b) Basic rule of differentiation: $y = x^n$, $\frac{dy}{dx} = nx^{n-1}$
(c) Differentiation methods: sum, difference, chain rule (substitution), product and quotient rule of the functions (including differentiation of fractional and negative indices)
(d) Finding a second derivative
(e) Application of differentiation (or derivatives) in determining maxima and minima values of functions
(f) Definition of terms: cost and marginal cost, revenue and marginal revenue, and profit functions
(g) Application of differentiation in maximization and minimization of revenue, cost

and profit functions in production functions including determination of their values at any given level

Note: This excludes logarithmic differentiation, exponential differentiation, derivatives of parameters, implicit functions and partial differentiation.

I. DECISION THEORY

1. Types of decision making
2. Decision rules and decision trees
3. Computation of expectation or expected values
4. Construction and interpretation of results from decision trees
5. Advantages and disadvantages of decision trees
6. Determination of redundancy

J. LINEAR PROGRAMMING

1. Definition of terms: linear programming problem, objective function, constraints, feasible solution and optimum solution
2. Assumptions applied in linear programming
3. Advantages and limitations of linear programming
4. Formulation of linear programming model
5. Graphical and simplex methods of solving linear programming problems
6. Advantages and disadvantages of graphical and simplex methods
7. Optimisation (maximisation and minimisation) in linear programming
8. Terms associated with simplex method: slack, surplus, shadow prices, primal, dual and tableau
9. Solving primal and dual linear programming problems
10. Interpretation of primal and dual solutions
11. Advantages of the dual method

Note:

(i) This excludes non- linear programming, transportation, assignment and non-linear dynamic programming.

(ii) Basic knowledge of solving simple linear inequalities and interpretation of matrix representation is assumed.

K. NETWORK ANALYSIS

1. Definition of terms: network, activity, event, dummy variable, critical path, float, cost slopes, dangler and lead time
2. Drawing of networks and Gantt charts and their interpretation
3. Advantages and limitations of network analysis
4. Determination of earliest start time (EST), latest start time (LST), and total cost
5. Techniques of network analysis: PERT (program evaluation and review technique) and CPM (critical path method)
6. Crashing of projects, cost analysis
7. Resource and cost scheduling

8. Use of computers in network analysis

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1. Andre Francis (2008), Business Mathematics and Statistics, South Western and Cengage Learning, 6th Edition.
2. Bali N. P, Gandhi C. P and Gupta P. N (2008), A Textbook of Quantitative Techniques, Lami Publications (Pty) Ltd.
3. Crawshaw J and Chambers J (2001), Advanced Level Statistics, Nelson Thornes Ltd, 4th Edition.
4. Lucey T (2002), Quantitative Techniques, Book power Publishers, 6th Edition.
5. Saleemi N.A (2010), Quantitative Techniques Simplified, Saleemi Publications Ltd.

ECONOMIC ENVIRONMENT - PAPER 3

OVERALL AIM

To enable the learner develop knowledge and understanding of the economic environment in which businesses operate

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Describe major economic models and theories
2. Explain the behavior of market forces
3. Explain the basic features of international economics
4. Demonstrate an understanding of the Uganda's monetary and fiscal systems
5. Discuss the ethical issues that arise from the nature of markets in which business operates and from the responsibility of business to society

LEVEL OF ASSESSMENT

The examination will mainly test knowledge, comprehension and application of economics concepts

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt four

DETAILED SYLLABUS

A. INTRODUCTION

1. Definitions:
   (a) According to the classical economics (Adam Smith, David Ricardo) and neoclassical economics (Alfred Marshal and Lord Robbins)

(b) Comparison of definitions to come out with the most appropriate

2. Characteristics of: wealth, human wants and needs; resources, goods and services
3. Nature and scope:
   (a) Micro versus macroeconomics
   (b) Normative versus positive economics
   (c) Economics as a science versus economics as an art
   (d) Economic theory versus applied economics
4. Concepts of scarcity, choice and opportunity cost:
   (a) Meaning of scarcity, choice and opportunity cost
   (b) Relationship between scarcity, choice and opportunity cost
   (c) Opportunity cost concept in decision making
   (d) Production possibility frontier (PPF)/ transformation curve
      (i) Assumptions on which the production possibility frontier curve is drawn
      (ii) Uses of the PPF concept; why the PPF curve may shift outwards and inwards
5. Alternative economic systems:
   (a) The fundamental economic questions (what, when, how, where, how much)
   (b) Types of economic systems, advantages and disadvantages of each system
   (c) Role of government in each economic system
6. Classification of goods:
   (a) Free versus economic
   (b) Producer versus capital
   (c) Intermediate versus final/ consumer
   (d) Private versus public
   (e) Giffen versus inferior
   (f) Luxury versus necessity
   (g) Complementary versus substitute
   (h) Merit versus demerit

B. PRICE THEORY

1. The concept of demand:
   (a) Meaning of demand, quantity demanded, effective demand
   (b) Factors influencing quantity demanded
   (c) Demand schedule; demand curve
   (d) Reasons why the demand curve is downward sloping
   (e) Abnormal/ regressive/ exceptional demand curve
   (f) Types of demand:
      (i) Joint/ complementary
      (ii) Competitive
      (iii) Composite
      (iv) Fixed

(v) Derived
(vi) Independent

(g) Change in demand versus change in quantity demanded

(h) The utility theory:
(i) Definition of utility; marginal utility
(ii) Relationship between marginal utility, total utility and demand
(iii) Statement, assumptions and limitations of the law of diminishing marginal utility

(i) Elasticity of demand:
(i) Meaning of elasticity of demand; price elasticity of demand; income elasticity of demand; cross elasticity of demand
(ii) Determinants of elasticity of demand
(iii) Levels/ degrees of price elasticity of demand: inelastic, elastic, unitary, perfectly elastic and perfectly inelastic
(iv) Determination of elasticity of demand; interpretation of values obtained
(v) Uses of elasticity of demand to the consumer, producer and government

2. The concept of supply:

(a) Definition of supply, quantity supplied, quantity produced/ stock of goods
(b) Determinants of quantity supplied; supply of a commodity
(c) Supply schedule and conventional supply curve
(d) The law of supply; why the supply curve slopes upward from left to right
(e) Regressive supply/abnormal/ exceptional supply curve
(f) Types of supply
(g) Causes of change in supply and change in quantity supplied

(h) Elasticity of supply:
(i) Definition of elasticity of supply; cross elasticity of supply
(ii) Determinants and degrees of price elasticity of supply
(iii) Determination of elasticity of supply; interpretation of values obtained

3. Determination of prices:

(a) Definition of price

(b) Types of prices:
(i) Market price
(ii) Equilibrium price
(iii) Normal/ long-run equilibrium price
(iv) Ideal price
(v) Reserve price

(c) Ways of determining prices in an economy:
(i) Demand and supply
(ii) Bargaining/ haggling
(iii) Bidding and auctioning
(iv) Signing treaties
(v) Resale price maintenance
(vi) Price leadership
(vii) Offers at fixed prices for example monopoly and oligopoly; price legislation

4. Price mechanism and resource allocation:

   (a) Definition of price mechanism
   (b) Assumptions
   (c) Role, advantages, disadvantages of price mechanism
   (d) Ways of minimising the defects of the price mechanism

5. Price theory:

   (a) Application by consumers, producers and government to make economic decisions
   (b) Determination of the prices of factors of production

C. PRICING DECISIONS AND ANALYSIS

1. Introduction:

   (a) Economic theory on pricing
   (b) Determination of optimal selling price using differential calculus
   (c) Market structures
   (d) The role of cost information in pricing decisions

2. A price setting firm:

   (a) Short-run pricing decisions
   (b) Long-run pricing decisions

3. A price taking firm:

   (a) Short-run pricing decisions
   (b) Long-run pricing decisions

D. PRODUCTION THEORY

1. Production:

   (a) Meaning and purpose of production:
   (b) Direct versus indirect production; subsistence versus commercial production
   (c) Stages of production
   (d) Importance of production

2. Factors of production and their importance:

   (a) Factors of production; reward for each factor
   (b) Importance of factors of production

3. Mobility of factors of production:

   (a) Meaning of mobility of a factor of production in relation to the different factors of production
   (b) Occupational versus geographical mobility of factors

(c) Mobility versus immobility of factors
(d) Limitations to mobility/ causes of immobility of factors of production
(e) Ways of improving mobility of factors of production

4. Specialisation:
   (a) Definition
   (b) Specialisation versus division of labour
   (c) Merits and demerits of specialisation/ division of labour
5. Theory of the firm:
   (a) Firm versus industry
   (b) Objectives and decisions of a firm
   (c) Location and localisation of industry
   (d) Factors that influence the location of industry
   (e) Advantages and disadvantages of localisation of industry
   (f) Government influence on the location of industry
6. The Law of diminishing returns:
   (a) Statement and assumptions of the law of diminishing returns
   (b) Limitations of the law of diminishing returns
7. The concept of output:
   (a) Total product
   (b) Average product
   (c) Marginal product
8. Costs of production:
   (a) Types
   (b) Explicit versus implicit costs
   (c) Determination of costs of production
   (d) Reasons why the average cost curve is U-shaped in the short-run and long-run
   (e) Breakeven point versus shutdown point
   (f) Reasons why a firm may continue producing even when it might be incurring losses
9. Economies and diseconomies of scale:
   (a) Economies versus diseconomies of scale
   (b) Internal and external economies of scale
   (c) Causes of diseconomies of scale
   (d) Optimum size/ output of a firm
10. Existence of small firms:
   (a) Factors that determine the size of a firm
   (b) Advantages of small-scale firms
   (c) Existence of small firms despite the advantages of large-scale production
   (d) Reasons why small firms co-exist with large firms
11. Concept of revenue:

(a) Forms of revenue:
    (i) Total revenue
    (ii) Average revenue
    (iii) Marginal revenue
(b) Concepts of profit:
    (i) Normal profit
    (ii) Supernormal profit
    (iii) Negative profits or losses
    (iv) Functions of profit in an economy

12. Market structures:
    (a) Definition of 'market' and 'market structure'
    (b) Criteria used to classify market structures
    (c) Types, characteristics, advantages, disadvantages and examples of market structures
    (d) Maximisation of profits; how output, price and profits are determined in each type of market structure both in the short-run and long-run
    (e) Advantages and disadvantages of each type of market structure

E. NATIONAL INCOME

1. National income: definition of gross domestic product, gross national product, net national product, national income at factor cost and market price, real and monetary national income, personal income, disposable income and per capita income

2. The circular flow of income:
    (a) Definition
    (b) Illustration and assumptions
    (c) Sectors in the economy in relation to national income; household, business, government and foreign sectors

3. Factors determining national income:
    (a) Factors that enhance or limit the level of national income
    (b) National income of a developed versus a developing economy
    (c) Ways of increasing the level of national income

4. Estimation of national income:
    (a) Approaches/ methods of measuring national income: output/ net product, income and expenditure approaches
    (b) Problems faced in measuring national income
    (c) Importance of national income statistics and reasons for measuring national income

5. Per capita income:
    (a) Definition of per 'capita income' and 'standard of living'
    (b) Indicators/ factors of standard of living

(c) Problems of using per capita income to determine/ compare standard of living within a country over time or between different countries

6. Income inequality and distribution:
   - (a) Definition of income inequality
   - (b) Measurement of income inequality using Lorenz curve
   - (c) Types/ forms of income inequality: individual, regional/ geographical, sectoral/ inter-sectoral and intra-sectoral
   - (d) Causes of income inequality
   - (e) Merits and demerits of income inequality
   - (f) Policy measures to reduce income inequality
7. Determination of equilibrium in an economy:
   - (a) Ways of determining equilibrium in an economy:
     - (i) Where aggregate demand = aggregate supply
     - (ii) Where injections = withdrawals
   - (b) Components of aggregate demand
   - (c) Injections versus withdrawals as used in national income
   - (d) Injections versus withdrawals in a closed and an open economy
   - (e) Equilibrium in an economy
8. Disequilibrium in an economy:
   - (a) Definition of disequilibrium
   - (b) Forms of disequilibrium
   - (c) Deflationary gap versus inflationary gap
   - (d) Measures of closing deflationary and inflationary gaps
9. Multipliers and accelerators:
   - (a) Multiplier versus accelerator
   - (b) Determination of multiplier and accelerator
   - (c) Types of the multiplier:
     - (i) Consumption
     - (ii) Investment
     - (iii) Government
     - (iv) Export
     - (v) Import
   - (d) Definition and computation of:
     - (i) Average propensity to consume
     - (ii) Average propensity to save
     - (iii) Marginal propensity to consume
     - (iv) Marginal propensity to save
10. Savings, consumption and investment:
    - (a) Definitions
    - (b) Factors which determine savings, consumption and investment expenditure
    - (c) Limitations of savings, consumption and investment in an economy

F. UGANDA'S MONETARY AND FINANCIAL SYSTEMS

1. Money

   (a) Definition
   (b) Functions and role of money in an economy
   (c) Evolution of money
   (d) Types and qualities of money
   (e) Definition of 'demand for money', 'supply of money'
   (f) Determinants of the demand for and supply of money
   (g) Definition of 'liquidity preference'
   (h) Determinants of liquidity preference
   (i) Definition of interest rates
   (j) Reasons why interest is paid; determinants of interest rates
   (k) Capital markets (including the institutions in the capital markets like stock exchange, insurance companies, merchant banks)
   (l) Stock exchange:
      (i) Definition
      (ii) Functions
      (iii) Securities traded on a stock exchange; membership of a stock exchange
      (iv) Problems encountered by stock exchanges and capital markets in developing countries
2. Value of money:

   (a) Definition
   (b) Factors that influence the value of money
3. Cost of living:

   (a) Cost of living versus standard of living
   (b) Relationship between cost of living and standard of living
   (c) Measurement of changes in the cost of living
   (d) Cost of living index and price index; determination of simple price index, weighted index and average weighted price index based on given data
   (e) Price indices; uses and problems encountered in the compilation of price indices
4. Quantity theory of money:

   (a) Statement and assumptions
   (b) Mathematical treatment of the theory (Fisher's equation)
   (c) Applicability of the quantity theory of money
5. Commercial banking:

   (a) Commercial banks:

      (i) Definition
      (ii) Assets and liabilities of commercial banks
      (iii) Functions and role of commercial banks (indigenous and foreign)
      (iv) Operational problems met by commercial banks
      (v) Objectives of commercial banking (liquidity, profitability, security)

(b) Credit creation:

(i) Definition
(ii) Assumptions, process and factors that influence credit creation
(iii) Factors that limit credit creation

(c) Role of non-bank financial intermediaries in developing countries

6. Central banking:

(a) Functions of a central bank
(b) Monetary policy and its objectives
(c) Application of the tools of monetary policy
(d) Limitations to the smooth operation of monetary policy in Uganda

G. INFLATION

1. Definition

2. Types and causes of the different types of inflation:

(a) Hyper/ runaway/ galloping
(b) Mild/ creeping/ gradual
(c) Structural
(d) Imported
(e) Demand-pul
(f) Cost-push
(g) Scarcity
(h) Speculative
(i) Monetary
(j) Stagflation
(k) Headline
(l) Underlying

3. Effects (positive and negative) of inflation in Uganda

4. Policies used to control inflation in Uganda

5. The concept of deflation

H. LABOUR ECONOMICS

1. Structure of labour force:
(a) Definition of labour; labour force
(b) Determinants of labour force in an economy
(c) Characteristics of labour force in developing countries
(d) Efficiency of labour versus productivity of labour
(e) Factors which influence productivity/ efficiency of labour
(f) Demand for versus supply of labour
(g) Factors that determine demand for and supply of labour
(h) Definition of wage; salary

(i) Nominal wage versus real wage; determinants of real wage
(j) Methods of paying workers:
    (i) Profit sharing
    (ii) Bonus payment
    (iii) Commission fee
    (iv) Sliding scale
    (v) Non-pecuniary payment
    (vi) Piece rate
    (vii) Time rate
    (viii) Payment in kind
(k) Merits and demerits of each method of wage payment
(l) Assumptions, reasons and limitations of each of the following theories of wage payments:
    (i) Market theory
    (ii) Government theory
    (iii) Subsistence theory
    (iv) Marginal productivity theory
    (v) Bargaining theory

2. Trade unions:
    (a) Definition
    (b) Objectives of trade unions
    (c) Methods used by trade unions to advance their objectives
    (d) Factors that determine the strength of a trade union
    (e) Reasons or justification by trade unions to demand for high wages
    (f) Problems facing trade unions in developing countries
    (g) Advantages and disadvantages of trade unions
    (h) Wage differentials:
        (i) Definition
        (ii) Causes
        (iii) Types or forms
        (iv) Ways of reducing wage differentials

I. UNEMPLOYMENT

1. Definition
2. Types of unemployment:
    (a) Voluntary
    (b) Involuntary
    (c) Urban
    (d) Structural
    (e) Technological
    (f) Seasonal
    (g) Residual
    (h) Casual
    (i) Disguised
    (j) Cyclical/ mass/ Keynesian
    (k) Underemployment

3. Causes and solutions of each type of unemployment
4. Unemployment in an economy:
    (i) Solutions to the problem of unemployment
    (ii) Effects of unemployment on the development of an economy

J.

K. INTERNATIONAL TRADE

1. The role of international trade in development:

    (a) Definition
    (b) Bilateral versus multilateral trade
    (c) Role, advantages and disadvantages of international trade
2. Comparative cost advantage and absolute cost advantage:

    (a) Laws of comparative advantage and absolute advantage
    (b) Assumptions of the law of comparative advantage
    (c) Determination of comparative advantage
    (d) Application and limitations of the comparative advantage theory
3. Terms of trade, balance of trade and balance of payments:

    (a) Definition of: terms of trade, balance of trade, balance of payments; computation of terms of trade
    (b) Factors influencing terms of trade
    (c) Effects of terms of trade on an economy
    (d) Terms of trade facing Uganda
    (e) Effects of deteriorating terms of trade
    (f) Policies used to correct long-run deterioration in terms of trade in developing countries
    (g) Balance of trade versus balance of payments
    (h) Reasons for worsening balance of trade for Uganda
    (i) Balance of payments:
        (i) Causes of balance of payments surplus, balance of payments deficit, balance of payments problems
        (ii) Effects and adjustments of balance of payments problems
        (iii) Solutions to balance of payments problems
4. Free trade versus protectionism:

    (a) Definition of free trade; protectionism
    (b) Advantages and disadvantages of free trade
    (c) Reasons for undertaking protectionism
    (d) Instruments of protectionism
    (e) Advantages and disadvantages of protectionism
5. Devaluation and revaluation:

    (a) Definition of devaluation
    (b) Conditions under which devaluation may be carried out
    (c) Reasons for devaluation
    (d) Conditions necessary for devaluation to succeed

(e) Effects of devaluation
(f) Reasons for failure of devaluation
(g) Computation of new and old rates of currencies
(h) Definition of revaluation; its effects
(i) Currency appreciation versus currency depreciation; overvaluation versus undervaluation of a currency

6. Foreign exchange:

   (a) Definition of foreign exchange rate, foreign exchange, foreign exchange reserves
   (b) Sources of foreign exchange to a country and reasons for the demand for foreign exchange
   (c) Uganda's foreign exchange shortages and the steps that can be taken to alleviate the shortages
   (d) Foreign exchange rate:
      (i) Definition and types
      (ii) Advantages and disadvantages
      (iii) Factors that determine the exchange rate in the money market

7. Economic integration:

   (a) Definition
   (b) Factors that give rise to economic integration
   (c) Features of: preferential trade area, free trade area, customs union, common market, economic union, complete integration
   (d) Conditions for the success of economic integration
   (e) Benefits and shortcomings of economic integration

8. Economic integration in developing countries:

   (a) Aims of the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA)
   (b) Achievements and failures of the EAC and COMESA

9. Institutions and agreements in international trade:

   (a) Aims of: General Agreement on Tariffs and Trade (GATT); International Bank for Reconstruction and Development (IBRD); International Monetary Fund (IMF); World Trade Organisation (WTO); United Nations Conference on Trade and Development (UNCTAD)
   (b) Achievements and failures of the above institutions

10. Foreign aid:

   (a) Definition of 'foreign aid'
   (b) Forms of foreign aid
   (c) Importance of foreign aid in development
   (d) Problems and demerits of foreign aid
   (e) Ways of reducing the problems and demerits of foreign aid

L. ECONOMIC GROWTH AND DEVELOPMENT

1. Introduction:

(a) Definition of economic growth; economic development
(b) Economic growth versus economic development
(c) Objectives of economic development in Uganda
(d) Costs and benefits of economic growth
(e) Barriers to economic growth
(f) Indicators of economic development; reasons why economic growth does not always lead to economic development

2. Rostow's theory of economic growth:

   (a) Stages
   (b) Characteristics of Rostow's stages of economic growth

3. Theories of economic growth and development:

   (a) Definition of big push; critical minimum effort
   (b) Balanced growth theory:
      (i) Meaning
      (ii) Merits and demerits
   (c) Unbalanced growth theory
      (i) Meaning
      (ii) Advantages, disadvantages, limitations of the balanced growth theory

4. Characteristics/ indicators of underdeveloped economies; factors responsible for underdevelopment

5. Development strategy:

   (a) Definition, merits and demerits of:
      (i) Agricultural development
      (ii) Industrial development: small-scale and large-scale industries, specialisation
      (iii) Economic diversification
   (b) Advantages, disadvantages and limitations of:
      (i) Export promotion
      (ii) Import substitution
      (iii) Capital intensive techniques of production
      (iv) Labour intensive techniques
   (c) Intermediate technology:
      (i) Appropriate versus intermediate technology
      (ii) Challenges facing the development of appropriate technology in less developed countries
   (d) Technological transfer and technological development:
      (i) Technological transfer versus technological development
      (ii) Factors that hinder technological transfer and technological development in less developed countries

M. ECONOMIC DEVELOPMENT PLANNING

1. Definition and importance of economic development planning

2. Types of plans/ planning:

(a) Partial
(b) Comprehensive
(c) Micro
(d) Macro
(e) Centralised
(f) Decentralised
(g) Authoritarian
(h) Project
(i) Democratic
(j) Indicative
(k) Directive
(l) Perspective

3. Differences between the types of plans/ planning

4. Advantages of partial plan/ planning and comprehensive plan/ planning

5. Objectives of centralised and decentralised planning; reasons for centralised and decentralised planning

6. Elements of a development plan:

    (a) Objectives of the plan
    (b) Plan coordination and consistence
    (c) Planning over space
    (d) Regional planning, policies and strategies

7. Elements of a plan strategy: required institutional reforms, investment goals, volume of resources available, source of finance, duration and coverage, market sources, implementation schedule, monitoring and evaluation

8. The planning process/ stages of planning: identification of goals, plan formulation, plan implementation and evaluation

9. Characteristics of a good plan: sequential, comprehensive, compatibility, consistency, feasibility, proportionality, coordination and evaluation.

10. Conditions necessary for effective planning: availability of resources, statistical data, planning machinery, good political will, good infrastructure, incorruptible and efficient administration, economic stability, and political stability.

11. Effectiveness of development plans/ planning; examination of the problems or limitations encountered in the formulation/ implementation of development plans

N. PUBLIC FINANCE AND FISCAL POLICY

1. Definition of public finance, public revenue, public expenditure, public debt, financial administration, fiscal policy, taxable income

2. Sources of government revenue

3. Definition of tax, taxation; evolution of taxation in Uganda

4. Reasons for levying taxes and the negative effects of taxation

5. Taxes:

   (a) Features and forms of direct and indirect taxes
   (b) Advantages and disadvantages of direct and indirect taxes
   (c) Types of taxes; their advantages and disadvantages:
       (i) Progressive
       (ii) Proportional
       (iii) Regressive
   (d) Definition of impact of tax, tax base
   (e) Tax bases in Uganda; why Uganda has a narrow tax base
   (f) Marginal rate and average rate of taxation

6. Incidence of tax:

   (a) Definition
   (b) Incidence of taxes under: unitary elasticity, elastic, inelastic, perfectly elastic and perfectly inelastic demand and supply

7. Canons, principles or characteristics of a good tax system

8. Meaning of taxable capacity: individual, national, governmental

9. Factors that influence the taxable capacity of a country; why Uganda has low taxable capacity

10. Public Debt:

   (a) Definition of: public debt, national debt; public debt versus national debt
   (b) Types: internal debt, external debt, short-term debt, long-term debt, medium-term debt, funded debt, deadweight debt, reproductive debt, floating debt
   (c) Reasons why a country incurs public debt; the burden of public debt in a developing country
   (d) Public debt management:
       (i) Meaning
       (ii) Objectives of public debt management
       (iii) Ways in which public debt management is carried out

11. National budget as an instrument of economic and social policy

   (a) Meaning of a national budget
   (b) Components of a national budget
   (c) Balanced budget, surplus budget and deficit budget
       (i) Reasons for making a surplus budget and a deficit budget
       (ii) Effects of a surplus budget and a deficit budget
       (iii) Ways of financing a deficit budget
   (d) Importance of a national budget in national economic development

12. Public finance: definition; role of public finance in development

13. Uganda's tax structure and the impact of such a structure

14. Characteristics of public expenditure in Uganda; reasons for the need of public expenditure; effects of government spending on the economy

15. Debt financing and taxation financing'; advantages and disadvantages

O. THE STRUCTURE OF UGANDA'S ECONOMY

1. The features/ characteristics of Uganda's economy:

    (a) Features of Uganda's economy: dualistic, largely agro-based, mixed, dependent, high population growth rate, basically subsistence, open, largely unskilled labour force

    (b) Dualism and dual economy:

        (i) Definition

        (ii) Types and examples of dualism

        (iii) Effects of dualism

    (c) The structure of the agricultural sector in Uganda:

        (i) Effects of such a structure on the economy

        (ii) Ways of changing such a structure

        (iii) Causes of poor performance of the agricultural sector

        (iv) Solutions to the problems of the agricultural sector in Uganda

    (d) The structure of the industrial sector in Uganda:

        (i) Effects of such a structure on the economy

        (ii) Ways of changing such a structure

        (iii) Causes of poor performance of the industrial sector

        (iv) Solutions to the problems of the industrial sector in Uganda

2. Subsistence and monetary sectors:

    (a) Subsistence sector versus monetary sector

    (b) Characteristics/ features of the subsistence and monetary sectors

    (c) Importance/ merits of a large monetary sector and the disadvantages of a large subsistence sector

3. Imports and exports:

    (a) Imports versus exports

    (b) The structure of Uganda's exports and imports

    (c) Effects of such a structure

    (d) Ways of improving the import-export structure

4. Ownership of business organisations:

    (a) Private sector versus public sector enterprises

    (b) Businesses under the private sector (sole proprietorships, partnerships, joint stock companies) and under the public sector (parastatals and public corporations)

    (c) Features/ characteristics, advantages, disadvantages of the different business organisations

    (d) Advantages and disadvantages of private ownership and public/ state/ government ownership of business enterprises; justification of private ownership and government ownership of business enterprises

(e) Problems faced by private and public/ state enterprises

5. Privatisation:

   (a) Definition
   (b) Forms/ ways of privatisation
   (c) Need for privatisation
   (d) Advantages and disadvantages of privatisation
   (e) Problems encountered in the privatisation process

6. Economic dependence:

   (a) Definition
   (b) Forms/ types of economic dependence (trade dependence, sectoral dependence, direct economic dependence, external resource dependence)
   (c) Effects of economic dependence on the economy
   (d) Ways of minimising economic dependence

7. Structural adjustment programmes (SAPs):

   (a) Meaning
   (b) Objectives of SAPs
   (c) Implementation of the SAPs in Uganda: privatisation, liberalisation, retrenchment, agricultural modernisation, export promotion
   (d) Advantages and disadvantages of SAPs

P. ETHICS AND SOCIETY

1. Ethical issues that arise from the:

   (a) Nature of markets in which business operates
   (b) Responsibility of business to society
   (c) Internal and industry practices of business

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BUSINESS LAW - PAPER 4

OVERALL AIM

To enable the learner acquire knowledge and understanding of the legal framework governing the business environment in Uganda

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Explain the general principles of the Ugandan law
2. Explain the general principles of the law of contract
3. Describe how companies are formed
4. Discuss the roles and responsibilities of the officers of a company
5. Identify the various legal forms of insolvency
6. Demonstrate an understanding of the legal relationships between employers and employees
7. Appreciate the principles of the law of agency
8. Describe the formation, operation and termination of partnerships
9. Explain the general principles of the law of trusts
10. Discuss ethical issues in all business relationships

LEVEL OF ASSESSMENT

The examination will test knowledge, comprehension and application of law to real life case scenarios.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt four.

