

CPA (U)

**CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

DETAILED SYLLABUS

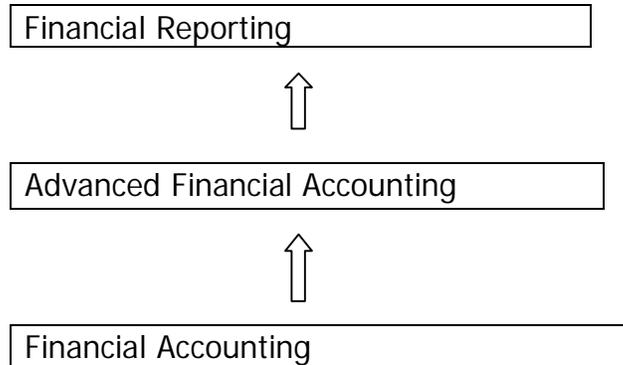
JUNE 2012

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FINANCIAL ACCOUNTING – PAPER 1

SYLLABUS CHART



OVERALL AIM

To enable students to develop the understanding of the fundamentals of financial accounting relating to double entry, preparation and interpretation of financial statements.

LEARNING OUTCOMES

On completion of this course the student will be able to:-

- (a) Explain the role of accounting and describe the regulatory framework of accounting.
- (b) Explain the different forms of business organizations.
- (c) Explain the qualitative characteristics of financial information.
- (d) Record transactions in the books of prime entry using double entry book-keeping.
- (e) Prepare a trial balance and correct errors in accounting records.
- (f) Prepare financial statements for business organizations, manufacturing concerns, non-profit making organizations, and partnerships
- (g) Reconcile bank statements.
- (h) Prepare accounts and financial statements from incomplete records.
- (i) Understand the different bases of preparing financial statements.
- (j) Apply basic international financial reporting standards.

Note: Students and Lecturers are urged to take note of the new terminology used in the International Financial Reporting Standards

LEVEL OF ASSESSMENT

The syllabus for Financial Accounting forms a foundation for Advanced Financial Accounting-Paper 8 and Financial Reporting- Paper 13. It aims at introducing the fundamental concepts of accounting to students for example, double entry bookkeeping

and preparation of financial statements. The examination will test mainly knowledge and comprehension.

EXAM STRUCTURE

The syllabus is assessed by a three hour examination with an additional 15 minutes reading time. Questions will include computational and non- computational elements. The examination consists of four sections. Section A made up of 20 compulsory multiple- choice questions each carrying one mark; Section B has one compulsory question carrying 30 marks. Section C has three questions and only two are to be attempted. Each carries 20 marks. While section D has two questions and only one is to be attempted. Each carries 10 marks.

DETAILED SYLLABUS

A INTRODUCTION

1. Definition of Terms.
 - (a) Define financial accounting, book-keeping, cost and management accounting, clearly bringing out their similarities and differences.
 - (b) Forms of Business Entity.
 - (i) Sole proprietorships: - Explain sole proprietorship business entity; describe the characteristics; explain the benefits and limitations
 - (ii) Partnerships: - Explanation of partnership business entity; describe the characteristics; explain the benefits and limitations.
 - (iii) Limited liability companies: - Explanation of a limited liability company; characteristics; forms of a limited liability company; explain the benefits and limitations; distinguish between partnership and limited liability company.
 - (iv) Public vs private companies: - Explanation of public companies; similarities and differences between public and private companies.

B REPORTING FRAMEWORK OF ACCOUNTING IN UGANDA

1. Framework for Preparation and Presentation of Financial Statements.
2. Users of Accounting Information and Their Information Needs.
 - (a) Identify and discuss the users of accounting information with particular reference to the local situation; explain the reasons why they need such information.
 - (b) Identify the objective of financial statements.
 - (c) Identify and describe the key financial statements.
 - (i) Outline the purpose of each main financial statement.
 - (ii) Identify and describe the non-financial statements (chairman's statement, auditor's report, operational and financial review).
3. Accounting Concepts.
 - (a) Define, understand and apply the accounting concepts; their meaning, relevancy and limitations using examples.

- (b) Explain and illustrate the application of the following concepts:-
 - (i) Going concern.
 - (ii) Accruals/ matching.
 - (iii) Prudence.
 - (iv) Consistency.
 - (v) Substance over form.
 - (vi) Historical cost,
 - (vii) Stable monetary unit.
 - (viii) Money measurement.
 - (ix) Materiality.
 - (x) Realization, objectivity, business entity, and duality.

- 4. Qualitative characteristics of Financial Statements.
 - (a) Identify the desirable qualities of accounting information.
 - (i) Explain the usefulness of each desirable quality of accounting information.
 - (ii) Discuss the qualitative characteristics.
 - (iii) Clearly bringing out the extent to which accounting statements display such characteristics.

- 5. Role of an Accountant.
 - (a) Explain the role of the accountancy profession within society; accounting process/ accounting lifecycle; and advantages of accounting.

- 6. The Regulatory Framework.
 - (a) Identify the need for regulation of financial reporting.
 - (b) Describe the role of the: International Accounting Standards Committee Foundation; International Accounting Standards Board (including its membership); Standards Advisory Council; Financial Reporting Interpretations Committee.
 - (c) Briefly outline factors that shape financial accounting to current/ present state.
 - (d) Briefly outline the main influences on possible future developments of financial accounting/ reporting.
 - (e) Explain the role of International Financial Reporting Standards.

- 7. Different Forms of Regulation.
 - (a) The Companies Act:
 - (i) Accounting and reporting requirements.
 - (ii) Outline the impact of the Companies Act on financial accounting and reporting.
 - (iii) Briefly outline the following non-financial statements as required by the Companies Act: directors' report, auditor's report, chairman's report, operating and financial review (listed companies).

- (b) Accounting Standards:
 - (i) Explain the purpose of accounting standards and describe the standards setting process.
- (c) Capital and Financial Markets:
 - (i) Explain the role of Capital Markets Authority.
 - (ii) Outline the role of the Securities Exchange in the regulation of financial reporting.
 - (iii) Identify the other forms of regulation:- Financial Institutions Act, and Insurance Act.

C PRINCIPLES OF DOUBLE ENTRY AND SYSTEMS OF ACCOUNTING

1. Recording of Transactions within the Double Entry Framework.
 - (a) The accounting equation and the statement of financial position.
 - (b) The double entry system for assets, liabilities and capital.
 - (c) The effect of profit or loss on capital and the double entry system for expenses and revenue.
2. Double Entry Bookkeeping.
 - (a) Explain a 'transaction' and the 'debit' and 'credit' concepts.
 - (b) Explain the double entry system for assets, liabilities, capital, expenses and revenue.
 - (c) Explain how double entry book keeping relies upon the convention of duality and the accounting equation.
3. Books of Prime Entry.
 - (a) Source Documents.
 - (i) Identify and explain the purpose of source documents:- sales order, purchases order, invoices, credit notes, delivery notes, pay slips, goods received notes, general receipts.
 - (ii) Discuss the information shown on the face of each type of source document.
 - (b) Journals.
 - (i) Discuss the general journal and subsidiary journals.
 - (ii) Uses of journals.
 - (iii) Outline the format of the different types of journals including the narrative explanation.
 - (iv) Illustrate the recording of transactions in the different types of journals.
 - (v) State how the output of each type of journal will be dealt with.
 - (ii) Prepare and understand the books of prime entry:- sales day book, purchases day book, purchases and sales returns day books, cash book, and petty cash book.
 - (c) Ledgers.
 - (i) Identify and explain the types of ledgers that is general and subsidiary.

- (ii) Discuss the purpose of the different ledgers.
 - (iii) Format of a ledger.
 - (iv) Steps in ledger posting.
 - (v) Recording transactions from journals to ledger accounts.
 - (vi) Balancing and closing the ledger accounts.
 - (vii) Explain the meaning of the balance of each type of account.
- (d) Accounting for Value Added Tax (VAT) in Day Books and Ledger Accounts.
- (i) Construct a VAT ledger account.
 - (ii) Differentiate between VAT and income tax.
- (e) Trial Balance Extraction.
- (i) Define a trial balance.
 - (ii) Discuss the purpose of a trial balance.
 - (iii) Extract ledger balances into a trial balance.
 - (iv) Explain errors that can be revealed by a trial balance.
 - (v) Explain the errors that cannot be revealed by a trial balance (errors of complete omission, errors of commission, compensating errors, errors of principle, complete reversal of entries and errors of original entry).
 - (vi) Correction of errors.
 - (vii) Explain the use of a suspense account.
 - (viii) Illustrate how a trial balance can be corrected – suspense accounts.
 - (xi) Draft a corrected trial balance.
 - (x) Effect of the errors on the calculation of profits.
- (f) Cash Book.
- (i) Explain the double and three column cash book.
 - (ii) Discuss the purpose of a two-column and three column cash book.
 - (iii) Outline the format of each type of cash book.
 - (iv) The purpose of a cash discounts – their recording and eventual transfer.
 - (v) Explain the concept of contra entries.
 - (vi) Writing up the cash book and balancing of the cash book.
 - (vii) Explain the use of a petty cash book and imprest systems.
 - (viii) Writing up the petty cash book.
- (g) Preparation of Bank Reconciliation Statement.
- (i) Explain the nature and purposes of a bank reconciliation statement.
 - (ii) Identify the reasons that may cause the difference between bank statement balance and the cash book balance.
 - (iii) Explain cheque crossings, cheque endorsement, cheque clearing and pay-in-slips.
 - (iv) Familiarity with the bank statement format and the following terms contained therein: overdrawn, credit transfer, dishonoured cheque,

bank charges, direct debit, standing order, bank interest; the difference between a bank deposit account and a current account.

- (v) Prepare an adjusted cash book.
 - (vi) Steps in preparation of bank reconciliation statement.
 - (vii) Understand the effect of bank overdraft on the reconciliation process.
 - (viii) Prepare bank reconciliation statement from given information.
 - (vii) Correction of cash book errors/ omissions.
 - (viii) Advantages of bank reconciliation statements.
- (h) Control Accounts.
- (i) Explain the need for control accounts.
 - (ii) Identify the principal control accounts.
 - (iii) Identify the sources of information for control accounts.
 - (iv) Preparation of the sales ledger control account and purchases ledger control account.
 - (v) State the advantages of control accounts: locating errors, management control, controlling fraud, timely information, and internal control as part of double entry.
 - (vi) Explain the nature and purposes of a control account with regard to identifying errors.
 - (vii) Explain how control accounts relate to the double entry system.
 - (viii) Construct a control account and the underlying individual accounts from books of original entry.
 - (ix) Agree the control account balance with the sum of the balances on the underlying accounts.

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

1. Adjustments to the Financial Statements.

- (a) Accruals and Prepayments.
 - (i) Define accruals and prepayments of incomes and expenses.
 - (ii) The need for these adjustments.
 - (iii) Calculate accruals and prepayments:- expenses and revenue.
 - (iv) Prepare journal entries and ledger entries for the adjustment of accruals and prepayments.
 - (v) Understand how the matching concept applies to accruals and prepayments.
 - (vi) Adjust expense accounts for accruals and prepayments.
 - (vii) Adjust revenue accounts for accruals and prepayments.
 - (viii) Illustrate the treatment of accruals and prepayments in the income statement and balance sheet.
- (b) Depreciation.
 - (i) Application and computation: define and explain the purpose and process of depreciation.

- (ii) Discuss the causes of depreciation and the reason for its accountability.
 - (iii) Explain the relationship between depreciation and asset replacement
 - (iv) Explain the meaning of depreciable amount; factors to be considered in determination of depreciable amount.
 - (v) Identify and explain the different methods of computing depreciation:- straight line, reducing balance, sum of digits and revaluation.
 - (vi) Illustrate the application of each method.
 - (vii) Explain the roles of consistency and subjectivity in accounting for depreciation.
 - (viii) Double entry to record depreciation.
 - (ix) The treatment of depreciation in the financial statements.
 - (x) Treatment of change in the economic useful life of assets and/ or residual value.
 - (xi) Treatment of changes of the asset value by appreciation.
 - (xii) Recording acquisition and revaluation of assets.
 - (xiii) Outline the accounting treatment of appreciating assets.
 - (xiv) Record the acquisition and revaluation of a non-current asset in ledger accounts.
 - (xv) Record the charge for depreciation and the cumulative provision for depreciation in ledger accounts.
 - (xvi) Disposal of fixed assets reasons for disposal; accounting treatment of disposal in ledger accounts.
 - (xvii) Accounting treatment of trade-in value of non-current asset.
 - (xviii) Illustrate the recording of a disposal transaction; the treatment of disposal transaction in the financial statements.
 - (xix) Make adjustments to the depreciation account following disposal of a partly depreciated non-current asset.
- (c) Bad Debts and Provisions for Doubtful Debts.
- (i) Discuss the distinction between a definite bad debt and a doubtful debt.
 - (ii) Reasons for providing for bad debts.
 - (iii) Discuss the distinction between a specific and a general provision and the calculation required.
 - (iii) Illustrate the accounting treatment of provisions for bad debts; increase in bad debts; decrease in bad debts; writing off bad debts; bad debts recovered in the ledger accounts and the financial statements.
- (d) Discounts.
- (i) Define trade and settlement (cash) discounts; record cash discounts in the ledger accounts.

- (ii) Illustrate the treatment for provisions for discounts allowed and received in the ledger accounts and the financial statements.
 - (e) Provisions.
 - (i) Identify and explain the different types of provisions taxes and dividends; provide the accounting entries.
2. Preparation of Financial Statements for Manufacturing Concerns.
- (a) Manufacturing Account.
 - (i) Identify and explain the different manufacturing costs (direct and indirect).
 - (ii) Distinction between the various classifications of costs:- direct production costs and factory overheads, fixed and variable costs, prime costs and total factory costs.
 - (iii) Explain the different categories of inventory.
 - (iv) Purpose of preparing a manufacturing account.
 - (v) Format of a manufacturing account.
 - (vi) Illustrate the preparation of a manufacturing account.
 - (b) Income Statement.
 - (i) Explain the link of the manufacturing account to the income statement.
 - (ii) Classification of operating expenses.
 - (iii) Apportionment bases of operating expenses.
 - (iv) Computation and treatment for unrealized profits in closing stocks.
 - (v) Distinguish between manufacturing profit and trading profit.
 - (vi) Format of an income statement for a manufacturing concern.
 - (vii) Illustrate the preparation of the income statement.
3. Preparation of Financial Statements for Trading Concerns.
- (a) For a Sole Trader:
 - (i) Income statement (statement of comprehensive income).
 - (ii) Explain the purpose of an income statement.
 - (iii) Provide a format of an income statement.
 - (iv) Illustrate the preparation of an income statement.
 - (v) Balance sheet (statement of financial position).
 - (vi) Explain the purpose of a balance sheet.
 - (vii) Provide a format of a balance sheet.
 - (viii) Illustrate the preparation of a balance sheet.
 - (b) For a Limited Company:
 - (i) Explain the advantages and disadvantages of a Limited Liability Company.
 - (ii) Distinguish between public and private limited companies.
 - (iii) An elementary understanding of how the capital of a company is constituted:- ordinary shares, preference shares, debentures and other loans.

- (iii) The difference between: authorised and issued (fully paid) capital; nominal and market value of shares.
- (iv) Define 'bonus issue' and 'rights issue' of shares.
- (v) Outline the advantages and disadvantages of increasing share capital by a bonus issue and rights issue of shares.
- (v) Record the shares issued and held in the relevant ledger accounts.
- (vi) Explain the appropriation of company profits and losses.
- (vii) Explain the nature and purpose of dividends.
- (viii) Calculation and treatment of: dividends including interim dividends; loan interest; the treatment of: a general reserve; retained earnings and share premium in the relevant accounts.
- (vii) Distinguish between capital and revenue reserves.
- (viii) State the permitted uses of each type of capital and revenue reserve.
- (ix) Explain the purpose of an income statement.
- (x) Provide a format of an income statement; illustrate the preparation of an income statement.
- (xi) Record tax and dividends paid and payable in the relevant accounts.
- (xii) Statement of changes in equity: explain the purpose of a statement of changes in equity.
- (xiii) Provide a format of a statement of changes in equity.
- (xiv) Illustrate the preparation of a statement of changes in equity.
- (xv) Record amounts transferred to and from reserves in the relevant ledger accounts.
- (xvi) Balance sheet (statement of financial position): explain the purpose of a balance sheet.
- (xv) Provide a format of a balance sheet.
- (xvi) Illustrate the preparation of a balance sheet.
- (c) Preparation of Financial Statements for Partnerships:
 - (i) Partnership deed: identify the types of partners and their obligations to the partnership.
 - (ii) Outline the advantages and disadvantages of operating as a partnership rather than as a sole trader or limited company.
 - (iii) Understand the accounting rules governing the partnership from the Partnership Act and the partnership agreement/ deed.
 - (iv) Partnership accounts: identify and explain the different types and format of partnership accounts.
 - (v) Illustrate the different methods of preparing partnership accounts (fixed and fluctuating methods).
 - (vi) The use and preparation of separate capital and current accounts including the understanding of debit and credit balances.
 - (vii) Appropriation of profits/ losses: outline the conventional methods of dividing profit and maintaining equity between partners.

- (viii) Treatment of partners' share of profits, losses, interest on capital, interest on drawings and their drawings in the ledger accounts; prepare the appropriation account for the partnership.
- (ix) Changes in partnership – on admission of partners, retirement of partners, and dissolution of partnership.
- (x) Discuss the accounting treatment and explain the effect on the partnerships' financial statements.
- (xi) Record simple dissolution in ledger accounts (excluding Garner Vs Murray and piecemeal realization).
- (xii) Draft the partnership statement of financial position after recording the revaluation.
- (xiii) Draft the partnership statement of financial position after a merger of two or more sole proprietorship businesses.

E PREPARATION OF FINANCIAL STATEMENTS FROM INCOMPLETE RECORDS

1. Opening position statement.
2. Explain the meaning of incomplete records.
 - (a) When they appear and why.
 - (b) Utilize the direct method in arriving at the profit figure by the use of a statement of affairs.
 - (c) The disadvantages of having incomplete records.
3. Analysis of cash and bank transactions.
Derive missing figures and prepare a control account.
4. Identify the common missing figures (incomplete records); explain the need for control accounts.
5. Deduce figures for sales and purchases from incomplete records.
Deduce figures for profit where only the increase in capital and details of drawings are known.
6. Calculate the basic accounting ratios of mark-up and margin.
7. Explain the relationship between mark-up and margin.
8. Preparation of financial statement from incomplete records.

F PREPARATION OF FINANCIAL STATEMENTS FOR NON-PROFIT MAKING ORGANIZATIONS

1. Describe what a non-profit making organization is.
List examples of non-profit making organizations.
2. Explain the objectives/ purpose of non-profit making organizations.
Explain the differences between non-profit making organizations and profit making organizations.
3. Subscriptions account.
 - (a) Explain the different types of subscriptions.
 - (b) Accounting treatment for the different types of subscriptions.

- (c) Draft a subscriptions' account.
- 4. Receipts and payments account.
 - (a) Explain what it is and purpose it serves.
 - (b) Illustrate the preparation of a receipts and payments account.
 - (c) Identify shortcomings of receipts and payments reports.
- 6. Income and expenditure account.
 - (a) Describe the nature and purpose of an income and expenditure account.
 - (b) Identify the different sources of income.
 - (c) Distinguish between capital and revenue expenditure.
 - (d) Explain the accounting entries for incomes and expenses.
- 7. Calculate profits or losses from special activities and incorporate them in the final accounts.
- 8. Understand the treatment for the various forms of revenue.
- 9. Understand the treatment for donations and life membership fees and entrance fees.
- 10. Compare an income and expenditure account to the income statement.
 - (a) Draft an income and expenditure account.
- 11. Accumulated fund.
 - (a) Define accumulated fund.
 - (b) Illustrate the determination of accumulated fund.
 - (c) The effect of surplus or deficit on accumulated fund.

G INVENTORIES

- 1. Define inventory and explain 'raw materials', 'work-in-progress' and 'finished goods.'
- 2. Explain the accounting treatment for inventory and carriage costs.
- 3. Apply the prudence convention to justify the valuation at lower of cost and net realisable value.
- 4. Adjust the inventory for items written off and items written down.
- 5. Identify the items included in the purchases figure.
- 6. Indicate where raw materials, work in progress and finished goods are disclosed in financial statements (with reference to manufacturing accounts).
- 7. Outline the relative merits of continuous and period end records (stores ledger adjustments).
- 8. Illustrate the use of stock/ inventory ledgers under each stock/ inventory valuation method.
- 9. Methods of inventory valuation and their impact on profits and assets (stock/ inventory valuation and profits), specifically, first in first out, weighted average cost and average cost.
- 10. Understand the preparation of stores ledger account.
- 11. Adjust stock/ inventory, where necessary, by a reduction to net realisable value.
- 12. Identify the factors affecting choice of method adopted.

Note: Refer to IAS 2: Inventories for all the above.

H INTRODUCTION TO STATEMENT OF CASH FLOWS

1. Recognise the need for management to control cash flows.
2. Understand the composition of a statement of cash flows.
3. The objective of the standard (to IAS 7: Statement of Cash Flows): financial structure: solvency, liquidity, timing and certainty of the cash flows and ability to generate cash and cash equivalents.
4. Identify and illustrate circumstances where profit and liquidity are not directly related.
5. State the usefulness of the information given by a statement of cash flows.
6. State the limitations of statements of cash flows.
7. Classification of the cash flows and key concepts of: operating, investing and financing activities and cash and cash equivalents.
8. Understand how to arrive at the figures needed for the statement cash flows under: cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.
9. Understand the methods used in the preparation of a statement of cash flows that are the indirect and direct methods.

Note: Reference should be made to IAS 7: Statement of Cash Flows.

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1. Wood Frank & Alan Sangster (2011), Business Accounting, Prentice Hall, Great Britain. 12th Edition.
2. Wood Frank & Sheila Robinson (2009), Book Keeping and Accounts, Financial Times Management, Prentice Hall Great Britain. 7th Edition.
3. Wood Frank (2008), Business Accounting 1, Financial Times Prentice Hall, Great Britain 11th Edition.

ECONOMIC ENVIRONMENT- PAPER 2

OVERALL AIM

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

LEARNING OUTCOMES

On completion of this course the student will be able to: -

- (a) Describe major economic models and theories.
- (b) Explain the behavior of market forces.
- (c) Explain the basic features of international economies.
- (d) Demonstrate an understanding of the Uganda's Monetary and Fiscal Systems.

LEVEL OF ASSESSMENT

The examination will mainly test knowledge and comprehension.

EXAM STRUCTURE

The syllabus is assessed by a three hour examination with an additional 15 minutes reading time. The examination consists of two sections. Section A made up of 20 compulsory multiple-choice questions each carrying one mark; Section B has six questions and only four are to be attempted. Each question carries 20 marks.

DETAILED SYLLABUS

A INTRODUCTION

1. Definitions:
 - (a) According to the classical economics (Adam Smith, David Ricardo) and Neoclassical economics (Alfred Marshal and Lord Robins).
 - (b) Compare the definitions and come out with the most appropriate.
 - (c) Definitions and characteristics of: wealth, human wants and needs; resources, goods and services.
2. Nature and Scope.
Distinguish between: micro and macroeconomics; normative and positive economics; economics as a science and as an art; economic theory and applied economics.
3. Alternative Economic Systems.
 - (a) Explain the fundamental economic questions (what, when, how, where, how much).
 - (b) Describe the different economic systems: subsistence/ traditional; capitalist/ free enterprise/ laissez faire; socialist/ command or centrally planned economies; mixed economy.
 - (c) Explain the advantages and disadvantages of each type of economic system.

4. Classification of Goods.
Describe the difference between different types of goods:-
 - (a) Free and economic goods.
 - (b) Producer and capital goods.
 - (c) Intermediate, final and consumer goods.
 - (d) Private and public goods.
 - (e) Intermediate and finished goods.
 - (f) Giffen and inferior goods.
 - (g) Luxury and necessity goods.
 - (h) Complementary and substitute goods.
 - (i) Merit and demerit goods.

5. Concepts of Scarcity, Choice and Opportunity Cost.
 - (a) Define scarcity, choice and opportunity cost.
 - (b) State the relationship between scarcity, choice and opportunity cost.
 - (c) Explain the uses of opportunity cost concept, decision making by the consumer, producer and the government.
 - (d) Define and illustrate the production possibility frontier (PPF) transformation curve.
 - (i) State the assumptions on which the production possibility frontier curve is drawn.
 - (ii) Explain the uses of the production possibility frontier concept and why it may shift outwards and inward.

B PRICE THEORY

1. The Concept of Demand.
 - (a) Define demand, quantity demanded and effective demand.
 - (b) Explain the factors influencing/ determining/ affecting demand/ quantity demanded of a commodity.
 - (c) Define and illustrate the demand curve and demand schedule.
 - (d) Give reasons why the demand curve is downward sloping.
 - (e) Explain the occurrence of abnormal/ regressive/ exceptional demand curve.
 - (f) Identify the different types of demand: joint/ complementary, competitive, composite, fixed, derived and independent.
 - (g) Distinguish between change in demand and change in quantity demanded and explain the causes of each.
 - (h) The utility theory.
 - (i) State the law.
 - (ii) Define, illustrate and relate marginal utility, total utility and demand.
 - (i) Identify the assumptions and the limitations of the law of diminishing marginal utility.
 - (i) Define, illustrate and calculate consumers' surplus.

- (j) Define elasticity of demand.
 - (i) Price elasticity of demand, income elasticity of demand and cross elasticity of demand.
 - (ii) Explain the determinants of elasticity of demand.
 - (k) Explain and illustrate the different levels or degrees of price elasticity of demand: inelastic, elastic, unitary, perfectly elastic and perfectly inelastic demand.
 - (l) Calculate, interpret and explain the uses of elasticity of demand to the consumer, producer and government.
2. The Concept of Supply.
- (a) Define supply, quantity supplied and quantity produced/ stock of goods.
 - (b) Explain the factors affecting quantity supplied/ supply of a commodity.
 - (c) Define and illustrate the conventional supply curve and supply schedule.
 - (d) Give reasons and state the law of supply and why the supply curve is upward sloping from left to right.
 - (e) Explain the occurrence of the regressive supply/abnormal/ exceptional supply curve.
 - (f) Identify the different types of supply: joint supply, competitive supply, fixed supply and independent supply.
 - (g) Distinguish between a change in supply and a change in quantity supplied and explain the causes of each.
 - (h) Define elasticity of supply, cross elasticity of supply.
 - (i) Explain the determinants of price elasticity of supply.
 - (j) Explain and illustrate the degrees of price elasticity of supply.
 - (k) Calculate and interpret the elasticity of supply.
3. Determination of Prices.
- (a) Definition of price.
 - (b) Explain the different types of prices; market price, equilibrium price, normal price/ long run equilibrium/ ideal reserve price.
 - (c) Identify ways of determining prices in an economy:-
 - (i) Demand and supply.
 - (ii) Bargaining/ haggling.
 - (iii) Bidding and auctioning.
 - (iv) Signing of treaties.
 - (v) Resale price maintenance.
 - (vi) Price leadership.
 - (vii) Offers at fixed prices for example monopoly and oligopoly.
4. Price Mechanism and Resource Allocation.
- (a) Define price mechanism.
 - (b) State the assumptions on which the price mechanism concept is based.
 - (c) Explain the role of, advantages and disadvantages of price mechanism.
 - (d) Give the ways of minimizing the defects of the price mechanism.

