

**CERTIFIED INTERNATIONAL TAX
ACCOUNTANTS – UK**



COURSE SYLLABUS

JULY 2016

VISION

To be the market leader in the provision of Tax Accounting education and training in Ghana to enhance tax compliance.

MISSION

To provide sterling education and training to enable prospective students qualify to practise as Tax Accountants to ease and improve employment in the country.

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COURSE : PRINCIPLES & PRACTICES OF AUDITING

LEVEL : LEVEL I

SUBJECT : SYLLABUS

COURSE CODE :CITA 101

Course Objective

To help provide academic and professional insights into Auditing as a subject discipline.

Course Description

The course is designed to assist students to appreciate the significance of Auditing in corporate and non-corporate entities. The nature, purpose, scope, objectives and limitations of auditing are among the main highlights. Audit planning, evidence and reporting framework are explored.

SYNOPSIS

The Nature, Purpose and Scope of Auditing

- The Development of auditing, background and significance of auditing
- Distinctions between external auditor, internal auditor and the tax auditor
- Application of the international auditing standards including other statutory documents e.g. the Companies' Code and the International Financial Reporting Accounting Standards (IFRS), IAS, etc.
- The ethical base of auditing
- Notion of accountability, stewardship and agency
- The social concept of an audit and its changing role
- The virtue of truth and fairness as applied in auditing

The regulatory framework of auditing

- Auditing Standards, their nature, purpose, scope and development.
- Legislation and the auditor; the development and impact of statute law, case law etc.

- The role of the government in relation to auditing
- Supervision and monitoring of auditors
- The role and responsibilities of bodies which set Auditing Standards and Guidelines
- The roles of parties in relation to auditing including the Audit Commission, National Audit Service, Recognized Supervisory Bodies, Directors' responsibilities and Audit Committees (with reference to their contribution to corporate governance).

Fundamental principles and concepts

- Independence, objectivity and integrity
- Confidentiality
- Audit evidence and documentation.
- Due care, skill and competence
- Audit risk
- Materiality and judgment
- True and fair view
- Audit reporting as a communication medium
- Audit planning and supervision

The framework of auditing

- The application of fundamental auditing principles and concepts
- The application of Auditing Standards and Guidelines.
- The requirements of the Companies' Code.
- The legal liability of auditors and their professional obligations.
- The auditors' responsibility for the detection and reporting of fraud.
- The statutory and ethical considerations relating to the acceptance and continuance of audit clients.
- Terminating professional engagements and factors affecting such decisions.
- Preparing, issuing and revising engagement letters.

Audit planning and evaluation

- Establishing the objectives, scope and critical aspects of an audit.

- Developing the audit plan to meet those objectives
- The identification of sources of audit evidence, audits relationship and audit objectives
- Establishing materiality levels, statistical sampling and sampling size.
- Determining the areas of audit risk and the consideration of inherent risk, control risk and detection risk.
- Analyzing the consistency of financial and related information by substantive analysis (including analytical review)
- Designing, documenting and re-evaluation of the audit plan
- Evaluating the management information systems

Evidence collection and analysis

- Collective evidence using a variety of sources and methods
- Selecting audit procedures appropriated to the business
- Identifying and applying sampling techniques
- Evaluating the evidence collected
- Recognizing mutual co-operation, similarities and differences in the work of the internal and external auditors.
- Recognizing the needs and limitations of the use of specialists.

Performance of an Audit

- Determining the internal control systems and documenting the system
- Designing the audit programme.
- Evaluating internal controls.
- Performing compliance tests on the system.
- Evaluating the results of tests and the re-evaluation of inherent and control risk
- Applying substantive analysis, substantive sampling and the evaluation of test results.
- Determining and analyzing the interrelationship of tests.
- Altering, modifying tests in the light of test results.
- Comparing test results with evidence from other tests, critical audit objectives, risk evaluation and materiality levels

- Responding to potential weaknesses in the system and areas of concern evidenced by substantive tests.
- Utilizing computer assisted auditing techniques (CAATs) and testing management information systems controls.
- Impact of relevant legislation on the performance of an audit
- Performing substantive procedures in relation to balance sheet items and evaluating the sufficiency, relevance and reliability of evidence and the amendment of the audit plan
- Evaluating the quality of the audit.

Reporting framework

- Evaluating the sufficiency, relevance and reliability of audit evidence
- Reviewing subsequent events, going concern status, management representations and the truth and fairness of financial statements.
- Identifying and recommending appropriate action on weaknesses found during the audit.
- Formulating an audit opinion
- Issuing management letters, the principles and practices.
- Advising management of improvements in business systems.
- Preparing a formal audit report, and the form of audit qualifications
- Determining the potential effects of audit qualifications
- Evaluating and determining the circumstances in which it is necessary to qualify audit reports.

Reference

1. Auditing Hand Book Vol II published 2014 by Dr. A. A. Twumasi
2. Milichamp, A. H. *Auditing: an Instructional Manual*. Continuum.
3. Woolf, E. *Auditing Today*. Prentice Hall

COURSE : COST AND MANAGEMENT ACCOUNTING

LEVEL : LEVEL I

SUBJECT : SYLLABUS

COURSE CODE : CITA 102

Course Objective

The course provides an outline of the scope, principles and objectives of cost and management accounting. It serves as the introductory part of the whole cost and management accounting course. The course seeks to instill in students the cost process in collection, analysis and presentation of cost information.

The syllabus is based on practical industry applications regarding students' competencies in applying principles studied in the manufacturing as well as service-oriented organizations.

Course Description

The course is concerned with gathering and provision of information required by management of all levels, for the purposes of formulation of organizational policies, planning of organizational activities in the long, medium and short term.

Costing principles, methods and techniques are studied in detail in this module.

SYNOPSIS

Introduction to the Concept of Cost and Management Accounting

- The definition of cost and management accounting
- Cost and Management Accounting primarily is concerned with data gathering for internal and external use, analysis, processing, interpreting and communicating.
- The function of Cost and Management Accounting.
- Application of cost and management accounting techniques from statistics and operational research point of view.

Cost Accounting and Cost Ascertainment, Cost Behaviour, Planning and Budgeting.

- Among the topics to be treated in this category are the core differentiation between cost accounting and management accounting particularly with regard to provision of information for planning, control, budgeting and decision making.
- The following distinctions must be explained to the comprehension of the students
 1. Cost unit as a concept: Cost unit of production as different from unit of service.
 2. Direct Cost, comprising direct materials, direct labour and direct expense.
- Direct materials + direct labour + direct expense = PRIME COST.
- Prime Cost + Overheads = total cost. These distinctions must be known to the student.
- Cost Centre, Cost Allocation and Apportionment are explained to the understanding of students.
- The basic cost ascertainment, comprising the distinction between Direct Cost and Indirect Cost which build up to Total Cost are core topics in this delivery.

Cost Systems

- In this section different types of cost systems are explained to the student. For instance the components of Indirect cost as different from the components of Direct Cost, Cost Allocation as different from Cost Apportionment. Differentiation between Job Costing, Batch Costing and Contract Costing.
- Direct cost involving Cost allocation leading to Prime Cost as Distinguished from indirect cost involving cost allocation and apportionment, Production Cost, Overhead Cost, Absorption Cost, Prime Cost, Production cost and Overheads, leading Factor Cost are among the major highlights. The other dimensions of Indirect Cost consisting of Administrative, Selling and Distribution Cost, General overhead cost, factory cost leading to Total Cost are explained. Meaning, Prime Cost + Production Overhead (Factory Cost) = Total Cost.
- Further distinctions must be made between absorption costs, marginal cost and Variable Cost.
- Computations of the mentioned Cost systems must be known to students including calculations involving Marginal Cost, Absorption Cost, Variable Cost and other cost elements. Cost relations with Revenue must be covered.

Fundamentals and Elements of Cost

- Evaluation of stock control (ordering, purchases, receipts, storage and issue of materials).

- b. Computation of stores pricing (receipts and issues and different pricing methods, using FIFO, LIFO, standard and weighted average).
- c. Assessment of profit reporting using various stock evaluation methods for raw material, work-in-progress and finished goods.
- d. The accounting concept of inventory control techniques (economic order quantity (EOQ) and other control levels).
- e. Accounting for the treatment of inventory losses, transportation and material handling costs.
- f. Analysis of different remuneration methods, distinguishing between direct and indirect labour costs of products of organisations.
- g. The concept of overheads allocation and absorption into cost of products and services.
- h. Computation of overhead absorption rates and determination of cost of product or service.
- i. Assessment of predetermined overhead rates and actual overhead rates.
- j. Accounting for the treatment of under/over recovery of overheads.
- k. Appraising the methods of overhead recovery.
Evaluation between overhead absorption and overhead apportionment (allotment, allocation, apportionment, absorption, etc.)

Methods of Costing (Job, Batch, Contract and Process Costing)

- a. Differentiate between Job, batch and contract costing.
- b. Explain the characteristic features and computation of job costing.
- c. Evaluate the features and preparation of batch costing.
- d. The features of contract costing explained.
- e. Calculation of contract accounts and determination of attributable profit.
- f. Explanation of the mode and process of process costing
- g. Outlining and discussing the features of process costing.
- h. Preparation of process accounts.
- i. Evaluation and treatment of work in progress and equivalent units.
- j. Accounting for treatment of normal and abnormal gains/losses.
- k. Discussion of process costing for decision making and cost control/reduction.
- l. Explanation of methods of apportioning joint costs to joint products.
- Accounting for by-products, scrap, waste and defective units in a manufacturing concerns.
- Service and operating Costing Methods are discussed

Reference

1. T. Lucy, *Management and Cost Accounting by Latest Edition*.
2. Arora, M.N. *Cost Accounting: Principles and Practice*. Vikas House Publishing.
3. C. Drury, C. *Costing: An Introduction*, Int. Thompson.
4. Horngren, C.T. *Cost Accounting: A Managerial Emphasis*. Prentice Hall.

COURSE : FINANCIAL ACCOUNTING I

LEVEL : LEVEL I

SUBJECT : SYLLABUS

COURSE CODE : CITA 103

Course Objective:

The core aim of the course is to help students appreciate the nature and purpose of accounting and the principles of accounting.

Course Description:

This course is structured to assist students understand the essence and the principles of Financial Accounting. The key principles of financial accounting are explored, including identification of source documents: primary books of accounting and the ledgers for the preparation of accounts are included in the highlights.