DETAILED SYLLABUS

A. GENERAL PRINCIPLES OF UGANDAN LAW

1. Role, nature and classification of law:
   - (a) Role and nature of law in Uganda
   - (b) Classes of law in Uganda
2. Sources of Ugandan law:
   - (a) Introduction
   - (b) Compare and contrast different sources of Ugandan law
3. Legal systems and administration of law:
   - (a) Types of courts in Uganda.
   - (b) Criminal versus civil law

B.

C. THE LAW OF CONTRACT

1. General principles of the law of contract:
   - (a) Define a contract
   - (b) Classes of contracts
   - (c) Essential elements of a valid contract
   - (d) Formation of a contract
2. Privity of contract:
   - (a) The general principle of privity of contract
   - (b) Exceptions of the general rule of privity of contract
3. Forms and terms of a contract:
   - (a) Forms in which a contract can be made
   - (b) Major and minor terms of a contract
   - (c) Contents of a contract
4. Standard form contracts: meaning of a standard form contract
5. Mistake:
   - (a) Meaning
   - (b) Types of mistakes
6. Misrepresentation:
   - (a) Meaning of misrepresentation

(b) Types of misrepresentation

7. Duress versus undue influence

8. Illegal, void and voidable contracts:

   (a) Differences between illegal and void contracts

   (b) Effect of voidable contracts

9. Assignment:

   (a) Definition

   (b) Forms of assignment

10. Discharge of contracts:

    (a) Meaning

    (b) Ways in which a contract can be discharged

11. Remedies and limitations of actions:

    (a) Remedies for breach of contract
    (b) Time limit for contractual actions
    (c) Exceptions to limitation of contractual actions

D. THE LAW OF AGENCY

1. Introduction to law of agency:

   (a) Definition of agency
   (b) Nature of agency
   (c) Purpose of agency law
   (d) Creation of agency relationship

2. Formation and creation of principal/ agent relationship

3. Types of agents

4. Duties and rights of an agent

5. Duties and rights of a principal

6. Rules governing the relationship between the principal and third parties

7. General rules governing the relationship between the agent and third parties and exceptions to the rules

8. Circumstances under which an agency relationship can be terminated

E. THE LAW OF TRUST

1. Trusts:

   (a) Definition

(b) Types

2. Parties of a trust
3. Circumstances under which a trust can be created
4. Appointment, discharge, duties and liabilities of trustees:
   (a) Requirements for being appointed as a trustee
   (b) Circumstances under which a trustee can be discharged
   (c) Duties and liabilities of trustees
5. Termination of a trust

F. EMPLOYMENT LAW

1. Contract of employment:
   (a) Contents of a contract of employment
   (b) Contract of service versus contract for services
2. Duties and rights of employees.
3. Obligations of an employer to employees
4. Discrimination:
   (a) Types of discrimination
   (b) Statutory provisions against discrimination
5. Termination of contract of employment:
   (a) Circumstances under which a contract of employment can be terminated
   (b) Circumstances under which termination may be unlawful

G. THE LAW OF PARTNERSHIPS

1. Definition and types of partnerships.
2. Formation of partnerships.
3. The relationship of partners; duties and rights
4. Obligations of partners to third parties
5. Termination of partnerships

H. COMPANY LAW

1. Definition of company
2. Incorporation and classification of companies:
   (a) Classes
   (b) Types
   (c) Public versus private companies

(d) Procedure of registration

(e) Importance of the certificate of incorporation

3. Commencement of business; requirements before commencement of business
4. Characteristics of a company
5. The veil of incorporation; circumstances under which the veil of incorporation may be lifted
6. The ultra vires doctrine

I. PROMOTION AND FORMATION OF COMPANIES

1. Promoters:
   (a) Definition
   (b) Duties of a promoter
   (c) Remedies for pre-incorporation acts of promoters
   (d) Circumstances under which promoters are remunerated
   (e) Rules governing pre-incorporation contracts
2. Memorandum of association:
   (a) Importance and contents of a memorandum of association
   (b) Requirements for altering a memorandum of association
   (c) Effect of alteration of a memorandum of association
3. Articles of association:
   (a) Importance and contents of articles of association
   (b) Requirements for altering articles of association
   (c) Effect of alteration of articles of association

J. SHARE CAPITAL

1. Meaning and types of share capital
2. Raising share capital:
   (a) Ways of raising share capital:
      (i) Offers
      (ii) Underwriting
      (iii) Brokerage
   (b) Liability for misrepresentation and non-disclosure
   (c) Transfer of shares
   (d) Parties liable for misrepresentation and non-disclosure in transaction of transfer of shares

3. Prospectus:

    (a) Meaning, nature and contents

    (b) Ways of how liabilities may arise as a result of issuance of a prospectus

    (c) Remedies for parties who may be aggrieved as a result issuance of a prospectus

4. Allotment of shares: application, notice, power, pre-emption rights, considerations, issues of shares at a discount and at a premium, restrictions on allotment:

    (a) How shares are allotted

    (b) Parties eligible for application for allotment

    (c) Pre-emption rights

    (d) Circumstances under which shares can be issued at a discount and at a premium

    (e) Rules governing the allotment of shares

5. Shares: certificates:

    (a) Types of shares

    (b) Contents of share certificate

    (c) Rules governing calls on and transfer of shares

    (d) Circumstances under which transfer of shares can be restricted

    (e) Meaning of ‘mortgage’, ‘forfeiture’, ‘surrender’, ‘conversion’

    (f) Contents of register of members

    (g) Features of annual returns

    (h) Meaning of ‘share warrant’

    (i) Class rights and variation of class rights

    (j) Alteration and reduction of capital

    (k) Reasons why reduction of share capital is prohibited

    (l) Purchase of own shares

K. DEBENTURES

1. Definition and classification of debentures.
2. Manner in which debentures can be issued and transferred.
3. Trust deed:

    (a) Meaning

    (b) Advantages

4. Priority of payment of debenture holders

5. Types of charges
6. Remedies for debenture holders

L. MEMBERSHIP

1. Eligibility for membership
2. Process of becoming a member
3. Termination of membership
4. Register of members and its importance
5. Annual return; importance and contents

M. MEETINGS

1. Statutory meeting; importance of holding a statutory meeting
2. Annual general meeting; importance; matters that must be considered
3. Other meetings
4. Notices of meetings; statutory requirements for notices of different meetings
5. Proceedings at general meetings; legal requirements of conducting a general meeting

N. DIRECTORS AND SECRETARY

DIRECTORS:

1. Appointment:
   (a) Process of appointment
   (b) Qualification for appointment
2. Publicity requirements; circumstances under which directors are supposed to be publicised
3. Powers, duties and responsibilities of directors; circumstances under which a director can be held liable personally
4. Remuneration; circumstances under directors are remunerated
5. Directors' meetings; roles of directors in their meeting
6. Directors' interest in shares or debentures; circumstances under which directors can have interest in shares or debentures
7. Disqualification and removal of directors

COMPANY SECRETARY:

1. The Company Secretary; duties and powers
2. Contents of the register of directors and secretaries

O. ACCOUNTS (FINANCIAL STATEMENTS) AND COMPANY AUDITOR

1. Accounts (Financial Statements):
   (a) Meaning of an auditor

(b) Types of accounts (financial statements)

(c) Directors duties

(d) Auditor's responsibilities

(e) Auditor's report

(f) Circumstances under which an auditor can be personally liable for damages arising out of his report

2. Auditors:

   (a) Appointment

   (b) Resignation and removal

   (c) Qualifications

   (d) Rights and duties

   (e) Remuneration

   (f) Liability (negligence under common law, civil and criminal liability)

P. DIVIDENDS

1. Declaration and payment.

   (a) Meaning of dividend

   (b) Declaration and payment

2. Unlawful distribution of dividends

3. Capitalisation of profits

Q. CORPORATE INSOLVENCY

1. Winding up:

   (a) Meaning of the term 'winding up'
   (b) Ways of winding up
   (c) Grounds for winding up
   (d) Parties who can qualify to petition for winding up
   (e) Procedure for winding up
   (f) Commencement and completion
   (g) Legal consequences of winding up
   (h) Priority in the apportionment of proceeds from winding up

2. The Liquidator:

   (a) Meaning of 'liquidator'
   (b) Appointment and removal
   (c) Remuneration
   (d) Control over a liquidator

(e) Rights, powers and duties of a liquidator
(f) Ways in which a liquidator may be liable for transactions made during winding up

R. MAJORITY RULE, MINORITY PROTECTION, AND INVESTIGATIONS

1. The rule in Foss v Harbottle:

   (a) Explanation of the rule
   (b) How common law and case law protect the minority shareholders action by shareholders
   (c) Circumstances under which shareholders can bring action for or against the company.
2. Statutory protection of the minority.
3. Circumstances under which company investigations and inspections can be carried out

ETHICAL ISSUES

1. Ethical issues in business relationships
2. Insider dealing:

   (a) Meaning of 'insider dealing'
   (b) Parties liable for offences/irregularities in insider dealing
3. Solutions to ethical issues

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4. Bakibinga D.J (2006), Equity & Trusts in Uganda, Professional Books Publishers, Kampala, Uganda.2nd Edition.
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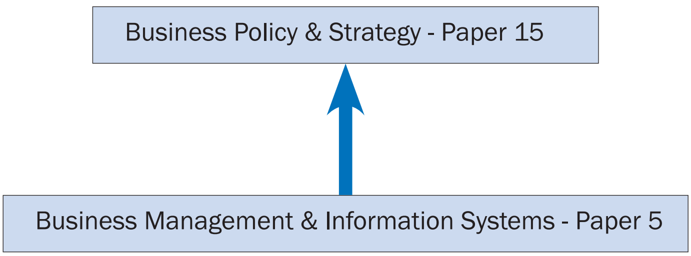
BUSINESS MANAGEMENT AND INFORMATION SYSTEMS– PAPER 5

SYLLABUS CHART



OVERALL AIM

To enable the learner develop knowledge and understanding of business and its environment and the influence this has on the structure and functions of the different parts of an organisation and also appreciate computer hardware, software and information systems development both theoretically and practically.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Analyse the environment within which businesses operate.
2. Discuss the objectives of businesses.
3. Analyse the functions of management.
4. Describe the evolution of computers.
5. Describe information technology in a business context.
6. Identify the issues of specification and selection of computer hardware and software solutions for business.
7. Apply the basic accounting and presentation packages.

8. Identify and explain information systems development process.

9. Identify security, regulatory/policy and ethical issues associated with the use of information technology.

10. Use a computer to prepare basic numerical, text, graphical and database information.

LEVEL OF ASSESSMENT

The examination will assess the learner's comprehension and application of business and information systems knowledge and skills.

EXAMINATIONS STRUCTURE

Paper 5(I)

There will be a three hour examination made up of sections A and B. Section A will comprise of four questions of 20 marks each, of which the candidate will be required to attempt any three. Section B will comprise of three questions of 20 marks each, of which the candidate will be required to attempt any two

Paper 5(II)

There will be a one hour and thirty minutes practical examination of 50 marks

DETAILED SYLLABUS

PART A: MANAGEMENT

A. THE BUSINESS ENVIRONMENT

1. PESTEL analysis:

   (a) Political/ legal environment:
      - (i) Enforcement of laws and regulations
      - (ii) Self-regulation
      - (iii) Creation of economic conditions for business to operate (including taxation and public spending)

   (b) Social environment:
      - (i) The demographic environment
      - (ii) Difference and changes in the composition and characteristics of society in terms of age, sex, marital status, family size, occupation, income, education, ethnic origin, geographical location
      - (iii) The values, attitudes and beliefs of society

   (c) Technological environment:
      - (i) Major developments - impact on organisations and external effects

(ii) Society and technology

(d) Economic environment:

(i) Inflation

(ii) Unemployment

(iii) Foreign exchange rates

(iv) Interest rates

(e) Environmental factors:

(i) Laws regarding pollution

(ii) Waste management

(iii) Energy consumption and conservation

(iv) Environmental activism

2. SWOT analysis:

(a) Strengths and weaknesses

(b) Opportunities and threats

(c) Organisational response to threats and opportunities

A. OBJECTIVES OF BUSINESS

1. Primary objectives:

(a) Wealth maximisation

(b) Growth

(c) Profit maximisation

(d) Survival

2. Secondary objectives:

(a) Market standing and share

(b) Innovation, productivity, and added value

(c) Acquisition and application of physical resources and technology

(d) Profitability in terms of return on capital employed (ROCE)

(e) Employees and management

(f) Financial resources and social responsibility

3. Conflict of objectives:

(a) Stakeholder analysis

(i) Meaning

(ii) Types

(iii) Needs and expectations

(b) Stakeholder mapping:

(i) Levels of power and interest

(ii) Dealing with stakeholder groups

(iii) Stakeholder conflicts and how they arise

(c) Stakeholder coalitions; how stakeholder groups can increase their power and influence

B. FUNCTIONS OF MANAGEMENT

1. Planning:

(a) Meaning

(b) Types:

(i) Strategic plans

(ii) Operational plans

(iii) Contingency plans

(c) Management by objectives

(d) Planning time horizons

2. Controlling:

(a) Meaning of the term control

(b) Steps in the traditional control process:

(i) Establishment of standards of performance

(ii) Measurement of actual performance

(iii) Comparison of actual performance with standards

(iv) Feedback

(v) Corrective action

(c) Bureaucratic control versus decentralised control

3. Co-ordination:

(a) Meaning

(b) Structure of the organisation (functional, divisional, matrix)

(c) Co-ordination: the need to keep departments working together

4. Leadership and delegation:

(a) Meaning of 'leader' and 'leadership'

(b) Types of leaders

(c) Power:

(i) Meaning

(ii) Sources

(d) Theories of leadership approaches:

(i) Trait theories
(ii) Action-centered approach
(iii) Contingency approach (Fiedler)
(iv) Transformational leadership

(e) Leadership styles:

(i) The Blake and Mouton's managerial grid; benefits and drawbacks of the grid
(ii) Autocratic versus democratic leaders; the leadership continuum (Tannenbaum & Schmidt)
(iii) Contingency approaches developing towards situational theory

5. Decision making:

(a) Importance of effective decision making

(b) Types of decisions:

(i) Programmed
(ii) Non-programmed decisions

(c) Decision making models:

(i) Classical
(ii) Administrative

(d) Decision making steps:

(i) Recognition of decision requirement
(ii) Diagnosis and analysis of causes
(iii) Development of alternatives
(iv) Selection of desired alternative
(v) Implementation of chosen alternative
(vi) Evaluation and feedback

6. Communication:

(a) Meaning and importance
(b) Forms
(c) The communication process
(d) Methods of communication
(e) Patterns of communication
(f) Effective communication:

(i) Attributes
(ii) Barriers and how to overcome them

C. FUNCTIONAL AREAS OF MANAGEMENT

1. Finance:

(a) Areas of expertise:
   (i) Reporting
   (ii) Managing
   (iii) Auditing
   (iv) Advising on financial performance
(b) Types of accounting:
   (i) Financial accounting
   (ii) Management accounting
   (iii) Auditing
   (iv) Specialist accounting (consultancy)
(c) Analysis of financial statements:
   (i) Trends and ratios
   (ii) Comparison of financial performance between companies

2. Marketing:
   (a) Meaning
   (b) Managing the marketing mix:
      (i) Product: the product life cycle, the need for new product development
      (ii) Price: competitors' prices, customer expectations
      (iii) Place: chain of distribution
      (iv) Promotion: advertising, sales promotions, public relations, direct selling
3. Operations management:
   (a) Purchasing and inbound logistics
   (b) Manufacturing process
   (c) Distribution and outbound logistics
4. Human resource management:
   (a) Stages in the selection and recruitment process:
      (i) Job description and person specification
      (ii) Induction
      (iii) Training
      (iv) Development
   (b) Motivation:
      (i) Maslow's hierarchy of needs
      (ii) Herzberg's motivation (hygiene) theory
      (iii) McGregor's (X/Y) theory

(iv) Victor Vroom's Valence (expectancy) theory

(c) Rewards and incentives:

(i) Rewards versus incentives

(ii) Types of rewards and incentive schemes

(iii) Objectives of a successful reward system

PART B: INFORMATION SYSTEMS

A. COMPUTER BASICS

1. Introduction:

(a) History of computers

(b) The future of computers

(c) Computer generations and classification

2. Computer system:

(a) Meaning

(b) Types of computers

(c) Types of data/ Information processing

(d) Caring for computers

(e) Data and computer security and risks

(f) Ergonomics (physical health and mental health)

(g) Computer ethics

3. Information technology:

(a) Meaning

(b) Manual versus computerised systems

(c) Limitations of using computers

(d) Applications

(e) Social impact of computers and information technology

B. HARDWARE COMPONENTS OF A COMPUTER

1. Introduction:

(a) Meaning of hardware

(b) Hardware parts of the computer

2. Input devices:

(a) Meaning and associated characteristics

(b) Types and examples of input devices for example: - keyboard, mouse, light pen, recorders, bar code reader, etc.

(c) Utility of input devices in business solutions

(d) Maintenance and security of input devices

(e) Input device specifications, characteristics and capabilities

3. Output devices:

   (a) Meaning

   (b) Types and examples of output devices

   (c) Utility of output devices in business solutions

   (d) Maintenance and security of output devices

   (e) Output device specifications, characteristics and capabilities

4. Storage devices:

   (a) Meaning and characteristics of computer storage

   (b) Primary storage devices

   (c) Secondary storage devices

   (d) Storage device selection

   (e) Purpose and role of computer hardware

5. Processing devices (CPU)

6. Uninterrupted power supply

7. Ports and cables

C. SOFTWARE COMPONENTS OF A COMPUTER

1. Computer software:

   (a) Meaning

   (b) Characteristics and applicability of computer software to businesses

   (c) Types

   (d) Application packages and suites

2. Operating systems:

   (a) Meaning and characteristics

   (b) Functions

   (c) Types and examples

3. Utility programs:

   (a) The role of utility programs as common computing requirements

   (b) Characteristics and examples

   (c) Commonly used utility programs

4. Programming languages:

   (a) Meaning and characteristics

   (b) Generation languages (machine code to artificial intelligence)

D. DATA COMMUNICATION DEVICES

1. Data transmission:

   (a) Data communication for business
   (b) Transmission and control of business data
   (c) Components of data communication

2. Types of networks:

   (a) Meaning of computer network and applicability
   (b) Characteristics and types of networks
   (c) The Internet

3. Network topologies:

   (a) Meaning, interconnection of elements and characteristics of network topologies
   (b) Basic types of network topologies and connectivity
   (c) Selection of network topology

4. Network models:

   Meaning, characteristics and applications of:

   (a) Client-server system

   (b) Peer-to-peer

E. CARE AND SECURITY OF COMPUTER SYSTEMS AND NETWORKS

1. Meaning and characteristics of computer virus

2. Meaning of software and data security

3. Dangers to computer software and information systems

4. Precautions and safeguards against data/file loss

5. Characteristics of antivirus software

F. GENERAL INFORMATION SYSTEMS CONCEPTS

1. Nature and types of information systems

2. Information systems architecture

3. Control and feedback in information systems

4. Nature, types, value and role of information

5. Office automation.

6. Data and information: definition, distinction and characteristics, data processing cycle and value of information

7. Models of data processing (real-time/online, batch processing, distributed and centralised processing)

G. HARDWARE AND SOFTWARE CONSIDERATIONS

1. Acquisition issues: identifying business requirements and recommending business solutions

2. Classical systems development life cycle/ process:

   (a) Stages of the systems development life cycle pertaining to development of a business system

   (b) Relating failures or shortcomings with inappropriate/ inconsistent conduct/ omissions in the development cycle

H. TERMINOLOGIES OF BASIC END-USER PACKAGES

1. Understanding how to use a computer; booting the computer

2. User interface:

   (a) Types

   (b) Windows environment

3. Desktop components:

   (a) Quick launch toolbar

   (b) Taskbar

   (c) Icons

   (d) Start button and menu

   (e) My computer

   (f) Task manager

   (g) Recycle bin

4. File management:

   (a) Files and folders; creating a new folder

   (b) Copy/ move files from one folder to another

   (c) Drag and drop files

(d) Create different file types with varying extensions
(e) Create shortcuts to frequently used files or applications
(f) Use of hard drive and other drives for file management
(g) Renaming/ deleting folders or files
(h) Using the recycle bin
(i) Storage options:
    (i) Internal drives
    (ii) Flash drives
    (iii) CDs/ DVDs
(j) My computer
(k) Save As, Save and Exit without changes

I. SPREADSHEETS

1. Characteristics of spreadsheet application
2. Application of spreadsheet software for day-to-day business operations
3. Spreadsheet applications hands-on
4. Spreadsheet application functions: - inputting data, formatting, saving, and renaming
5. Spreadsheet data manipulation
6. Relative referencing and nested functions
7. Spreadsheet output

J. DATABASES

1. Characteristics of a database application/system
2. Types of databases
3. Application of database system software for day-to-day business operations
4. Database applications hands-on
5. Character, field, record, table, database
6. Database objects: tables, queries, forms and reports
7. Entity and attributes
8. Data types, primary key, foreign key, index
9. Data input, manipulation, reporting and saving

K. WORD PROCESSING

1. Characteristics of a word processing application
2. Application of word processing software for day-to-day business operations
3. Word processing application hands-on
4. Application commands and functions: creation of a document, inputting data, formatting, saving, printing and retrieval
5. Tables and graphs
6. Data formatting and text manipulation
7. Mail-merge

L. BASIC PRESENTATION

1. The fundamentals of presentation
2. Presentation basics
3. Formatting a presentation
4. Working with objects
5. Working with tables
6. Working with charts and smart art
7. Applying transition and animation effects
8. Finalising a presentation

PAPER 5 (II)

A. SPREADSHEETS (MS-EXCEL)

1. Getting started with Excel:
   - (a) Starting Excel
   - (b) Excel working environment
   - (c) Using the ribbon as the Excel user interface
   - (d) Navigating within the worksheet/ workbook
   - (e) Selecting a cell or range of cells
   - (f) Entering data
   - (g) Cutting, copying, and pasting cell values
   - (h) Copy and paste special

(i) Saving and opening a workbook

2. Managing rows and columns:
   - (a) Inserting, moving and deleting cells
   - (b) Managing columns and rows
   - (c) Hiding and unhiding rows/ columns
   - (d) Formatting column widths and row heights
3. Managing worksheets:
   - (a) Formatting worksheet tabs
   - (b) Inserting and deleting worksheets
   - (c) Moving and copying worksheets
   - (d) Hiding and unhiding worksheets
4. Formatting cells:
   - (a) Number and date formatting
   - (b) Finding and replacing text
   - (c) Working with styles
5. 5. Working with formulas and functions:
   - (a) Entering formulas
   - (b) Arithmetic operators and order of operations
   - (c) Using auto-fill options
   - (d) Using commonly used functions e.g VLookup, Sum, IF, Max and Min, Sumif, Countif, And, Or, Left, Right and Concatenate, Round, Proper, Now
6. Organising worksheet and table data:
   - (a) Creating and modifying tables
   - (b) Sorting and filtering data in tables
   - (c) Summarising information in tables
7. Working with charts:
   - (a) Summarising data visually using charts
   - (b) Customising chart data
   - (c) Formatting chart legend and titles
   - (d) Changing chart bodies
   - (e) Saving charts as templates
   - (f) Creating pie-charts
8. Managing workbooks:

(a) Linking worksheets
(b) Printing worksheets
(c) Setting page setup options
(d) Setting page breaks

B. WORD PROCESSING (MS WORD)

1. Familiarising with the MS Word interface:
   (a) The Quick access toolbar
   (b) The Title bar
   (c) The Ribbon
   (d) The Ruler: the text area, the vertical and horizontal scroll bars
   (e) The Status bar
      (a) Understanding document views: minimise, maximise, close and resize buttons
      (b) Understanding non-printing characters
      (c) Executing commands with keyboard shortcuts
   (f) Zoom slider
   (g) Starting a new paragraph
   (h) Help
2. Creating a basic document:
   (a) Creating a blank document
   (b) Customising the word environment
   (c) Entering text
   (d) Saving files and exiting word
3. Editing a document:
   (a) Navigating and selecting text in a document
   (b) Inserting, deleting, or rearranging text
   (c) Undoing changes
   (d) Searching and replacing text
   (e) Cutting and pasting
   (f) Copying and pasting
   (g) Using the clipboard

(h) Finding and replacing

(i) Checking spelling, grammar and word count

(j) Enhancing textual meaning using the thesaurus

(k) Customising autocorrect options

(l) Previewing and printing documents

4. Formatting text and paragraphs:

   (a) Changing font appearance

   (b) Highlighting text

   (c) Adding bullets and numbers

   (d) Setting tabs to align text

   (e) Paragraph layout

   (f) Borders and shading

   (g) Applying styles

   (h) Creating lists

   (i) Managing formatting

   (j) Adding spaces before or after paragraphs

   (k) Changing line spacing

   (l) Creating first-line indents

   (m) Indenting paragraphs

   (n) Aligning paragraphs

   (o) Creating hanging indent

5. Tables:

   (a) Creating

   (b) Modifying

   (c) Formatting

   (d) Converting text to tables or tables to text

6. Inserting graphic objects:

(a) Adding visual effects using symbols and special characters

(b) Inserting illustrations, clip art

7. Managing page appearance:

(a) Page layout

(b) Borders and colours

(c) Watermarks

(d) Headers and footers

(e) Page numbering

(f) Orientation

(g) Page size

(h) Margins

(i) Page and section breaks

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TAXATION – PAPER 6

SYLLABUS CHART

Advanced Taxation – Paper 9

↑

Taxation – Paper 6

OVERALL AIM

To provide the basic knowledge of taxation in Uganda covering all aspects of tax as considered by Government of Uganda. It will form a foundation for Advanced taxation – paper 9.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Understand the objectives of taxation and factors that determine the country's taxable capacity.
2. Understand different forms of taxation and tax administration in Uganda.
3. Compute the different tax liabilities for individuals and corporate bodies.
4. Explain the tax system as it applies to individuals and corporate bodies in Uganda.
5. Prepare and submit tax returns for individuals and corporate bodies.
6. Show an understanding of tax assessments.
7. Show an understanding of the e-tax platform.

8. Handle simple correspondence with tax authorities.

9. Analyse the local and global business environment.

10. Explain the challenges facing entrepreneurs and how to overcome them.

11. Recognise and evaluate business opportunities.

12. Explain the ethical challenges that are met when carrying out taxation issues.

STRUCTURE OF THE SYLLABUS

The taxation syllabus forms a basis for advanced taxation paper which is almost independent of others. It however demands a student to have good knowledge of Business law – Paper 3 and Financial Accounting - Paper 1. Students should understand this relationship as a basis of the study and where it is necessary to review the previous paper(s).

LEVEL OF ASSESSMENT

The examination will test the ability of the learner to demonstrate an understanding of legal framework and the general tax administration in Uganda

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt four.