5. Application of Price Theory.
 - (a) Explain how price theory is used by consumers, producers and government to make economic decisions.
 - (b) Give the prices of factors of production and how they are determined.

C PRODUCTION THEORY

1. Meaning and Purpose of Production.
 - (a) Define 'production.'
 - (b) Distinguish between direct and indirect production; subsistence and commercial production.
 - (c) Describe the stages of production.
 - (d) Give the importance of production.
2. Factors of Production and Their Importance.
 - (a) Define the different factors of production: land, labour, capital, organization and entrepreneurship.
 - (b) Describe the factors of production.
 - (c) Identify the factors of production and give a reward for each.
 - (d) Explain the importance of factors of production.
3. Mobility of Factors of Production.
 - (a) Define mobility of a factor of production and in relation to different factors of production.
 - (b) Distinguish between occupational and geographical mobility of factors.
 - (c) Distinguish between mobility and immobility of factors.
 - (d) State the limitations to mobility of factors of production.
 - (e) Explain the causes of immobility of factors of production.
4. Specialization.
 - (a) Define specialization.
 - (b) Distinguish between specialization and division of labour.
 - (c) Explain the merits and demerits of specialization/ division of labour.
5. Theory of the Firm.
 - (a) Distinguish between a firm and an industry.
 - (b) State the objectives and decisions of a firm.
 - (c) Distinguish between location and localization of industry.
 - (d) Explain the factors that influence the location of industry.
 - (e) Give the advantages and disadvantages of localization of industry.
 - (f) Explain why government should influence the location of industry.
6. The Law of Diminishing Returns.
 - (a) State the law of diminishing returns.
 - (b) Outline the assumptions of the law of diminishing returns.
 - (c) Illustrate the law of diminishing returns and give its limitations.

7. The Concept of Output.
Define the following terms in relation to output: total product, average product, marginal product.
8. Costs of Production.
 - (a) Define the different types of costs namely: total costs, fixed costs, variable costs, average variable costs, and average fixed costs.
 - (b) Distinguish between explicit and implicit costs.
 - (c) Computation/ calculation of different costs of production.
 - (d) Explain why the average cost curve is U-shaped in the short-run and long-run.
 - (e) Distinguish between breakeven point and shutdown point.
 - (f) Explain why a firm may continue producing even if it is incurring losses.
9. Economies and Diseconomies of Scale.
 - (a) Distinguish between economies and diseconomies of scale.
 - (b) Explain the different internal and external economies of scale.
 - (c) Explain the causes of diseconomies of scale.
 - (d) Illustrate optimum size/ output of a firm.
10. Existence of Small Firms.
 - (a) Outline the factors that determine the size of the firm.
 - (b) Give the advantages of small-scale firms.
 - (c) Explain the existence of small firms despite the advantages of large-scale production.
 - (d) Give reasons why small firms co-exist with large firms.
11. Concept of Revenue.
 - (a) Define the different forms of revenue: total revenue, average revenue, marginal revenue.
 - (b) Explain the different concepts of profit: normal, supernormal and negative profits or losses.
 - (c) Explain the functions of profit in an economy.
12. Market Structures.
 - (a) Define 'market' and 'market structure'.
 - (b) Explain the criteria used to classify market structures.
 - (c) Define the various market structures: perfect competition, monopoly, monopolistic competition and oligopoly.
 - (d) Differentiate between the different market structures.
 - (e) State/ give/ outline the characteristics/ features of each type of market structure.
 - (f) Give examples of the different market structures.
 - (g) Explain how profits are maximized (output, price and profits are determined) in each type of market structure both in the short-run and long-run.
 - (h) Explain the merits and demerits of each type of market structure.

D. NATIONAL INCOME

1. Define 'national income'.
Define the different concepts of national income namely: 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, per capita income.
2. The Circular Flow of Income.
 - (a) Define the circular flow of income.
 - (b) Illustrate the circular flow of income and give its assumptions.
 - (c) Describe the sectors in the economy in relation to national income; household, business, government and foreign sectors.
3. Factors Determining National Income.
 - (a) Explain the factors which determine the level of national income.
 - (b) Give the factors that enhance or limit the level of national income.
 - (c) Compare the national income of a developed and a developing economy.
4. Estimation of National Income.
 - (a) Describe the approaches/ methods of measuring national income: output/ net product, income and expenditure approaches.
 - (b) Explain the problems faced in measuring national income.
 - (c) State the uses/importance of national income statistics and give the reasons for measuring national income.
5. The Concept of Per Capita Income.
 - (a) Define per 'capita income', 'standard of living.'
 - (b) State the indicators of standard of living i.e. factors considered to determine the standard of living.
 - (c) Explain the problems of using per capita income to determine/ compare standard of living within a country overtime or between different countries.
6. The Cost of Living Index.
 - (a) Distinguish between cost of living and standard of living, and state the relationship between the two.
 - (b) Explain what is meant by: cost of living index; price indices.
 - (c) Explain how changes in the cost of living are measured.
 - (d) Calculate the simple price index, weighted index and average weighted price index based on given data.
 - (e) Give the uses of price index numbers.
 - (f) Explain the problems encountered in the compilation of price indices.
7. Income Inequality and Distribution.
 - (a) Define income inequality.
 - (b) Illustrate the measurement of income inequality using Lorenz curve.

- (c) Identify the different types/ forms of income inequality i.e. individual, regional/ geographical, sectoral/ inter-sectoral and intra-sectoral.
 - (d) Explain the causes of income inequality.
 - (e) Discuss the merits and demerits of income inequality.
 - (f) Describe the policy measures to reduce income inequality.
8. Determination of Equilibrium in the Economy.
- (a) State two ways of determining equilibrium in an economy that is where aggregate demand = aggregate supply or where injections = withdrawals.
 - (b) Identify the components of aggregate demand.
 - (c) Distinguish between injections and withdrawals as used in national income.
 - (d) Identify injections and withdrawals in a closed and an open economy.
 - (e) Illustrate a situation of equilibrium in an economy.
9. Disequilibrium in the Economy.
- (a) Define disequilibrium in the economy.
 - (b) State two forms of a disequilibrium i.e. inflationary and deflationary gaps.
 - (c) Distinguish between a deflationary and inflationary gaps and illustrate them on a graph.
 - (d) Explain the ways/ measures of closing deflationary and inflationary gaps.
10. Multipliers and Accelerators.
- (a) Describe the concepts of multiplier and accelerator, and distinguish between the two concepts.
 - (b) Computation/ calculation of each based on given information.
 - (c) Define the different types of the multiplier i.e. consumption, investment, government, export and import multiplier.
 - (d) Define 'average propensity to consume', 'average propensity to save', 'marginal propensity to consume', 'marginal propensity to save' and show how they are calculated.
11. The Concept of Savings, Consumption and Investment.
- (a) Define saving, consumption and investment.
 - (b) Explain the factors which determine savings, consumption and investment expenditures.
 - (c) Explain the limitations of savings, consumption and investment in an economy.

E UGANDA'S MONETARY AND FINANCIAL SYSTEMS

1. Money.
- (a) Define 'money' and explain the functions and role of money in an economy.
 - (b) Describe the evolution of money, identify the different types of money (e.g. commodity money, near money, broad money); explain qualities of good money.

- (c) Define 'demand for money' and explain the determinants of the demand for money.
 - (d) Define 'supply of money' and explain the factors that determine the supply of money.
 - (e) Define 'liquidity preference' and explain its determinants.
 - (f) Define interest rates and outline the reasons why interest is paid; explain the determinants of the rate of interest.
 - (g) Explain the term 'capital markets' (include the institutions in the capital markets like stock exchange, insurance companies, and merchant banks).
 - (h) Define 'stock exchange' and explain the functions of the stock exchange; identify the securities traded on the stock exchange and the membership of the stock exchange.
 - (i) Explain the problems met by the stock exchange and capital markets in developing countries.
2. The Value of Money.
Define 'value of money' and explain the factors that influence the value of money.
3. The Quantity Theory of Money.
- (a) Explain the quantity theory of money and give the assumptions on which it operates; do some mathematical examples.
 - (b) Discuss the applicability of the quantity theory of money.
4. Commercial Banking.
- (a) Define 'commercial bank'; identify the assets and liabilities of commercial banks; explain the functions and role of commercial banks (indigenous and foreign).
 - (b) Define 'credit creation'; identify the assumptions on which the concept of credit creation works; describe the process of credit creation and explain the factors that influence credit creation; explain factors that limit credit creation.
 - (c) Explain the problems met by commercial banks in their operations; the objectives of commercial banking, i.e. liquidity, profitability, security.
 - (d) Define 'non-bank financial intermediaries' and explain their role in less developed countries (LDCs).
5. Central Banking.
- (a) Define 'central bank' and explain the functions of the central bank.
 - (b) Explain the term 'monetary policy' and outline the objectives of monetary policy; describe the working of the tools of monetary policy; explain the limitations to the smooth operation of monetary policy in Uganda.
6. Inflation.
- (a) Define 'inflation' and identify the different types of inflation (hyper/ runaway/ galloping, mild/ creeping/ gradual, structural, imported, demand

pull, cost push, scarcity, speculative, monetary, stagflation, headline, underlying.

- (b) Explain the causes and types of inflation.
- (c) Examine (give positive and negative) effects of inflation in Uganda.
- (d) Explain the ways/ policies used to control inflation in Uganda.
- (e) Explain the concept of deflation.
- (i) Define and give effects of deflation.

F LABOUR ECONOMICS

1. Structure of Labour Force.

- (a) Define 'labour' and 'labour force'; give the determinants of labour force in an economy.
- (b) Outline the characteristics of labour force in developing countries.
- (c) Distinguish between efficiency of labour and productivity of labour, explain the factors which influence productivity/ efficiency of labour.
- (d) Distinguish between demand for labour and supply of labour; explain the factors that determine demand for labour and supply of labour.
- (e) Define 'wage/salary'; distinguish between nominal wage and real wage.
- (f) Explain different ways/ systems/ methods of paying workers that is profit sharing, bonus payment, commission, fee, sliding scale, non-pecuniary payment, piece rate, time rate, payment in kind; explain the merits and demerits of each method of wage payment; explain the theories of wage payments namely: market theory, government theory, subsistence theory, marginal productivity theory and bargaining theory; state the theory, its assumptions, reasons and limitations/ shortcomings.

2. Role of Trade Unions.

- (a) Define 'trade union'; outline the objectives of trade unions.
- (b) Explain methods used by trade unions to advance their objectives; the factors that determine the strength of a trade union; the reasons/ justification by trade unions to demand for high wages.
- (c) Discuss the problems facing trade unions in developing countries; give the advantages and disadvantages of trade unions.
- (d) Define 'wage differentials'; explain the causes of wage differentials; give the types/forms of wage differentials (e.g. racial, geographical, sexual/ gender, individual and sectoral, explain the causes of wage differentials in your country.

G UNEMPLOYMENT

1. Definition, Nature, Types, Causes and Solutions.

- (a) Define 'unemployment' and the different types of unemployment (voluntary, involuntary, urban, structural, technological, seasonal, residual, casual, disguised, cyclical/ mass/ Keynesian and underemployment); explain the causes of each type of unemployment and how it can be solved.

- (b) Explain the causes of unemployment in an economy; suggest solutions to the problem of unemployment; give the effects of unemployment on the development of an economy.

H INTERNATIONAL TRADE

1. The Role of International Trade in Development.
 - (a) Define 'international trade.'
 - (b) Differentiate between bilateral and multilateral trade.
 - (c) Explain the role of international trade (both positive and negative roles), advantages and disadvantages of international trade.
2. Comparative Cost Advantage and Absolute Cost.
 - (a) State the laws of comparative advantage and absolute advantage.
 - (b) Give the assumptions on which the law of comparative advantage works.
 - (c) Calculate comparative advantage.
 - (d) Explain the limitations/ application of the comparative advantage theory.
3. Terms of Trade, Balance of Trade and Balance of Payments.
 - (a) Define 'terms of trade'; 'balance of trade'; 'balances of payments.'
 - (b) Calculation of terms of trade.
 - (c) Explain the factors influencing terms of trade.
 - (d) Explain the effects of terms of trade on the economy of a country.
 - (e) Explain the terms of trade facing Uganda.
 - (f) Explain the effects of deteriorating terms of trade.
 - (g) Explain policies that are used to correct long-run deterioration in terms of trade in developing countries.
 - (i) Distinguish between balance of trade and balance of payments.
 - (ii) Give reasons for worsening balance of trade for Uganda.
4. Explain/ give Effects and Adjustments of Balance of Payments Problems.
 - (a) Explain/ give effects and adjustments of balance of payments problems.
 - (b) Explain the causes of balance of payments surplus and balance of payments deficits, and balance of payments problems.
 - (c) Explain the effects and solutions to balance of payment problems.
5. Free Trade against Protectionism.
 - (a) Define free trade; explain the advantages and disadvantages of free trade.
 - (b) Define protectionism.
 - (i) Give reasons for undertaking protectionism.
 - (ii) Explain the instruments of protectionism.
 - (iii) Give/ explain the advantages and disadvantages of protectionism.
6. The Concepts of Devaluation and Revaluation.
 - (a) Define 'devaluation'.
 - (i) Give conditions under which devaluation may be carried out.
 - (ii) Calculate and find new and old rates of currencies.
 - (iii) Give reasons why devaluation is carried out.

- (iv) Explain the conditions necessary for devaluation to succeed.
 - (v) Explain the effects of devaluation.
 - (vi) Give/ explain reasons why devaluation may not succeed.
 - (b) Explain the term 'revaluation'.
 - (i) Give/ explain the effects of revaluation.
 - (c) Differentiate between:-
 - (i) Currency appreciation and currency depreciation.
 - (ii) Overvaluation and undervaluation of a currency.
7. Foreign Exchange: Meaning, Sources, Scarcity, Foreign Exchange Reserves and Rates.
- (a) Define: exchange rate, foreign exchange.
 - (b) Explain the sources of foreign exchange to a country.
 - (c) Give reasons for the demand for foreign exchange.
 - (d) Explain why Uganda has foreign exchange shortages and steps that can be taken to alleviate these shortages.
 - (e) Define/ explain foreign exchange reserves.
 - (f) Explain foreign exchange rates.
 - (i) Give the advantages and disadvantages of fixed exchange rate.
 - (ii) Explain the advantages and disadvantages of flexible exchange rate.
 - (iii) Explain advantages and disadvantages of pegged exchange rates.
 - (iv) Explain the advantages and disadvantages of managed exchange rate.
 - (v) Explain the merits and demerits of multiple exchange rates.
 - (g) Explain the factors that determine the exchange rate in the money market.
8. Economic Integration: Definition, Origins, Stages, and Conditions for Successful Implementation, Benefits and Shortcomings.
- (a) Define economic integration; explain factors that give rise/ origins of economic integration.
 - (b) Explain the features of: preferential trade area, free trade area, customs union, common market, economic union and complete integration.
 - (c) Explain the conditions for the success of economic integration.
 - (d) Explain/ give benefits of economic integration.
 - (e) Explain the shortcomings/ demerits of economic integration.
9. Economic Integration in Developing Countries - East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA).
- (a) Explain/ give the aims of each economic integration.
 - (b) Explain the achievements and the failures of the EAC and COMESA.
10. Institutions and Agreements in International Trade - GATT, IBRD, WTO, UNCTAD.

- (a) Explain the aims of: General Agreement on Tariffs and Trade (GATT); International Bank for Reconstruction and Development (IBRD); International Monetary Fund (IMF); World Trade Organization (WTO); United Nations Conference on Trade and Development (UNCTAD).
 - (b) Explain the achievements and failures of the above institutions.
11. Foreign Aid - Importance and Problems.
- (a) Define 'foreign aid'.
 - (b) Explain the various forms of foreign aid.
 - (c) Explain the importance/ role of foreign aid in development.
 - (d) Explain the problems/ demerits of foreign aid.
 - (e) Explain ways of reducing the demerits of foreign aid.

I. ECONOMIC GROWTH AND DEVELOPMENT

1. Definitions:
 - (a) Define 'economic growth', and 'economic development.'
2. Economic Growth against Economic Development.
 - (a) Differentiate between economic growth and economic development.
 - (b) Outline the objectives of economic development in Uganda.
 - (c) Explain the costs and benefits of economic growth.
 - (d) Explain the barriers to economic growth.
 - (e) Explain/ give the indicators of economic development.
 - (f) Explain why economic growth does not always lead to economic development.
3. Stages of Growth.
 - (a) Outline the five stages of Rostow's theory of economic growth.
 - (b) Explain the characteristics of Rostow's stages of economic growth.
4. Theories of Economic Growth and Development.
 - (a) Define 'big push' and 'critical minimum effort'.
 - (b) Explain balanced growth theory.
 - (c) Explain the merits and demerits of balanced growth theory.
 - (d) Explain unbalanced growth theory.
 - (e) Give/ explain the merits and demerits of balanced growth theory.
 - (f) Explain the limitations to balanced growth.
5. Characteristics of Emerging Economies.
 - (a) Outline the characteristics of underdeveloped economies / indicators of underdeveloped economies.
 - (b) Explain the factors responsible for underdevelopment both internal and external.
6. Development Strategies.
 - (a) Define 'development strategy'.
 - (b) Explain the merits and demerits of agricultural development.

- (c) Explain the merits and demerits of Industrial development.
- (d) Explain the advantages and disadvantages of small-scale and large-scale industries.
- (e) Explain the advantages and disadvantages of specialization.
- (f) Present the case for and against economic diversification.
- (g) Discuss the advantages and disadvantages of export promotion; give the limitations to export promotion.
- (h) Explain the advantages and disadvantages of import substitution; give the limitations to the operation of import substitution.
- (i) Present the case for and against capital intensive techniques of production; explain the limitations to the adoption of capital intensive techniques.
- (j) Discuss the merits and demerits of labour intensive techniques.
- (k) Define and explain intermediate technology; distinguish between appropriate and intermediate technology; explain the challenges facing the development of appropriate technology in less developed countries.
- (l) Distinguish between technological transfer and technological development; explain factors that hinder technological transfer and technological development in less developed countries.

J ECONOMIC DEVELOPMENT PLANNING

1. Definition and importance.
 - (a) Define 'economic development planning'.
 - (b) Explain the need / reasons for / importance of planning.
2. Define the different types of plans/planning namely:
 - (a) Partial, comprehensive, micro, macro, centralized, decentralized, authoritarian, project, democratic, indicative, directive, perspective.
 - (b) Distinguish between the types of planning or plans.
3. Give / outline the advantages of partial plan/ planning and comprehensive plan/ planning.
4. Give the objectives of decentralized planning; account for the existence of centralized /decentralized planning.
5. Explain the ingredients/ elements of a development plan i.e. objectives of the plan, plan coordination and consistence, planning over space, regional planning, policies and plan strategies.
6. Give the elements of a plan strategy for example required institutional reforms, investment goals, volume of resources available, source of finance, duration and coverage, market sources, implementation schedule, monitoring and evaluation.
7. Describe the planning process/ stages of planning i.e. identification of goals, plan formulation, plan implementation and evaluation.
8. Explain the characteristics of a good plan i.e. sequential, comprehensive, compatibility, consistence, feasibility, proportionality, coordination and evaluation.

9. Give the conditions necessary for effective planning i.e. availability of resources, statistical data, planning machinery, good political will, good infrastructure, incorruptible and efficient administration, economic stability, political stability.
10. Explain the factors that influence the effectiveness of development plans/ planning; examine/ explain the problems/ limitations encountered in the formulation/ implementation of development plans.

K PUBLIC FINANCE AND FISCAL POLICY

1. Definitions:
Define 'public finance'; 'public revenue'; 'public expenditure'; 'public debt'; 'financial administration'; 'fiscal policy'; and 'taxable income'.
2. Sources of Government Revenue.
Explain the different sources of government revenue.
3. Definition of Taxes and History of Taxation in Uganda.
 - (a) Define 'tax' and 'taxation'.
 - (b) Describe the evolution of taxation in Uganda.
4. Reasons for Levying Taxes.
 - (a) Give reasons why countries/ Uganda levies taxes.
 - (b) Explain the negative effects of taxation.
5. Classification of Taxes, Impact, Base, Rates of Tax, Definitions, Merits and Demerits.
 - (a) Define 'direct taxes', 'indirect taxes'.
 - (b) Explain the features and forms of direct taxes, and indirect taxes.
 - (c) Give the merits and demerits of direct and indirect taxes.
 - (d) Explain progressive tax; give the merits and demerits of a progressive tax.
 - (e) Explain proportional tax; give the merits and demerits of a proportional tax.
 - (f) Explain regressive tax; give the advantages and disadvantages of a regressive tax.
 - (g) Define 'impact of a tax', 'tax base'; explain the various tax bases in Uganda and why Uganda has a narrow tax base.
 - (h) Explain Marginal rate of taxation and average rate of taxation.
6. Incidence of Tax.
Define 'incidence of a tax'; use diagrams to explain the incidence of taxes under: unitary elasticity, elastic, inelastic, perfectly elastic and perfectly inelastic demand and supply.
7. Principles of Taxation.
Give/ explain the canons, principles/ characteristics of a good tax system.
8. Taxable Capacity.
 - (a) Define taxable capacity - individual, national, governmental.

- (b) Give/ explain factors that influence the taxable capacity of a country (nation).
 - (c) Explain why Uganda has low taxable capacity.
9. Public Debt: Its Management and Services.
- (a) Define: 'public debt'; distinguish between public debt and national debt.
 - (b) Explain: internal debt, external debt, short-term debt, long-term debt, medium-term debt, funded debt, deadweight debt, reproductive debt, and floating debt.
 - (c) Explain why a country incurs public debt.
 - (d) Define 'public debt management'; give the objectives of public debt management.
 - (e) Explain the burden of public debt in a developing country.
 - (f) Explain the ways in which public debt management is carried out.
10. National Budget as an Instrument of Economic and Social Policy.
- (a) Explain 'national budget'; give the components of a national budget.
 - (b) Explain balanced budget, surplus budget and deficit budget; give reasons for marking a surplus budget, outline the effects of a surplus budget; explain the reasons for making a deficit budget, give the effects of a deficit budget; explain the ways of financing a deficit budget.
 - (c) Explain the importance of the national budget in national economic development.
11. Role of Public Finance in Development.
Define public finance; explain the role of public finance in development.
12. Structure of Taxation and Expenditure in Uganda.
- (a) Explain the features of Uganda's tax system; give the impact of such a structure.
 - (b) Outline the characteristics of public/ government expenditure in Uganda; give reasons of the need for public expenditure.
 - (c) Explain the effects of government spending on the economy.
13. Debt Financing and Taxation Financing.
- (a) Give the merits and demerits of debt financing/ borrowing.
 - (b) Explain the advantages and disadvantages of taxation.

L THE STRUCTURE OF UGANDA'S ECONOMY

1. The Features/ Characteristics of Uganda's Economy.
- (a) The features of Uganda's economy i.e. dualistic, agro-based, mixed, dependent, high population growth rate, basically subsistence, open, largely unskilled labour force.
 - (b) Define 'dualism' and 'dual economy'; explain the different forms/ types of dualism i.e. economic, social, technological, cultural, exchange, international; sectoral/ inter sectoral, intra sectoral, regional; give

- examples of the different forms of dualism e.g. rural and urban sectors, rich and poor; outline the effects of dualism.
- (c) Describe the structure of the agricultural sector in Uganda; explain the effects of such a structure on the economy; suggest ways to change the structure; explain the causes of poor performance of the agricultural sector; suggest solutions to the problems of the agricultural sector.
 - (d) Describe the structure of the industrial sector in Uganda; explain the effects of such a structure on the economy; suggest ways to change the structure; explain the problems faced by the industrial sector in Uganda; suggest solutions to the problems of the industrial sector.
2. Subsistence and Monetary Sectors.
 - (a) Distinguish between subsistence sector and monetary sector.
 - (b) Describe the characteristics/ features of the subsistence/ monetary sector.
 - (c) Give the importance/ merits of a large monetary sector.
 - (d) Give the demerits of a large subsistence sector.
 3. Imports and Exports.
 - (a) Distinguish between imports and exports
 - (b) Describe the structure of Uganda's exports and imports.
 - (c) Explain the effects of such a structure
 - (d) Give ways of improving the import-export structure.
 4. Ownership of Business Organizations.
 - (a) Distinguish between private sector and public sector enterprises
 - (b) Identify businesses under the private sector (sole trade/ proprietorship, partnership, joint stock companies) and the public sector (parastatals and public corporations).
 - (c) Explain the advantages and disadvantages of the different business organizations
 - (d) Give the features/ characteristics of the different business organizations.
 - (e) Give the advantages and disadvantages of private ownership or public/ state/ government ownership of business enterprises.
 - (f) Outline the reasons for private ownership or government ownership of business enterprises.
 - (g) Discuss the problems faced by private and public/ state enterprises.
 5. Privatization.
 - (a) Define privatization.
 - (b) Give the different forms/ ways of privatization.
 - (c) Explain the reasons for privatization.
 - (d) Discuss the advantages and disadvantages of privatization.
 - (e) Give the problems encountered in the privatization process.
 6. Economic Dependence.
 - (a) Define 'economic dependence'.

- (b) State the different forms/ types of economic dependence e.g. trade dependence, sectoral dependence, direct economic dependence, external resource dependence.
 - (c) Give the effects of economic dependence on the economy.
 - (d) Explain the ways of minimizing economic dependence.
7. Structural Adjustment Programmes
- (a) Define 'structural adjustment programmes' (SAPs).
 - (b) Give the objectives of SAPs.
 - (c) Outline/ give/ explain the SAPs implemented in Uganda e.g. privatization, liberalization, retrenchment, agricultural modernization, export promotion.
 - (d) Explain the advantages and disadvantages of SAPs.

REFERENCES:

1. Ddumba-Ssentamu (2005), Basic Economics for East Africa: Concepts, Analysis & Applications, Fountain Publishers, Kampala, Uganda.
2. Hanson J.L. (1997), A Textbook of Economics, Macdonald and Evans publishers, 2nd Edition.

BUSINESS LAW - PAPER 3

OVERALL AIM

To introduce knowledge and understanding of the Ugandan Legal system with emphasis on laws relating to business environment in which an accountant operates.

LEARNING OUTCOMES

On completion of this course students will be able to:-

- (a) Explain the general principles of Ugandan Law.
- (b) Define the elements of a legally binding contract.
- (c) Describe how companies are formed.
- (d) Define the roles and responsibilities of the officers of a company.
- (e) Identify the various legal forms of insolvency.
- (f) Demonstrate an understanding of the legal relationships created by employers and employees.

LEVEL OF ASSESSMENT

The examination will test knowledge, comprehension and application of the knowledge to real life case scenarios. It may also require analyzing of the facts of the case in order to come up with recommendations.

EXAM STRUCTURE:

The syllabus is assessed by a three hour examination with an additional 15 minutes reading time. The examination is made up of three sections. Section A has 20 compulsory multiple-choice questions each carrying 1 mark; Section B has three questions and only two questions are to be attempted. Each question carries 20 marks. While section C has three questions and only two questions are to be attempted. Each question carries 20 marks.