SYNOPSIS

NATURE AND FUNCTIONS OF ACCOUNTING

- Definition and Meaning of Accounting.
- Functions of Accounting.
- Objectives of Accounting.
- Accounting Terms / Definitions.
- The Concept of Booking –Historical Antecedents
- The Distinction between Book-Keeping and Accounting.
- The Importance of Book-Keeping.
- Characteristics of Useful Accounting Information System/Information Quality Metrics.
- The Different Functions of Financial Accounting, Cost Accounting, Management, Tax Accounting and Public Sector/Governmental Accounting.

THE ACCOUNTING EQUATION

- Nature of Accounting Equation.
- Usefulness of the Accounting Equation to Non-finance practicing managers.

THE PRINCIPLES OF DOUBLE ENTRY BOOK-KEEPING SYSTEM AND THE CONCEPT OF TRIAL BALANCE

- Definition and meaning of Double Entry Book-Keeping.
- The meaning and Types of Ledgers.
- The meaning and uses of the Trial Balance.

THE ACCOUNTING CONCEPTS, CONVENTIONS AND POLICIES

- Accounting concepts and conventions.

THE DAY BOOKS

- Meaning of Day Books.
- Source Documents for Day Books.
- The Day Books / Subsidiary Books / Prime Books.
- The Ledgers – Purchases, Sales, Returns Outwards, Returns Inwards, Cash Book, including the Imprest System and the Petty Cash Book.
- The Meaning and Functions of the Journal or General Journal.
- The Nature and Types of Cash Book.
- The Imprest System and Petty Cash Book.
- Introductory Control Accounts for Credit Purchases and Credit Sales.

INTRODUCTION TO FINAL ACCOUNTS OF THE SOLE TRADER

- The sole proprietor and their contribution to economy.
- Comparison of the sole trader to other business units e.g. partnership, Joint Stock Companies, Co-operative Societies and the Public Corporations.
- The Trading Account.
- The Profit and Loss Account.
- The final accounts of service organizations.
- Introductory to final accounts for manufacturing concerns.

DEPRECIATION OF NON-CURRENT ASSETS (FIXED ASSETS)

- Capital and Revenue Expenditure.
- The Nature and Meaning of Depreciation and computations
- Depletion.
- Amortization and Appreciation.
- Impairment of non-current assets.

- Accounting Treating of Depreciation in Accounts.

BAD DEBTS, PROVISION FOR BAD DEBTS, PROVISION FOR DISCOUNTS ON DEBTORS AND CREDITORS

- Nature of Bad debts.
- Nature and Meaning of Provisions and Reserves.
- Provision for Bad and Doubtful Debts.
- Bad Debts Recovered and Tax Implications.
- Provision for Discount on Debtors on Creditors
- Accounting Entries and Treatment of Provisions and the tax effect on profitability.

ADJUSTMENTS FOR FINAL ACCOUNTS

- Accruals / Outstanding Bills / Amount Due / Amount Owing
- Nature of Prepaid Expenses / Advance payments.
- Meaning of Revenue and other adjustments.
- Expense and Revenue Accounts covering more than one accounting year.
- Tax Implications of Prepayments and accruals.
- The Effects of Prepayments and Accruals on the Income Statement and the Balance Sheet.

BANK RECONCILIATION STATEMENT

- The concept of the customer and the Bank.
- The meaning of Bank Reconciliation Statement and illustrations

CONTROL ACCOUNTS / SELF BALANCING LEDGERS

- The meaning and Nature of Credit Transactions.
- The meaning of Control Accounts / Total Accounts.
- Advantages of the Control Accounts.
- Weakness in the Use of Control Accounts.
- The Sales Ledger Control Account / Total Debtors Account.
- The Purchases Ledger Control / Total Creditors Account.

INTRODUCTION TO SUSPENSE ACCOUNTS

- Introduction of Errors and the Suspense Account.
- Errors that do not affect the agreement of Trial Balance.
- Errors that affect the agreement of the Trial Balance.

Reference:

1. Principles of Accounting by Frank Wood, Latest Edition.
2. Accounting Notes, Questions and Answers by A. A. Twumasi, 2010.
3. Accounting and Finance, 5th Edition, - Alan Pizzey
4. A Practical Foundation in Accounting, 5th Edition – Johnson, Whittam and Crawford
5. Advanced Financial Reporting, Lewis R.
6. International Financial Reporting Standards
7. Accounting Theory and Practice – Glautier M. E.

COURSE : TAXATION I

LEVEL : LEVEL I

SUBJECT : SYLLABUS

COURSE CODE : CITA 104

DIRECT & INDIRECT TAX TREATMENT FOR THE FOLLOWING UNDER INCOME TAX

❖ Imposition of Income Tax-Direct & Indirect	❖ Method of Accounting
❖ Final Taxes on Income Received by Residents	❖ Cash-basis Accounting
❖ Final Taxes on Income Received by Non-residents	❖ Accrual-basis Accounting
	❖ Foreign Currency Exchange Losses
❖ Chargeable Income	❖ Long-term Contracts
❖ Assessable Income	
❖ Income from a Business	❖ Trading Stock
❖ Income from an Employment	❖ Jointly Owned Investment
❖ Income from an Investment	❖ Leases
❖ Exempt Income	❖ Indirect Payments and Benefits
	❖ Recouped Expenditure
❖ Industry Concessions	❖ Individual as Tax Unit
	❖ Personal Relief
❖ Deductions Allowed	❖ Principles of Taxation for Partnerships
❖ Interest	❖ Ascertaining of Partnership Income
❖ Rent	❖ Taxation of Partners
❖ Repairs	❖ Profit or Dividend Stripping
❖ Deductions in Relation to the Rental of Premises	❖ Short-term Insurance Business
❖ Bad Debts	
❖ Research and Development Expenditure	❖ Income from Life Insurance Business
❖ Capital Allowances	❖ Proceeds of a Life Insurance
❖ Carry Over of Losses	❖ Income of a Retirement Fund
❖ Deductions Not Allowed	❖ Payments Made on Retirement

❖ Year of Assessment and Basis Period	❖ Geographic Source of Income
❖ Principles of Taxation for Companies	❖ Foreign Income from a Separate Business or Investment
❖ Undistributed Profits of Companies	❖ Income Attributable to a Permanent Establishment
❖ Principles of Taxation for Bodies of Persons	❖ Branch Profits Tax
	❖ Taxation of Non-residents Providing Shipping, Air Transport or Telecommunications
	❖ Payment to Non-residents for Goods and Services
❖ Taxation of Beneficiaries of Bodies of Persons	❖ Payment of Tax Withheld
❖ Incapacitated Persons	❖ Failure to Withhold Tax
❖ Deceased Individuals	❖ Tax Credit Certificates
❖ Roll-over Relief	❖ Payment of Interest to Resident Persons
	❖ Payment of Dividends to Resident Shareholders
❖ Income Splitting	
❖ Transfer Pricing	
❖ Thin Capitalisation	❖ Payment of Dividends to Resident Shareholders
	❖ Assessments and Application of Income
	❖ Tax Procedure
	❖ Double Taxation Arrangements
	❖ General Anti-Avoidance Rule
	❖ Assessments and Application of Income
❖ Tax Procedure	
❖ Provisional Assessments	❖ Tax Officers' Access to Books, Records, and Computers ❖ Failure to Maintain Records
❖ Final Assessment	
❖ Self-Assessment	❖ Failure to Furnish Return
❖ Additional Assessments	❖ Currency Conversion
❖ Payment of Tax by Installments	❖ Failure to Pay Tax on Due Date

❖ Withholding of Tax by Employers	
❖ Imposition and Rate of Capital Gains Tax	❖ Chargeable Asset
❖ Calculation of Capital Gain	❖ Taxable Gift
❖ Exemption from Capital Gain	❖ Tax Clearance Certificate
❖ Returns and Payment of Tax	❖ Tax Identification Number
❖ Assessments and Application of Income Tax Procedure	❖ Failure to Maintain Records
❖ Objection to Assessment	❖ Failure to Furnish Return
❖ Appeal to Court	❖ Assessment of Interest and Penalties
❖ Understating Estimated Tax Payable by Installment	❖ Making False or Misleading Statements
❖ Tax as a Debt Due to the tax office	❖ Impeding Tax Administration
❖ Appeal to Court of Appeal and Supreme Court	❖ Refunds and Set-offs
	❖ Resident Individual Tax Assessment
	❖ Resident Company Tax Assessment
	❖ Resident Body of Persons Tax Assessment
	❖ Resident Partnership Tax Assessment
❖ Making False or Misleading Statements	
❖ Assessment of Interest and Penalties	
❖ Failure to Pay Tax	

COURSE : BUSINESS AND CORPORATE LAW
LEVEL : LEVEL II
SUBJECT : SYLLABUS
COURSE CODE : CITA 201

COURSE OBJECTIVE:

To help students understand the aspect of the law which impact on business operations. The module identifies the essential elements of different legal systems relating to state institutions and international businesses.

MODULE SYNOPSIS:

Topical areas are summarized as below:

Contracts, the law of corporations and other business organization's, security law, intellectual property, Antitrust, Secured Transactions, Commercial Paper, Income Tax, Pensions & Benefits, Trust & Estates, Immigration Law, Labour Law, Employment Law and Bankruptcy. The module examines that aspect of the law which impact the operations of businesses. The syllabus has been designed into sections, each section boards on corporate legal issues. Transactions involving international businesses are among the major highlights including general company laws particularly, the operations, financing and ethics.

MODULE DETAILS

1. Introduction to the U.N convention on contracts for the international sale of goods.
2. Obligations of the seller and buyer, and law provisions common to both.
3. Agency law and partnerships
4. Corporations and legal personality
5. The formation and constitution of companies
6. Share Capital and loan capital
7. Capital maintenance and dividend law
8. Company directors and other company officers
9. Company meetings and resolutions
10. Insolvency administration

SECTION I

1.1	Agency law, Arbitration & Bankruptcy
1.2	Commercial crimes, Competition crimes and Competition Law.
1.3	Consumer protection law, Contract law and Financial regulations
1.4	Fisheries law, Industrial law and Insolvency
1.5	Joint ventures and Negotiable instrument law
1.6	Corporate taxation
1.7	Advertising regulation, Arbitration award and Arbitration clause.
1.1	Fraud deterrence and Fraudulent trading

SECTION II

2.1	Board of directors' regulations
2.2	Banker's lien
2.3	Business courts
2.4	Types of businesses
2.5	Business license and Patent
2.6	Business ownership within
2.8	Business valuation



SECTION III

3.1	Companies Act 2014
3.2	Consignment agreement and Consularization
3.3	Consumer privacy and Contracts
3.4	Copyright transfer agreement
3.5	Corporations



SECTION V

4.1	Economic torts
4.2	Enhanced use of lease, Equity redemption and European Patent Convention
4.3	Extraordinary resolution, Law of agency, and Agency in English law
4.4	Legal tender, Lessor (leasing), license and lien
4.5	Limited liability, Partnerships and Sole proprietors
4.6	Operation lease and Finance Lease
4.7	Ordinary resolution



SECTION VI

5.1	Shareholders agreement and Single business enterprise.
5.2	Software patents under sole proprietorship
5.3	Tax lien, Tax patent and Transactional Law.
5.4	Undervalue Transaction, Unfair business practices and Commercial Law.