DETAILED SYLLABUS

A. INTRODUCTION TO TAX ADMINISTRATION IN UGANDA

1. History and background of tax

2. Tax administration from Pre- URA regime, URA regime, E- tax, E- Filing, and E- payment

3. Objectives of taxation

4. Concept of taxation

5. Principles of taxation (Canons of Taxation)

6. Incidence, impact, and tax base

7. Characteristics of a good tax system

B. NATURE AND SCOPE

1. Classifications of taxes:

   (a) Progressive

(b) Proportional

(c) Regressive

2. Types of taxes: direct tax and indirect tax; advantages and disadvantages

3. Taxable capacity

4. Tax compliance, Tax evasion and tax avoidance

(a) Meaning

(b) Factors influencing tax compliance

5. Methods of tax accounting

6. Tax structure in Uganda and its implications

C. INCOME TAX

1. Meaning of chargeable income, gross income, and exempt income; examples of exempt income and exempt organisations – amateur sporting associations, charitable organisation, and listed institutions

2. Residence status:

(i) Tax residence status and non tax residence

(ii) Short term residence

(iii) Resident individual, company, partnership and trust

3. Year of assessment:

(a) Normal

(b) Transitional

(c) Substituted

D. EMPLOYMENT INCOME

1. Meaning of employment and employment income

2. Sources

3. Valuation of the benefits

4. Exempt income

5. Pay as you earn system and its limitations

6. Computation of employment income and tax liability

E. BUSINESS INCOME

1. Meaning of business, business income and examples

2. Characteristics of trade

3. Meaning of small tax payer and the implications of presumptive income tax

4. Determination of taxable business income:

    (a) Allowable deductions
    (b) Non–allowable deductions
    (c) Capital deductions:
        (i) Meaning of qualifying capital expenditures
        (ii) Types of capital expenditures
        (iii) Meaning of an eligible property
        (iv) Computation of chargeable income and tax thereon of an individual and company

F. PROPERTY INCOME

1. Meaning, scope and examples

G. TAXATION OF RENTAL INCOME

1. Meaning of rental income and rental tax

2. Tax treatment of rental income; allowable deductions and tax threshold

3. Tax treatment of rental income for an individual and that of a company

4. Computation of rental tax

H. H INCOME TAX RETURNS AND ASSESSMENTS

1. Meaning of the return of income and assessment

2. Persons eligible to file a return of income

3. Circumstances where a return of income is not required

4. Due dates for filing a return of income: final return, provisional return, estimated return, and amended assessment

5. Provisions of the law regarding the extension of time to file a return of income

6. Tax assessments:

    (a) Based on tax payer's return

(b) Self assessments, additional assessments/amended assessments and estimated assessments

7. Small business tax payers

   (a) Meaning
   (b) Computation of small tax payer's liability, return of gross income, election or option for income tax

8. Payment of taxes:

   (a) Final
   (b) Provisional tax
   (c) Payment of tax withheld
   (d) Due dates for payment

I. WITHHOLDING TAX

1. Meaning of withholding tax and the parties to this tax
2. Payments subject to withholding tax
3. Conditions in which withholding tax is a final tax
4. Implications of taking withholding tax as final tax
5. Payment of withholding tax and penalties for non-compliance

J. CAPITAL GAINS TAX

1. Meaning and scope of capital gains tax:

   (a) Business assets
   (b) Cost base of an asset
   (c) Disposal of an asset:
      (i) Gains or losses from disposal
      (ii) Cost base of a non- arms length disposal
      (iii) Part disposal of an asset
      (iv) Disposal by exchange
      (v) Disposal by way of gift
      (vi) Deemed disposal by fire

2. Computation of capital gains tax on various disposals

K. VALUE ADDED TAX (VAT)

1. Meaning of VAT; advantages and disadvantages

2. Administration of VAT:

   (a) Operations of the VAT department
   (b) VAT registration
   (c) Taxable persons
   (d) Taxable supplies of goods/services, zero rated supplies, exempt supplies, and mixed supplies
   (e) Place of supply
   (f) Rates of tax and tax periods
   (g) Returns and due dates
   (h) Penalties and offences
   (i) Deregistration

3. Accounting for VAT:

   (a) Time/point of supply
   (b) Valuation of supplies.
   (c) Taxable value of imported goods and services
   (d) Cash accounting and invoice accounting
   (e) Advantages of cash accounting over invoice accounting

4. VAT accounts and records:

   (a) Tax invoices
   (b) Credit notes
   (c) Debit notes

5. Types of returns:

   (a) Amended returns
   (b) Returns that are filed separately

6. Powers and duties of the Commissioner

7. Rights and obligations of a registered payer

8. Computation of input and output tax

9. Refund procedures

L. OTHER SOURCES OF REVENUE

1. Sources of revenue which include: Fines, licences, lotteries, rates, compulsory saving schemes, government securities etc

M. CUSTOMS MANAGEMENT PROCEDURES

Importation procedures:

(a) Arrival and reporting procedures for vehicles

(b) Arrival by international trains, vehicles and other means overland

(c) Re-export procedures

(d) Goods in transit

Unloading and removal of cargo:

(a) Entry examination

(b) Removal of goods by sale in customs warehouse

(c) Passenger clearance

Customs warehouses

(a) Meaning

(b) Receipt/ delivery of goods

(c) Disposal of warehouse goods

Bonded warehouses

(a) Meaning

(b) Customs procedures for bonded warehouses:

 (i) Receipt/delivery of goods

 (ii) Entry and control of goods prior to bonded ware house

 (iii) Licensing of bonded warehouse

 (iv) Goods not allowed in the bonded warehouse

Exportation procedures under customs for example

(a) Customs procedures for exports

(b) Entry out wards of goods

(c) Procedures for re-exportation

(d) Export of bonded goods

Smuggling of goods

(a) Meaning

(b) Forms of smuggling

(c) Reasons for imposing prohibitions

(d) Reasons for restriction of certain goods

(e) Problems associated with smuggling

(f) Ways of preventing smuggling of goods and services; and treatment of offenders.

7. Importation by post:

(a) rocedures for clearing post parcels

 (i) Examination procedures for parcels

(ii) Redirecting parcels

(b) Warehousing post imported goods

8. Customs Union

(a) Meaning

(b) Benefits and challenges

(c) Opportunities created

9. Common markets

(a) Advantages

(b) Trade barriers

N. ETHICAL ISSUES

1. Ethical challenges that may be met when carrying out tax work

ENTREPRENEURSHIP

A. BUSINESS ENVIRONMENT

1. Types of business environment

(a) Internal environment

(b) External environment

2. Entrepreneurship and Small and Medium enterprises

(a) Meaning and the environment of small business

(b) Managing small and medium enterprises:

(i) Human resource management

(ii) Financial management

(iii) Marketing: shop design, front, walls and ceiling, colour scheme, customer spotting, interior design, floor, methods of allocating space, design basics, window display

(iv) Purchasing objectives, policies, procedures, documents evaluation of suppliers, and legal implications

(c) Risk and failures analysis of small and medium businesses

(d) Advantages and disadvantages of small and medium businesses

(e) Role/ contribution of small and medium businesses to the development of the economy

(f) Ending the business venture (definition, reasons and ways of terminating

B. FORMS OF BUSINESS ORGANISATIONS

1. Sole proprietorship.
2. Partnership.
3. Private limited companies.
4. Public Limited Companies.

C. FORMS OF BUSINESS GROWTH

1. Natural Growth
2. Artificial Growth

Business Combinations:

(i) Mergers
(ii) Acquisitions/ Absorption/ Take-overs
(iii) Rationale for acquisition/ merging; merits and demerits
(iv) Buyout (Definition, factors to consider, format for buyout, taking over a family business, merits and demerits)
(v) Franchising in business (Nature, importance, types, benefits, limitations to franchiser and franchisee)
(vi) Holding company
(vii) Joint ventures

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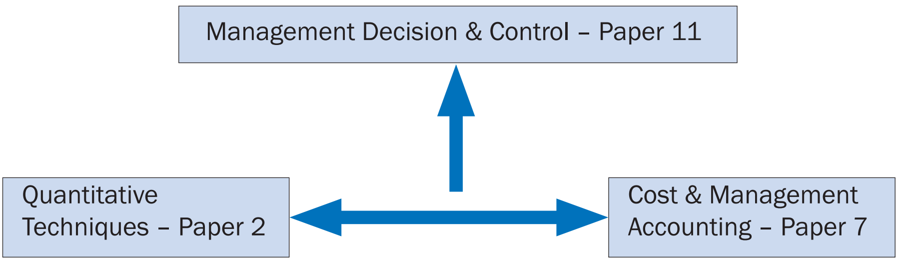
COST AND MANAGEMENT ACCOUNTING – PAPER 7

SYLLABUS CHART



OVERALL AIM

To enable the learner develop cost and management accounting principles for the production of information for decision making.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Explain the roles of cost accounting, management accounting, and financial accounting.

2. Identify elements of costs.

3. Allocate and evaluate costs.

4. Calculate product costs under different methods of cost accounting.

5. Identify relevant costs for decision-making.

6. Describe the principles of budgeting and prepare budgets.

7. Identify any ethical issues that may be met by management accountants.

LEVEL OF ASSESSMENT

The examination will be centred on the basics of management accounting, testing mainly knowledge and comprehension, as well as application and analysis.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of 20 compulsory multiple-choice questions of 20 marks. Section B will comprise of five questions of 20 marks each, of which the candidate will be required to attempt any four.

DETAILED SYLLABUS

A. INTRODUCTION

1. The nature and scope of management accounting
2. Role of the management and cost accounting function
3. Relationship between management accounting, cost accounting and financial accounting
4. Users of management accounting information
5. Information needs of internal and external users of management accounting information
6. The role of a management accountant and financial accountant
7. Objectives; advantages of a costing system
8. Ethical requirements of a management accountant

B. COST CLASSIFICATIONS

1. Meaning of:
   - (a) Cost, cost unit, cost centre, cost object, cost behavior
   - (b) Cost classification
2. Explain the following costs:
   - (c) Product
   - (d) Period
   - (e) Variable
   - (f) Fixed
   - (g) Relevant
   - (h) Irrelevant
   - (i) Avoidable

(j) Unavoidable
(k) Controllable
(l) Non-controllable
(m) Job
(n) Process
(o) Sunk
(p) Opportunity
(q) Replacement
(r) Notional
(s) Budgeted
(t) Standard
(u) Historical
(v) Pre-determined
(w) Normal
(x) Abnormal
(y) Differential
(z) Marginal
(aa) Future
(ab) Conversion
(a) Discretionary
(b) Out-of-pocket

3. Cost classifications:
   (a) Types
   (b) Importance of each type
4. Elements of manufacturing costs; direct, indirect and non-manufacturing costs
5. Cost sheet /cost statement

C. MATERIAL COSTING

1. Meaning and components of material cost
2. Materials control:
   (a) Objectives
   (b) Procedures
      (i) Purchasing
      (ii) Issuance of materials from store
      (iii) Storage

3. Inventory records:

    (a) Bin card
    (b) Stores ledger card

4. Types, merits and demerits of stores management systems:

    (a) Centralised
    (b) Decentralised
    (c) Imprest

5. Documents used in materials control:

    (a) Materials requisition note
    (b) Bill of materials
    (c) Goods received note
    (d) Delivery note
    (e) Materials returned note
    (f) Materials transfer note

6. Techniques of inventory control:

    (a) Economic order quantity
    (b) Control level
    (c) Just in time
    (d) ABC analysis
    (e) Inventory (stock) turnover ratio

7. Types, merits and demerits of the inventory counting (stocktaking) methods:

    (a) Continuous inventory counting
    (b) Periodic inventory counting

8. Perpetual inventory control system

9. Methods of inventory valuation and their applications:

    (a) First in first out
    (b) Last in first out
    (c) Weighted average

10. Advantages and disadvantages of each method of inventory valuation

11. Accounting treatment for material losses

D. LABOUR COSTING

1. Meaning of labour costs

2. Procedures followed in controlling labour costs

3. Labour turnover

   (a) Meaning
   (b) Causes
   (c) Effects
   (d) Costs

4. Job evaluation versus job analysis

5. Merit rating: merits and demerits

6. Payroll accounting

   (a) Meaning
   (b) Comparison with labour cost accounting
   (c) Functions and responsibilities of the payroll function

7. Determination of gross wages:

   (a) Clock and time cards
   (b) Piece work cards
   (c) Employee record card
   (d) Job card

8. Fraud in the payroll department and how to overcome it

9. Concepts of idle time, idle capacity, overtime and their treatment

10. 10. Methods of labour remuneration:

   (a) Time rate system
   (b) Piece rate method
   (c) Premium and bonus plans

11. Advantages and disadvantages of each method

12. Principles of a good incentive scheme

13. Incentive schemes:

   (a) Halsey premium plan
   (b) Rowan plan group bonus scheme

(c) Merits and demerits of each scheme

E. OVERHEAD COSTING

1. Meaning of overheads

2. Ways of overhead classification

3. Methods of semi-variable overhead segregation:

   (a) High-low method
   (b) Scatter diagram
   (c) Least squares regression method
   (d) Simultaneous equations

4. Allocation and apportionment of overheads

5. Re-apportionment of service department overheads to production departments:-

   (a) Simultaneous equation method
   (b) Repeated distribution method
   (c) Elimination/step method

6. Overhead absorption

   (a) Determination of overhead absorption rates:
      (i) Actual overhead rate
      (ii) Predetermined overhead rate
      (iii) Blanket and departmental overhead rates
   (b) Methods of overhead recovery:
      (i) Direct material cost
      (ii) Direct wages
      (iii) Prime cost
      (iv) Direct labour hour
      (v) Machine hour rate
      (vi) Rate per unit of output
      (vii) Sales price
   (c) Accounting treatment of under/over recovery of overheads
   (d) Causes of under/ over absorption of overheads

7. 7. Meaning and determination of capacity levels:

   (a) Idle capacity
   (b) Normal capacity

(c) Actual capacity
(d) Practical capacity
(e) Maximum capacity
(f) Capacity based on expected sales

F. COST ACCOUNTS

1. Meaning of integrated and interlocking cost accounting systems
2. Advantages and disadvantages of each system
3. Principal accounts maintained under each system
4. Reconciliation of profits under the two systems

G. SPECIFIC ORDER COSTING METHODS

1. Job costing
   (a) Meaning
   (b) Features
   (c) Procedures
   (d) Determination of the cost of a job
2. Batch costing
   (a) Meaning
   (b) Procedures
   (c) Determination the cost of a batch
3. Contract costing
   (a) Meaning
   (b) Features
   (c) Procedures
   (d) Preparation of contract accounts
   (e) Determination of profit/loss on contracts

H. PROCESS COSTING

1. Process costs:
   (a) Meaning
   (b) Features
   (c) Specific order costing versus process costing
   (d) Preparation of process accounts

(e) Concepts of normal and abnormal losses or gains
(f) Accounting treatment of normal and abnormal losses or gains
(g) (Work-in-progress
  (i) Equivalent units
  (ii) Determination of equivalent units
  (iii) Preparation of appropriate statements

2. Joint products:

(a) Meaning
(b) Methods of apportionment of joint costs:
  (i) Average unit cost
  (ii) Contribution
  (iii) Physical unit
  (iv) Survey
  (v) Market value

3. By-products:

(a) Meaning
(b) Classification
(c) By-products, main product and joint products
(d) Methods of accounting for by-products:
  (i) Cost methods
  (ii) Non-cost methods

I. ABSORPTION VERSUS MARGINAL COSTING

1. Meaning of marginal and absorption costing
2. Marginal costing versus absorption costing
3. Merits and demerits of each method
4. Impact of each method on the profit
5. Accountant's model versus economist's model of costing
6. Linear costs and revenue functions in the accountant's model
7. Determination, interpretation and construction of graphs for:

(a) Breakeven point
(b) Contribution
(c) Profit-volume
(d) Margin of safety

(e) Angle of incidence

8. Preparation of cost-volume-profit statements

J. MEASUREMENT OF RELEVANT AND IRRELEVANT COSTS

1. Concept of decision making
2. Meaning of relevant costs and irrelevant costs
3. Steps in decision making
4. Limiting factors for decision making
5. Relevant costs versus irrelevant costs for decision making
6. Preparation of statements of relevant costs and irrelevant costs under different decision scenarios:
   - (a) Determination of sales mix
   - (b) Discontinuation of a product line
   - (c) Make or buy
   - (d) Shut down or continue
   - (e) Equipment replacement
   - (f) Expand or contract
   - (g) Investment in asset
7. Evaluation of performance and interpretation of information to management

K. ACTIVITY-BASED COSTING (ABC)

1. Meaning
2. ABC versus traditional costing systems
3. Merits and demerits of ABC
4. Classification of activities
5. Selection the cost drivers
6. Evaluation of the validity of different cost drivers
7. Determination of product costs using ABC

L. BUDGETING AND BUDGETARY CONTROL

1. Meaning of budget, control and budgetary control
2. Advantages and disadvantages of budgets and budgetary control

3. Organisational and behavioural aspects of budgeting

4. Stages in the budgeting process

5. Limiting factors in budgeting

6. Types of budgets:

   (a) Functional budgets
   (b) Flexible and fixed budgets
   (c) Master budget
   (d) Basic and current budgets
   (e) Short-term and long-term budgets
   (f) Preparation of each of the above budgets

7. Zero-based budgeting (ZBB)

   (a) Meaning
   (b) Merits and demerits

8. Computation of control ratios:

   (a) Capacity
   (b) Efficiency
   (c) Activity

M. STANDARD COSTING AND VARIANCE ANALYSIS

1. Meaning of standard costing and standard costs

2. Standard costing versus budgetary control; standard costs versus budgeted costs

3. Advantages and disadvantages of standard costing

4. Steps for setting standards for standard costs:

   (a) Establishment of cost centres
   (b) Classification and codification of accounts
   (c) Types of cost standards:-
      (i) Basic cost standards
      (ii) Ideal cost standards
      (iii) Currently attainable standard costs
   (d) Establishing cost standards
      (i) Direct materials standards
      (ii) Direct labour standards
      (iii) Overhead standards

(e) Ascertainment of desirable levels of attainment

(f) Ascertainment of activity levels

(g) Preparation of standard cost statements

5. 5. Types of cost standards:

    (a) Basic cost standards
    (b) Ideal cost standards
    (c) Currently attainable standard costs

6. Desirable level of attainment

7. Activity levels

8. Setting of standards for:

    (a) Direct materials
    (b) Direct labour
    (c) Overheads; fixed, variable and semi variable

9. Standard cost statements

10. Meaning of variance analysis

11. Determination of variances:

    (a) Direct materials,
    (b) Direct labour
    (c) Overheads

12. Determination of sales variances

13. Responsibility centres for variances

14. Profit and loss statement showing interrelationship of the variances

ETHICAL ISSUES

1. Ethical responsibilities and challenges of management accountants

REFERENCES

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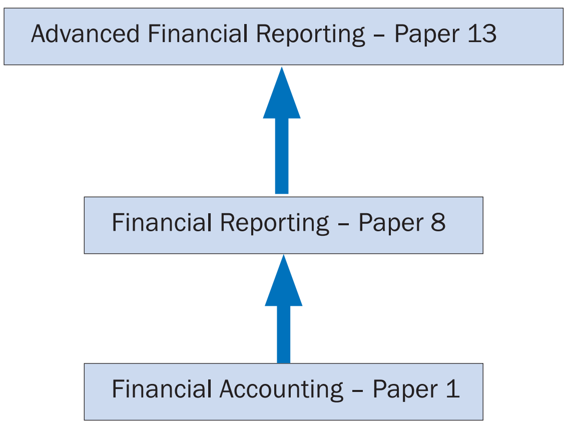
FINANCIAL REPORTING – PAPER 8

SYLLABUS CHART



OVERALL AIM

To equip the learner with analytical and evaluation skills necessary for preparing financial statements and explaining their importance to various stakeholders as per the requirements of the regulatory framework for financial reporting in Uganda and the International Financial Reporting Standards

LEARNING OBJECTIVES

On completion of this course, the learner will be able to:

1. Measure the elements of financial statements
2. Prepare financial statements and accounting records for business organisations
3. Analyse financial statements and interpret accounting information
4. Apply the selected International Financial Reporting Standards (IFRS)
5. Prepare consolidated financial statements of a simple group structure

6. Prepare accounting records for entities under receivership and. liquidation

LEVEL OF ASSESSMENT

To equip the learner with analytical, evaluation and synthesis skills which will help the learner to consolidate the knowledge in financial accounting leading into advanced financial reporting.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 40 marks. Section B will comprise of four questions of 20 marks each, of which the candidate will be required to attempt any three.

DETAILED SYLLABUS

A. MEASUREMENT OF THE ELEMENTS OF FINANCIAL STATEMENTS

1. Accounting Bases

    (a) (i) Meaning of accounting base

    (b) (ii) Accounting bases: - historical cost, modified historical cost, current cost, realisable (settlement) value and present value

    (c) Valuation of assets: open market/ fair value; depreciated replacement cost

    (d) Measurement of profit: financial capital maintenance concept; physical capital maintenance concept

    (e) Strengths/ advantages and weaknesses/ disadvantages of each base

    (f) Preparation of financial statements under historical cost, current cost, realisable value and present value.

2. Financial analysis and interpretation

    (a) Meaning, purpose/ need for ratios, techniques of computation and interpretation

    (b) Types, computation and interpretation of ratios including: profitability, liquidity, growth, assets, gearing, activity, and investment ratios

    (c) Benefits/ advantages and limitations/ disadvantages of ratios

B. PRESENTATION OF FINANCIAL STATEMENTS (IAS 1)

1. The objective and scope of the standard

2. Components of financial statements

3. Key concepts of the standard:

    (a) Fair presentation

    (b) Current assets

    (c) Non-current assets

(d) Operating cycle
(e) Current liabilities
(f) Long-term interest bearing liabilities

4. Accounting treatment: information to be presented on the face of each financial statement

5. Presentation and disclosure: minimum information on the face of each of the components of financial statements

6. Statement of profit or loss and other comprehensive income:

    (a) Meaning of comprehensive income
    (b) Reporting comprehensive income
    (c) Results of operating activities
    (d) Other comprehensive income

7. Statement of financial position:

    (a) Disclosure of property, plant and equipment
    (b) Non-current assets and current assets
    (c) Non-current liabilities and current liabilities
    (d) Equity
    (e) Other disclosures

8. Statement of cash flows:

    (a) Meaning of cash, cash equivalents and cash flows
    (b) Disclosures under:
        (i) Operating activities
        (ii) Investing activities
        (iii) Financing activities
    (c) Preparation of statement of cash flows
    (d) Direct and indirect methods of ascertaining cash flows from operating activities

9. Statement of changes in equity:

    (a) Component of a statement of changes in equity
    (b) Disclosure of:
        (i) Changes in accounting policy
        (ii) Dividends
        (iii) Issue of share capital
        (iv) Transfers to and from reserves

10. Accounting policies and notes to financial statements:

(a) Disclosure of:

   (i) The measurement basis (or bases) used in preparing financial statements

   (ii) Other accounting policies used that are relevant to the understanding of the financial statements

   (iii) Estimation of uncertainty

11. Preparation of financial statements in accordance with IFRSs and the Companies Act:

   (a) Presenting and analysing expenses basing on their (i) nature and (ii) function within the entity

   (b) Disclosures required by the Companies Act

C. STATEMENTS OF CASH FLOWS (IAS 7)

1. The objective of the standard

2. Key concepts of the standard: - cash, cash equivalents, cash flows; cash flows from operating, investing and financing activities; financial structure, solvency, liquidity, timing and certainty of the cash flows, ability to generate cash and cash equivalents

3. Usefulness of a statement of cash flows

4. Classification of cash flows into operating, investing and financing activities

5. Direct and indirect methods of reporting cash flows from operating activities including advantages and disadvantages of each of them

6. Determination of cash flows from operating, investing and financing activities

7. Presentation and disclosure

8. Interpretation of a statement of cash flows

9. Limitations of the standard

D. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (IAS 8)

1. Objective and scope addressed by the standard

2. Key concepts of the standard:

   (a) Accounting policies
   (b) Changes in accounting estimates
   (c) Prior period errors
   (d) Impractical changes
   (e) Materiality
   (f) Retrospective application and its limitations

(g) Prospective application

3. Recognition and measurement of the effect of changes in the accounting estimates, errors and accounting policies

4. Presentation and disclosure

E. INVENTORIES (IAS 2)

1. Objective and scope of the standard

2. Exceptions to the standard

3. Key concepts of the standard: - measurement of inventories: cost, net realisable value and fair value

4. Accounting treatment: composition of cost of inventory; exclusions from the cost of inventory; cost formulas; techniques for measuring cost of inventory (standard cost and retail method)

5. Presentation and disclosure: accounting policies, total carrying amounts for every class of inventory, write-offs, recognized as expenses, circumstances or events leading to write-offs, carrying amounts of inventory pledged as security for liabilities.

F. CONSTRUCTION CONTRACTS (IAS 11)

Note: A new standard, IFRS 15 – Revenue from contracts with customers has been developed by IASB and will replace IAS 11 with effect from 1 January 2017.

1. Objective and scope of the standard

    (a) Accounting for construction

    (b) Destruction or restoration of assets and rendering service contracts

    (c) Types of contracts: fixed price contracts and cost plus contracts

2. Key concepts of the standard

    (a) Construction contract

    (b) Fixed price contract

    (c) Cost plus contract

3. Accounting treatment:

    (a) Recognition and measurement of:

        (i) Contract revenue and cost

        (ii) Contract revenue, expenses and expected losses

        (iii) Profits on incomplete contracts

        (iv) Work in progress

    (b) Determination of the stage of contract completion

(c) Presentation and disclosure:
   (i) Accounting policies (methods used for revenue and stage of completion recognition)
   (ii) Advances, retentions, contract progress and amounts due to/ from customers; contingent assets or liabilities

G. INCOME TAXES (IAS 12)

1. Objective and scope of the standard

2. Key terms of the standard

   (a) Accounting profits and taxable profits/ tax loss
   (b) Tax expense/ tax income
   (c) Current tax
   (d) Deferred tax liability and deferred tax asset
   (e) Temporary tax differences
   (f) Tax base of an asset or liability

3. Accounting treatment

   (a) Recognition of current tax liabilities and assets
   (b) Measurement of current tax assets and liabilities
   (c) Recognition of current deferred tax assets and liabilities
   (d) Presentation and disclosure
      (i) Tax balances both current and deferred
      (ii) Accounting policy
      (iii) Reconciliation of tax profit/loss and accounting profit/ loss in monetary terms or numerical reconciliation of the rate

H. PROPERTY, PLANT AND EQUIPMENT (IAS 16)

1. Objective and scope of the standard

2. Exceptions to the standard

3. Key concepts of the standard

   (a) Property, plant and equipment
   (b) Cost (initial and subsequent)
   (c) Elements of cost
   (d) Measurement of cost
   (e) Measurement after recognition (cost model and revaluation model).
   (f) Fair value; carrying amount; depreciation; impairment loss; property, plant and equipment; recoverable amount; useful life; entity specific value; residual value

4. Accounting treatment

   (a) Recognition of an asset
   (b) Component of cost
   (c) Disposal of assets
   (d) Capitalisation
   (e) Write-offs and expenses
   (f) Revaluation surpluses/ deficits
   (g) Reversal of revaluation surpluses
   (h) Presentation and disclosure:
      (i) Measurement bases
      (ii) Depreciation methods and depreciation rates
      (iii) Reconciliation of assets at the beginning and end of period showing additions, disposals, revaluations, impairments and write-offs; assets pledged as security for liabilities; date of revaluations and names of valuers
      (iv) Preparation of non-current assets schedule

I. FAIR VALUE MEASUREMENT (IFRS 13)

1. Objective and scope of the standard

2. Exceptions to standards

3. Key concepts:

   (a) Fair value
   (b) Fair value as a current exit price
   (c) Identification of asset or liability
   (d) The transaction
      (i) Market identification
      (ii) Market participants
   (e) Price

4. Application to non-financial assets, liabilities and own equity instruments

   (a) Valuation of non-financial assets, liabilities and own equity instruments
   (b) Valuation techniques and inputs
   (c) Fair value hierarchy

5. Non-performance risk

6. Presentation and fair value disclosures

J. EFFECT OF CHANGE IN FOREIGN EXCHANGE RATES (IAS 21)

1. Objective and scope of the standard

2. Key concepts:

   (a) Foreign currency
   (b) Functional currency
   (c) Presentation currency
   (d) Exchange rate
   (e) Exchange difference
   (f) Closing rate
   (g) Spot exchange rate
   (h) Monetary items
   (i) Foreign operations
   (j) Net investment in a foreign operation

3. Translation methods (entity's functional currency to presentation currency)

4. Recording and re-translation of monetary and non-monetary items at the reporting date

5. Recognition of exchange differences

6. Disclosures

K. INVESTMENT PROPERTY (IAS 40)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Investment property; exceptions
   (b) Owner-occupied property
   (c) Fair value
   (d) Cost
   (e) Carrying amount

3. Accounting treatment:

   (a) Recognition criteria
   (b) Initial measurement and subsequent measurement to initial recognition
      (i) The fair value model
      (ii) The cost model
   (c) Principles used to determine the fair value of the investment property
   (d) Transfers to or from investment property
   (e) Presentation and disclosure

L. LEASES (IAS 17)

Note: A new standard, IFRS 16 – Leases has been developed by IASB and will replace IAS 17 with effect from 1 January 2019

1. Objective and scope of the standard

2. Key concepts of the standard

3. Accounting treatment for:

   (a) Operating leases
   (b) Finance leases
   (c) Sale and leaseback transactions

4. Methods of computation of installments payable: level spread; sum of digits; actuarial method

5. Presentation and disclosure

M. REVENUE (IAS 18)

Note: A new standard, IFRS 15 – Revenue from contracts with customers has been developed by IASB and will replace IAS 18 with effect from 1 January 2017.