DETAILED SYLLABUS

A GENERAL PRINCIPLES OF UGANDAN LAW

1. Role, nature and classification of law.
 - (a) Explain the role and nature of law in Uganda.
 - (b) Describe the different classes of law in Uganda.
2. Sources of Ugandan law.
 - (a) Describe the sources of Ugandan law.
 - (b) Compare and contrast different sources of Ugandan law.
3. Legal systems and administration of law.
 - (a) Describe different types of Courts in Uganda.
 - (b) Compare and contrast criminal and civil law.

B COMMERCIAL LAW

1. General Principles of the law of Contract.
 - (a) Definition, Classification and formation.
 - (i) Define a contract.
 - (ii) Identify different classes of contracts.
 - (iii) Explain the formation of different classes of contracts.
2. Consideration and privity.
 - (a) Define consideration.
 - (b) Explain the rules governing consideration.
 - (c) Explain the general principle of privity of contract.
 - (d) Identify the exceptions of the general rule of privity of contract.
3. Forms and terms of a contract.
 - (a) Identify the different forms in which a contract can be made.
 - (b) Explain the major and minor terms of a contract.
4. Contents of a contract.

Identify the contents of a contract.
5. Standard form contracts.

Explain the meaning of a standard form contract.
6. Mistake.
 - (a) Explain the meaning of a mistake.
 - (b) Identify different types of mistakes.
7. Misrepresentation.
 - (a) Explain the meaning of "misrepresentation".
 - (b) Identify different types of misrepresentation.
8. Duress and undue influence.

Compare and contrast duress and undue influence.
9. Illegal, void and voidable contracts.
 - (a) Differentiate between illegal and void contracts.
 - (b) Explain the effect of voidable contracts.
10. Frustration.
 - (a) Explain the meaning of the term "frustration".
 - (b) Describe the different ways in which a contract can be frustrated.
11. Assignment.
 - (a) Define the term "assignment".
 - (b) Describe the different forms of assignment.
12. Discharge of contracts.
 - (a) Explain the term "discharge of a contract".
 - (b) Explain the different ways in which a contract can be discharged.

13. Contractual capacity.
 - (a) Explain the general requirements for contractual capacity.
 - (b) Identify the exceptions to the general requirements.
14. Remedies and limitations of actions.
 - (a) Identify the remedies for breach of a contract.
 - (b) Mention the time limit for contractual actions.
 - (c) Discuss the exceptions on limitation of contractual actions.

C AGENCY LAW

1. Definition, nature and purpose of agency.
 - (a) Define agency.
 - (b) Explain how agency is created.
 - (c) Identify the purpose of agency law.
2. Formation and creation of principal/agent relationship.
Describe the different ways in which a principal/agent relationship can be created.
3. Types of agents.
Identify and describe different types of agents.
4. Duties and rights of an agent.
Explain the duties and rights of an agent.
5. Duties and rights of a principal.
Explain the duties and rights of a principal.
6. Relationships between the principal and third parties.
 - (a) Explain the rules governing the relationship between the principal and third parties.
7. Relationship between third parties and the agent.
Explain the general rules and exceptions governing the relationship between the agent and third parties.
8. Termination of the agency relationship.
Explain the circumstances under which the agency relationship can be terminated.

D TRUST LAW

1. Definition and types of trusts.
 - (a) Define a "trust".
 - (b) Identify and explain the different types of trusts.
2. Parties of a trust.
Identify and describe the different parties to a trust.

3. Creation of a trust.
Explain the circumstances under which a trust can be created.
4. Appointment, discharge, duties and liabilities of trustees.
 - (a) Identify the necessary requirements for being appointed as a trustee.
 - (b) Explain the circumstances under which a trustee can be discharged.
 - (c) Explain the duties and liabilities of trustees.
5. Termination of a trust.
Explain the circumstances under which a trust can be terminated.

E EMPLOYMENT LAW

1. Contract of employment and its termination.
 - (a) Explain the contents of a contract of employment.
 - (b) Explain the circumstances under which a contract of employment can be terminated.
2. Unlawful dismissals.
Explain the circumstances under which an employee's dismissal can be unlawful.
3. Duties and rights of employees.
Explain the duties and rights of employees.
4. Obligations of employers.
Explain the obligations of an employer to the employees.
5. Discrimination.
 - (a) Explain the different types of discrimination.
 - (b) Identify statutory provisions that prohibit discrimination.

F PARTNERSHIP LAW

1. Definition and types of partnerships.
 - (a) Define partnership.
 - (b) Identify and explain the different types of partnerships.
2. Formations of partnerships.
Explain the ways in which partnerships are formed.
3. The relationship of partners.
Explain the duties and rights of partners.
4. Partnerships and third parties.
Identify the obligations of partners to third parties.
5. Termination of partnerships.
Explain the ways in which partnerships can be terminated.

G COMPANY LAW

1. Definition of a company.
Define the term "company".
2. Incorporation and classification of companies.
 - (a) Explain the different classes of companies.
 - (b) Identify the different types of companies.
 - (c) Distinguish between public and private companies.
 - (d) Explain the procedure of registering a company.
 - (e) Explain the importance of the certificate of incorporation.
3. Commencement of business.
Explain the requirements needed before a company commences business.
4. Characteristics of a company.
Describe the characteristics of a company.
5. The veil of incorporation.
Explain the circumstances under which the veil of incorporation may be lifted.
8. The ultra vires doctrine.
 - (a) Define the term ultra vires.
 - (b) Describe the ultra vires doctrine.

H. PROMOTION AND FORMATION OF COMPANIES

1. Promoters: duties, remedies, remuneration, pre-incorporation contracts.
 - (a) Define a promoter.
 - (b) Explain the duties of a promoter.
 - (c) Identify the remedies for pre-incorporation acts of promoters.
 - (d) Explain the circumstances under which promoters are remunerated.
 - (e) Identify the rules governing pre-incorporation contracts.
2. Memorandum of association: contents, alterations, effect.
 - (a) Explain the importance and contents of a memorandum of association.
 - (b) Identify the requirements for altering a memorandum of association.
 - (c) Explain the effect of alteration of a memorandum of association.
3. Articles of association: contents, alterations, effect.
 - (a) Explain the importance and contents of articles of association.
 - (b) Identify the requirements for altering articles of association.
 - (c) Explain the effect of alteration of articles of association.

I SHARE CAPITAL

1. Meaning and types of share capital.
 - (a) Define "share capital".
 - (b) Mention and explain the types of share capital.

2. Raising share capital: offers, underwriting, brokerage, liability for misrepresentation and non-disclosure.
 - (a) Identify ways of raising share capital.
 - (b) Explain different ways in which shares can be transferred.
 - (c) Identify parties liable for misrepresentation and non-disclosure in transaction of transfer of shares.

3. Prospectus: nature, issue, contents, liabilities and remedies.
 - (a) Define a prospectus.
 - (b) Explain the nature and contents of a prospectus.
 - (c) Explain the ways liabilities may arise as a result of issuance of a prospectus.
 - (d) Identify the 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) Explain how shares are allotted.
 - (b) Identify parties who are eligible for application for allotment.
 - (c) Explain pre-emption rights.
 - (d) Explain the circumstances under which shares can be issued at a discount and at a premium.
 - (e) Describe the rules governing the allotment of shares.

5. Shares: certificates, calls, transfer, priorities, restrictions on transfer, lieu, mortgage, forfeiture, surrender, conversion, register of members, annual returns, share warrants, variation of class rights, alteration and reduction of capital, purchaser of own shares.
 - (a) Explain the different types of shares.
 - (b) Explain the contents of share certificate.
 - (c) Describe the rules governing the calls and transfer of shares.
 - (d) Explain circumstances under which transfer of shares can be restricted.
 - (e) Define the following terms; mortgage, forfeiture, surrender and conversion.
 - (f) Explain the contents of the register of members.
 - (g) Identify the features of annual returns.
 - (h) Define the term share warrant.
 - (i) Define class rights.
 - (j) Explain instances that can lead to reduction of capital.
 - (k) Explain why reduction of share capital is generally prohibited.

J DEBENTURES

1. Definition and classification of debentures.
 - (a) Define a debenture.
 - (b) Identify and explain the different classes of debentures.

2. Issue and transfer of debentures.
Explain the manner in which debentures can be issued and transferred.
3. Trust deed.
Define a trust deed and explain its advantages.
4. Priority.
Explain the priority of payment of debenture holders.
5. Charges.
Explain the different types of charges.
6. Remedies of debenture holders.
Identify and explain remedies available for debenture holders.

K MEMBERSHIP

1. Eligibility for membership.
Identify the qualifications for company membership.
2. Process of becoming a member.
Explain the different ways in which a person can become a member of a company.
3. Termination of membership.
Explain the ways in which company membership can be terminated.
4. Register of members.
Explain the importance of keeping a company register.
5. Annual return
Identify the importance and contents of the company's annual return.

L MEETINGS

1. Statutory meeting.
Explain the importance of holding a statutory meeting.
2. Annual general meeting.
Explain the importance of an annual general meeting and describe the company matters that must be considered in it.
3. Other meetings.
Identify and explain other meetings of a company.
4. Notices of meetings.
Explain statutory requirements for notices of different meetings.
5. Proceedings at general meetings.
Narrate the legal requirements of conducting a general meeting.

M DIRECTORS AND SECRETARY

1. Appointment.
 - (a) Describe how directors are appointed.
 - (b) Identify qualifications for appointment.
2. Publicity requirements.

Explain circumstances under which company directors are supposed to be publicized.
3. Powers, duties and responsibilities.
 - (a) Explain the powers and duties of the director.
 - (b) Identify circumstances under which a director can be held liable personally.
4. Remuneration.

Explain the circumstances under Directors are remunerated.
5. Directors' meetings.

Describe the roles of directors in their meeting.
6. Directors' interest in shares or debentures.

Identify circumstances under directors can interest in shares or debentures.
7. Disqualification and removal of Directors.

Explain the circumstances under which directors can be legally removed.
8. The Company Secretary.

Explain the duties and powers of the company secretary.
9. The register of Directors and Secretaries.

Explain the contents of the register of directors and secretaries.
10. Insider dealing.
 - (a) Define "insider dealing".
 - (b) Identify parties liable for offences/irregularities in insider dealing.

N ACCOUNTS (FINANCIAL STATEMENTS) AND COMPANY AUDITOR

1. Accounts (Financial Statements): Auditor's responsibilities, types of accounts (financial statements), Auditor's report.
 - (a) Define an auditor.
 - (b) Explain under what circumstances an auditor can be personally liable for damages arising out of his report.
2. Auditors: appointment, removal, qualification, rights, duties, resignation, remuneration, liability (negligence under common law, civil and criminal liability).
 - (a) Explain how auditors are appointed.
 - (b) Explain ways under which directors can be removed.
 - (c) Enumerate qualifications of an auditor.
 - (d) Describe rights, duties and powers of a director.

- (e) Explain how auditors are remunerated.

O DIVIDENDS

1. Declaration and payment.
 - (a) Define a dividend.
 - (b) Explain how dividends are declared and paid.
2. Unlawful distributions.
Explain ways in which distribution of dividends can be unlawful.
3. Capitalization of profits.
Explain circumstances under which profits can form part of the capital.

P CORPORATE INSOLVENCY

1. Winding up: types, grounds, petitioners, procedure, commencement and consequences, distribution of property, completion.
 - (a) Define the term winding up.
 - (b) Explain different ways of winding up.
 - (c) Enumerate grounds for winding up.
 - (d) Identify parties who can qualify to petition for winding up.
 - (e) Describe the procedure for winding up.
 - (f) Explain how winding up is commenced and completed.
 - (g) Explain the legal consequences of winding up.
 - (h) List in order of priority the apportionment of proceeds from winding up.
2. The Liquidator: appointment and removal, remuneration, control of a liquidator, powers and duties, liability and release.
 - (a) Define a liquidator.
 - (b) Explain how a liquidator is appointed and removed.
 - (c) Describe the rights, powers and duties of a liquidator.
 - (d) Explain the ways in which a liquidator may be liable for transactions made during winding up.

Q MAJORITY RULE, MINORITY PROTECTION, AND INVESTIGATIONS

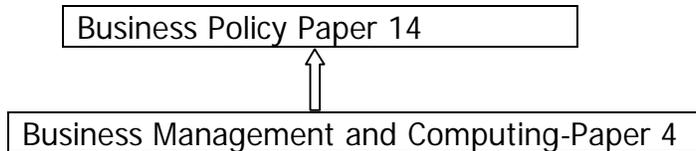
1. The rule in Foss v Harbottle.
 - (a) Explain the rule in Foss –V- Harbottle.
 - (b) Explain how common law and case law protects the minority shareholders action by shareholders.
 - (c) Explain circumstances under which shareholders can bring action for or against the company.
2. Statutory protection of the minority.
Identify statutory provisions for protection of minority.
3. Company investigations and inspections
Explain the circumstances under which company investigations and inspections can be carried out.

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BUSINESS MANAGEMENT AND COMPUTING – PAPER 4

SYLLABUS CHART



OVERALL AIM

To develop the knowledge and understanding of the business and its environment and the influence this has on the structure and functions of the different parts of an organization. To enable students understand computer hardware and software and information systems development both theoretically and practically.

PART A: BUSINESS MANAGEMENT

LEARNING OUTCOMES

On completion of this course the student will be able to:-

- (a) Describe the environment within which businesses operate.
- (b) Define the objectives of businesses.
- (c) Describe the functions of management.

LEVEL OF ASSESSMENT

The examinations will assess students' knowledge, comprehension and application of what they have learnt. Paper 4(II) is a practical examination which assesses the computer skills of the students.

EXAM STRUCTURE

Paper 4 (I)

The syllabus is assessed by a three hour examination with an additional 15 minutes reading time. The examination is made up of three sections. Section A has one compulsory case study question carrying 20 marks. Section B has three questions and only two are to be attempted. Each question carries 15 marks. Section C has three questions and only two are to be attempted. Each question carries 15 marks.

Paper 4 (II)

This is a practical computer examination with an additional 15 minutes reading time. It is a One and half hours examination made up of question one which carries 15 marks and question two carrying 5 marks.

DETAILED SYLLABUS

A THE BUSINESS ENVIRONMENT

1. Political/Legal Environment.
 - (a) Enforcement of laws and regulations.
 - (b) Self-regulation.
 - (c) Creation of economic conditions for business to operate (including taxation and public spending).
2. Social Environment.
 - (a) The demographic environment.
 - (b) 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.
 - (c) The values, attitudes and beliefs of society.
3. Technological Environment.
 - (a) Major developments - impact on organizations and external effects.
 - (b) Society and technology.
 - (c) PEST analysis.
 - (d) Opportunities and Threats.
 - (e) Organizational response to threats and opportunities.

B OBJECTIVES OF BUSINESS

1. Primary Objectives.
 - (a) Wealth maximization.
 - (b) Growth, profit maximization and survival.
2. Secondary Objectives.
 - (a) Market standing and share.
 - (i) Innovation
 - (ii) Productivity.
 - (iii) Value addition.
 - (iv) Acquisition and application of physical resources and technology.
 - (v) Return on capital employed (ROCE).
 - (vi) Employees and management,
 - (vii) Financial resources and social responsibility.
3. Conflict of Objectives.
 - (a) Stakeholder analysis.
 - (b) Stakeholder coalitions.
 - (c) Stakeholder mapping.

C FUNCTIONS OF MANAGEMENT

1. Planning.
 - (a) Types and models.

- (b) Management by objectives.
 - (c) Strategic plans, operational plans, contingency plans and planning time horizons.
2. Controlling.
 - (a) Steps in the Tradition Control Process:-
 - (b) Establishment of standards of performance.
 - (c) Measurement of actual performance.
 - (d) Comparison of performance to standards.
 - (e) Feedback.
 - (f) Bureaucratic control versus decentralized control.
 3. Co-ordination.
 - (a) Organizational structure.
 - (b) The need for co-ordination.
 4. Communication.
 - (a) Meaning, methods and choice of methods of communication.
 - (b) The communication process.
 - (c) The importance of communication.
 - (d) Barriers to communication and overcoming them.
 5. Leadership and Delegation.
 - (a) Types of power.
 - (b) Leadership traits.
 - (c) Autocratic versus democratic leadership: the leadership continuum (Tannenbaum & Schmidt).
 - (d) Behavioral approaches: The leadership grid (Blake and McCause).
 - (e) Contingency approaches developing towards situational theory.
 - (f) Management vs leadership.
 6. Decision-making.
 - (a) Types of decisions.
 - (b) Programmed and non-programmed decisions.
 - (c) Decision-making models:-
 - (i) Classical model.
 - (ii) Administrative model.
 - (iii) Decision making steps.
 - (iv) Recognition of decision requirement.
 - (v) Diagnosis and analysis of causes.
 - (vi) Development of alternatives.
 - (vii) Selection of desired alternative.
 - (viii) Implementation of chosen alternative.
 - (ix) Evaluation and feedback.
 - (x) Monitoring, evaluation and motivation.
 - (d) Decision-making steps.

7. Operations Management.
 - (a) Purchasing and inbound logistics.
 - (b) Manufacturing processes.
 - (c) Distribution and outbound logistics.
8. Human Resources Management
 - (a) Meaning, scope and functions.
 - (b) HRM vs personnel management.
 - (c) Stages in the recruitment process.
 - (d) Role of line managers in human resources management process.
 - (e) Training.
 - (i) Definition and importance of training.
 - (ii) Types of employee training.
 - (iii) Induction, training, development and appraisal.
 - (f) Motivation; Maslow's hierarchy, Herzberg's motivation (Hygiene theory), Victor Vroom's Valence theory (Expectancy theory).

PART B: BUSINESS COMPUTING

Note: The theoretical part constitutes 30% and Hands-on part constitutes 20%.

LEARNING OUTCOMES

On completion of this course the student will be able to:-

- (a) Identify and describe information technology in a business context.
- (b) Identify the issues of specification and selection of computer hardware and software solutions for business.
- (c) Understand common accounting packages.
- (d) Identify and explain information systems development process.
- (e) Identify security, regulatory and ethical issues associated with the use of information technology.
- (f) Use a computer to prepare basic financial models, text documents and database information.

A COMPUTER BASICS

1. Evolution of computers.
 - (a) Generation of the computer (mainframe to microcomputers for hardware and machine to high level languages for the software).
 - (b) Development of the computer technology
 - (c) Basic architecture of the computer (how the computer works in terms of input, process and output).
 - (d) Application of computers in the day-to-day business operations.
 - (e) Data and information in business systems.

B HARDWARE COMPONENTS OF A COMPUTER

1. Introduction
 - (a) Definition of hardware.

- (b) Hardware parts of the computer (CPU and peripherals).
 - (c) Purpose and role of computer hardware.
2. Components of Hardware.
 - (a) Visible parts of the computer for example CPU components, and what each part actually does.
 - (b) Memory registers.
 - (c) Security of computer hardware equipments.
 - (d) Selection of hardware devices.
 3. Input Devices.
 - (a) Definition of input devices and the 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.
 4. Output Devices.
 - (a) Definition of output devices.
 - (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.
 5. Storage Devices.
 - (a) Definition and characteristics of computer storage.
 - (b) Primary storage devices.
 - (c) Secondary storage devices.
 - (d) Storage device selection.

C. SOFTWARE COMPONENTS OF A COMPUTER

1. Computer software.
 - (a) Definition of computer software.
 - (b) Characteristics and applicability of computer software to business.
 - (c) Type of computer software.
 - (d) Application packages and suites.
2. Operating Systems.
 - (a) Definition and characteristics of the operating system.
 - (b) Functions of the operating system.
 - (c) Types and examples of operating systems.
3. Utility programs.
 - (a) The role of utility programs as common computing requirements.
 - (b) Characteristics and examples of utility programs.
 - (c) Commonly used utility programs.

4. Programming languages.
 - (a) Definition and characteristics of programming languages.
 - (b) Generation languages (machine code to artificial intelligence).
5. Software and data security.
 - (a) Definition and characteristics of computer virus.
 - (b) Definition of software and data security.
 - (c) Dangers to computer software and information systems.
 - (d) Necessary precautions and safeguards to avoid data/file loss.
 - (e) Characteristics of antivirus software.

D DATA COMMUNICATION DEVICES

1. Data transmission.
 - (a) Data communication for business.
 - (b) Transmission and control of business data.
 - (c) Components of a data communication.
 - (d) Distributed and centralized processing.
 - (e) Real-time and Batch processing.
 - (f) Office automation.
 - (g) Client-Server system.
2. Types of networks.
 - (a) Definition of computer network and applicability.
 - (b) Characteristics and types of networks.
 - (c) Definition and characteristics of the Internet.
3. Network topologies.
 - (a) Definition, interconnection of elements and characteristics of network topologies.
 - (b) Basic types of network topologies and connectivity.
 - (c) Selection of network topology.
4. Network application.
 - (a) Definition of a network application.
 - (b) Characteristics of network application.

COMPUTER BASED INFORMATION SYSTEMS

E GENERAL SYSTEMS CONCEPTS

1. Nature and types of systems.
2. System architectures.
3. Control and feedback in systems.
4. Nature, types, value and role of information.
5. Data and information: definition, distinction and characteristics, data processing cycle and value of information.
6. Management use of information: Decision theory, human information processing, transaction processing, communication, financial analysis.

F HARDWARE AND SOFTWARE CONSIDERATIONS

1. Acquisition Issues.
Identify the business requirements and recommend business solution
2. Practical considerations.
3. Information systems development process.
4. Classical systems development life cycle.
 - (a) Describe the detailed stages of the systems development life cycle pertaining to development of a business system.
 - (b) Relate failures or shortcoming with inappropriate inconsistent conduct/omissions in the development cycle.

G ORGANISATION AND MANAGEMENT OF INFORMATION SYSTEMS

1. Selection, administration and control.
2. Management reporting structures and information needs.
3. Key actors.
4. Levels of information systems:-
 - (a) Transactions Processing Systems.
 - (b) Management Information Systems.
 - (c) Decision Support Systems.
 - (d) Executive Systems.
5. Systems security and controls.
6. Computer misuse and data security.
 - (a) Data Protection Act.
 - (b) Data Misuse Act.
7. Intellectual property.
8. Use of application programmes.

END-USER COMPUTING

H WINDOWS UTILITIES

1. Windows basic components:- graphical user interface: start button, icons, desktop, menus, title bars, and task bar.
2. Basic Windows operations: Windows explorer for folder and file management, copy, delete/erase, rename, format, search, control panel.
3. Types of folders and files.
4. Management of folders and files.

I SPREADSHEETS

1. Characteristics of a 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, rename, and so on.
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, Collection of files.
6. Database objects: Tables, Queries, Forms and Reports.
7. Entity and attributes.
8. Data types, primary key, foreign key, index.
9. Logical and physical data.
10. Data input, manipulation, reporting and saving.
11. Relational Database Management System (RDBMS).
12. Integrity Control, Normalization and Data Dictionary.

K WORD PROCESSING

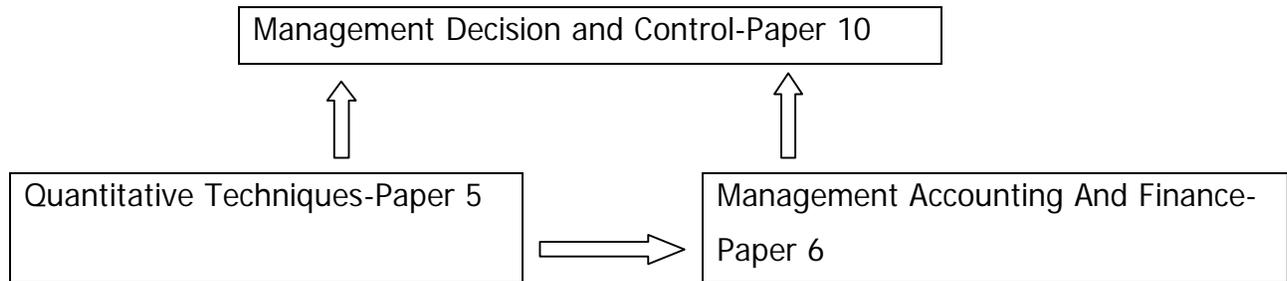
1. Characteristics of a word processing application.
2. Application of word processing software for day-to-day business operations.
3. Word processing application hands-on.
4. Application commands and functions: creation of a document, inputting data, formatting, saving, and so on.
5. Data formatting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

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QUANTITATIVE TECHNIQUES - PAPER 5

SYLLABUS CHART



OVERALL AIM

To develop and understand the mathematical principles and concepts which can be used by accountants in solving problems and decision making.

LEARNING OUTCOMES

On completion of this course the student will be able to:-

- (a) Demonstrate an understanding of statistical methods used in decision-making.
- (b) Demonstrate an understanding and application of statistical and mathematical models for estimation and forecasting.
- (c) Demonstrate an understanding and application of techniques used in solving optimization problems in management.

LEVEL OF ASSESSMENT

The syllabus is assessed for knowledge, comprehension, application and synthesis. It is a computational paper.

EXAM STRUCTURE

The syllabus is assessed by a three hour examination with an additional 15 minutes reading time. The examination consists of two sections. Section A has four questions and only three are to be attempted. Each question carries 20 marks. Section B has three questions and only two are to be attempted. Each question carries 20 marks.

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) Types of data:-
 - (i) Sample and population.
 - (ii) Discrete and continuous.
 - (iii) Primary and secondary.
 - (iv) Quantitative and qualitative.
 - (v) 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 or technique 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 presentation of data:-
 - (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; Pictograms; Charts (simple and compound bar charts, and pie charts).
 - (v) Methods of construction of each type of chart; type of data suitable for each type of chart.
 - (vi) Limitations of each type of chart.
 - (vii) Graphs (line graph, histogram, frequency polygon and curves, including ogive, Lorenz and Z charts).
 - (viii) Basic principles of drawing each type of graph; interpretation and limitations of graphical data.
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) Calculation of the mean using actual values and/or working mean.
 - (d) Determination of the mode and median using both calculation and graphical methods.
 - (e) Interpretation of calculated values of each measure.
 - (f) Calculation by formula of weighted, harmonic and geometric means.
 - (g) Comparison of 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 calculation and graphically.
 - (e) Calculation of quartile coefficient of dispersion.
 - (f) Calculation 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) Skewness: positive, symmetric and negative skewness.
 - (b) Relationship among mean, mode and median in a skewed distribution:
 $3(\text{mean} - \text{median}) = (\text{mean} - \text{mode})$.
 - (c) Calculation of measures of skewness using Karl Pearson's and Bowley's formulae.
 - (d) Illustration of the concept of skewness and kurtosis graphically.
 - (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); types of events (independent, dependent, and mutually exclusive events).
 - (d) Rules used in probability theory i.e. addition and multiplication.
 - (e) Conditional probabilities (prior and posterior, including use of probability tree and Bayes' theorem) as methods of computation.
 - (f) Probability frequency distribution and the calculation of expected values (expectation).

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

2. Permutations and Combinations.

Application of permutations and combinations in probability.

3. Probability Distribution.
 - (a) The concept of probability distribution.
 - (b) Normal distribution – properties and standardization.
 - (c) Calculation of probabilities using normal distribution tables.
 - (d) Binomial distribution probability properties and use of binomial formula.
 - (e) Calculation 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.

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 (H_0) and the alternative (H_a) 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, 'students 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 calculation 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: (i) 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 work excludes non-linear regression and non-linear correlation.