COURSE : FINANCIAL ACCOUNTING II

LEVEL : LEVEL II

SUBJECT : SYLLABUS

COURSE CODE : CITA 202

Course Objective

The core aim of this module is to introduce students to the advanced studies in the principles, concepts and techniques in preparation and presentation of financial statements.

The course prepares students to grasp the computation and techniques at a more advanced level of the Level Stage.

Course Description

The course is designed as an advanced module of the Level I. It seeks to delve deeper into the preparation and presentation of financial statements.

It thus helps students to understand the computation techniques at a more advanced level of the Level I.

SYNOPSIS

SINGLE ENTRY AND INCOMPLETE RECORDS

- Business and the application of Single Entry and Incomplete Records.
- The Nature of Single Entries
- The nature of Incomplete Records and Missing Figures.
- Goods stolen and destroyed by fire their effect on Final Accounts.

ACCOUNTING FOR NON-TRADING CONCERNS/ORGANIZATIONS (NON-MANUFACTURING ACCOUNTS)

- Definition of Non-trading organizations.
- Terminologies / Terms in Manufacturing Environments
- Elements and Classification of Costs.
- The Difference between Receipts and Payments Account and the Income and Expenditure Account.
- The Final Accounts of Manufacturing Concerns.

- The Manufacturing Account, Transfer to Trading Account, Profit and Loss Account and the Balance Sheet.
- The Treatment of Market Value in Manufacturing Accounts.

PARTNERSHIP ACCOUNTS

- Definition of Partnership Business.
- Distinction between Partnership and other Business Units.
- Final Accounts of Trading Partnership.
- The Treatment of Goodwill.
- Admission and Retirement of New Partner.
- Revaluation of Assets and Liabilities.
- Dissolution of Partnership.

PURCHASE OF BUSINESS ACCOUNTS

- The concept of the Seller and Buyer.
- The issue of Purchase Consideration/Price.
- Revaluation of Assets and Liabilities.
- Purchase Consideration other than cash.
- The Journalisation process.
- Balance Sheet Extract.

COMPANIES ACCOUNTS

- Definition of Company.
- Characteristics of Companies.
- Types of Companies
- Formation of Companies
- Difference between Companies and other Business Units
- Issuance and Redemption of Shares and Debentures
- Issuance and Redemption of Loan Stock
- Purchases of a sole trader business by a company
- Conversion of a Partnership Business into a Company.
- Fundamentals of Group Accounts.

DEPARTMENTAL ACCOUNTS

- Definition of Departmental Accounts
- Basis of Apportioning Common Expenses
- Purpose of Departmental Accounts
- Format of Departmental Trading, Profit and Loss Account
- Inter-departmental transfers

BRANCH ACCOUNTS

- Introduction to Branch Accounts
- Branch Final Accounts, including the Balance sheet

CASHFLOW STATEMENT

- Meaning of cash flow statement
- Cash and Cash Equivalents
- Uses or Benefits of Cash flow Statement.
- Demerits / Disadvantages of Cash flow Statement
- Cash flow Statement and cash ratios
- Format and preparation of cash flow statement

INTERPRETATION OF ACCOUNTS / FINANCIAL RATIO ANALYSIS

- Nature of Ratios and Mathematical perspective
- Standard of Comparison and Benchmarking
- Advantages and Disadvantages of Ratios Analysis.
- Types of Ratios and Business Application:
 - Profitability Ratios
 - Liquidity or Near Cash Ratios
 - Activity / Operation Ratios
 - Leverage / Capital / Solvency Ratios
 - Investment or Market – based Ratios

HIRE PURCHASE ACCOUNTS

- The nature of hire purchase and legal framework
- The vendor / seller and the vendee/buyer
- Distinction between finance lease and operating lease

Reference:

1. Principles of Accounting by Frank Wood, Latest Edition.
2. Accounting Notes Questions and Answers by A. A. Twumasi, 2010.
3. Accounting and Finance, 5th Edition, - Alan Pizzey
4. A Practical Foundation in Accounting, 5th Edition – Johnson, Whittam and Crawford

COURSE : TAXATION II

LEVEL : LEVEL II

SUBJECT : SYLLABUS

COURSE CODE : CITA 203

Course Objective:

The core aim of the course is to help students grasp the application and the computation of taxation regarding international laws, transfer pricing and reduction in tax expenditure. Students are expected to demonstrate knowledge internationally in the application of the principles of taxation, particularly in the area employment income, business income and income from vocation.

Course Description:

It is structured to assist students understand the legal framework, essence and the principles of international taxation particularly the computations. The whole concept of the international components of Direct and Indirect taxes are covered. Deferred tax, rollover reliefs, tax loss strategy and capital structure topics are clearly treated

SYLLABUS

Principles of Tax Administration

Students would be able to comprehend at the end of the course

- The concept of Income Tax and Non – Income Tax
- Why Pay Tax?, What is Tax?, Proportional, Progressive, and Regressive; Direct and Indirect Tax; Tax Rates
- Kinds of Taxes; Retirement Tax; Wealth Tax;
- Tax Haven; The OECD and Tax Havens
- Anti-Avoidance; Incentives; Tax Advantage
- Main Features of Income Taxation;
- Canons (Law or Rule) of Taxation
- Socio-economic Significance of Taxation (Reasons Why Governments Impose Taxes)
- Unearned Income and Tax Advantage

SOURCES OF INCOME SUBJECT TO TAX

- Incomes subject to Tax and Explanations on some sources of Taxable Incomes
- Resident persons; Resident Individual (Sec 160 of Act 592 as amended), Resident Company (Sec 161 of Act 592 as amended), Resident Body of Persons (Sec 162 of Act 592 as amended), Resident Partnership (Sec 163 of Act 592 as amended), Permanent Establishment
- Assessable Income (Section 6 of Act 592 as amended) and Incomes Received in Ghana, Chargeable Income, Year of assessment
- Types of Bases Period, Preceding Year Bases Period (1944/45 – 1981/82), Current (actual) Year Bases Period (1983-1987), Conversion from preceding year to Current Year System of Assessment, Accounting Year Bases Period (1988-2000), Bases Period under Act 592 (Section 24 of Act 592 as amended)

REVENUE COLLECTION AGENCIES

- Ghana Revenue Authority Act (Act 791 of 2009), Objects of the Authority, Functions of the Authority, Governing Body of the Authority, Functions of the Board, Tenure of Office of Members of the Board, Meetings of the board, Divisions, Regional, and District Offices of the Authority
- Appointment of Commissioner General, Functions of the Commissioner General, Suspension or Removal of the Commissioner General, Appointment of Commissioners and Other Staff,
- Divisions of Authority
- Sanctions for non-co-operation with the Authority and Regulations.

CUSTOMS EXCISE AND PREVENTIVE SERVICE

- Powers of the Commissioner of CEPS and its functions
- Taxes Administered by CEPS
- Some Definitions under CEPS Law
- Filing of Returns – CEPS, Offenses & Penalties – CEPS, Summary of General Offenses & Penalties (CEPS)
- The Custom Tariff, The CIF Value, The Custom Value, The Mode of Payment to Customs Duty, Passengers Obligation and Baggage Concessions
- The Use of Suspense Regimes, Temporary Importation, Rescheduling of Duties, Taxes On Imported Vehicles, Valuation of Used Vehicles, and Computation of Excise Duty

VALUE ADDED TAX SERVICE (VAT)

- Introduction, Advantages of Introducing VAT, Powers of Commissioner of VAT Service and its functions
- Difference between Exemption and Zero Rating

- Imposition of Tax (Sec 1), Persons liable to Pay Tax (Sec 2), Registration of Taxable Person (Sec 5)
- Supply of Goods (Sec 9), Supply of Services (Sec 10), Mixed Supplies (Sec 11), Taxable Supply (Sec 13), Exempt Supply and Import (Sec 13 &14), Zero – rated Supply (Sec 14), Relief Supply (Sec 17), Relief from the Tax on Taxable Supplies, Time of Supply (Sec 18), Place of Supply (Sec 20), Value of Taxable Supply (Sec 20), Taxable Value for Determining the Tax on Imported Goods (Sec 22)
- Adjustments (Sec 23), Credit for Deductible Input Tax (Sec 24)
- Refund or Credit of Excess Tax Paid (Sec 25)
- Time for Payment of Refund (Sec 27)
- Deductible Tax for Mixed, Taxable and Exempt Supply (Sec 26)
- VAT Records to be Kept by Taxpayers, VAT Returns, Records and Assessments, Assessment of the Tax and Correction of Return (Sec 30), Offence and Penalties (VAT Service), The VAT Fraction
- Exempt Trader and the Partially Exempt Trader
- Method of Calculation, Methods of Calculating Non-attributable Input Tax,
- The VAT Flat Rate Scheme (VFRS), VAT De-registration Process, Treatment of Discounts under VAT, VAT and NHIL and the Construction Industry, VAT and Imported Service, Communication Service Tax (CST) Act 754

RE: Income tax Act 2015 Act 896

- Functions and Powers of The Commissioner of Internal Revenue Service; Exclusive Powers of The Commissioner of Internal Revenue
- Offences & Penalties – Internal Revenue Service
- What to do when Starting Business, The Rights and Obligations of the Taxpayer, Returns (Secs Income Tax Act 2015 Act 896), Cases Where Return of Income not Required,
- Reasons for Filing Returns, Types of Tax Returns, Types of Assessments, Dispute Resolution (Income Tax Act.)
- Differences in the Mode of Assessment and Payment of Companies, Self Employed and Employers

EMPLOYMENT INCOME

- Contract of Service, Contract for Service, Personal Relief, Primary Employment and Tax Reliefs Card, Upfront Reliefs
- Employment Assessment Format, Employment Incomes Exempt (Sec 8 & Portions of Sec 10 of Income Tax Act)
- Other Incomes Exempt in the Hands of Individuals, Other Allowable Deductions (Under IRR, 2001 LI 1675)

- Employment Assessment (Sec 8 (3)), Employee's Employment Tax Liability (Reg 30 (1) LI 1675, Secondary Employment – The Hardship Rule (Reg 30 (2) LI 1675, Amount to be Withheld by Employers Generally (R27 of LI 1675), Final Tax on Bonus (Reg 28 – LI 1675)
- Definitions, Final Tax on Overtime [OT] (R 28 of LI 1675) Amended by LI 1831 of 2007,
- Taxation of the Minimum Wage [LI 1830 of 2007], Tax Free Remuneration,
- Grossing Up Method, Grossing Up When the Tax Rates Change, Straight Line method

CAPITAL ALLOWANCE

- Introduction, Some Definitions Under 896 , Base Rule or Conditions for Granting Capital Allowances
- Circumstances Where an Asset is Considered as In Use when this Might not be the Case – (Capital Allowance is Granted)
- Classes of Depreciable Asset (6 Classes)
- Types of Depreciable Assets, How the Pool System Works, Special Practical Problems with the Pooling System
- Paragraph 4 of the Third Schedule of Act 896
- General Provisions applicable to All Classes of Depreciable Assets, e.g. Mining & Petroleum – Class 3 of Depreciable Assets.

