(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA



THE
PROFESSIONAL SYLLABUS
2010



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THE PROFESSIONAL SYLLABUS

12.0 INTRODUCTION

This Handbook has been prepared to provide guidance to trainers and candidates preparing for the Board's examinations in the Professional Examination Scheme leading to the Certified Public Accountant (CPA) qualification. The handbook should be read in conjunction with the NBAA Examination and Training Bylaws.

The handbook outlines in general terms, the regulations which include procedures for registration and exemptions, examination entry, training requirements and the types of awards offered. The handbook further prescribes the syllabus to be followed in preparation for the examinations. Under each subject area the following items are shown:

***Contact Hours**:*
It is the expected duration that a candidate should spent in direct contact with a tutor or lecturer to sufficiently cover the subject matter.

***Subject Descriptions**:*
This provides an overview of the subject matter on what this subject entails to cover.

***Aims and Objectives**:*
These broadly show the aims and objectives of the subject matter.

Learning Outcomes:
These are the expected outputs in the course of learning showing the knowledge and skills that are expected to be imparted to candidates on completion of the course.

Teaching and Learning Strategies
These are the expected inputs in the course of learning

Contents:
These show descriptions of areas to be covered in the subject matter.

***Time Allocation**:*
It provides guidance on the number of hours to be spent in covering a topic in the subject area.

References:
This provides the recommended reading materials to be used in the course of learning where main readings and supplementary readings have been identified. The list provided, however, is not necessarily exhaustive.

13.0 ABOUT NBAA

The National Board of Accountants and Auditors (NBAA) was established in 1972 by authority of the Auditors and Accountants (Registration) Act No.33 as amended by Act No. 2 of 1995, to among other things, promote and provide opportunities and facilities for the study of, and training in accountancy, auditing and allied subjects. In executing such responsibilities, the Board conducts accountancy examinations twice in a year.

14.0 THE EXAMINATIONS

The Board administers a two tier examination scheme in the following categories

(i) Accounting Technician examination scheme
(ii) Professional examination scheme

These examinations are conducted semi-annually during the months of May and November each year.

The Professional Examination Scheme consists of three stages, each stage having two modules each:

PROFESSIONAL SUBJECTS

Code	Subject Name
	Foundation Stage – Module A
P.01	Financial Accounting
P.02	Business Economics
P.03	Business Law
P.04	Business Mathematics and Statistics
	Foundation Stage – Module B
P.05	Auditing Theory and Practice
P.06	Cost Accounting
P.07	Business Information Systems Management
P.08	Business Ethics and Corporate Governance
	Intermediate Stage – Module C
P.09	Financial Reporting I
P.10	Research, Consultancy and Reporting
P.11	Quantitative Techniques for Decision Making
	Intermediate Stage – Module D
P.12	Management Principles and Practices
P.13	Corporate Finance
P.14	Entrepreneurship
	Final Stage – Module E
P.15	Financial Accounting II
P.16	International Finance
P.17	Public Finance and Taxation
	Final Stage – Module F
P.18	Auditing and Assurance Services
P.19	Management Accounting and Control
P.20	Contemporary Issues in Accounting.

All the subjects above are assessed using paper based examinations of three hours duration.

15.0 MINIMUM ENTRY REQUIREMENTS FOR PROFESSIONAL EXAMINATIONS

For purposes of determining the examination entry point to the professional examination scheme, the Board has approved the following qualifications as minimum entry requirements:

Foundation Stage Module A

Either Accounting Technician Certificate (ATEC) issued by NBAA

OR A two years' Ordinary Diploma in Business Studies from a recognized training institution and the holder must have obtained at least two principal passes in the Advanced Certificate of Secondary Education in academic subjects or at least three credit passes in the Certificate of Secondary Education.

OR A three years' Advanced Diploma/Degree from a recognized training institution whose specialty is other than accounting. In addition, a candidate must have obtained at least two principal passes in academic subjects at the Advanced Certificate of Secondary Education or has obtained at least three credit passes in the Certificate of Secondary Education level.

OR **Professional Level I Statement of Success –**
(This examination scheme was phased out in year 2000)

Foundation Stage Module B
Either Module A Statement of Success issued by NBAA

OR A three years' degree/advanced diploma from an accredited training institution with business oriented bias and with at least two principal passes in the Advanced Certificate of Secondary Education in academic subjects or three credit passes in the Certificate of Secondary Education.

OR Certified Supplies Professional

OR National Accountancy Diploma

OR: Professional Level II Statement of Success. [This examination scheme was phased out in year 2000].

Intermediate Stage Module C

Either Two year diploma in accountancy qualification obtained from a recognized training institution and whose qualification has been accredited by the Board. In addition, a candidate must have obtained at least two principal passes in the Advanced Certificate of Secondary Education level in academic subjects or three credit passes in the Certificate of Secondary Education level.

OR NBAA's Statement of Success in Certified Public Accountant Part I [this examination scheme was phased out in 1991].

OR Professional Level III Statement of Success [this examination was phased out in year 2000].

Intermediate Stage Module D
A holder of Statement of Success Letter in Module D of the phased-out Examination Scheme. A candidate shall be required to sit for paper P14.

Final Stage Module E
Bachelor's Degree (Accounting specialty) or Advanced Diploma in Accountancy qualifications obtained from a recognized institution whose qualification has been accredited by the Board.

Final Stage Module F
Candidates with referral status in either module E or F shall be required to sit for the corresponding subjects as indicated in the conversion scheme.

Qualifications Obtained Outside Tanzania:
Holders of qualifications obtained outside the country who wish to pursue the accountancy profession in Tanzania are required to submit together with their application request, transcripts and detailed syllabus of the programme undertaken for consideration. In whatever case, the institution must be an accredited institution by an approved regulatory body in the country where it has been obtained.

16.0 RECOGNITION OF QUALIFICATIONS FOR PURPOSES OF EXEMPTION

A qualification shall be eligible for an exemption only if that exemption is claimed within five years after being obtained. Any qualification obtained within or outside the country which is lodged after the stated period shall not be considered for exemption from parts of the Board's examinations. Such qualifications will have to start from the ***Foundation Stage***.

17.0 CANDIDACY REGISTRATION AND EXAMINATION ENTRY

Prospective candidates wishing to register with the Board are required to observe the following registration procedures:

17.1 **Procedures for Candidacy Registration**

(a) The NBAA examination calendar provides for two examination diets in a year. The examinations are normally held during the months of May and November.

(b) Candidates wishing to write an examination at the May sitting must be registered with the Board by **31st January** while registration for the November sitting must be completed by **31st July**. Application for candidacy registration must be on the prescribed form (Form CR) available at the NBAA Offices.

(c) The duly completed application form attached with all prescribed attachments, listed under para (d) below, should be submitted to the Executive Director's office so as to reach the office on or before the last date of January or July, as the case may be. An application for candidacy registration received after the closing date shall be liable for penalty fee as indicated in the form.

(d) The duly filled Candidacy Registration should be submitted with the following attachments:

(i) Three recently taken identical passport size photographs (coloured) of the applicant and signed by the applicant at the back.

(ii) Photocopies of all certificates relevant to the application, authenticated by a Magistrate, Notary Public or by the Executive Director of the Board.

(iii) Photocopies of academic and professional certificates duly certified by Magistrate, Notary Public or by the Executive Director of the Board.

(iv) Appropriate Registration and/or Exemption and Subscription Fee.

(e) As evidence of registration as a candidate, the Board shall issue an "Identity Card" to every registered candidate. The Identity Card bears the candidate's registration number (CR.No.), the number which will be the permanent examination reference number for purposes of all communication with the NBAA.

The identity card shall be required for admission requirements to the examination hall. It is important, therefore, for a candidate to preserve it securely and produce it when needed during the examinations.

17.2 **Examination Entry Procedures**

(a) Applications to write the examinations must be made on the prescribed form which is obtainable upon request at the NBAA Offices, or down-loaded from the NBAA website.

(b) Applications for May examinations are acceptable up to the **15th of March,** while applications for November examinations are acceptable up to the **15th of September**.

(c) A candidate shall be admitted to sit for the Board's examinations at any one of its stages subject to the regulations applicable to that examination, and at the discretion of the Education and Publications Committee of the Board, provided that:

(i) The applicant possesses the qualifications prescribed as the minimum necessary to sit that particular level of examination.

(ii) The application is made on the prescribed form which can be obtained from the Board. The duly filled form should be returned on or before the prescribed closing date and should be accompanied with appropriate examination entry fees.

Late applications are liable for penalty fee as shall be indicated in the examination entry form

(iii) The applicant has attended a review programme of not less than nine months' duration and has obtained an approval from the tuition provider certifying that the candidate has undertaken adequate preparations and is ready to sit for the examinations.

(d) The applicant must indicate in the examination entry form, an examination centre preferred to take the examinations. The centres currently approved by the Board are indicated at the back on an entry form. Examinations are conducted in as many centres in the country as the Board may determine from time to time, and are conducted in the months May and November of each year.

(e) Change of examination centre shall be allowed if lodged in writing at least one month before the date the examination is to commence. Late requests for change of examination centre shall thereafter not be entertained.

(f) The applicant once accepted to take the examinations shall later receive an Examination Admission letter, containing the examination time table and specifying the centre at which the candidate shall write the examination. Detailed instructions to examination candidates shall be enclosed and should be read carefully. The Admission docket shall be posted to the candidate at least two weeks before the date of the examination. Candidates residing in Dar es Salaam shall be informed when to come and collect their letters of admission in person at the Board's offices.

(g) Examination candidate will be allowed to enter in the examination room on production of an examination admission letter and NBAA Identity Card.

17.3 **Requests For Exemption**

(a) Applicants seeking exemptions from sitting parts of the Board's examinations shall indicate such requests in the Candidacy Registration and Exemption form by filling an appropriate section of the form.

(b) Applications for exemptions need to be finalized before one sits for the examination level/module in which exemption is sought and should be made at least ***two months before the closing date of the examination session*** to allow sufficient time for the application to be processed.

(c) An application for exemption shall not be considered if an applicant has already attempted a level/module in previous sessions in which exemption is sought.

18.0 FEES

An applicant wishing to register and sit for the Board's examinations shall be required to pay appropriate fees upon submission of the candidacy registration and/or examination entry form.

There are four major types of fees payable by the applicant to the Board:

(a) The first type of fee is a ***Candidacy Registration Fee*** which is payable upon submission of a duly completed Candidacy Registration Form. As evidence of registration, a student shall be given a Candidacy Registration Number (CR. No.) and an identity card bearing that number.

(b) The second type of fee is a ***Student's Annual Subscription Fee (SASF)*** which is payable, by those applicants who are registering with the Board for the first time, upon registration, and thereafter every January of each year. For those who have already registered themselves as candidates, the fee is payable every year in the month of January. This fee shall be paid annually by every candidate as long as he/she is registered as a candidate with the Board and wishes to remain in the register of candidates. The fee ceases to be payable when one completes the CPA programme in full or ceases to be registered as a candidate with the Board.

(c) The third type of fee is an ***Exemption Fee***. This fee shall be payable by those applicants who by virtue of their prior learning, seek exemptions on parts of the Board's examinations. This fee shall be submitted along with the application for candidacy registration or once the amount payable has been determined.

(d) The fourth type of fee is the ***Examination Fee.*** This fee shall be payable upon submission of duly filled Examination Entry Form applying for a particular examination level.

(e) A candidate who submits an application for candidacy registration and/or examination entry after the closing date of receiving such applications shall be liable for a penalty fee charge which is to be paid along with the other fees.

The rates for the above fees shall be determined by the Governing Board from time to time.

(f) Examination fees once paid shall not be refunded or carried forward to the next examination session if a candidate withdraws/postpones after the closing date of receiving the examination entry forms or fails to appear for the examination.

(g) Half of the examination fees paid to the Board may be carried forward in situations where there is a written withdrawal on medical grounds supported by an acceptable medical report. The fee carried forward shall be valid for the next examination session only.

19.0 TRAINING

The Board does not directly involve itself in training of candidates preparing to sit for its examinations, but it collaborates with other training institutions both public and private to ensure that quality training is offered by those institutions.

Students aspiring to sit for the Board's examinations must undergo training of not less than nine months and should register with any of the recognized tuition providers.

Training can either be done on full time basis or on part time basis depending on one's choice.

Part-time Courses

For those who are in employment, or could not secure chances in institutions running full time programme, may find part time courses useful avenues in preparing for the examinations. Part-time training involves day-releases, evening classes and weekend courses. The programmes normally have no formal training schemes, but give guidance to the students who are expected to do a lot of private study. These part-time courses are useful platforms to exchange knowledge, ask questions and solve problems in group work.

Full time Courses
Full-time courses provide structured training programmes resulting into award of certificates, diploma/advanced diplomas or degrees on successful completion of the programme. The institutions which run such programmes follow an approved syllabi which is recognized by the Board and which may result into exemptions on parts of the Board's examinations.

Study Aids
The Board in an endeavour to assist candidates preparing for its examination provides the following:

A specialized reference library which is stocked with relevant reading materials. The library is at the Mhasibu House Complex. All registered candidates are allowed to use the library throughout the year without additional cost.

Other facilities and learning resources provided by the Board include:

- Question and Suggested Solutions of previous examinations
- Detailed Examiners' and Performance Report
- Students' Newsletter
- Study manuals
- A bookshop which sells most of the required reading materials

20.0 DECLARATION OF RESULTS

Results of the examination shall be communicated to every candidate as soon as possible, once the results have been approved and released by the Governing Board.

Candidates shall be informed of their examination results through individual letters dispatched to each candidate but the general results will be displayed on the NBAA Public Notice Board and on the website.

The result letters to each candidate shall show the performance in each paper by using the following codes:

A	=	Distinction	=	80 – 100%
B	=	Credit	=	60 – 79%
C	=	Pass	=	40 – 59%
F	=	Fail	=	0 – 39%
R/RR	=	Referred/Re-referred		
X	=	Did not attempt (Absent)		
E	=	Exempted		
Q	=	Disqualified		

Candidates shall not be informed of the numerical grades scored in any paper.

21.0 REFERRAL STATUS

(i) This is a situation whereby a candidate is given more chances to re-sit a subject he/she has failed within the specified period.

(ii) A candidate shall be deemed to have been referred in the subject(s) if he/she fails one/two subject(s) in any level as may be determined by the Board from time to time.

(iii) A referred candidate shall be required to clear the referred paper within a prescribed time frame starting from the date of announcement of the examination results.

22.0 MINIMUM PASS MARK

The Board shall determine the minimum pass mark to its examinations. The current pass mark for the Professional examinations is be 40%.

12.0 DURATION OF REGISTRATION AS A CANDIDATE TO THE BOARD

A candidate who fails to register the minimum required number of subjects in a level shall be allowed to re-attempt the entire level in not more than four sittings before his/her registration status is withdrawn.

13.0 NBAA AWARDS

The Certified Public Accountant (CPA) Certificate
A candidate who has successfully completed the Final Stage examinations shall be awarded a Certificate of Completion of the Certified Public Accountant [CPA(T)].

A candidate who has successfully completed a module in a stage, shall be issued with a statement of success for that module..

15.0 TRANSITIONAL ARRANGEMENTS
(Old to current examination structure)

Candidates who transfer from the old examination structure to the current examination structure before they were time barred shall be required to clear the referred paper within twenty four months counting from the time the current syllabus became operational, i.e. May 2008.

On the other hand, candidates whose referral status expired on or before the November 2005 examination session, their examination starting point will depend upon the level/module completed in full under the phased out examination scheme(s).

The table below sets forth the conversion scheme to be applied in determining new entry point under the current examination scheme and syllabus.

14.1 Professional Examination Scheme:

14.1.1 Foundation Stage – Module A

Subjects in the Current Examination Scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.01	Financial Accounting I	P.01	Financial Accounting	P.01 plus P.04	Candidates who have successfully completed Module A of the phased out exam scheme shall be required to sit for Paper P.04 in the current exam scheme
P.02	Economics	P.02	Economics	P.02 plus P.04	
P.03	Business Law	P.03	Business Law	P.03 plus P.04	
		P.04	Business Maths and Statistics	-----	

14.1.2 Foundation Stage – Module B

Subjects in the Current Examination Scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.04	Auditing	P.05	Auditing Theory and Practice	P.05 plus P.07 & P.08	Candidates who have successfully completed Module B shall be required to sit for Paper P.07 & P.08
P.05	Business Maths and Statistics			P.04 in module A plus P.07 & P.08	
P.06	Cost Accounting	P.06	Cost Accounting	P.06 plus P.07 & P.08	
		P.07	Business Information Management	-----	
		P.08	Business Ethics and Corporate Governance	-----	

14.1.3 Intermediate – Stage Module C

Subjects in the Current Examination Scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.07	Financial Accounting II	P.09	Financial Reporting I	P.09 Plus P.10	Candidates who have successfully completed Module C shall be required to sit for Paper P.10 in the same module
P.08	Information Technology	P.10	Research, Consultancy and Reporting	P.07 in Module B plus P.10	
P.09	Quantitative Techniques	P.11	Quantitative Techniques for Decision Making	P.11 plus P.10	

14.1.4 Intermediate – Stage Module D

Subjects in the Current Examination Scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.10	Research and Consultancy Methodology	-----		P.10 plus P.14	Candidates who have successfully completed Module D shall be required to sit for Paper 14.
P.11	Corporate Finance	P.13	Corporate Finance	P.13 plus P.14	
P.12	Principles and Practice of Management	P.12	Management Principles and Practices	P.12 plus P.14	
-----	-----	P.14	Entrepreneurship	-----	

14.1.5 Final Stage – Module E

Subjects in the Current Examination scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.13	Entrepreneurship	-----		P.14 in Module D plus P.15 and P.16	Candidates who have successfully completed Module E shall be required to sit for P.15 & P.16
P.14	Management Accounting	-----		P.19 in Module F plus P.15 and P.16	
-----	-----	P.15	Financial Reporting II	-----	
-----	-----	P.16	International Finance	-----	
P.15	Taxation	P.17	Public Finance and Taxation	P.17 plus P.15 and P.16	

14.1.6 Final Stage – Module F

Subjects in the Current Examination Scheme		Corresponding subjects in the revised examination scheme		Corresponding paper(s) to be attempted by referred candidates	Remarks
Code	**Subject Name**	**Code**	**Subject Name**		
P.16	Auditing and Investigations	P.18	Auditing and Assurance Services	P.18 plus P.16 & P.20	Candidates who have successfully completed Module E&F shall be eligible for the Certificate of Completion of the CPA (T)
P.17	International Finance	-----	-----	P.16 plus P.20	
-----	-----	P.19	Management Accounting and Control	----	
P.18	Financial Accounting III	P.20	Contemporary Issues in Accounting	P.15 plus P.20	

15.0 TRANSITIONAL ARRANGEMENTS FOR INSTITUTIONAL EXEMPTIONS

The Institutions enjoying exemptions from parts of the Board's examinations will continue enjoying exemptions, they are, however, expected to modify their syllabus to be compliant with the exemption granted.

The exemptions currently being enjoyed by these institutions will continue to be granted for the next three years from the time when the new syllabus came into effect, the time which it is expected that the institutions will have worked on their syllabi to be in line with the Board's current syllabus.

The exemptions in a nutshell will be as follows:

15.1 Three years' accounting programmes

Holders of three-years' accounting qualification obtained from recognized institutions of higher learning in the country, shall continue to be exempted from ATEC I & II, Foundation and Intermediate Stage examinations, and be eligible to sit for the Final Stage examinations.

15.2 Two-years' accounting programmes

Holders of two-years' accounting qualification obtained from recognized institutions of higher learning in the country shall continue to be exempted from ATEC I & II and Foundation Stage examinations, and be eligible to sit for the Intermediate and Final Stage examinations.