G FORECASTING – TIME SERIES ANALYSIS

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 Calculating Trend.
 - (a) Moving average method and exponential smoothing.
 - (b) Calculation of trend by least squares formula.
 - (c) Graphical representation of data.
 - (d) Estimation of production / 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 deseasonalization 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 equations, quadratic equations, simultaneous equations in 2 variables and 3 variables.
 - (b) Methods of solving quadratic equations either by factorization, completing the square or use of the quadratic formula.
 - (c) Methods of solving simultaneous equations either by elimination, substitution or 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 fourth degree (i.e. $f(x) = a + bx + cx^2 + dx^3 + \dots$).
 - (b) Graphical representation of functions.
3. Calculus.
 - (a) Geometric interpretation of the term differentiation.
 - (b) Basic rule of differentiation: $y = x^n$ is $\frac{dy}{dx} = nx^{n-1}$
 - (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: Differentiation treated in this syllabus 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 method.
6. Advantages and disadvantages of graphical and simplex methods.
7. Optimization (maximization and minimization) 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: This topic excludes non- linear programming, transportation, assignment and non- linear dynamic programming.

Basic knowledge on solving simple linear inequalities and interpretation of matrix representation is assumed.

K NETWORK ANALYSIS

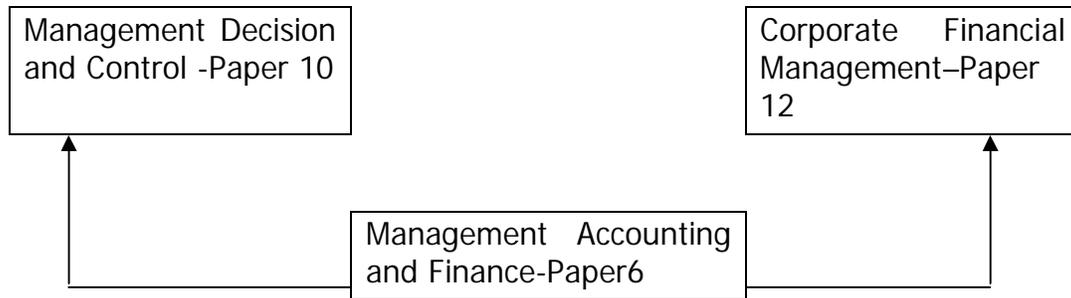
1. Definition of terms: network, activity, event, dummy variable, critical path, float, cost slopes, dangler, lead time.
2. Drawing of networks and Gantt charts and their interpretation.
3. Advantages and limitations of network analysis.
4. Techniques of network analysis: PERT (program evaluation and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

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MANAGEMENT ACCOUNTING AND FINANCE – PAPER 6

SYLLABUS CHART



OVERALL AIM

To develop sufficient knowledge and understanding of how to gather, record and process cost data so as to produce information to help in decision making. Also to develop knowledge and understanding of the basic financial management principles to aid financial decision making.

LEARNING OUTCOMES

On completion of this course the student will be able to:-

- (a) Explain the roles of cost accounting, management accounting, financial accounting and financial management.
- (b) Identify elements of costs.
- (c) Allocate and evaluate costs.
- (d) Calculate product costs under different methods of accounting.
- (e) Identify relevant costs for decision-making.
- (f) Describe the principles of budgeting and prepare budgets.
- (g) Describe the major theoretical concepts and tools of finance.
- (h) Evaluate investment projects.
- (i) Describe operations of securities markets.
- (j) Understand the concept and be able to compute a firm's cost of capital.
- (k) Explain the nature and scope of working capital management.

LEVEL OF ASSESSMENT

The syllabus for Management Accounting and Finance is designed to form a foundation for Management Decision and Control and Corporate Financial Management. It is, therefore, aimed at preparing learners for the next level subjects. The examination will be centred on the basics of management accounting and financial management, which will be examined at a lower level of learning, testing mainly knowledge and comprehension, as well as application and analysis.

EXAMINATION STRUCTURE

The examination will be set to last three hours. The examination will cover both management accounting and finance in all sections. The examination will have sections A, B, and C. Section A will have twenty compulsory multiple-choice questions for 20 marks, Section B will have four questions and the candidate will be required to attempt three of them, while Section C will have two questions and the candidate will be required to attempt one of them. Each question in sections B and C carries 20 marks.

DETAILED SYLLABUS

A INTRODUCTION

1. Explore the users of accounting information.
2. The information needs of internal and external users of accounting.
3. Describe the relationship between management accounting, cost accounting and financial accounting.
4. Discuss the role of the management and cost accounting function.
5. Discuss the nature and role of Management Accounting and Financial management.
6. Distinguish between the role of a management Accountant and a Finance Manager.
7. Outline the nature and scope of management accounting.
8. Enumerate the advantages of a costing system.
9. Outline the objectives of a costing system.

B COST CLASSIFICATIONS

1. Define what is meant by the terms:-cost, cost unit, cost centre, cost objective.
2. Describe the different types of cost classification.
3. Explain the importance of each cost classification system.
4. Distinguish between:-
 - (a) Product and period costs.
 - (b) Variable and fixed costs.
 - (c) Relevant and Irrelevant costs.
 - (d) Avoidable and unavoidable cost.
 - (e) Controllable and non controllable costs.
 - (f) Job and process costs.
 - (g) Sunk and Opportunity cost.
 - (h) Replacement and notional costs.
 - (i) Budgeted and standard costs.
 - (j) Historical and pre-determined costs.
 - (k) Normal and abnormal costs.
 - (l) Differential and marginal costs.
 - (m) Future and conversion costs.
 - (n) Discretionary and out of pocket costs.

5. Identify the elements of manufacturing costs.
6. Prepare a cost sheet /cost statement.

C MATERIAL AND LABOUR COSTING

1. Define material and its components.
2. Define material control.
3. Explain the objectives of material control.
4. Describe procedures for material control for the following functions:-
 - (a) Purchasing.
 - (b) Issuing materials from store.
 - (c) Storing.
5. Identify and explain inventory records:-
 - (a) Bin Card.
 - (b) Stores Ledger card.
6. Describe the types of stores:-
 - (a) Centralized stores.
 - (b) Decentralized stores.
 - (c) Imprest stores.
 - (d) State the merits and demerits of each type.
7. Explain the documents used in material control:-
 - (a) Material requisition.
 - (b) Bill of materials.
 - (c) Goods Received Note.
 - (d) Delivery Note.
 - (e) Materials returned note.
8. Analyze the different techniques of inventory control:-
 - (a) EOQ.
 - (b) Control level.
 - (c) Just In Time.
 - (d) ABC analysis.
 - (e) Stock turnover ratio.
9. Identify and explain methods of stock taking:-
 - (a) Continuous stock taking.
 - (b) Perpetual stock taking.
 - (c) Periodic stock taking.
 - (d) Describe the merits and demerits of each method.
10. Identify methods of inventory valuation:-
 - (a) FIFO.
 - (b) LIFO.
 - (c) Weighted Average.
11. State advantages and disadvantages of each method.

12. Prepare store Ledger cards using each of the above valuation methods.
13. Describe the accounting treatment for material losses:-
 - (a) Wastage (normal and abnormal).
 - (b) Scrap.
 - (c) Defective units.
 - (d) Spoilage.

D LABOUR COSTING

1. Define labour.
2. Identify the types of labour.
3. Define labour cost.
4. Explain procedures followed in controlling labour costs.
5. Define labour turnover.
6. Explain the causes of labour turnover.
7. Outline the effects of labour turnover.
8. Describe and analyze the costs of labour turn over.
9. Distinguish between job evaluation and job analysis.
10. Define and explain merit rating including its merits and demerits.
11. Define payroll accounting.
12. Compare labour cost accounting and payroll accounting.
13. Describe the functions and responsibilities of the payroll function.
14. Describe the documents used in computation of gross wages:-
 - (a) Clock and time cards.
 - (b) Piece work cards.
 - (c) Employee record card.
 - (d) Job card.
15. Analyze gross wages.
16. Identify possible fraud in the payroll department and state how this could be overcome.
17. Define idle time, idle capacity and overtime.
18. Describe how idle time, idle capacity and overtime are treated.
19. Identify and explain the methods of labour remuneration:-
 - (a) Time rate system.
 - (b) Piece rate method.
 - (c) Premium and bonus plans.
20. State the advantages and disadvantages of each of the methods above.
21. Explain the principles of a good incentive scheme.
22. Define and explain the merits and demerits of the following incentive schemes:-
 - (a) Halsey premium plan.
 - (b) Rowan Plan Group bonus scheme.

E OVERHEAD COSTS

1. Define overheads.

2. Describe the different ways of overhead classification.
3. Analyze methods of semi variable overhead segregation:-
 - (a) High low method.
 - (b) Scatter diagram.
 - (c) Least square regression.
 - (d) Simultaneous equation.
4. Define overhead allocation and overhead apportionment.
5. Identify the different bases of overhead apportionment.
6. Analyze re-apportionment of service department overheads to production departments:-
 - (a) Simultaneous equation method.
 - (b) Repeated distribution method.
 - (c) Elimination/trial and error method.
7. Define absorption of overheads.
8. Computation overhead absorption rate:-
 - (a) Actual overhead rate.
 - (b) Predetermined overhead rate.
 - (c) Blanket and departmental overhead rates.
9. Explain the accounting treatment of under/over recovery of overheads.
10. Causes of under/ over absorption of overheads.
 - (a) Analyze methods of overhead recovery:-
 - (i) Direct material cost method.
 - (ii) Direct wages method.
 - (iii) Prime cost method.
 - (iv) Direct labour hour method.
 - (v) Machine hour rate.
 - (vi) Rate per unit of output.
 - (vii) Sales price method.
 - (b) Define and compute different capacity levels:-
 - (i) Idle capacity.
 - (ii) Normal capacity.
 - (iii) Actual capacity.
 - (iv) Practical capacity.
 - (v) Maximum capacity.
 - (vi) Capacity based on expected sales.

F JOB COSTING

1. Define job costing.
2. Outline the features of job costing.
3. Identify procedures of job costing.
4. Define batch costing.
5. Identify procedures of batch costing.

6. Computation of the cost of a job or a batch.
7. Define contract costing.
8. Identify the features of contract costing.
9. Identify procedures of contract costing.
10. Prepare contract accounts.
11. Determine profit on contracts.
12. Define integrated and interlocking cost accounting systems.
13. Explain advantages and disadvantages of each system.
14. Identify principal accounts to be maintained under each system.
15. Explain the reconciliation procedure of profits under the two systems.
16. Prepare reconciliation statements.

G PROCESS COSTING

1. Define product cost.
2. Identify the features of process costing.
3. Distinguish between job costing and process costing.
4. Prepare process accounts.
5. Define normal, abnormal losses/gains.
6. Account for normal and abnormal losses/ gains.
7. Define work-in-progress.
8. Define equivalent units.
9. Explain the procedure for calculation of equivalent units.
10. Prepare the appropriate statements.
11. Define joint products.
12. Describe and analyse methods of apportionment of joint products:-
 - (a) Average unit cost.
 - (b) Contribution.
 - (c) Physical unit.
 - (d) Survey.
 - (e) Market value.
13. Define by-product.
 - (a) Explain the classification of by-products.
 - (b) Distinguish the terms: by-products, main product and joint products.
14. Identify and analyze the methods of accounting for by-products:-
 - (a) Sales methods.
 - (b) Cost methods.

H ABSORPTION VERSUS MARGINAL COSTING

1. Define marginal costing and absorption costing.
2. Distinguish between marginal costing and absorption costing.
3. Identify the merits and demerits of each method.
4. Explain and illustrate the impact on profit for each method.
5. Distinguish between the Accountant's model and the Economist's model.
6. Analyze linear costs and revenue functions in the accountant's model.

7. Construct simple charts/graphs for:-
 - (a) Breakeven point.
 - (b) Contribution.
 - (c) Profit-volume ratio.
 - (d) Margin of safety.
 - (e) Angle of incidence.
 - (f) Compute and interpret each of the above.
8. Prepare cost–volume–profit statements for decision making.

I MEASUREMENT OF RELEVANT AND IRRELEVANT COSTS

1. Explain the concept of decision making.
2. Define relevant costs and irrelevant costs.
3. Explain the steps in decision making.
4. Identify the limiting factors for decision making.
5. Compare relevant costs and irrelevant costs for decision making.
6. Prepare statements of relevant costs and irrelevant costs under different decision scenarios:-
 - (a) Determination of sales mix.
 - (b) Discontinuing 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. Evaluate performance and interpret information to management.

J ACTIVITY-BASED COSTING

1. Define Activity Based Costing.
2. Distinguish between ABC and traditional costing systems.
3. Identify merits and demerits of ABC.
4. Evaluate the validity of different cost drivers.
5. Prepare product cost computations using ABC.

K BUDGETING AND BUDGETARY CONTROL

1. Define budget, control and budgetary control.
2. Identify the advantages and disadvantages of budgets and budgetary control.
3. Explain the organizational/behavioral aspects of budgeting.
4. Stages in the budgeting process.
5. Identify the limiting factors in budgeting.
6. Identify and classify 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) Prepare each of the above budgets.
7. Define Zero Based Budgeting (ZBB).
 8. Identify the merits and demerits of ZBB.
 9. Compute control ratios:-
 - (a) Capacity ratio.
 - (b) Efficiency ratio.
 - (c) Activity ratio.

L STANDARD COSTING AND VARIANCE ANALYSIS

1. Define standard costing and standard costs.
2. Distinguish between standard costing and budgetary control.
3. Distinguish between standard costs and budgeted costs.
4. Identify the advantages and disadvantages of standard costing.
5. Explain the steps for setting standards for standard costs.
6. Establishment of cost centres.
7. Classification and codification of accounts.
8. Period of use – Basic and current standards.
9. Desirable level of attainment.
10. Activity level.
11. Explain the setting standards for:-
 - (a) Direct materials.
 - (b) Direct labour.
 - (c) Overheads – fixed, variable and semi variable.
12. Prepare standard cost statements.
13. Define variance analysis.
14. Calculate variances for each element of cost – direct materials, direct labour and overheads.
15. Calculate sales variances.
16. Identify causes and control/ responsibility centres for the various variances.
17. Prepare a profit and loss statement showing interrelationship of the variances.

M ESSENTIAL CONCEPTS OF FINANCE

1. Define the concept of risk and return.
2. Define simple interest, compound interest and discounting factor.
3. Understand the 'time value of money' concept.
4. Compute future values and present values of a single cash flow.
5. Define the terms – perpetuities and annuities.
6. Compute values for perpetuities and annuities.
7. Define shares and bonds (securities).
8. Explain features of shares and bonds.
9. Value shares and bonds (including return on investment).

N CAPITAL INVESTMENT APPRAISAL

1. Describe the importance of capital investment appraisal.
2. Identify the types of investment decisions:-
 - (a) Expansion of existing business.
 - (b) Expansion of new business.
 - (c) Replacement and modernization.
3. Understand the criteria for making investment decisions.
4. Explain the criteria for accepting or rejecting an investment.
5. Evaluate the capital investment appraisal methods:-
 - (a) Payback period.
 - (b) Net present value.
 - (c) Internal Rate of Return.
 - (d) Accounting Rate of Return.
9. Compare and describe the merits and demerits of each method.

O. SECURITIES EXCHANGE

1. Define financial markets.
2. Understand the purpose and operations of securities exchanges.
3. Define listing and cross-listing on the securities exchange.
4. Identify the players in the financial markets in Uganda.
5. Identify the instruments traded on the securities exchange.
6. Explain how the securities exchange is managed and regulated:-
 - (a) Capital Markets Authority Act, 1996.
 - (b) Uganda Securities Exchange Statute, 1998.
7. Describe the conditions for listing on the securities exchange.
8. Explain the role and challenges facing the Uganda Securities Exchange (USE).

P WORKING CAPITAL MANAGEMENT

1. Explain what is meant by working capital and working capital management.
2. Define Working Capital Management (WCM).
3. Understand the importance of managing working capital.
4. Outline the elements of working capital:-
 - (a) Accounts receivables.
 - (b) Accounts payables.
 - (c) Cash.
 - (d) Inventory.
5. Explain the importance of working capital.
6. Distinguish between cash flow and profits.
7. Calculate working capital ratios and interpret the results:-
 - (a) Current and quick ratio.
 - (b) Debtors payment period.
 - (c) Stock turnover period.
8. Define overtrading.
9. Explain the Symptoms of overtrading.

10. Define overcapitalization.
11. Warning signs of overcapitalization.
12. Describe inventory management.
13. Identify inventory costs:-
 - (a) Stock out costs.
 - (b) Holding costs.
 - (c) Procuring costs.
 - (d) Cost of inventory itself.
14. Describe economic order quantity model.
15. Calculate EOQ under conditions of certain and uncertain demand.
16. Describe the inventory control systems:-
 - (a) Total Quality Management.
 - (b) Just In Time.
 - (c) The merits and demerits of each system.
17. Describe the working capital cycle.
18. Identify elements in the working capital cycle
19. Define cash flow planning
20. Explain the importance of cash flow planning.
21. Importance of Cash Management.
22. Identify reasons for holding cash and other liquid assets.
23. Explain the models used to select optimum cash levels:-
 - (a) Inventory approach.
 - (b) Miller- Orr model.
24. Calculate the optimum level of cash using the inventory approach.
25. Identify draw backs of the inventory approach of cash management
26. Calculate optimal cash balances.
27. Describe ways of managing of cash surpluses and deficits.
28. Identify the different methods of cash remittance.
29. Management of Accounts receivables.
30. Factors to consider when setting credit control policy.
31. Explain how the credit worthiness of customers may be assessed.
32. Explain how to determine the bad debts of a business.
33. Explain how to balance the risks and costs of customer default against profitability of a business.
34. Evaluate the credit policy of a business.
35. Define factoring and invoice discounting.
36. Describe the role of factoring and invoice discounting in assisting the credit Manager.
37. Define customer credit rating.
38. Explain how customer credit rating is carried out.
39. Working Capital Finance.
40. Define working capital finance.

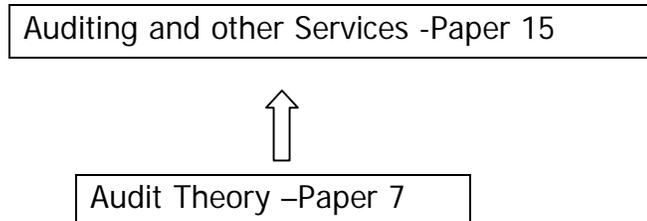
41. Identify sources of short term finance.
42. Commercial paper.
43. Identify the various forms of bank finance.
44. Explain the availability of credit.
45. Evaluate the risks involved in trading on credit.

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AUDIT THEORY-PAPER 7

SYLLABUS CHART



OVERALL AIM

To develop knowledge and understanding of the procedures involved in the planning and execution of an audit. The syllabus is divided into six broad areas covering the Introduction of general concepts and principle, Audit Regulation in Uganda, Audit Objectives and Evidence, the Conduct of an Audit, Internal Controls, and Internal Auditing.

LEARNING OUTCOMES

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

1. Define auditing.
2. Explain the need for and the nature of auditing.
3. Describe the regulatory framework of auditing in Uganda.
4. Describe the effects of case law on the auditor's responsibility.
5. Explain the basic principles and procedures of auditing.
6. Identify and explain audit objectives.
7. Explain the principles of audit evidence.
8. Explain internal controls.
9. Describe the documents used in an audit.
10. Describe computer auditing.
11. Explain the role of internal auditing.

LEVEL OF ASSESSMENT

The syllabus for Audit Theory is designed to form a foundation for Auditing and Other Assurance Services – Paper 15 at Level 3. It is therefore aimed at preparing learners to be able to plan and execute a basic audit, including internal auditing. Learners will be examined for knowledge and comprehension, application and analysis, as well as synthesis and evaluation.

EXAM STRUCTURE

The examination will be set to last three hours. The examination will have sections A, B, and C. Section A will have twenty compulsory multiple-choice questions (20 marks), Section B will have one compulsory question (30 marks), while Section C will have three questions and the candidate will be required to attempt any two of them (50 marks).

DETAILED SYLLABUS

A INTRODUCTION

1. Definition of an audit.
 - (a) Define auditing.
 - (b) Explain the development of auditing.
 - (c) Explain the objectives of an audit.
2. Auditing vs. accounting.
 - (a) Explain the distinction between auditing and accountancy.
3. The changing role of auditing.
 - (a) Explain the ways in which audit objectives have changed over the years.
 - (b) Discuss the reasons for the changes in audit objectives over the years.
4. Purpose of auditing.
 - (a) Identify the parties to financial statements.
 - (b) Explain the objective of the audit report.
 - (c) Discuss the general need for an audit.
5. The information gap and stewardship.
 - (a) Discuss the concepts of accountability, stewardship and agency.
 - (b) Explain the responsibility over the financial statements of an entity.
6. Auditing postulates.
 - (a) Discuss the eight postulates of auditing.
7. Auditing concepts.
 - (a) Explain the basic concepts of auditing.
8. A true and fair view.
 - (a) Explain what true and fair view means.
 - (b) Discuss true and fair view in ordinary situation and in context of the Companies Act.
9. Qualities of an auditor.
 - (a) Discuss the organization of the auditing profession.
 - (b) Explain the qualities an auditor needs to possess.
10. Types of audits: definitions, comparisons, differences, advantages and disadvantages.
 - (a) Distinguish statutory audits, private audits, internal audits and other audits.

- (b) Discuss the advantages and disadvantages of the different types of audits.

B AUDIT REGULATIONS IN UGANDA

1. Regulation and authorization of auditors.
 - (a) Discuss the roles and responsibilities of the Institute of Certified Public Accountants of Uganda (ICPAU).
 - (b) Explain the rules on attaining a registered auditor status and granting practicing certificates.
 - (c) Discuss the reasons and mechanisms for the regulation of auditors.
2. Appointment, rights and duties of company auditors.
 - (a) Explain who may appoint company auditors.
 - (b) Discuss ways in which an auditor may be appointed.
 - (c) Identify and discuss the rights and duties of an auditor.
3. Resignation and dismissal of auditors.
 - (a) Describe the circumstances under which an auditor may resign from his/her appointment.
 - (b) Discuss the statutory regulations governing the rotation, removal and resignation of auditors.
4. Auditing standards and guidelines.
 - (a) Describe the regulatory environment within which statutory audits take place.
 - (b) Professional code of conduct.
 - (c) Define and apply the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
 - (d) Define and apply the conceptual framework.
 - (e) Discuss the sources of, and enforcement mechanisms associated with, ICPAU's Code of Ethics and Conduct.
5. Auditor's liability: Negligence, liability under private and statutory audits, minimization of liabilities.
 - (a) Explain how an auditor's liability can arise due to negligence.
 - (b) Describe how an auditor can be criminally liable under the Companies Act.
 - (c) Explain how an auditor can be liable under private and statutory audits (also refer to Common Law and Law of Tort).
 - (d) Demonstrate, summarize and use decided cases and be able to expound on their lessons (and be able to cite cases such as the Caparo, the Al-Saudi Banque, London Oil Storage, Kingston Cotton Mill Ltd, Hedley Byrne cases etc).
 - (e) Discuss how auditors can minimise their potential liability for professional negligence.
6. Requirements of various laws: Accountants Act, The Companies Act, Insurance Act, Financial Institutions Act and other relevant laws.

- (a) Demonstrate and expound on Companies Act in line with the main purposes of an audit.
- (b) Explain the key components of Insurance Act and Financial Institution Act in line with their nature of operations and their financial system controls.
- (c) Describe the guidelines and technical requirements for the audits of insurance companies and banking institutions.
- (d) Discuss the clauses arising from the Explain the clauses under the Accountants Act and expound on its implication and applicability.
- (e) Common Law and Law of Tort in line with the audit of Companies.

C. AUDIT OBJECTIVES AND EVIDENCE

1. Audit objectives.
 - (a) Define and explain in detail the objective of an audit of financial statements.
 - (b) Discuss the major procedures required in undertaking an audit of financial statements.
 - (c) Describe possible influences on the conduct of an audit.
2. Quality of evidence.
 - (a) Explain the factors that determine the reliability of audit evidence.
 - (b) Discuss the limitations on the quality and quantity of audit evidence.
3. Consistency of evidence.
 - (a) Explain the meaning and the usefulness of consistent audit evidence.
 - (b) Discuss why an audit needs consistent evidence in all assignments.
 - (c) Ascertain procedures which an auditor should employ to obtain consistent audit evidence.
4. Procedures of obtaining evidence.
 - (a) Describe the procedures for collecting audit evidence.
 - (b) Explain the basic techniques used for collecting evidence.
5. Non-statistical evidence.
 - (a) Explain the meaning of non-statistical evidence.
 - (b) Describe situations in which method of obtaining non-statistical evidence is appropriate.
 - (c) Discuss the advantages and disadvantages of non-statistical evidence.

D CONDUCT OF AN AUDIT

1. Planning.
 - (a) Identify and explain the need for planning an audit.
 - (b) Identify and describe the contents of the overall audit strategy and audit plan.
 - (c) Explain and describe the relationship between the overall audit strategy and the audit plan.
 - (d) Develop and document an audit plan.
 - (e) Explain the difference between interim and final audit.

2. Internal control systems.
 - (a) Define internal control system and explain, control environment, control risks and tests of control.
 - (b) Assess the internal control systems, types and policies of a given organization.
 - (c) Describe the auditor's procedures in connection with the client's internal control systems.
 - (d) Explain the techniques of evaluating the internal control system.
 - (e) Discuss the importance of internal control system to an enterprise and the limitations.
3. Audit judgment and materiality.
 - (a) Demonstrate the ability to judge if accounting principles and policies used in accounts conform to a required reporting standard.
 - (b) Explain materiality and its importance in determining an audit report
 - (c) Demonstrate ability to contrast a disclosure in a financial statement with materiality.
4. Income statement audit.
 - (a) Evaluate the matters relating to revenue recognition, government grants and assistance (e.g. materiality, risk, relevant accounting standards, audit evidence).
 - (b) Identify and describe the general procedures for verifying income.
 - (c) Describe and analyze that some income may be omitted and how can the auditor determine if all income has been included.
 - (d) Determine the factors about income that must be verified by an auditor.
5. Balance sheet audit.
 - (a) Demonstrate the ability to identify balance sheet items and respective implications in an audit report.
 - (b) Determine the factors in timing the audit of each item in a given balance sheet.
 - (c) Identify audit evidence obtainable in the audit of a balance sheet.
 - (d) Explain post balance sheet review (PBSR) and its importance in an audit.
6. Audit evidence.
 - (a) Identify and explain varieties of audit evidence and the basic techniques of obtaining audit evidence.
 - (b) Demonstrate the ability to determine the criteria for sample size determination in test checking, evidence reliability, and sufficiency assessment.
 - (c) Determine and describe the sources of audit evidence.
 - (d) Distinguish between audit evidence and evidential matter.

Candidates are expected to be comprehensively knowledgeable in the following areas:-

1. Audit risk assessments.
2. Analytical review procedures.
3. Audit sampling and testing techniques.
4. Audit documentation.
5. Related parties, subsequent events and going-concern considerations.
6. External confirmations.

E INTERNAL CONTROLS

1. Responsibilities for controls.
 - (a) Describe internal control system which encapsulates control over, revenue, purchases, inventory, revenue and capital expenditures, payroll, bank and cash.
 - (b) Explain the key components of an internal control system in an organisation.
 - (c) Explain why an auditor needs to obtain an understanding of internal control activities relevant to the audit.
2. The principal control objectives.
 - (a) Identify and describe the important elements of internal control including the control environment and management control activities.
 - (b) Explain why an auditor needs to obtain an understanding of internal control activities relevant to the audit.
 - (c) Discuss the need to modify the audit strategy and audit plan following the results of tests of control.
3. Major controls in sales and purchases cycles.