COURSE : PERFORMANCE MANAGEMENT
LEVEL : LEVEL II
SUBJECT : SYLLABUS
COURSE CODE : CITA 204

Course Description:

The subject dwells on the application of cost and management accounting techniques in decision making, performance management and control. Among others, the core topics are costing, management accounting, budgeting and performance measurement in businesses.

Task:

- A. Explain and apply Cost accounting techniques
- B. Select and appropriate apply decision – making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks.
- C. Identify and apply appropriate budgeting techniques and methods for planning and control
- D. Use standard costing systems to measure and control business performance and to identify remedial action.
- E. Assess the performance of a business from both a financial and non – financial view point, appreciating the problems of controlling divisionalised business and the importance of allowing for external aspects.

Course Objective:

To help students develop knowledge and skills in the application of management accounting techniques to quantitative and qualitative information for planning, decision – making, performance evaluation, and control in all business environments.

Syllabus content:

1. APPLICATION OF COST AND MANAGEMENT ACCOUNTING TECHNIQUES

1. Activity based costing

- i. Identify appropriate cost drivers under ABC

- ii. Calculate costs per driver and per unit using ABC
 - iii. Compare ABC and traditional methods of overhead absorption based on production units, labour hours or machine hours.
- 2. Target costing**
- i. Derive a target cost in manufacturing and service industries.
 - ii. Explain the difficulties of using target costing in service industries
 - iii. Suggest how a target cost gap might be closed
- 3. Life – cycle costing**
- i. Identify the costs involved at different stages of the life-cycle
 - ii. Derive a life cycle cost in manufacturing and service industries
 - iii. Identify the benefits of life cycle costing.
- 4. Throughput accounting**
- i. Calculate and interpret a throughput accounting ratio (TPAR)
 - ii. Suggest how a TPAR could be improved
 - iii. Apply throughput accounting to a multi-product decision-making problem.
- 5. Environmental accounting**
- i. Discuss the issues business face in the management of environmental costs.
 - ii. Describe the different methods a business may use to account for its environmental costs.

2. DECISION – MAKING TECHNIQUES

1. Relevant cost analysis

- i. Explain the concept of relevant costing
- ii. Identify and calculate relevant costs for a specific decision situations from given data.
- iii. Explain and apply the concept of opportunity costs.

2. Cost volume profit analysis

- i. Explain the nature of CVP analysis
- ii. Calculate and interpret breakeven point and margin of safety
- iii. Calculate the contribution to sales ratio, in single and multi-product situations, and demonstrate an understanding of its use.
- iv. Calculate target profit or revenue in single and multi – product situations, and demonstrate an understanding of its use

- v. Prepare break even charts and profit volume charts and interpret the information contained within each, including multi-product situations.
- vi. Discuss the limitations of CVP analysis for planning and decision making.

3. Limiting factors

- i. Identify limiting factors in a scarce resource situation and select an appropriate technique
- ii. Determine the optimal production plan where an organisation is restricted by a single limiting factor, including within the context of “make” or “buy” decisions.
- iii. Formulate and solve multiple scarce resource problem both graphically and using simultaneous equations as appropriate.
- iv. Explain and calculate shadow prices (dual prices) and discuss their implications on decision – making and performance management.
- v. Calculate slack and explain the implications of the existence of slack for decision-making and performance management. (Excluding simplex and sensitivity to changes in objective functions)

4. Pricing decisions

- i. Explain the factors that influence the pricing of a product or service
- ii. Explain the price elasticity of demand
- iii. Derive and manipulate a straight line demand equation. Derive an equation for the total cost function (including volume-based discounts).
- iv. Calculate the optimum selling price and quantity for an organization, equating marginal cost and marginal revenue.
- v. Evaluate a decision to increase production and sales level, considering incremental costs, incremental revenues and other factors.
- vi. Determine prices and output levels for profit maximization using the demand based approach to pricing (both tabular and algebraic methods)
- vii. Explain different price strategies, including:
 1. All forms of cost – plus
 2. Skimming
 3. Penetration
 4. Complementary product
 5. Product – line
 6. Volume discounting

- 7. Discrimination
- 8. Relevant cost
- viii. Calculate a price from a given strategy using cost – plus and relevant cost.

5. Make – or – buy and other short-term decisions

- i. Explain the issues surrounding make vs. buy and outsourcing decisions.
- ii. Calculate and compare “make” costs with “buy-in” costs.
- iii. Compare in-house costs and outsource costs of completing tasks and consider other issues surrounding this decision.
- iv. Apply relevant costing principles in situations involving shut down, one-off contracts and the further processing of joint products.

6. Dealing with risk and uncertainty in decision-making

- i. Suggest research technique to reduce uncertainty e.g. Focus groups, market research.
- ii. Explain the use of simulation, expected values and sensitivity
- iii. Apply expected values and sensitivity to decision – making problems
- iv. Apply the techniques of maximax, maximin, and minimax regret to decision – making problems including the production of profit tables.
- v. Draw a decision tree and use it to solve a multi – stage decision problem
- vi. Calculate the value of perfect and imperfect information.

3. BUDGETING

1. Objectives

- i. Outline the objectives of a budgetary control system
- ii. Explain how corporate and divisional objectives may differ and can be reconciled
- iii. Identify and resolve conflicting objectives and explain implications

2. Budgetary systems

- i. Explain how budgetary systems fit within the performance hierarchy
- ii. Select and explain appropriate budgetary systems for an organisation, including top-down, bottom-up, rolling, zero-base, activity-base, incremental and feed-forward control.
- iii. Describe the information used in budget systems and the sources of the information needed.
- iv. Explain the difficulties of changing a budgetary system
- v. Explain how budget systems can deal with uncertainty in the environment

3. Types of Budget

- i. Indicate the usefulness and problems with different budget types (zero-base, activity-based, incremental, master, functional and flexible)
- ii. Explain the difficulties of changing the type of budget used.

4. Quantitative analysis in budgeting

- i. Analyse fixed and variable cost elements from total cost data using high / low and regression methods.
- ii. Explain the use of forecasting techniques, including time series, simple average growth models and estimates based on judgement and experience. Predict a future value from provided time series analysis data using both additive and proportional data.
- iii. Estimate the learning effect and apply the learning curve to a budgetary problem, including calculations on steady states.
- iv. Discuss the reservations with the learning curve.
- v. Apply expected values and explain the problems and benefits
- vi. Explain the benefits and dangers inherent in using spread sheets in budgeting.

5. Behavioural aspects of budgeting

- i. Identify the factors which influence behaviour
- ii. Discuss the issues surrounding setting the difficulty level for a budget
- iii. Explain the benefits and difficulties of the participation of employees in the negotiation of targets.

4. STANDARD COSTING AND VARIANCES ANALYSIS

1. Budgeting and standard costing

- i. Explain the use of standard costs
- ii. Outline the methods used to derive standard costs and discuss the different types of cost possible
- iii. Explain the importance of flexible budgets in performance management
- iv. Prepare budgets and standards that allow for waste and idle time
- v. Explain and apply the principle of controllability in the performance management system
- vi. Prepare a flexed budget and comment on its usefulness.

2. Basic variances and operating statements

- i. Calculate, identify the cause of and interpret basic variance:
 1. Sales price and volume
 2. Materials total, price and usage
 3. Labour total, rate and efficiency
 4. Variable overhead total, expenditure and efficiency
 5. Fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency.
- ii. Explain the effect on labour variance where the learning curve has been used in the budget process
- iii. Produce full operating statements in both a marginal cost and full absorption costing environment, reconciling actual profit to budgeted profit.
- iv. Calculate the effect of idle time and waste on variances including where idle time has been budgeted for.
- v. Explain the possible cause of idle time and waste and suggest methods of control.
- vi. Calculate, using a simple situation, ABC-based variances.
- vii. Explain the different methods available for deciding whether or not to investigate a variance cause.

3. Material mix and yield variances

- i. Calculate, identify the cause of, and explain material mix and yield variances.
- ii. Explain the wider issues involved in changing material mix e.g. cost, quality and performance measurement issues.
- iii. Identify and explain the relationship of the material price variance with the material mix and yield variances.
- iv. Suggest and justify alternative methods of controlling production processes.

4. Sales mix and quantity variances

- i. Calculate, identify the cause of, and explain sales mix and quantity variances.
- ii. Identify and explain the relationship of the sales volume variances with the sales mix and quantity variances.

5. Planning and operational variances

- i. Calculate a revised budget
- ii. Identify and explain those factors that could and could not be allowed to revise an original budget.

- iii. Calculate planning and operational variances for sales, including market size and market share, materials and labour.
- iv. Explain and discuss the manipulation issues involved in revising budgets.

6. Behavioural aspects of standard costing

- i. Describe the dysfunctional nature of some variances in the modern environment of JIT and TQM.
- ii. Discuss the behavioural problems resulting from using standard costs in rapidly changing environments.
- iii. Discuss the effect that variances have on staff motivation and action.

5. PERFORMANCE MEASUREMENT AND CONTROL

1. The scope of performance measurement

- i. Describe, calculate and interpret financial performance indicators (FPIs) for profitability, liquidity and risk in both manufacturing and service business. Suggest methods to improve these measures.
- ii. Describe, calculate and interpret non-financial performance indicators (NPIs) and suggest method to improve the performance indicated.
- iii. Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view.
- iv. Explain and interpret the Balanced Scorecard, and the Building Block model proposed by Fitzgerald and Moon.
- v. Discuss the difficulties of targeting setting in qualitative areas.