15.3 One-year accounting programmes:

Holders of a one year accounting qualification obtained from recognized institutions of higher learning in the country shall continue to be exempted from ATEC I & II examinations, and be eligible to sit for the Foundation, Intermediate and Final Stage examinations.

15.4 Qualifications obtained from Accountancy Professional Bodies recognized by IFAC

(a) **Partially Completed Accounting Qualification obtained from a recognized Professional Body**

Holders of an accounting qualification obtained from a recognized accountancy professional body shall be considered for exemption on subject to subject basis. Exemption shall, however, not be granted at the final stage if the holder of such a qualification has not completed the examination requirement of the examining body.

(b) **Full completed Accounting Qualification obtained from a Recognized Professional Body**

Holders of an accounting qualification obtained from a recognized professional body shall be considered for exemption in all the papers in the Board's examination scheme and syllabus, but if such a holder wants to practice, he/she will be required to sit for two local papers – Business Law and Public Finance and Taxation papers.

15.4 The Five-year Exemption Limit

All the qualifications seeking exemptions from the Board's examinations shall only be considered for exemption if they are presented within five years after being acquired. A lesser exemption – a stage lower than what would have been granted would be given to holders who request for exemption after the five-year exemption limit has expired.

15.5 Transitional Arrangements

Considering that the revised syllabus shall be tested for the first time in May 2008, the Governing Board at its meeting held on 28th June 2006 when approving the examination results of the May 2006 also came up with a decision to waive the referral rule starting with the May 2006 examinations in order to allow all those candidates who were referred or re-referred, have sufficient time to clear their referral papers before the revised syllabus came into effect.▲

THE SUBJECTS SYLLABI OUTLINES

P01 – Financial Accounting

Contact hours: 120 hours

1.0 Subject description and aims

The objective of this subject is to equip students with the knowledge and skills of the techniques used to prepare financial statements, including necessary underlying records to ensure that candidates can exercise judgment and technique in reporting matters encountered by accountants.

2.0 Subject objectives

The objectives of the subject are to:

- Explain the need for financial statements of business enterprise*s* and government entities;
- Explain and evaluate the legal requirements underlying the preparation of financial statements for both business and government enterprises;
- Prepare and present financial statements from complete and incomplete accounting data;
- Prepare the financial statements according to the Companies Act No.12 of 2002.

3.0 Subject learning Outcomes

On completion of this subject, candidates should be able to:

- Explain double entry concept;
- Prepare financial statements from complete and incomplete accounting data;
- Analyze financial statements and prepare a report suitable for presentation to a variety of users;
- Analyze limited company's financial statement to select and use ratios and to comment on the results;
- Prepare statement of cash flows reflecting the requirement of IAS No.7
- Define and distinguish between ordinary and preference shares and to define and distinguish between distributable and non distributable reserves.
- Prepare financial statements according to the Companies Act No.12 of 2002
- Distinguish the financial statements between business enterprises and government entities.

4.0 Subject teaching / learning strategies

- Lecturing
- Case Studies
- Seminar presentations
- Group and individual assignments

5.0 Subject contents

5.1 The nature and context of accounting (10%)

- Regulatory framework governing the preparation of financial statements;
- The role and structure of the IASB and its relationship to the International organization of securities Commission (IOSCO) and local authority bodies (e.g. NBAA);
- The environment in which financial accounting operates and the ethical standards expected of professional accountants;
- The origin, purpose and role of accounting;
- The accounting equation and characteristics of the double entry rule;
- Fundamental accounting principles, concepts and conventions.

5.2 Double entry Book-keeping System (7%)

- Explain the principle of double entry bookkeeping
- Preparation of books of original entry;
  - – Sales and purchases journal,
  - – Returns journal,
  - – Cash book,
  - – Petty cash book; and
  - – General journal.
- Preparation of ledger accounts and trial balance
- Accounting treatment of accruals, prepayments and adjustments
- Preparation and maintenance of asset register
- The control accounts
- The correction of errors and Suspense account

5.3 Preparation of financial statements in accordance with International *A*ccounting Standards (5%)

- Financial Statements of sole Traders, including manufacturing accounts;
- Financial Statements of Partnerships; and
- Financial Statements of Limited liability companies.

5.4 Adjustments to financial Statements (5%)

- Accruals and prepayments
- Non current assets and Depreciation as per IAS 16
- Hire purchase and finance charges
- Bad and doubtful debts
- Inventories as per IAS 2

5.5 Preparation of Accounts from Incomplete Records (5%)

- Statement of Affairs;
- Computation of profits;
- Preparation of full set of financial statements from incomplete records;
- Missing information; and
- The use of margins and mark up.

5.6 Preparation of Financial statements for non-profit making organizations (5%)

- Receipts and payment accounts
- Preparation of Statement of Income and Expenditure
- Preparation of Financial Statements
- Accounting for Non Governmental Organizations (NGOs)

5.7 Interpretation of Financial Statements (7%)

- Users of financial statements and their information needs;
- The advantages and disadvantages of interpretation based on financial statements;
- The uses of ratio analysis;
- The computations of main ratios
  - – Profitability Ratios
  - – Liquidity Ratios
  - – Efficiency Ratios
  - – Risk/Gearing Ratios
- Working capital cycle (or cash operating cycle);
- Factors which may distort ratios, leading to unreliable conclusion
- Interpretation of ratios.

5.8 Public Sector Accounting (2%)

Special features of public sector accounting in both mainland and Zanzibar as per requirement of International Public Sector Accounting Standards [IPSAS].

5.8.1 Public Sector Financial management (4%)

- Planning and budgeting
- Release of vote funds through Sub- treasuries
- Revenue collection
- Constitution of the consolidated fund-exchequer Account

5.8.2 Fund accounting (5%)

- Initiation of transactions
- Recording of transactions in the books of account: Vote Book, Cash book, ledgers
- Financial report, returns and statements
- None-vote account
- Preparation of the cash flow statement and other year end accounts

5.8.3 Terminal Benefits (4%)

- Pensions
- Allowances
- Gratuities

5.8.4 Stores Regulations (4%)

- Allocated stores
- Stores checks and condemnation of unserviceable stores
- Handing and taking over of stores.

5.8.5 Financial Statements (3%)

- Preparation of Financial Statements
- Understanding of public sector accounts

6. 0 Subject references

6.1 Main readings

Antony, Robert, Breitner Leslie, 2006, *Essential of Accounting* 9th Edition: Prentice Hall.

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6.2 Supplementary readings

United Republic of Tanzania, 2004, *The Public Finance Regulations:* Government Printer

Wood, Frank, Alan Songster, 2008, *Business Accounting I*, 11th Edition: Prentice Hall

United Republic of Tanzania, 2002, *The Companies Act No.12*: Government Printer

United Republic of Tanzania, 2001, *The Public Finance Act No.6 revised in 2004*: Government Printer

P02 – Business Economics

Contact hours: 100 hours

1.0 Subject description and aims

This subject provides students with understanding and ability to apply, analyze and interpret the theories, principles, concepts and models of micro and macro economics in relation to the business environment in the domestic and international economy. Also students will be taught principles and concepts of micro and macro economics and how to apply them in dealing with current economic problems in Tanzania.

This is a basis to the candidate who intends to pursue professional technical studies in the field of accountancy. The course covers most of critical topics of economics.

The aim of this subject is to prepare the students for professional studies and equip them with ability to apply, analyze and interpret economic theories, principles, concepts and models designed for expressing the business environment in the economy.

2.0 Subject objectives

The objectives of the subject are to:

- Impart knowledge to candidates on micro and macro economic concepts
- Candidates to understand the current economic problems facing Tanzania

3.0 Subject learning outcomes

At the end of this course students shall be able to:

- Apply, analyze and interpret the theories, principles, concepts and models of micro and macro economics in relation to the business environment in the domestic and international economy;
- Apply the acquired knowledge to solve current economic problems in Tanzania.

4.0 Teaching and learning strategies

- Lecturing
- Case Studies
- Seminar presentation
- Group and Individual assignments

5.0 Subject contents

5.1 Nature and scope of economics (3%)

5.1.1 Introduction

- Meaning of economics
- Micro and macro economics
- Positive and normative economics

5.1.2 Basic economic problems (3%)

- Scarcity, choice and opportunity cost
- The production possibility curve
- Specialization and exchange
- Consumer sovereignty

5.2 Foundations of Micro-Economics: (Price Mechanism: Demand, Supply and Equilibrium Price) (5%)

5.2.1 Demand

- Demand Vs Effective demand
- Determinants of Demand
- Demand schedule and demand curve
- Law of demand and explanation on the law (income and substitution effects)
- Exceptions to the law of demand
- Change in demand Vs Change in quantity demanded.
- Individual demand Vs market demand

5.2.2 Supply (4%)

- Determinants of supply
- Supply schedule and supply curve
- Law of supply
- Change in supply Vs Change in quantity supplied.
- Individual supply Vs market supply.

5.2.3 Equilibrium (3%)

- Equilibrium price and equilibrium quantity
- Change in demand, supply and effect on equilibrium price and equilibrium quantity.
- Price floor and price ceiling

5.2.4 Elasticity (3%)

- Price elasticity of demand (Arc and point)
- Factors influencing price elasticity of demand
- Income elasticity of demand
- Cross-price elasticity of demand
- Price elasticity of supply

5.3 Consumers and Firms (3%)

5.3.1 Household Behavior and Consumer Choice

- Utility
- Cardinal utility Vs Ordinal utility approach to utility analysis
- Indifference curves and their properties
- Diminishing marginal utility and marginal rate of substitution
- Budget line and consumer equilibrium
- Consumer surplus

5.3.2 The Production Process: The Behavior of Profit-Maximizing Firms (5%)

- Input-output production relations
- Input-inputs production function
- Isoquants and other related curves
- The expansion curve.
- Theory of costs
- Behavior of costs in short and long run
- Cost concepts: Marginal Cost [MC] and Average Cost [AC], Fixed Cost [FC] and Variable Cost [VC]

5.3.3 Factor markets (Theory of Distribution) (3%)

- Derived demand for factors of production
- Marginal revenue product Vs Marginal resource cost
- Factor pricing (wages, interest, rent, profits)

5.4 Organizations and Market Structures (3%)

5.4.1 Market structures

- Perfect competition
- Pure monopoly
- Monopolistic competition
- Oligopoly and duopoly

5.5 Macro-Economics – National Income (5%)

5.5.1 National income accounting

- Definition of national income
- National income concepts: [GDP], [GNP], [NDP], NNP
- Methods of estimating national income
- Problems in measuring national income
- Usefulness of national income statistics
- National income and welfare

5.5.2 Keynesian National income determination (5%)

- Consumption and saving functions
- Marginal and average propensity to consume and save
- Equilibrium National income
- The expenditure multipliers

5.6 Macro-Economic Analysis (5%)

- Money, the Interest Rate, and Output: Analysis and Policy.
- Aggregate Demands, Aggregate Supply, and Inflation.
- The Labour Market, Unemployment, and Inflation.
- The Stock Market and the Economy
- Household and Firm Behaviour in the Macro economy

5.7 Financial Institutions and Monetary Policy

5.7.1 Nature and functions of money (2%)

- Qualities of money
- Demand and supply of money

5.7.2 Financial institutions (3%)

- Classification of financial institutions
- Functions of central bank
- Functions of commercial banks
- Regulation and supervision of banks and financial institutions

5.7.3 Financial markets (3%)

- Classification of financial markets
- Money and capital markets
- Primary and secondary markets
- The Dar es salaam Stock Exchange (DSE)

5.7.4 Inflation (2%)

- Types of inflation
- Causes of inflation
- Problems caused by inflation
- Measures to cure effects of inflation

5.7.5 Un-employment (2%)

- Types of un-employment
- Policies to reduce unemployment

5.7.6 Debates in Macroeconomics: Monetarism, New Classical Theory, and Supply-Side Economics (2%)

- The multiplier, Money, banking & Monetary policy
- Problems of monetary policy in LDCs

5.8 Public Finance and Fiscal Policy

5.8.1 Public Finance (5%)

- Public expenditure
- Factors which influence a country's size of Govt. expenditure
- Characteristics of public expenditure
- Public borrowing
- Government budget
- Public debt
- Types of public debts
- Burden of public debt.
- Deficit financing

5.8.2 Fiscal Policy (5%)

- Definition
- Role of the Govt.
- Taxation principles of Tanzania
- Kinds/types of taxes
- Effects of taxes
- Determination ***and administration*** of tax in Tanzania

5.9 International Trade and Economic

6.9.1 Basis for and benefits from international trade *(3%)*

- Theory of absolute advantage and comparative advantage
- Free trade and protectionist
- Terms of trade

5.9.2 Reasons for unfavorable terms of trade for LDCs (2%)

- Forms or stages of economic integration
- The need and relevance of economic integration

5.9.3 Problems in formation of regional economic blocks (2%)

- Regional economic blocks (EAC, COMESA, ECOWAS, SADC, EU)

5.9.4 International Trade and Balance of payments (3%)

- Commodity policies
- Component of balance of payment accounts
- Balance of payments measures/accounts
- Exchange rate (fixed and floating)

5.9.5 Exchange rate/ Currency Market (3%)

- Spot transaction and forward transaction
- Equilibrium exchange rate
- Factors for changes in long term equilibrium exchange rate
- Exchange rate regimes/systems/policies
- Appreciation, Devaluation Vs. Depreciation of currency

5.9.6 Development planning (5%)

- Definition of planning
- Rationale for planning
- Reasons behind planning failures
- Planning in Tanzania

5.9.7 Theory of Economic development (3%)

- Characteristics of developed countries and LDCs
- Poverty and environmental degradation
- Globalization

5.9.8 International Financing (5%)

- The IMF the World Bank, ADB
- The need and relevance of economic Integration (the pros and cons of economic integration)
- Examples of economic integration EAC, COMESA, SADC, EU, ECOWAS

6.0 References

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P03 – Business Law

Contact Hours: 100 hours

1.0 Subject Description and aims

This is a Business law subject aiming at equipping students with the knowledge on the basic sources of the law and an understanding on basic laws governing business transactions.

2.0 Subject objectives

The objectives of the subject are:

- To expose students to the legal concepts associated with business transactions;
- To equip students with techniques in understanding the basic principles of the law governing business;
- To provide students with knowledge and skills of understanding the changing legal framework within which modern business organizations must operate;
- To expose students to the global business challenges involved in business law.

3.0 Learning outcomes

It is expected that the subject will enable students to be able to:

- Explain all basic sources of law in the country that relate to business;
- To apply legal principles of law to concrete situations of business transactions;
- Explain how business contracts are formed and performed;
- Explain the mechanisms through which goods and services are obtained by way of Public Procurement Act and under the Sale of Goods Ordinance;
- Explain remedies to either party in case of any breach;
- Explain various ways of effecting payments and the risks involved;
- Explain as to why a particular mode of payment is more suitable than the other in a certain situation
- Explain the procedure involved in the formation of companies and partnerships;
- Explain the role of auditors in company management;
- Explain various means of financing a company
- Distinguish the concepts: insolvency; receivership and liquidation
- Explain how partnerships may be formed; duties and liabilities during and life time of partnership and on dissolution
- Explain the hierarchy of payments at the time of dissolution to different categories of claimants/creditors

4.0 Subject teaching and learning strategies

- Lecturing
- Cases analyses
- Seminar Presentation
- Group and individual assignments

5.0 Subject contents

PART I – Commercial Law (70%)

5.1 Introduction (5%)

- Meaning of law
- Sources of Law
- Meaning and importance of Business Law
- Sources of Business Law
- Basic business avenues

5.2 Law of Contract (10%)

- Meaning and importance of contract law
- Sources of contract law
- Categories of contracts and the forms of each category
- Essential elements of a contract
- Formation of a valid contract-agreement, intention to create legal relations, capacity to contract, consideration and free consent

5.3 Procurement of goods and services (15%)

5.3.1 Private acquisition of goods and the governing law

- Formation of sale of goods contract
- Performance
- Discharge
- Remedies

5.3.2 Public procurement of goods and services and the governing law

- Law governing tenders
- The organizational set-up for public procurement
- Conflicting provisions in the law

5.3.3 Hire Purchase

- Introduction to hire purchase law and applications
- Hire purchase contracts distinguished from sales of goods contracts
- Nature of Hire Purchase Agreement
- Obligations of the owners
- Rights of the hirer
- Protection of the seller or owner of goods

5.4 Payment systems (10%)

5.4.1 Types of payment systems

5.4.2 Negotiable instruments

- Meaning and types
- Parties to a bill of exchange, promissory note and a cheque
- Negotiation
- Dishonour of instrument by non-acceptance and/or non-payment
- Cheques
- Crossing on cheques – meaning and importance
- Cheque trunsation – meaning and legal basis

5.5 Law of Insurance (10%)

5.5.1 Meaning and importance of Insurance Law
5.5.2 Principles of insurance law
5.5.3 The contract of insurance
5.5.4 Principles of good faith
5.5.5 Insurable interest
5.5.6 Indemnity

5.5.7 Types of insurable contracts
- life insurance
- motor vehicle insurance
- fire insurance
- accident and theft insurance
- health insurance

5.6 Law of Agency (10%)

5.6.1 Nature and purpose of Agency
5.6.2 Formation of an Agency
5.6.3 Express appointment
5.6.4 Implied appointment
5.6.5 Necessity
5.6.6 Appointment of ratification
5.6.7 Classes of Agents
- Auctioneers
- Factors
- Brokers
- Del Crede Agents

5.6.8 Duties
- Principals and Agents
- Principal's Third Part Relationship

5.6.9 Termination of Agency

5.7 Labour Law (10%)

5.7.1 The concept of employment
5.7.2 Concept of labour
5.7.3 Place of labour in the productive process
5.7.4 Labour legislation
5.7.5 Contract of employment
5.7.6 Nature and purpose of the employment contract
5.7.7 Formation of and the parties to the contract
5.7.8 Rights and obligations under the contracts
- Rights of employers and employees

5.7.9 Duties of employer and employees
5.7.10 Termination of contract of employment
- termination by employer
- termination by employee
- natural termination
- notice and summary dismissal

5.7.11 Settlement of Dispute
- Nature and source of disputes
- Procedure and machinery for settlement
- Collective bargaining

PART II: Company and Partnership Laws (30%)

5.8 Company Law (20%)

5.8.1 Meaning and types of companies
5.8.2 Formation of a company
5.8.3 Effect of incorporation of a company
5.8.4 The Board of Directors
5.8.5 Management of a company – Role of auditors
5.8.6 Corporate financing
- Equity
- Leasing
- Mortgage/debenture
- Trading of shares

5.8.7 Insolvency, liquidation and receivership
- Meaning
- Law applicable
- Effect of insolvency/liquidation and receivership
- Law applicable

5.9 Partnership Law (10%)

5.9.1. Meaning and types of partners
5.9.2 Formation of a partnership
5.9.3 Rights and obligation of partners
5.9.4 Dissolution of a partnership
- Effect of Dissolution of a partnership
- Law applicable

6.0 Subject references:

6.1 Main readings

Twomey, Jennings, Fox, 2002, *Business Law*: Thomson.

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6.2 Supplementary readings

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P04 – Business Mathematics and Statistics

Contact hours: 90 Hours

1.0 Course description and aims

The aim of this subject is to give students mathematical and statistical application knowledge in the business and planning operations.

2.0 Subject objectives

- To equip candidates with the necessary knowledge and skills of identifying techniques in presenting, summarizing and analyzing data.
- To enable students apply mathematical and statistical tools in business and planning process.

3.0 Learning outcomes

After completing covering the topics of this subject, students will be able to:

- solve business problems using mathematical and statistical techniques.
- apply mathematical and statistical knowledge in presenting, summarizing and analyzing data.