Explain, analyze and provide examples of major internal control procedures and control activities.
4. Compliance tests.
 - (a) Discuss the difference between tests of control and substantive procedures.
 - (b) Explain the importance of internal control to auditors.
 - (c) Explain and tabulate tests of control suitable for inclusion in audit working papers.
 - (d) Explain how auditors identify weaknesses in internal control systems and how those weaknesses limit the extent of auditors' reliance on those systems.
 - (e) List examples of application controls and general IT controls.
5. The effects on risk assessment.
 - (a) Identify and explain management's risk assessment process with reference to internal control components.

- (b) Analyze the limitations of internal control components in the context of fraud and error.
- (c) Evaluate and provide examples of how the reporting of internal control weaknesses and recommendations to overcome those weaknesses are provided to management.

F INTERNAL AUDIT

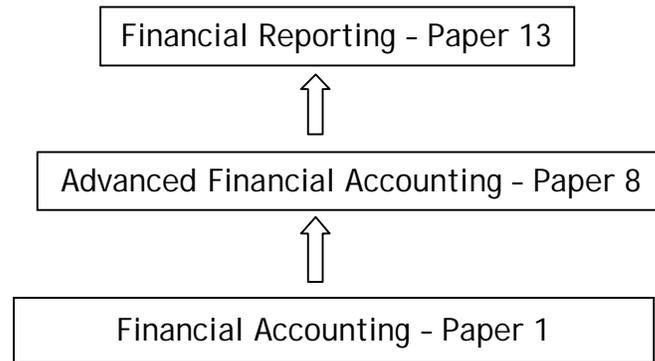
1. Role of Internal Auditing.
 - (a) Discuss the scope of internal audit and the limitations of the internal audit function.
 - (b) Explain the types of audit report provided in internal audit assignments.
 - (c) Discuss the responsibilities of internal and external auditors for the prevention and detection of fraud and error.
2. External vs. Internal Auditing.
 - (a) Compare and contrast the role of external and internal audit regarding planning and collection of audit evidence.
 - (b) Compare and contrast the types of report provided by internal and external auditor.
3. Reliance on the work of Internal Auditor.
 - (a) Discuss the factors to be taken into account when assessing the need for internal audit.
 - (b) Discuss the elements of best practice in the structure and operations of internal audit with reference to appropriate international codes of corporate governance.
4. Developments in Internal Auditing.
 - (a) Discuss the nature and purpose of internal audit assignments including value for money, IT, investigation, best value and financial.
 - (b) Discuss the nature and purpose of operational internal audit assignments including procurement, marketing, treasury and human resources management.
 - (c) Explain the advantages and disadvantages of outsourcing internal audit.

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1. Institute of Certified Public Accountants of Uganda (2009): Code of Ethics, Institute of Certified Public Accountants of Uganda.
2. International Federation of Accountants (2012): Handbook of International Auditing, Assurance and Ethics Pronouncements, International Federation of Accountants. United Kingdom.
3. Manasseh Paul (2007): A Textbook of principles of Auditing, McMore Accounting Books. Revised Edition.

4. Millichamp A.H and Taylor John (2008): Auditing, Cengage learning. 10th Edition.

ADVANCED FINANCIAL ACCOUNTING – PAPER 8



OVERALL AIM

To equip students with analytical and evaluation skills necessary for preparing final accounts and explaining their importance to various interested stakeholders as per the requirements of International Financial Reporting Standards and local environment.

LEARNING OBJECTIVES

On completion of this course the student will be able to:-

- (a) Measure the elements of financial statements.
- (b) Prepare financial statements and accounting records for business organizations.
- (c) Calculate ratios and explain their use in the interpretation of accounting information.
- (d) Apply the requirements of International Financial Reporting Standards (IFRS).
- (e) Explain the main features of public sector entities and accounting systems.

Note: Students and Lecturers are urged to take note of the new terminology used in the International Financial Reporting Standards.

LEVEL OF ASSESSMENT

This syllabus is designed to provide a basis on which students get analytical, evaluation and synthesis skills. These skills will enable students to apply standards learnt at level I with Financial Accounting – Paper I and the ones to be learnt at Level III. When dealing with Financial Reporting – Paper 13. These papers broaden a student’s financial knowledge.

A student who completes this level should be able to work as a finance officer, in any entity.

EXAM STRUCTURE

The paper is assessed by equivalent three hours.15 minutes is allocated for reading and planning time at the start of examinations before students start writing in their answer booklets.

It contains three sections. Section A is Compulsory carrying 30 marks, Section B has four questions and only three are to be attempted. Each carrying 20 marks and Section C has two questions and only one is to be attempted. Each carrying 10 marks.

DETAILED SYLLABUS

A MEASUREMENT OF THE ELEMENTS OF FINANCIAL STATEMENTS

1. Bases.
 - (a) Define an accounting base; understanding the following accounting bases:- historical cost modified historical cost, current cost, realizable (settlement) value and present value.
 - (b) Valuation of assets: open market/ fair value; depreciated replacement cost.
 - (c) Measurement of profit: financial capital maintenance concept; physical capital maintenance concept.
 - (d) Strengths and weaknesses of each base; advantages and disadvantages of each of the bases.
 - (e) Preparation of financial statements under each of the accounting bases that is historical cost, current cost, realizable value and present value.
2. Financial analysis and interpretation.
 - (a) Purpose of ratios: definition; need for ratios; techniques of computation and interpretation.
 - (b) Types of ratios: profitability ratios, liquidity ratios, growth ratios, assets ratios, gearing ratios.
 - (c) Benefits and limitations of ratios, advantages and disadvantages of ratios.
 - (d) Computation and interpretation of activity, investment and financial ratios: classify the ratios into activity, investment and financial ratios; understand the computation and interpretation of the ratios.

B ACCOUNTING STANDARDS

1. The role of accounting standards in Uganda.
 - (a) Explain what accounting standards are.
 - (b) The importance of the standards.
2. History of setting of standards.
 - (a) History of the accounting profession.
 - (b) Emergence of professional accountancy bodies; corporate report 1975; statement of principles; regulatory frame work; development in regulatory framework.
3. Major influences on standards: factors considered in development of standards.
4. The structure of the standards' setting process:-
 - (a) Setting the agenda.
 - (b) Project planning.
 - (c) Development and publication of a discussion paper.

- (d) Development and publication of an exposure draft.
 - (e) Development and publication of an International Financial Reporting Standard (IFRS).
 - (f) Procedures after an IFRS are issued.
5. Framework for the Preparation and Presentation of Financial Statements
 - (a) The framework under IFRSs.
 - (b) Problems addressed by the framework (purpose and status).
 - (c) The scope of the standard-objectives of financial statements.
 - (d) Qualitative characteristics of financial statements (definition, recognition and measurement of financial statements; concept of capital and capital maintenance);
 - (e) Users financial information and their information needs.
 - (f) Underlying accounting assumptions
 - (g) Elements of financial statements.
 6. First time adoption of IFRS: (IFRS 1) Objectives of the standard.
 - (a) The scope of the standard.
 - (b) Key concepts of the standard i.e. reporting date and transition date.
 - (c) Accounting treatment.
 - (d) Exceptions in respect of retrospective application of the IFRS.
 - (e) Information to be disclosed on first time adoption.
 7. International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs).
 - (a) Cover all sections of the standard.
 - (b) Understand 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.

C PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS OF LIMITED COMPANIES FOR EXTERNAL USERS (IAS 1)

1. The objective of the standard.
2. Identification of the financial statements.
3. Scope of the standard.
4. Key concepts of the standard:
 - (a) Fair presentation.
 - (b) Current assets
 - (c) Current liabilities.
 - (d) Long-term interest bearing liabilities.
5. Accounting treatment: information to be presented on the face of each financial statement.

6. Presentation and disclosure: minimum information on the face of each of the components of financial statements.
7. Statement of comprehensive income:
 - (a) Definition of comprehensive income.
 - (b) Reporting comprehensive income.
 - (c) Results of operating activities.
 - (d) Other comprehensive income.
8. Statement of financial position:
 - (a) Disclosure of property plant and equipment.
 - (b) Disclosures on the face of the statement of financial position.
 - (c) Current assets and current liabilities.
 - (d) Non-current assets and liabilities.
 - (e) Equity.
9. Statement of cash flows:
 - (a) Definition of cash.
 - (b) Cash equivalents.
 - (c) Cash flows.
 - (d) Disclosures under operating activities.
 - (e) Investing activities and financing activities.
 - (f) Construction of statement of cash flows from the statement of financial position.
 - (g) A statement of comprehensive income.
 - (h) Direct and indirect methods of ascertaining cash flows from operating activities.
10. Statement of changes in equity:
 - (a) Component of the statement of changes in equity.
 - (b) Disclosure of changes in accounting policy.
 - (c) Disclosure of dividends.
 - (d) Disclosure of issue of share capital.
 - (e) Disclosure of transfers to and from reserves.
11. Accounting policies and notes to financial statements:
 - (a) Disclosure of the measurement basis (or bases) used in preparing financial statements.
 - (b) Disclosure of other accounting policies used that are relevant to the understanding of the financial statements.
 - (c) Disclosure of sources of estimation uncertainty.
12. Preparation of statements in accordance to IFRSs and the Companies Act:
 - (a) Presenting and analyzing expenses using a classification based on their nature within the entity
 - (b) Presenting and analyzing expenses using a classification based on their function within the entity
 - (c) Disclosures required by the Companies Act.

D STATEMENTS OF CASH FLOWS (IAS 7)

1. The objective of the standard;
 - (a) Financial structure.
 - (b) Solvency.
 - (c) Liquidity.
 - (d) Timing and certainty of the cash flows.
 - (e) Ability to generate cash and cash equivalents.
2. Usefulness and limitations of statements of cash flows.
3. Classification of the cash flows: operating, investing and financing activities.
4. Key concepts of the standard-cash and cash equivalents: 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. Calculation of cash flows from operating activities, investing activities and financing activities.
7. Presentation and disclosure.
8. Interpretation of cash flow statements.

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

1. Objectives addressed by the standard.
2. The scope of the standard.
3. 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.
4. Recognition and measurement of the effect of changes in the accounting estimates, errors and accounting policies.
5. Presentation and disclosure.

F INSURANCE CONTRACTS (IFRS 4)

1. Objective of the standard.
2. Scope of the standard:
 - (a) Insurance contracts
 - (b) Reinsurance contracts
 - (c) Financial instruments i.e. issues with discretionary participation feature.
3. Exceptions to the standard.
4. Key concepts of the standard:
 - (a) Insurance contract.

- (b) Insurance liability.
 - (c) Insurance risk.
 - (d) Insured event.
 - (e) Insurer.
 - (f) Policy holder.
 - (g) Cedant.
 - (h) Financial risk.
 - (i) Guaranteed benefits.
 - (j) Guaranteed element.
 - (k) Fair value.
5. Key performance indicators such as:
- (a) Lapse and renewal rates.
 - (b) Total sum insured.
 - (c) Average cost per claim.
 - (d) Average number of claims per contact.
 - (e) New business volumes.
 - (f) Claims ratio.
 - (g) Expense ratio.
 - (h) Combined ratio.
6. Accounting treatment:
- (a) Principles applied in change in accounting policy:
 - (i) Current market interest.
 - (ii) Continuation of existing practices.
 - (iii) Prudence.
 - (iv) Future investment margins.
 - (b) Significant assumptions and other sources of estimation of uncertainty (description of the process used to determine the assumptions).
7. Presentation and disclosure:
- (a) Insurance Act
 - (b) Accounting policies: recognized assets, liabilities, income and expenses;
 - (c) Risk management policies and objectives: insurance risk credit risk, liquidity risk and market risk.

G CONSTRUCTION CONTRACTS (IAS 11)

1. Objective of the standard (recognition of revenue and costs associated with the construction contracts).
2. Scope of the standard:
 - (a) Accounting for construction.
 - (b) Destruction or restoration of assets and rendering service contracts.
 - (c) Types of contacts: fixed cost contacts and cost plus contacts.

3. Key concepts of the standard.
4. Accounting treatment: composition and measurement of contract revenue and cost; recognition of contract revenue, expenses and expected losses; computation of profits on incomplete contracts; computation of work in progress; determination of the stage of contract completion.
5. Presentation and disclosure: accounting policies (methods used for revenue and stage of completion recognition); advances, retentions, contract progress and amounts due to/ from customers; contingent assets or liabilities.

H INVENTORIES (IAS 2)

1. The objective of the standard.
2. The scope of the standard.
3. Exceptions to the standard.
4. Key concepts of the standard:- measurement cost of inventories, net realizable value.
5. Accounting treatment: composition of cost of inventory; exclusions from the cost of inventory; cost formulas (weighted average and FIFO); techniques for measuring cost of inventory (standard cost and retail method).
6. Presentation and disclosure: accounting policies, total carrying amounts for every class of inventory, write-offs, recognized as expenses, circumstances or events leading write-off, carrying amounts of inventory pledged as security for liabilities.

I INCOME TAXES (IAS 12)

1. The Objective of the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Accounting profits and taxable profits.
 - (b) Tax expenses.
 - (c) Current tax.
 - (d) Deferred tax liability and deferred tax asset.
 - (e) Temporary tax difference (deductable and taxable).
 - (f) Tax base of an asset or liability.
4. Accounting treatment.
 - (a) Current tax.
 - (b) Recognition and measurement of current tax assets and liabilities.
 - (c) Recognition of current deferred tax assets and liabilities.
5. Presentation and disclosure.
 - (a) Tax balances both current and deferred.
 - (b) Accounting policy.
 - (c) Reconciliation between tax amount and accounting profit or loss in monetary terms or numerical reconciliation of the rate.

J PROPERTY, PLANT AND EQUIPMENT (IAS 16)

1. The Objective of the Standard.
2. The scope of the standard.
3. Exclusions from the standard.
4. Key concepts of the standard.
 - (a) Cost (initial and subsequent).
 - (b) Elements of cost.
 - (c) Measurement of cost.
 - (d) Measurement after recognition (cost model and revaluation model).
 - (e) Explanation of fair value; carrying amounts; depreciation; impairment loss; property, plant and equipment; recoverable amounts; useful life.
5. Accounting treatment.
 - (a) Recognition of an asset.
 - (b) Disposal of assets.
 - (c) Capitalization.
 - (d) Write-offs and expenses.
 - (e) Revaluation surplus/ deficit.
 - (f) Reversals of revaluation surplus.
6. Presentation and disclosure.
 - (a) Measurement bases.
 - (b) Depreciation methods and depreciation rates.
 - (c) Reconciliation of the assets at the beginning and end of period showing additions, disposals, revaluations, impairments and write-offs; assets pledged as securities for liabilities; date of revaluations and the names of the valuers.

K INVESTMENT PROPERTY (IAS 40)

1. Problems addressed by the standard.
2. The scope of the standard (fair value model and cost model).
3. Key concepts of the standard: investment property; exceptions.
4. Accounting treatment.
 - (a) Recognition criteria.
 - (b) Initial measurement and subsequent measurement.
 - (c) Principles used to determine the fair value of the investment property.
 - (d) Transfers to or from investment property.
 - (e) Presentation and disclosure.
 - (f) Accounting policy.

L LEASES (IAS 17)

1. Problems addressed by the standard.
2. The scope of the standard.
3. Key concepts of the standard.
4. Accounting treatment.

5. Presentation and disclosure.
6. Methods of computation of installments payable: level spread; sum of digits; actuarial method.

M REVENUE (IAS 18)

1. The objective of the Standard.
2. The scope of the standard.
3. Exclusions from the standard.
4. 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.
5. Accounting treatment: identification of transactions; sale of goods; rendering of services:-
 - (a) Financial service fees.
 - (b) Royalties.
 - (c) Dividends.
6. Uncertainty of collectability of revenue.
7. Presentation and disclosure.
 - (a) Accounting policies on methods of recognition of the revenue.
 - (b) Measurement bases.
 - (c) Amount of each significant category of revenue recognized during the period including revenue from sale of goods and rendering services.

N EMPLOYEE BENEFITS (IAS 19)

1. Problems addressed by the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Employment benefits.
 - (b) Post employment benefits; equity compensation plans; vested employment benefits; return on plan assets; actuarial gains and losses.
 - (c) Defined contribution plan and defined benefit plan.
 - (d) Employee benefits (legal and constructive obligation).
4. Accounting treatment.
 - (a) Short-term employment benefits.
 - (b) Post employment benefit.
 - (c) Other long-term obligations.
 - (d) Termination benefits and equity compensation benefits.
5. Presentation and disclosure.
 - (a) Accounting policies.

- (b) Expenses recognized for contribution plans, benefit plans and equity compensation plans.
- (c) Balance sheet disclosures on employee benefits.

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

- 1. Problems addressed by the Standard.
- 2. The scope of the standard.
 - (a) Government grants and government assistance.
- 3. Key concepts of the standard.
 - (a) Government.
 - (b) Government related assets.
 - (c) Government related income.
- 4. Accounting treatment.
 - (a) Treatment of capital and income related grants, plus forgiven loans.
 - (b) Approaches for accounting for government loans.
 - (c) Arguments against or for the approach.
- 5. Presentation and disclosure.
 - (a) Asset related grants.
 - (b) Income related grants.
 - (c) Accounting policies and disclosures.
 - (d) Income statement disclosures.

P BORROWING COSTS (IAS 23)

- 1. Problems addressed by the Standard.
- 2. The scope of the standard.
- 3. Key concepts of the standard.
 - (a) Arguments against/ in favor of capitalization.
 - (b) Qualifying costs.
- 4. Accounting treatment
 - (a) Methods for accounting for borrowing costs.
 - (b) Commencement of capitalization.
 - (c) Cessation of capitalization.
 - (d) Exceptions of capitalization.
 - (e) Amounts to be capitalized.
- 5. Presentation and disclosure.
 - (a) Accounting policies.
 - (b) Capitalization rates.
 - (c) Distinction in total borrowing costs.

Q IMPAIRMENT OF ASSETS (IAS 36)

1. Problems addressed by the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Impairment loss.
 - (b) Recoverable amounts.
 - (c) Fair value less cost to sell.
 - (d) Value in use and determination of value in use.
4. Accounting treatment.
 - (a) Estimation of recoverable amount of the assets.
 - (b) Estimation of recoverable amount of intangible assets.
 - (c) Recognition of impairment loss.
 - (d) Determination of recoverable amounts for cash generating units.
 - (e) Impairment losses for intangible assets.
5. Presentation and disclosure.
 - (a) Amount recognized in the income statement.
 - (b) The amount of reversals recognized in the income statement.
 - (c) The amount impairment losses on revalued assets recognized in other comprehensive income.
 - (d) The amount of reversals of impairment losses on revalued assets recognized in other comprehensive income.

R PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (IAS 37)

1. Problems addressed by the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Provision.
 - (b) Liability.
 - (c) Contingent liability (possible and present obligation); contingent asset. and contingent liabilities not recognized.
4. Accounting treatment.
 - (a) Conditions for recognition of a provision.
 - (b) Legal and constructive obligations.
 - (c) Recognition and measurement principles.
5. Presentation and disclosure.
 - (a) Disclosures on provisions, contingent liabilities and contingent assets.
 - (b) Exceptions to disclosures.

S INTANGIBLE ASSETS (IAS 38)

1. Problems addressed by the Standard.
2. The scope of the standard.

3. Key concepts of the standard.
Meaning of intangible asset.
4. 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.
5. Presentation and disclosure:
 - (a) Distinguish between internally and other generated intangible assets.
 - (b) Accounting policies on measurement bases, amortization methods, and useful lives or amortization rates.
 - (c) Disclosure notes in income statement and balance sheet as required by the standard.

T AGRICULTURE (IAS 41)

1. Problems addressed by the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Agricultural activity.
 - (b) Agricultural produce.
 - (c) Biological asset.
 - (d) Harvest and active market.
4. Accounting treatment:-
 - (a) Recognition of biological asset or agricultural produce.
 - (b) Measurement of biological asset; fair value less estimated cost of 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.
5. Presentation and disclosure.
 - (a) Carrying amount of biological assets on face of the balance sheet.
 - (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.

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

1. Problems addressed by the standard.
2. The scope of the standard.
3. Key concepts of the standard.

- (a) Discontinued operation.
 - (b) Non-current assets held for sale.
 - (c) Highly probable sale.
 - (d) Disposal group.
4. Accounting treatment.
- (a) Measurement of non-current assets held for sale.
 - (b) Criteria to classifying an asset or disposal group as held for sale.
 - (c) Impairment losses on non-current assets held for sale.
5. Presentation and disclosure:-
- (a) Amount recognized in income statements.
 - (b) Capitalization rates.
 - (c) Disclosure notes in the income statement and balance sheet as required by the standard.

V EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES (IFRS 6)

1. Problems addressed by the standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Cash generating unit.
 - (b) Cash generating unit for:
 - (i) Exploration and evaluation assets.
 - (ii) Exploration and evaluation expenditure.
 - (iii) Exploration for and evaluation of mineral resources and depletion rate.
4. Accounting treatment.
 - (a) Measurement of exploration and evaluation assets.
 - (b) Expenditure to be included in initial measurement of exploration and evaluation assets.
 - (c) Exception of expenditure included in initial measurement of exploration and evaluation assets.
 - (d) Cost and evaluation models of exploration and evaluation assets.
 - (e) Impairment losses on exploration and evaluation assets.
5. Presentation and disclosure.
 - (a) Accounting policies on exploration and evaluation expenditure.
 - (b) Accounting policies for recognition of exploration and evaluation assets.
 - (c) Impairment of exploration and evaluation assets.
 - (d) Disclosure notes in income statement and balance sheet as required by the standard.

X EVENTS AFTER THE REPORTING PERIOD (IAS 10)

1. Problems addressed by the Standard.

2. The scope of the standard.
3. Key concepts of the standard: - meaning of events after the reporting period; the two types of events after the reporting period.
4. Accounting treatment.
 - (a) Process of authorization.
 - (i) Adjusting and non-adjusting events.
5. Presentation and disclosure.
 - (a) Date of authorization for issue.
 - (b) Disclosure relating to non-adjusting events.
 - (c) Disclosure relating to the conditions that existed at the reporting period.

Y ACCOUNTING AND REPORTING BY RETIREMENT BENEFIT PLANS (IAS 26)

1. Problems addressed by the Standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Retirement benefit plan.
 - (b) Defined contribution plan and defined benefit plan.
 - (c) Participants; net assets available; actuarial present value and vested benefits.
4. Accounting treatment.
 - (a) Defined contribution plan and defined benefit plan.
5. Presentation and disclosure.
 - (a) Plan description.
 - (b) Accounting policies.
 - (c) Statement of net assets available.
 - (d) Statement of changes in net assets available for benefits.

Z EARNINGS PER SHARE (EPS) (IAS 33)

1. Problems addressed by the standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Ordinary share.
 - (b) Dilution.
 - (c) Potential ordinary share.
 - (d) Options, warrants, put options and their equivalents.
4. Accounting treatment.
 - (a) Calculation of basic earnings per share.
 - (b) Calculation of weighted number of shares.
 - (c) Diluted earnings; adjustments made to weighted number of shares.
 - (d) Conditions for restatement of earnings per share.
5. Presentation and disclosure.

- (a) Basic EPS and diluted EPS disclosure.
- (b) Basic and diluted losses.
- (c) Disclosure notes in income statement and balance sheet as required by the standard.

Z.1 INTERIM FINANCIAL REPORTING (IAS 34)

1. Problems addressed by the standard.
2. The scope of the standard.
3. Key concepts of the standard.
 - (a) Interim financial statements.
 - (b) Condensed balance sheet; condensed cash flows; condensed changes in equity statements.
4. Accounting treatment: form and contents of interim report.
5. Presentation and disclosure.
 - (a) Selected explanatory notes; any significant change in accounting from the previous year's accounting policies.

Z.2 PUBLIC SECTOR ACCOUNTING

1. Introduction to Public Sector Accounting.
2. Accounting theory of Public Sector Accounting.
3. Users of Public sector financial statements and their information needs.
4. Objectives of government financial reporting.
5. Introduction to accounting bases for preparing financial statements: cash basis, modified cash/ accruals basis, budget accounting, commitment accounting.
6. Accountability role in the public sector: role of Parliament and the Public Accountability Committees; role of the Controller and Auditor General; role of the Minister in charge of finance; role of the Secretary to the Treasury; role of the Accountant General; role of the Accounting Officers.
7. Categories of Public Sector Reporting Entities and their Accounting Records:-
 - (a) Central Government units.
 - (b) Local Government units.
 - (c) Agencies, parastatals and commissions.
8. Public Financial Management and Accounting Systems.
9. Integrated Financial Management System (IFMS): definition; what it does.
 - (a) IFMS and public financial management cycle.
 - (b) Advantages of IFMS in public financial management.
 - (c) Basic components of IFMS.
 - (d) Steps to implement IFMS.
10. Integrated Payroll and Pension System (IPPS): definition; what it does.
 - (a) Advantages of IPPS in public financial management.
 - (b) Steps to implement IPPS.
11. Debt Management and Financial Accounting Systems (DMFAS).

- (a) Definition; what it does.
 - (b) Advantages of DMFAS in public financial management.
 - (c) Steps to implement DMFAS.
12. Fixed Assets and Inventory Management Systems (FAIMS); definition, what it does.
- (a) Advantages of FAIMS in public financial management.
 - (b) Steps to implement FAIMS.
13. Specialized accounting records:-
- (a) Vote Book.
 - (b) Abstracts.
 - (c) Commitment Register.
 - (d) Commitment and fund accounting.

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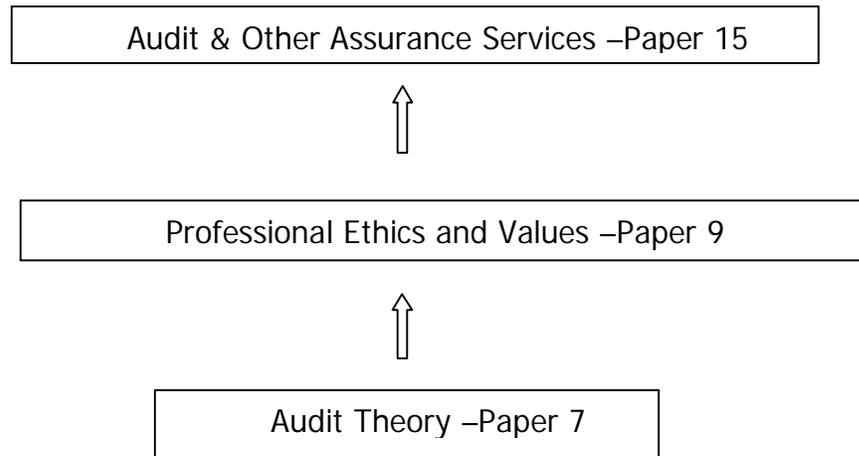
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International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs)

	Title	
	The Framework.	✓
IAS 1	Presentation of Financial Statements.	✓
IAS 2	Inventories.	✓
IAS 7	Statement of Cash Flows.	✓
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors.	✓
IAS 10	Events after the Reporting Period.	✓
IAS 11	Construction Contracts.	✓
IAS 12	Income Taxes.	✓
IAS 16	Property, Plant and Equipment.	✓
IAS 17	Leases.	✓
IAS 18	Revenue.	✓
IAS 19	Employee Benefits.	✓
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance.	✓
IAS 23	Borrowing Costs.	✓

IAS 26	Accounting and reporting by Retirement Benefit plans.	✓
IAS 33	Earnings per Share.	✓
IAS 34	Interim Financial Reporting.	✓
IAS 36	Impairment of Assets.	✓
IAS 37	Provisions, Contingent Liabilities and Contingent Assets.	✓
IAS 38	Intangible Assets.	✓
IAS 40	Investment Property.	✓
IAS 41	Agriculture.	✓
IFRS 1	First-time Adoption of International Financial Reporting Standards.	✓
IFRS 4	Insurance Contracts.	✓
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations.	✓
IFRS 6	Exploration for and Evaluation of Mineral Resources.	✓

PROFESSIONAL ETHICS AND VALUES - PAPER 9



OVERALL AIM

To help students have insights into the professional values and ethics which they are expected to follow and the correct course of action to pursue in their dealings with clients or their client affairs by laying down standards against which conduct may be assessed.