2. Divisional performance and transfer pricing

- i. Explain and illustrate the basis for setting a transfer price using variable cost, full cost and the principles behind allowing for intermediate markets.
- ii. Explain how transfer prices can distort the performance assessment of divisions and decisions made.
- iii. Explain the meaning of, and calculate, Return on Investment (ROI) and Residual Income (RI), and discuss their shortcomings.
- iv. Compare divisional performance and recognise the problems of doing so.

3. Performance analysis in not for profit organisations and the public sector

- i. Comment on the problems of having non – quantifiable objectives in performance management.

- ii. Explain how performance could be measured in this sector
- iii. Comment on the problems of having multiple objectives in this sector.
- iv. Outline Value for Money (VFM) as a public sector objective.

4. External considerations and behavioural aspects.

- i. Explain the need to allow for external considerations in performance management, including stakeholders, market conditions and allowance for competitors.
- ii. Suggest ways in which external considerations could be allowed for in performance management.
- iii. Interpret performance in the light of external considerations.
- iv. Identify and explain the behaviour aspects of performance management.

COURSE : FINANCIAL REPORTING

LEVEL : LEVEL III

SUBJECT : SYLLABUS

COURSE CODE : CITA 301

Course Objective

The course is structured as an advanced module for Financial Accounting I and II. It serves as an applicative module. Students are expected to demonstrate knowledge in Financial Reporting particularly the application of the regulatory framework: IFRS, The International Auditing Standards and the Companies' Code

Course Description

The module covers sector accounts preparation, presentation of business reports, the Accounting aspect of capital reorganization, reconstructions, amalgamations and takeovers, mergers and acquisitions. It covers consolidation of businesses and their presentations and specialized sector accounting eg. Oil, Gas, Mineral & Petroleum.

SYLLABUS

THE REGULATORY FRAMEWORK AND FINANCIAL REPORTING

- The conceptual framework of Accounting
- The concept of Relevance and Faithful representation- true and fair view, comparability, verifiability, timeliness and understandability.
- Recognition and measurement of assets and liabilities
- Legal and commercial view of accounting
- Apply the Incorporated Private Partnership Act, 1962 - Act 152 to Partnership in Ghana
- Apply the Companies' Code 1963, Act 179 to limited liability companies
- The International Accounting Standards Boards (IASB) – Role and Standards setting
- Fair Value basis of measurement, concept of capital and capital maintenance of presenting financial statements.

BUSINESS COMBINATIONS

- The concept and principles of Groups
- Consolidated financial statements
- Preparing financial statements, including associates

ACCOUNTING FOR LIMITED LIABILITY COMPANIES

- Treatment of Issue, Redemption, Forfeiture of Shares and Debentures.
- Recording Rights, Script and Bonus Issue in the ledgers
- Recording dividends and capitalization issue in the accounts
- Prepare final accounts that takes care of directors report, corporate governance report and environmental reports, using the Companies Code 1963, Act 179 and all relevant documents
- Convert sole trading or partnership organizations to a limited liability: the complex issues.
- Explain and record pre-incorporated profits and losses

SECTOR ACCOUNTS OF LIMITED LIABILITY COMPANIES AND PUBLIC LIABILITY COMPANIES (PLCs)

- Prepare final accounts for Insurance, Banking, Non-banking, Mining, Oil and Gas, Petroleum Sector Companies
- Prepare value-added statement for non-group limited companies

CASH FLOW STATEMENT

- Prepare statement of Cash flow for a single entity using the direct and indirect methods.
- Compare the usefulness of cash flow information with that of a statement of profit and loss account and / or other comprehensive incomes.
- Interpret statement of cash flows with other financial information to assess the performance of an entity.

CONSOLIDATED FINANCIAL STATEMENTS

- Using fair values, purchase consideration, investment in a subsidiary, together with fair values of a subsidiary's identifiable assets and liabilities.
- Use of Equity Accounting
- The preparation of consolidated financial statements

- Identification of the laws, regulations, accounting standards applicable for consolidation of accounts
- Prepare and present a complete consolidated financial statement in accordance with all the relevant standards, regulations and policies.

SELECTED ACCOUNTING STANDARDS

- Accounting Policies, changes in Accounting Estimates and Errors
- Events occurring after balance sheet date
- Government Grants and Disclosure of Government Assistance
- Treatment of Borrowing
- Income Taxation, including complex issues in deferred tax
- Provisions, Contingent Liabilities and Contingent Assets
- Investing Properties
- Impairment Instruments
- Segmental Reporting
- Exploration and evaluation of mineral resources. Eg Mining, Gas and Oil Sector Accounting

ACCOUNTING FOR SPECIALIZED SECTORS

- Oil, Gas & Mineral and Petroleum.

ACCOUNTING FOR SPECIALIZED TRANSACTIONS

- Hire Purchase, Leases, factoring and other credit sale transactions
- Non-group foreign currency transactions
- Recording consignment accounts
- Branch accounts including foreign branches

PARTNERSHIP ACCOUNTING AND GOODWILL

- Explain changes in constitution regarding admission, retirement/death; profit sharing arrangements and guarantees in respect of salaries and profit/commissions
- Distinguish between purchase and non purchased goodwill.
- Calculate goodwill and make appropriate entries into the ledgers

- Life assurance policies in partnership
- Dissolution of partnership, including piece meal realization.
- Amalgamation of firms, including the conversion of sole proprietorships into Partnership.
- Partnership Act of 1962, Act 152.

EARNINGS PER SHARE

- EPS in accordance with relevant accounting standards, dealing with bonus shares, full market issues and rights issues. Diluted Earnings Per Share, involving convertible debts and share option
- EPS as an indicator of performance and limitations

TAXATION

- Account for current Tax in accordance with relevant accounting standards
- The effect of taxable temporary differences on accounting and taxable profits
- Deferred tax accounts in financial statements.

ANALYSING AND INTERPRETING FINANCIAL STATEMENTS

- Financial Ratios
- Interpret an entity's financial statements to give advice from perspective of different stakeholders
- Assessment of how current value-based financial statement contrasts with historical cost-based financial statement
- The limitations of financial ratios in assessing corporate performance

Reference:

8. Principles of Accounting by Frank Wood, Latest Edition.
9. Accounting Notes, Questions and Answers by A. A. Twumasi, 2010.
10. Accounting and Finance, 5th Edition, - Alan Pizzey
11. A Practical Foundation in Accounting, 5th Edition – Johnson, Whittam and Crawford
12. Advanced Financial Reporting, Lewis R.
13. International Financial Reporting Standards
14. Accounting Theory and Practice – Glautier M. E.

COURSE : FINANCIAL MANAGEMENT

LEVEL : LEVEL III

SUBJECT : SYLLABUS

COURSE CODE : CITA 302

Syllabus content:

1. FINANCIAL MANAGEMENT OBJECTIVES

1. The nature, purpose and scope of financial management
2. The relationship between financial management, management accounting and financial accounting.
3. The relationship of financial objectives and organizational strategy
4. Problems of multiple stakeholders in financial management and the consequent multiple objectives.
5. Objectives (financial and otherwise) in not – for – profit organizations.

2. THE FINANCIAL MANAGEMENT ENVIRONMENT

1. Financial intermediation and credit creation.
2. Money and capital markets
 - i. Domestic and international
 - ii. Stock markets (both major markets and small firm markets)
3. The Efficient Markets Hypothesis
4. Rates of interest and yield curves.
5. The impact of fiscal and monetary policy on business.
6. Regulation of business (for example, pricing restrictions, green policies and corporate governance).

3. MANAGEMENT OF WORKING CAPITAL

1. The nature and scope of working capital management.
2. Funding requirements for working capital
3. Working capital needs of different types of business.
4. The relationship of working capital management to business solvency.

5. Management of stock, debtors, short term funds, cash overdrafts and creditors.
6. Techniques of working capital management (including ratio analysis, EOQ, JIT, credit evaluation, terms of credit, cash discounts, factoring and invoice discounting, debtors cycles, efficient short term fund investing, cash forecasting and budgets, Miller – Orr models, basic foreign exchange methods, probabilities and risk assessment, terms of trade with creditors).

4. SOURCES OF FINANCE

1. Sources and relative costs (including issue costs) of various types of finance and their suitability to different circumstances and organizations (large and small, listed and unlisted) including:
 - i. Access to funds and the nature of business risk
 - ii. The nature and importance of internally generated funds
 - iii. Capital markets (types of share capital, new issues, rights issues, loan capital, convertibles, warrants)
 - iv. The effect of dividend policy on financing needs
 - v. Bank finance (short, medium, and long term, including leasing)
 - vi. Trade credit
 - vii. Government sources: grants, regional and national aid schemes and tax incentives.
 - viii. Problems of small company financing (collateral, maturity funding gap, risk)
 - ix. Problems of companies with low initial earnings (R&D, Internet, and other high – technology business)
 - x. Venture capital and financial sources particularly suited to the small company.
 - xi. International money and capital markets, including an introduction to international banking and the finance of foreign trade.
2. Requirements of finance (for what purpose, how much and for how long) in relation to business operational and strategic objectives
3. The importance of the choice of capital structure: equity versus debt and basic analysis of the term profile of funds.
4. Financial gearing and other key financial ratios and analysis of their significance to the organization.
5. Appropriate source of finance, taking into account:

- i. Cost of finance
- ii. Timing of cash payments
- iii. Effect on gearing and other ratios
- iv. Effect on company's existing investors.

5. CAPITAL APPRAISAL INVESTMENT

1. Discounted cash flow techniques
 - i. Simple and compound interest
 - ii. Net present value
 - iii. Annuities and perpetuities
 - iv. Internal rate of return
 - v. Future value
 - vi. Nominal interest
2. Appraisal of domestic capital investment opportunities for profit making and not – for – profit organizations through the use of appropriate methods and techniques
 - i. The risk/return relationship
 - ii. Return on capital employed
 - iii. Payback
 - iv. Internal rate of return
 - v. Net present value
 - vi. Single and multi – period capital rationing
 - vii. Lease or buy decisions
 - viii. Asset replacement using equivalent annual cost. Including (in categories (i) – (viii)) the effects of taxation, inflation, risk and uncertainty (probabilities, sensitivity analysis, simulation).