1. Objective and scope of the standard

2. Exceptions to the standard

3. Key concepts of the standard

   (a) Revenue
   (b) Revenue recognition from sale of goods
   (c) Revenue recognition from rendering a service
   (d) Exception to recognition of revenue
   (e) Fair value and effective yield

4. Accounting treatment:

   (a) Identification of transactions; sale of goods; rendering of services:-
      (i) Financial service fees
      (ii) Royalties
      (iii) Dividends
   (b) Uncertainty of collectability of revenue

5. Presentation and disclosure

      (i) Accounting policies on methods of recognition of the revenue
      (ii) Measurement bases

(iii) Amount of each significant category of revenue recognised during the period including revenue from sale of goods and rendering services

N. ACCOUNTING FOR GOVERNMENT GRANTS AND DISCLOSURE OF GOVERNMENT ASSISTANCE (IAS 20)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Government
   (b) Government assistance
   (c) Government grants
   (d) Grants related to assets
   (e) Grants related to income
   (f) Forgivable loans
   (g) Fair value

3. Accounting treatment

   (a) Treatment of capital and income related grants, plus forgiven loans

   (b) Approaches to accounting for government loans
   - Capital approach
   - Income approach

   (c) Arguments for or against each approach

4. Presentation and disclosure

   (i) Grants related to assets
   (ii) Grants related to income
   (iii) Accounting policies and disclosures
   (iv) Income statement disclosures

O. BORROWING COSTS (IAS 23)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Arguments for/ against capitalisation
   (b) Borrowing costs
   (c) Qualifying asset

3. Accounting treatment:

   (a) Methods for accounting for borrowing costs

(b) Commencement of capitalisation
(c) Cessation of capitalisation
(d) Exceptions of capitalisation
(e) Amounts to be capitalised

4. Presentation and disclosure:

   (a) Accounting policies
   (b) Capitalisation rates
   (c) Distinction in total borrowing costs
   (d) Compare and contrast the accounting treatment for borrowing costs and tax treatment

P. IMPAIRMENT OF ASSETS (IAS 36)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Impairment
   (b) Impairment loss
   (c) Carrying amount
   (d) Recoverable amount of an asset
   (e) Fair value less cost to sell
   (f) Value in use and determination of value in use
   (g) A cash generating unit

3. Identifying a potentially impaired asset

4. Accounting treatment:

   (a) Estimation of recoverable amount of:
       (i) Tangible assets
       (ii) Intangible assets
   (b) Recognition and measurement of an impairment loss
   (c) Determination of recoverable amounts for cash generating units
   (d) Impairment of intangible assets

5. Presentation and disclosure:

   (a) Amount recognised in the statement of profit or loss
   (b) The amount of reversals recognised in the statement of profit or loss
   (c) The amount of impairment losses on revalued assets recognised in other comprehensive income

(d) The amount of reversals of impairment losses on revalued assets recognised in other comprehensive income

Q. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (IAS 37)

1. Objective and scope of the standard

2. Key concepts of the standard:

    (a) Provision
    (b) Liability
    (c) Constructive obligation
    (d) Contingent assets and liabilities; contingent assets and liabilities not recognised
    (e) Onerous contracts

3. Accounting treatment:

    (a) Conditions for recognition of a provision
    (b) Legal and constructive obligations
    (c) Recognition and measurement principles

4. Presentation and disclosure

    (a) Disclosures on provisions, contingent liabilities and contingent assets
    (b) Exceptions to disclosures

R. INTANGIBLE ASSETS (IAS 38)

1. Objective and scope of the standard

2. Key concepts of the standard:

    Meaning of an intangible asset

3. Accounting treatment:

    (a) Conditions for recognition of intangible asset
    (b) Initial recognition of intangible asset
    (c) Cost and revaluation models
    (d) Conditions for recognition of research and development expenditure
    (e) Impairment of intangible assets

4. Presentation and disclosure:

    (a) Internally and other generated intangible assets
    (b) Accounting policies on measurement bases, amortisation methods, and useful lives or amortisation rates

(c) Disclosure notes in the statement of profit or loss and other comprehensive income and statement of financial position as required by the standard

S. AGRICULTURE (IAS 41)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Agricultural activity
   (b) Agricultural produce
   (c) Biological asset
   (d) Biological transformation
   (e) A group of biological assets
   (f) Harvest and active market
   (g) Fair value
   (h) Carrying amount

3. Accounting treatment:

   (a) Recognition of biological asset or agricultural produce
   (b) Measurement of biological asset; fair value less estimated cost to sell
   (c) Determination of fair value; gain or loss on initial recognition of biological asset or agricultural produce
   (d) Government grants related to biological assets

4. Presentation and disclosure:

   (a) Carrying amount of biological assets on face of the statement of financial position
   (b) Aggregate gain or loss on initial recognition of biological assets and agricultural produce
   (c) Description of the biological assets
   (d) Reconciliation of changes in carrying amounts between the beginning and end of the period

T. EXPLORATION FOR & EVALUATION OF MINERAL RESOURCES (IFRS 6)

1. Objective and scope of the standard

2. Key concepts:

   (a) Expenditure
   (b) Assets
   (c) Mineral resources

3. Recognition of exploration and evaluation assets

4. Measurement:

   (a) At recognition

   (b) After recognition

5. Presentation of exploration and evaluation assets

6. Classification and reclassification

7. Impairment

8. Disclosures

U. BUSINESS COMBINATIONS (IFRS 3)

1. Objective and scope of the standard

2. Basic principles of the standard:

   (a) Identification of the acquiree and the acquirer
   (b) Determination the acquisition date
   (c) Recognition and measurement of the acquired assets and liabilities
   (d) Recognition and accounting for the non-controlling interest in the acquiree
   (e) Recognition, measurement and accounting for goodwill or a gain on a bargain purchase

3. Preparation of group financial statements

   Prepare a consolidated statement of:

   (a) Profit or loss and other comprehensive income
   (b) Financial position

4. Measurement principles relating to fair values of the consideration and net assets acquired

5. Nature of acquisition achieved in stages

6. Preparation and presentation of consolidated financial statements where control is achieved in stages

V. CONSOLIDATED FINANCIAL STATEMENTS (IFRS 10)

1. Objective and scope of the standard

2. Key concepts of the standard:

   (a) Controlling and non-controlling interests
   (b) Parent and subsidiary

3. Accounting treatment:

   (a) Consolidation procedure
      (i) Combination of like items of assets, liabilities, incomes and expenses
      (ii) Elimination of the carrying amounts of the parent investments in the subsidiary
      (iii) Elimination in full of inter group assets and liabilities, equity and other inter group transactions
   (b) Use of uniform accounting policies for similar transactions and where they differ necessary adjustments should be made to conform to the group accounting policies
   (c) Presentation and disclosure:
      (i) Accounting policies on consolidation
      (ii) Disclosure notes in financial statements as required by the standard

W. LIQUIDATION AND RECEIVERSHIP

1. Meaning of liquidation (winding up) and receivership

2. Preparation of statement of affairs and liquidator's final statement of account

3. REFERENCES

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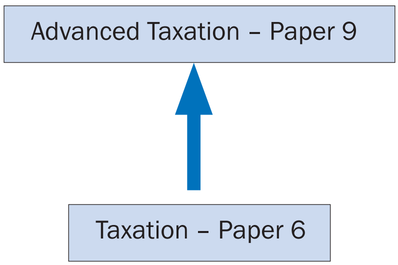
ADVANCED TAXATION – PAPER 9



OVERALL AIM

To provide a learner with thorough knowledge and application of all tax aspects as required by Government of Uganda.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Compute the different tax liabilities for individuals and corporate bodies.
2. Discuss international taxation issues.
3. Provide tax planning advice.
4. Demonstrate an understanding of customs management.
5. Adopt best practices when dealing with clients.
6. Advise clients on the way to handle their taxation issues ethically.
7. Adopt the best practice when dealing with the public.

LEVEL OF ASSESSMENT

The examination will be centered on the ability of the learner to demonstrate an understanding of Uganda’s tax system and provide tax planning advice where applicable as well as adopt best practices when dealing with clients.

EXAMINATION STRUCTURE

There will be a three hour examination made up of sections A and B. Section A will comprise of one compulsory question of 40 marks. Section B will comprise of four questions of 20 marks each, of which the candidate will be required to attempt any three.

DETAILED SYLLABUS

A. TAXATION OF BUSINESS INCOME – CORPORATE BODIES

1. Meaning of: taxable person, chargeable income, gross income, year of income, assessed losses, allowable expenses, non-allowable expenses

2. Revenue versus capital expenditure

3. Exclusivity clauses for expenses:

   (a) Allowable (deductible)/ and non-allowable (non-deductible) expenses

   (b) Treatment of items such as bad debts, entertainment, repairs and maintenance, donations, assessed losses, legal and professional expenses

4. Treatment of tax losses:

   (a) Carry forward of losses

   (b) The number of years tax losses are required to be carried forward

5. Computation of taxable profits and determination of chargeable income

6. Computation of corporation tax liability

7. Taxation of group companies:

   (a) Roll over relief

   (b) Liquidation

   (c) Re-organisations

8. Exempt income and exempt organisations: Meaning and examples of each

B. CAPITAL ALLOWANCES (DEDUCTIONS)

1. Meaning and scope of capital allowances:

   (a) Wear and tear

   (b) Initial allowance

   (c) Farm works

   (d) Industrial building allowance

   (e) Start up costs

   (f) Farm works

   (g) Allowances for scientific research

   (h) Mining allowance

2. Computation of:
   (a) Depreciation allowances (wear and tear) for depreciable assets and industrial buildings
   (b) Capital allowances for intangible assets
   (c) Initial allowance – depreciable assets and industrial buildings
   (d) Farm works allowances
   (e) Allowances for mining/ mineral exploration
   (f) Start up costs/ horticultural expenditure/ farm works

C. CAPITAL GAINS TAX

1. Meaning and scope of capital gains tax:
   (a) Business assets
   (b) Cost base of an asset
   (c) Disposal of an asset
   (d) Gains or losses from disposal
   (e) Cost base of a non-arms length disposal
   (f) Part disposal of an asset, disposal by exchange, disposal by way of gift, deemed disposal by destruction
2. Treatment of asset disposal under non-arms length transactions
3. Non-recognition of gains or losses – involuntary disposal
4. Transitional provisions regarding capital gains tax:
   (a) Market value of property as at 31 March 1998
   (b) Value of property by the chief government valuer
   (c) Cost base of an asset under certificate of incentives
5. Computation of capital gains tax on various disposals
6. Tax planning and capital gains tax

D. EMPLOYMENT INCOME

1. Concept of employment income:
   (a) Employee versus employer
   (b) Residence status of an employee
   (c) Resident employee versus non-resident employee
   (d) Taxation as per the Income Tax Act
2. Scope and composition of employment income
3. Valuation of benefits in kind
4. Exempt benefits

5. Computation of employment tax liability

E. PROPERTY INCOME

1. Taxation aspects of property income
2. Types of property income: royalties, dividends, interest income, annuities, natural resource payments, rents
3. Computation of property tax liability

F. INDIVIDUAL INCOME TAX – BUSINESS INCOME

1. Scope of business income of an individual: gross income, chargeable income
2. Allowable and non-allowable deductions of an individual
3. Computation of chargeable income of an individual and tax payable

G. TAXATION OF PARTNERSHIPS

1. Meaning of partnership
2. Principles behind taxation of partnerships:
   - (a) Residence rules
   - (b) Partnership income
   - (c) Profit appropriation
   - (d) Treatment of salaries
   - (e) Interest on capital
   - (f) Drawings
   - (g) Partners' loans
   - (h) Contribution of business assets and non business assets
   - (i) Limited liability partnerships
3. Computation of chargeable income of a partnership
4. Computation of chargeable income and tax liabilities of a partner
5. Tax implications of reconstructed partnerships; dissolution, admission of new partners, change in the structure

H. VALUE ADDED TAX (VAT)

1. Meaning of output and input VAT
2. Treatment of output VAT:
   - (a) Bad debts
   - (b) Returned goods

(c) Discounts

3. Treatment of input VAT:

    (a) Unclaimed VAT
    (b) VAT on imported services
    (c) Time limit of claim for input VAT
    (d) Methods of apportionment of input tax

4. Penalties for non submission of returns
5. Credit of input VAT where a taxable person deals in both exempt and taxable supplies
6. Input tax claimable/ non claimable

I. OFFENCES AND PENALTIES

Offences and penalties- under the ITA, VAT Act and the East Africa Customs Management Act

J. OBJECTIONS AND APPEALS

1. Meaning of appeals and objections
2. Procedures:

    (a) Deadlines, tax payable, taxes not in dispute etc under the Income Tax Act and Value Added Tax Act and the Customs Laws
    (b) Tax payer's rights and obligations

3. Appeals procedure: Tax Appeals Tribunal and High Court

K. ANTI AVOIDANCE RULES

1. Transactions between associates:

    (a) Meaning
    (b) Implications on the taxation of multinational organisations

2. Commissioners powers regarding non-arms length transactions
3. Re-characterisation of income and deductions between associates by the commissioner
4. Thin capitalisation rules under anti-avoidance rules
5. Methods of determining arms length price
6. International agreements: Organisations for Economic Cooperation and Development (OECD) and UN Model treaties

L. INTERNATIONAL TAXATION

1. International transfer pricing:
   - (a) Importance
   - (b) OECD guidelines on transfer pricing
2. Residence in international taxation: source rules, country of vital interest
3. Taxation of branches:
   - (a) Principles
   - (b) Determination of branch profits and tax on repatriated income
4. Taxation of international payments:
   - (a) Technical fees
   - (b) Professional fees
   - (c) Management fees
   - (d) Interest on foreign loans
5. Tax reliefs under international taxation:
   - (a) Unilateral agreements
   - (b) Bilateral agreements (relief under double taxation)
6. Statutory provisions on international agreements
7. Priority rule versus anti-treaty shopping rule
8. Withholding tax (WHT):
   - (a) Withholding agents
   - (b) Circumstances under which WHT is a final tax
   - (c) Implications of taking withholding tax as a final tax
   - (d) Determination of WHT on various payments
   - (e) Payment of WHT and the penalty if this tax is not paid

M. TAXATION OF PETROLEUM OPERATIONS

1. Meaning and Scope:
   - (a) Contract area
   - (b) Commercial production
   - (c) Contractor
   - (d) Cost oil
   - (e) Delivery point
   - (f) Development plan
   - (g) Exploration expenditure
   - (h) Petroleum agreement, operations, and revenues
   - (i) Recoverable costs

(j) Sub-contractor

2. Taxation of contractors and sub-contractors

3. Limitation on deductions

4. Decommissioning costs reserve and decommission expenditure

5. Allowable contract expenditure and unrecoverable costs

6. Gain or loss on transfers

7. Transfers of interest under petroleum agreements

8. Withholding tax

9. Accounting principles

10. Returns

11. Credits under petroleum agreements

N. TAX PLANNING

1. Meaning

2. Key areas of tax planning: structure of business set up, choosing where to locate a business, choosing a sector where to set up business

3. Other tax planning ideas which a taxpayer can benefit from under the different tax heads: income tax, customs tax, capital gains tax

O. CUSTOMS MANAGEMENT AND PROCEDURES

1. Duty drawback:

    (a) Meaning
    (b) Claiming
    (c) Documentation

2. Export Processing Zone (EPZ)

    (a) Meaning
    (b) Removal of goods from EPZ
    (c) Designation of goods

3. Prohibitions and restrictions under customs management:

    (a) Powers to prohibit

    (b) Restricted goods:
        (i) Reasons for restriction
        (ii) Examples
    (c) Exemptions of goods in transit

4. Customs offences and procedures:

(a) Types
(b) Seizures and forfeitures
(c) Procedures
(d) Penalties and settlement.

5. Transitional arrangements under customs management:
   (a) Meaning:
      (i) International tariffs
      (ii) Common external tariffs
      (iii) Common internal tariffs
      (iv) Zero tariffs
   (b) Rules of origin:
      (i) Meaning
      (ii) Criteria used in determining rules of origin
      (iii) Exceptions to the rules of origin criteria
6. Tax treatment of goods deemed to originate from the partner states as per the East African Customs Union
7. Customs valuation and computation of duty
8. Importance of International Customs Organisations:
   (a) Common Markets for East and Southern Africa
   (b) South African Development Cooperation
   (c) World Trade Organisation
   (d) UN model treaty

ETHICAL ISSUES

1. Dealing with tax issues ethically
2. Importance of acting with integrity and the consequences of tax avoidance

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2. Bahemuka Pius K (2011): Value Added Tax in Uganda
3. Mugume Christine (2014): Managing Taxation in Uganda, CMK Consulting, Kampala, Uganda, 2nd Edition
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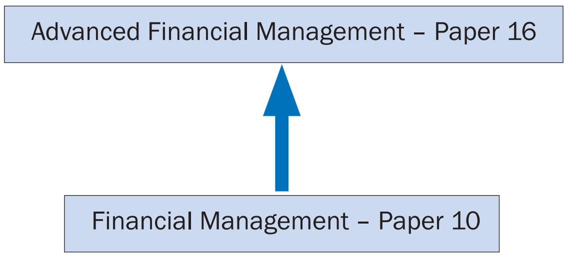
5. The Government of Uganda: Value Added Tax, Cap 349, Government of Uganda
6. The Government of Uganda: Customs & Excise Act, Cap 335, Government of Uganda

FINANCIAL MANAGEMENT – PAPER 10

SYLLABUS CHART



OVERALL AIM

To develop knowledge and understanding of the basic financial management principles to aid financial decision making.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Explain the roles of financial management.
2. Describe the major theoretical concepts and tools of finance.
3. Evaluate investment projects.
4. Describe operations of securities markets.
5. Evaluate and compute a firm's cost of capital.
6. Analyse working capital and its elements.
7. Make an analysis of financial statements.
8. Describe the ethical issues and ways of mitigating them that financial managers face.

LEVEL OF ASSESSMENT

The examination will be centered on the basics of financial management aimed at testing knowledge and comprehension, as well as application and analysis.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 40 marks. Section B will comprise of four questions of 20 marks each, of which the candidate will be required to attempt any three.

DETAILED SYLLABUS

A. INTRODUCTION

1. The nature, role and importance of financial management

B. FINANCE FUNCTION AND ENVIRONMENT

1. Importance of finance function
    - (a) The role of the finance, and finance function in an organisation
    - (b) The relationship between finance and other departments in the organisation
2. Forms of business organisations
    - (a) Sole proprietorship
    - (b) Partnership
    - (c) Corporations
3. Role of finance manager, financial controller and treasurer
    - (a) Role of the financial controller/managers in an organisation
    - (b) The treasury function and the function of the treasurer
    - (c) Centralised and decentralised treasury management
    - (d) Treasury as a profit and cost centre
    - (e) Ethical issues in financial management
4. Goals and objectives of a firm
    - (a) The various corporate objectives
    - (b) Corporate objectives and the corporate strategy
5. The agency theory
    - (a) The range of stakeholders and their objectives
    - (b) The various conflicts between stakeholder objectives
    - (c) The role of management in meeting stakeholder objectives and the agency theory
    - (d) Ways to encourage stakeholder objectives including management reward schemes
6. The external environment
    - (a) Environmental factors that affect achievement of organisational objectives
    - (b) Effect of Government policies on planning and decision making in business

C. ESSENTIAL CONCEPTS OF FINANCE

1. The concept of risk and return
2. Meaning of simple interest, compound interest and discounting factor
3. The 'time value of money'
4. Future values and present values of a single cash flow
5. Perpetuities and annuities and their valuation
6. Shares and bonds (securities) and their features
7. Valuation of shares and bonds (including return on investment)

D. CAPITAL INVESTMENT APPRAISAL

1. Importance of capital investment appraisal
2. Types of investment decisions:-
   (a) Expansion of existing business
   (b) Establishment of new business
   (c) Replacement and modernisation
3. Criteria for making investment decisions
4. Criteria for accepting or rejecting an investment
5. Evaluation of capital investment projects using the following appraisal methods:
   (a) Payback period (PBP)
   (b) Net present value (NPV)
   (c) Internal rate of return (IRR)
   (d) Accounting rate of return (ARR)
   (e) Profitability index (PI)
6. Merits and demerits of each investment appraisal method

E. FINANCIAL MARKETS AND SECURITIES EXCHANGE

1. Meaning and types of financial markets
2. Purpose and operations of securities exchanges
3. Listing and cross-listing on securities exchanges
4. Players in financial markets in Uganda
5. Instruments traded on the securities exchange
6. Management and regulation of the securities exchange in Uganda:-
   (a) Capital Markets Authority Act, 1996

   (b) Uganda Securities Exchange Statute, 1998

7. Conditions for listing on the securities exchange
8. Role and challenges facing the Uganda Securities Exchange (USE)

F. WORKING CAPITAL MANAGEMENT

1. Meaning of working capital and working capital management
2. Importance of working capital and working capital management
3. Elements of working capital
4. Determination of working capital needs
5. Cash flows versus profits
6. Computation and interpretation of working capital ratios
7. Meaning and symptoms of overtrading
8. Meaning and warning signs of over capitalisation
9. Inventory management
10. Inventory costs:
    (a) Stock out costs
    (b) Holding costs
    (c) Procurement costs
    (d) Purchase cost
11. Economic order quantity (EOQ) model
12. Determination of EOQ under conditions of certain and uncertain demand
13. Inventory control systems:
    (a) Total quality management
    (b) Just-in-time
    (c) Merits and demerits of each system
14. The working capital cycle and its elements
15. Meaning and importance of cash flow planning
16. Importance of cash management
17. Reasons for holding cash and other liquid assets
18. Models used to select optimum cash levels:
    (a) Inventory approach
    (b) Miller - Orr model

19. Determination of optimum level of cash using the inventory approach

20. Drawbacks of the inventory approach of cash management

21. Determination of optimal cash balances

22. Management of cash surpluses and deficits

23. Methods of cash remittance

24. Management of accounts receivable:

    (a) Factors to consider when setting credit control policy
    (b) Assessment credit worthiness of customers
    (c) Determination of bad debts of a business
    (d) Balancing of risks and costs of customer default against profitability
    (e) Evaluation of credit policy
    (f) Factoring and invoice discounting
    (g) The role of factoring and invoice discounting in assisting the credit manager
    (h) Customer credit rating and how it is carried out

25. 25. Working capital financing

    (a) Sources of short term finance for example:
        (i) Commercial paper
        (ii) Bank finance
    (b) Availability of credit
    (c) Risks associated with trading on credit

G. FINANCIAL ANALYSIS AND CONTROL

1. Methods of analysis:

    (a) Concept and role of financial analysis in corporate finance
    (b) Methods of financial analysis, their merits and demerits

2. Ratio analysis:

    (a) Determination of liquidity, debt, coverage, profitability and market value ratios
    (b) Use of different ratios in financial analysis
    (c) Measurement of achievement of stakeholder objectives using financial ratios

3. Computation, interpretation, uses and limitations of ratios:

    (a) Determination and interpretation of various ratios used in financial analysis, including trend analysis and industry comparison
    (b) Limitations of ratio analysis in decision making

4. Sales forecasts

    Determination and preparation of sales forecasts for given period(s)

5. Projected financial statements and their preparation from forecast sales and other

data

6. Budgeting and leverage:

   (a) Preparation of funds requirements budgets - cash budgets
   (b) Role of leverage in budgeting and budgetary control

H. COST OF CAPITAL AND CAPITAL STRUCTURE

1. The concept of cost of capital and its relevance in investment management

2. The various sources of finance for capital investment and the relative specific costs of each source of funds

3. Estimation of cost of equity and cost of debt:

   (a) Use of the dividend growth model in the determination of the cost of equity and its limitations
   (b) Determination of the cost of debt including preference shares, redeemable, irredeemable, and convertible debt

4. The concept of weighted average cost of capital (WACC):

   (a) Average and marginal cost of capital
   (b) Determination of WACC using book value and market value weightings

ETHICAL ISSUES

Types of ethical issues that a finance manager can come across and their mitigation

REFERENCES

1. Brigham F and Scott Besley (2008): Principles of Finance, Thomson Learning Inc. 4th Edition

2. Pandey I M (2008): Financial Management, Vikas Publishing House. 9th Edition

3. Brayshaw RE, Samuel JM, and Wilkes FM (1995), Management of Company Finance, Cengage Learning. 6th Edition

4. Brigham EF and Weston JF (1986), Managerial Finance, Saunders College Publishing/ Harcourt Brace. 8th Edition

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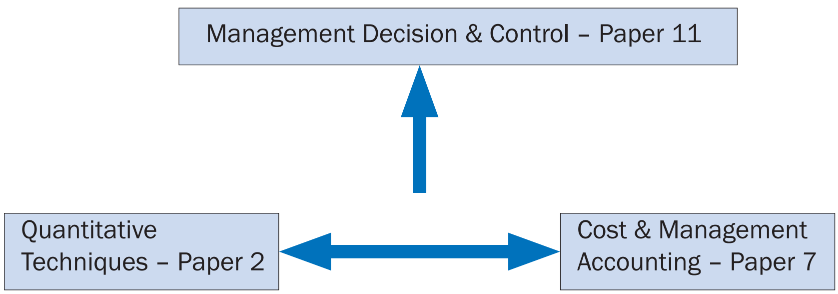
MANAGEMENT DECISION AND CONTROL – PAPER 11

SYLLABUS CHART



OVERALL AIM

To equip the learner with knowledge and skills to enable them understand the critical role management accountants play in organisations and to provide relevant advice in different decision making situations

Learning outcomes

On completion of this course, the learner should be able to:

1. Evaluate the critical role management accountants play in organisations
2. Provide relevant advice in different decision making situations
3. Develop organisational budgets using appropriate techniques
4. Apply quantitative models and accounting control techniques to managerial decisions
5. Measure and evaluate performance of business segments
6. Apply advanced management accounting techniques
7. Apply management in ethical decision making

LEVEL OF ASSESSMENT

The examination will test the ability of the learner to interpret, analyse, evaluate and apply the knowledge and skills acquired to real life situations at their workplace as a cost and management accountant

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 40 marks. Section B will comprise of four questions of 20 marks each, of which the candidate will be required to attempt any three.