4.0 Teaching and learning strategies

- Lectures
- Discussions
- Exercises
- Group assignments

5.0 Subject contents

PART A: Business Mathematics

5.1 Review of Basic Mathematics (5%)

- Fractions
- Percentages
- Algebra
- Powers and Indices
- Sequence and Series – Arithmetic Progression and Geometric Progressions.

5.2 Equations and inequalities (5%)

- Coordinates and Graphs.
- Straight Line
- Quadratic Equation
- Cubic Equations
- Simultaneous Equations
- Sketching of curves
- Inequalities.

5.3 Mathematics of finance (5%)

- Compound interest
- Discounting and present values
- Annuities
- Present Values of Annuity
- Sinking Funds and Amortization
- Bonds which are redeemable at par

5.4 Elements of calculus (5%)

- Introduction to Calculus
- Differentiation
- Integration
- Determination and Identification of Stationary points.
- Elements of Optimization (Maximum and Minimum).

5.5 Theory of the firm (5%)

- Supply and Demand Laws.
- Cost functions
- Revenue functions
- Profit functions.
- Average and Marginal functions.
- Optimal values.
- Break even points.
- Market equilibrium.

5.6 Inventory control (5%)

- Introduction
- Basic EOQ Model
- EOQ models with Discounts
- Stock Control with certain demand
- Re-order levels and re-order intervals.

5.7 Matrices (5%)

- Matrix operations: Addition, Subtraction and Multiplication
- Transpose matrix
- Determinant
- Inversion of matrices
- Use of matrices in solving simultaneous equations.
- Cramer's Rule Method.
- Leontief Input – Output Analysis.

5.8 Permutation and combination (5%)

- Introduction
- Cases relevant to business
- Binomial Expansion (Pascal's Triangle and Binomial Theorem of Expansion).

5.9 Linear programming (5%)

- Introduction
- Formulation of an LP Model.
- Solution by Graphical Method only.
- Dual Problem.
- Changing Primal to Dual.

PART B: Statistics

5.10 Data collection (5%)

- Methods of Data Collection
- Frequency Distribution (ordinary and cumulative)
- Histogram, frequency polygon, ogives.

5.11 Measures of central tendency (5%)

- Averages
- Arithmetic mean
- Median
- Mode
- Quartiles – First, Second and Third Quartiles.
- Geometric mean (GM)
- Harmonic mean (HM)
- Advantages and disadvantages of GM and HM.
- Skewness.

5.12 Measures of dispersion (5%)

- Range.
- Mean Deviation.
- Quartile Deviation.
- Standard deviation.
- Variance.
- Coefficient of variation.

5.13 Sampling (5%)

- Introduction
- Sample against population
- Methods of sampling
- Random Sampling.
- Simple Random Sampling.
- Cluster Sampling.
- Systematic Sampling.
- Strata Sampling.

5.14 Regression and correlation (10%)

- Scatter Diagram
- Curve fitting
- Least Square Method.
- Simple Regression Analysis
- Regression of y on x and x on y.
- Regression Coefficients and their interpretation.
- Estimation and Prediction
- Simple Correlation Analysis
- Product moment and rank correlation coefficients and their interpretation.
- Coefficient of determination and its interpretation.

5.15 Time series (5%)

- Introduction
- Time Series Model (Additive only)
- Trend, Seasonal Variations, Cyclical Variations and Random Variation.
- Methods of extracting trend.
- Moving average method
- Determination of Adjusted Seasonal Variations.
- Predictions and Estimation.
- Forecasting.

5.16 Index numbers (5%)

- Introduction
- Index relatives
- Composite index numbers, Laspeyre, Paasche, Fishers Ideal and Marshall's Edge worth Index
- Interpretation of Index Numbers.

5.17 Probability (10%)

- Elementary Set Theory
- Introduction to Probability
- Basic Rules of Probability, Axioms
- Mutually exclusive events, Independent events, conditional probability.
- Expectations
- Tree Diagram
- Binomial Distribution
- Poisson Distribution
- Normal Distribution.

5.18 Statistical inference (5%)

- Estimation
- Good estimator
- Point estimator
- Interval estimator (mean and proportion) for large sample sizes.
- Tests of Hypothesis
- Hypothesis (Null and Alternative).
- Errors-Type I and II errors
- Significance level
- Confidence level
- Power of the Test
- Tests of Hypothesis for mean and proportion for large samples.

6.0 References

6.1 Main Readings

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6.2 Supplementary readings

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P05 – Auditing Theory and Practice

Contact hours: 120 Hours

1.0 Subject description and aims

This is the first tier auditing subject at the professional level studies. The subject aim is to equip the students with knowledge and understanding of the audit techniques and processes and their application to both the public and private sectors

2.0 Subject objectives:

The objectives of the subject are as follow:

- To impart to the students knowledge on the nature, purpose and scope of an audit
- Students to have an understanding of the qualities of an auditor
- Students to have an understanding of the regulatory framework governing statutory audits in the country
- Students to understand the procedures of appointing the external auditor and how professional ethics have a bearing on the audit function
- Students to understand how the audit work is planned and documented
- Students to have an understanding of what internal control system including internal audit entails and how they impact on the audit function
- Students to have an understanding of the nature and source of audit evidence
- Students to have an understanding of how to audit financial statement items
- Students to have the ability to identify risks
- Students to have an understanding of how to conclude the audit including the preparation of reports
- Students to master the INTOSAI standards applied for public sector auditing

3.0 Subject learning outcomes

On completion of this subject, students should be able to:

- appreciate the nature, purpose and scope of an audit
- apply the basic knowledge of auditing in private, public as well as cooperative sectors
- apply the laws that govern the audit function in the country
- plan and document an audit
- review the internal control system of an entity including the assessment of the effectiveness of the internal audit
- gather the required audit evidence for the purpose of arriving at an appropriate opinion
- appropriately conclude the audit including the preparation of the required reports.

4. 0 Subject teaching and learning strategies

- Lecturing
- Group assignments and discussions
- Case studies
- Guest speakers

5.0 Contents of the subject

5.1 Nature, Purpose and Scope of audit (10%

- The meaning and evolution of auditing
- Audit and the concepts of accountability and stewardship
- Audit and agency
- Principles and concepts of materiality, true and fair, presentation and disclosure, and reasonable assurance
- Various forms of auditing i.e. external audits, internal audits management audits, value for money audits, regularity audits and environmental audits.

5.2 Independence, integrity and objectivity of an auditor (5%)

- Guidelines for independence
- Continued competence and integrity
- Confidentiality

5.3 Regulatory Framework of Statutory Audits (10%)

- Justifications for regulation
- Legislations governing statutory audits
- Professional Framework and rules of professional conduct and justifications
- International Standards on Auditing (ISA)

5.4 Professional ethics and Appointment of Auditors (10%)

- Pre-engagements' professional etiquette
- Professional ethics and professional code of conduct
- Engagement letter
- Rights, duties, and powers of an auditor
- Dismissal and Resignation

5.5 The Audit Work plan: Planning and Risk assessment (13%)

- Preliminary Planning
- The need for planning
- Staffing and Logistics
- Audit Procedures
- Risk- assessment
- Other audit approaches
- The use of ICT in the audit

5.6 Internal Control System (ICS) (15%)

- Objectives of ICS &Responsibility
- Auditing procedures in relation to ICS
- limitations of ICS
- Audit tests of controls
- The use of ICT and Internal Controls
- ICS over revenue purchases and inventory
- ICS over expenditures, payroll, and cash and bank
- Internal Audit as part of good corporate governance practice
- The relationship between internal and external auditor
- Internal Audit reporting
- Outsourcing internal audit and internal review

5.7 Audit Evidence (15%)

- Nature and source of evidence
- Audit sampling
- Reliance on the work of others
- Reliance on Internal Auditor
- Reliance on other Experts
- Using the work of another auditor (ISA 600)
- Analytical Review procedures
- The use of ICT and audit evidence
- Evidence in Smaller entities
- Evaluation and Review of the quality of Evidence on balance sheet items

5.8 Going Concern Reviews (5%)

- Importance of going concern issues
- Procedures for going concern reviews
- disclosure requirements in relation to going concern issues
- Reporting implications

5.9 Audit of Financial Statement Items (5%)

- Revenue and expenditure items
- Cash and bank balances
- Purchases and sales
- Payroll
- Capital expenditure items etc

5.10 Audit Finalization and Final Review (5%)

- Procedures for final review
- Procedures for post-balance sheet events review
- Necessity and quality of Management representation

5.11 Reporting on Audit work (7%)

- The importance of audit report
- Format and content of unmodified statutory audit reports
- Reasons for modification of audit reports
- Format and content of modified statutory audit reports
- Internal reviews and other reports

6.0 Reference

6.1 Main readings

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Steinbart, Paul J., Brunson, Romney, Terri J., Marshall B. 2006, *Introduction to Microsoft Great Plains –Focus on Internal Controls*: Prentice Hall

6.2 Supplementary readings

Pany, Kurt, Whittington, Ray, 2008, *Principles of Auditing and Other Assurance Services*, 16th Edition: McGraw-Hill/Irwin.

Johnson, Raymond, Boynton, William, 2005, *Modern Auditing Assurance Services and Integrity of Financial Reporting*, 9th Edition: John Willey and Sons.

The United Republic of Tanzania: *Public Procurement Act,* 2004, Government Printer.

Millichamp, A.H., 2008, *Auditing*, 9th Edition: Book Power

The United Republic of Tanzania, 2002, *Companies Act No.12 of 2002*: Government Printer

The United Republic of Tanzania, 2001, *Public Finance Act No.6 – Revised in 2004:* Government Printer

P06 – Cost Accounting

Contact hour: 120 Hours

1.0 Course description and aims

The subject assumes that students have a basic knowledge of elements of cost accounting. It therefore builds of the foundation subject and introduces more complex problems and issues faced by cost accountants. The subject aims at impart on students with a solid understanding of the principles and methods of cost accounting and make them appreciate the role of cost**ing** reports in the efficient management of a business.

2.0 Subject objectives

The objectives of the subject are:

- To understand costing of joint and by-products
- For students to be knowledgeable in the costing of inventory
- To understand the theory and concept of CVP analysis
- To understand the relevance of costing to public sector entities

3.0 Subject teaching and learning strategies

- Improved lecturing
- Tuition method
- Seminar presentations
- Group and individual assignments

4.0 Subject learning outcomes

At the conclusion of the subject students should be able to:

- classify cost information for products and services
- compute and record elements of cost – material , labour and production overheads
- determine cost for various products and services

5.0 Subject contents

5.1 Introduction (5%)

- Nature of cost accounting
- Objectives of cost accounting
- Benefits of cost accounting
- Comparison of cost accounting with other types of accounting
- Placement of cost accounting department in the organization
- Relevance of costing to the public sector

5.2 Classification of costs (5%)

- Classification of costs as between elements of costs e.g. material, labour and production overheads.
- Classification of costs by Business function. Assignment to cost object.
- Behaviour in relation to changes of level of a cost driver, Aggregate or average.
- Cost classification based on economic characteristics.
- Costs as an asset or expense.
- Use of correlation and high/low method**s** to analyze costs into variable and fixed.

5.3 Costing for Materials (10%)

- Description and illustration of systems and records for the identification, collection, reporting and control of material costs and the desirability of characteristics of such systems.
- Description, illustration of methods of pricing material issues and valuing stocks.
- The need of stock control and the various methods and techniques for affecting the same.
- The treatment of stores losses, transportation costs and materials handling charges.

5.4 Costing for Labour (10%)

- Description and illustration of systems and records for the identification, collection, reporting and control of labour costs and the desirability of characteristics of such systems.
- Description of various methods of remunerating labour.
- The advantages and disadvantages of such methods and the calculation of wages and labour costs under each method ~~and~~ accounting treatment of direct and indirect labour costs ,to identify the principles features of good labour incentive schemes.

5.5 Costing for Production overheads (10%)

- Commentary on the problems in dealing with overhead costs as compared with other elements of costs;
- Description and illustration of methods in the identification, collection, apportionment of overheads (both primary and secondary apportionments), absorption of overheads and reporting of overhead costs;
- Description and evaluation of principal methods of absorbing overhead costs;
- Treatment of under and over recovery of overheads.

5.6 Job/batch Costing and Contract costing (10%)

- Description of the features of Job/batch costing;
- Types of industries where such costing methods are applicable;
- Illustration of the principle costing and accounting methods used to collect and report costs under this system;
- Contract costing-treatment and reporting.

5.7 Process costing (10%)

- Description of the particular features of process costing;
- Types of Industries where such systems are used;
- Illustration of the principle costing and accounting methods used to collect and report costs under this system;
- Special features of work in process and the conversion of output into units equivalent of production;
- Treatment of material losses, scrap and spoilage (normal and abnormal) in manufacturing industries.

5.8 Allocation of Joint costs and costing for By-products (10%)

- Definition of joint and by-products
- Distinguishing between joint products and by-products;
- Main methods of by-product costing
- Meaning of joint costs, split off point and subsequent costs
- Methods of apportioning joint costs;
- Problems of dealing with joint products in service organization.

5.9 Income effect of alternative inventory valuation methods (10%)

- Classification of variable costs and fixed costs for income reporting and product costing;
- Comparison of variable costing and absorption costing income statements;
- The denominator volume and fixed production costs;
- Reconciliation of incomes reported under variable costing and under absorption costing.

5.10 Cost Volume Profit analysis (10%)

- Introduction to C-V-P analysis
- The uses and assumptions of breakeven point or cost volume profit analysis;
- Methods of computing break even point (Equation, formula and graphical);
- Margin of safety;
- Multi product profit charts;
- Limitation of breakeven and profit charts;
- Differences between the accountant's and economist's breakeven point charts.

5.11 Operation and Service costing (10%)

- Definition of operation and service costing;
- Meaning of output costing and service costing;
- Uses and limitation of unit cost in public sector;
- Performance measures in public sector.

6.0 Subject references

6.1 Main readings

Saxena, V.K. and Saxena C. D. 2004, *Advanced Cost and Management Accounting,* 17th Edition:

Kishore, Ravin M., 2005, *Cost Accounting*, 3rd Edition: Taxmann's

Saleemi, N.A., 2005, *Cost Accounting Simplified*, 4th Edition: Saleemi Publications.

Gary, Cokins, 2004, *Activity Based Cost Management: Making it Wor*k: TATA McGraw Hill

Colin, Drury, 2008, *Management and Cost Accounting*, 7th Edition: Thomson Learning**.**

Lima, Jeremiah, 2004, *Cost Accounting*, Students' Manual, NBAA

Horngren, Charles T. Foster, George M. Strikant M. Dator, 2005 *Cost Accounting*, 2nd Edition: Prentice Hall.

Horngren, Charles T. Datar, Srikant M., Foster, George, 2009, *Cost Accounting – A Managerial Emphasis*, 13th Edition: Pearson Prentice Hall

6.2 Supplementary readings

Lucey, T., 2002, *Costing*, 6th Edition: Bookpower

Khan, M. Y., Jain, P. K., 2000, *Cost Accounting:* Tata Mc Graw

Stratton, William O., Horngren, Charles T, Sundew, Gray L., 2008, *Introduction to Management Accounting*, 14rd Edition: Prentice Hall.

P07 – Business Information Systems Management

Contact Hours: 90 Hours

1.0 Subject description and aims

This subject explores the process of identifying and analyzing a business system. It also exposes students to the skills of gathering user requirements for a new computer system and translating those requirements into formal specifications for a computer designer. The course is also designed to prepare students for challenging careers involving the design, analysis, implementation and operation of computer-based information systems. It involves the use of computer systems in accounting practices. Students are expected to do a short project/practical to learn the application of these basic methodologies in real-world settings.

This subject aims to ensure that students can exercise judgment and techniques in identifying, implementing and managing information systems as part of the strategic management of the organization.

2.0 Subject objectives

On completion of this subject students should be able to:

- Identify the information requirements of different levels of management and understanding how information is used to support the objectives of the organization, applying a coherent approach to business analysis including the identification of the current business situation and the required business objectives.
- Identify and implement desirable and feasible changes resulting from business analysis.
- Understand how to prepare a detailed business case to support business changes and use the appropriate tools to support business analysis.
- Identify opportunities to use information systems to improve the competitive position of an organization.
- Identify the impact of the development of information systems on the organization and its environment.

3.0 Subject learning outcomes

On successful completion of this subject students should be able to:

- Know the information requirements of different levels of management and how information is used to support the objectives of the organization.
- Know desirable and feasible changes resulting from business analysis
- Prepare a detailed business case to support business changes and use the appropriate tools to support business analysis
- Use information systems to improve the competitive position of an organization.
- Know the impact of the development of information systems on the organization and its environment.

4.0 Subject teaching and learning strategies

The Learning Strategies will include the following:

- Improved lecturing
- Case studies
- Seminar presentation
- Group and Individual assignments
- Test
- Visits
- Practical (hand on exercises on the computer)
- Discussions

5.0 Subject contents

5.1 Introduction (10%)

- What is a system
- Different types of systems
- Systems approach and contingency approach in studying organizations
- Contributions of other theories in studying business systems like change
- Change management
- Organization theories

5.2 Business Information Systems and Competitive Advantage (5%)

- Bargaining power of customers/suppliers
- Reducing the threats of substitute products
- Jockeying for position

5.3 Tools for Systems Development (10%)

5.3.1 Data collection tools

- Questionnaire
- Observations
- Interviews

5.3.2 Systems Documenting Tools

- Data Flow Diagrams
- Systems Flowcharts

5.3.3 Financial analysis tools used in systems development

- NPV
- IRR

5.4 Systems Development Life Cycle (15%)

5.4.1 Information Systems planning

- Information Systems Objectives
- Inventory of current capabilities
- Developments that will affect plan/Budget.

5.4.2 Feasibility Study a symptom versus a problem

- Economic
- Operational
- Technical

5.4.3 Information Requirements determination

5.4.4 Systems design

- Input Design
- Output Design
- User interface design
- Storage design
- Processing design
- Security design

5.5 Systems implementation (10)

- Testing
- Conversion Strategies
- Training

5.6 System evaluation

- User Information Satisfaction
- Information System Usage
- Information Systems Quality
- Service Quality
- Individual Impact
- Organizational Impact

5.7 Systems Maintenance (5%)

5.8 Special Systems Development (10%)

5.8.1 Prototyping

- Definition
- Advantages
- Disadvantages
- Reasons for usage

5.8.2 End User Computing

- Definition
- Advantages
- Disadvantages
- Reasons for usage

5.8.3 Packaging

- Definition
- Advantages
- Disadvantages
- Reasons for usage

5.8.4 Business Process Reengineering

- Definition
- Advantages
- Disadvantages
- Reasons for usage

5.8.5 Workbench Technology including CASE Tools

5.9 Data Security and Control (5%)

- Data Security
- Data Control
- Computer Viruses

5.10 Functional Information Systems (10%)

5.10.1 Accounting Information Systems

5.10.2 Marketing Information Systems

5.10.3 Production Information Systems

- Computer Aided Design
- Computer Aided Manufacturing System
- Flexible Manufacturing Systems

5.10.4 Financial Information Systems

5.10.5 The Role of Accounting Information Systems in Business Information Systems.

5.11 Management Information System (5%)

- Transaction Processing System
- Management Reporting System
- Decision Support Systems
- Group Support Systems
- Executive Support Systems
- Artificial Intelligent Systems
- Expert Systems

5.12 Practical sessions on:

[a] Introduction Microsoft Office (5%)

With emphasis on:

- Spreadsheets
- Budgeting
- Flow charts etc.