LEARNING OUTCOMES

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

1. Demonstrate an understanding of professional ethics and values.
2. Explain ethics in business and society.
3. Demonstrate an understanding of public interests and fundamental ethical principles.
4. Demonstrate an understanding of ethical standards of an accountant.
5. Discuss ethical issues that an accountant needs to watch.
6. Explain corporate governance issues.
7. Discuss the role of corporate officials in corporate governance.
8. Evaluate the relationship between ethics and corporate governance.

LEVELS OF ASSESSMENT

This syllabus acts as a basis upon which professional ethics and values is imparted to students and upon which ethics is examined in other ICPAU examinations. It prepares students to have analytical and evaluation skills when dealing with ethical issues in exams and their places of work. It as well demands students to have application and synthesis knowledge which is required at level III and IV of the syllabus.

EXAM STRUCTURE

The paper is assessed by a three hours examination with an additional 15 minutes reading and planning time. The examination consists of three sections. Section A has one compulsory case study question carrying 30 marks. Section B has three questions and only two are to be attempted, each carrying 20 marks and Section C has three questions and only two are to be attempted. Each carrying 15 marks.

DETAILED SYLLABUS

A INTRODUCTION

1. Define the terms 'ethics' and 'values'.
2. Explain the nature of ethics.
3. Distinguish between philosophical and professional approaches to ethics.
4. Describe the ethical objectives of an organization and the accountancy profession.

B WORKPLACE ETHICS

1. Explain the concept of workplace ethics.
2. Discuss the factors that influence ethical behavior 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. Discuss the importance of ethical behavior at the workplace.
4. Discuss how ethical behavior can be managed at the workplace.

C. ETHICS IN BUSINESS

1. Define the ethical principles in businesses.
2. Explain the nature, purpose of ethics and morals for organizational interests.
3. Discuss the 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. Describe the types of business ethical issues.
5. Explain how corporate policy and functional area ethics are enforced.
6. Describe the areas covered by corporate codes of ethics.
7. Discuss the concept of ethical dilemma in businesses:-
 - (a) Business relationships.
 - (b) Conflicts of interest.
 - (c) Fairness and honesty.

- (d) Communications.
- 8. Discuss the 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. Explain the concept of sustainable development.
- 2. Discuss the challenges of pollution and resource depletion.
- 3. Discuss the interrelationships and interdependence of ecological systems.
- 4. Discuss eco-friendly business practices.

E. PUBLIC INTEREST

- 1. Define what is meant by public interest.
- 2. Describe the composition of the public.
- 3. Assess the public interest in terms of negative and positive outcomes (costs and benefits) for society as a whole.
- 4. Assess a decision or action taken in the public interest as a democratic process.
- 5. Assess the extent to which any public interest issue or policy can be applied with respect to cultural and ethical diversity.
- 6. Explain the importance of corporate social responsibility (CSR) in organizations:-
 - (a) Need for CSR.
 - (b) Key developments in CSR.
 - (c) CSR mechanisms.
 - (d) Benefits of CSR.

F. FUNDAMENTAL ETHICAL PRINCIPLES

- 1. Discuss the importance of having fundamental ethical principles.
- 2. Describe all the fundamental ethical principles and the importance of these principles:-
 - (a) Integrity.
 - (b) Objectivity.
 - (c) Professional competence and due care.
 - (d) Confidentiality.
 - (e) Professional behavior.
 - (f) Professional standards.

G ACCOUNTANTS IN PUBLIC PRACTICE

1. Describe how accountants in public practice obtain work.
2. Describe all the potential ethical issues that arise during work in a public practice.
3. Explain how these ethical issues are handled and can be avoided.

H AN ACCOUNTANT'S PUBLIC IMAGE

1. Describe the professional image of an accountant.

I TYPICAL ETHICAL ISSUES

1. Describe the various business controls.
2. Describe how corporate funds and company policies are managed.
3. Explain how information resources can be protected.
4. Discuss the issues arising out of the use of electronic communication systems.
5. Explain what financial reporting is, its importance and how fraudulent reporting can be avoided.
6. Describe the role of the internal and external auditors and how improper influence can be avoided.
7. Explain how businesses can prevent industrial espionage and sabotage.
8. Describe how businesses should handle contribution of corporate funds to political parties.
9. Explain what businesses should consider when providing volunteer work for political campaigns vs corporate time, funds, resources and assets.
10. The ethical responsibilities and challenges of accountants in business.
11. Describe what is meant by fraud and how it differs from error.
12. Describe what is meant by money laundering and the ways it is carried out.
13. Explain the consequences of unethical behavior to individuals, accountancy profession and the public.

J ETHICS AND SOCIETY

1. Discuss the ethical issues that arise from the nature of markets in which business operates.
2. Discuss the ethical issues arising from the responsibility of business to society.
3. Discuss the ethical issues arising from internal and industry practices of business.

K. MINIMUM STANDARD OF BEHAVIOR AND CONDUCT FOR LEADERS IN UGANDA.

1. Explain declaration of income, assets and liabilities.
2. Discuss the circumstances for disclosure of public interest.
3. Explain how leaders should handle gifts or benefits in kind in the process of doing their official work.
4. Discuss the use of public property.
5. Explain situations that can lead to conflict of interest and the consequences.
6. Discuss the challenges of enforcing the leadership code of conduct.

L INSPECTORATE OF GOVERNMENT

1. Explain the functions of the Inspectorate Government in inculcating ethics and public service values among public officials.
2. Discuss the general powers of the Inspectorate.
3. Discuss the challenges of the office of Inspectorate of Government.

M. WHISTLE BLOWING

1. Explain the procedures which individuals may use to disclose unethical behavior in public interest:-
 - (a) Oral report.
 - (b) Use of information communication technology.
 - (c) Reduction of disclosure into writing.
2. Explain the process of reporting unethical conduct:-
 - (a) Impropriety.
 - (b) Persons qualified to make disclosures.
 - (c) Persons to whom or institutions to which disclosure maybe made.
 - (d) Compulsory receipt of disclosures.
3. Explain the process of investigation of impropriety.
4. Explain the mechanisms of protecting a whistle-blower:-
 - (a) Protection from victimization.
 - (b) Protection against court action.
 - (c) State protection.
 - (d) Application to court for assistance.
 - (e) Void employment contracts.
5. Discuss the offences and penalties related to whistle-blowing:-
 - (a) Disclosing the identity of a whistle-blower.
 - (b) Disclosing the details of the disclosure.
 - (c) Victimization of a whistle-blower.
 - (d) Making false disclosures.
 - (e) Unlawfully failing to take action.

N CORPORATE GOVERNANCE

1. Explain the history and role of corporate governance in Uganda.
2. Explain the corporate governance codes of best practice and regulations, including the Institute of Corporate Governance in Uganda:-
 - (a) Describe the Cadbury 'Code of best practice' and King 3's Code of Ethics.
 - (b) Discuss the concept and scope of corporate governance.
 - (c) Explain the corporate governance principles.
 - (d) Discuss Board independence and the various independent board committees.
 - (e) Explain the role of an accountant in good corporate governance.
 - (f) Explain the role of a Board of Directors in corporate governance.

- (g) Discuss the roles of the Chairman, Chief Executive Officer, Executive and Non-executive Directors and the Corporation Secretary in corporate governance.

O FRAUD

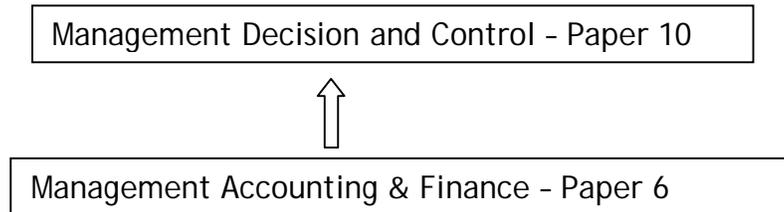
1. Definition of fraud.
2. Principles types of fraud.
3. Describe what is meant by fraud and how it differs from error.
4. Implementation of fraud prevention programs.

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MANAGEMENT DECISION AND CONTROL – PAPER 10

SYLLABUS CHART



OVERALL AIM

To equip students with knowledge and skills of understanding the critical role management accountants play in organizations and be able to provide relevant advice in different decision making situations.

LEARNING OUTCOMES

On completion of the course, candidates are expected to:-

1. Understand the critical role management accountants play in organizations
2. Provide relevant advice in different decision making situations
3. Develop organizational budgets using advanced techniques
4. Apply mathematical models to managerial problems
5. Apply accounting control techniques to managerial problems
6. Measure performance of business segments
7. Apply advanced management accounting techniques

LEVEL OF ASSESSMENT

This syllabus is designed to enrich students with accounting for management decisions which is based on solid conceptual foundations of Management Accounting & finance – Paper 6. It equips students with decision making skills. The exams will therefore test the ability of the student to interpret, analyze, evaluate and apply the knowledge & skills acquired to real life situations at their work place.

A student who completes this paper is able to effectively work as a Cost and Management Accountant and a consultant as far cost and management issues are concerned

EXAM STRUCTURE

The paper is assessed by a three hours examination with an additional 15 minutes reading and planning time. The examination consists of three sections. Section A has one compulsory case study question carrying 30 marks. Section B has three questions and only two are to be attempted, each carrying 20 marks and Section C has three questions and only two are to be attempted. Each carrying 15 marks.

DETAILED SYLLABUS

A INTRODUCTION

1. Nature and role of management accounting.
 - (a) Definition of management accounting.
 - (b) The management process.
 - (c) The role of management accounting in the management process.
 - (d) Behavioral, organizational and social aspects of management accounting.
 - (e) Ethical responsibilities of management accountants.
2. Management information and communication.
 - (a) The meaning of information.
 - (b) Measurement theory.
 - (c) The communication of information.
 - (d) The value of information.
3. The decision making process.
 - (a) The decision making model.
 - (b) Decision making as a planning and control processes.
4. Recent developments.
 - (a) Changing business environment.
 - (b) Changing product life cycle.
 - (c) Focus on customer satisfaction and new management approaches.
 - (d) Traditional manufacturing systems.
 - (e) Modern manufacturing systems (JIT & OPT).
 - (f) Advanced manufacturing technologies.

B COST-VOLUME-PROFIT (CVP) ANALYSIS

1. Introduction.
 - (a) The economist's CVP model.
 - (b) The accountant's CVP model.
 - (c) CVP assumptions.
2. Application of CVP analysis.
 - (a) Computation of: net profit, breakeven point (in units and in value), contribution (per unit and total), profit volume ratio.
 - (b) Margin of safety.
 - (c) Breakeven charts.
 - (d) Application to non-manufacturing decisions.

C RELEVANT COSTS FOR DECISION MAKING

1. Introduction.
 - (a) The meaning of relevance (factors to consider in determining relevant costs and revenue).
 - (b) Importance of qualitative factors in decision making.

2. Relevant costs of different elements.
 - (a) Relevant cost of materials.
 - (b) Relevant cost of labour.
3. Application of relevant cost analysis to decision making.
 - (a) Special pricing decisions (short and long term).
 - (b) Product mix decisions when capacity constraint exist (limiting factor analysis).
 - (c) Replacement of equipment (the irrelevance of past costs).
 - (d) Outsourcing decisions (make or buy analysis).
 - (e) Discontinuation decisions.

D ACTIVITY-BASED COSTING (ABC) COSTING SYSTEM

1. Introduction.
 - (a) The emergence of ABC costing.
 - (b) Limitations of traditional costing systems.
 - (c) A comparison of tradition and ABC costing systems.
2. Designing ABC systems.
 - (a) Stages involved in designing an ABC costing system.
 - (b) Factors to be considered in designing ABC systems.
 - (c) Classification of activities.
 - (d) Selecting the cost drivers.
 - (e) Comparison of ABC with decision relevant costs.
3. Application of ABC Costing.
 - (a) ABC profitability analysis.
 - (b) ABC in service organizations.

E PRICING DECISIONS AND PROFITABILITY ANALYSIS

1. Introduction.
 - (a) Economic theory on pricing.
 - (b) Computation of optimal selling price using differential calculus.
 - (c) Different 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.
4. Cost plus pricing.
 - (a) Methods of cost-plus pricing.
 - (b) Establishing target mark up percentages.

- (c) Limitations of cost-plus pricing.
 - (d) Reasons for using cost-based pricing.
5. Target costing.
Explain target costing and its application.
 6. Pricing policies.
 - (a) Price skimming.
 - (b) Penetration pricing.
 7. Customer profitability analysis.
Applying pareto analysis to evaluating customer profitability.
 8. Transfer pricing.
 - (a) Purpose of transfer pricing.
 - (b) Alternative transfer pricing methods.
 - (c) Resolving transfer pricing conflicts.
 - (d) Domestic transfer pricing.
 - (e) International transfer pricing.
 - (f) OECD guidelines on transfer pricing.

E RISK AND UNCERTAINTY

1. Decision making model.
Explain a decision making model under conditions of uncertainty.
2. Risk and uncertainty.
Distinguish between risk and uncertainty.
3. Probability and expected values.
 - (a) Definition of probability and probability distributions.
 - (b) Objective and subjective probabilities.
 - (c) Expected value of a probability distribution.
 - (d) Measuring the amount of uncertainty.
 - (e) Attitudes to risk by individuals.
4. Decision tree analysis.
 - (a) Defining a decision tree.
 - (b) Application of decision tree to decision making situations.
 - (c) Computation of possible outcomes (profit) and payoffs (expected value) using decision trees.
5. Pricing decisions and CVP analysis under conditions of uncertainty.
 - (a) Use of cost information for pricing decisions under conditions of uncertainty.
 - (b) Problems with using probability theory in decision making.
 - (c) CVP analysis under conditions of uncertainty.

6. Perfect and imperfect information.
Incorporation of a decision to buy perfect and information to a situation of uncertainty.
7. Maximin, maximax and regret criteria.
Compute Maximin, maximax, minimax and regret criteria and offer advice in a decision making situation.
8. Portfolio analysis.
 - (a) Definition of portfolio return.
 - (b) Properties of expected value and computation of portfolio expected return.
 - (c) Definition and computation of covariance of a portfolio.
 - (d) Computation of covariance using joint probability function.
 - (e) Definition, properties and computation of correlation.

F MANAGEMENT CONTROL SYSTEMS

1. Introduction to controls.
 - (a) Definition of control.
 - (b) Effecting control at different organizational levels.
 - (c) Different types of controls.
 - (d) Feedback and feed forward controls.
 - (e) Harmful side of controls.
 - (f) Advantages and disadvantages of different types of control.
2. Define the following centres:-
Responsibility centre; cost and expense centre, revenue centre, profit centre, and investment centre.
3. The nature of management accounting control systems.
 - (a) The controllability principle.
 - (b) Dealing with uncontrollable factors before the measurement period.
 - (c) Dealing with uncontrollable factors after the measurement period.
4. Setting financial performance targets.
 - (a) Explain the various 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.

G BUDGETING AND BUDGETARY CONTROL

1. The role of budgeting in organizations.
 - (a) Explain the various uses of budgets in an organization.
 - (b) Explain the conflicting role of budgets.

2. The budgeting process.
 - (a) The budget period.
 - (b) Administration of budgets.
 - (c) Contents and uses of a budget manual.
 - (d) Stages in the budget process for an organization.
 - (e) The budget process in not-for-profit organizations.
3. Preparation of budgets.
 - (a) Prepare and explain the use of various budgets including departmental budget, cash budget and master budget.
 - (b) Application of specialized software packages in budgeting.
4. Approach to budgeting.
 - (a) Explain the various approaches to budgeting:- activity-based budgeting, incremental budgeting, and zero based budgeting.

H STANDARD COSTING AND VARIANCE ANALYSIS

1. Introduction.
 - (a) Definitions of important terms in standard costing.
 - (b) Operation of a standard costing system.
2. Establishing cost standards.
 - (a) Direct materials standards.
 - (b) Direct labour standards.
 - (c) Overhead standards.
3. Types of cost standards:-
 - (a) Basic cost standards.
 - (b) Ideal cost standards.
 - (c) Currently attainable standard costs.
4. Purpose of standard costing.
5. Variance analysis.
 - (a) Computation and explanation of various variances.
 - (b) Reconciling budgeted and actual profits.
 - (c) Standard absorption costing.
 - (d) Mix and yield variance.
 - (e) Accounting disposition of variances.
 - (f) Criticisms of standard costing variance analysis.

I DIVISIONAL PERFORMANCE EVALUATION

1. Organizational structure and decentralization.
 - (a) Functional organizational structure.
 - (b) Divisional organizational structure.
 - (c) Profit centres and investment centres.
 - (d) Merits and demerits of decentralization.

2. Prerequisites for successful decentralization.
3. Measuring performance of a division:-
 - (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.
 - (c) The impact of depreciation.
 - (d) The impact performance measure on capital investment decisions.
 - (e) Divisional cost of capital.
 - (f) 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.

J COST ESTIMATION AND REGRESSION ANALYSIS

1. General principles applying to estimating cost functions:-
 - (a) Regression equation.
 - (b) Multi regression analysis.
 - (c) Cost function.
 - (d) Factors to be considered when using past data to estimate cost functions.
 - (e) Steps involved in estimating cost functions.
2. Cost estimation methods:-
 - (a) Engineering method.
 - (b) Inspection of accounts method.
 - (c) Graphical and 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) Learning curve effect.
 - (b) Learning curve applications.

K PLANNING AND CONTROL OF INVENTORY

1. Introduction.
 - (a) Why firms hold stock.
 - (b) Relevant costs for quantitative models under conditions of certainty.
2. Economic Order quantity.
 - (a) Determining EOQ (using various methods).
 - (b) Assumptions of EOQ.
 - (c) Application of EOQ.
 - (d) Uncertainty and safety stocks.
3. ABC stock.
4. Other considerations in inventory management.
5. Materials requirement planning.
6. JIT purchasing.

L LINEAR PROGRAMMING

1. Introduction and uses of linear programming.
 - (a) Defining linear programming.
 - (b) Single resource constraint and two resource constraint.
 - (c) Different uses of linear programming.
2. Graphical and simplex methods.
 - (a) Applying graphical method to solve linear programming problems.
 - (b) Applying simplex method 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.

Ascertaining the range over which opportunity cost applies for each constraint.
5. Application of linear programming to capital budgeting.

Solving capital rationing situations using linear programming.
6. Practical problems in applying linear programming.

Explain the problems of applying linear programming in real life situations.

M COST MANAGEMENT AND STRATEGIC MANAGEMENT ACCOUNTING

1. Introduction.
 - (a) The importance of cost management.
 - (b) The need for accurate cost measurement systems.

2. Target costing.
 - (a) Teardown analysis (reverse engineering).
 - (b) Value engineering (value analysis).
3. Life cycle costing.
4. Kaizen costing.
5. Activity based management.
6. Bench marking.
7. Business process engineering.
8. Management audits.
9. Value chain analysis.
10. Just-in-Time philosophy.
11. Total quality management.
12. Environmental cost management.
13. The balanced score card.

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TAXATION - PAPER 11

OVERALL AIM

To provide a thorough knowledge of taxation covering all aspect of Tax as considered by Government of Uganda and to equip students with the tax planning and decision making skills. At the tax planning level, taxation is an integrated discipline as decision making frequently requires a consideration of several aspects of taxation.

LEARNING OUTCOMES

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

1. Understand different forms of taxation and tax administration in Uganda.
2. Compute the different tax liabilities for individuals and corporate bodies.
3. Deal with international taxation issues.
4. Provide tax planning advice.
5. Demonstrate an understanding of customs management.
6. Adopt best practices when dealing with clients.

STRUCTURE OF THE SYLLABUS

Taxation is a 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

This study guide is designed to provide a comprehensive coverage of taxation in Uganda. It covers the legal framework and the general tax administration in Uganda. Examinations will be centered on the ability of the candidate to demonstrate an understanding of different taxes and provide tax planning advice where application as well as adopting the best practices when dealing with clients. Analytical and evaluation skills are therefore expected of the candidates.

EXAM STRUCTURE

The paper is assessed by a three hours examination with an additional 15 minutes reading and planning time. The examination consists of three sections. Section A has one compulsory case study question carrying 30 marks. Section B has three questions and only two are to be attempted, each carrying 20 marks and Section C has three questions and only two are to be attempted. Each carrying 15 marks.

Tax rates are provided at the end of the paper.

DETAILED SYLLABUS

A INTRODUCTION TO TAXATION

1. Definition and concept of taxation.
2. Explain the different principles of taxation (Canons of Taxation).
3. Distinguish between incidence of tax, impact of tax and tax base.
4. Define and give the characteristics of a good tax system.
5. Define and compare horizontal and vertical equity.
6. Explain current developments in the tax system- OECD guidelines and UN Model treaties, WTO, EAC, and COMESA.
7. Explain and understand the impact of changes in the current tax laws every year government reads the budget.
8. Explain what professional conduct is in relation to tax work – tax evasion, smuggling, under declaration.

B NATURE AND SCOPE

1. Explain the various classifications of taxes:-progressive tax, proportional tax, and regressive tax.
2. Explain the various types of taxes-direct tax and indirect tax.
3. Explain the advantages of direct taxes over indirect taxes and vice versa.
4. Explain the meaning of tax compliance.
5. Distinguish between tax evasion/tax avoidance.
6. Discuss the factors influencing tax compliance.
7. Discuss the various methods of tax accounting- cash basis/ accrual basis.
8. Explain the meaning of tax residence status/non tax residence – resident individual, resident company, resident partnership and resident trust.

C TAXATION OF BUSINESS INCOME – CORPORATE BODIES

1. Define the word taxable person and chargeable income.
2. Definition of gross income, year of income, assessed losses.
3. Explain allowable expenses, non-allowable expenses and distinguish between revenue and capital expenditure.
4. Explain the exclusivity clauses for expenses- allowable (deductible)/ non allowable (non-deductible) expenses. - treatment of items such as bad debts, entertainment, repairs and maintenance, donations, assessed losses, legal and professional expenses.
5. Explain the treatment of tax losses – carry forward of losses, number of years tax losses are required to be carried forward.
6. Compute taxable profits- determination of chargeable income.
7. Computation of corporation tax liability.
8. Explain taxation of group companies - roll over relief, liquidation and reorganizations.
9. What is exempt income and give examples of exempt income.

10. What are exempt organizations – amateur sporting associations, charitable Organisation, listed Institutions.

D CAPITAL ALLOWANCES (DEDUCTIONS)

1. Definition and explanation of the 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. Compute depreciation allowances (wear and tear) for depreciable assets and industrial buildings.
3. Computation of capital allowances for intangible assets.
4. Computation of initial allowance – depreciable assets and industrial buildings.
5. Computation of farm works allowances.
6. Computation of allowances for mining/mineral exploration.
7. Computation of start up costs/horticultural expenditure/farm works.

E CAPITAL GAINS TAX

1. Meaning and scope of capital gains tax.
2. Explain key definitions:-
 - (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 fire.
3. Explain the treatment of asset disposal under non arms length transactions.
4. Explain non recognition of gains or losses – involuntary disposal.
5. Explain the transitional provisions regarding capital gains tax such as market value of property as at 31 March 1998, value of property by the chief government valuer, cost base of an asset under certificate of incentives.
6. Compute capital gains tax on various disposals.
7. Explain tax planning ideas for capital gains tax.

F EMPLOYMENT INCOME

1. The concept of employment income.
 - (a) Distinguish between an employee and employer.
 - (b) Explain the word residence status of an employee.
 - (c) Distinguish between a resident employee and non-resident employee.

- (d) Explain taxation of each as per the Income Tax Act.
- 2. Describe the scope and composition of employment income – income chargeable to employment tax.
- 3. Explain and compute the various benefits in kind - car benefits, house benefits, loan benefits, telephone benefits.
- 4. Explain the various examples of non taxable benefits of employment.

G PROPERTY INCOME

- 1. Define and explain the scope of property income – give examples of the various types of property income.
- 2. Explain the general taxation aspects of property income.
- 3. Compute tax for the various types of property income – royalties, dividends, interest income, annuities, natural resource payments, rents.

H INDIVIDUAL INCOME TAX – BUSINESS INCOME

- 1. The scope of business income of an individual: - gross income, chargeable income and so on.
- 2. Define the residence status of an individual.
- 3. Distinguish between non-resident individual and residential individual.
- 4. Explain the allowable and non allowable deductions of an individual
- 5. Compute chargeable income of an individual and tax payable.

I TAXATION OF RENTAL INCOME

- 1. Definition of rental income/ rental tax.
- 2. Explain the tax treatment of rental income- allowable deductions and tax threshold.
- 3. Distinguish between the tax treatment of rental income for an individual and that of a company.
- 4. Compute rental tax.

J TAXATION OF PARTNERSHIPS

- 1. Define a partnership.
- 2. Explain the 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 asset and non business asset.
 - (i) Limited liability partnerships.

3. Compute chargeable income of a partnership.
4. Compute chargeable income of a partner and tax liabilities of a partner.
5. Explain the tax implications of reconstructed partnerships e.g. dissolution, admission of new partners, change in the structure.

K VALUE ADDED TAX (VAT)

1. Definition and scope of VAT.
2. Definition of key terminologies in VAT:-
 - (a) Input tax and output tax.
 - (b) Taxable supply; taxable person, and tax point.
 - (c) Taxable purchases and sales; exempt supplies, and zero rated supplies.
 - (d) Taxable value; input tax credit, and VAT rates.
3. Explain the VAT registration requirements:-
 - (a) Persons liable for VAT.
 - (b) VAT threshold.
 - (c) Compulsory registration, and voluntary registration.
 - (d) Effective date of registration, registration obligations/regulations, cancellation of registration, consequences of deregistration, and registration of an investment trader.
4. Explain the following:-taxable supply of goods /services, zero rated supplies, exempt supplies, mixed supplies, and place of supply.
5. Explain the term accounting for VAT-time/point of supply, valuation of supplies, taxable value of imported goods / services.
6. Distinguish between cash accounting and invoice accounting.
7. Discuss the advantages of cash accounting over invoice accounting.
8. What is output VAT- e.g. the treatment of output VAT in respect of bad debts, returned goods and discounts.
9. What is Input VAT for example the treatment of unclaimed VAT; VAT on imported services, time limit of claim for input VAT, and methods of apportionment of input tax.
10. VAT accounts and records: - tax invoices, credit notes and debit notes.
11. VAT returns.
12. When is a VAT return filed that is the due dates and penalties for non submission.
13. Describe the various types of returns: - amended returns and returns that are filed separately.