6. COSTING SYSTEMS AND TECHNIQUES

1. The purpose of costing as an aid to planning, monitoring and control of business activity.
2. Different approaches to costing.
3. Costing information requirements and limitations in not – for – profit organizations.
4. Behavioural implications of different costing approaches including performance evaluation.

5. Implications of costing approaches for profit reporting, the pricing of products and internal activities / services.

7. STANDARD COSTING AND VARIANCE ANALYSIS

1. Standard costing
 - i. Determination of standards
 - ii. Identification and calculation of sales variances (including quantity and mix), cost variances (including mix and yield); absorption and marginal approaches
 - iii. Significance and relevance of variances
 - iv. Operating statements
 - v. Interpretation and relevance of variance calculations to business performance.
2. Planning and operational variances
3. Behavioural implications of standard costing and variance reporting.

8. BUDGETING AND BUDGETARY CONTROL

1. Objectives of budgetary planning and control systems including aspects of behavioural implications.
2. Evaluation of budgetary systems such as fixed and flexible, zero based and incremental, periodic, continuous and activity based.
3. Development, implementation and coordination of budgeting systems: functional, subsidiary and master / principal budgets (including cash budgeting); budget review.
4. Calculation and cause of variances as aids to controlling performance.
5. Quantitative aids to budgeting and the concepts of correlation, basic time series analysis (seasonality) and forecasting; use of computer based models.
6. Behavioural implications of budgeting and budgetary control.

9. PERFORMANCE MEASUREMENT

1. Measurement of productivity, activity, profitability and quality of service.
2. Relationship of measure to type of entity and range of measures, monetary and non – monetary.
3. Indices to allow for price and performance changes through time.
4. Evaluating performance against objectives and plans, and identifying areas of concern from the information produced.

5. The impact of cost centres, revenue centres, profit centres and investment centres on management appraisal.
6. Difference between business performance and management performance.
7. Benchmarking

The following topics are specifically excluded from the syllabus:

- Calculations involving the derivation of cost of capital in discounting problems. Students will always be supplied with an appropriate discount rate.
- Calculations relating to Modigliani and Miller propositions.

KEY AREAS OF THE SYLLABUS

The core of the syllabus is aimed at developing the skill required in supporting managerial decision making. They reflect the core competencies needed for students to satisfy the aim of the paper identified above. The core areas are:

- Financial management objectives
- Management of working capital
- Sources of finance
- Capital investment appraisal
- Costing systems
- Standard costing and variance analysis
- Budgeting and budgetary control
- Performance management

1. THE ECONOMIC ENVIRONMENT I

Macroeconomic Objectives

- Identify and explain the main macro – economic policy targets
- Explain how government economic policy may affect planning and decision – making in business
- Define and explain the role of fiscal, monetary, interest rate and exchange rate policy

Fiscal Policy

- Identify the main tools of fiscal policy
- Explain how public expenditure is financed and the meaning of PSBR
- Explain how PSBR and taxation policy interact with other economic indicators.
- Identify the implications of fiscal policy for business.

2. THE ECONOMIC ENVIRONMENT II

Monetary, inflation and exchange rate policy

- Identify the main tools of monetary policy
- Identify the factors which influence inflation and exchange rates, including the impact of interest rates.
- Identify the implications of monetary, inflation and exchange rate policy for business.

Aspects of government intervention and regulation

- Explain the requirement for and the role of competition policy
- Explain the requirement for and the role of official aid intervention
- Explain the requirement for and the role of Green policies
- Identify examples of government intervention and regulation.

3. THE NATURE AND SCOPE OF FINANCIAL MANAGEMENT

- Broadly describe the relationship between financial management, management accounting and financial accounting.
- Discuss the nature and scope of financial objectives for private sector companies in the context of organizational objectives.
- Discuss the role of social and non – financial objectives in private sector companies and identify their financial implications
- Identify objectives (financial and otherwise) in not – for – profit organizations and identify the extent to which they differ from private sector companies
- Discuss the problems of multiple stakeholders in financial management and the consequent multiple objectives and scope for conflict.

4. THE FINANCIAL MANAGEMENT FRAMEWORK

- Identify the general role of financial intermediaries
- Explain the role of commercial banks as providers of funds (including the creation of credit)
- Discuss the risk / return trade-off
- Identify the international money and capital markets and outline their operation
- Explain the functions of the a stock market and corporate bond market
- Explain the key features of different types of security in terms of the risk / return trade-off.
- Outline the Efficient Markets Hypothesis and assess its broad implications for corporate policy and financial management
- Explain the Separation Theorem
- Explain the functions of and identify the links between the money and capital markets.

5. MANAGEMENT OF WORKING CAPITAL I

General Issues

- Explain the nature and scope of working capital management
- Distinguish between cash flow and profits
- Explain the requirement for effective working capital and management
- Explain the relationship between working capital management and business solvency
- Distinguish between the working capital needs of different types of business.

Management of Stock

- Calculate and interpret stock ratios
- Explain the role of stock in the working capital cycle.
- Apply the tools and techniques of stock management
- Analyse and evaluate the results of stock management techniques.

6. MANAGEMENT OF WORKING CAPITAL II

Management of creditors

- Explain the role of creditors in the working capital cycle
- Explain the availability of credit and the role of the guarantee
- Identify the risks of taking increased credit and buying under extended credit terms

- Explain how methods of paying suppliers may influence cash flows of both parties
 - Discuss the particular problems of managing overseas accounts payable.
 - Calculate and interpret creditor ratios
 - Apply the tools and techniques of creditor management
 - Analyse and evaluate the results of creditor management techniques
- Management of debtors
- Explain the role of debtors in working capital cycle
 - Explain how the credit – worthiness of customers may be assessed
 - Evaluate the balance of risks and costs of customer default against the profitability of marginal business
 - Explain the role of factoring and invoicing discounting
 - Explain the role of early settlement discounts
 - Discuss the particular problems of managing overseas debtors
 - Calculate and interpret debtor ratios
 - Apply the tools and techniques of debtor management
 - Analyse and evaluate the results of debtor management techniques

7. MANAGEMENT OF WORKING CAPITAL III

Management of cash

- Explain the role of cash in the working capital cycle
- Calculate optimal cash balances
- Describe the functions of, and evaluate the benefits from centralised cash control and Treasury Management
- Calculate and interpret cash ratios
- Apply the tools and techniques of cash management
- Analyse and evaluate the results of cash management techniques

8. SOURCES OF FINANCE I: SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)

- Explain financing in terms of the risk/return trade-off
- Describe the requirements for finance of SMEs (purpose, how much, how long)
- Describe the nature of the financing problem for small businesses in terms of funding gap, the maturity gap and inadequate security.

- Identify the role of risk and the lack of information on small companies to help explain the problems of SME financing.
- Explain the role of information provision provided by financial statements
- Describe the particular financing problems of low-earning/high growth companies
- Describe the response of government agencies and financial institutions to the SME financing problem
- Explain what other measures may be taken to ease the financial problems of SMEs such as trade creditors, factoring, leasing, hire purchase, AIM listing, business angels and venture capital
- Describe how capital structure decisions in SMEs may differ from larger organisations.
- Describe appropriate sources of finance for SMEs
- Calculate and interpret appropriate ratios

9. SOURCES OF FINANCE II: EQUITY FINANCING

- Describe ways in which a company may obtain a stock market listing
- Describe how stock markets operate, including the AIM
- Explain the requirements of stock market investors in terms of returns on investment
- Calculate, analyse and evaluate appropriate financial ratios (e.g. EPS, PE ratio, dividend yield, etc)
- Outline and apply the dividend valuation model, including the growth adjustment
- Explain the importance of internally generated funds
- Describe the advantages and disadvantages of rights issues
- Calculate the price of rights
- Explain the purpose and impact of bonus issue, scrip dividends and stock splits.

10. SOURCES OF FINANCE III: DEBT AND NEAR – DEBT FINANCING

- Explain the features of different types of preference shares and the reasons for their issue
- Explain the features of different types of long – term straight debt and the reasons for their issue
- Explain the features of convertible debt and warrants and the reasons for their issue

- Broadly describe the reasons for the choice of financing between preference shares, debt and near-debt instruments in terms of the risk/return trade-off
- Assess the effects on EPS of conversion and option rights
- Broadly describe international debt markets and the financing of foreign trade
- Calculate and interpret appropriate ratios.

11. SOURCES OF FINANCE IV: THE CAPITAL STRUCTURE DECISION

- Explain and calculate the level of financing gearing
- Distinguish between operational and financial gearing
- Outline the effects of gearing on values of shares, company risk and required return.
- Explain how a company may determine its capital structure in terms of interest charges, dividends, risk and redemption requirements.
- Explain the role of short term financing in the capital structure decision.
- Explain the relationship between the management of working capital and the long term capital structure decision calculate and interpret appropriate ratios

12. INVESTMENT DECISIONS

- Define and distinguish between capital and revenue expenditure
- Compare and contrast fixed assets investment and working capital investment
- Describe the impact of investment projects on financial statements
- Calculate payback and assess its usefulness as a measure of investment worth
- Calculate ROCE and assess its usefulness as a measure of investment worth

13. INTEREST AND DISCOUNTING

- Explain the difference between simple and compound interest
- Explain the relationship between inflation and interest rates, distinguishing between nominal and real interest rates, and calculate nominal interest rates.
- Explain what is meant by future values and calculate future values, including application of the annuity formula
- Explain what is meant by discounting and calculate present values, including application of the annuity and perpetuity formula, and the use of present value and annuity tables.

14. INVESTMENT APPRAISAL USING DCF METHODS

- Explain the importance of the time value of money and the role of the cost of capital in appraising investments
- Identify and evaluate relevant cash flows of potential investments
- Calculate present values to derive the NPV and IRR measures of investment worth
- Explain the superiority of DCF methods over payback and ROCE
- Assess the merits of IRR and NPV
- Apply DCF methods to asset replacement decisions.

15. PROJECT APPRAISAL ALLOWING FOR INFLATION AND TAXATION

- Distinguish general inflation from specific price increases and assess their impact on cash flows
- Evaluate capital investment projects on a real terms basis
- Evaluate capital investment projects on a nominal terms basis; *Taxation.*
- Calculate the effect of capital allowances and Corporation Tax on project cash flows
- Evaluate the profitability of capital investment projects on a post – tax basis

16. PROJECT APPRAISAL ALLOWING FOR RISK

- Distinguish between risk and uncertainty
- Identify the sources of risk affecting project profitability
- Evaluate the sensitivity of project NPV to changes in keys variables
- Apply the profitability approach to calculating expected NPV of a project and the associated standard deviation
- Explain the role of simulation in generating a probability distribution for the NPV of a project
- Identify risk reduction strategies for projects
- Evaluate the usefulness of risk assessment methods.