DETAILED SYLLABUS

A. INTRODUCTION

1. Nature and role of management accounting:
   - (a) Meaning of management accounting
   - (b) Management decision making process
   - (c) Role of management accounting in the management decision process
   - (d) Behavioural, organisational and social aspects of management accounting
   - (e) Ethical responsibilities of management accountants
2. Management information and communication:
   - (a) Meaning of information
   - (b) Measurement theory
   - (c) Discuss and illustrate the communication of information
   - (d) Value of information
3. The decision making process:
   - (a) The decision making model
   - (b) Decision making as a planning and control process

B. COST-VOLUME-PROFIT (CVP) ANALYSIS

1. Introduction:
   - (a) The economist's CVP model
   - (b) The accountant's CVP model
   - (c) Assumptions and limitations of CVP
2. Application of CVP analysis:
   - (a) Computation of: net profit, breakeven point, contribution and profit volume ratio
   - (b) Meaning of margin of safety
   - (c) Breakeven charts and breakeven points
   - (d) Application of CVP analysis to non-manufacturing decisions

C. APPLICATION OF RELEVANT COSTS FOR DECISION MAKING

1. Introduction:
   - (a) Relevant and irrelevant costs
   - (b) Factors to consider in determining relevant costs and revenue
   - (c) Importance of qualitative factors in decision making
2. Relevant costs of materials and labour

3. Application of relevant cost analysis to decision making:
   (a) Special pricing decisions (short and long term)
   (b) Product mix decisions when capacity constraints exist (limiting factor analysis)
   (c) Outsourcing decisions (make or buy analysis)
   (d) Discontinuation decisions

D. COSTING SYSTEMS

1. Activity-based costing (ABC)
   (a) Introduction:
      (i) The emergence of ABC
      (ii) Limitations of traditional costing systems
      (iii) A comparison of traditional and ABC systems
   (b) Designing an ABC system:
      (i) Stages involved in designing an ABC system
      (ii) Factors to be considered in designing ABC systems
      (iii) Classification of activities
      (iv) Selection the cost drivers
      (v) Comparison of ABC with decision relevant costs
   (c) Application of ABC:
      (i) ABC profitability analysis
      (ii) ABC in service organisations
2. Target Costing:
   (a) Meaning of target costing
   (b) The target costing process
   (c) Features of successful target costing implementation
   (d) The teardown analysis (reverse engineering)
   (e) Value chain engineering (value chain analysis)
   (f) Application of target costing
3. Other costing techniques:
   (a) Life cycle costing
   (b) Kaizen costing

E. PRICING DECISIONS AND PROFITABILITY ANALYSIS

1. Cost-plus pricing:
   (a) Methods of cost-plus pricing
   (b) Target mark-up percentages
   (c) Limitations of cost-plus pricing
   (d) Reasons for using cost-based pricing
2. Pricing policies:
   (a) Price skimming
   (b) Penetration pricing
3. Customer profitability analysis

Pareto analysis and customer profitability

4. Transfer pricing:
   (a) Purpose of transfer pricing
   (b) Alternative transfer pricing methods
   (c) Resolution of transfer pricing conflicts
   (d) Domestic and international transfer pricing

F. RISK AND UNCERTAINTY

1. Risk and uncertainty
2. Decision making model under conditions of uncertainty
3. Probability and expected values:
   (a) Meaning of probability and probability distributions
   (b) Objective and subjective probabilities
   (c) Expected value of a probability distribution
   (d) The degree of uncertainty
   (e) Attitudes to risk by individuals
4. Decision tree analysis:
   (a) Application of decision trees to decision making situations
   (b) Determination of possible outcome (profit) and payoff (expected value)
5. Pricing decisions and cost-volume-profit (CVP) analysis under conditions of uncertainty
   (a) Use of cost information for pricing decisions under conditions of uncertainty
   (b) Problems associated with using probability theory in decision making
   (c) CVP analysis under conditions of uncertainty
6. Perfect and imperfect information
7. Maximin, maximax and minimax (regret) criteria
   Determination of maximin, maximax and minimax (regret)

G. MANAGEMENT CONTROL SYSTEMS

1 Introduction to controls:
   (a) Meaning of control
   (b) Controls at different organisational levels
   (c) Types of controls
   (d) Feedback and feed forward controls
   (e) Harmful effects of controls
   (f) Advantages and disadvantages of different types of control
2. Responsibility centres:
   (a) Cost and expense
   (b) Revenue
   (c) Profit
   (d) Investment

3. The nature of management accounting control systems:

(a) The controllability principle

(b) Dealing with uncontrollable factors before and after the measurement period

4 Setting financial performance targets:

(a) Approaches to financial performance target setting:- engineering targets, historical targets, negotiated targets

(b) Importance of setting high targets

(c) Participation in the budgeting and target setting process

(d) Side effects of using accounting information on performance evaluation

H. BUDGETING AND BUDGETARY CONTROL

1. The role of budgeting in organisations:

(a) Budgets in an organisation

(b) Conflicting roles of budgets

2. The budgeting process:

(a) The budget manual

(b) The budget period

(c) Administration of budgets

(d) Stages in the budget process for an organisation

(e) The budget process in not-for-profit organisations

3. Budgets:

(a) Preparation and uses of various budgets including departmental budget, cash budget and master budget

(b) Application of specialised software packages in budgeting

4. Approaches to budgeting:

(a) Activity-based budgeting

(b) Incremental budgeting

(c) Zero-based budgeting

(d) Flexible budgeting and forecasts

I. STANDARD COSTING AND VARIANCE ANALYSIS

1. Operation of a standard costing system
2. Objectives of standard costing
3. Variance analysis:

(a) Determination of variances

(b) Reconciliation of budgeted and actual profits

(c) Determination of costs under standard absorption costing

(d) Mix and yield variances

(e) Disposition of variances

(f) Criticisms of standard costing variance analysis

J. DIVISIONAL PERFORMANCE EVALUATION

1. Organisational structure and decentralisation
(a) Functional organisational structure
(b) Divisional organisational structure
(c) Profit and investment centres
(d) Merits and demerits of decentralisation
2. Prerequisites for successful decentralisation
3. Divisional performance measurement:
(a) Managerial performance
(b) Economic performance
(c) Alternative divisional profit
(d) Return on investment
(e) Residual income
(f) Economic value added

4. Other considerations:
(a) Assets to be included in the investment base
(b) The impact of inflation and depreciation on capital investment decisions
(c) The impact of performance measurement on capital investment decisions
(d) Divisional cost of capital
(e) Addressing dysfunctional consequences of short term performance measures

5. Executive contracts and bonus plans:
(a) The role of bonus and incentive contracts
(b) Types of incentives
(c) Forms of incentives and compensation plans
(d) Evaluation of accounting-based incentive compensation schemes
(e) Bonus plans

K. COST ESTIMATION AND REGRESSION ANALYSIS

1. General principles and application to estimating cost functions:
   (a) Regression equation
   (b) Multi regression analysis
   (c) Cost functions
   (d) Factors to be considered when using past data to estimate cost functions
   (e) Steps involved in estimating cost functions
2. Cost estimation methods and their application:
   (a) Engineering method
   (b) Inspection of accounts method
   (c) Graphical including scatter graph method
   (d) High-low method
   (e) Least squares method

3. Test of reliability:
   (a) The coefficient of determination
   (b) Standard error of the estimate
   (c) Standard error of the coefficient
4. Learning curve theory:
   (a) The learning curve effect and its applications
   (b) The experience curve and its applications

L. PLANNING AND CONTROL OF INVENTORY

1. Introduction:
   (a) Reasons for holding inventory
   (b) Relevant costs for quantitative models under conditions of certainty
2. Economic order quantity (EOQ):
   (a) Determination of EOQ (using various methods)
   (b) Assumptions of EOQ formular
   (c) Application of EOQ model
   (d) Uncertainty and safety stocks
3. Application of activity based costing (ABC) to inventory management
4. Other considerations in inventory management
5. Materials requirement planning
6. Just-in-time (JIT) purchasing
7. Other inventory management techniques

M. LINEAR PROGRAMMING

1. Uses of linear programming:
   (a) Single and two resource constraints
   (b) Uses of linear programming
2. Application of graphical and simplex methods to solve linear programming problems
3. Interpretation of solutions (including computer solutions):
   (a) Interpreting the final matrix
   (b) Opportunity cost (shadow) price
   (c) Substitution process when additional resources are obtained
4. Sensitivity analysis and ascertainment of the range over which opportunity cost applies for each constraint
5. Application of linear programming to capital rationing and budgeting
6. Practical problems in applying linear programming in real life situations

N.

O. COST MANAGEMENT AND STRATEGIC MANAGEMENT ACCOUNTING

1. Introduction:
   (a) The importance of cost management
   (b) The need for accurate cost measurement systems
2. Activity-based management (ABM):
   (a) The ABM process

(b) The relationship between ABM and ABC
(c) Advantages and disadvantages of ABM

3. Benchmarking:
   (a) The benchmarking process
   (b) Areas in which an organisation can benchmark
   (c) Importance of benchmarking
   (d) Difficulties in benchmarking
   (e) Use of benchmarking process to improve performance
4. Business process re-engineering:
   (a) Steps taken in business process re-engineering
   (b) Advantages and criticisms of business process re-engineering
   (c) Uses of business process re-engineering
5. Management audits: objectives and importance
6. Value chain analysis:
   (a) The structure of value chain
   (b) The primary and secondary activities of value chain
   (c) Value chain analysis and competitive advantage
   (d) Importance of value chain analysis
7. Just-in-time (JIT) philosophy:
   (a) Operation of the JIT system
   (b) The benefits of JIT
   (c) Characteristics and limitations of JIT system
   (d) Effects of JIT in strategic management accounting
8. Total quality management (TQM):
   (a) The TQM process
   (b) Characteristics of a TQM
   (c) Costs of quality management
   (d) Effects of TQM in strategic management accounting
9. Environmental cost management:
   (a) The importance of environment cost management
   (b) Environment costs incurred by organisations
10. The balanced scorecard:
   (a) Applications of the balanced scorecard
   (b) Advantages and limitations of using the balanced scorecard

RECENT DEVELOPMENTS

1. The impact of the changing business environment to cost and strategic management accounting
2. The effect of the changing product life cycle on the performance of an organisation
3. The focus on customer satisfaction and new management approaches
4. The traditional manufacturing systems versus modern manufacturing systems (JIT &

Optimum Production Technology) how they impact the performance of an organisation

5. Advanced manufacturing technologies and how they impact the performance of an organisation

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1. Arnold John, Hope Tony and Turley Stuart (1996), Accounting for Management Decisions, Prentice Hall, London, UK 3rd Edition

2. Bhilmani Andrew, Datar SM, Foster Gand Horngen Charles T (2005), Cost Accounting Prentice Hall 12th Edition

3. Drury JC (2008), Management and Costing Accounting, Chapman & Hall, London, UK, 7th Edition

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AUDITING AND PROFESSIONAL ETHICS AND VALUES - PAPER 12

SYLLABUS CHART

Auditing and Other Assurance Services - Paper 17

↑

Auditing and Professional Ethics and Values – Paper 12

OVERALL AIM

To enable the learner understand procedures involved in planning and executing audit assignments as well as developing insights into professional values, ethics and attitudes.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:-

1. Define auditing
2. Explain the need for and the nature of auditing
3. Describe the legal, regulatory and ethical environment within which audits are performed in Uganda
4. Explain the principles and procedures of auditing
5. Explain how audit work is documented to provide sufficient appropriate audit evidence
6. Explain the design and testing of internal controls
7. Describe risks of auditing in an information technology environment and the use of computer-assisted audit techniques
8. Explain the role of internal auditing
9. Describe the performance of internal audit tasks
10. Explain ethics in business and society
11. Demonstrate an understanding of public interests and fundamental ethical principles
12. Demonstrate an understanding of ethical standards of an accountant
13. Discuss ethical issues that an accountant needs to be mindful of

14. Explain corporate governance issues
15. Evaluate the relationship between ethics and corporate governance
16. Apply professional ethics, values and attitudes to work assignments
17. Identifying business opportunities and developing them into viable businesses
18. Explain the challenges facing entrepreneurs and how to overcome them

LEVEL OF ASSESSMENT

The examination will be focused mainly on knowledge, application and analysis of the principles acquired in auditing and professional ethics and values.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A B and C. Section A will comprise of one compulsory question of 30 marks. Section B will comprise of four questions of 20 marks each of which the candidate will be required to attempt any three. Section C will comprise of two questions of 10 marks each, of which the candidate will be required to attempt one.

DETAILED SYLLABUS

PART 1 – AUDIT THEORY

A. INTRODUCTION

1. Auditing:
    - (a) Meaning
    - (b) Purpose/ objectives
    - (c) Development
    - (d) Auditing versus accounting
2. The changing role of auditing:
    - (a) Ways in which audit objectives have changed over the years
    - (b) Reasons for changes in audit objectives over the years
3. The information gap and stewardship:
    - (a) The concepts of accountability, stewardship and agency
    - (b) Responsibility over the financial statements of an entity
4. Auditing postulates
5. Concepts of auditing:
    - (a) Auditor’s independence
    - (b) Audit evidence
    - (c) Materiality

(d) True and fair

(e) Disclosure of accounting policies

6. Qualities of an auditor

7. Types of audits:

   (a) Statutory, government, private
   (b) Internal audits
   (c) Other assurance assignments:
      (i) Forensic
      (ii) Value for money
      (iii) Audits relating to environmental and social issues
   (d) Advantages and disadvantages of an audit

B. LEGAL, REGULATORY AND ETHICAL ENVIRONMENT

1. Regulation and authorisation of auditors:

   (a) The roles and responsibilities of ICPAU
   (b) Rules governing registered and practising auditors
   (c) Reasons and mechanisms for the regulation of auditors

2. Appointment, rights and duties of company auditors:

   (a) Qualification for appointment as company auditors
   (b) Ways in which auditors may be appointed
   (c) Rights and duties of an auditor
   (d) Regulations governing the rights and duties of auditors

3. Resignation and dismissal of auditors:

   (a) Circumstances under which an auditor may resign their appointment
   (b) Statutory regulations governing the rotation, removal and resignation of auditors

4. Auditing standards and guidelines:

   (a) The regulatory environment within which statutory audits take place
   (b) The importance, authority and applicability of International Standards on Auditing (ISAs)
   (c) The importance of auditing guidelines issued by ICPAU

5. Ethical requirements:

   (a) The fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour
   (b) Safeguards against the threats to the fundamental principles

(c) Importance of having the fundamental ethical principles
(d) Responsibility of auditors with regard to their independence, conflicts of interest and confidentiality
(e) Sources of, and enforcement mechanisms associated with, ICPAU's code of ethics

6. Auditor's liability:
    (a) Negligence: liability that may arise due to negligence
    (b) Liability under private and statutory audits
    (c) Criminal liability under the Companies Act
    (d) Minimisation of liabilities
    (e) Reference to be made to decided cases including the Caparo, the Al-Saudi Banque, London Oil Storage, Kingston Cotton Mill Ltd, Hedley Byrne cases
7. Requirements of:
    (a) Accountants Act
    (b) The Companies Act
    (c) Insurance Act
    (d) Financial Institutions Act

C. AUDIT PLANNING AND RISK ASSESSMENT

1. Audit engagements:
    (a) Procedures of obtaining new audit work
    (b) Risks associated with the tendering process
    (c) Accepting new audit engagements:
        (i) The ethical, legal, practical and risk related issues to consider
        (ii) Procedures auditors should follow when accepting new audit work
        (iii) Importance, contents and format of an engagement letter
2. Audit objectives:
    (a) Objective of an audit of financial statements
    (b) Procedures required in undertaking an audit of financial statements
    (c) Influences on the conduct of an audit
    (d) Risk-based approach
3. Planning and risk assessment
    (a) Audit planning:
        (i) Need for planning an audit
        (ii) Contents of the overall audit strategy and audit plan

(iii) Relationship between the overall audit strategy and the audit plan
(iv) Development and documentation of an audit plan
(v) The planning process

(b) Professional judgment and materiality:
    (i) Importance of professional skepticism
    (ii) The role of professional judgement
    (iii) Identification of potential misstatements
    (iv) Materiality and its importance

(c) Risk assessment:
    (i) Meaning of audit risk
    (ii) Audit risks at the financial statement and assertion levels
    (iii) Auditor's response to identified risks
    (iv) Determination of materiality levels from financial information
    (v) Identification and assessment of risk of material misstatements
    (vi) Assessment of risks due to fraud
    (vii) Effect of fraud and material misstatements on audit strategy and work to be done

(d) Understanding the entity and its environment:
    (i) Obtaining an initial understanding of the entity and its environment
    (ii) Application of preliminary analytical procedures
    (iii) Ratios used in analytical procedures
    (iv) Interim audits:
    - Purpose
    - Procedures
    - Effect on the final audit

(e) Audit documentation:
    (i) Nature and purpose
    (ii) Form, content and extent
    (iii) Contents of working papers and supporting documents
    (iv) Procedures of ensuring the safety and retention of working papers and other audit documents
    (v) Current and permanent files

D. INTERNAL CONTROLS

1. Internal control systems:

(a) Meaning:
    (i) Control environment
    (ii) Control risks

(iii) Tests of control

(b) Elements of an internal control system

(c) Assessment the internal control systems, types and policies of a given organisation

(d) Importance and limitations of an internal control system

(e) Responsibility of management in designing and implementing an internal control system

(f) Internal control procedures and control activities

(g) Need for an auditor to obtain an understanding of internal control activities relevant to the audit

(h) Internal controls over:

(i) Sales revenue

(ii) Purchases

(iii) Inventory

(iv) Revenue and capital expenditures

(v) Payroll

(vi) Cash and bank

2. Audit of internal control systems:

(a) Control objectives, procedures and tests of control in relation to the different systems of an organisation

(b) Techniques of evaluating an internal control system

(c) Modification of audit strategy and plan following the results of tests of control

3. Compliance tests:

(a) Tests of control versus substantive procedures

(b) Importance of internal controls to auditors

(c) Tests of control suitable for inclusion in audit working papers

(d) Weaknesses in internal control systems:

(i) Identification

(ii) Limitation of extent of reliance on internal control systems by the auditor

4. The effects on risk assessment:

(a) Management's risk assessment process with reference to internal control components

(b) Limitations of internal control components in the context of fraud and error

(c) Reporting of internal control weaknesses and recommendations to overcome them

E. AUDITING IN AN INFORMATION TECHNOLOGY (IT) ENVIRONMENT

(a) Risks and challenges of auditing in an IT environment

(b) Application controls and general IT controls
(c) Use of computer-assisted audit techniques
(d) Key aspects of computer auditing

F. AUDIT EVIDENCE AND SAMPLING

1. Audit sampling:
   (a) Considerations and process of designing audit samples
   (b) Determination of sample sizes and selection of items for sampling; bases/ approaches to selecting samples (statistical, non- statistical)
   (c) Circumstances when audit sampling is not appropriate
   (d) Sampling risk
2. Audit evidence:
   (a) Types
   (b) Sources
   (c) Techniques of obtaining audit evidence
   (d) Sufficiency and appropriateness
   (e) Reliability
   (f) Limitations on the quality and quantity
   (g) Consistency of audit evidence:
      (i) Meaning and the usefulness
      (ii) Need for consistency of audit evidence
      (iii) Procedures used in obtaining consistent audit evidence
   (h) Procedures/ methods/ techniques of obtaining evidence
3. Analytical procedures:
   (a) Meaning
   (b) Use of substantive analytical procedures in an audit
   (c) How results of analytical procedures are investigated
4. External confirmations:
   (a) Importance of external confirmation procedures
   (b) How external confirmations are performed
   (c) Evaluation of external confirmations

G. AUDIT PROCEDURES

1. Statement of profit or loss and other comprehensive income audit
   (a) The financial statements assertions:
      (i) Occurrence

(ii) Completeness
(iii) Accuracy
(iv) Cut-off
(v) Classification

(b) Matters relating to revenue and expenses recognition:
   (i) Materiality
   (ii) Risk
   (iii) Relevant accounting standards
   (iv) Audit evidence
(c) Procedures for verifying revenue and expenditure
(d) Audit evidence in respect of the audit of income statement items
(e) The audit of a payroll

2. Balance sheet/ statement of financial position audit:

   (a) The financial statements assertions:
      (i) Existence
      (ii) Rights and obligations
      (iii) Completeness
      (iv) Valuation and allocation
   (b) Identification of balance sheet items and the respective implications in an audit report
   (c) Factors in the timing of the audit of each item in a balance sheet
   (d) Audit evidence in respect of the audit of balance sheet items
   (e) Post balance sheet review and its importance in an audit
   (f) Review of events after the reporting period
   (g) Analytical procedures in auditing statement of financial position items

3. Audit opinion on financial statements:

   (a) Use of audit evidence to form an opinion
   (b) Types of opinions
   (c) Evaluation of external confirmations

H. INTERNAL AUDIT

1. Role of internal auditing:

   (a) Scope
   (b) Limitations

(c) Role of an internal auditor in the management of an organisation

(d) Use of the internal professional practices framework in internal auditing

2. External versus internal auditing:

   (a) Responsibilities in the detection and prevention of fraud and error
   (b) Roles regarding planning and collection of audit evidence
   (c) Internal and external auditor's reports

3. Performing an Internal Audit Assignment:

   (a) Nature of internal audit work
   (b) Planning internal audit assignments
   (c) Conducting an internal audit assignment
   (d) Communication of the results of internal audit assignments
   (e) The format and content of audit review reports
   (f) Recommendations to management and those charged with governance

4. Developments in internal auditing:

   (a) Nature and purpose of internal audit assignments including value for money, information technology, investigation
   (b) Operational internal audit assignments (procurement, marketing, treasury and human resources management)
   (c) Advantages and disadvantages of outsourcing the internal audit function

PART II -PROFESSIONAL ETHICS AND VALUES

A. INTRODUCTION

1. Meaning of 'ethics' and 'values'
2. Nature of ethics
3. Philosophical versus professional approaches to ethics
4. Ethical objectives of an organisation and the accountancy profession

B. WORKPLACE ETHICS

1. Meaning
2. Ethical behaviour at work:

   (a) Individual standards and values
   (b) Manager's and co-workers' influence
   (c) Codes of ethics and compliance requirements

(d) Discrimination

(e) Harassment

3. Importance of ethical behaviour at the workplace

4. Management of ethical behaviour at the workplace

C. ETHICS IN BUSINESS

1. Ethical principles in businesses

2. Nature, purpose of ethics and morals for organisational interests

3. Sources of ethical standards:

    (a) The Utilitarian approach
    (b) The rights approach (the deontological approach)
    (c) The fairness of justice approach
    (d) The common good approach
    (e) The virtue approach

4. Types of business ethical issues

5. Enforcement of corporate policy and functional area ethics

6. Areas covered by corporate codes of ethics

7. Concept of ethical dilemma in businesses:

    (a) Business relationships
    (b) Conflicts of interest
    (c) Fairness and honesty
    (d) Communications

8. Benefits of adhering to business ethics:

    (a) Improved society
    (b) Change management
    (c) Strong teamwork
    (d) Productivity
    (e) Employee growth
    (f) Management of the human resources
    (g) Avoidance of criminal acts
    (h) Manage values associated with quality management, strategic planning and diversity management
    (i) Promotion of strong public image

D. BUSINESS AND ENVIRONMENTAL ETHICS

1. Concept of sustainable development
2. Challenges of pollution and resource depletion
3. Interrelationships and interdependence of ecological systems
4. Eco-friendly business practices

E. PUBLIC INTEREST

1. Meaning
2. Composition of the public
3. Negative and positive outcomes (costs and benefits) of public interest
4. Decisions/ actions taken in the public interest as a democratic process
5. Application of public interest issue or policy to cultural and ethical diversity
6. Importance of corporate social responsibility (CSR) in organisations:
   - (a) Need for CSR
   - (b) Key developments in CSR
   - (c) CSR mechanisms
   - (d) Benefits of CSR

F. ACCOUNTANTS IN PUBLIC PRACTICE

1. The professional image of an accountant
2. How accountants in public practice obtain work
3. Potential ethical issues that may arise and possible safeguards

G. CORPORATE GOVERNANCE

1. History and role of corporate governance in Uganda
2. Concept and scope of corporate governance
3. Principles of corporate governance
4. The corporate governance codes of best practice and regulations:
   - (a) The Code of Corporate Governance in the Companies Act,
   - (b) Guidelines of the Institute of Corporate Governance in Uganda
   - (c) The Cadbury 'Code of best practice'
   - (d) King III's Code of Governance Principles
   - (e) The OECD Principles of Corporate Governance

(f) The Sarbanes-Oxley Act

5. Board independence and the various independent board committees

6. Role of the following in corporate governance:

   (a) Board of Directors; Chairman, Executive and Non-executive Directors
   (b) Chief Executive Officer
   (c) Corporation Secretary
   (d) An accountant

H. FRAUD & MONEY LAUNDERING

1. Meaning and types of fraud
2. Fraud versus error
3. Implementation of fraud prevention programs
4. Money laundering and the ways it is carried out
5. Consequences of unethical behaviour to individuals, accountancy profession and the public

I. WHISTLE-BLOWING

1. Procedures for disclosure of unethical behaviour in public interest:

   (a) Oral reports
   (b) Use of information communication technology
   (c) Reduction of disclosure into writing

2. Process of reporting unethical conduct:

   (d) Impropriety
   (e) Persons qualified to make disclosures
   (f) Persons to whom or institutions to which disclosure maybe made
   (g) Compulsory receipt of disclosures

3. Process of investigation of impropriety

4. Mechanisms of protecting a whistle-blower:

   (a) Protection from victimisation
   (b) Protection against court action
   (c) State protection
   (d) Application to court for assistance
   (e) Void employment contracts

5. Offences and penalties related to whistle-blowing:

(a) Disclosing the identity of a whistle-blower
(b) Disclosing the details of the disclosure
(c) Victimisation of a whistle-blower
(d) Making false disclosures
(e) Unlawfully failing to take action

Note: Reference should be made to relevant Acts especially those listed in the references section

PART III - ENTREPRENEURSHIP

A. MAKING THE BUSINESS GROW

1. Managing growth in a changing environment
2. Challenges of growth and expansion
3. Business protection:
   (a) Prevention of theft and shoplifting
   (b) Patents, trademarks, copy rights, trade secrets, licensing
   (c) Regulations on safety
   (d) Insurance types and contracts
4. Reasons for business failure
5. Social and ethical responsibility

B. CREATING OWN BUSINESS/ SELF-EMPLOYMENT

1. Factors to consider
2. Generation business ideas/ spotting opportunities(product/ service ideas)
3. Selection of the type of the organisation/ opportunity assessment plan
4. Problems in selecting new ventures
5. Factors to consider for a successful business venture
6. The venture life cycle
7. Financing new ventures:
   (a) Sources of capital (Internal and external)
   (b) Credit analysis and assessment of risks
   (c) Financial planning

(d) Analysing and managing your finances
(e) Accounting and record keeping
(f) Strategies for managing growth and transition in a venture
(g) Factors affecting the growth of entrepreneurial ventures
(h) Factors for success at every stage of development
(i) Assessment and selection of a suitable market
(j) Evaluation of a business venture

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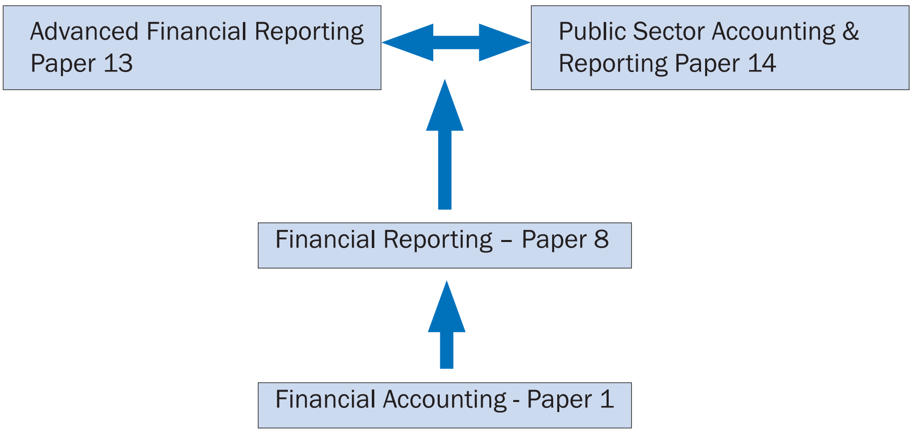
ANNEX