L INCOME TAX RETURNS AND ASSESSMENTS

1. Definition of the return of income.
2. Explain the persons eligible to file a return of income.
3. Explain the various circumstances where a return of income is not required.
4. Explain due dates for filing a return of income- final return, provisional return, estimated return, and amended assessment.

5. Discuss the provisions of the regarding the extension of time to file a return of income.
6. Definition of tax assessments.
 - (a) Assessments based on tax payer's return.
 - (b) Self assessments, additional assessments/amended assessments and estimated assessments.
7. Definition of a small business tax payer.
Computation of small tax payer's liability, return of gross income, election or option for income tax.
8. Explain the payment of the following taxes- Final and Provisional tax, payment of tax withheld, due dates for payment of various direct and indirect taxes.

M OFFENCES AND PENALTIES

1. Explain the various offences and penalties- under the ITA, VAT Act and the East Africa Customs Management Act.

N OBJECTIONS AND APPEALS

1. Definition of appeals and objections.
2. Explain the objection and appeals procedure – deadlines, tax payable, taxes not in dispute etc. under the Income Tax Act and Value Added Tax Act and the Customs Laws.
3. Explain the various tax payer's rights and obligations with regard to the objections and appeals procedure.
4. Discuss the appeals procedure under the Tax Appeals Tribunal and High Court – time lines for appeal, payment of tax.

O ANTI AVOIDANCE RULES

1. Transactions between associates.
2. Explain the term transfer pricing between associates and its implications on the taxation of Multinational Organizations.
3. Explain Commissioners powers regarding non arms length transactions-.
4. Discuss the various ways in which the commissioner may re-characterize income and deductions between associates.
5. Explain capitalization rules under anti – avoidance rules.

P INTERNATIONAL TAXATION

1. Explain the importance of residence in international taxation – source rules, country of vital interest.
2. Explain the principles behind the taxation of branches.
3. Explain the concept of thin capitalization.
4. Compute branch profit and tax on repatriated income.
5. Compute various taxes on international payments-e.g. technical fees, professional fees, management fees, interest on foreign loans.
6. Define international agreements- OECD and UN Model treaties.

7. Explain tax reliefs under international taxation- unilateral agreements and bilateral agreements (relief under double taxation).
8. Explain the statutory provisions on international agreements.
9. Distinguish between priority rule and anti-treaty shopping rule.
10. Distinguish between withholding tax (WHT) and withholding agents.
11. Explain circumstance under which WHT is a final tax.
12. Compute WHT on various payments within the scope of WHT.

Q CORPORATE TAX PLANNING

1. Explain the meaning of Tax Planning.
2. Explain key areas of tax planning- structure of business set up, choosing where to locate a business, and choosing a sector where to set up business.
3. Explain other tax planning ideas which a tax payer can benefit from under VAT, Income Tax and Customs taxes.

R CUSTOMS MANAGEMENT AND PROCEDURES

1. Explain the importation procedures under Customs management for example:- arrival and reporting procedures for vehicles, international trains, overland, re-export procedures, goods in transit.
2. Describe the uploading and removal of cargo- entry examination, removal of goods by sale in customs warehouse, passenger clearance.
3. Customs Warehouses- definition, receipt/delivery of goods and disposal of warehouse goods.
4. What is a bonded warehouse and describe the following customs procedures for bonded warehouses- receipt/delivery of goods, entry and control of goods prior to bonded warehouse, licensing of bonded warehouse, and goods not allowed in the bonded warehouse.
5. Explain the exportation procedures under customs –e.g.; customs procedures for exports, entry outwards of goods, procedures for re-exportation, export of bonded goods.
6. Smuggling of goods.
7. Explain the following:-
 - (a) Duty drawback.
 - (b) Different forms of smuggling.
 - (c) Why countries impose prohibitions.
 - (d) Restriction of certain goods.
 - (e) Problems associated with smuggling.
 - (f) Prevention of smuggling and treatment of offenders.
8. Explain the following terminologies under duty drawback; claim of duty drawback and documentation of duty drawback.
9. Explain the meaning of Export processing Zone (EPZ), removal of goods from EPZ, designation of goods.

10. Explain importation by post and discuss the following procedures for clearing post parcels, examination procedures for parcels, redirecting parcels, and warehousing post imported goods.
11. Explain prohibitions and restrictions as used in customs management.
12. Explain the following; powers to prohibit, examples of restricted goods, exemptions of goods in transit.
13. Explain the various types of customs offences and procedures; - seizures and forfeitures, procedures, penalties and settlement.
14. Customs Union.
 - (a) Explain the advantages of the Customs Union-and challenges of the Customs Union.
 - (b) Explain opportunities created under the Customs Union.
15. Common markets.
 - (a) The advantages of a Customs common market.
 - (b) Trade barriers.
16. Transitional arrangements under customs management.
 - (a) Explain the following terms:-International tariffs, Common external tariffs, and Zero tariffs.
 - (b) The rules of origin.
 - (c) The criteria used in determining rules of origin.
 - (d) Explain the exceptions to the rules of origin criteria.
17. Explain the tax treatment of goods deemed to originate from the partner states as per the East African Customs Union.
18. Write notes on the following International Customs Organisations – COMESA, SADC, and WTO, UN model treaty.

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3. The Government of Uganda (2012): The Income Tax Act, Cap 340, Government of Uganda.
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CORPORATE FINANCIAL MANAGEMENT – PAPER 12

OVERALL AIM

The syllabus is designed to give students a broad picture of corporate financial management for effective management of the corporate resources and have ability to exercise judgment on financial risks and reporting issues.

LEARNING OUTCOMES

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

1. Evaluate the role of the finance function and environment.
2. Appraise the ethical responsibilities of finance managers.
3. Assess business and financial risks.
4. Compute and interpret ratios used in financial analysis.
5. Understand the concept and be able to compute a firm's cost of capital.
6. Evaluate plans, actions and financial position of entities.
7. Evaluate and advise on investment decisions.
8. Evaluate the various types of securities and financial markets.
9. Recommend appropriate financing options.
10. Recommend appropriate corporate restructuring strategies

LEVEL OF ASSESSMENT

The financial function of an enterprise comprises the flow of funds to and from the enterprise. It therefore consists of the acquisition of funds (the financing decision) and the employment of funds (the investment decision) in order to achieve the primary objectives of the enterprise like maximizing prosperity and attainment of financial independence. Evaluation, analysis and synthesis skill will be examined expecting students to demonstrate high level of assessment thereby providing appropriate recommendation.

EXAM STRUCTURE

The paper is assessed by a three hours examination with an additional 15 minutes reading and planning time. The paper consists of two sections. Section A is compulsory carrying 40 marks. Section B has four questions and only three are to be attempted. Each carrying 20 marks. Relevant formulae and tables are provided at the end of the Paper.

A FINANCE FUNCTION AND ENVIRONMENT

1. Definition and importance of corporate finance.
 - (a) Describe the term and the role of corporate finance function in the organization.
 - (b) Explain the relationship between corporate finance and other departments in the organization.

2. Forms of business organizations.
 - (a) Explain the different forms of business organizations including:-
 - (i) Sole proprietorship.
 - (ii) Partnership.
 - (iii) Corporations.
3. Role of finance manager, financial controller and treasurer.
 - (a) Explain the role of the financial controller/managers in an organization.
 - (b) Describe the treasury function and the function of the treasurer.
 - (c) Differentiate between centralized and decentralized treasury management.
 - (d) Explain the distinction between treasury as a profit centre and a cost centre.
4. Goals of a firm.
 - (a) Discuss the relationship between corporate objectives, financial objectives and the corporate strategy.
 - (b) Identify and describe the various corporate objectives.
5. The role of finance.
Explain the role of finance in developing countries like Uganda.
6. The agency theory.
 - (a) Identify the range of stakeholders and their objectives.
 - (b) Discuss the various conflicts between stakeholder objectives.
 - (c) Discuss the role of management in meeting stakeholder objectives and the Agency theory.
 - (d) Describe and apply ways of measuring achievement of stakeholder objectives including use of financial ratios.
 - (e) Explain ways to encourage stakeholder objectives including management reward schemes.
7. The external environment.
 - (a) Identify and explain major environmental factors that affect achievement of organizational objectives.
 - (b) Explain how government policies may affect planning and decision making in business.

B FINANCIAL ANALYSIS AND CONTROL

1. Methods of analysis.
 - (a) Discuss the concept and role of financial analysis in corporate finance.
 - (b) Explain the various methods of financial analysis, their merits and demerits.
2. Ratio analysis.
 - (a) Calculate the liquidity, debt, coverage, profitability and market value ratios.

- (b) Explain the use of ratio analysis technique in financial analysis and the categories of ratios.
- 3. Computation, interpretation, uses and limitations of ratios.
 - (a) Compute and interpret various ratios used in financial analysis, including trend analysis and industry comparison.
 - (b) Discuss the limitations of ratio analysis in decision making.
- 4. Sales forecasts.
Calculate and prepare sales forecasts for given period(s).
- 5. Projected financial statements.
Derive and prepare projected financial statements from forecast sales and other data.
- 6. Budgeting and leverage.
 - (a) Describe and prepare funds requirements budgets; specifically cash budgets.
 - (b) Describe the role leverage in budgeting and control.

C CAPITAL BUDGETING

- 1. Investment appraisal under conditions of risk, inflation and taxation.
 - (a) Explain the difference between capital investment and working capital investment.
 - (b) Describe the capital budgeting process and how its related to the organization strategy, mission and goals.
 - (c) Explain the role of investment appraisal in the capital budgeting process.
 - (d) Discuss and calculate the payback period and discuss the usefulness of payback as an investment appraisal method.
 - (e) Discuss and calculate the accounting rate of return and discuss its usefulness as an investment appraisal method.
 - (f) Describe and apply the relationship between interest rates and inflation, and between real and nominal discount rates.
 - (g) Calculate the present values of cash flows including annuities and perpetual cash flows and use of discounted tables.
 - (h) Describe the time value of money and the role of cost of capital in the capital budgeting process.
 - (i) Discuss and calculate the Net present value and discuss its usefulness as an investment appraisal method.
 - (j) Discuss and calculate the internal rate of return and discuss its usefulness as an investment appraisal method.
 - (k) Discuss and calculate the profitability index and discuss its usefulness as an investment appraisal method.
 - (l) Explain the superiority of discounted cash flow methods over non discounted ones.
 - (m) Calculate and apply before and after tax discount rates.

- (n) Calculate and apply the tax effects of cash flows including the tax benefits of capital allowances.
2. Use of probabilities and sensitivity analysis in investment appraisal.
 - (a) Explain the relationship between risk and uncertainty in relation to project lifespan.
 - (b) Apply sensitivity analysis in capital budgeting and discuss its usefulness and limitations.
 - (c) Apply probability analysis to capital budgeting and discuss the usefulness of probability analysis in appraising investment projects.
 - (d) Apply and discuss other risk adjusting techniques like adjusted payback and simulation models.
 3. Estimation of cash flows.
Identify and calculate relevant cash flows for capital budgeting projects.
 4. Replacement and other specific investment decisions.
 - (a) Evaluate asset investment decisions using equivalent annual cost method.
 - (b) Advise on leasing or borrowing to purchase assets using the before and after tax cost of debt.
 5. Capital rationing.
 - (a) Explain the capital rationing concept and its causes in investment.
 - (b) Calculate profitability indexes and advise on selection of divisible capital investment projects.
 - (c) Calculate nap of combinations of projects and advise on non divisible investments.
 - (d) Discuss the sub optimal decision of capital rationing.

D COST OF CAPITAL, CAPITAL STRUCTURE AND DIVIDEND THEORY

1. Definition of cost of capital.
Explain the concept of cost of capital and its relevance in investment management.
2. Cost of the various types of capital.
Discuss the various sources of finance for capital investment and the relative specific costs of each source of funds.
3. Estimating cost of equity and cost of debt.
 - (a) Apply the dividend growth model to calculate the cost of equity and discuss its limitations.
 - (b) Calculate the cost of debt including preference shares, redeemable, irredeemable, and convertible debt.
4. The concept of the weighted average cost of capital.
 - (a) Distinguish between average and marginal cost of capital.
 - (b) Calculate the weighted average cost of capital using book value and market value weightings.

5. Gearing and the cost of capital.
 - (a) Explain the concept of gearing and its relation to the overall cost of capital.
 - (b) Identify the implications of high levels of gearing, and its relation to financial risk using ratio analysis, and cash flow forecasting.
6. Modigliani and Miller theories of capital structure, with and without taxes.
 - (a) Discuss the traditional school of thought about the relevance of capital structure.
 - (b) Discuss the Modigliani and Miller school of thought about the relevance of capital structure, both with and without taxes.
7. Interaction between financing and investment decisions.
Describe the relationship between financing and investment decisions.
8. Dividend policy.
 - (a) Discuss the relationship between the dividend decision and the financing decision.
 - (b) Discuss the practical factors that influence the dividend decision.
 - (c) Discuss the relevance of the dividend decision using both the traditional and Modigliani and Miller school of thought.
 - (d) Describe the various forms a dividend might take including stock splits, bonus shares, and cash dividends.

E THE CONCEPT OF RISK AND RETURN

1. Risk and return for a single asset.
 - (a) Explain the risk return relationship in corporate investments.
 - (b) Calculate the risk of a single asset using standard deviation/variance.
 - (c) Calculate the return of a single asset using expected values and probability theory.
2. Risk and return for a two asset portfolio.
Calculate the risk and return of a two asset portfolio.
3. The role of correlation and covariance.
Describe the role of correlation and covariance in selecting investments for one's portfolio.
4. Risk diversification and reduction.
Explain risk diversification concept and its role in investment management.
5. The mean-variance approach for portfolio selection.
Discuss and apply the mean variance approach in portfolio selection process.

F THE CAPITAL ASSET PRICING MODEL (CAPM)

1. Systematic and unsystematic risks.
Describe the difference between systematic and unsystematic risk.
2. Basic assumptions of CAPM.

- Discuss the capital asset pricing model and its assumptions.
3. The capital and security market lines.
Describe the capital and security market line and the relevance of its slope.
 4. Estimating beta values.
Calculate the beta of a security using the security market line as well as covariance/correlation formulae.
 5. Practical applications of CAPM.
Describe the practical applications and limitations of CAPM.
 6. Adjusted Present Value.
Explain the concept of and calculate the adjusted present value of investments using project specific discount rates, un gearing and regearing the betas.
 7. Arbitrage Pricing Theory.
Discuss the concept of arbitrage pricing theory and its relevance in financial investments.

G SECURITIES AND FINANCIAL MARKETS

1. Long-term financing decisions.
 - (a) Discuss the risk return relationship and relative costs of equity and debt financing.
 - (b) Describe the creditor hierarchy and how it's related to the costs of the various sources of finance.
2. Share capital and Long term debt.
 - (a) Discuss the various forms of equity and debt finance available for business organizations.
 - (b) Explain the merits and demerits of using debtor equity financing in a business.
3. Other sources of long-term finance – leasing, options, warrants, convertibles etc.
Discuss other sources of long-term finance, how they can be obtained, their relative merits and demerits.
4. Financial Markets.
 - (a) Types of Financial Markets:-
 - (i) Primary and secondary markets.
 - (ii) Money and capital markets.
 - (b) Explain the nature and role of financial markets in a developing economy.
 - (c) Explain the difference between the primary and secondary markets.
 - (d) Explain the major players in financial markets.
 - (e) Describe the difference between money and capital markets.
5. Role of banks.
Describe the role of banks in the financial system.

6. The concept of market efficiency.
 - (a) Define market efficiency and its assumptions.
 - (b) Discuss the forms of market efficiency.
 - (c) Discuss Empirical evidence for capital market efficiency.
 - (d) Explain the difference between Technical and fundamental analysis.
 - (e) Describe the Implications of the Efficient Market Hypothesis to Finance Managers.

H CORPORATE RESTRUCTURING

1. Mergers and acquisitions.
 - (a) Explain the nature and role of corporate restructuring.
 - (b) Describe the differences between mergers and acquisitions.
 - (c) Explain the major motives behind corporate takeovers/mergers.
 - (d) Explain why some mergers may fail to meet objectives.
 - (e) Explain the difference between hostile and friendly mergers.
2. Valuation; advantages and disadvantages.
 - (a) Identify and discuss reasons for valuing business and financial assets.
 - (b) Apply methods of valuation and discuss the limitations of different types of valuation methods; Net asset valuation methods, Dividend Valuation and market capitalization.
 - (c) Income based models like P/E ratio, Earnings yield, and discounted cash flows.
 - (d) Explain and apply various methods of valuing Debt stock and bonds including; redeemable and irredeemable debt; preference shares, bonds.
3. Financial distress.
 - (a) Discuss the nature and implication of financial distress in a business organization.
 - (b) Explain the forms, signs and causes of financial distress.
4. Bankruptcy, liquidation and re-organization.
Explain the circumstances under which bankruptcy, liquidation and reorganization are the best alternatives to the business.

I INTERNATIONAL MARKETS

1. Types of bonds and equity markets.
 - (a) Explain the major types of bonds and equity markets on the international scene.
 - (b) Explain the role of international capital flows.
 - (c) Explain the origin and growth of euro markets.
2. Developed and emerging markets.
Explain the difference between developed and emerging markets.
3. Foreign exchange markets.
 - (a) Discuss the different types of foreign exchange risk.

- (b) Describe the factors responsible for exchange rate fluctuations in a country.
 - (c) Forecast exchange rates using purchasing power parity and interest rate parity formula.
 - (d) Discuss and apply the techniques available to hedge against foreign exchange risk:-
 - (i) Invoicing in home currency.
 - (ii) Netting and matching.
 - (iii) Leading and lagging.
 - (iv) Money market and forward contracts.
 - (v) Asset and liability management.
 - (e) Identify major types of foreign currency derivatives used in hedging foreign exchange risk and describe how they are used in hedging. Viz options, swaps, futures.
4. Interest rates and risk.
- (a) Explain the term structure of interest rates and the role of the yield curve.
 - (b) Explain the factors that determine the shape of the yield curve.
 - (c) Differentiate between gap exposure and basis risk as types of interest rate risk.
 - (d) Discuss the instruments available to manage interest rate volatility including asset and liability management, interest rate futures, forward rate agreements.
5. Passive vs. Active management strategies.
Explain and differentiate between passive and active management strategies.
6. Foreign direct investment.
- (a) Explain foreign direct investment.
 - (b) Explain the different forms of foreign direct investment including; exporting, joint ventures, building subsidiaries, licensing and franchising.
 - (c) Describe the motives for foreign direct investment.
 - (d) Discuss the major barriers to foreign direct investment.
 - (e) Identify the risks and challenges of foreign direct investment.
 - (f) Apply investment appraisal techniques in foreign direct investments.

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1. Brayshaw R.E, Samuel J.M, and Wilkes F.M (1995), Management of Company Finance, Cengage Learning.6th Edition.
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3. Chew Donald H and Stern M. Joel (2003), The Revolution in Corporate Finance, Wiley-Blackwell Publishing. 4th Edition.
4. Jaffe Jordan, Ross S, and Westerfield R (2008), Corporate Finance, McGraw-Hill/Irwin.9th Edition.

FINANCIAL REPORTING - PAPER 13

OVERALL AIM

To consolidate and be able to apply knowledge in matters of financial reporting both in the private and public sectors of the economy.

PART A:-FINANCIAL REPORTING IN THE PRIVATE SECTOR (60%)

LEARNING OUTCOMES

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

1. Discuss international and local corporate reporting framework.
2. Prepare consolidated 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. Cope with current reporting issues and developments.
6. Exercise judgment on reporting issues.
7. Apply requirements of all the IFRSs in issue.

LEVEL OF ASSESSMENT

The syllabus for Financial Reporting is designed to integrate knowledge covered at Level 1 (Financial Accounting) and Level 2 (Advanced Financial Accounting) besides knowledge covered at the earlier two papers referred to above, and other aspects of financial reporting, candidates will be examined in consolidated financial statement preparation and the general reporting on consolidated financial statements, business combinations, interests in joint ventures and interests in joint ventures.

EXAMINATION STRUCTURE

The examination will be for three hours with an additional 15 minutes reading and planning time. It will be divided into financial reporting in the private sector (60 marks) and financial reporting in the public sector (40 marks), and will cover all reporting standards in the respective sectors. It will consist of three sections A, B, and C. Section A will have one compulsory question (30 marks), Section B will have three questions and the candidate will be required to attempt any two of them (30 marks), while Section C will also have three questions and the candidate will be required to attempt any two of them (40 marks).

DETAILED SYLLABUS

A REPORTING FRAMEWORK

1. The role of IASB's reporting framework for the Preparation and Presentation of Financial Statements.
 - (a) Explain the process of developing IASs / IFRSs.

- (b) Describe effects of the framework on preparation / presentation of Financial statements.
 - (c) Explain recognition and measurement of the elements of Financial statements.
2. The Role of ICPAU
 - (a) Explain the roles of the roles of the Institute of certified Public Accountants of Uganda as guided by the Accountants Act.
 - (b) Explain the relationship between ICPAU and other accounting bodies.
 3. The Role of other local regulatory bodies.
 - (a) Outline the functions of other local regulatory bodies like Capital Markets Authority, Bank of Uganda, Uganda Insurance Commission, etc.
 - (b) Mention the institutions that must comply with each regulatory body.
 4. The legal and regulatory framework for financial reporting.
 - (a) Discuss the relevance of legal and regulatory framework in financial reporting.
 - (b) Describe the requirements of financial reporting in as far as the following acts are concerned:-
 - (i) The companies Act.
 - (ii) The Financial Institutions Act.
 - (iii) The Insurance Act.
 - (iv) The Microfinance Deposit Taking Institutions Act.
 5. International Financial Reporting standards.
Outline the scope of all operational / active IASs /IFRSs.

B INTRODUCTION TO PREPARATION OF AND DISCLOSURES IN GROUP FINANCIAL STATEMENTS

1. Basic principles of acquisition accounting.
 - (a) Recognize the acquiree and the acquirer.
 - (b) Establish the acquisition date.
 - (c) Recognize and measure the acquired assets and liabilities.
 - (d) Recognize and account for the non-controlling interest in the acquiree.
 - (e) Recognize, measure and account for goodwill or a gain on a bargain purchase.
2. Preparation of group financial statements.
 - (a) Prepare a consolidated of comprehensive income.
 - (b) Prepare a consolidated statement of financial position.
 - (c) Prepare a consolidated statement of changes in equity.
 - (d) Prepare a consolidated statement of cash flows.
3. Measurement principles relating to fair values of the consideration and net assets acquired.
4. Nature of acquisition achieved in stages.

5. Preparation of consolidation financial statements where control is achieved in stages.
6. Accounting for complex group structures.

C ADVANCED GROUP FINANCIAL STATEMENTS

1. Principles relating to the disposal of group companies.
2. Treatment of goodwill on disposal.
3. Principles of accounting for partial and deemed disposals.
4. Creation of a new holding company.
5. Changes in the ownership of companies within a group.
6. Nature and accounting for mergers and demergers, and divisionalisation.
7. Principles and preparation of financial statements after group re-organization and reconstruction.

D ACCOUNTING FOR ASSOCIATES AND JOINT VENTURES

1. Principles of and methods of accounting for Associates and joint ventures.
2. Preparation of group financial statements with associates and joint ventures.
3. Discussion of current accounting standards relating to interests in associates and joint ventures.

E PREPARATION OF GROUP STATEMENTS OF CASH FLOWS

1. Usefulness and limitations of Group Financial Statements.
2. Preparation of Group Cash Flow Statements including elements of acquisition and disposal of subsidiaries.
3. Preparation of Group Cash Flow Statements incorporating associates, joint ventures, and foreign currencies.

F FOREIGN CURRENCY REPORTING

1. Recording and re-translation of monetary and non-monetary items at the balance sheet date by reporting entities.
2. Accounting for exchange differences arising from above.
3. Accounting for foreign entities – subsidiaries, associates, joint ventures, investments and other similar arrangements.
4. Accounting for net investment in a foreign entity.
5. Preparation of consolidated financial statements involving foreign subsidiaries/associates and discussion of problem areas in foreign currency transactions for individual and group entities.
6. Preparation of financial statements in hyperinflationary economies.

G INTRODUCTION TO FINANCIAL INSTRUMENTS

1. Identify, define and discuss classification of a financial instrument.
2. Accounting for debt instruments, equity instruments, and allocation of finance costs.
3. Accounting for fixed interest rate and convertible bonds.

H **ADVANCED FINANCIAL INSTRUMENTS**

1. Recognition and measurement rules for financial instruments.
2. Use of current values, hedging, treatment of gains and losses, and derivatives.
3. Discussion of measurement issues of various types of financial instruments.
4. The nature and disclosure requirements for financial instruments.

I **OPERATING SEGMENTS**

1. Definition of segments, common costs and revenues, inter-segment sales and so on.
2. Problem areas addressed by operating segments.
3. Disclosure of segmental information.

J **DISCLOSURE OF RELATED PARTIES AND SHARE-BASED PAYMENTS**

1. Definition of related party and share based payments.
2. Identification of related parties and disclosure requirements.
3. Recognition and disclosure requirements for share based payments.
4. Effectiveness of the current standards.

K **ACCOUNTING FOR DISCLOSURE OF "OFF-BALANCE SHEET" TRANSACTIONS**

1. Definition of the nature of "off-balance sheet" problem.
2. Definition of "substance over form" and how it attempts to deal with the "off-balance sheet problem".
3. Common forms of 'off-balance sheet" arrangements.
4. Discuss current attempts to deal with the "off-balance sheet" problem.

L **FINANCIAL ANALYSIS AND INTERPRETATION**

1. Purposes and types of ratios.
2. Benefits and limitations of ratios.
3. Computation and interpretation of ratios.

M **THE IMPACT OF ENVIRONMENTAL, SOCIAL AND CULTURAL FACTORS ON CORPORATE REPORTING**

1. Current reporting requirements and guidelines for environmental reporting.
2. Current impact of social and cultural influence in corporate reporting.
3. Current issues that influence or might influence socially oriented disclosures in corporate reporting.
4. Evaluate ethical conduct in context of corporate reporting.

N **INTERNATIONAL HARMONIZATION**

1. The benefits and need for one set of reporting requirements.
2. Barriers to international harmonization.
3. Benefits of international harmonization.
4. Assessment of the progress of international harmonization.

5. The composition and work of IASB, FASB and ASB views.

O 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 year end financial statements and business reporting on the internet.
4. Current issues relating to improvement of corporate reporting.

PART B: PUBLIC SECTOR FINANCIAL REPORTING (40%)

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

1. Discuss the public sector reporting framework.
2. Evaluate accounting bases in the public sector.
3. Prepare complete set of general purpose financial statements in the public sector.
4. Prepare consolidated financial statements in the public sector.
5. Assess the use of statistical financial reporting systems.
6. Apply internationally recognised Public Expenditure and Accountability Assessment Instruments.
7. Apply requirements of all International Public Sector Accounting Standards [IPSAS].
8. Cope with current reporting issues and developments in the public sector.