17. CAPITAL RATIONING

- Distinguish between hard and soft capital rationing
- Apply profitability index techniques for single period divisible projects

- Evaluate projects involving single and multi – period capital rationing.

18. LEASING DECISIONS

- Distinguishing between operating and finance leases
- Apply DCF methods to projects involving buy or lease problems
- Assess the relative advantages and disadvantages of different types of lease
- Describe the impact of leasing on company gearing.

19. COSTING SYSTEMS AND TECHNIQUES

- Outline and distinguish between the nature and scope of management accounting and the role of costing in meeting the needs of management.
- Describe the purpose of costing as an aid to planning monitoring and controlling business activity.
- Different approaches to costing
 - i. Marginal costing and absorption costing
 - ii. Service costing
 - iii. Theory of constraints and throughput accounting
 - iv. Activity based costing; use of cost drivers and activities
 - v. Life cycle costing
 - vi. Target costing
- Describe the costing information requirements and limitations in not-for-profit organizations
- Broadly outline the behavioural implications of different costing approaches including performance evaluation
- Explain the potential for different costing approaches to influence profit reporting and the pricing of products and internal services.
- Explain the role of costing systems in decision making.

20. STANDARD COSTING I

- Explain the uses of standard costs and the methods by which they are derived and subsequently reviewed.
- Calculate and evaluate capacity limitations when setting standards

- Describe the types of standard (ideal, attainable, current and basic) and their behavioural implications.
- Calculate basic labour, material, overhead (variable and fixed) and sales variances, including problems of labour idle time.
- Explain the reasons for variance
- Assess appropriate management action arising from the variances identified.

21. STANDARD COSTING II

- Prepare reconciliations using operating systems which
 - i. Reconcile budgeted and actual profit figures, and / or
 - ii. Reconcile the actual sales less the standard cost of sales with the actual profit.
- Calculate and explain operational planning variances.
- Demonstrate how absorption and marginal approaches can be used in standard costing
- Calculate mix and yield variances for materials
- Calculate mix and quantity variances for sales
- Demonstrate an understanding of the inter-relationships between variances
- Explain the reasons for variances
- Assess appropriate management action arising from the variances identified

22. BUDGETARY PLANNING AND CONTROL I

- Identify the purposes of budgetary planning and control systems
- Describe the planning and control cycle, and the control process
- Explain the implications of controllability for responsibility reporting
- Prepare, review and explain a budget preparation timetable.
- Prepare and evaluate functional, subsidiary and master budgets, including cash budgets
- Explain the processes involved with the development and implementation of budgets
- Explain the process of participation in budget setting and how this can address motivational problems.

23. BUDGETARY PLANNING AND CONTROL II

- Prepare and evaluate fixed and flexible budgets and evaluate the resulting variances
- Prepare flexed budgets when standard fixed overhead absorption is employed

- Assess behavioural implications of budgetary control and performance evaluation, including participation in budget setting.

24. BUDGETARY PLANNING AND CONTROL III

- Describe and evaluate the main features of zero based budgeting systems
- Describe the areas / organizations in which zero based budgeting may be applied
- Describe and evaluate incremental budgeting and discuss the differences with zero based budgeting
- Describe and evaluate and continuous budgeting systems

25. QUANTITATIVE AIDS TO BUDGETING

- Describe and apply the techniques of
 - i. High-low method
 - ii. Least squares regression
 - iii. Scatter diagrams and correlation
 - iv. Forecasting with least squares regression
 - v. Time series to identify trends and seasonality
 - vi. Forecasting with time series
- Evaluate the results of quantitative aids

26. INDICES

- Explain the purpose of index numbers, and calculate and interpret simple index numbers for one or more variables
- Deflate time – related data using an index
- Construct a chained index series
- Explain the term ‘average index’, distinguishing between simple and weighted averages
- Calculate Laspeyres and Paasche price and quantity indices
- Describe the relative merits of Laspeyres and Paasche indices

27. PERFORMANCE MEASUREMENT

- Outline the essential features of responsibility accounting for various types of entity

- Describe the range of management performance measures available for various types of entity
- Calculate and explain the concepts of return on investment and residual income
- Explain and give examples of appropriate non – monetary performance measures
- Describe the various types of responsibility centre and the impact of these on management appraisal
- Discuss the potential conflict in the use of a measure for both business and management performance
- Analyse the application of financial performance measures including cost, profit, return on capital employed
- Assess and illustrate the measurement of profitability, activity and productivity
- Discuss the measurement of quality and service
- Identify areas of concern from information supplied and performance measures calculated
- Describe the features of benchmarking and its application to perform appraisal

COURSE : INTERNATIONAL TAXATION
LEVEL : LEVEL III
SUBJECT : SYLLABUS
COURSE CODE : CITA 303

Course Objective:

The core aim of the course is to help students grasp the application and the computation of taxation regarding international laws. Students are expected to demonstrate knowledge internationally in the application of the principles of taxation, particularly in the area employment income, business income and income from vocation.

Course Description:

It is structured to assist students understand the legal framework, essence and the principles of international taxation particularly the computations. The whole concept of the international components of Direct and Indirect taxes are covered.

SYLLABUS

The background and Evolution of International Taxation. Sources of Internal Tax-Primary and Secondary sources

- The concept of international taxation
- Foreign and local tax jurisdiction
- The Primary and secondary sources of international taxation
- The impact of international law on local tax regimes
- Tax harmonization issues and the international financial reporting standards

The issue of Tax Harmonization and the International Accounting Standards etc.

- The challenges of tax harmonization and the international accounting and auditing standards
- International tax planning and business organization
- International corporate and non corporate entity tax assessment.
- Taxation of Non- resident and residents person
- The dual residency and tax havens

- The issue of international tax regimes
- Taxation of foreign businesses, employment, investments and vocational incomes.

Transfer Pricing and Capital Gains Tax, etc.

- Application and the arms length principle
- Transactions between associate persons, choice of transfer pricing mechanisms and controlled relation
- Transfer pricing regulations and the methodology in respect of the comparable uncontrolled price method; the resale price method; the cost-plus method; the transactional profit split and the transactional net margin method.
- The provisions in administration of the capital gain tax
- Rules in determining the cost base in computing capital gain tax.
- Rational underlying transactions exempted from capital gains tax
- Disposal and acquisition of assets in relation to; hire purchase, part disposal, connected persons, lost/destroyed, death, bargains involving two or more transactions
- Capital Gains in relation to stock and shares
- Tax planning schemes under capital gain tax

COURSE : TAX AUDIT AND INVESTIGATION

LEVEL : LEVEL III

SUBJECT : SYLLABUS

COURSE CODE : CITA 304

Course Objective

The course is structured to assist the Tax auditor in examining the impact on profit due to misstatements and errors which may lead to tax avoidance and tax evasion. It is to ascertain whether profit has been understated as a result of any errors of commission or omission to the advantage of the tax payer, or sometimes to ascertain the equitable tax or refund payable.

Course Description

The course covers the investigation of all the variables in the income statement, the balance sheet and the cash flow statement. The major attention shall be drawn on risky areas particularly act of omission or commission leading to overstatements of administrative expenses and overstatement of cost sales and their resultant effect on the income statement and the balance sheet.

SYLLABUS

The Background and the Concept of Tax Auditing

- The concept of tax audit and tax compliance
- Revenue performance before and after the introduction of tax audit.
- The underlying tax audit philosophy of profit maximization and risk minimization

The Nature, Purpose and Scope of Tax Auditing

- Tax audit and investigation regarding the primary books of accounts including the cash flow
- The Examination of the ledgers, control accounts and the trial balance
- Tax examination of the income statements particularly salient variables e.g. the closing stock

- Tax examination of the balance sheet particularly the current assets, current liabilities and the working capital, to check liquidity risk.

Differentiation between the Internal Auditor, External Auditor and Tax Auditor

- The functions of the internal auditor, external auditor and the tax auditor.
- The collaborative functions of the internal and the external auditor.

The Independence of the Tax Auditor

- The appointment and responsibility of the tax auditor

The Elements of Objectivity, Truth and Fairness In Tax Audit

- Truth and fairness of the net profit or loss
- The derivative of the tax profit as against accounting profit

Types of Tax Audit e.g. Forensic Audit

- The issue of forensic audit, legal issues and the role of the tax auditor

Scope of Tax Auditing vis-a-vis Internal Revenue Act 2000, Act 592 as amended etc

- The investigative component of tax auditing and GRA legislations reference, examination of IT form 21, 51, 22A/B, VAT input/output tax form and other direct and indirect tax legislations
- The conflict between Tax auditor's reports and management.
- Third parties report and tax auditing.
- The scope of audit practices and procedures
- Tax auditors and the element of cost

The Investigative Process of Examining Employment Income, Business Income, Investment Income and Income from Vocations

- Employment income investigations – PAYE, pensions, benefits in kind and in cash, resident and non-resident employment income
- Business income investigations
- The issue of transfer pricing vis a vis consolidated accounts and company accounts
- Capital allowance as a tax relief – examination of assets register and the cash flow statement

- Tax examination of business takeovers, amalgamations, reconstruction and general disposals.

The Elements of Audit Risk

- The impact of audit risk and net profit
- Tax examination of the accounting profit and tax profit
- Tax examination of the general administrative expenses in relation to the net profit and the balance sheet.
- Tax auditor's report and audit review
- Preparation of Tax Auditors report and the financial statement
- Qualified and Unqualified opinion of the tax auditor.
- Limitations and threat of the tax auditor
- The Tax Auditors evidence and Audit Risk
- The elements of Fraud and Error as related to audit risk

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10. Insight into Taxation Laws in Ghana by Francis E.K Akoto
11. Taxation, 8th Edition, Prentice Hall – Melville
12. Taxation and Self Assessment, Peters Rows.
13. A reference Book for Taxation in Ghana Vol. 1 by Randolph Nsor-Ambala
14. Principles of Taxation in Ghana by Edward Dua Agyemang

COURSE : FINANCIAL ANALYSIS

LEVEL : LEVEL III

SUBJECT : SYLLABUS

COURSE CODE : CITA 305

Course Description

The aim of this module is to apply relevant knowledge and skills and to exercise professional judgement in assessing strategic position, determining strategic choice and implementing strategic action through beneficial business process and structural change; coordinating knowledge systems and information technology and by effectively managing quality processes, projects and people within financial and other resource constraints.