EXAMINABLE STANDARDS

	INTERNATIONAL STANDARDS ON AUDITING (ISA)
1.	ISA 200 Overall Objectives of Independent Auditor and the Conduct of an Audit in Accordance with International Standards of Auditing
2.	ISA 210 Terms of Audit Engagements
3.	ISA 230 Audit Documentation
4.	ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
5.	ISA 260 Communication with Those Charged with Governance
6.	ISA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
7.	ISA 300 Planning an Audit of Financial Statements
8.	ISA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
9.	ISA 320 Materiality in Planning and Performing an Audit
10.	ISA 330 The Auditor's Responses to Assessed Risks
11.	ISA 450 Evaluation of Misstatements Identified during the Audit
12.	ISA 500 Audit Evidence
13.	ISA 505 External Confirmations
14.	ISA 520 Analytical Procedures
15.	ISA 530 Audit Sampling
16.	ISA 610 (Revised) Using the Work of Internal Auditors
17.	ISA 700 Forming an Opinion and Reporting on Financial Statements

ADVANCED FINANCIAL REPORTING - PAPER 13

SYLLABUS CHART



Knowledge acquired at lower level papers is assumed and is applicable in this paper

OVERALL AIM

To enable the learner consolidate and apply knowledge in matters of financial reporting in the business sectors of the economy

LEARNING OUTCOMES

On completion of this course, the learner should be able to:-

1. Discuss and apply international and local corporate reporting framework
2. Prepare group financial statements
3. Prepare complete sets of statutory financial statements with complete disclosures
4. Interpret financial statements and assess their usefulness to various stakeholders

5. Demonstrate knowledge current reporting issues and developments

6. Exercise judgment on reporting issues

7. Apply requirements of all the International Financial Reporting Standard (IFRS) IFRSs in issue

LEVEL OF ASSESSMENT

The examination will be designed to test the learner's ability to integrate knowledge and skills acquired in earlier papers and in the preparation of consolidated financial statements as well as business combinations and interests in joint ventures.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. REPORTING CONCEPTUAL FRAMEWORK

1. The Conceptual Framework for financial reporting under IFRSs:
   - (a) Problems addressed by the framework
   - (b) Scope and authority of the framework
   - (c) Structure of the standards setting process:
     - (i) Setting the agenda
     - (ii) Project planning
     - (iii) Development and publication of a discussion paper
     - (iv) Development and publication of an exposure draft
     - (v) Development and publication of an IFRS
     - (vi) Procedures after an IFRS are issued
   - (d) Effects of the framework on the preparation and presentation of financial statements
   - (e) Recognition and measurement of the elements of financial statements
2. Major influences on standards: factors considered in development of standards
3. Institute of Certified Public Accountants of Uganda (ICPAU):
   - (a) Roles of ICPAU as enshrined in the Accountants Act, 2013
   - (b) Relationship between ICPAU and other professional accountancy bodies
4. The Regulatory Framework:
   - (a) Importance of regulating financial reporting

(b) Roles of:
   (i) International Accounting Standards Committee Foundation
   (ii) International Accounting Standards Board (including its membership)
   (iii) Standards Advisory Council
   (iv) Financial Reporting Interpretations Committee
(c) Factors that have shaped financial accounting and reporting to current/ present state
(d) Main influences on possible future developments of financial accounting/ reporting
(e) Role of IFRSs

5. Forms of Regulation:

   (a) The Companies Act:
      (i) Accounting and reporting requirements
      (ii) Impact of the Act on financial accounting and reporting
      (iii) Non-financial statements required by the Act: directors' report, auditor's report, chairman's report, operating and financial review (listed companies)
   (b) Accounting Standards:
      (i) Purpose
      (ii) The standards setting process
   (c) Financial Institutions Act
   (d) Insurance Act
   (e) The Microfinance Deposit Taking Institutions Act
   (f) Reconciliation of different IFRSs with the above Acts

6. The Role of other regulatory bodies like Bank of Uganda, Insurance Regulatory Authority, Capital and Financial Markets Authority:

   (a) Objectives and functions of each regulatory body
   (b) Legal and Compliance-guidelines
   (c) Financial reporting requirements and reconciliation with the requirements of IFRSs
   (d) Institutions that must comply with each regulatory body
   (e) Purpose and contents of an accountant's report for listing

B. PREPARATION OF AND DISCLOSURES IN GROUP FINANCIAL STATEMENTS

1. Acquisition accounting:

   (a) Recognition of the acquiree and the acquirer

(b) Establishing the acquisition date
(c) Recognition and measurement of the acquired assets and liabilities
(d) Recognition and accounting for non-controlling interest in the acquiree
(e) Recognition, measurement and accounting for goodwill or a gain on a bargain purchase

2. Preparation of group financial statements:
    (a) Profit or loss and other comprehensive income
    (b) Financial position
    (c) Changes in equity
3. Measurement principles relating to fair values of the consideration and net assets acquired
4. Acquisitions:
    (a) Nature
    (b) Stages
5. Preparation of a consolidated financial statement where control is achieved in stages
6. Disclosures

C. ADVANCED GROUP FINANCIAL STATEMENTS (IFRS 3, IFRS 10, IFRS 12, IAS 27)

1. Objectives of the standards
2. Scope of the standards
3. Identification of business combination
4. Changes in group structures where control is:
    (a) Lost
    (b) Retained
5. Principles relating to the disposal of group companies
6. Treatment of goodwill on disposal
7. Principles of accounting for partial and deemed disposals
8. Creation of a new holding company
9. Changes in the ownership of companies within a group
10. Nature and accounting for mergers and demergers, and divisionalisation
11. Principles and preparation of financial statements after group re-organisation and

reconstruction

D. ACCOUNTING FOR ASSOCIATES AND JOINT VENTURES (IAS 28, IFRS 11, IFRS 12)

1. Problems addressed by the standards
2. Scope of the standards
3. Meaning of key terms:
   - (a) Associate
   - (b) Significant influence
   - (c) Equity method
   - (d) Joint:
     - (i) Arrangements
     - (ii) Control
     - (iii) Operation
     - (iv) Venture
4. Accounting treatment
5. Principles and methods of accounting for associates and joint ventures
6. Preparation of group financial statements with associates and joint ventures

E. PREPARATION OF GROUP STATEMENTS OF CASH FLOWS (IAS 7)

1. Usefulness and limitations of group financial statements
2. Preparation of group statements of cash flows including elements of acquisition and disposal of subsidiaries
3. Preparation of group statements of cash flows incorporating associates, joint ventures and foreign interests

F. SEPARATE FINANCIAL STATEMENTS (IAS 27)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Preparation of separate financial statements
5. Disclosures

G. RELATED PARTY DISCLOSURES (IAS 24)

1. Objective of the standard

2. Scope of the standard: Identification of related parties and disclosure requirements
    (a) Management compensation
    (b) Related party disclosures in separate financial statements
    (c) Key Management Personnel
    (d) Joint Control
    (e) Government related entities
3. Purpose of related party disclosures
4. Definition of a related party and other concepts:
    (a) Related party transactions
    (b) Control
    (c) Significant influence
    (d) Joint control
    (e) Close members of the family of an individual
5. Disclosure requirements when the exemption applies
6. Significant adjustments and assumptions
7. Interest in subsidiaries
8. Interest in joint arrangements and associates
9. Interest in unconsolidated structured entities
10. Effectiveness of the current standards

H. ACCOUNTING FOR DISCLOSURE OF "OFF-BALANCE SHEET" TRANSACTIONS

1. Meaning of 'off-balance sheet' problem
2. 'Substance over form' and 'off-balance sheet' problems
3. Common forms of 'off-balance sheet' arrangements
4. Current attempts to deal with the 'off-balance sheet' problem

I. OPERATING SEGMENT (IFRS 8)

1. Core principle of the standard
2. Scope of the standard
3. Operating segments
4. Problem areas addressed by operating segments
5. Aggregation of operating segments
6. Determining reportable segments
7. Quantitative thresholds

8. Disclosure of segmental information

J. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES (IAS 29)

1. Scope of the standard

2. Treatment of financial statements at the year end

   (a) Historical cost financial statements

   (b) Current cost financial statement

3. Taxes

4. Statement of cash flows

5. Making adjustments

6. Consolidated financial statements

7. Economies ceasing to be hyperinflationary

8. Disclosures

K. FOREIGN CURRENCY REPORTING (IAS 21)

1. Objective of the standard

2. Scope of the standard

3. Definition of key terms

4. Accounting for foreign entities: subsidiaries, associates, joint ventures, investments, other similar arrangements

5. Accounting for net investment in a foreign operations/ entity

6. Preparation of consolidated financial statements involving foreign subsidiaries/ associates and

7. Discussion of problem areas in foreign currency transactions for individual and group entities

8. Disposal or partial disposal of a foreign operation/ entity
9. Preparation of financial statements in hyperinflationary economies

10. Disclosures

L. INSURANCE CONTRACTS (IFRS 4)

1. Objective of the standard

2. Scope of the standard

   (a) Embedded derivatives

(b) Unbundling of deposit components

3. Recognition and measurement

    (a) Temporary exemption from other IFRSs
    (b) Changes in Accounting Policies
    (c) Insurance contracts acquired in a business combination or portfolio transfer

4. Disclosures

M. FINANCIAL INSTRUMENTS (IAS 32, IFRS 7, IAS 39/ IFRS 9)

1. Objectives of the standards
2. Scope of the standards
3. Definition of key terms for all the standards
4. Exceptions to the standards where applicable
5. Classification of financial instruments as liabilities/ equity
6. Measurement rules for financial instruments:

    (a) Initial measurement
    (b) Subsequent measurement
    (c) Impairment of financial assets

7. Accounting:

    (a) Debt instruments
    (b) Equity instruments
    (c) Allocation of finance costs

8. Accounting for fixed interest rate and convertible bonds
9. Recognition and de-recognition of financial instruments
10. Embedded derivatives:

    (d) (a) Host contracts versus embedded derivative
    (e) (b) Accounting treatment of embedded derivatives

11. Current values, treatment of gains and losses, and derivatives
12. Hedge accounting:

    (a) Basic definitions (hedging, hedged item, hedging instrument, hedge effectiveness, fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation)
    (b) Conditions for hedge accounting

(c) Accounting treatment

13. Presentation:

    (a) Liabilities and equity
    (b) Compound financial instruments
    (c) Treasury shares
    (d) Interest, dividends, losses and gains
    (e) Offsetting a financial asset and a financial liability

14. Classes of financial instruments and levels of disclosure on statement of:

    (a) Financial position
    (b) Profit or loss & other comprehensive income
    (c) Other disclosures

15. Significance of financial instruments for financial position and performance

16. Nature and extent of risks arising from financial instruments:

    (a) Credit risk
    (b) Currency risk
    (c) Interest rate risk
    (d) Liquidity risk
    (e) Loans payable
    (f) Market risk
    (g) Other price risk
    (h) Past due

17. Transfer of financial assets

N. EARNINGS PER SHARE (EPS - IAS 33)

1. Objectives/ issues addressed by the standard

2. Scope of the standard

3. Definition of key concepts of the standard:

4. Measurement:

    (a) Basic EPS: measurement and determination
    (b) Determination of weighted number of shares and consideration
    (c) Diluted EPS; adjustments made to weighted number of shares
    (d) Effect of changes in capital structure on EPS
    (e) Capitalisation/ bonus issue, rights issue and share split/ reverse share split

(f) Conditions for restatement of EPS

5. 5. Presentation and disclosure:

   (a) Basic EPS and diluted EPS disclosure
   (b) Basic and diluted profits/ losses
   (c) Disclosure notes in statements of profit or loss and other comprehensive income and statement of financial position as required by the standard
   (d) Significance of EPS

O. SHARE-BASED PAYMENT (IFRS 2)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Recognition: the basic principles/ requirements for share-based payments:
   (a) Equity-settled share-based payment transactions
   (b) Cash-settled share-based payment transactions
   (c) Choice of either equity or cash-settled share-based payment transactions
5. Measurement: General principle
6. Deferred tax implications
7. Disclosure requirements
8. Effectiveness of the current standards

P. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (IFRS 5)

1. Objectives of the standard
2. Scope of the standard
3. Definition of key concepts of the standard
4. Accounting treatment:
   (a) Measurement of non-current assets held for sale:
      (i) Criteria of classifying an asset or disposal group as held for sale
      (ii) Impairment losses on non-current assets held for sale
   (b) Presentation and disclosure:
      (i) Amount recognised in statements of profit or loss and other comprehensive income

(ii) Capitalisation rates

(iii) Disclosure notes in the statements of profit or loss and other comprehensive income and statement of financial position as required by the standard

Q. INCOME TAX (IAS 12)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Recognition of current tax liabilities and current tax assets
5. Recognition of deferred tax liabilities and deferred tax assets:
   (a) Taxable temporary differences
   (b) Deductible temporary differences
   (c) Unused tax losses and tax credits
6. Measurement of:
   (a) Current tax liability
   (b) Current tax asset
7. Recognition of current tax and deferred tax
   (a) Items recognised in profit or loss
   (b) Items recognised outside profit or loss
   (c) Deferred tax arising from business combination
   (d) Current & deferred tax arising from share-based payment transactions
8. Presentation:
   (a) Tax assets and tax liabilities
   (b) Tax expense
9. Taxation in financial statements
10. Disclosure

R. EMPLOYEE BENEFITS (IAS 19)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms
4. Categories of employee benefits:
   (a) Short-term employee benefits:
      (i) Recognition & Measurement (All short-term employee benefits, Short-term paid absences & profit-sharing and bonus plans)
      (ii) Disclosures
   (b) Post-employment benefits:
      (i) Defined contribution plans: Recognition, Measurements and Disclosure)

(ii) Defined benefit plans: Recognition and measurement, accounting for the constructive obligation, statement of financial position, present value of defined benefit obligation and current service cost
(iii) Actuarial present value of promised retirement benefits
(iv) Frequency of actuarial valuations
(v) Financial statement content
(vi) All plans: valuation of plan assets; disclosure
(vii) Other long-term employee benefits: Recognition and measurement; disclosures
(viii) Terminal Benefits: Recognition; measurement and disclosure

5. Past service cost, gains and losses on settlement
6. Recognition and measurement: plan assets
7. Components of defined benefit cost
8. Presentation (offset, current/ non-current distinction, components of defined benefit cost)

S. INTERIM FINANCIAL REPORTING (IAS 34)

1. Objective of the standard
2. Scope of the standard
3. Definition of key terms/ concepts
4. Minimum components (form and content) of an interim financial report
5. Recognition and measurement:
   (a) Revenues received occasionally
   (b) Costs incurred unevenly during the year
   (c) Payroll taxes or insurance contribution paid by employees
   (d) Costs of planned major periodic maintenance or overhaul
   (e) Depreciation
   (f) Tax on income
   (g) Inventory evaluation
6. Disclosure in annual financial statements

T. REPORTING FOR SMALL AND MEDIUM-SIZED ENTITIES (SMEs) USING IFRSs

1. Objective of the standard
2. Define key concepts/ terms
3. Scope of the standard
   (a) Cover all sections of the standard
   (b) Requires an understanding of the primary sources of each section of IFRS for SMEs in the full IFRS
   (c) Basis for conclusions of SMEs

(d) Understand the presentation and disclosures of financial statements of SMEs

4. Recognition & measurement-Simplifications
    - Goodwill
    - Investment in associates & joint ventures
    - Research & development costs
    - Borrowing costs
    - PPE & intangible assets
    - Assets held for sale
    - Biological assets
    - Share-based payment expense

U. EVENTS AFTER THE REPORTING PERIOD (IAS 10)

1. Objective of the standard
2. Scope of the standard
3. Definition of key concepts
4. Recognition and measurement
    (a) Process of authorisation:
        (i) Adjusting
        (ii) Non-adjusting events
    (b) Presentation and disclosure:
        (i) Date of authorisation for issue
        (ii) Disclosure relating to non-adjusting events
        (iii) Disclosure relating to the conditions that existed at the reporting period

V. ACCOUNTABILITY: THE IMPACT OF ENVIRONMENTAL, SOCIAL AND CULTURAL FACTORS ON CORPORATE REPORTING

1. Sustainability: environmental and social reporting:
    (a) Importance
    (b) Avoidance of fraudulent reporting
2. Current reporting requirements and guidelines for environmental reporting
3. Current impact of social and cultural influence on corporate reporting
4. Current issues that influence or might influence socially oriented disclosures in corporate reporting
5. Evaluation of ethical conduct in the context of corporate reporting
6. Corporate governance:
    (a) Concept of corporate governance
    (b) Corporate governance effect on corporate behaviour
    (c) Pressure on good corporate governance
    (d) Types of unethical behaviour

(e) Awareness of how and why governance mechanisms may differ from jurisdiction to jurisdiction

(f) The effects of good corporate governance on capital markets

(g) Appreciation of the role of accounting in corporate governance

(h) External audits in corporate governance

(i) Corporate governance in relation to the board of directors

(j) Risk management

(k) Have a greater sensitivity to areas of potential conflict of interest

W. INTERNATIONAL HARMONISATION

1. The benefits and need for one set of reporting requirements
2. Barriers to international harmonisation
3. Benefits of international harmonisation
4. Assessment of the progress of international harmonisation
5. The composition and work of IASB, FASB and ASB views

X. CURRENT AND INTERNATIONAL ISSUES AND DEVELOPMENTS

1. Reasons for major differences in accounting practices
2. Restatement of financial statements of foreign entities in line with IFRS
3. Ways of improving communication of corporate performance, current proposals relating to yearend financial statements and business reporting on the internet
4. Current issues relating to improvement of corporate reporting

Y. INTEGRATED REPORTING

1. Meaning of an integrated report
2. Purpose, objectives and users of an integrated report
3. The International Integrated Reporting Framework
4. Components/ elements of an integrated report:
   (a) Accountability
   (b) Sustainability reporting
   (c) Corporate governance
   (d) Integrated reporting in the global context
5. Relationship between sustainability reporting and integrated reporting
6. Integrated reporting under the Companies Act, 2012
7. Triple bottom line reporting

Applicable International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

S/N		Title
1		The Conceptual Framework
	IASs	
2	IAS 1	Presentation of Financial Statements
3	IAS 7	Statement of Cash Flows
4	IAS 10	Events After the Reporting Period
5	IAS 12	Income Tax
6	IAS 17	Leases
7	IAS 19	Employee Benefits
8	IAS 21	Foreign Currency Translation
9	IAS 24	Related Party Disclosures
10	IAS 26	Accounting and Reporting by Retirement Benefit Plans
11	IAS 27	Separate Financial Statements
12	IAS 28	Investments in Associates
13	IAS 29	Financial Reporting in Hyperinflationary Economies
14	IAS 32	Financial Instruments: Presentation
15	IAS 33	Earnings Per Share
16	IAS 34	Interim Reporting
17	IAS 37	Provisions, contingent liabilities and contingent Assets
18	IAS 39	Financial Instruments: Recognition & Measurement
	IFRSs	
1	IFRS 2	Share-Based Payment
2	IFRS 3	Business Combinations
3	IFRS 4	Insurance Contracts
4	IFRS 5	Non-Current Assets Held For Sale
5	IFRS 7	Financial Instruments: Disclosures
6	IFRS 8	Segment Reporting
7	IFRS 10	Consolidated Financial Statements
8	IFRS 11	Joint Arrangements
9	IFRS 12	Disclosure of Interest in other entities
10	IFRS 13	Fair Value Measurement
11		IFRS for SMEs

REFERENCES

1. Britton A and Alexander D (2004), Financial Reporting, Cengage Learning EMEA7th Edition

2. Elliot Barry and Elliot J (2012), Financial Accounting & Reporting, Financial Times Press15th Edition

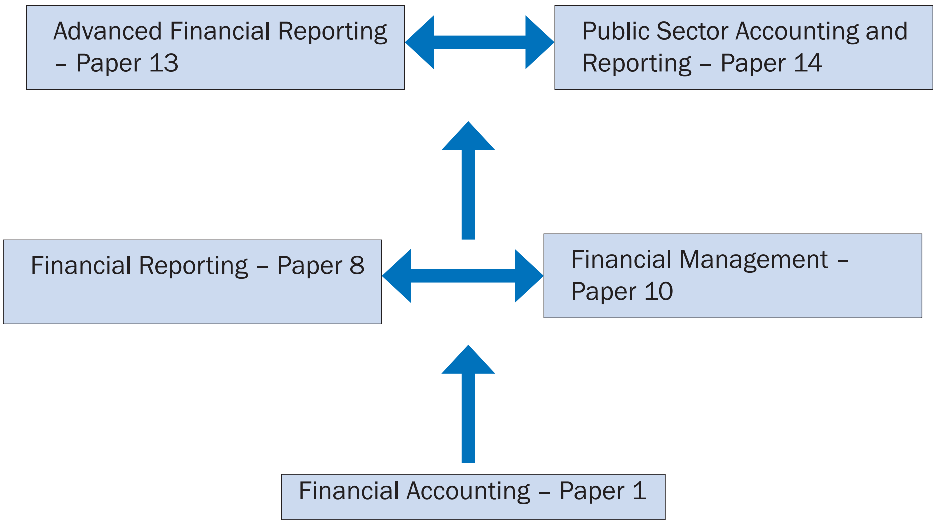
3. International Financial Reporting Standards – International Accounting Standards Board, International Accounting Standards Board

4. Handbook of International Auditing, Assurance and Ethics Pronouncements – IFAC, International Federation of Accountants

5. Handbook of International Public Sector Pronouncements – International Federation of Accountants

PUBLIC SECTOR ACCOUNTING & REPORTING – PAPER 14

SYLLABUS CHART



OVERALL AIM

To enable the learner to apply and integrate policy, legal, regulatory, institutional, reporting and accountability frameworks in the public sector

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Discuss and explain the main features of public sector entities.
2. Discuss and apply the public sector, policy, legal and reporting frameworks.
3. Apply the principles, practices and techniques in the control and management of public resources in Uganda.
4. Prepare consolidated financial statements in the public sector

5. Prepare and interpret statutory and management reports in accordance with the applicable public sector frameworks in Uganda.

6. Apply International Public Sector Accounting Standards (IPSAS).

7. Evaluate current public sector challenges, reforms and practices.

8. Advise on best practices in the accounting for and management of public resources

LEVEL OF ASSESSMENT

The examination will be designed to test the learner's analytical, evaluation and synthesis skills in the management of public resources.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. INTRODUCTION

1. Introduction to public sector accounting:
   - (a) Meaning of public sector accounting
   - (b) Objectives of public sector accounting
   - (c) Characteristics of public sector institutions
   - (d) Private versus public sector accounting systems
2. Categories of public sector reporting entities and their accounting records:
   - (a) Central government (ministries, departments and agencies)
   - (b) Local governments (rural and urban local governments, and statutory bodies)
   - (c) Related governmental entities: agencies, boards, commissions and enterprises
   - (d) Financing and accounting for public sector entities:
     - (i) Classifying public sector entities
     - (ii) Central government
     - (iii) Local governments
3. Financial reporting in the public sector:
   - (a) Objectives of government financial reporting
   - (b) Users of public sector financial statements and their information needs
   - (c) Accounting policies, principles, practices and standards in the public sector

B. REPORTING FRAMEWORK IN UGANDA

1. The regulatory, legal and institutional frameworks for financial reporting in Uganda:

   (a) Policy and legal framework

   (b) Central government institutional framework:

      (i) Parliament and the public accountability committees

      (ii) Minister in charge of finance, – designation, powers and duties

      (iii) Secretary to the Treasury, - designation, powers and duties

      (iv) Accountant General, - designation, powers and duties

      (v) Accounting Officers, - designation, powers and duties

   (c) The local government institutional framework:

      (i) Local Government Council

      (ii) Local Governments' Public Accounts Committee

      (iii) District Local Council Chairman/Mayor

      (iv) Chief Administrative Officer/Town Clerk

      (v) Chief Finance Officer

2. Accounting policies and practices

3. International Public Sector Accounting Standards

C. ACCOUNTING PRACTICES IN THE PUBLIC SECTOR

1. Accounting policies, practices and bases:

   (a) Fund accounting

   (b) Entity accounting

   (c) Cash basis accounting

      (i) Basic principles of the cash basis of accounting and its application to the public sector

      (ii) Basic principles of the modified cash basis of accounting and its application to the public sector

      (iii) Arguments for and against cash basis of accounting in the public sector

   (d) Accruals basis accounting.

      (i) Basic principles of accrual accounting and its application to the public sector

      (ii) Basic principles of modified accrual accounting and its application to the public sector

      (iii) Arguments for and against accrual accounting in the public sector

2. Accounting manuals, procedures and reports

3. Fund management, budget preparation, approval and management

(a) Definition of a fund

(b) Major funds

    (i) (i) Consolidated Fund: definition, sources and classification of government revenue

    (ii) (ii)Contingencies Fund

4. Budget cycle:

    (a) Annual budget cycle: process, activities and institutions
    (b) Planning and budgeting: process (led by Ministry of Finance)
    (c) Budget execution (led by Accountant General)
    (d) Budget oversight (mostly external audit and parliament)

5. External Audit

D. PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS PROCESS

1. Basic terms: bid, bidder, bidding documents, award, best practices

2. Procurement and disposing entities

3. Principles for public procurement and disposal:

    (a) Non-discrimination
    (b) Transparency
    (c) Accountability and fairness
    (d) Competition
    (e) Confidentiality
    (f) Economy, efficiency and effectiveness
    (g) Ethics

4. The public procurement process:

    (a) Procurement stages: key activities in the bidding process,
    (b) What takes place in each of the stages/ activities
    (c) What should be adhered to in each activity

5. Contract Management:

    (a) Meaning and structure of contract management
    (b) Identification, roles and responsibilities of key stakeholders in contract management
    (c) Techniques used in contract cost control and management
    (d) Main content of a contract management plan
    (e) Causes of delays and termination of contracts
    (f) Challenges in contract management

6. Evaluation of procurement processes and procedures in government

E. PERFORMANCE EVALUATION IN GOVERNMENT

1. Purpose and principles of evaluation in the public sector
2. Internal audit
3. Monitoring and evaluation by the Office of the Prime Minister
4. Office of Auditor General
5. Inspectorate of Government
6. Criminal Investigation Intelligence Department (CIID)

F. PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEMS

1. General purpose of systems
2. Integrated Financial Management System (IFMS): definition; what it does
    - (a) IFMS and public financial management cycle
    - (b) Basic components of IFMS
    - (c) Steps in the implementation of IFMS
    - (d) Computerised financial management systems for embassies abroad
    - (e) Advantages and disadvantages of automated financial management systems
3. Integrated Payroll and Pension System (IPPS)
    - (f) Definition of IPPS
    - (g) Role of IPPS
    - (h) Advantages of IPPS in public financial management
    - (i) Steps in the implementation of IPPS
    - (j) Integrated payroll and pension system in Uganda
4. Debt Management and Financial Accounting Systems (DMFAS)
    - (a) Definition of DMFAS
    - (b) Role of DMFAS
    - (c) Advantages of DMFAS in public financial management
    - (d) Steps in the implementation of DMFAS
    - (e) Debt management and financial management accounting systems in Uganda
5. Fixed Assets and Inventory Management Systems (FAIMS)
    - (a) Definition of FAIMS
    - (b) Role of FAIMS
    - (c) Advantages of FAIMS in public financial management
    - (d) Steps in the implementation of FAIMS
    - (e) Fixed Assets and inventory management systems in Uganda
6. Operations of Treasury Single Account -TSA in Uganda

G. ETHICAL ISSUES IN PUBLIC SECTOR ACCOUNTING AND FINANCE

1. Code of conduct for public officers:

    (a) Guiding principles of the code:

        (i) Accountability
        (ii) Decency
        (iii) Diligence
        (iv) Discipline
        (v) Transparency

    (b) Work Ethics:

        (i) Attendance to duty
        (ii) Time management
        (iii) Sexual harassment
        (iv) Customer care
        (v) Conflict of interest
        (vi) Secrecy and confidentiality

    (c) The role of Inspector General of Government (IGG) and oversight committees
    (d) Declaration of income, assets and liabilities
    (e) Circumstances for disclosure of personal interest
    (f) Handling of gifts or benefits in kind by public officials in the process of executing their official work
    (g) Use of public property
    (h) Situations that can lead to conflict of interest and the consequences
    (i) Challenges of enforcing the leadership code of conduct

2. Inspectorate of Government:

    (a) Functions of the Inspectorate of Government in inculcating ethics and public service values among public officials
    (b) General powers of the Inspectorate
    (c) Challenges of the office of Inspectorate of Government

H. PRESENTATION OF FINANCIAL STATEMENTS (IPSAS1)

1. Objective of the standard

2. Scope of the standard: presentation requirements for the surplus or deficit for the period; requirements relating to the selection and application of accounting policies

3. Definition of key terms of the standard:

    (a) Economic entity

(b) Future economic benefits or service potential

(c) Government business enterprises

(d) Materiality

(e) Net asset/ equity

4. Purpose, responsibility and fundamental principles underlying the preparation of financial statements.

   (a) Going concern

   (b) Consistency of presentation and classification of assets and liabilities.