[b] Ready made and Tailor made software/Systems (10%)

- Different types
- Uses
- Advantages
- Disadvantages and
- Applications

With Special Practical sessions on

(i) Accounting software i.e. Tally, Pastel etc
(ii) Taxation Software i.e. Taxation
(iii) Auditing software/packages i.e. auditing
(iv) SPSS etc

6.0 Subject references

6.1.1 Main readings

Laudon, Kenneth C., Laudon, Jane P., 2007, *Essentials of Management Information System,* 7th Edition:

Rommey, Steinbart, 2006, *Accounting Information System,* 10th Edition: Pearson Education

Kumar, Muneesh, 2005, *Business Information Systems:* VIKAS

Bajaj, Kamlesh K. and Nag, Debjani, 2005*, E-Commerce* 2nd Edition: TATA McGraw Hill.

Gelinas, Ulric J. Jr., Sutton, Steve G. 2002, Accounting *Information System*: Thomson.

Effy Oz, 2004, *Management Information Systems,* 4th Edition: Thomson.

Andrews, David H. and Johnson, Kenneth R., 2002, *Revolutionizing The Art of Using Information Effectively*: WILEY**.**

Laudon, Kenneth and Laudon, Jane, 2007, *Management Information Systems,* 10th Edition

O'Brean, James, 2002, *Management Information Systems: Managing Information Technology E-Business Enterpris*e, 5th Edition :McGraw Hill,

Stair, Ralph M. and Reynolds, George W., 2008, *Principles of Information Systems*, 8th Edition

6.2 Supplementary Readings

Rob, Peter*,* 2001, *Database Systems: Design, Implementation, and Management.* 5th Edition*:* Course Technology**.**

Schwalbe, Kathy, 2001, *Information Technology Project Management*, 2nd Edition: Course Technology

McLeof, Raymond, 2000, *Management Information Systems,* 6th Edition: Prentice Hall.

Nickerson, Robert C., 2000, *Business and Information Systems* 2nd Edition:

P08 – Business Ethics and Corporate Governance

Contact Hours: 120 hours

1.0 Subject description and aims

This is a new subject which aims at equipping students with the knowledge in business ethics and have an understanding of principles of good governance and how they are practiced.

2.0 Subject objectives

The objectives of the subject are:-

- To expose students to the concepts associated with business ethics and their impact on business
- To equip students with techniques in understanding moral development theories in order to develop awareness of general human behavior
- To provide students with procedures, knowledge and skills of understanding the fundamental ethical principles
- To expose students to the various ways of dealing with challenges in making ethical decisions
- To expose students to the global business practice involved in accounting and auditing ethical standards
- To equip students with knowledge of developing corporate code of ethics
- To equip students with the knowledge and skills of fundamental principles of good governance and the corporate code

3.0 Subject learning outcomes

- To be able to understand the concepts associated with business ethics
- To be able to identify and critically analyze common ethical issues
- To be able to understand the moral philosophical background
- To be able to diagnose ethical problems and suggest proper remedies/solutions
- To be able to apply the fundamental ethical principles in daily activities
- To be able to assist in identifying global ethical issues/matters
- To be able to assess the practicability of the Code of Ethics
- To be able to understand the applicability of the three principles of the good governance and the code.

4.0 Subject teaching and learning strategies

- Use of teaching materials such as multi-dimensional case studies
- Role playing
- Discussion of selected readings
- Analysis of real life business situations involving ethical dilemmas
- Discussion of disciplinary pronouncements and findings
- Seminars using speakers with experience of corporate or professional decision making

5.0 Subject contents

PART I: Business Ethics Weighting: 60%

5.1 Introduction to Ethical concepts (10%)

- Nature ,objectives and Scope of Business Ethics
- Definitions of basic terms
- Fundamental principles of ethics
- General principles and procedures for ethical compliance
- Application of ethics in employer/employee situations
- Application of ethics in public practice

5.2 Psychology of Moral Development (10%)

- Law and order orientation
- The social contract legalistic orientation
- The universal ethical principle orientation

5.3 General principles and procedures for Ethical compliance (10%)

- Integrity
- Objectivity
- Professional behaviour
- Professional competence and due diligence
- Independence
- Confidentiality of information

5.4 Introduction to common Unethical practices (10%)

- Tax evasion
- Corruption
- Fraud
- Money laundering
- Financial crimes
- Financial reporting irregularities
- Bribery and facilitation of payment
- Client influence

5.5 Procedures and actions in dealing with unethical issues (5%)

- Situational analysis
- Identification of Professional liability and negligence
- Counseling and advise
- Disciplinary action

5.6 Challenges in making ethical decisions (5%)

- Ethical conflicts
- Ethical dilemma

5.7 Impact of globalization on ethics (5%)

- Identification of disparities
- Social responsibility
- Compliance with new ethical standards

5.8 Ethical Standards and legislations (5%)

- Code of ethics/conduct
- Ethical pronouncements
- Relevant legislations

PART II: Good Governance Weighting: 40%

5.9 Introduction (10%)

- Nature, objectives and scope
- Definitions of basic terms

5.10 Characteristics of Good Governance (20%)

- Participation
- Rule of Law
- Responsiveness
- Consensus oriented
- Equity and inclusiveness
- Effectiveness and Efficiency

5.11 Principles of Good governance (10%)

- Transparency
- Integrity
- Accountability

6.0 Subject references

6.1 Main readings

Richard T. De George, Business Ethics, 6th Edition.

IFAC, *Code of Ethics for Professional Accountants: IFAC*

Colley, Doyle and Logan, 2005, *Corporate Governance, Executive* MBA Series: TATA McGraw Hill

Carroll, Archie B., Buchholtz, Ann K., 2008, *Business and Society – Ethics and Stakeholder Management,* 7th Edition: Thomson, South Western.

Colley, Doyle and Hardie, 2002, *Corporate Strategy*: TATA McGraw Hill

African Development and Governance Strategies in the 21st Century 2004 Zed Books: The New Partnership for Africa's Development : NEPAD.

OPM and CIPFA, 2004, *Good Governance Standards for Public Service*s.

6.2 Supplementary readings

Ferrell, O. C., Fraedrich, John and Ferrell, Linda, 2001, *Business Ethics: Ethical Decision Making and Cases* 5th edition: Houghton Mifflin Company

Agere, Sam, 2000, *Promoting Good Governance: Principles*, *Practices and Perspectives (Managing the Public Service: Strategies for Improvement Series)*: Commonwealth Secretariat

Sandra, B. R., Buchholz, R. A., 2000, *Rethinking Business Ethics: A Pragmatic Approach*: Oxford University Press**.**

P09 – Financial Reporting I

Contact hours: 120 hours

1.0 Subject description and aims

The aim of the subject is to build on the basic techniques in Paper P.01 – Financial Accounting I, specifically, to build understanding on issues like raising share capital, preparations of financial statements and other matters relating to partnership, companies and some specialized activities like hire purchase, investments leasing etc.

2.0 Subject objectives

The objective of the subject is to improve students' understanding of advanced issues in accounting as a way of preparing the students to cope with the current challenges in the accounting profession.

3.0 Subject learning outcomes

On completion of the subject students should be able to:

- appraise and apply accounting concepts and theories to practical work place situations.
- appraise and apply the International regulatory framework of financial reporting.
- prepare financial statements for different entities to comply with specified International Accounting Standards and other related pronouncements.
- prepare group financial statements (excluding group cash flow statements) to include a single subsidiary, an associated company or joint venture.
- analyze, interpret and report on financial statements (including cash flow statements) and related information to a variety of user groups.
- discuss and apply the requirements of other specified International Accounting Standards.

4.0 Subject learning outcomes

On completion of this paper students should be able to:

- explain and evaluate the implications of an accounting standard or proposed accounting standard for the content of published financial information.
- explain and evaluate the impact on the financial statements of business decisions.
- explain the legitimacy and acceptability of an accounting practice proposed by a company.
- prepare financial statements for complex business entities and situations in compliance with relevant accounting standards.
- analyze financial statements and prepare a report suitable for presentation to a variety of users.

5.0 Subject teaching and learning strategies

- Lecturing
- Case Studies
- Seminar presentations
- Group and individual assignments

6.0 Subject contents

6.1 The Legal and Regulatory Framework (10%)

- International Financial Reporting Standards, Discussion Papers, Pronouncements including accounting for equity and liabilities, assets, provisions and contingencies, segments, related parties, financial instruments, leases, retirement benefits.
- Accounting requirements as per Companies Act No. 12 of 2002
- Stock market requirements on disclosure and continuing obligations.

6.2 Accounting for Partnership (25%)

- Changes in partnership
- Profit sharing
- Revaluations
- Treatment of goodwill
- Dissolution of partnership
- Convention of partnership into limited liability company

6.3 Branch and Departmental Accounts (10%)

- Centralized branches
- Decentralized branches
- Departmental Accounts

6.4 Companies Accounts (15%)

- Formation of Companies
- Issue, forfeiture and re-issue of shares and debentures
- Redemption of preference shares and debentures

6.5 Accounting for Business Combinations (IFRS 3) (20%

- Preparation and presentation of group and consolidated accounts (IAS 27).
- Accounting for associated companies (IAS 28).
- Amalgamations
- Absorptions

6.6 Accounting for Specialized Activities (20%)

- Hire Purchase (IAS 17)
- Insurance (IFRS 4)
- Investment (ISA 40)
- Leasing (IAS 17)
- Contract (IAS 11)

7.0 Reference

7.1 Main readings

Killagane, Y.S.M. 2006, *Financial Accounting for Professional* Students, Vol.I & II, 2nd Edition: NBAA

International Accounting Standards Board, 2009, *International Financial Reporting Standards and International Accounting Standards* (IAS): IASB

Kothar, Jagdish, Barone, Elisabelt, 2006,*Financial Accounting:* Prentice Hall.

Maheshwari, S.N, Maheshwari, S.K., 2005, *Financial Accounting*, 4th Edition VIKAS

Glautier, M.W.E., Underdown, B., 2001, *Accounting Theory and Practice*: Pearson Education, 7th Edition

Alexander, D., Britton, A., Jorissen, A., 2007 *International Financial Reporting and Analysis***,** 3rd Edition, Thomson Learning.

Alfredson, K., Leo, K., Picker, R., Pacter, P., Radford J., *Applying International Accounting Standards*, J. Wiley

Bendrey, Mike, Hussey, Roger, Colston, West, 2004, *Essentials of Financial Accounting in Business:* Thomson

Lewis, Richard, Pendrill, David, 2004, *Advanced Accounting,* 7th Edition: FT Prentice Hall

7.2 Supplementary readings

ACCA, 2004, *Preparing Financial Statements*: Foulk Lynch

Wood, Frank and Sangster, Alan, 2008, *Business Accounting,* 11th Edition: Prentice-Hall

Scott, William R., 2009, *Financial Accounting Theory*, 5th Edition: Prentice-Hall

Edmonds, McNair, Milan, Olds, 2000, *Fundamental Accounting* Concepts: 3rd Edition: McGraw-Hall.

P10 – Research, Consultancy and Reporting

Contact hours: 100 hours

1.0 Subject description and aims

This is a three part subject involving research, consultancy and report writing. The subject aims at equipping students with basic knowledge and skills in research and consultancy and effectively communicate findings/recommendations to the relevant users.

2.0 Subject course objectives

The objectives of the subject are:

- To enable students explain how to plan and execute basic research and consultancy assignments for purposes of decision making.
- To enable students demonstrate ability of communicating research findings and consultancy undertakings through reports.

3.0 Subject learning outcomes

At the end of the subject, students are expected to be able to:

- undertake basic research work for purposes of decision making
- undertake basic consultancy for purposes of decision making
- prepare, interpret and present findings/ recommendations arising from the research and consultancy assignments.

4.0 Subject teaching and learning strategies

- Lecturing
- Case studies
- Simulations
- Discussions
- Group and individual assignments

5.0 Subject contents

5.1 Research Process (5%)

- Meaning of a Research
- Types of research
- Steps in the research process

5.1.1 Formulating and Clarifying the Research Topic (5%)

- Attributes of a good research topic
- Generating and refining research ideas
- Turning research ideas into research topics
- Writing a research proposal

5.1.2 Relevant Literature Review (5%)

- The critical review
- Literature sources
- Planning and Conducting the literature search
- Obtaining and evaluating the literature
- Recording the literature

5.1.3 Deciding on Research Approach and Choosing a Research Strategy (5%)

- Different approaches to research
- The need for a clear research strategy
- Multi-method approaches
- The credibility of research findings
- The ethics of research design

5.1.4 Negotiating Access and research Ethics (5%)

- Problems associated with access
- Strategies to gain access
- Research ethics

5.1.5 Sampling Techniques (10%)

- Why sample
- Probability sampling techniques
- Non-probability sampling techniques
- Determination of the sample size
- Using Secondary Data
- Types of secondary data and uses in research
- Locating secondary data
- Advantages and disadvantages of secondary data
- Evaluating secondary data sources

5.1.6 Using Secondary Data (5%)

- Types of secondary data and uses in research
- Locating secondary data
- Advantages and disadvantages of secondary data
- Evaluating secondary data sources

5.1.7 Collecting Primary data (2%)

- Deciding what data to collect
- Data collection methods (observation, questionnaire, in-depth interviews)

5.1.8 Analyzing research data (5%)

- Preparing data for analysis
- Understanding and analyzing quantitative data
- Describing data using statistics
- Exploring relationships and trends
- Understanding and analyzing qualitative data
- Strategies for qualitative analysis

5.1.9 Data analysis and Computer (6%)

- Computer based statistical software – SPSS
- Variables definitions
- Data entry
- Data transformation
- Data analysis (frequencies, means, standard deviations, graphs, Cross Tabulations, t-tests, ANOVA, Linear Regression and Correlations).
- Data output interpretation

5.2 Consultancy

5.2.1 Management consulting in Perspective (5%)

- The nature and purpose of consultancy assignments
- Range, scope and characteristics of consulting work
- The consultant-client relationship
- Globalization, internationalization and the consulting profession

5.2.3 The Nature of Consulting Assignments in business (5%)

- Clients
- Competitors
- Partners and Collaborators
- Risks and conflicts of interest

5.2.4 Responding to Consulting Opportunities (5%)

- Identifying consulting opportunities
- Understanding the problem
- Selling yourself / the company to the client
- Consulting ethics

5.2.5 Designing the Consulting Project/Intervention (5%)

- Characteristics of a good consultant
- Consolidating available information
- Defining the scope of the assignment
- Pricing consultancy work
- Writing the consultancy proposal
- Quality control

5.2.6 Managing the Client successfully (3%)

- Client characteristics
- Methods of managing normal and difficult clients

5.2.7 Data Collection and analysis for consultancy jobs (4%)

- Types of data
- Data collection methods
- Data analysis and interpretation
- Validity and reliability issues in the consulting profession

5.3 Report (3%)

- What is a report
- Types of reports and report structures
- Why produce a report

5.3.1 Organizing the Report (4%)

- Targeting the client
- Targeting the audience
- Formal and informal reporting
- Growth of a report
- What not to report
- Classification of information

5.3.2 Managing data and Using Graphics (3%)

- Managing qualitative data
- Managing quantitative data
- Introducing tables and graphs in the report

5.3.3 Preparing Memoranda and Short Reports (5%)

- Characteristics of report
- Levels of reporting
- Report roles
- Preparing memorandums

5.3.4 Report Writing (5%)

- The composition of a report
- Special parts of a report
- Preparing the executive summary
- Oral presentation
- Written report packaging

6.0 Subject references

6.1 Main readings

Kothari, C.R., 2004, *Research Methodology Methods and Techniques*: 2nd Edition: Wishwa Prakashan.

Pervez, Ghauri, Kjell, Gronhang, 2005, *Research Methods in Business Studies:* A Practical Guide: Financial Times/Prentice Hall, 3rd Edition.

Sumathi, S. and Psaravanavel, 2005, *Marketing Research Consumer Behaviour*: Vikas

Churchill, Gilbert A. Jr., Iacobucci, Down, 2002, *Market Research – Methodological Foundations*: 8th Edition: Thomson South Western

Wilkinson and Bhandarkar, 2004, *Methodology and Techniques of Social Research,* 6th Revised Edition: Himalaya Publishing House.

6.1 Supplementary readings

Jaber, F. et al 2002, *Handbook of Interview Research: Context and Methods*: Sage Publications, Inc.

Kapoor, V.K., 2001, Reprint, 2004, *Operational Research,* 7th Revised Edition: Sultan Chand and Sons.

Saunders, M., Lewis, Philip, Thornhill, Adrian, 2009, *Research Methods for Business Students*, 5th Edition: Prentice Hall.

P11 – Quantitative Techniques for Decision Making

Contact Hours: 110 hours

1.0 Subject description and aims

This subject is on quantitative techniques aiming at providing students with an understanding of the application of mathematical and quantitative techniques in decision making processes in organizations.

2.0 Subject objectives

- To enable students choose and apply appropriate data analysis techniques at right occasions in analyzing data.
- To enable students choose and apply appropriate mathematical and quantitative techniques in decision making processes in organizations.

3.0 Subject learning outcomes

At the end of the course, students are expected to:

- Be able to analyse data for purposes of reporting and/or making decisions.
- Be able to apply quantitative techniques in solving problems in management.
- Be able to use statistical methods in decision making.
- Be able to design statistical and mathematical models for estimation and forecasting
- Be able to apply operations research techniques in decision making.

4.0 Teaching and learning strategies

- Lecturing
- Discussions
- Exercises

5.0 Subject contents

5.1 Probability Theory (5%)

- Basic probability concepts
- Properties of the probability measure
- Probability rules (additive, multiplicative, Baye's Rule)
- Conditional probability
- Probability trees
- Permutations and combinations

5.2 Random Variables, Probability Distributions and Elements of Decision Analysis (13%)

- Random variables, their probability distributions, their expected values and variances
- Standard probability distributions (Binomial, Poisson, Normal, Student's t, Chi-square and F).
- Elements of decision analysis (decisions under uncertainty, decisions under risk, expected value of perfect information, drawing of decision trees, decision making using decision trees).
- The concept of Sampling distribution and central limit theorem
- Statistics computed from samples (sample mean, sample proportion, sample variance, sample standard deviation)
- Sampling distribution of the sample means and sample proportion.
- Point estimation (mean, proportion, variance, standard deviation, total value, and total number of observations falling under the category of interest)
- Interval estimate (mean, proportion, variance, standard deviation, total value, difference of two means).

- Finite population correction factor in interval estimation.
- Estimation of the sample size.

5.4 Hypotheses Testing (15%)

- Standard procedure in hypotheses testing
- The concept of one tail and two tail testing
- Large sample and small sample testing for mean
- Large sample testing for proportion
- Two sample tests for mean (large and small samples)
- Two samples test for proportion (large samples)
- Paired observations comparison test
- Variance ratio test
- Chi-square test (for goodness of fit, for independence)
- Analysis of Variance (one way and two ways)

5.5 Linear Regression and Correlation Analysis (6%)

- The scatter diagram
- The simple linear regression model
- The correlation coefficient – product moment, rank.
- Statistical inference in linear regression
- Elements of multiple linear regression models

5.6 Non-parametric Tests (5%)

- Introduction to non-parametric tests
- The sign test for paired data
- Rank sum tests (Mann-Whitney U test and Kruskal-Wallis test)
- The one sample runs test
- Rank correlation analysis

5.7 Time Series and Forecasting (6%)

- Time series components
- The analysis of the additive component model
- The analysis of the multiplicative component model (The ratio to moving average method, the average percent method and the ratio to trend or the percent trend method)
- Forecasting using moving average and simple exponential smoothing techniques.