A REPORTING FRAMEWORK IN UGANDA

1. The role of the International Public Sector Accounting Standards Board [IPSASB] in public sector reporting, and key areas of differences between the private and public sectors.
2. The Role of the ICPAU.
3. The role of regional accounting bodies for example the Eastern:-
 - (a) Central and Southern African Federation of Accountants [ECSAFA], and East and Southern Association of Accountant Generals [ESAAG] in Africa
 - (b) The legal, regulatory, and institutional frameworks for financial reporting in Uganda.
 - (c) The legal and regulatory frameworks include:- The Constitution, the Public Finance and Accountability Act, the Local Government Act, The Local Government Finance Act etc.
 - (d) The institutional arrangements include:- the Consolidated Fund, the role of Bank of Uganda, the Treasury, the role of the Secretary to the Treasury, the role of the Accountant General, the role of Accounting Officers.
 - (e) International Public Sector Accounting Standards [IPSASs].

B BASIS OF ACCOUNTING IN THE PUBLIC SECTOR

1. Basic principles of the cash basis of accounting and its application to the public sector.
2. Basic principles of accrual accounting and its application to the public sector.
3. Basic principles of modified cash basis of accounting and its application to the public sector.
4. Basic principles of modified accrual accounting and its application to the public sector.
5. Argument for and against cash basis of accounting in the public sector.
6. Arguments for and against accrual accounting in the public sector.

C PREPARATION OF FINANCIAL STATEMENTS USING THE CASH BASIS OF ACCOUNTING

1. Requirements of the Standard:- recognition, measurement and disclosures.
2. Primary financial statements prepared under the cash basis of accounting.
3. Treatment of correction of errors, foreign currency transactions and balances.
4. Consolidated financial statements under the cash basis of accounting.
5. Financial Reporting Under the Cash Basis of Accounting – Disclosure
6. Requirements for Recipients of External Assistance.

D PRESENTATION OF FINANCIAL STATEMENTS UNDER THE ACCRUAL BASIS OF ACCOUNTING

1. The objectives of presenting complete financial statements in the public sector.
2. Content and key disclosure requirements of primary financial statements.
3. Accounting for revenue from non-exchange transactions including transfers.
4. Accounting for exchange revenues.
5. Accounting for property, plant and equipment and key issues to be addressed under public sector reporting.
6. Accounting for impairment of Non-Cash Generating Units.

E OTHER SPECIALIZED FINANCIAL REPORTING AREAS IN THE PUBLIC SECTOR

1. Presentation of Budget information in financial statements.
2. Accounting for Revenues from non-exchange transactions.
3. UN and European Union System of National Accounts.
4. IMF Government Finance System of Reporting.
5. Statistical reporting under requirements of “Disclosure of Financial Information about the General Government Sector”.

F PREPARATION OF AND DISCLOSURES IN CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING FOR CONTROLLED ENTITIES

1. Key definitions:- controlled and controlling reporting entities in the public sector.
2. Control as used in the public sector as compared with the private sector.

3. Basic principles of preparing consolidated financial statements in the public sector.
4. Preparation of consolidated financial statements – consolidated balance sheet; consolidated income statement; consolidated cash flow statement; whole of Government Financial Statements; (Consolidated) Balance Sheet of the Consolidated Fund.

G CURRENT AND INTERNATIONAL ISSUES AND DEVELOPMENTS

1. Reasons for the general popularity of the cash basis of accounting in the public sector.
2. Arguments in support of accrual basis of accounting in the public sector.
3. Difficulties associated with the implementation of accrual IPSAS in the public sector.
4. Increasing use of statistical systems of financial reporting in the public sector.
5. Disclosure requirements by recipients of external.

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2. Elliot Barry and Elliot J. (2012), Financial Accounting & Reporting, Financial Times Press.15th Edition.
- 3 International Financial Reporting Standards – International Accounting Standards Board, International Accounting Standards Board
- 4 Handbooks of International Public Sector pronouncements – International Federation of Accountants, International Federation of Accountants
- 5 Handbook of International Auditing, Assurance and Ethics Pronouncements – IFAC, International Federation of Accountants.
- 6 'The Companies Act' Government of Uganda, Government of Uganda.
- 7 'The Local Government Act' Government of Uganda, Government of Uganda.
- 8 'The Public Finance and Accountability Act', 2003 - Government of Uganda, Government of Uganda.
- 9 'The Public Finance and Accountability Regulations', 2003 - Government of Uganda, Government of Uganda.
- 10 'The Local Government Financial and Accounting Regulations', 2007 - Government of Uganda, Government of Uganda.

BUSINESS POLICY AND STRATEGY – PAPER 14

OVERALL AIM

To consolidate and be able to apply knowledge in matters of reporting on, strategic management, marketing and human resource management, in organisations

LEARNING OUTCOMES

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

1. Critically assess the strategies adopted by business organisations.
2. Evaluate the marketing mix.
3. Assess the HRM function in organizations.
4. Report on strategic options available to organisations.
5. Report on the principles of strategic management accounting.
6. Analyze contemporary management issues.

LEVEL OF ASSESSMENT

The syllabus for Business Policy and Strategy is designed to consolidate knowledge obtained at Level 1 (Business Management), and Level 2 (Professional Ethics and Values) It will go deeper to cover areas of strategic management, human resource management and marketing, and test ability in reporting on strategic options available to organisations, and reporting on the principles of strategic management accounting, and to cover issues on ethics, especially as they relate to marketing. The examination will test knowledge and comprehension, through application and analysis to synthesis and evaluation.

EXAM STRUCTURE

The examination will be for three hours with an additional 15 minutes reading and planning time. The examination consists of two sections A, and B. Section A will have one compulsory question (50 marks), while section B will have three questions and the candidate will be required to attempt any two of them (50 marks).

DETAILED SYLLABUS

A STRATEGIC MANAGEMENT

1. Strategic management process.
 - (a) Discuss the nature of strategic management.
 - (b) Discuss the Importance of strategic management.

B SCANNING THE ENVIRONMENT

1. Ability to evaluate the internal and external organisational environment using various frameworks.
 - (a) External environment.
 - (i) Assess the macro environment using the PESTLED framework.

- (ii) Assess the micro environment using the Five forces framework, carry out a competitor analysis and an industry analysis.
- (b) Internal environment.
Demonstrate ability to explain and assess the internal organisational competences with the aid of 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) Assessment of competitive advantage, its sources and sustainability.
 - (iii) Demonstrate ability to carry out a SWOT analysis by matching the internal organisational strengths and weaknesses to the external threats and opportunities.
 - (iv) Review of current strategy with focus on positives, negatives and likelihood of success.

C SHAPING A STRATEGY

1. Discuss the Importance of an organisational vision and mission.
2. Demonstrate ability to develop a strategic vision and mission.
3. Discuss the need for objectives.
4. Discuss the Qualities of objectives.
5. Discuss the importance of strategies in improving Organisational performance.
6. Advise on the need to have a corporate strategy, Business strategy and Functional strategy.
7. Demonstrate ability to explain and evaluate the following strategies:-
 - (a) Generic strategies (Cost leadership, differentiation and focus).
 - (b) Directional strategies (Growth, stability and retrenchment).
 - (c) Ansoff's product/Market matrix (product development, market development, market penetration and diversification, related and unrelated).

8. Restructuring.
 - (a) Retrenchment and divestiture.
 - (b) Business process reengineering.
 - (c) Strategic alliances (Joint ventures, licensing, franchising and others).
9. Multinational strategies (exportation, licensing green field development).

D SWOT ANALYSIS

1. Competitive and situation analysis:-
 - (a) Industrial competition.
 - (b) Driving forces.
 - (c) Key success factors.
 - (d) Price and cost competitiveness.

E EVALUATION OF STRATEGIES

1. Demonstrate ability to evaluate the appropriateness of strategies based on the following criteria:-Suitability, feasibility, acceptability and competitive advantage.

F CAPITAL INVESTMENT APPRAISALS

1. Students should be able to interpret results from capital project appraisals, and to discuss the qualitative aspects of investment appraisal, including; implementation challenges, risk management resource management and allocation.

G DIVERSIFICATION

1. Importance.
2. Shareholder value growth.
3. Strategies, related and un related.
4. Corporate restructuring and turn around, retrenchment, multinational strategies
5. Strategic Analysis.

H STRATEGY IMPLEMENTATION

1. Demonstrate knowledge of how the following aspects affect strategy implementation:-
 - (a) Organisation structures.
 - (b) Policies and procedures.
 - (c) Support systems.
 - (d) Budgets.
 - (e) Rewards and incentives.
 - (f) Corporate culture.
 - (g) Ethics and values.
 - (h) Best practices.
 - (i) Social responsibility.
 - (j) Strategic leadership.

2. Discuss why strategy implementation may fail and the remedies.

I STRATEGIC CONTROL

1. Discuss the need for strategic control.
2. Assess the various forms of control.
3. Discuss the control cycle.
4. Advise on Performance measurement and the appropriate Key performance indicators (Qualitative and quantitative).
5. Discuss the use of benchmarking in strategic control.
6. Advise on how to improve strategic control.

J MARKETING

1. Define marketing.
 - (a) Should describe the role of marketing for both profit making and non profit making organisations.
 - (b) Describe the stages in the evolution of marketing.
 - (c) Strategic Marketing /the marketing plan:-
 - (i) Be able to assess the Internal and external marketing environment guided by a range of frameworks.(PESTLED, Five forces Model, BCG, Life cycle analysis etc)
 - (ii) Situational assessment
 - (iii) Describe the characteristics of the industrial and individual customers.
 - (iv) Discuss the consumer buying behaviour and its relevance to the marketer.
 - (v) Assess the characteristics of goods and services, and the marketing implications.
2. Marketing strategies.
 - (a) Discuss the application of marketing concepts like market segmentation, market targeting and market positioning.
 - (b) Evaluate marketing strategies like those in Ansoff's product market matrix (product development, market development, market penetration and diversification).
 - (c) Strategic choices.

K MARKETING MIX

1. Evaluate the applicability of the elements of a marketing mix:-
 - (a) Product.
 - (i) Distinguish between goods and services.
 - (ii) The product development process.
 - (iii) Evaluate the relevance of the product life cycle.
 - (b) Price.
 - (i) Evaluate the various pricing strategies.

- (c) Place.
 - (i) Evaluate the appropriateness of the various distribution channels.
- (d) Promotion.
 - (i) Discuss the communication model as part of promotion.
 - (ii) Evaluate the elements of the promotional mix.
 - (iii) Evaluate the usefulness of PUSH and PULL promotional strategies.
- (e) People.
 - (i) The role of people in marketing goods and services.
- (f) Processes.
 - (i) The role of the process in service marketing.
- (g) Physical evidence.
 - (i) The need to create physical evidence in service marketing.

L ETHICS

1. Discuss the practical challenges of Ethics in marketing.

M HUMAN RESOURCE MANAGEMENT

1. Meaning, scope and functions
 - (a) Describe the nature of human resource management and its relationship to Organisational strategy.
 - (b) Distinguish between job descriptions and job specifications.
2. HRM vs. personnel management.
 - (a) Distinguish between Human resource management and personnel management.
 - (b) Discuss the role of line managers in the human resource management process.
3. The human resource planning process.
Discuss the need for Human resource planning.
4. Recruitment and selection.
 - (a) Evaluate the various potential sources of recruitment.
 - (b) Evaluate the various selection methods.
5. Motivation
Discuss the relevance and applicability of the various motivation theories; including:-
 - (a) Maslow's Hierarchy of needs.
 - (b) Herzberg's motivation (Hygiene theory).
 - (c) Victor Vroom's valence theory (Expectancy theory).
6. Staff Development and Training.
 - (a) Distinguish between training and development.
 - (b) Describe the role of training in the development of Organisation strategy

- (c) Describe the ideal training process.
 - (d) Evaluate the various forms of training (On job training Vs off job training).
7. Performance Appraisal.
 - (a) Discuss the need for performance appraisal.
 - (b) Evaluate the various forms of performance appraisal.
 - (c) Address the challenges of performance appraisal and suggest ways of improving them.
 8. Job evaluation.
Discuss the concept of job evaluation.

N OPERATIONS MANAGEMENT

1. Describe the role of operations management in organisational strategy (Facility location, production management, capacity utilisation).
2. Discuss the transformation (value creation) process in Operations management
3. Purchasing and inbound logistics.
4. Evaluate the various approaches to inventory management.

O MANUFACTURING PROCESSES

1. Evaluate the appropriateness of the various production types and facility lay outs. (Product focussed, batch production, process focussed, fixed position layout).
2. Evaluate the appropriateness of the various facility lay outs (Job, Mass, Batch Process).

P DISTRIBUTION AND OUTBOUND LOGISTICS

1. Stores management.
2. Management of the channel of distribution.

Q QUALITY CONTROL

1. Describe the various forms of quality control.

R MANAGEMENT OF CHANGE

1. The need for change management (changing environment Vs resistance to change).
2. Forces of change: Internal and/or external.
3. Evaluate the approaches to change management (Forceful change Vs Educative change).
4. Frameworks for change management.
 - (a) The champion of change model.
 - (b) Kurt Lewin's Freeze model (unfreezes, change & refreeze).
 - (c) Kurt Lewin's Force Field Analysis.

S MANAGING INFORMATION SYSTEMS

1. Describe the strategic importance of information systems.
2. Describe the evolution of information systems using Nolan's six states of evolution.
3. Evaluate the Importance of information technology to a business using 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 using Earl's Planning Process, Ward's Model of aligning information systems and business strategies and McFarlan's strategic grid.
6. Evaluate the usefulness of Models in gaining competitive advantage – SWOT analysis, Porter's Five Forces Model, Value Chain Analysis and Generic strategies.
7. Moral and Ethical issues related to information systems.
8. Evaluate the ethical challenges regarding information systems.

T STRATEGIC MANAGEMENT ACCOUNTING

1. Corporate strategy and Planning.
2. Benchmarking.
3. The Balanced scorecard.
4. Product profitability.
5. Strategic change management.
6. Emerging issues in management accounting.
7. Customer profitability analysis.

U CONTEMPORARY MANAGEMENT ISSUES

An examination of the origin, relevance and applicability of contemporary management issues such as:-

1. Total quality management.
2. Value change management.
3. Business process re-engineering.
4. Managing change.
5. Results oriented management.
6. Other emerging issues.

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- 3 Thomson Arthur and Strickland (2003) Strategic Management – Concepts and Cases McGraw-Hill College.13th Edition.

AUDITING AND OTHER ASSURANCE SERVICES - PAPER 15

OVERALL AIM

To consolidate knowledge and understanding of the process of executing and completing an audit and preparation of the audit report in compliance with International Standards on Auditing and the Ugandan regulatory framework.

LEARNING OUTCOMES

On completion of this course the student will be able to:-

1. Discuss the various approaches to auditing.
2. Set audit objectives.
3. Collect and evaluate audit evidence.
4. Discuss the issues associated with group audits.
5. Conduct an audit.
6. Produce an audit report in accordance with Ugandan requirements.
7. Illustrate awareness of professional liability.
8. Critically assess the ethical issues facing auditors.
9. Perform assurance services.
10. Apply financial reporting standards.

LEVEL OF ASSESSMENT

The syllabus for Auditing and Other Assurance Services is designed to consolidate knowledge obtained at Level 1 (Audit Theory), and Level 2 (Professional Ethics and Values) It will go deeper to cover the various approaches to auditing, collection and evaluation of audit evidence, group audits, and provision of assurance services, as well as audit report writing. It will also cover ethical issues facing auditors. The examination will test knowledge and comprehension, through application and analysis to synthesis and evaluation.

EXAMINATION STRUCTURE

The examination will be set to last three hours. The examination will consist of sections A, and B. Section A will have one compulsory question (50 marks), while section B will have four questions and the candidate will be required to attempt any two of them (50 marks).

DETAILED SYLLABUS

A APPROACHES TO AUDITING

1. Auditing Concepts.
 - (a) Define the various types of auditing by function for example, Financial Auditing, Production auditing, Human Resources auditing, Environmental auditing.
 - (b) Explain the need for performance of financial audits by external personnel independent of management and owners.

- (c) Describe the guidance of the auditors by strict codes of conduct and professional ethics and impartial relationships.
- 2. In depth.
Discussion of substantive and other testing procedures.
- 3. Independence.
Describe the concept of independence as it relates to auditing.
- 4. Fair presentation.
 - (a) Presentation of financial statements in accordance with international Financial Reporting Standards.
 - (b) Discussing fair presentation of information in the financial statements.
- 5. Setting of objectives, obtaining of evidence and formation of audit opinions
 - (a) Display an understanding of audit objectives such as completeness, accuracy, valuation, existence/occurrence, cut off procedures, rights and obligations and presentation and disclosures.
 - (b) Discussing of methods of obtaining audit evidence.
 - (c) Discussing varieties of audit evidence.
 - (d) Quality of audit evidence.
 - (e) Demonstrate an ability to form an audit opinion given certain situations.

B STATUTORY AND NON-STATUTORY AUDITS

- 1. The non-statutory or "private" audit: scope, purpose and initiators.
 - (a) Explain the nature, purpose and scope of assurance engagements including the role of the external audit and its regulatory and ethical framework.
 - (b) Discuss the concepts of accountability, stewardship and agency and explain reporting as a means of communication to different stakeholders.
 - (c) Discuss the reasons and mechanisms for the audits of the accounts of sole Proprietors and partnerships.
- 2. The statutory audit: scope, purpose and initiators.
 - (a) State the objectives and principle activities of statutory audit and assess its value (e.g. in assisting management to reduce risk, improve their internal control systems and performances).
 - (b) Describe the regulatory environment within which statutory audits take place.
 - (c) Discuss the reasons and mechanisms for the regulation of auditors.
 - (d) Explain the statutory regulations governing the appointment, removal and resignation of auditors.
 - (e) Discuss the types of opinion provided in statutory audits.
 - (f) Describe the limitations of statutory audits.

3. The systems audit.
Candidates should be equipped with knowledge to describe the examination procedures to verify the separate stages relating to:-
- (a) Testing system recording.
 - (b) Control assessments.
 - (c) Compliance tests.
 - (d) Substantive tests of transactions and account balances.
4. The Balance Sheet approach: verification of assets and liabilities (in outline).
- (a) For each of the account balances in the Balance Sheet:-
 - (i) Explain the purpose of substantive procedures in relation to financial statement assertions.
 - (ii) Explain the 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) Receivables:-
 - (i) How do you obtain direct confirmation of accounts receivable.
 - (ii) Obtain and evaluate other evidence in relation to receivables, and prepayments.
 - (iii) The related income statement entries.
 - (d) Inventory:-
 - (i) Inventory 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.
 - (iii) The related income statement entries.
 - (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.

C INVESTIGATIONS

1. Back duty investigations: Their instigation and auditors responsibility.
 - (a) Discuss the information an investigator need at the planning stage.
 - (b) Explain the law related to fraud and individual rights during investigations.
 - (c) Court admissible evidence collection and preservation.
2. Processes to follow if fraud / illegal acts are suspected.
 - (a) Discuss the planning stage, a period when evidence is gathered, a review process, and a report to the client.
 - (b) Explain how to effectively conduct successful fraud and corruption investigations.
 - (c) Criminal & civil prosecution in Uganda for fraud cases, and recommendations.
3. The nature of fraud / illegal act and the follow up work.
 - (a) Explain the three categories of frauds: corruption, asset misappropriation and financial statement fraud.
 - (b) Rules of evidence (and how to put up a strong case).
 - (c) Technical testimony.

D FORENSIC AUDITS

1. Definitions of forensic accounting, forensic investigation and forensic audit.
Explain various terminologies used in describing the wide range of investigative work which accountant in practice could be asked to perform.
2. Applications of forensic auditing (e.g. fraud, negligence, insurance claims).
 - (a) Discuss the whole process of 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) Explain the role of the forensic auditor as an expert witness in court proceedings.
3. The fundamental ethical principles to professional accountants engaged in forensic audit assignments.
 - (a) Define and apply the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behavior in forensic audit.
4. Investigative procedures.
 - (a) Be able to demonstrate planning in forensic audit, setting the audit objectives.
 - (b) Explain the best ways to gather evidence and use of computer assisted auditing techniques.
5. Application of appropriate technique in timing.
6. Evidence appropriate in determining the loss in a given situation.

7. Explain in details the factors that a forensic accountant must bear in mind when executing the forensic audit assignments.
8. Discuss auditors' responsibility, ethical roles, timing of relevant details, obtaining confession and gathering crucial evidence, reporting and court proceedings.

E MANAGEMENT OF AN AUDIT FIRM

1. Quality Control.
 - (a) Explain the principles and purpose of quality control of audit and how it can be maintained in other assurance engagements.
 - (b) Describe the elements of a system of quality control relevant to a given firm and the leadership responsibility for quality control within an audit firm.
 - (c) Select and justify quality control procedures that are applicable to a given audit engagement.
 - (d) Assess whether an engagement has been performed in accordance with professional standards and whether reports issued are appropriate in the circumstances.
2. Acceptance and continuance of client relationship.
 - (a) Discuss the reasons why entities change their auditors/professional accountants.
 - (b) Explain the matters to be considered and the procedures that an audit firm/professional accountant should carry out before accepting a specified new client/engagement including:- client acceptance; engagement acceptance; agreeing the terms of engagement.
 - (c) Compare and contrast the respective responsibilities of management and auditors concerning compliance with laws and regulations in an audit of financial statements.
 - (d) Recognize when withdrawal from an engagement is necessary.
3. Human Resource.
 - (a) Discuss the personnel issues relevant to policies and procedures related to Human resource.
 - (b) Explain effective recruitment process and staff competence development methods.
4. Independence.
 - (a) Explain the policies and procedures designed to provide that an audit firm and its personnel are subjected to independence requirements.
 - (b) Explain 'lowballing' and discuss whether or not it impairs independence.
5. Engagement teams.
 - (a) Explain the factors to be considered during the assignment of the engagement team.
 - (b) Discuss the means of promoting an internal culture of quality control amongst the engagement team.

- (c) Discuss the means of maintaining consistency in the quality of engagement performance.
6. Performance and consultations.
 - (a) Analyze matters relevant to promoting consistency in the quality of engagement performance; Supervision responsibilities; and Review responsibilities.
 - (b) Identify what constitutes the requirements for sufficient and appropriate technical expertise, experience in an engagement.
 - (c) Discuss how consultation help in promoting in promoting audit quality and improve the application of professional judgement.
 7. Marketing professional service.
 - (a) Discuss the process by which an auditor obtains an audit engagement.
 - (b) Explain the need for guidance in marketing professional service and recognize situations in which specified advertisements are acceptable.
 - (c) Discuss the extent to which reference to fees may be made in promotional material.
 - (d) Outline the determinants of fee-setting and justify the bases on which fees and commissions may and may not be charged for services.
 - (e) Discuss the ethical and other professional problems involved in establishing and negotiating fees for a specified assignment.

F BUSINESS PERFORMANCE MEASUREMENT

1. The candidates are expected to well acquainted with the following:-
 - (a) The benefits of providing assurance on business performance measures by use of appropriate ratios (e.g. gross profit margin, significant expenses to turnover, net profit margin, yield per acre, average prices etc).
 - (b) Relevance of traditional financial accounting performance information measures and operational measures.
 - (c) Assessment of reliability of performance information systems (including benchmarking).
 - (d) Value for money audit (VFM), approach, its application and benefits.

G SYSTEM RELIABILITY

1. The candidates are expected to be in position to explain in details the following:-
 - (a) The need for information integrity and controls.
 - (b) Demand for reliable and timelier reporting, benefits for providing assurance to management and external users.
 - (c) Procedures for assessing internal control effectiveness.

H ELECTRONIC COMMERCE

1. Candidates are expected to be comprehensively knowledgeable in the following areas:-

- (a) Describe use of core technologies, recent trends in IT and their current and potential impact on auditors (e.g. the audit implications of 'cyber incidents' and other risks).
- (b) Explain how IT may be used to assist auditors and discuss the problems that may be encountered in automating the audit process.
- (c) Assess the effects of E-commerce on the business risk of an entity (e.g. white collar crime).
- (d) Issues of privacy and security of information for transactions and communications.
- (e) Principles and criteria underlying web assurance.

I SOCIAL AND ENVIRONMENTAL AUDITS

1. Importance of policies governing the relationship of an organization with its employees, societies and the environment.
2. Describe the difficulties in measuring social and environmental performance.
3. Discuss the auditor's main considerations with respect to social and environmental matters, and their impact on companies and their financial statements (e.g. impairments of assets, provisions and contingent liabilities).
4. Control over social and environmental risks by management and evaluation by the auditor.
5. Substantive procedures for detecting potential misstatements in respect of socio-environmental matters.
6. Actions that may be taken by the auditor in situations of non-compliance with relevant laws and regulations (e.g. environmental acts and health and safety regulations).
7. Form and content of an independent verification statement (e.g. on an environmental management systems (EMS) and a report to society).

J MONEY LAUNDERING

1. Note: Candidates are advised to be aware and knowledgeable in the following current issues:-
 - (a) Discuss how the potential problems associated with the audit of small enterprises may be overcome.
 - (b) Explain how International Standards on Auditing affect smaller firms.
 - (c) Discuss the dominance of the global firms and their influence and impact on the accounting profession.
 - (d) Discuss the impact of developments in public company oversight on external auditors.
 - (e) Explain current developments in auditing standards including the need for new and revised standards and evaluate their impact on the conduct of audits.
 - (f) Discuss other current legal, ethical, other professional and practical matters that affect accountants, auditors, their employers and the profession.

- 2 Money laundering.
 - (a) Definition of money laundering.
 - (b) International efforts seeking to combat money laundering.
 - (c) The scope of criminal offences of money laundering.
 - (d) Protection of professional accountants from criminal and civil liability.
 - (e) Need to ethical guidance in money laundering.
 - (f) Accountants' obligations in the prevention and detection of money laundering.
 - (g) The importance of customer due diligence (CDD).
 - (h) Recognition of potentially suspicious transactions and their impact on reporting duties.
 - (i) Elements of anti-money laundering programmes.

K APPLICATIONS OF FINANCIAL REPORTING STANDARDS

1. International Framework for assurance engagements.
Knowledge of the requirements of the International Standard on Assurance Engagements 3000 and its applicability.
2. International Standards on Auditing.
3. International Auditing Practice Statements.
Knowledge of International Auditing Practice Statements and their applicability.
4. Assurance engagements and related services.
Knowledge of assurance engagements and other related services.
5. Financial reporting standards and legal provisions.
Knowledge of Financial Reporting Standards and related legal provisions.

REFERENCES

1. Arens Alvin, Beasley Mark and Elder J. Randall (2011): Auditing and Assurance Services: An Integrated Approach, Prentice Hall, United Kingdom. 14th Edition.
2. Chambers Andrew (1991): Computer Auditing, Pearson Education. 3rd Edition.
3. Gray Iain and Manson Stuart (2011): The Audit Process: Principles, Practice and Cases, Cengage Learning EMEA. 5th Edition.
4. International Federation of Accountants (2012): Handbook of International Auditing. Assurance and Ethics Pronouncements, Butterworth Law, Revised Edition.
5. Millichamp Alan (2002): Auditing, Continuum International Publishing Group. 8th Edition.
6. Thornton Grant (1990): Audit Manual, Sweet and Maxwell UK LLP.

INTEGRATION OF KNOWLEDGE – PAPER 16

LEARNING OUTCOMES

On completion of this course, the student will 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.