   (c) Materiality and aggregation

   (d) Offsetting and aggregation

   (e) Comparative information

5. Components of financial statements:

   (a) Statement of:

      (i) Financial position

      (ii) Financial performance

      (iii) Changes in net assets/ equity

      (iv) Cash flows

   (b) Comparison between budget and actual (when an entity makes publicly available its approved budget)

   (c) Notes (comprising a summary of significant accounting policies and other explanatory notes)

6. Preparation of each financial statement taking into consideration the information to be presented on the face of each

I. CASH FLOW STATEMENTS (IPSAS 2)

1. Objective of the standard

2. Scope of the standard

3. Benefits of cash flow information

4. Definition of key terms:

   (a) Cash and cash equivalents

   (b) Operating, investing and financing activities

   (c) Control

   (d) Reporting date

   (e) Net assets/ equity

5. Presentation of cash flow statements:

(a) Operating activities
(b) Investing activities
(c) Financing activities

6. Reporting of cash flow statements from operating, investing and financing activities using the:
   (a) Direct Method
   (b) Indirect Method
7. Reporting cash flows on net basis
8. Foreign currency cash flows
9. Interest and dividends
10. Taxation on net surplus

J. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (IPSAS 3)

1. Objective of the standard
2. Scope of the standard:
   (a) Criteria for selecting accounting policy
   (b) Accounting for changes in accounting policies and accounting estimates
   (c) Correction of prior period errors and effects of correction
   (d) Exceptions to the standard
3. Definition of terms:
   (a) Changes in accounting estimates
   (b) Prior period errors
   (c) Prospective application
   (d) Retrospective application and retrospective restatement
   (e) Materiality
   (f) Impracticable
   (g) Notes
4. Selection and application of accounting policies:
   (a) Guidance to entities
   (b) Management judgment
   (c) Consistency of accounting policies
5. Changes in accounting policies and estimates
   (a) When it can take place

(b) When it cannot take place

6. Retrospective application and its limitation

7. Errors; limitations on retrospective restatement and disclosure of prior period errors

8. Impracticability in respect of retrospective application and retrospective restatement

K. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES (IPSAS 4)

1. Objective of the standard

2. Scope of the standard

3. Definition of key terms:

    (a) Functional currency
    (b) Monetary item
    (c) Net investments in a foreign operation
    (d) Exchange rate differences
    (e) Spot exchange rate
    (f) Foreign currency
    (g) Presentation currency

4. Summary of approach required by the standard

5. Reporting foreign currency transactions in the functional currency:

    (a) Initial recognition
    (b) Reporting of subsequent events
    (c) Reporting dates
    (d) Recognition of exchange differences
    (e) Changes in functional currency

6. Use of presentation currency other than the functional currency:

    (a) Translation to the presentation currency
    (b) Translation of a foreign operation
    (c) Disposal of a foreign operation

7. Tax effects of exchange differences

8. Disclosure

L. BORROWING COSTS (IPSAS 5)

1. Objective of the standard

2. Scope of the standard:

    (a) Accounting for borrowing costs

(b) All public entities except government business enterprises

(c) Exceptions

3. Borrowing costs; benchmark:

   (a) Recognition treatment
   (b) Disclosure

4. Borrowing costs; alternative treatment:

   (a) Recognition
   (b) Borrowing costs eligible for capitalisation
   (c) Excess of the carrying amount for the qualifying asset over recoverable amount
   (d) Commencement of capitalisation
   (e) Sustentation of capitalisation
   (f) Cessations of capitalisation

5. Disclosure

M. CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (IPSAS 6)

1. Objective of the standard

2. Scope of the standard

3. Definitions:

   (a) Cost method
   (b) Separate financial statements
   (c) Associates
   (d) Equity method
   (e) Investment in joint ventures

4. Exceptions from preparing consolidated financial statements

5. Preparation and presentation of consolidated financial statements:

   (a) Establishing control over another entity for financial reporting
   (b) Control for financial reporting purpose
   (c) Regulatory and purchase power
   (d) Determining whether control exists for financial reporting purposes
   (e) Consolidation procedures

6. Separate financial statements

7. Disclosure

N. REVENUE FROM EXCHANGE TRANSACTIONS (IPSAS 9)

1. Objective of the standard
2. Scope of the standard
3. Definitions:
    (a) Revenue
    (b) Exchange transactions
    (c) Non-exchange transactions
4. Measurement of revenue
5. Identification of transactions:
    (a) Rendering of services
    (b) Sale of goods
    (c) Interests, royalties and dividends
6. Disclosure

O. INVENTORIES (IPSAS 12)

1. Objective of the standard
2. Scope of the standard
3. Definition of terms:
    (a) Current replacement costs
    (b) Net Realisable Value
    (c) Inventories
4. Inventories in public sector
5. Measurements of inventories:
    (a) Lower of cost and net realisable value
    (b) Fair value
    (c) Lower of cost and current replacement costs
6. Cost of inventories:
    (a) Cost of purchase
    (b) Cost of conversion
    (c) Other costs
    (d) Cost of inventories of a service provider
    (e) Cost of agricultural produce harvested from biological assets
7. Cost formulas: net realisable value, distributing goods at no charge or for a nominal charge
8. Recognition as an expense

9. Disclosure

P. EVENTS AFTER THE REPORTING DATE (IPSAS 14)

1. Objectives of the standard
2. Scope of the standard
3. Definition of 'events after the reporting date'
4. Authorising the financial statements for issue
5. Recognition and measurement:
    - (a) Adjusting events after the reporting date
    - (b) Non-adjusting events after the reporting date
    - (c) Dividends or similar distributions
6. Going concern and restructuring
7. Disclosure:
    - (a) Disclosure of the date of authorisation for issue
    - (b) Updating disclosure about condition at date of reporting
    - (c) Disclosure of non-adjusting events after reporting date

Q. IMPAIRMENT OF NON-CASH GENERATING ASSETS-(IPSAS 21)

1. Objective of the standard
2. Scope of the standard
3. Definition of terms:
    - (a) Recoverable service amount
    - (b) Non-cash-generating assets
    - (c) Impairment
4. Identifying an asset that may be impaired
5. Measuring recoverable service amount:
    - (a) Measuring the recoverable service amount of an intangible asset with an indefinite useful life
    - (b) Fair value less costs to sell
    - (c) Value in use:
        - (i) Depreciated replacement cost approach
        - (ii) Restoration cost approach
        - (iii) Service units approach
    - (d) Application of approaches

6. Recognising and measuring an impairment loss

7. Reversing an impairment loss

8. Re-designation of assets

9. Disclosure

R. DISCLOSURE OF FINANCIAL INFORMATION ABOUT THE GENERAL GOVERNMENT SECTOR (IPSAS 22)

1. Objective of the standard

2. Scope of the standard:

   (a) Segment reporting
   (b) Statistical bases of financial reporting
   (c) Accounting policies

3. 3. Definitions

   (a) Government business enterprises
   (b) General government sector
      (i) Public Financial Corporations Sector
      (ii) Non-Public Financial Corporations Sector

4. Accounting policies; further disaggregation

5. Disclosures:

   (a) Reconciliation to the consolidated financial statements
   (b) Reconciliation to statistical bases of financial reporting

S. REVENUE FROM NON-EXCHANGE TRANSACTIONS (TAXES AND TRANSFERS) (IPSAS 23)

1. Objective of the standard

2. Scope of the standard

3. Definition of terms:

   (a) Non-exchange transactions
   (b) Revenue
   (c) Stipulations
   (d) Conditions on transferred assets
   (e) Restrictions on transferred assets
   (f) Substance over form
   (g) Taxes

(h) Transfers
(i) Taxable event
(j) Tax expenditures
(k) Fines
(l) Expenses paid through the tax system

4. Analysis of the initial inflow of resources from non-exchange transactions
5. Recognition of assets:
   (a) Control of an asset
   (b) Past event
   (c) Probable inflow of resources
   (d) Contingent assets
   (e) Contributions from owners
   (f) Exchange and non-exchange components of a transaction
   (g) Measurement of assets on initial recognition
6. Recognition of revenue from non-exchange transactions
7. Measurement of revenue from non-exchange transactions
8. Present obligations recognised as liabilities
   (a) Present obligation
   (b) Conditions on a transferred asset
9. Measurement of liabilities on initial recognition
10. Taxes:
    (a) Taxable event
    (b) Advance receipts of taxes
    (c) Measurement of assets arising from taxation transactions
    (d) Expenses paid through the tax system and tax expenditures
11. Transfers:
    (a) Measurement of transferred assets
    (b) Debt forgiveness and assumption of liabilities
    (c) Fines
    (d) Bequests
    (e) Gifts and donations, including goods in-kind
    (f) Services in-kind
    (g) Pledges
    (h) Advance receipts of transfers

(i) Concessionary loans

12. Disclosures

T. PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS (IPSAS 24)

1. Objective of the standard
2. Scope of the standard
3. Definition of terms:
   (a) Approved budgets
   (b) Original and final budgets
   (c) Appropriation
   (d) Budgetary basis
   (e) Comparable basis
   (f) Actual amounts
   (g) Accounting basis
   (h) Annual budgets
   (i) Multi-year budgets
4. Disclosure of budgetary basis, period and scope
5. Reconciliation of actual amounts on a comparable basis and actual amounts to the financial statements

U. AGRICULTURE (IPSAS 27)

1. Objective of the standard
2. Scope of the standard
3. Definition of terms:
   (a) Harvest
   (b) Biological transformation
   (c) Cost to sale
   (d) A group of biological assets
   (e) Biological asset
   (f) Agricultural produce
   (g) Agricultural activity
4. Recognition and measurement:
   (a) Condition for recognition
   (b) Fair value of assets versus. basis

(c) Gains and losses
(d) Initial recognition
(e) Fair value less cost to sell
(f) Inability to measure fair value reliably

5. Disclosure

V. FINANCIAL INSTRUMENTS (IPSAS 28, 29, 30)

1. Objective the standards
2. Scope of the standards
3. Definition of terms:
   (a) Equity instrument
   (b) Hedge item
   (c) Derivative
   (d) Financial asset
   (e) Financial liability
   (f) Puttable instrument
   (g) Forecast transactions
   (h) Loans and receivables
   (i) Transaction costs
   (j) Hedge effectiveness
4. Embedded derivatives
5. Recognition of financial instruments:
   (a) Initial recognition
   (b) De-recognition of a financial asset:
      (i) Transfers that qualify for de-recognition
      (ii) Continuing involvement in transferred assets
      (iii) All transfers
   (c) Regular way purchase and sale of a financial asset
   (d) De-recognition of a financial liability
6. 6. Measurement:
   (a) Initial measurement of the financial assets and liabilities
   (b) Subsequent measurement of financial assets and liabilities
   (c) Fair value considerations
   (d) Reclassifications
   (e) Gains and losses

(f) Impairment and uncollectability of financial assets:
   - (i) Financial assets carried at amortised costs
   - (ii) Financial assets carried at cost
   - (iii) Available-for-sale financial assets

7. 7. Hedging:

(a) Hedging Instrument:
   - (i) (i) Qualifying hedging instruments
   - (ii) (ii)Designation of hedging Instruments

(b) Hedged Items:
   - (i) Qualifying items
   - (ii) Designation of financial items as hedged items
   - (iii) Designation of non-financial item as hedged items

(c) Hedge accounting:
   - (i) Fair value hedges
   - (ii) Cash flow hedges
   - (iii) Hedges of a net investment

8. Presentation:

(a) Liabilities and net assets/ equity:
   - (i) Puttable instruments
   - (ii) Reclassification of puttable instruments and compound instruments by the issuer
   - (iii) No contractual obligation to deliver cash
   - (iv) Settlement in own equity instruments
   - (v) Contingent settlement provision
   - (vi) Settlement options

(b) Compound financial instruments:
   - (i) Treasury shares
   - (ii) Interest, dividends or similar distributions, losses and gains
   - (iii) Offsetting a financial asset and a financial liability

9. Disclosure

(a) Classes of financial instruments and level of disclosure

(b) Significance of financial instrument for financial position and financial performance

(c) Categories of financial assets and financial liabilities

(d) Disclosure of risk management policies

W. INTANGIBLE ASSETS (IPSAS 31)

1. Objective of the standard

2. Scope of the standard

3. Definitions of key terms

4. Recognition and measurement

   (a) Separate acquisition
   (b) Subsequent expenditure on an acquired in-process research and development project
   (c) Intangible assets acquired through non-exchange transactions
   (d) Exchange of assets:
   (e) Internally generated goodwill
   (f) Internally generated intangible assets:
      (i) Research phase
      (ii) Development phase
      (iii) Cost of an internally generated intangible asset
   (g) Recognition of an expense; past expense not to be recognised as an asset
   (h) Subsequent measurement:
      (i) Cost model
      (ii) Revaluation model
   (i) Amortisation period and amortisation method:
      (i) Residual value
      (ii) Review of amortisation period and method
      (iii) Retirement and disposal

5. Disclosures

X. SERVICE CONCESSION ARRANGEMENTS: GRANTOR (IPSAS 32)

1. Objective of the standard

2. Scope of the standard

3. Definitions of terms:

   (a) Binding arrangement
   (b) Grantor
   (c) Operator
   (d) Service concession arrangement
   (e) Service concession assets

4. Recognition and measurement of a service concession

5. Recognition and measurement of liabilities:

   (a) Financial liability model
   (b) Grant of a right to the operator model
   (c) Dividing the arrangement
   (d) Other liabilities, commitments, contingent liability and contingent assets

6. Presentation and disclosure:

   (a) Present information as per IPSAS 1
   (b) All aspects of service concession arrangement should be disclosed

PREFACE TO INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

S/N		Title
1		Introduction to Public Sector Accounting
2		Reporting framework in Uganda
3		Basis of Accounting in the Public Sector
4	IPSAS 1	Presentation of Financial Statements
5	IPSAS 2	Cash Flow Statements
6	IPSAS 3	Accounting policies, Changes in Accounting Estimates and errors
7	IPSAS 4	The Effects of changes in Foreign Exchange Rates
8	IPSAS 5	Borrowing Costs
9	IPSAS 6	Consolidated and Separate Financial Statements
10	IPSAS 9	Revenue from Exchange Transactions
11	IPSAS 14	Events after the Reporting Date
12	IPSAS 19	Provisions, Contingent liabilities and Contingent Assets
13	IPSAS 20	Related Party Disclosures
14	IPSAS 21	Impairment of non-Cash Generating Assets
15	IPSAS 22	Disclosure of Financial Information about the General Government Sector

S/N		Title
16	IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
17	IPSAS 24	Presentation of Budget Information in Financial Statements
18	IPSAS 27	Agriculture
19	IPSAS 29	Financial Instruments: Recognition and Measurement
20	IPSAS 31	Intangible Assets
21	IPSAS 32	Service Concession Arrangements: Grantor

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4. 'The Public Finance and Accountability Act', - Government of Uganda, Government of Uganda

5. 'The Public Finance and Accountability Regulations', - Government of Uganda, Government of Uganda

6. 'The Local Government Financial and Accounting Regulations', - Government of Uganda, Government of Uganda

BUSINESS POLICY AND STRATEGY – PAPER 15

OVERALL AIM

To enable the learner consolidate and apply knowledge in matters of reporting on strategic management, marketing and human resources management in organisations.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Critically assess the strategies adopted by business organisations
2. Evaluate the marketing mix
3. Assess the human resources management (HRM) function in organisations
4. Report on strategic options available to organisations
5. Report on the principles of strategic management accounting
6. Analyse contemporary management issues
7. Develop a strategic plan for organisations (business, government and NGOs)
8. Lead an organisational development process/consultancy in an organisation
9. Evaluate the ethical challenges regarding information systems
10. Evaluate the ethical responsibilities and challenges of accountants in forming business strategies and policies
11. Discuss the challenges facing entrepreneurs
12. Recognise and evaluate business opportunities
13. Prepare sound business plans

LEVEL OF ASSESSMENT

The examination will test the ability of the learner to comprehend, apply, evaluate and analyse strategic options available to organisations, and report on the principles of strategic management accounting, covering issues on ethics, especially as they relate to marketing.

EXAMINATION STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. STRATEGIC MANAGEMENT PROCESS

1. Strategic management: concept, scope and framework:
    - (a) Nature and importance of strategic management
    - (b) The strategic planning framework
2. Scanning the environment:

    Evaluation of internal and external organisational environment using various frameworks
    - (a) External environment:
        - (i) The macro environment using the PESTLED framework
        - (ii) The micro environment using the five-forces framework
    - (b) Internal environment:

        Assessment of the internal organisational competences using a range of frameworks, including:
        - (i) Resource audit
        - (ii) Functional structures
        - (iii) Strategic gap analysis
        - (iv) BCG - Growth share matrix framework
        - (v) General electric grid
        - (vi) Product profitability analysis
        - (vii) Product lifecycle analysis
        - (viii) Value chain analysis
        - (ix) Financial analysis
        - (x) Benchmarking
        - (xi) Break even analysis
        - (xii) The balanced score card
        - (xiii) Customer profitability analysis
    - (c) Situational analysis:
        - (i) Evaluation of key success factors to organisational success
        - (ii) Competitive advantage: its sources and sustainability
        - (iii) Strength, weakness, opportunities and threats (SWOT) analysis
        - (iv) Current strategy with focus on positives, negatives and likelihood of success

(v) Usefulness of models in gaining competitive advantage: SWOT analysis, Porter's five forces model, Value chain analysis and Generic strategies

(vi) Boston Consulting Group (BCG) matrix

3. Shaping a strategy
   (a) Importance of vision and mission
   (b) Developing a strategic vision and mission
   (c) Need for objectives
   (d) Qualities of objectives
   (e) Importance of strategies in improving organisational performance
   (f) Need for a corporate strategy, business strategy and functional strategy
   (g) Evaluation of strategies:
      (i) Generic strategies (cost leadership, differentiation and focus)
      (ii) Directional strategies (growth, stability and retrenchment)
      (iii) Ansoff's product/ market matrix (product development, market development, market penetration and diversification, related and unrelated)
   (h) Restructuring:
      (i) Retrenchment and divestiture
      (ii) Business process re-engineering
      (iii) Strategic alliances (joint ventures, licensing, franchising)
      (iv) Corporate restructuring and turnaround
   (i) Multinational strategies (exportation, licensing green field development)
   (j) Diversification: importance
4. Evaluation and choice of strategies
   (a) Evaluation of the appropriateness of strategies based on:
      (i) Suitability
      (ii) Feasibility
      (iii) Acceptability
      (iv) Competitive advantage
   (a) Strategic analysis
5. Strategy implementation
   (a) Organisational aspects that affect strategy implementation:
      (i) Organisation structures
      (ii) Policies and procedures
      (iii) Support systems
      (iv) Budgets
      (v) Rewards and incentives
      (vi) Corporate culture
      (vii) Ethics and values

(viii) Best practices
(ix) Social responsibility
(x) Strategic leadership

(b) Failure of strategy implementation and remedies

6. Strategic control
   (a) Need for strategic control
   (b) Forms of control
   (c) The control cycle
   (d) Performance measurement; appropriate key performance indicators (qualitative and quantitative)
   (e) Use of benchmarking in strategic control
   (f) Improvement of strategic control

7. Developing a strategic plan
   (a) Structure of a strategic plan in:
      (i) Business organisations
      (ii) Public Sector
      (iii) Non-governmental organisation (NGO) or Project organisations
   (b) Writing a development project proposal/plan for NGOs/ Government
      (i) Application of problem tree analysis approach in developing project plans
      (ii) Project logical framework (goals, objectives, inputs, outputs and outcomes) and its importance in developing the Project strategic plans/proposals
      (iii) Constraining factors in development project planning (time, cost and quality)
   (c) Linking strategic plans to operational plans
      (i) Importance of corporate, business and functional plans in an organisation
      (ii) Process of developing strategic budget that is linked to strategic plans, and the major roles played by an accountant in the strategic planning process of organisations
      (iii) Importance of linking a strategic plan to; business, human resource, financial, operational and marketing plans
      (iv) Reasons for failure of linking strategic plans to operational plans in some organisations

B. MARKETING MANAGEMENT

1. Meaning of marketing:
   (a) Role of marketing for both profit making and non-profit making organisations
   (b) Stages in evolution of marketing
   (c) Strategic marketing/ the marketing plan:
      (i) Assessment of internal and external marketing environment guided by a

range of frameworks (PESTLED, Five forces Model, BCG, Life cycle analysis)

(ii) Situational assessment

(iii) Characteristics of industrial and individual customers

(iv) Consumer buying behaviour and its relevance to the marketer

(v) Characteristics of goods and services, and the marketing implications

2. Marketing strategies:

(a) Application of marketing concepts; market segmentation, market targeting, market positioning

(b) Evaluation of marketing strategies; Ansoff's product market matrix (product development, market development, market penetration and diversification)

(c) Strategic choices

3. Marketing mix

Applicability of the elements of a marketing mix:

(a) Product:

(i) Goods versus services

(ii) Product development process

(iii) Relevance of the product life cycle

(b) Price: pricing strategies

(c) Place: distribution channels

(d) Promotion:

(i) Communication model as part of promotion

(ii) Elements of the promotional mix

(iii) Usefulness of 'push' and 'pull' promotional strategies

(e) People: role of people in marketing goods and services

(f) Processes: role of the process in service marketing

(g) Physical evidence: the need to create physical evidence in service marketing

4. Ethics in marketing: practical challenges of ethics in marketing

C. HUMAN RESOURCE MANAGEMENT

1. Meaning, scope and functions:

(a) Nature of human resource management and its relationship to organisational strategy

(b) Human resources management process (planning, recruitment, retention and exit)

(c) Human resource management and personnel management

(i) Human resource management versus personnel management

(ii) Role of line managers in the human resource management process

2. The human resource planning process; need for human resource planning

3. Recruitment and selection:
   (a) Job description, job specification, job evaluation
   (b) Sources of recruitment
   (c) Selection methods

4. Motivation:
   Relevance and applicability of motivation theories:
   (a) Maslow's hierarchy of needs
   (b) Herzberg's motivation (hygiene theory)
   (c) Victor Vroom's valence (expectancy) theory

5. Staff development and training:
   (a) Training and development
   (b) Role of training in the development of organisation strategy
   (c) The ideal training process
   (d) Forms of training (on the job versus off the job training)

6. Performance appraisal:
   (a) Need for performance appraisal
   (b) Forms of performance appraisal
   (c) Challenges of performance appraisal and ways of resolving them

7. Managing Generation X and Generation Y employees

D. OPERATIONS MANAGEMENT

1. Role of operations management in organisational strategy (facility location, production management, capacity utilisation)

2. Role of value chain in operations management

3. Production processes:
   (i) Appropriateness of production types and facility layouts (product focused, batch production, process focused, fixed position layout)
   (ii) Appropriateness of facility layouts (job, mass, and batch process)

E. ORGANISATIONAL DEVELOPMENT AND CHANGE

1. Managing an organisational development process

   (a) Scope, nature and context of organisational development (OD):
      (i) Meaning, nature and scope of OD
      (ii) Models of OD (the doctor-patient model and the action research model)

(iii) Phases of OD process (problem identification, data collection, diagnosis, planning and implementing, OD interventions, and evaluation and feedback)

(iv) Ethical principles of an OD consulting engagements

(b) Organisational diagnosis:

(i) Meaning and importance of organisational diagnosis

(ii) Steps in organisational diagnosis (structural, process analysis, function analysis and domain analysis)

(iii) Facets of organisational diagnosis (process, modeling & methods)

(iv) Organisational diagnostic models (Weisbord's Six Box Model and MC Kinsey's 7'S Model)

(c) Organisational development interventions: overview of levels of OD interventions (individual, group and organisational levels) organisational level OD interventions:

(i) Human process interventions (organisational confrontational meetings, inter-group relations, large-group interventions, and managerial grid development)

(ii) Human resource interventions (reward systems)

(iii) Techno-structural interventions (structural design, downsizing, reengineering, parallel structures, high-involvement organisations, and total quality management)

(iv) Strategic interventions (open systems planning, integrated strategic change, trans-organisational development, mergers and acquisitions, culture change, self-designing organisations, and organisational learning)

2. Change management

(a) The need for change management (changing environment versus resistance to change)

(b) Forces of change: internal and or external

(c) Approaches to change management (forceful change versus educative change)

(d) Frameworks for change management:

(i) The champion of change model

(ii) Kurt Lewin's Freeze model

(iii) Kurt Lewin's Force Field Analysis

F. MANAGING INFORMATION SYSTEMS

1. Strategic importance of information systems
2. Evolution of information systems; Nolan's six states of evolution
3. Importance of information technology to a business; McFarlan's grid
4. Information systems used to support the overall business strategy; the information engineering model
5. Methods used to match the information strategy in an organisation with its business objectives;

(a) Earl's Planning Process

(b) Ward's Model of aligning information systems and business strategies

(c) McFarlan's strategic grid

G. CONTEMPORARY MANAGEMENT ISSUES

Origin, relevance and applicability of contemporary management issues:

(a) Total quality management
(b) Business process re-engineering
(c) Results oriented management
(d) Other emerging issues

H. ETHICAL ISSUES

1. Ethical responsibilities and challenges in formation of business strategies and policies
2. Moral and ethical issues, and challenges related to information systems
3. Prevention of industrial espionage and sabotage
4. Considerations when providing volunteer work for political campaigns versus corporate time, funds, resources and assets

PART II- ENTREPRENEURSHIP

A. CREATIVITY AND INNOVATION

1. Creativity:

   (a) Meaning
   (b) Principles
   (c) Stages of creativity process
   (d) Limitation to creativity
   (e) Benefits of creativity

2. Innovation:

   (a) Meaning
   (b) Types
   (c) Sources
   (d) Principles
   (e) Benefits
   (f) Fostering innovations in business ventures

B. DEVELOPING AN EFFECTIVE BUSINESS PLAN

1. Meaning of a business plan
2. Importance of a business plan
3. Users of a business plan
4. Essential components of a business plan:
   - (a) Executive summary
   - (b) Vision, Mission statements, goals, objectives and core values
   - (c) Business description
   - (d) Products/ Services
   - (e) Organisation plan, production plan, financial plan, market analysis and market plan
   - (f) Details of past achievements/ successes of members who form the management team
   - (g) SWOT analysis of the company
   - (h) Conclusion
   - (i) Appendices
5. Presentation of a business plan
6. Factors that hinder the development of an effective business plan
7. Case studies

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ADVANCED FINANCIAL MANAGEMENT – PAPER 16

SYLLABUS CHART

Advanced Financial Management – Paper 16

↑

Financial Management – Paper 11

OVERALL AIM

To enable the learner broaden their knowledge and skills, and exercise judgment in the effective management of financial resources.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Apply the concept of cost of capital in financial management.
2. Evaluate plans, actions and financial position of entities.
3. Evaluate and advise on investment decisions.
4. Evaluate the various types of securities and financial markets.
5. Recommend appropriate financing options.
6. Recommend appropriate corporate restructuring strategies.
7. Discuss the ethical responsibilities and challenges in financial management.

LEVEL OF ASSESSMENT

The examination will test the learner's evaluation, analytical and synthetic skills in financial decision making.