5.8 Linear Programming (10%)

- Formulating the linear programming model
- Solving the linear programming model (graphical and simplex)
- Sensitivity analysis
- Interpreting the final simplex table
- The dual linear programming model

5.9 Transportation and Assignment Models (15%)

- Transportation problems and algorithm
- Finding the initial solution (NWCM, MCM, VAM)
- Testing for optimality (Stepping stone approach)
- Finding the optimal solution (stepping stone, MODI)
- Degeneracy in Transportation problems
- Sensitivity analysis
- Variations in the transportation problem
- The assignment problems (for maximization and minimization using Hungarian Method)
- Special cases of the assignment problem

5.10 Network Analysis and Project Scheduling (5%)

- Activity on arrow and activity on mode conventions
- PERT and CPM analysis
- The cost of a project
- Uncertainty in activity times
- Completing a project at minimum cost
- Resource allocation- profiles

5.11 Inventory Planning and Control (5%)

- Basic inventory decisions and assumptions
- Costs associated with stocking of goods
- The simple economic order quantity model (EOQ)
- Variations in the EOQ model (production lot size, planned shortage, discount models)
- Inventory models with risks
- Material requirement planning (MRP)

5.12 Queuing Models (Waiting Line Models) (5%)

- Components of the queuing system
- The Poisson process and the M/M/1 queue
- Variations in the M/M/1 model
- The M/M/2 model
- The cost of a queuing system

5.13 Simulation (5%)

- The principles of the discrete simulation model
- Construction of a simulation model
- Advantages and disadvantages of using simulation.
- Application of a simulation model (to queuing problem, to stock control problem, production and operations problems)

5.14 Elements of Dynamic and Integer Programming (5%)

- Construction of dynamic and integer programming models
- Solving simple dynamic and integer programming models
- Application of dynamic and integer programming models

6.0 Subject references

6.1 Main readings

Waters Donald, 2008, *Quantitative Methods for Business:* 4th Edition: Financial Times/Prentice-Hall

Mik, Wisniewski, 2006, *Quantitative Methods for Decision Markers*, 4th Edition: Prentice Hall

Baradyana, Joseph S. and Ame, Ahmed M., 2005, *Quantitative Techniques for Business Decision*: Mkuki na Nyota Publishers Ltd.

Stair, Ralph, Hanna, Michael, Render Barry, 2006, *Quantitative Analysis for Management*: 9th Edition, Prentice-Hall

Lucey, T., *Quantitative Techniques*, 2002, Bookpower, 6th Edition

6.2 Supplementary readings

Kothari, C.R., 2004, *Quantitative Techniques*:Vikas.

John Curwin and Roger Slater, 2004, *Quantitative Methods for Business Decisions*, 6th Editions:Thomson.

P12 – Management Principles and Practices

Contact hours: 100 hours

1.0 Subject description and aims

To develop an understanding of the concepts, principles, processes and strategies to be deployed in order to effectively manage organizations and people working in them.

2.0 Subject objectives

The subject will enable students to:

- Understand and appreciate the role of the underlying principles, practices and techniques in managing organizations.
- Appreciate the role individuals and groups play in the organization.
- Learn and understand concepts, processes techniques approaches and managerial tasks that are involved in strategic management.
- Integrate and apply knowledge acquired in other courses in successfully crafting and executing well-conceived strategies in managing organizations.
- Assess effectively the impact of environmental forces on organization plans and strategies.

3.0 Subject learning outcomes

At the end of the subject students will be able to:

- Apply the principles and theories of management to effectively manage organizations
- Effectively apply the managerial skills in managing individuals and groups to achieve organizational goals.
- Identify internal and external factors affecting an organization and apply the acquired knowledge to evaluate its strategic decisions.
- Evaluate organizations' missions, objectives, strategies and policies in the light of environmental trends and changes
- Systematically undertake the strategic management process, setting strategic direction, designing strategies, implementing strategies and strategic control in managing organizations
- Integrate and apply knowledge acquired in other courses in crafting and executing appropriate strategies in business situations.

4.0 Subject teaching and learning strategies

- Lecturing
- Case Studies
- Seminar Presentation
- Group and individual assignments

5.0 Subject contents

5.1 Management Principles, Theories and Functions (5%)

5.1.1 Nature and Purpose of Management

- Nature of Management
- Management Defined
- The evolution of Management
- Schools of Thought
- Modern theories and their relationships
- The importance of Management
- The roles of the Manager

5.2 An Overview of Management Functions (15%)

5.2.1 Planning

- Definition
- Importance
- Types of plans
- The planning process
- The relationship between planning and decision making

5.2.2 Organizing

- Definition
- Nature and Purpose
- Principles of effective Organizing
- The concept of delegation of authority and its importance

5.2.3 Leading

- Meaning
- Sources of Power
- Types of leadership styles
- Motivation and theories of motivation
- Communication and its importance
- Forms of communication
- Barriers to effective communication

5.2.4 Controlling

- Definition
- Nature and Purpose
- Types of controls
- Characteristics of effective controls

5.3 Organization Behaviour (5%)

- Meaning
- Importance
- Influence of behaviour in organization

5.4 Individual Behaviour (5%)

- Individual and Individual Differences
- Perception and attitudes
- Personality
- Interpersonal behaviour and social interaction

5.5 Group Behaviour (5%)

- Definition
- Importance of groups
- Reasons for group norms and groups
- Group dynamics, group formation, and development
- Manager's role at each group development
- Group communication systems
- Motivating and controlling groups

5.6 **Organization Culture (5%)**

- Meaning
- Importance of organization culture
- Types of culture
- Negative and positive effects of culture
- Making Culture contribute to organization success

5.7 Strategic Management (15%)

5.7.1 Nature of Strategic Management

- Strategic Management defined
- Main features of strategic management
- Levels of strategic Management
- Principal actors in strategic management and their responsibilities

5.7.2 The Strategic Management Process

5.7.3 The five tasks of strategic management

- Developing a vision and a mission
- Setting objectives
- Crafting a strategy
- Strategic implementation and execution
- Evaluating performance, reviewing the situation and initiating corrective adjustments

5.8 Industry and Competitive Analysis (5%)

- The role of situation analysis in strategy-making
- The methods of industry and competitive analysis
- Identifying industry's dominant economic characteristics
- The concept of driving forces, why industries change
- Analysis strength of competitive forces
- Assessing competitive position of rival organizations

5.9 Organization situation analysis (4%)

- Determining how well the prevailing strategy is working
- SWOT analysis
- Identifying strengths and weaknesses
- Identifying opportunities and threats
- Competitive strengths and assessment
- Strategic cost analysis

5.10 Matching strategy to the situation (3%)

- Strategies for competing in emerging industries
- Strategies for competing during the transition to industry maturity
- Strategic pitfalls
- Strategies for firms in mature or declining industries
- Strategies for competing in fragmented industries
- Strategies for competing international industries

5.11 Implementing strategy: organization building, budgets and support systems (4%)

- The strategy implementing framework
- Leading the implementation process
- Building a capable organization
- Matching organization structure to strategy
- Building core competencies
- Selecting people for key positions
- Linking budgets with strategy
- Putting internal administrative support

5.12 Implementing strategy: commitment culture and leadership (4%)

- Develop an effective reward structure
- Motivational practices
- Why the performance reward link is important
- Using performance contracts
- Building a strategy-support corporate culture
- Creating a fit between strategy and culture

5.13 Strategic Management in the Tanzanian business environment (5%)

- The nature and significance of strategic management in Tanzanian organizations
- The General business environment in Tanzania and its impact on strategic management decisions
- Strategic management in public, private and cooperative sectors

5.14 Ethical Issues (5%)

- The importance of social responsibility
- Corporate governance
- The attitude towards ethics on national issues.

5.15 Functional Management (3%)

5.15.1 Marketing Management:

- Definition,
- Role and scope,
- marketing concepts,
- marketing mix and customer care and quality of service

5.15.2 Production Management (5%)

- Definition,
- Role and scope,
- Total quality management,
- Productivity and Customer satisfaction
- Recent development in production manufacturing technology

5.15.3 Human Resources Management: (7%)

- Nature and Importance of Human resources management,
- Human Resources Management process,
- Human resources planning- recruitment, selection, training and development
- Performance appraisal,
- Career development and compensation management;
- Labor relations and Trade unionism and legal and regulatory influences

6.0 Subject References

6.1 Main readings

Barnuger, Brule, Ireland, Duanne, 2006, *Management Challenges and Solutions in Digital Era*: Prentice-Hall**.**

Helzer, Jay, Render Barry, 2007, *Operations Management*: 9th Edition, Prentice- Hall

Judge, Tim, Robbins, Stephen, 2007, *Management,* 9th Edition: Prentice-Hall

Jones, Gareth, 2009, *Organization Theory, Design and Change*, 6th Edition: Prentice-Hall

Koontz, Harold, Weihrich, Heinz, 2010, *Essentials of Management*, 8th Edition: Tata Mc Graw-Hill

Mullins, Laurie J., 2007, *Management and Organizational Behaviour*, 8th Edition: Prentice-Hall

Reid, Dan R., Sanders, Nada R., 2005, *Operations Management – An Integrated Approach* 2nd Edition: WILEY.

Chandan, J. S. 2005, *Management Concepts and Strategies*: VIKAS

David, Fred R. 2007, *Strategic Management Concepts and Cases* 11th Edition*:* PEARSON

6.2 Supplementary readings

Kessler, Gay, 2005, *A Framework for Human Resource Management*, 4th Edition: Prentice-Hall.

Wheeten, Tom, Hunger, David, 2007, *Strategic Management and Business Policy*, 11th Edition: Prentice Hall.

Martin, J., 2005, Organizational Behaviour and Management, 3rd Edition: Thomson

Tony, Modern, 2004, *Principles of Management,* 2nd Edition: Ashgate

Cole, G. A. 2004, *Management Theory and Practice,* 6th Edition: Book Power

Anthony, Robert N., Vijay Govindation, 2003, *Management Control Systems,* 11th Edition: McGraw-Hall

Weihrich, Heinz, Koontz, Harold, 2004, *Management:* A *Global Perspective*: TATA McGraw-Hill

P13 – Corporate Finance

Contact hours: 175 hours

1.0 Subject description and aims

The roles of the ***F***inancial ***M***anager include planning for funds, raising funds, utilizing funds and providing return to the providers of funds. These roles can also be viewed from the decisions that a financial manager will be making from time to time: financing decision, investment decision, working capital decisions and dividend decisions. The purpose of this subject is to explain the observable financial decisions of corporations and portfolio managers, and to interpret the behaviour of the securities markets and corporations, which results from the decisions of those and other agents. The theories and examples in Corporate Finance discussed in this subject concentrate on the finance of corporations whose shares are traded on a well organized stock market.

The subject therefore aims at enabling students merge finance theory and corporate decision making process.

2.0 Subject objectives

The objective of the subject is to equip students with the theoretical principles and practical aspects relating to corporate finance. The subject also expose students to controversies and criticisms which surround some theoretical propositions including the Agency Theory, The Modigliani-Miller Theorem on leverage and Dividend Policy as well as theorems focusing on operations of financial markets such as the Efficient Market Hypothesis, The Separation Theorem, the CAPM and the Arbitrage Pricing Theorem. The objective of this coverage is to equip students with knowledge and understanding of these theorems, their empirical counterparts and application in real corporate activities.

3.0 Subject learning outcomes

At the conclusion of the subject, students should have a good comprehension of corporate finance. This will be demonstrated through their knowledge and ability to:

- Identify and evaluate alternative sources of finance.
- Identify and evaluate alternative Investment Opportunities.
- Apply principles of Asset-Liability management.
- Design and evaluate appropriate corporate dividend policy.

4.0 Subject Teaching and learning strategies

- Lecturing
- Discussions
- Case studies
- Demonstrations

5.0 Subject contents

PART I: Introduction to Corporate Finance and basic concepts

5.1 Introduction to Corporate Finance (2%)

- The Definition, Nature, Scope of Corporate Finance
- The Role and responsibility of the financial Manager
- The Alternative Forms of Business Organization
- The Goals of the firm
- The Agency Problem, Theory and Costs
- Financial Markets and the Corporation
- Differentiation between Routine Finance and Managerial Finance

5.2 Essential Concepts in Corporate Finance (4%)

5.2.1 Risk and Rates of Return

- Defining and Measuring Return and the expected Rate of Return
- Defining and Measuring Risk
- The Variances and Standard Deviation of Returns
- The Relationship between Risk and Rates of Return
- Using financial market information to compute rate of return and Variances and Standard Deviation of Returns

5.2.2 Time Value of Money

- The Time Value of Money Concept
- Compounding and Discounting Concepts
- Future Value versus Present Value for Lump sums and Series of Payments
  - Future Value and Present Value for annuities
  - Future Value and Present Value of an Uneven Series of Payments
  - Perpetuities
- Future and Present Value versus the frequency of interest compounding
  - Semi-annual and Other Compounding Periods
  - Continuous Compounding and Discounting

PART II: Financial Planning, Analysis and Forecasting

5.3 Financial Planning, Control and Financial Forecasting *(5%)*

5.3.1 The Definition, Nature, and Scope of Financial Planning.

5.3.2 Short Term and Long-Term Planning

- Potential Conflicts between Short-Term and Long Term Planning
- Top Down versus Bottom Up Planning Systems
- Financial Planning and Control Processes
- Planning Requirements for Financial Control

5.3.3 Short-Term financial Planning

- Information Needs of Short Term Financial Planning
- The Operating and the Cash Cycles
- Break Even Analysis and Operating Leverage
- Percent of Sales method
- Aspects of Short Term Financial Policy
- The Cash Budget and Short Term Borrowing

5.3.4 Long-Term Financial Planning

- Dimensions of Financial Planning
- Forecasting Financial Requirements: Approaches
  - Percent of Sales Method
  - Linear Regression Method
- Comparison of Forecasting Techniques
- Forecast of Additional Funds Needed
- External Financing and Growth

5.4 Financial Analysis and Interpretation (4%)

5.4.1 Annual Report and Financial statements

5.4.2 An overview of the factors influencing the contents of financial statements

- The demand side – users and their needs
- The Supply side – mandatory and voluntary forces

5.4.3 Tools of Financial Statement Analysis

- Structural analysis
- Common-size statements
- Financial Ratio Analysis (including input/output relationships among financial statement variables)
- Comparable analysis

5.4.3 Limitations of Financial Statement Analysis

5.4.4 Statistical and other Analysis techniques

- The demand side – users and their needs
- The Du Pont System of Financial Analysis
- Time series and Trend analysis
- Multiple Discriminant Analysis

5.4.5 Importance of non-Financial Statement and non-quantitative Information.

5.4.6 Stock *M*arket *R*atios

- Definitions, types and characteristics of Stock Market Ratios (Dividend Yield, EPS, P/E Ratio, Dividend Cover, Earnings Yield, YTM etc.)
- The importance and use of stock market ratios

PART III: Working Capital Management

5.5 Working Capital Policy (3%)

- Working Capital Definition and Terminology
- Importance of Working Capital Management
- The Need for Funds for Investment in Current Assets
  - The Volume of Current Assets Required
  - Overcapitalization, Overtrading and Working Capital
- Working Capital Policy: Combining Current Assets and Current Liabilities Management
- The Control of Cash Flows
- Working Capital Requirements: Estimation Techniques and Financing

5.6 Cash, Liquidity and Marketable Securities Management (4%)

- The Cash Management Function
- Reasons for Holding Cash
- The Cash Cycle and Cash Conversion Period
- Efficiency of Cash Management
  - Understanding Float
  - Management of Cash Collections and Cash Disbursements
  - Investment of idle Cash
- Cash and Marketable Securities
- Balancing Cash and Marketable Securities: Determining the Target Cash Balance
  - The Baumol Model of Cash Management
  - The Miller-Orr Model of Cash Management
- Other Factors Influencing the Target Cash Balance
- Dealing with Cash Shortages

5.7 Credit Management and Policy (2%)

- The Creation of Accounts Receivable
- Credit Policy
  - Components of Credit Policy (Credit Terms, Credit Standards, Collection Policy)
  - Evaluating Changes in Credit Policy Variables
- The Role of the Credit Manager
- Credit Analysis

5.8 Inventory Management Systems and Models (2%)

- Determining the Inventory Investment
- The Financial ***M***anager and Inventory Policy
  - Types of Inventory
  - Inventory Costs
- Inventory Management Models
  - Deterministic Inventory Models: The EOQ Model
  - Stochastic Stock Models
- Materials Requirement Planning
- Just-in-Time Inventory

5.9 Financing of Working Capital Requirements (4%)

- Trade Credit and Accounts Payable
- Short Term Financing by Commercial Banks
- Bank Overdrafts
- Commercial Papers
- Bankers' Acceptance
- Factoring Accounts Receivable
- Comparison on Financing Alternatives

PART IV: Corporate Investment *D*ecisions

5.10 Capital Budgeting (12%)

5.10.1 Capital Budgeting: An Overview

- The Nature and Significance of Capital Budgeting Decisions
- The Capital Budgeting Process
  - Project Classifications
  - Generating Ideas for Capital Projects
  - Estimation and Presentation of Relevant Cash Flows
  - Changes in Net Working Capital and Winding-Up Considerations

5.10.2 Appraising Investment Projects

- Methods of Investment Appraisal: An Overview
  - Non-Discounted and Discounted Cash Flow Methods
- Specific Investment Appraisal Methods
  - The Return on Investment Method (Accounting rate of Return – ARR Method)
  - The Payback Period (PBP) [Non-Discounted and Discounted Payback]
  - The Net Present Value (NPV) Method
  - Adjusted Present Value (APV) Method
  - The Internal Rate of Return (IRR) Method
  - The Modified Internal Rate of Return (MIRR) Method
  - The Profitability Index (PI) Method
- Comparison of NPV and IRR Methods
  - The Reinvestment rate (Opportunity Cost) assumption
- Comparing Projects with Unequal Lives

5.10.3 Incorporating Project Risk and Capital Structure in Capital Budgeting

- Business Risk Defined
- Traditional Measures of Risk of Individual Projects: Standard Deviation
- Treatment of Risk in Capital Budgeting

5.10.4 Capital Budgeting and Inflation

- The Real rate and Money (Nominal) rate of Return
- The Effect of Inflation in Capital Budgeting
- Treatment of Inflation in Capital Budgeting

5.10.5 Capital Rationing

- Capital Rationing Defined
- Reasons and Types of Capital Rationing
  - Hard capital Rationing
  - Soft capital Rationing
- Treatment of Capital rationing Problem
- Single and Multi-period Capital Rationing
- Dividends and Capital Rationing

5.10.6 Asset Replacement Decisions

- Types of Asset Replacement Decisions
- Method of Deciding How Frequently an Asset Should be Replaced
  - Identical Replacement
  - Non-Identical Replacement
- The Lowest Common Multiple (LCM) Method and the Annual Equivalent Annuity (AEA) Methods

5.11 Investment in Securities and the Portfolio Theory (12%)

5.11.1 Portfolio Investment

- The Investment and Portfolio Management Process
- Objectives and Constraints of Various Investors
- Indifference Curves and Investors Preferences
- Investment Policies and Strategies
- The Theory of Portfolio Allocation
- Asset allocation across risky and risk-free assets [The Capital Allocation Line (CAL)]
- Portfolios and Portfolio Theory
- The Principle of Diversification and Portfolio Expected Returns and Risk
- Systematic and Unsystematic Risk
- Efficient Diversification: The Markowitz Portfolio Theory
  - The underlying assumptions
  - The minimum variance portfolio and the Efficient Frontier
  - The Capital Market Line (CML) and the separation property