EXAMINATION STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

A. CAPITAL BUDGETING

1. Investment appraisal under conditions of risk, inflation and taxation:
    - (a) Capital investment and working capital investment
    - (b) Capital budgeting process and organisational strategy, mission and goals
    - (c) Role of investment appraisal in the capital budgeting process
    - (d) Determination and usefulness of non-discounted investment appraisal methods:
        - (i) Payback period
        - (ii) Accounting rate of return
    - (e) Discounted investment appraisal methods:
        - (i) Relationship between interest rates and inflation; real and nominal discount rates
        - (ii) Time value of money and the role of cost of capital in the capital budgeting process
        - (iii) Present values of cash flows, including annuities and perpetuities
        - (iv) Relevant cash flows for capital budgeting projects
        - (v) Determination and usefulness of:
            - Net present value
            - Internal rate of return
            - Profitability index
    - (f) Discounted versus non-discounted cash flow methods
    - (g) Determination and application of before and after tax discount rates
    - (h) Determination and application of tax effects on cash flows, including the tax benefits of capital allowances
2. Probability and sensitivity analysis in investment appraisal:
    - (a) Relationship between risk and uncertainty in relation to project lifespan
    - (b) Application, usefulness and limitation of sensitivity analysis in capital budgeting
    - (c) Application, usefulness and limitation of probability analysis to capital budgeting
    - (d) Application, usefulness and limitation of other risk adjusting techniques like adjusted payback and simulation models

3. Replacement and other specific investment decisions:

   (a) Asset investment decisions using equivalent annual cost method
   (b) Leasing or borrowing to purchase assets using the before and after tax cost of debt

4. Capital rationing (Single and Multi period rationing):

   (a) Capital rationing concept; its causes in investment
   (b) Profitability indices and selection of divisible capital investment projects
   (c) Combinations of non-divisible investments
   (d) Sub-optimal decisions of capital rationing

B. COST OF CAPITAL, CAPITAL STRUCTURE AND DIVIDEND THEORY

1. Concept of cost of capital; relevance in investment management

2. Gearing and the cost of capital:

   (a) Concept of gearing and its relation to the overall cost of capital
   (b) Implications of high levels of gearing and its relation to financial risk using ratio analysis, and cash flow forecasting

3. Theories of capital structure:

   (a) The traditional school of thought about the relevance of capital structure
   (b) The Modigliani and Miller school of thought about the relevance of capital structure, both with and without taxes

4. Interaction between financing and investment decisions

5. Dividend policy:

   (a) Relationship between the dividend decision and the financing decision
   (b) Practical factors that influence the dividend decision
   (c) Relevance of the dividend decision using both the traditional and Modigliani and Miller school of thought
   (d) Forms of dividends:
      (i) Stock splits
      (ii) Bonus shares
      (iii) Cash dividends

C. PORTFOLIO ANALYSIS

1. Meaning of portfolio return
2. Properties of expected value and computation of portfolio expected return
3. Computation of covariance of a portfolio
4. Computation of covariance using joint probability function
5. Properties and computation of correlation

D. THE CONCEPT OF RISK-RETURN

1. Risk and return for a single asset:

    (a) The risk-return relationship in corporate investments
    (b) Determination of risk of a single asset using standard deviation/ variance
    (c) The return of a single asset using expected values and probability theory

2. Determination of risk and return for a two asset portfolio
3. The role of correlation and covariance in selecting investments in a portfolio
4. Risk diversification and reduction; meaning, role in investment management
5. Application of the mean-variance approach in portfolio selection process

E. THE CAPITAL ASSET PRICING MODEL (CAPM)

1. Systematic versus unsystematic risks
2. Basic assumptions of CAPM
3. The capital and security market lines:

    (a) Meaning
    (b) Relationship
    (c) Relevance of capital and security market lines

4. Estimation of beta values using the security market line as well as covariance/ correlation formulae
5. Practical applications and limitations of CAPM
6. Determination of the adjusted present value of investments
7. Concept of arbitrage pricing theory and its relevance in financial investments

F. SECURITIES AND FINANCIAL MARKETS

1. Long-term financing decisions:

    (a) Risk-return relationship and relative costs of equity and debt financing
    (b) Creditor hierarchy and its relationship with costs of the various sources of finance

2. Share capital and long-term debt:

    (a) Forms of equity and debt finance
    (b) Merits and demerits of using debt or equity financing

3. Other sources of long-term finance; how they can be obtained, and their relative merits and demerits:

(a) Leasing
(b) Options
(c) Warrants
(d) Convertibles

4. Financial markets:
   (a) Types:
      (i) Primary and secondary
      (ii) Money and capital
   (b) Nature and role of financial markets in a developing economy
   (c) Primary versus secondary markets
   (d) Major players in the financial markets

5. Banks and their role in the financial system

6. Market efficiency:
   (a) Meaning and assumptions
   (b) Forms
   (c) Empirical evidence; capital market efficiency
   (d) Technical, random walk and fundamental analysis
   (e) Meaning and implications of the efficient market hypothesis to finance managers

G. CORPORATE RESTRUCTURING

1. Mergers and acquisitions:
   (a) Nature and role of corporate restructuring
   (b) Differences between mergers and acquisitions
   (c) Motives behind corporate takeovers/mergers
   (d) Reasons why some mergers may fail to meet objectives
   (e) Difference between hostile and friendly mergers

2. Valuation:
   (a) Reasons for valuing business and financial assets
   (b) Methods of valuation; advantages and limitations:
      (i) Net asset valuation
      (ii) Dividend valuation
      (iii) Market capitalisation
   (c) Income based models:
      (i) Price: earnings ratio
      (ii) Earnings yield

(iii) Discounted cash flows

(d) Methods of valuing debt stock and bonds:
  (i) Redeemable and irredeemable debt
  (ii) Preference shares
  (iii) Bonds

3. Financial distress:

  (a) Nature and implications of financial distress in a business organisation
  (b) Forms, signs and causes of financial distress
  (c) Solutions to financial distress

4. Bankruptcy, liquidation and reorganisation and circumstances under which they might be the best alternatives to the business

H. INTERNATIONAL MARKETS

1. Bonds and equity markets:

  (a) Types of bonds and equity markets on the international scene
  (b) Role of international capital flows
  (c) Origin and growth of euro markets

2. Developed versus emerging markets

3. Foreign exchange markets:

  (a) Types of foreign exchange risk
  (b) Factors responsible for exchange rate fluctuations in a country
  (c) Forecast exchange rates using purchasing power parity and interest rate parity formula
  (d) Hedging against foreign exchange risk:
    (i) Invoicing in home currency
    (ii) Netting and matching
    (iii) Leading and lagging
    (iv) Money market contracts
    (v) Forward contracts
    (vi) Asset and liability management
  (e) Foreign currency derivatives used in hedging:
    (i) Foreign exchange risk
    (ii) Options, swaps and futures

4. Interest rates and risk

  (a) Meaning of term structure of interest rates
  (b) The yield curve:

(i) Meaning and role
(ii) Factors that determine the shape of the yield curve
(c) Differences between gap exposure and basis risk as types of interest rate risk
(d) Instruments available to manage interest rate volatility:
(i) Asset and liability management
(ii) Interest rate futures
(iii) Forward rate agreements

5. Passive versus active management strategies

6. Foreign direct investment:
(a) Meaning
(b) Forms:
(i) Exporting
(ii) Joint ventures
(iii) Building subsidiaries
(iv) Licensing
(v) Franchising
(c) Motives
(d) Barriers
(e) Risks and challenges
(f) Application of investment appraisal techniques in foreign direct investments

I. ISLAMIC FINANCE

1. Islamic financing
(a) Meaning
(b) Sudden interest in Islamic financing
(c) Islamic tradition on which Islamic financing is based
(d) Differences between Islamic and conventional modes of finance

2. Banking and Interest (Riba)
(a) Islamic banking; relationship between the user and the supplier of funds
(b) Contracts and products used in Islamic banking
(c) Islamic versus conventional banks

3. Sharia Board:
(a) Composition of the Sharia board
(b) Explain the functions of the Sharia board

4. The principles of Islamic finance:

(a) Interest-free
(b) Need for underlying assets
(c) Avoidance of uncertainty/ gambling
(d) Profit and loss sharing
(e) Rights and liabilities of banks and customers
(f) Sharia compliance
(g) Unlawful goods and services
(h) Profit sharing principle

5. Islamic financing structures:

   (a) Murabaha
   (b) Tawarruq
   (c) Wakala
   (d) Ijara
   (e) Istisna'a
   (f) Musharaka
   (g) Sukuk
   (h) Mudaraba

6. Islamic capital markets:

   (a) Islamic financial instruments
   (b) Potential for Islamic capital instruments

7. Sharia compliance and the equity market

8. Issues that need to be considered:

   (a) Risks and Liabilities
   (b) Co-financing

9. Requirements for sustained growth of Islamic finance

J. ETHICS AND CORPORATE GOVERNANCE

1. Company policies and management of corporate funds

2. Contribution of corporate funds to political parties

3. Other ethical issues:

   (a) Money laundering
   (b) Corruption
   (c) Bribery
   (d) Conflict of interest

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AUDITING AND OTHER ASSURANCE SERVICES - PAPER 17

Auditing & Other Assurance Services – Paper 17

Auditing & Professional Ethics and Values – Paper 12

OVERALL AIM

To enable the learner consolidate knowledge and understanding of the process of executing and finalising an audit and other assurance engagements in compliance with International Standards on Auditing and the Ugandan regulatory framework.

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Advise on regulatory, professional and ethical issues relevant to those carrying out audits or other assurance engagements.
2. Analyse risk assessment and planning procedures.
3. Prepare audit working papers, other documents of the tests performed to obtain sufficient and appropriate audit evidence.
4. Discuss the issues associated with group audits.
5. Prepare working papers documenting audit finalisation procedures performed.
6. Use audit evidence gathered to form an audit opinion.
7. Critically assess the ethical issues facing auditors.
8. Advise on internal audit engagements and management of the internal audit function.

9. Demonstrate an understanding of forensic audits and investigations.

10. Discuss the performance of other assurance engagements.

11. Demonstrate an understanding of the management of an audit firm.

12. Discuss emerging issues in auditing.

LEVEL OF ASSESSMENT

The examination will test knowledge, comprehension, application, analysis, synthesis and evaluation of the auditing and other assurance principles.

EXAMINATIONS STRUCTURE

There will be a three hour examination made up sections A and B. Section A will comprise of one compulsory question of 50 marks. Section B will comprise of four questions of 25 marks each, of which the candidate will be required to attempt any two.

DETAILED SYLLABUS

A. A PROFESSIONAL, LEGAL AND REGULATORY ENVIRONMENT

1. Introduction:
    - (a) Meaning, role and benefits of auditing and other assurance services
    - (b) Types of auditing and other assurance services
    - (c) Audit of financial statements
    - (d) Need for performance of audits of financial statements by external personnel independent of management and owners
    - (e) International Audit and Assurance Standards Board (IAASB):
        - (i) The standard setting process
        - (ii) Significant current assurance issues
    - (f) The authority of national and international standards
    - (g) Audit failure:
        - (i) Principal causes
        - (ii) Effects
    - (h) Audit engagements outcomes versus expectations of users of audit reports
2. The statutory audit:
    - (a) The scope, purpose and initiators of statutory audits
    - (b) Objectives, principle activities and value of statutory audit (in assisting management to reduce risk, improve their internal control systems and performances)
    - (c) Regulatory environment within which statutory audits take place

(d) Reasons and mechanisms for the regulation of auditors

(e) Auditor qualification and skills

(f) Statutory regulations governing the appointment, removal and resignation of auditors

(g) Types of opinion provided in statutory audits

(h) Limitations of statutory audits

3. The non-statutory audits

   (a) The scope, purpose and initiators of non-statutory audits

   (b) Nature, purpose and scope of assurance engagements including the role of the external audit and its regulatory and ethical framework

   (c) Concepts of accountability, stewardship, agency

   (d) Reporting as a means of communication to different stakeholders

   (e) Reasons and mechanisms of auditing sole proprietors and partnerships

4. Fair presentation

   (a) Presentation of financial statements in accordance with International Financial Reporting Standards (IFRS)

   (b) Fair presentation of information in the financial statements

5. Setting objectives, obtaining evidence and forming audit opinions

   (a) Audit objectives: completeness, accuracy, valuation, existence/ occurrence, cut-off procedures, rights and obligations, presentation and disclosures

   (b) Audit evidence:

      (i) Methods of obtaining audit evidence

      (ii) Quality

   (c) Formation of an audit opinion in given situations

6. Application of substantive and other testing procedures

B. RISK ASSESSMENT AND PLANNING PROCEDURES

7. Importance of understanding the business when planning an engagement
8. Ways of gaining an understanding of a client's business
9. Need for external expertise to support assurance processes
10. Identification and implications of risks arising from:

      (i) Business processes and circumstances

      (ii) Error, fraud and non-compliance with law and other regulations

1. Business risks and their impact on performance measurement of an organisation
2. Components of risk for a specified assurance engagement
3. Impact of risk and materiality on an engagement plan, including the nature, timing and extent of assurance procedures
4. Benefits and limitations of analytical procedures at the planning stage
5. Determination of an appropriate approach for an engagement which addresses:

(a) Possible reliance on:
    (i) Controls (including those within Information Technology (IT) systems)
    (ii) Work of internal audit, other experts, another auditor
(b) Extent of tests of controls and substantive procedures, including analytical procedures
(c) Nature and extent of client-generated information
(d) Number, timing, staffing and location of assurance visits
(e) Assurance of the entities' published sustainability and corporate responsibility reports

6. Components of audit risk for a specified audit engagement
7. Aspects of employment and social security law relevant to statutory audit
8. Auditing a non-specialised profit oriented entity:
    (a) Audit of a non-specialised profit oriented entity versus the audit of a specialised profit oriented entity
    (b) Audit of a non-specialised profit oriented entity versus the audit of a given not-for-profit entity
    (c) Planning, performing, concluding and reporting on the audit of the financial statements of a non-specialised profit oriented entity in accordance with the terms of the engagement including appropriate auditing standards
9. Impact of risk and materiality on preparing an audit plan, including the nature, timing and extent of audit procedures

C. AUDIT TESTING AND PROCEDURES

1. The systems audit
    (a) Testing system recording
    (b) Control assessments
    (c) Compliance tests
    (d) Substantive tests of transactions and account balances
2. Verification of assets and liabilities:
    (a) Account balances:
        (i) Purpose of substantive procedures in relation to financial statement assertions
        (ii) Substantive procedures used in auditing each balance, and tabulate those substantive procedures in a work program
    (b) Tangible non-current assets and long-term liabilities:
        (i) Evidence in relation to non-current assets
        (ii) Non-current liabilities
        (iii) The related income statement entries
    (c) Prepayments and receivables:

(i) Confirmation

(ii) Other evidence in relation to prepayments and receivables

(iii) The related income statement entries

(d) Inventory:

(i) Counting procedures in relation to year-end and continuous inventory systems

(ii) Procedures in the verification of the client's cut-off and review of consistency of cut-off date

(iii) Auditor's attendance at inventory counting, direct confirmation of inventory held by third parties

(iv) Other evidence in relation to inventory

(e) Bank and cash:

(i) Bank confirmation reports used in obtaining evidence in relation to bank and cash

(ii) Other evidence in relation to bank and cash

(f) Payables and accruals:

(i) Comprehensive schedule agreeable to the client's existing records

(ii) Supplier statement reconciliations and direct confirmation of accounts payable

(iii) Obtain evidence in relation to payables and accruals, and the related income statement entries

3. Related parties considerations in an audit of financial statements

D. GROUP AUDITS

1. Multi-location audit considerations
2. Procedures for understanding of the component auditors by the lead auditor
3. Regulatory requirements: different laws, regulations and accounting standards (which would need to be converted to a consistent set of standards for group accounts)
4. Language and cultural differences
5. Emerging markets considerations (evolving laws and regulations, corporate governance practices, potentially higher business risks)
6. Site visits of the company's locations by the lead auditor around the world
7. Additional procedures to support timely, accurate two-way communications between the lead auditor and component auditors
8. Review of the audit procedures performed by the component auditors

E. AUDIT FINALISATION

1. Subsequent events: Nature and timing of specific procedures designed to identify subsequent events that may require adjustment or disclosure in relation to the matters being reported on
2. Going concern: Nature and timing of specific procedures designed to identify the

appropriateness of the going concern assumption, including compliance with relevant legal and regulatory requirements

3. Quantitative and qualitative evaluation of the results and conclusions obtained from assurance procedures

F. REPORTING

1. Draw conclusions, on the ability to report on an engagement, which are consistent with the results of the assurance work
2. Drafting suitable extracts for an audit or assurance report (including any report to the management issued as part of the engagement) in relation to a specified organisation on the basis of given information, including in the extracts (where appropriate) statements of facts, their potential effects, and recommendations for action relevant to the needs and nature of the organisation being reported upon
3. Advising on reports to be issued to those responsible for governance in accordance with International Standards on Auditing, legislation, regulation and codes of corporate governance
4. Judging when to refer reporting matters for specialist help
5. Elements (both explicit and implicit) of the auditor's report issued in accordance with the International Standards on Auditing and statutory requirements and recommend the nature of an audit opinion to be given in such a report

G. ETHICAL ISSUES FACING THE AUDITOR

1. Fundamental ethical principles for professional accountants
2. Concept of independence
3. Identifying and resolving threats to fundamental ethical principles
4. Ethical issues relevant to professional accountants in public practice
5. Identifying and advising upon professional and ethical issues that may arise during an audit or assurance engagement
6. Judging when to raise legal and ethical matters arising from assurance work with senior colleagues for review and possible referral to external parties
7. Purposes and consequences of laws and other regulatory requirements

H. INTERNAL AUDITING

1. Purpose, authority and responsibility of the internal audit function
2. Ethical requirements for the internal auditor
3. Managing the internal audit function
4. Internal audit planning
5. Performing internal audit engagements
6. Communicating results of internal audit engagement
7. Quality assurance in internal auditing
8. Internal auditing in the public sector
9. Reliance on work of the internal auditor by the external auditor

I. FORENSIC AUDITS AND INVESTIGATIONS

1. Forensic accounting, forensic investigation, forensic audit and fraud examination:
    - (a) Meaning
    - (b) The wide range of investigative work which accountants in practice

could be asked to perform
- (c) The parties' responsibility for prevention and detection of fraud

2. Applications of forensic auditing (fraud, negligence, insurance claims)
   - (a) Investigating a financial matter or non-fraud situation in settling of money disputes in relation to business closure or matrimonial disputes under insurance claims
   - (b) Role of the forensic auditor as an expert witness in court proceedings
3. Back duty investigations:
   - (a) Their instigation and auditor's responsibility
   - (b) Information an investigator needs at the planning stage
   - (c) The laws related to fraud and individual rights during investigations
   - (d) Collection and preservation of court admissible evidence
4. Processes to follow if fraud/ illegal acts are suspected:
   - (a) The planning stage, gathering of evidence, review process, and reporting to the client
   - (b) Conducting successful fraud and corruption investigations
   - (c) Criminal and civil prosecution in Uganda for fraud cases, and recommendations
5. Fraud/ Illegal Act:
   - (a) Categories of frauds:
     - (i) Corruption
     - (ii) Asset misappropriation
     - (iii) Financial statement fraud
   - (b) Rules of evidence (and how to put up a strong case)
   - (c) Interviewing
   - (d) Liaising with legal counsel
   - (c) Making testimony in court
6. Investigative Procedures:
   - (a) Planning in forensic audit; setting the audit objectives
   - (b) Ways of gathering evidence
   - (c) Use of computer-assisted audit techniques

J. MANAGEMENT OF AN AUDIT FIRM

1. Quality Control
   - (a) Principles and purpose
   - (b) Elements of a system of quality control relevant to a given firm
   - (c) Leadership responsibility for quality control within an audit firm
   - (d) Quality control procedures
   - (e) Assessment of whether an engagement has been performed in accordance with professional standards and whether reports issued are appropriate in the circumstances
   - (f) Sources of liability, including professional negligence, arising from an assurance engagement and their impact upon the conduct of the engagement
2. Acceptance and continuance of client relationship

(a) Legal, professional and ethical considerations before accepting an engagement

(b) Issues which underlie the agreement of the scope and terms of an assurance engagement

(c) Suitable approach for the management of an assurance engagement

(d) Issues and risks for consideration with regard to the acceptance of an audit engagement

(e) Reasons for changing auditors/professional accountants

(f) Accepting a specified new client/ engagement:

(i) Matters to consider

(ii) Procedures to be undertaken

(g) Responsibilities of management and auditors in an audit of financial statements

(h) Withdrawal from an engagement

3. Managing human resources:
(a) Relevant issues, policies and procedures
(b) Recruitment process and staff competence development methods
(c) Assignment of the engagement team
(d) Promoting an internal culture of quality control
(e) Consistency in the quality of engagement performance

4. Engagement performance:
(a) Consistency in the quality of engagement performance; supervision and review responsibilities

(b) Requirements for sufficient and appropriate technical expertise, experience in an engagement
(c) Need for consultation in promoting audit quality and application of professional judgement
(d) Criteria, conduct and documentation of engagement quality control reviews

5. Ethical requirements
(a) Policies and procedures designed to provide reasonable assurance that the firm and its personnel:

(i) comply with relevant ethical requirements

(ii) are subjected to independence requirements

(b) 'Low balling' and whether or not it impairs independence

6. Marketing professional services:
(a) Process of obtaining audit engagements

(b) Need for guidance in marketing professional services

(c) Extent to which reference to fees may be made in promotional material

(d) Determinants of fee-setting and bases on which fees and commissions may/or may not be charged for services

(e) Ethical and professional considerations in establishing and negotiating fees

7. Monitoring of:
   (a) The assurance function within an organisation

   (b) Quality and control through procedures external to the organisation

K. OTHER ASSURANCE ENGAGEMENTS

1. Types:
   (a) Review engagements
   (b) Compilation engagements
   (c) Engagement to perform agreed-upon procedures
2. Business Performance Measurement:
   (a) Benefits of providing assurance on business performance measures using appropriate ratios
   (b) Relevance of traditional financial and operational performance measures
   (c) Assessment of reliability of performance information systems, including benchmarking
   (d) Value for money audit:
      (i) Approach
      (ii) Application
      (iii) Benefits
3. System Reliability
   (a) The need for information integrity and controls

   (b) Demand for reliable and timely reporting

   (c) Benefits for providing assurance to management and external users

   (d) Procedures for assessing internal control effectiveness

4. IT Audits and Electronic Commerce (E-commerce)
   (a) Use of core technologies

   (b) Recent trends in IT and their current and potential impact on auditors (implications of 'cyber incidents' and other risks)

   (c) Application of IT in automating audit process

   (d) Problems that may be encountered in automating the audit process

   (e) Effects of E-commerce on the business risk of an entity

(f) Privacy and security of information for transactions and communications

(g) Principles and criteria underlying web assurance

(h) IT security and related considerations

(i) Reliance on embedded controls

(j) Auditing an IT system

5. Social and Environmental Audits:

(a) Importance of policies governing the relationship of an organisation with its employees, societies and the environment

(b) Difficulties in measuring social and environmental performance

(c) The auditor's considerations with respect to social and environmental matters and their impact on companies and their financial statements (impairments of assets, provisions and contingent liabilities)

(d) Control over social and environmental risks by management and evaluation by the auditor

(e) Substantive procedures for detecting potential misstatements in respect of socio-environmental matters

(f) Actions that may be taken by the auditor in situations of non-compliance with relevant laws and regulations (environmental Acts and health and safety regulations)

(g) Form and content of an independent verification statement on an environmental management system and a report to society

L. EMERGING ISSUES IN AUDITING

1. Money laundering:

(a) Meaning

(b) International efforts at combating money laundering

(c) The scope of criminal offences of money laundering

(d) Protection of professional accountants from criminal and civil liability

(e) Need for ethical guidance on money laundering

(f) Accountants' obligations in the prevention and detection of money laundering

(g) Importance of customer due diligence

(h) Suspicious transactions and their impact on reporting duties

(i) Elements of anti-money laundering programmes

2. Other Issues
   (a) Overcoming problems associated with the audit of small enterprises

   (b) International Standards on Auditing and small firms

   (c) Dominance of global firms; their influence and impact on the accountancy profession

   (d) Impact of developments in public company oversight on external auditors

   (e) Current developments in auditing standards

      (i) The need for new and revised standards

      (ii) Impact on the conduct of audits

   (f) Current legal, ethical, professional and practical matters that affect accountants, auditors, their employers and the profession

3. Generally Accepted Auditing Standards:
   (a) Meaning and objectives

   (b) Scope

   (c) Comparison with International Standards on Auditing (ISAs)

4. The International Standards of Supreme Audit Institutions (ISSAIs):
   (a) Meaning and objectives

   (b) Scope and fundamental auditing principles

   (c) Comparison of ISSAIs with ISAs

REFERENCES

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2. Chambers Andrew (1991): Computer Auditing, Pearson Education. 3rd Edition

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4. International Federation of Accountants (2012): Handbook of International Auditing Assurance and Ethics Pronouncements, Butterworth Law, Revised Edition

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6. Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements, International Accounting Standards Board, International Accounting Standards Board

ANNEX

EXAMINABLE STANDARDS

	INTERNATIONAL STANDARDS ON QUALITY CONTROL (ISQC)
1.	ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
	INTERNATIONAL STANDARDS ON AUDITING (ISA)
2.	ISA 200 Overall Objectives of Independent Auditor and the Conduct of an Audit in Accordance with International Standards of Auditing
3.	ISA 210 Agreeing the Terms of Audit Engagements
4.	ISA 220 Quality Control for an Audit of Financial Statements
5.	ISA 230 Audit Documentation
6.	ISA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
7.	ISA 250 Consideration of Laws and Regulations in an Audit of Financial Statements
8.	ISA 260 Communication with Those Charged with Governance
9.	ISA 265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
10.	ISA 300 Planning an Audit of Financial Statements
11.	ISA 315 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
12.	ISA 320 Materiality in Planning and Performing an Audit
13.	ISA 330 The Auditor's Responses to Assessed Risks
14.	ISA 402 Audit Considerations Relating to an Entity Using a Service Organisation
15.	ISA 450 Evaluation of Misstatements Identified during the Audit
16.	ISA 500 Audit Evidence
17.	ISA 501 Audit Evidence – Specific Considerations for Selected Items
18.	ISA 505 External Confirmations
19.	ISA 510 Initial Audit Engagements – Opening Balances
20.	ISA 520 Analytical Procedures

21.	ISA 530 Audit Sampling
22.	ISA 540 Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
23.	ISA 550 Related Parties
24.	ISA 560 Subsequent Events
25.	ISA 570 Going Concern
26.	ISA 580 Written Representations
27.	ISA 600 Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors)
28.	ISA 610 (Revised) Using the Work of Internal Auditors
29.	ISA 620 Using the Work of an Auditor's Expert
30.	ISA 700 Forming an Opinion and Reporting on Financial Statements
31.	ISA 705 Modifications to the Opinion in the Independent Auditor's Report
32.	ISA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
33.	ISA 710 Comparative Information-Corresponding Figures and Comparative Financial Statements
34.	ISA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
35.	ISA 800 Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
36.	ISA 805 Special Considerations-Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
37.	ISA 810 Engagements to Report on Summary Financial Statements
38.	IAPN 1000 Special Considerations in Auditing Financial Instruments

INTEGRATION OF KNOWLEDGE – PAPER 18

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Evaluate and integrate the knowledge and skills acquired in the previous levels together with the knowledge and skills acquired within this level
2. Develop professional solutions to business problems involving skills in judgement, analysis, communication and presentation
3. Report solutions to business problems in an understandable manner
4. Exercise judgment on advanced reporting issues
5. Assess critically taxation issues to provide appropriate planning advice for individuals and businesses
6. Develop appropriate treasury solutions for financial planning purposes
7. Evaluate and advise on corporate governance and control
8. Demonstrate an understanding of the current issues affecting business

SYLLABUS

A Levels 1 – 3

B Communication and presentation skills

EXAMINATION SYLLABUS

2016

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