5.11.2 The Security Market Line (SML) and the Capital Asset Pricing Model (CAPM)

- The SML and CAPM Defined
- Measuring and interpreting Market Risk and Returns
  - Systematic Risk and the CAPM
- Applications and limitations of the CAPM
- The CAPM and the Single index model
- The Beta Factor and the Alpha Value: Computations
- CAPM and Share Prices
- Gearing the Beta Values of Equity: CAPM and the MM-Propositions
- Geared and Ungeared Betas
- The Arbitrage Pricing Model

5.11.3 Portfolio Performance Evaluation

- Performance Measures, benchmarks and Risk Adjustment
- The Treynor, Jensen, and Sharpe Measures

PART V: Sources of capital and long-term financing decisions

5.12 The Cost of Different Sources of Capital (8%)

- An Overview of the Sources of Capital
- The Cost of Capital definitions and the concept of Opportunity Cost
- The Cost of Equity
  - Cost of Retained Earnings (Internal Equity)
  - Cost of Newly Issued Common Stock (External Equity)
  - Approaches to Estimation of Cost of Equity
- Cost of Debt
  - Taxation and the Cost of Debt
  - Cost of Redeemable and Irredeemable Debt
- Cost of Redeemable and Irredeemable Preferred Stock
- The Marginal Cost of Capital (MCC)
- The Weighted Average Cost of Capital (WACC)
  - Capital Structure Weights
  - Corporate Taxes and the WACC
  - Argument For and Against Using the WACC
- Special Problems
  - Private Companies and the Cost of Equity
  - Government Organizations and the Cost of Capital

5.13 Financial Leverage and Capital Structure Policy (8%)

5.13.1 Financial Leverage

- Basic Definitions
- The Theory of Financial Leverage
- Relationship of Financial Leverage to Operating Leverage
- Financial Leverage with Additional Investment

5.13.2 Capital Structure Policy

- Capital Structure: Basic Definitions
- Factors Influencing Capital Structure Decisions
- Capital Structure Theories
  - The Traditional Theory of Capital Structure
  - The net Operating Income View
- The Modigliani and Miller (M & M) Hypothesis on the Irrelevance of Capital Structure
- MM Propositions I and II Ignoring Taxes
- MM Propositions I and II With Taxes
- Bankruptcy Costs and Capital Structure
- Criticisms of the MM Framework

5.14 Capital Markets (6%)

- An Overview of Securities/Financial instruments
  - Debt instruments
  - Equity instruments
- The Role and Nature of Capital Markets
  - Primary and Secondary Markets
  - Dealers in the Stock Exchange: Market makers and Stock Brokers
  - Regulatory Framework and Dealing Mechanism on the Stock Exchange

- Capital Markets in Tanzania
  - Historical background and the need for Stock exchange in Tanzania
  - Role, Objectives, Functions, Operations and Benefits of Stock Exchange in Tanzania
  - Capital Markets Securities Authority (CMSA) –Role, Significance, Market Surveillance and Regulation of the Capital Market
- Share and Loan Capital Issues
  - Pricing for a Stock Market Launch
  - Right Issues
  - Issuance and Redemption of Loan Stock
  - Issuance and Redemption of Preferred Stock
- The Efficient Market Hypothesis
  - Various Degrees of Efficiency
  - How efficient are the Stock Markets?

5.15 Strategic Long Term Financing (4%)

- Leasing
  - Basis Definitions and Types of Leases
  - Rationale for Lease Finance
  - Evaluating Lease Financing
  - Factors Affecting Lease Decisions
  - Leasing versus buying decision
- Hire Purchase
  - Significance of Hire Purchase
  - Evaluating Hire Purchase Financing
  - Factors Influencing Hire Purchase Decisions
- Long Term Bank Borrowing
- Government assistance and International Borrowing

PART VI: Valuation and mergers and acquisition

5.16 Valuation of Securities and Businesses (8%)

6.16.1 Valuation of Common Shares and Businesses

- Reasons for Business and securities Valuation
- An overview of the business and share valuation methods
  - Balance sheet methods
  - Intrinsic (cashflow) valuation Methods
  - Market Multiples Valuation Methods
- Theories of Share Values
  - Fundamental Theory of Share Values
  - The Technical or Charting Theory of Share Values
  - The Random Walk Theory of Share Values
- Specific Methods of Valuing Shares
- Factors Influencing Share Values
- Valuation of Shares in Practice

5.16.2 Valuation of Bonds and Preferred Stock

- Valuation of Different Types of Bonds
- Valuation of Different Types of Preferred Stock

5.17 Mergers and Acquisitions (8%)

- An overview and meaning of the Terminologies
- Rationale for Mergers and Acquisitions
- Procedures and Regulations in Mergers and Acquisitions

- Valuing the Target Firm
  - Synergies from Mergers and Takeovers
  - The Net Present Value of a Merger or Acquisition
- Methods of payment and Financing Mergers and Acquisitions
- The Position of Shareholders
  - Sharing the synergistic benefits among the different groups of the shareholder
  - Share price, EPS and P/E ratio Before and After the Merger or Takeover
- Corporate restructuring and De-mergers

PART VII: Retained earnings and dividend decisions

5.18 Retained Earnings and Dividend Policy (4%)

- Dividend Policy: Basic Definitions
- Establishing a Dividend Policy
  - Factors Influencing the Choice of a Dividend Policy
  - Types of Dividend Policy
- Dividend Theories: The Relevance versus Irrelevance of Dividend Policy
  - The Irrelevance Argument: M & M Hypothesis
  - The Tax Preference Theory
  - Liquidity preference and the bird-in-the-hand hypothesis
  - The signalling Hypothesis
  - The Clientele Effect
  - The Case in Favour of the Relevance of Dividend Policy
  - Dividend Growth and Market Value – the Gordon's and Walter's Models
- Stock Dividends and Stock Splits
- Stock buyback schemes

6.0 References

6.1 Main Readings

Arnold, Glen, 2008, *Corporate Financial Management:* 4th Edition, Prentice-Hall

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ACCA, 2007, Study Text, *Strategic Financial Management*, Part 3, Paper 3.7, ACCA.

Lumby, Steve, Jones, Chris, 2003, *Corporate Finance – Theory and Practice*, 7th Edition: Thomson

6.2 Supplementary readings

Reilly, Frank K., and Brown, Keith C. 2005, *Investment Analysis Portfolio Management*: Thompson Southwestern.

Tony Daries, Brian Pain, 2002, *Business Accounting and Finance*: McGraw-Hill

Ross, Stephen A. Westerfield Randolph, and Jordan, Bradford D., 2008, *Essential Corporate Finance* **:** TATA McGraw Hill

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Brealey, A. and. Myers, Stewart C., 2007, *Principles of Corporate Finance,* 8th Edition: McGraw-Hill Inc.

P14 – Entrepreneurship

Contact hours: 100 hours

1.0 Course description and aims

The aim of the subject is to introduce to candidates the basic framework for understanding the whole process of entrepreneurship and developing theoretical and practical capabilities in creation, development and operation of entrepreneurial ventures.

2.0 Subject objectives

The main objectives of the subject include:

- Introducing to candidates concepts and framework of entrepreneurship
- Developing appreciation of theories that have been proposed to explain entry and success in business
- Imparting necessary skills in establishing, managing and facilitating growing business ventures
- Enabling students to identify the challenges faced by entrepreneurs and the ways of meeting them in a competitive business environment
- Developing appreciation of the role of business networks and building capabilities in using those networks to enhance performance of entrepreneurial ventures.

3.0 Subject learning outcomes

After completing this subject students will be able to;

- Interpret and apply entrepreneurship principles and theories in emerging, surviving and growing ventures.
- Acquire entrepreneurial tendencies and inclination to behave in a more enterprising manner
- Develop preference to entrepreneurship.
- Portray innovativeness and creativity in identifying business opportunities, deciding on ventures to start and operating the business
- Tackle the challenges facing entrepreneurs in the competitive environment
- Establish and use networks to enhance business performance

4.0 Subject teaching and learning *Strategies*

- Lectu***ring***
- Case studies
- Speeches by practicing entrepreneurs
- Seminar presentations
- Group and individual assignments
- Group discussions
- Reading relevant references

5.0 Subject contents

5.1 Nature and Scope of Entrepreneurship (15%)

- Meaning of entrepreneur and Intrapreneur
- Comparison of the business owner, manager and entrepreneur
- Evolution of entrepreneurship
- Myths of entrepreneurship
- Characteristics of successful entrepreneurs
- Developing creativity and understanding innovation
- Developing entrepreneurship skills
- Entrepreneurial decision process
- Risks and rewards of entrepreneurship
- Role of entrepreneurship in economic development

5.2 Theories of Entrepreneurship (10%)

5.2.1 Theoretical explanations of entrepreneurial behaviour

- Psychological explanations
- Sociological explanations
- Socio-economic background factors

5.2.2 Approaches to entrepreneurship

5.2.2.1 School of thought approaches

- Macro view
- Micro view

5.2.2.2 Process approaches

- Entrepreneurial event approach
- Entrepreneurial assessment approach
- Multi-dimensional model

5.2.3 Entrepreneurial Planning (15%)

5.2.4 Environmental assessment

5.2.5 Recognizing and evaluating business opportunities

5.2.6 Generation of business ideas

5.2.7 Marketing research for entrepreneurs

- Meaning of marketing research
- Importance of marketing research in entrepreneurial planning
- Marketing research process
- Inhibitors to marketing research

5.2.8 Developing an effective business plan

- Meaning of business planning
- Pre-requisites for developing an effective business plan
- Components of a sound business plan
- Presentation of the business plan
- Limitations to developing an effective business plan

5.2.9 Initiating Entrepreneurial Ventures (10%)

5.2.9.1 New venture assessment

- Pitfalls in selecting new ventures
- Reasons for failure of new ventures
- Critical factors in assessing new ventures
- Legal issues related to new ventures

5.2.9.2 Sources of capital for entrepreneurs

5.2.9.3 Structuring the new business venture

5.3 Managing Growth and Development of Entrepreneurial Ventures (15%)

5.3.1 Strategic planning for entrepreneurial ventures

- Meaning of strategic planning
- Importance of strategic planning
- The strategic planning process

5.3.2 The venture life cycle

5.3.3 Meaning and nature of venture growth

5.3.4 Types/forms of small firms growth

5.3.5 Venture expansion opportunities

5.3.6 Entrepreneurial challenges for growth

5.3.7 Management succession and continuity
- Family business perspective
- Nature of family business succession
- Developing an effective succession plan

5.3.8 Contemporary Issues in Entrepreneurship (15%)

5.3.9 International opportunities for entrepreneurs
- Reasons for internalization of small ventures
- Sources of global opportunities for entrepreneurs
- Methods of going international

5.3.10 Total Quality Management (TQM)
- Meaning of TQM
- Importance of TQM for entrepreneurs

5.3.11 Ethical and social responsibilities challenges for entrepreneurs
- Importance of ethics for entrepreneurs
- Ethical challenges facing entrepreneurs
- Nature of social responsibility
- Merits and demerits of social responsibility.

5.3.12 Small Businesses (10%)
- Definition of small businesses
- Features of Micro, Small and Medium Sized Enterprises (MSMEs)
- Role and significance of MSMEs sector (a case of Tanzania)
- Problems faced by MSMEs
- Possible solutions to the problems of MSMEs
- Similarities and differences between male and female owned MSMEs in Tanzania

5.8 Business Networks and Entrepreneurship Development (10%)

5.8.1 Meaning of Networks

5.8.2 Types of networks:
- Social networks
- Organisational networks

6.8.3 Role of Networks in the entrepreneurial development

6.0 Subject references

6.1 Main readings

Lawrence, Annet, Weber, James, 2005, *Business and Society*, 11th Edition: McGraw-Hill

Westhead, Paul 2006, *Entrepreneurship*: Financial Times/Prentice Hall

Kuratko, D.F. and Hodgetts R.M. 2004, *Entrepreneurship a Contemporary Approach*: Dryden.

Mbura, O.K., 2004, *The Role of Entrepreneurial Networks in the Marketing Information Acquisition of the Small Sized Enterprises in Tanzania. A licentiate Thesis*: UMEA University, Sweden

Olomi D.R., 2003, *Entrepreneurship and Small Business Development*; A Tanzanian Perspective: Unpublished Manual

Longenecker- Moore – Petty, 2003, *Small Business Managemen*t – *An Entrepreneurial Emphasis*, 12th Edition: Thomson.

Hirsch, R.D. and Peters M.P., 2005, *Entrepreneurshi*p, 6th Edition: TATA McGraw Hill

Baron, Robert A., Shane, Scott A., 2005, *Entrepreneurship: A Process Perspective*: Thomson, South-Western.

Thomas W. Zimmerer and Norman M. Scarborough, 2008, *Essentials of Entrepreneurship and Small Business Management,* 5th Edition

Robert D. Hisrich, Michael P. Peters and Dean A. Shepherd, 2005, *Entrepreneurship,* **6th** Edition.

Peggy A. Lambing and Charles R. Kuehl, 2007, *Entrepreneurship,* 4th Edition.

6.2 Supplementary readings

Hitt, M.A. Ireland, R.D., Camp, S.M. and Sexton, D.L., 2002 *Strategic Entrepreneurship: Integrating Entrepreneurial and Strategic Management Perspectives*. Blackwell Publishers.

Holt, D.H., 2002, *Entrepreneurship: New Venture Creation*.

Burns, P., 2001, *Entrepreneurship and Small Business* : Pal Grave, New York

Sexton, D.L. and Landström, 2000, The Blackwell Handbook of *Entrepreneurship*. The Blackwell Business.

P15 – Financial Reporting II

Contact hours: 120 hours

1.0 Subject description and aims

To build on the basic techniques in subject P.09 Financial *Accounting* II to ensure that students can exercise judgment and apply appropriate techniques in corporate reporting matters encountered by accountants in practice. Students will be required to apply this understanding by preparing and interpreting financial reports in a practical context.

2.0 Subject objectives

The objective of this paper is to equip students with the knowledge on specialized topics such as executorship, bankruptcy, and preparing *corporate financial reports and public sector reports for publishing.*

3.0 Subject learning outcomes

On completion of the subject students should have the knowledge and ability to:

- analyze financial statements and prepare a report suitable for presentation to a variety of users
- evaluate current practice in the context of the needs of users and the objectives of financial reporting *guided by the International Financial Reporting Standards.*
- evaluate current developments in corporate reporting in the context of their practical application, implications for corporate reporting, and the underlying conceptual issues

4.0 Subject teaching and learning strategies

- Lecturing
- Case Studies
- Seminar presentations
- Group and individual assignments

5.0 Subject contents

5.1 Accounting for foreign transactions of entities**.** **(15%)**

- Accounting for foreign currency transactions; (IAS 21)
- Accounting for foreign exchange gains and losses; (IAS 21)
- Accounting for foreign Entities; (IAS 21)
- Hedge accounting for foreign currency items. (IAS 39)

5.2 Accounting for reconstructions **(20%)**

5.2.1 Internal Reconstructions

- Principles of capital reduction and reconstruction
- Accounting entities
- Accounting statements arising from capital reduction and reconstruction exercise

5.2.2 External Reconstructions

- Laws relating to bankruptcy, liquidation, and receiverships (Individuals, Partnerships, and Companies);
- Legal procedures and accounting aspects of winding up;
- The accounts of receivers and managers.

5.3 Executorships and Trust Account **(15%)**

5.3.1 Executorships

- Laws relating to Executorships
- The will or intestacy
- Executors and administrators
- Appointment and value of property

- Distribution of the estate:
- Creditors
- Beneficiaries
- Books of account

5.3.2 Trusts and Trustees

- Trusts
- Trustees
- Trust Account
- Income Tax (Income Tax Act 2004)

5.4 Preparations and Presentations of Financial Statements (20%)

5.4.1 Corporate Financial Reports

- Published income statement (IAS 1)
- Published Balance sheet (IAS 1)
- Statement of changes in equity (IAS 1)
- Notes on the Published accounts (IAS 1)
- Published Cash Flow Statements (IAS 7)
- Other reports (e.g. Directors/Chairman Statement)

5.4.2 Public Sector Reports

- Financial statements of Local Government Authorities;
- Financial Reports of Central Governments.

5.4.3 Interpretations of Financial Statements

- Techniques of Analyzing Financial Statements;
- Report Writing.

5.4.4 **Valuation of Shares and Business (10%)**

- Basis of valuation (assets and earnings).
- Book/market values and treatment of tangible and intangible assets including goodwill.
- Valuation of majority and minority shareholdings.

5.4.5 Accounting treatment for the following specific international accounting Standards. (20%)

- Non Current Assets held for sale (IFRS 5)
- Accounting policies, Changes in Accounting Estimates and Errors (IAS 8)
- Events after Balance Sheet Date (IAS 10)
- Accounting for Government Grants and disclosure of Government Assistance (IAS 20)
- Earnings per Share (IAS 33)
- Interim Financial Reports (IAS 34)
- Impairment of Assets (IAS 36)

6.0 Subject reference

6.1 Main readings

Killagane, Yona, S.M., 2006, *Financial Accounting for Professional Students* – Vol. 2: NBAA

International Accounting Standards Board, 2009, *International Financial Reporting Standard and International Accounting Standards*: IASB

Barry Elliott and Jamie Elliott, 2009, *Financial Accounting and Reporting*: 13th Edition, Prentice Hall.

Tony Boczko, 2007, *Corporate Accounting Information Systems*: Financial Times/Prentice Hall.

Shapiro, Alan C., 2006, *Multinational Financial Management,* 8th Edition: John Wiley & Sons Australia Ltd.

Alexander, D., Britton, A., Jorissen, A., 2009 *International Financial Reporting and Analysis*, 2nd Edition, Thomson Learning.

Alfredson, K., Leo, K., Picker, R., Pacter, P., Radford J., *Applying International Accounting Standards*, J. Wiley

Clare Finch, 2008, *A Student's guide to International Financial Reporting Standards:* 2nd Edition.

IFRS for SME's, 2009.

6.2 Supplementary Readings

Mndolwa, E.B., Kashonda, M.A. and Binamungu, C.S., 2000, *Liquidation Law and Practice in Tanzania Main Land* : Mzumbe Book Project.

The United Republic of Tanzania, 2000: The Local Government Finance Act: Government Printer.

P16 – International Finance

Contact hours: 175 Hours

1.0 Subject description and aims

Firms with operations in more than one country face arrays of challenges. Not only that they have to deal with different legal systems but more importantly a good portion of their transactions is denominated in currencies other than that of their residential country. This leads to, among other things, a higher level of risk which, if not properly addressed can easily cause the firm to collapse. The growth of international business, the increasing integration of world financial markets and the current wave of globalization provide the justification for a course devoted to financial management of a business firm in an international environment. This subject covers issues related to both the financial operations of a firm within the international environment and international financial markets.

The subject therefore aims at building on P.13 (Corporate Finance) by giving the process of planning for, acquisition and utilization of funds, and returning funds to the providers of such funds on international perspective.Students shall be provided with a framework for making corporate financial decisions in a global context and apply financial tools and techniques to solve real-life financial decisions facing multinational firms.

2.0 Subject objectives

Specific objectives of the subject include:

- Equipping students with good background knowledge of financial management of firms in an international context as well as exposing them to pertinent theories, concepts and operations of the international financing environment.
- Exposing students to the basic global financial and economic issues as well as the international dimensions of the corporate investment and financing decisions, the risks and challenges involved and how to manage them.
- Providing the students with an exposure to international monetary systems and financial markets with an intention of making them acquire the ability to merge the modern challenges of business and finance in the current environment of trade liberalization and globalization.

3.0 Subject learning outcomes

Students are expected to enhance their knowledge and comprehension of financial management of a business in a global environment. The expected learning outcomes of this subject therefore to be reflected in the ability of the students to:

- Understand the global financial and economic environment and influences on the operations of multinationals.
- Understand the various types of risks faced by firms engaged in international business and the alternative techniques to use in order to manage such risks.
- Evaluate the economic benefits or consequences of strategic investment and financing decisions.
- Observe ethical issues on international business operations.

4.0 Subject teaching and learning strategies

- Lecturing
- Tutorials and Seminar Presentations
- Group discussions
- Case studies
- Group and individual assignments

5.0 Subject contents

5.1 Part I: The International Financial and Economic Environment

5.1.1 An Introduction to International Finance (5%)

- The Meaning and Importance of International Finance
- Indicators of Internationalization of Finance
- Reasons to Study International Finance
- International Finance and the Role of the Financial Manager

5.1.2 The International monetary system (6%)

- An Overview of the Evolution of Modern International Monetary System
  - The Classical Gold Standard
  - Bretton Woods Agreements (1944-1973)
  - Managed Floating System and the G-7 Council
  - European Monetary System and the Euro
  - The Future of the International Monetary System
- Exchange Rate Regimes
  - Flexible exchange Rate System
  - Fixed Exchange rate System
  - Other Exchange rate Systems
  - Different Policy Tools: A Comparison of Fixed and Flexible Exchange Rate Regimes
  - Central Bank Intervention in Exchange Rates
- Tanzanian Exchange Rate Policy and Practice

5.1.3 The economics of the foreign exchange market (6%)

- Definition, Characteristics and Geographical Extent of the Foreign Exchange Market
- Organization and Functions of the Foreign Exchange Market
- Players and Activities in the Foreign Exchange Markets
- The Foreign Exchange Swap Markets
- Correspondent Banking Relationships
- The Spot Market
  - Meaning and Functions of the Spot Market
  - Spot Foreign Exchange Trading
  - Direct and Indirect Spot Quotations
  - The Bid-Ask Spread
  - Cross Exchange Rate Quotations and Triangular Arbitrage
- The Forward Market
  - Meaning and Functions of the Forward Market
  - Foreign Exchange Trading in the Forward Market
  - Forward Rate Quotations
  - Forward Premium and Forward Discount
  - Forward cross Exchange Rates
- Swap Rates and Outright Rates

5.1.4 The Economics of International Finance (10%)

- Parity Relationships in International Finance: Meaning and Significance
- Arbitrage Conditions in International Finance
- The Purchasing Power Parity (PPP)
- The Fisher Effect (FE)
- The International Fisher Effect (IFE)

- The Interest Rate Parity (IRP)
  - Interest Rate Parity and the Forward Differential
  - Covered and Uncovered Interest Arbitrage
  - Inward and Outward Interest Arbitrage
  - IRP and Exchange Rate Determination
- The Forward Rates as Unbiased Predictors of Future Spot Rates
- The Balance of Payment Approach to Exchange Rate determination

5.1.5 Market efficiency, exchange rate determination and forecasting (10%)

5.1.5.1 Foreign Exchange Market Efficiency

- The Concept of Market Efficiency
- Spot, Forward and Cross Sectional Efficiency
- Levels of Market Efficiency
  - The Weak Form of Efficiency
  - The Semi Strong Form of Efficiency
  - The Strong Form of Efficiency

5.1.5.2 Exchange Rate Determination

- Structural Models of Exchange Rate Determination
  - Balance of Payment (BOP) Approach
  - The Absorption Approach to the Balance of Trade
  - The Monetary Approach to the BOP
- Assets Approach
  - Simple Monetary Approach Model
  - Sophisticated Monetary Approach Model
- Central Bank Intervention
- Factors Affecting the Tanzanian Shilling Exchange Rate

5.1.5.3 Exchange Rate Forecasting

- The Need for Exchange Rate Forecasting
- Approaches to Forecasting Exchange Rates
  - The Fundamental Approach
  - The Technical Approach
- Forecasting Floating Exchange Rates
- Forecasting Fixed Exchange Rates
- Basic Forecasting Models
  - Econometric Forecasting Models
  - Time Series Forecasting Models
  - Forecasting Using a Combination of Methods
- Forecasting Performance Evaluation

5.2 PART II – Global Corporate Management

5.2.1 Corporate foreign exchange risk management (18%)

5.2.1.1 Corporate Exposure Management Policy

- The Risk Management Process
- Objective of Hedging Policy

5.2.1.2 Foreign Exchange Risk Management: Overview

- Corporate Exposures to Exchange Rates: Why and How?
- Measuring Exchange Rate Exposures
- Economic Consequences of Exchange Rate Exposure
- Types of Foreign Exchange Exposures

5.2.1.3 Transaction Exposure Management

- Measurement of Transaction Exposure
- Transaction Exposure Management Techniques
  - Internal Techniques
  - External Techniques

5.2.1.4 Translation Exposure Management

- Meaning of Translation Exposure
- Measuring Translation Exposure
- Technical Aspects of Translation
- Translation Methods
- Hedging Translation Exposure

5.2.1.5 Economic/Operating Exposure Management: Techniques

- The Meaning of Economic/operating Exposure
- Measuring Economic Exposure
- Techniques for Managing Economic Exposure

5.2.1.6 Derivative markets and derivative instruments

5.2.1.7 Overview of Derivative Markets and Instruments

- Definitions and Specifications
- Regulation of Derivative Markets
- Uses of Derivative Instruments

5.2.1.8 Currency and Interest Rate Futures

- Futures Markets: Some Preliminaries
  - Futures and the Problematic Properties of Forward Contracts
  - Types of Futures Contracts
  - Comparison of Forward and Futures Markets
  - Major Features of Futures Contracts
  - Contracts and Trading Process
  - The Value of a Futures Contract
- Currency Futures
  - Definition and Specification
  - Uses of Currency Futures: Hedging and Speculation
- Interest Rate Futures
  - Definition and Specification
  - Categories of Interest Rate Futures
  - Uses of Interest Rate Futures

5.2.1.9 Currency and Interest Rate Swaps

- Swaps and the Swaps Market: Some Preliminaries
  - Swaps: Some Useful Definitions
  - Emergence of the Swap Market
  - Economic Motives for Swaps (Risk Sharing, Arbitrage and market Completion)
  - Organization of the Swap Market
  - Size of the Swap Market
- Currency Swaps
  - Types of Currency Swaps
  - Mechanics of Currency Swaps
  - Valuation of Currency Swaps
- Interest Rate Swaps
  - Types of interest Rate Swaps
  - Mechanics of Interest Rate Swaps
  - Valuation of an Interest Rate Swap

5.2.1.10 Currency and Interest Rate Options

- Options and Options Markets: Preliminaries
  - Basic Concepts
  - Types of Options
  - Uses of Options
- Options Market Structure: Exchange Traded and OTC Options
- Currency Options
  - Currency Options Defined
  - Markets, Contracts, Trading Process and Information
  - Pricing Currency Options
  - Uses of Currency Options
  - Advantages of Currency Options
- Interest Rate Options
  - Definitions and Types
  - Interest Rate Cap and Interest Rate Floor
  - Interest Rate Collar

5.3 Part III: The global investment and financing decisions

5.3.1 Foreign Direct Investments (FDI) (8%)

- Foreign Direct Investment: Overview
- Global Trend in Foreign Direct Investment
- Theories of Foreign Direct Investment
- Foreign Direct Investment and the Growth of Multinationals
- Why Do Multinational Invest Overseas?
- How to Invest Abroad: Modes of Involvement
- Foreign Direct Investment in Developing Countries
- Foreign Direct Investment and Country Risk
- Advantages and Disadvantages of FDI to Host Countries
- Foreign Direct Investment in Tanzania

5.3.2 International capital budgeting decisions (12%)

5.3.2.1 Review of Domestic Capital Budgeting

- The Capital budgeting Process
- Review of the NPV Approach, the Adjusted Present Value (APV) Framework and other Capital Budgeting techniques

5.3.2.2 Project Appraisal in the International Context

- Domestic Capital Budgeting versus International Capital Budgeting
- Foreign Complexities
- Capital Budgeting: Parent Perspective versus Subsidiary Perspective
- Centralized versus Decentralized Capital Budgeting
- The NPV Approach to International Capital Budgeting
  - Adjusting Cashflows
  - Adjusting the discounting factor
- Risk Adjustment in International Capital Budgeting Analysis
- Sensitivity Analysis

5.3.3 International Portfolio Investment and Diversification (12%)

5.3.3.1 Review of Domestic (Conventional) Portfolio Theory and the CAPM

- Portfolio Risk and Return
- Portfolio Diversification
- The Domestic Capital Asset Pricing Model (DCAPM)

5.3.3.2 Portfolio Theory and International Capital Asset Pricing Model (ICAPM)

- International Portfolio Diversification versus Domestic Portfolio Diversification
- International Portfolio Risk and Return
- The Benefits of International Portfolio Diversification
- Optimal International Portfolio Selection
- Effect of Exchange Rate Fluctuations
- International Capital Asset Pricing Model

5.3.3.3 Investment in Foreign Corporate Securities

- International Bond Investment
- International Equity Investment

5.3.3.4 International portfolio management

5.3.4 Global Financing Decisions (13%)

5.3.4.1 International Banking Issues

- The Reasons and Need for International Banking
- The Organizational Set Up of International Banking
- International Banking Operations and Activities
- Banking Operations in Tanzania: An Overview

5.3.4.2 The International Money Market

- Internal versus External Financing
- Why Foreign Currency Financing
- Implications of International Parity Conditions
- Euro Currency Markets: Evolution and Growth
- Financing with a Portfolio of Currencies

5.3.4.3 The International Capital Market

- International Bank Loan Financing
- International Bond Financing
  - Euro Market Structure and Practices
  - Foreign Bonds and Euro Bonds
- International Equity Financing
  - International Equity Market: Structure and Trading Practices
  - Trading in International Equities
  - Factors Affecting International Equity Returns
  - Cross listing of Securities
- The Global cost of capital and Financial Structure

6.0 Subject references

6.1 Main readings

ACCA 2007 Text, *Strategic Financial Management,* Part 3, Paper 3.7, ACCA: Kaplan Publishing

Oswald R. Mutaitina, 2003, *International Trade Finance Bankers* Workbook Series: The Tanzania Institute of Bankers.

V.K. Khalla S. Shiva Ramu, 2004, *International Business* 8th Revised Edition: Anmol Publications PVT Ltd.

Adrian Buckley, 2004, *Multinational Finance* 5th Edition: Prentice Hall India

Eiteman, D. K., Stonehill, A. I., and Moffett, M. H., 2007, *Multinational Business Finance:* 10th Edition, Addison Wesley Longman,

Madura, J., 2003, *International Financial Management* 7th Edition, South-Westen,

Richard Pike, Bill Neale, 2005,*Corporate Finance Investment 5th Edition*: Financial Times/Prentice Hall

Chandra, Prasanna, 2005, *Investment Analysis and Portfolio Managemen*t 2nd Edition: TATA McGraw Hill

The United Republic of Tanzania, 2004, *Public Finance Act and Regulations:* Government Printer.

Bakar R. Bakar, 2009, *International Finance:* 2nd Edition.

6.2 Supplementary readings

Ross Westerfield Jaffe, 2008, *Corporate Finance*, 8th Edition: Tata McGraw.

Eun, C. S. and Resnick, B. G., 2004, *International Financial Management* 3rd Edition*:* Irwin,

Glen Arnold 2007, *Essentials of Corporate Financial Management*: Financial Times/Prentice Hall

Levich, R. M., 2001, *International Financial Markets*, 2nd Edition: McGraw-Hill

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P17 – Public Finance and Taxation

Contact hours: 150 hours

1.0 Subject description and aims

This subject provides students with a comprehensive knowledge for the need of public goods and services and tax revenue sources of the government that is used to finance provision of public goods and services to the society. Tax assessment, collection and accounting for such revenue are part of this course. Students will be required to apply different tax statutes in use to be able to handle tax cases once they finish this course. The subject is specifically designed to broaden students' tax horizons in handling the increasingly complex and fascinating world of advanced tax practice.

Therefore the aim of this subject is to prepare students for professional undertakings in public as well as private sectors and comply the with day to day tax requirements of the country. Students are expected to develop a knowledge and comprehension of the variety of forms and structures of public sector bodies and the environment within which they operate. They should also analyze the nature of policy making process in various public bodies (MDAs).

2.0 Subject objectives

The objective of this subject is to provide students with a comprehensive knowledge of public finance and taxation, government sources of revenue and government expenditure, tax assessment, collection and accounting for such revenue are part of this course.

3.0 Subject learning outcomes

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

- Apply the Tanzanian tax laws in assessing the affairs of various taxpayers.
- Apply provisions relating to offences under domestic revenue laws.
- Apply principles derived from decided tax cases.
- To examine the relationship between the different levels of organization within the Public Sector and the effects of their policies on one another
- To describe the range of taxation opportunities open to government and preserve discussion for their relative advantages in meeting the government's taxation objectives
- Evaluate the tax implications of business decisions and analyze the impact of government fiscal measures on industry and economy
- To enable students comprehend and appreciate the concept of voluntary compliance
- To calculate the income tax and discuss implications of the tax liability of a taxable person and select tax-efficient strategies.
- To identify and evaluate different tax planning scenarios
- To identify and evaluate different tax concessions stipulated in the Schedules to the Tax Laws.
- To explain the general objective, role and advantages of the Customs Union and the influences upon Partner States' systems of taxation
- To recognize when ethical, legal and professional issues arise in performing Customs work and determine how to act appropriately
- To explain the structure of Common External Tariff (CET) and the Customs procedures
- To equip the students with the basic knowledge of Customs Valuation and lay a concrete base for their future Customs Laws carrier
- To explain the role and key functions of the Tax Revenue Appeal Tribunal
- To prepare students understand the process for dealing with appeal
- To explain the role of the Tax Revenue Appeal Board

- To describe Legal framework governing taxation in the country
- To identify and evaluate different tax planning scenarios
- To enable students identify the chances of tax evasion and avoidance and widen their skills upon how those chances could have been curbed.

4.0 Subject teaching and learning strategies

- Lecturing
- Case Studies
- Seminar presentation
- Group and Individual assignments

5.0 Subject contents

5.1 Introduction to Public Finance and Taxation (20%)

5.1.1 Definitions

- Public Finance
- Optimal tax system
- Incidence of taxation
- Taxable capacity
- Tax base and tax yield

5.1.2 Market imperfections and the role of government.

- Monopoly and Antitrust Policy.
- Monopolistic Competition and Oligopoly.
- Externalities, Public Goods, Imperfect Information, and Social Choice.

5.1.3 The economic role of the government

- Government intervention
- Government expenditure
  - Types/classification of government expenditure
  - Factors influencing a country's size of government expenditure
- Government revenue
  - Reasons for taxation
  - Classification of taxes
  - Principles/canons of taxations
  - Effects of taxes on the economy
  - Non-tax revenue
- Government budget
  - Budget policies (Budgeting for surplus, deficit)
  - Public sector borrowing requirement (PSBR) and public sector debt) repayment (PSDR)
  - Financing government budget deficit
  - Public debt (causes, Burden of debt, initiatives to reduce debt)
- Government expenditure Vs Revenue/taxation
  - Impact of fiscal policy on aggregate demand and aggregate supply
  - Impact of expansionary fiscal policy (the Basic Keynesian model, Crowding-Out model, New classical model and Supply model)
  - Relationship between budget deficits, inflation and interest rates

5.1.4 National income accounting

- National income concepts: GDP, GNP, NDP, NNP
- Methods of estimating national income
- Problems in measuring national income
- Usefulness of national income statistics
- National income and welfare

5.2 Taxation (25%)

5.2.1 Taxation theory

- Optimal tax theory with specific reference to literatures by Adam Smith, Atkinson and Stiglitz, Corlet and Hague, Frank Ramsey etc (Cardinal of efficient tax system)
- Tax incidence and classification of taxes
- Taxable capacity, tax base, tax rate and tax yield (progressive, regressive and proportional taxes)
- The nexus of tax administration (efficient Vs effective tax administration)

5.2.3 Income Tax Act, 2004

5.2.3.1 Imposition of Income and Income Tax base

- Total income
- Repatriated income
- Final withholding payments.
- Residential Status vs. Scope of Chargeability
- Residence:
  - Resident individual
  - Resident partnership
  - Resident trust
  - Resident Corporation

5.2.3.2 Determination of Employment Income

- Meaning
- Inclusions
- Exclusions
- Exemptions
- General rules of deductions
- Specific deductions
- Calculation of Employment Income

5.2.3.3 Determination of Business Income

- Meaning
- Inclusions
- Exclusions
- Exemptions
- General rules of deductions
- Specific deductions/Tax deductible-expenditure
- Depreciation allowances
- Realization of Business assets
- Calculation of Gains and Losses

5.2.3.4 Determination of investment Income

- Meaning
- Inclusions
- Exclusions
- Exemptions
- General rules of deductions
- Specific deductions/Tax deductible-expenditure
- Investment incentives
- Realisation of Investment assets
- Calculation of Gains and Losses

5.2.3.5 Tax payment procedures and assessments

- Estimated tax payable
- Foreign income tax relief
- Returns of income(personal exempted to file returns, due date, Documents to accompany the tax return, extension of time)
- Withholding taxes
- Self-assessment, Jeopardy assessment, adjusted assessment and assessment of interests and penalties.

5.2.3.6 Collection and Enforcement

- Late payment of tax
- Interest for underestimated tax
- Income tax payable by installment
- Methods of enforcement
- Offences under Income Tax Act, 2004

5.2.3.7 Taxation of Special Industries

- Insurance
- Mining
- Farming
- retirement savings
- charitable organizations
- clubs and trade associations

5.2.3.8 Transitional Provisions

5.3 Value Added Tax (VAT) (25%)

5.3.1 Introduction to VAT (Theory and Practice)

- Meaning, nature and the importance of VAT
- Types of VAT(Consumption, Gross-product, and Income type VAT)
- Criticism against VAT/Argument for and against VAT

5.3.1 Value Added Tax (VAT)

- Registration/Deregistration
- Input tax and out put tax
- Accounting for tax and lodging of returns
- Enforcement
- Offences and penalties

5.3.2 Imposition and Liability to VAT

- classification of goods and services
- (Taxable, zero-rated and exempt supplies, and VAT-Special Relief)

5.3.3 Registration of Taxable persons and place of supply

- VAT-registration Threshold
- Registration of Branches
- Post registration events

5.3.4 Taxable Value, Time and Place of Supply

- Taxable value of local supplies
- Taxable value of imported articles
- Time of supply of local supplies
- Time of supply of metered goods and services
- Time of supply of imports
- Place of Supply

5.3.5 Accounting for Output tax
- Tax invoices
- Receipts Retail Schemes
- Electronic Cash registers

5.3.6 Calculating input tax Vs Output tax
- Non-creditable input tax
- Partially exempt traders
- Apportionment of input tax

5.3.7 VAT monthly returns, record keeping and assessments
- Due date of lodging returns
- Penalties on late lodgment
- Interest on late payment
- Late lodgment as an offence
- Record keeping and nature of records to be kept for VAT purposes
- VAT assessment

5.3.8 Repayment of input tax
- circumstances of repayments
- certificate of genuineness
- security on repayments
- interest on late repayments

5.3.9 Schemes for obtaining undue tax benefits

5.3.10 Offences
- Types of offences
- Compounding of offences

5.3.11 Cancellation of registration
- causes of cancellation
- the effects of cancellation
- output tax adjustments
- input tax adjustments

5.4 Tax avoidance, planning and evasions (5%)

5.4.1 Anti-evasion and avoidance provisions
- Anti-avoidance doctrines (sham transactions, economic purpose doctrine, step-transactions, Form and substance doctrine)

5.4.2 Multinational tax evasion and avoidance

5.4.3 International Tax information
- Double taxation Treaties (role and treatment of International transactions)
- Transfer Pricing
- Thin Capitalization

5.5 Customs (20%)

5.5.1 East African Customs Union
- The features and implications of the Customs Union
- The Customs Union and other Regional Trade Arrangements
- The principle of Asymmetry
- The principle of Cumulative Treatment

5.5.2 Customs Laws, Enforcement procedures and Importation

5.5.3. The EAC Customs Union Protocol & the EAC Customs Management Act, 2004
- importation within the Partner States

- Rules of Origin
- Prohibited and Restricted goods
- Destination Inspection
- Departure and clearing of aircraft and vessels
- Importation by Post
- Entry, Examination and delivery of goods
- Draw back, remission, refund and rebate
- Warehousing procedure
- Exportation
- Prohibited and Restricted exports
- Procedures on exportation
- Exportation by Post
- Coastwise and Transfer Trade

5.5.4 Customs Valuation

- Agreement on Customs valuation
- Method 1 to VI of Customs Valuation
- Dispute Settlement

5.5.5 Transit Charges Act,

5.5.6 The Excise Tariff Ordinance (Cap 332)

5.5.7 Enforcement and Preventive Services (Surveillance and preventive sercices, powers of the officers and Boarding and rummaging of vessels and aircrafts

5.6 Objections and Appeals (5%)

5.6.1 Tax Revenue Appeals Act, 2000

5.6.1.1 Notice of Objection

- Conditions for a valid notice of objection
- Powers to accept or reject notice of objection

5.6.1.2 Appeals

- Appellant authorities (Tax Revenue Appeals Tribunal/Board)
- Decisions liable to appeal
- Appeal procedures
- Finality of assessment

6.0 Subject references

6.1 Main readings

Mponguliana, R.G., 2005, *The Theory and Practice of Taxation in Tanzania* 2nd Edition

Bhatia, H. L., 2003, *Public Finance* 24th revised Edition

Musgrave, Richard A. and Musgrave, Peggy B., 2004, *Public Finance in Theory and Practice* 5th Edition: Tata McGraw Hill

The United Republic of Tanzania, *2004, Income Tax Act:* Government Printer

The United Republic of Tanzania, 2004, *The Income Tax Regulation: Government Printer*

Kessy, Nicholaus J. 2003, *The Money and Financial System* – Bankers workbook series: The Tanzania Institute of Bankers

East Africa Community, 2004, *The East African Customs Management Act,*

6.2 Supplementary readings

Rosen Harney, 2004, *Public Finance* 7th Edition: McGraw Hill

The United Republic of Tanzania, *2000, The Tax Revenue Appeals Act, 2000*: Government Printer

P18 – Auditing and Assurance Services

Contact hours: 140 hours

1.0 Subject description and aims

- To enable candidates make valuable judgment and apply techniques in the analysis of matters relating to the provision of audit and assurance services.
- To equip candidates with knowledge of the auditing practices and developments.
- To consider the special features of the role of audit in the public sector and cooperatives.

2.0 Subject objectives

- Be able to observe current issues and developments relating to auditing and the provision of audit related and assurance services.
- To be able to work within a professional and ethical framework.
- Be able to produce an audit report in accordance with the requirements of the auditing standards.
- Be able to observe the professional and legal framework within which auditing is practices in the country.

3.0 Subject learning outcomes

(*At the end of the subject students should be able to***):**

- Understand the nature, purpose and scope of audit and internal review, including the role of external audit and its regulatory framework, the role of internal audit in providing assurance on risks management and on the control framework of an organization
- Identify risks, describe procedures undertaken in the planning process, plan work to meet the objectives of the audit or review assignment and draft the content of plans
- Describe and evaluate accounting and internal control systems and identify and communicate control risks, potential consequences and recommendations
- Explain and evaluate sources of evidence, describe the nature, timing and extent of tests on transactions and accounting balances and design programs for audit and review assignments
- Evaluate findings, investigate inconsistencies, modify the work program as necessary, review subsequent events, and justify and prepare reports for users within and external to the organization, including recommendations to enhance business performance
- Discuss and apply the requirements of relevant International Standards on Auditing

4.0 Subject teaching and learning strategies

- Improved lecturing
- Simulation
- Case studies
- Guest speakers
- Visitations

5.0 Subject contents

5.1 Professional and ethical considerations (10%)

- Meaning and importance of professional ethics
- NBAA and IFAC Codes of Ethics
- Relevance of Professional ethics
- Compliance with the Code of Conduct
- Disciplinary measures against non-compliance with the code of conduct

5.2 International developments in Auditing (10%)

- Auditing practices in the UK, USA, SADC and other EA Countries.
- The Role of IFAC
- International Standards on Auditing (ISA)
- The duty of care
- Auditor's liability and Auditing case law

5.3 Audit and Corporate governance issues (10%)

- Audit and corporate governance issues
- Enhancing auditors independence
- Audit committees
- Rotation of auditors
- Provision of non-audit services to clients
- Laws and codes (e.g. Sarbanes and Oxley, OECD code etc
- Social and environmental audits

5.4 Auditing in a Computer environment (10%)

- Nature and types of computerized accounting systems
- Internal controls in ICT environment
- Controls in ICT environment
- Use of ICT in the audit
- Computer Assisted Audit techniques
- Bureaux and Software houses
- Control problems in small computer systems
- E-commerce

5.5 Fraud, Irregularities, Money Laundering and Forensic audit (10%)

- Money laundering
- Prevention and detection of frauds and irregularities
- Forensic audit
- The Auditors relationship with police and senior management
- The psychology and the use of interrogation

5.6 Audit of Specialized entities (10%)

- Audit of Group of companies and joint audits
- Audit of Banks, Insurers and Pension funds.
- Audit of contracts
- Publishers
- Shipping companies
- Stock Markets

5.7 Audit of not-for profit organizations (5%)

- Audit of charities, societies, clubs and other non-governmental organizations

5.8 Management Audit (5%)

- Origins of management audits
- Special operational appraisal
- ***M***anagement reports
- ***D***ifferences with statutory financial audits
- ***O***bjectives and scope of management audits
- ***Q***ualities of management auditors
- Limitations of Management Audit

5.9 Public Sector Audit (10%)

- Public sector institutions
- Legislations governing public sector audits
- The Controller and Auditor General
- Value for money audits in the public sector
- International Standards on Auditing and Public Sector auditing

5.10 Assurance Engagements and prospective financial information (10%)

- Considerations before acceptance of an engagement
- Planning Assurance Engagements
- Obtaining Evidence
- Levels of assurance (Reasonable or limited)
- Form and content of assurance reports
- Quality Control and Quality Review
- Risk Assessment
- Definitions, forecasts, projections
- Investigations and other engagements

5.11 Advanced Aspects of Auditing (10%)

- New Exposure Drafts and Professional Pronouncements
- Environmental Issues i.e. Environmental law and regulations, Environmental standards and Environmental policies.
- Current issues in auditing
- Enhancing corporate governance
- Audit reporting, audit liability, and Expectations Gap
- The Future of Audit Profession

6.0 Subject references

6.1 Main readings

IFAC 2009 *Hand Book of International Auditing Assurance and Ethics Pronouncements* : IFAC

United Republic of Tanzania, 2004, *The Public Procurement Act:* Government Printer

O'Regan, David, 2003, *International Auditing – Practical* Resource Guide: WILEY**.**

Chaffey and Dave, 2007, E-business and e-Commerce Management: 3rd Edition, Prentice Hall

Messier, W. 2003, *Auditing & Assurance Dynamic Accounting* Power Web Arens, A et al, 2002010, *Auditing and Assurance Services* 13th Edition: an Integrated Approach.

Whittington, Pany, 2003, *International Auditing and other Assurance Services* 4th Edition: WILEY

6.2 Supplementary readings

Beasley – Buckless-Glover Pravitt, 2006, *Auditing Cases*, 3rd Edition: Prentice-Hall.

United Republic of Tanzania, 2001, *The Public Finance Act* No.6 – Revised in 2004: Government Printer

Mhilu, F., 2002, *Advanced Auditing and Investigations*: NBAA

Arens Loebbecke, 2000, *Auditing,* 8th Edition : Prentice Hall

Mapunda, Sammuel E., 2004, Procurement and Supplies Auditing Manual.

P19 – Management Accounting & Control

Contact hours: 120 Hours

1.0 Subject description and aims

This subject is examined at the final stage of the professional examinations administered by NBAA. It ***is*** assumed that students preparing for this level have a working knowledge of costing and related subjects. The subject provides students preparing for final level Professional ***E***xaminations with the opportunity to test their ability to apply their knowledge to complex problems they may face in their working professional life.

Therefore the subject aims at providing students an in depth practical knowledge of various methods and techniques in the preparation of costs and management information for planning, control and decision making purposes as well as examining the accounting concepts applicable in the public sector

2.0 Subject objectives

- To provide students with the knowledge on business investment decision making.
- To provide students with knowledge of performance measurement techniques.
- To expose students to relationships between financial and non-financial indicators of business performance.
- To expose students to challenges involved in making managerial decisions *relating* to costing, pricing and marketing strategies.

3.0 Subject learning outcomes

At the end of the subject students are supposed to:-

- Be able to asses business investment decisions based on future events
- Be able to evaluate performance of a business and recommend appropriate performance measures.
- Be able to understand the relationship between financial and non financial indicators of business performance.
- Be able to apply technique to evaluate management decisions in relating to costing, pricing, product range and marketing strategy.

4.0 Subject teaching and learning strategies

- Improved lecturing
- Group and individual assignments
- Case study discussions

5.0 Subject contents

5.1 Introduction of Information for Decision Making (5%)

- What is ***M***anagement ***A***ccounting?
- Major differences and similarities between ***F***inancial ***A***ccounting and Management Accounting.
- Cost accounting and cost ascertainment
- Cost behaviour

5.2.1 Income effects of alternative cost Accumulation system (10%)

- Marginal costing and Absorption costing: a comparison of their impact on profit.
- Some arguments in support of marginal costing.
- Some arguments in support of absorption costing.
- Alternative denominator level measure.
- Marginal costing and CVP analysis
- The economist's, model
- The accountant's cost volume profit model

- A mathematical approach to cot volume profit analysis.
- Constricting a breakeven chart.
- Alternative presentation of CVP analysis.
- Multi-product cost volume profit analysis.
- CVP analysis assumptions
- CVP analysis and computer applications
- Separation of semi-variable costs.

5.2.2 Measuring relevant costs and revenues (10%)

- The meaning of relevance.
- Importance of qualitative factors
- Relevant costs:
  - materials
  - labour
  - overheads
- Misconception of relevant costs.

5.2.3 Product mix decisions when capacity constraints (4%)

- Replacement of equipment- the irrelevance of past cost
- Outsourcing and make or buy decisions
- Acceptance/rejection of special orders

5.2.4 Activity Based Costing (10%)

- The need for a cost accumulation system in generating relevant cost for cost information – for decision making
- A comparison of traditional and ABC systems
- ABC costing profitability analysis
- Selecting the cost drivers denominator level
- ABC in service organization
- Pitfalls in using ABC

5.2.5 Pricing decisions and profitability analysis (8%)

- Factors to be considered in pricing decisions
- The theoretical economic background to pricing decisions
- Use of differential calculus to find optimal price
- Use of cost plus pricing
- Differences between full costing pricing and rate of return pricing and marginal pricing.

5.2.6 Decision making under conditions of risk and uncertainty (8%)

- A decision making model
- risk and uncertainty
- Probabilities distribution
- Measuring the amount of uncertainty.
- Decision trees
- CVP analysis under conditions of uncertainty
- Buying perfect and imperfect information
- Maximin-maximax a regret criteria.

5.3 Information for planning, control and performance measurement (12%)

5.3.1 The budgeting process

- Budgeting and budgetary planning
- Benefits of budgeting
- Principal budget factor
- Types of budgets

- Stages in developing a master budget
- Inter-relationship between budgets
- Cash budget
- Principles of flexible budget
- Uncertainty and the budgets
- Principles of zero base budgeting system
- Programme planning and budgeting system(PPBS)
- Advantages and disadvantages of budgets
- Budgeting for non profit organization.

5.3.2 Standard costing (12%)

- Description of standard costing, its role in management process and its relationship to budgetary control.
- Techniques of standard costing and its objectives
- ***F***lexible budget and standard costing
- ***T***ypes of standards
- How standards are developed
- ***I***mportance of behavioural aspects of standard costing
- Principles of variance analysis
- Relation ship of variances
- Calculation of material, labour and overhead variances
- Reasons why variances and how they are dealt with in accounts.
- Calculation of activity, capacity and efficiency ration.
- Calculation of more advanced variances e.g. mix yield, sales margin variances
- Principles of planning and operating variances
- Advantages and disadvantages of standard costing
- Principles of value analysis ,work study and Q and M
- Reporting and reconciliation of actual and budgeted operation results
- Decisions to investigate or not to investigate variances using probability theory.

5.3.3 Management control systems (5%)

- Control at different organizational levels
- Cybernetic control system
- Feedback and feed forward controls
- Advantages and disadvantages of different controls
- Management accounting control systems
- Responsibility centers
- Harmful side effects of control.
- The nature of management accounting control systems
- The controllability principle

5.3.4 Divisional performance measures (5%)

- Understanding the decision process and the importance of relevant information
- Why performance appraisal is necessary in divisionalised concerns
- Benefits and problems of decentralization
- Ability to describe cost centres, profit centres and investment centers
- Various types of profitability measures used for performance appraisal.
- Calculation of residual profits
- Advantages and disadvantages of Return on Capital employed. (ROCE)

5.3.5 Transfer pricing (2%)

- Meaning of transfer price
- Why transfer pricing is necessary
- Theoretical economic background to transfer pricing.
- Advantages and disadvantages of market, costs based and negotiated transfer prices.

5.4 Contingency theory and organizational and social aspects of management accounting (4%)

- An overview of contingency theory
- The impact of contingent factors on management accounting
- Types of controls in relation to the transformation process and output measurement
- Scorekeeping and uncertainty
- Programmed and non programmed decisions.
- Maximin and maximax regret criteria

5.5 Application of Quantitative Methods to Management Accounting (5%)

- Cost estimation and cost behaviour
- Cost estimation methods
- Correlation and Regression Analysis
- Learning curve applications
- Quantitative models for planning and control of stocks
- Application of linear programming to management accounting.

6.0 Subject references

6.1 Main readings

Horngren, Charles T., Datar, Srikant M. and Foster, George M. 2005 *Cost Accounting* 2nd Edition: Charles T Horngren Series in Accounting

Ray Proctor, 2006, *Management Accounting for Business* Decisions 2nd Edition: Financial Times/Prentice Hall

Saxena, V.K. and Saxena C.D. 2005 *Basics of Cost Accounting*: Problems and Solutions, New Delhi: Sultan Chand.

Drury, Colin, 2008, *Management and Cost Accounting* 7th edition: Thomson Learning.

Trevor Hopper, Robert Scapens, Deryl Northcott, 2006 *Issues in Management Accounting* 3rd Edition: Financial Times/Prentice Hall**.**

Omachonu, Vicent K., Ross, Joel E, 2004, *Principle of Total Quality* 3rd Edition: CRC Press

Atkinson, Anthony A., Robert S.Kaplan, S. Mark S. Young, 2003**,** *Management Accounting* 4th Edition: Prentice Hall

Hansen/Mowen, 2003, *Cost Management and Control,* 4th Edition: Thomson**.**

Pauline Weetman, 2006, *Management Accounting:* Financial Times/Prentice Hall

Lucey, T., 2003*, Management Accounting*, 5th Edition, Bookpower

Bendrey, Mike, Hussey, Roger, West, Colston, 2003, Essentials of Management Accounting in Business: MPG Books Ltd.

6.2 Supplementary readings

Wayne J. Morse, James R. Davis, All Hart Graves 2003 *Management Accounting Strategic Approach* 3rd Edition: Thomson.

Modern Methods for Quality Control and Improvements 2nd Edition: WILEY.

David Greenberg, David Weimar, Aidan Vining Anthony Boardman 2006 *Cost Benefit Analysis* 3rd Edition: Prentice Hall.

P20 – Contemporary Issues in Accounting

Contact hours: 120 hours

1.0 Subject description and aims

The subject aims at developing students' critical and analytical thinking on management and financial accounting issues by exposing them to new developments in accounting area. The subject will equip students with competence; judgment and techniques in corporate reporting matters encountered by accountants and to prepare them to handle current developments or new practices in the accounting profession.

2.0 Subject objectives

Upon completion of the subject the students shall become familiar with the current approach in accounting. They should be able to appreciate the relationship between accounting and business discipline, between accounting and business environment.

Specifically the objectives of the subject are:

- To enhance the students awareness of the current developments in the areas of management and financial accounting
- Enable students to critically evaluate and understand the impact of the current developments on the accounting practices
- To enable students to understand Information and Communication Technology (ICT) applications and implications.

3.0 Subject learning outcomes

On completion of the subject the students should be able to:

- Evaluate current developments in corporate reporting in the context of their practical application, implications for corporate reporting, and the underlying conceptual issues.
- Understand the consequences of unethical behavior to the individual, to the profession and the society at large.
- Explain and evaluate the impact on the financial statements of business decisions.
- Explain the legitimacy and acceptability of an accounting practice proposed by a company

4.0 Subject teaching and learning strategies

- Lectures
- Group discussions
- Case studies
- Guest speakers

5.0 Subject contents

5.1 The Theoretical Framework of Accounting (15%)

- Development of Accounting theories;
- Review of conceptual framework for preparation and presentation of financial statements;
- The Accountant's view of Income
- The Economist's view of Income

5.2 Corporate Social Responsibility (20%)

- The good Corporate citizenship;
- The relationship between corporate and environment;
- The relationship between corporate and Employees;
- The relationship between corporate and Local Communities.

5.3 Creative accounting (25%)

- Meaning of creative accounting
- Creative accounting tactics
- Earnings management
- Creative accounting and tax saving
- Off Balance ***S***heet accounting and finance
- How to detect and prevent creative accounting

5.4 Emerging Professional Issues (40 %)

- Current International Accounting Standards and Exposure Drafts issue***d*** (three months prior to the sitting of examination)
- Current reviewed International Accounting Standards (three months prior to the sitting of examination)
- Current local and international laws and regulations (three months prior to the sitting of examination)
- Professional Codes of Ethical issued by the NBAA and IFAC.

6.0 Reference

6.1 Main readings

Henderson, Scott., Pierson, Graham and Kate H., 2004 *Financial Accounting Theory*: Pearson Education Australia

International Accounting Standards Board, 2009, *International Financial Reporting Standards including International Accounting Standards: IASB*

Killagane, Yona S.M., 2006, *Study Guide for Financial Accounting for Professional Students*- Vol. 1 and 2: NBAA

Deegan, C., 2005, *Financial Accounting* Theory: McGraw-Hill, Australia

ACCA, 2007, *Strategic Financial Management:* ACCA**.**

Hirst, Eric D., Mary Lea Mc Anally 2005 *Cases in Financial Reporting*: Prentice Hall

6.2 Supplementary readings

Jamie Elliott, Barry Elliott, 2006, *Financial Accounting Reporting and Analysis*: Financial Times/Prentice Hall

Barry Elliott and Jamie Elliott, 2009, *Financial Accounting and Reporting,* 13th Edition: Prentice

Tony, Boczko 2006, *Corporate Accounting Information System*: Financial Times/Prentice Hall

Ziebart, David A., 2006, *Introduction to Applied Professional Research for Accountant,* 3rd Edition: Prentice Hall

Nobes, Alexander D., 2007, Financial Accounting – An International Introduction, 3rd Edition, FT. Prentice Hall

NBAA: *The Accountant Journal, Quarterly Publication*

TAA: *The Professional Accountant Journal*