Course Objective

- The course is designed to assess the strategic position of an organization
- Evaluate the strategic choices available to an organization
- Discuss how an organization might go about its strategic implementation
- It is to model and redesign business processes and structures to implement and support the organization's strategy, taking account of customer and other major stakeholder requirements
- Integrate appropriate information technology solutions to support the organization's strategy
- Apply appropriate quality initiatives to implement and support the organization's strategy
- Advise on the principles of project management to enable the implementation of aspects of the organization's strategy with the twin objectives of managing risk and ensuring benefits realisation.
- Analyse and evaluate the effectiveness of a company's strategy and financial consequences of implementing strategic decisions.
- The role of leadership and people management in formulating and implementing business strategy.

Core Areas of the Syllabus

- The strategic position of an organization
- The strategic choices available to an organization.
- Strategic action
- Modelling and redesigning business processes.
- Information technology solutions.
- Quality initiatives to implement and support the organization's strategy.
- Project management
- The role of finance in formulating and implementing business strategy
- The role of leadership and people management in formulating and implementing business strategy.

A. THE STRATEGIC POSITION OF AN ORGANIZATION

1. The need for, and purpose of, strategic and business analysis

- a. Recognize the fundamental nature and vocabulary of strategy and strategic decisions
- b. Discuss how strategy may be formulated at different levels, (corporate and operational business levels) of an organization.
- c. Explore the Johnson & Scholes and Whittington model of defining elements of strategic management – the strategic position, strategic choices and strategy into action.
- d. Analyze how strategic management is affected by different organizational contexts.
- e. Compare three different strategy lenses (Johnson & Scholes) for viewing and understanding strategy and strategic management.
- f. Explore the scope of business analysis and its relationship to strategy and strategic management in the context of the structural model of this course.

2. Environmental issues affecting the strategic position of an organization

- a. Assess the macro-environment of an organization using PESTEL.
- b. Highlight the key drivers of change likely to affect the structure of a sector or market.

- c. Explore, using Porter's Diamond, the influence of national competitiveness on the strategic position of an organization.
- d. Prepare scenarios reflecting different assumptions about the future environment of an organization.

3. Competitive forces affecting an organization

- a. Discuss the significance of industry, sector and convergence.
- b. Evaluate the sources of competition in an industry or sector using Porter's five forces framework
- c. Assess the contribution of the lifecycle model and the cycle of competition to understanding competitive behaviour.
- d. Analyze the influence of strategic groups and market segmentation.
- e. Determine the opportunities and threats posed by the environment of an organization.

4. Marketing and the value of goods and services

- a. Analyze customers and markets
- b. Establish appropriate critical success factors for products and services
- c. Explore the role of the value chain in creating and sustaining competitive advantage.
- d. Advise on the role and influence of value networks
- e. Assess different approaches to benchmarking an organization's performance.

5. The internal resources, capabilities and competences of an organization

- a. Discriminate between strategic capability, threshold resources, threshold competences, unique resources and core competences.
- b. Advise on the continuing need for cost efficiency.
- c. Discuss the capabilities required to sustain competitive advantage
- d. Explain the impact of new product, process, and service developments and innovation in supporting business strategy
- e. Discuss the contribution of organizational knowledge to the strategic capability of an organization.
- f. Identify opportunities for managing the strategic capability of an organization.

- g. Determine the strengths and weaknesses of an organization and formulate an appropriate SWOT analysis.

6. The expectations of stakeholders and the influences of ethic and culture

- a. Advise on the implications of corporate governance on organizational purpose and strategy
- b. Evaluate, through stakeholder mapping, the relative influence of stakeholders on organizational purpose and strategy.
- c. Assess ethical influences on organizational purpose and strategy.
- d. Explore the scope of corporate social responsibility.
- e. Assess the impact of culture on organizational purpose and strategy.
- f. Advise on how organizations can communicate their core values and mission.

B. THE STRATEGIC CHOICES AVAILABLE TO AN ORGANIZATION.

1. The influence of corporate strategy on an organization

- a. Explore the relationship between a corporate parent and its business units
- b. Assess the opportunities and potential problems of pursuing different corporate strategies of product / market diversification from a national, international and global perspective.
- c. Assess the opportunities and potential problems of pursuing a corporate strategy of international diversity, international scale operations and globalization.
- d. Discuss a range of ways that the corporate parent can create and destroy organizational value.
- e. Explain three corporate rationales for adding value – portfolio managers, synergy managers and parental developers.
- f. Explain and assess a range of portfolio models (the growth/share (BGC) matrix, the public sector portfolio matrix, matrix attractiveness / SBU strength matrix, directional policy matrix, Ashridge Portfolio Display) that may assist corporate parents manage their business portfolios.

2. Alternative approaches to achieving competitive advantage

- a. Evaluate, through the strategy clock, generic strategy options available to an organization.

- b. Advise on how price – based strategies, differentiation and lock-in can help an organization sustain its competitive advantage.
- c. Explore how organizations can respond to hypercompetitive conditions
- d. Assess opportunities for improving competitiveness through collaboration

3. Alternative directions and methods of development

- a. Determine generic development directions (employing an adapted Ansoff matrix and a SWOT matrix) available to an organization.
- b. Assess how internal development, mergers, acquisitions and strategic alliances can be used as different methods of pursuing a chosen strategic direction.
- c. Establish success criteria to assist in the choice of a strategic direction and method (strategic options).
- d. Assess the feasibility of different strategic options to an organization.
- e. Establish the acceptability of strategic options to an organization through analyzing risk and return on investment.

C. STRATEGIC ACTION

1. Organizing and enabling success

- a. Advise on how the organization can be structured to deliver a selected strategy.
- b. Explore generic processes that take place within the structure, with particular emphasis on the planning process
- c. Discuss how internal relationships (outsourcing, strategic alliances, networks and virtual organization) can be structured to deliver a selected strategy.
- d. Explore (through Mintzberg’s organizational configurations) the design structure, processes and relationships.

2. Managing strategic change

- a. Explore different types of strategic change and their implications
- b. Determine and diagnose the organizational context of change using Balogun and Hope Hailey’s contextual features model and the cultural web.
- c. Establish potential blockages and levers of change.
- d. Advise on the style of leadership appropriate to manage strategic change
- e. Specify organizational roles required to manage strategic change.

- f. Discuss levers that can be employed to managed strategic change

3. Understanding strategy development

- a. Discriminate between the concepts of intended and emergent strategies
- b. Explain how organizations attempt to put an intended strategy into place.
- c. Highlight how emergent strategies appear from within an organization.
- d. Discuss how process redesign, quality initiatives and e-business can contribute to emergent strategies.
- e. Assess the implications of strategic drift and the demand for multiple processes of strategy development.

D. MODELLING AND REDESIGNING BUSINESS PROCESSES.

1. The role of process and process change initiatives

- a. Advise on how an organization can reconsider the design of its processes to deliver a selected strategy
- b. Appraise business process change initiatives previously adopted by organizations
- c. Establish an appropriate scope and focus for business process change using Harmon's process – strategy matrix.
- d. Recommend a business process redesign methodology for an organization

2. Model an organization and its current processes

- a. Create an organizational diagram and contrast it with a conventional organization chart.
- b. Create a process diagram of a current organizational process using a swim lane diagram.
- c. Specify a selected activity / task on a current organizational process diagram.
- d. Evaluate the effectiveness of a current organizational process.

3. Improving the processes of the organization

- a. Describe a range of process redesign patterns
- b. Establish possible redesign options for improving the current processes of an organization
- c. Assess the feasibility of possible redesign options.

- d. Create a proposed process diagram for an organization using a selected process redesign pattern.

4. The design of activities / task

- a. Specify selected activities / tasks on a proposed process diagram.
- b. Develop a human performance analysis of a selected activity / task on the proposed process model.
- c. Develop process measures for a selected activity / task on the proposed process model.
- d. Assess the relationship between process redesign and strategy.

5. Software solutions

- a. Establish information system requirements required by business users.
- b. Assess the advantages and disadvantages of using a generic software solution to fulfill those requirements.
- c. Establish a process for evaluating, selecting and implementing a generic software solution.
- d. Explore the relationship between generic software solutions and business process redesign.

E. INFORMATION TECHNOLOGY SOLUTIONS.

1. Principles of e-business

- a. Discuss the meaning and scope of e-business
- b. Advise on the reasons for the adoption of e-business and recognize barriers to its adoption
- c. Evaluate how e-business changes the relationships between organizations and their customers.
- d. Discuss and evaluate the main business and marketplace models for delivering e-business.
- e. Advise on the hardware and software infrastructure required to support e-business
- f. Advise on how the organization can utilize information technology to help it deliver a selected strategy.

2. E – business application: upstream supply chain management

- a. Analyze the main elements of both the push and pull models of the supply chain
- b. Discuss the relationship of the supply chain to the value chain and the value network.
- c. Assess the potential application of information technology to support and restructure the supply chain.
- d. Advise on how external relationships with suppliers and distributors can be structured to deliver a restructured supply chain
- e. Discuss the methods, benefits and risks of e-procurement.
- f. Assess different options and models for implementing e-procurement.

3. E-business application: downstream supply chain management

- a. Define the scope and media of e-marketing
- b. Highlight how the media of e-marketing can be used when developing an effective e-marketing plan.
- c. Explore the characteristics of the media of e-marketing using the ‘6I’s of Interactivity, Intelligence, Individualization, Integration, Industry structure and Independence of location.
- d. Evaluate the effect of the media of e-marketing on the traditional marketing mix of product, promotion, price, place, people, processes and physical evidence.
- e. Assess the importance of, on-line branding in e-marketing and compare it with traditional branding.

4. E-business application: customer relationship management

- a. Define the meaning and scope of customer relationship management.
- b. Explore different methods of acquiring customers through exploiting electronic media
- c. Evaluate different buyer behavior amongst on-line customers
- d. Recommend techniques for retaining customers using electronic media
- e. Recommend how electronic media may be used to increase the activity and value of established, retained customers.
- f. Discuss the scope of a representative software package solutions designed to support customer relationship management.

F. QUALITY INITIATIVES TO IMPLEMENT AND SUPPORT THE ORGANIZATION'S STRATEGY.

1. Quality control, quality assurance and management systems

- a. Discriminate between quality, quality assurance, quality control and a quality management system
- b. Assess the relationship of quality to the strategy of an organization
- c. Appraise quality initiatives previously adopted by organizations
- d. Advise on the structure and benefits of a quality management system and quality certification.

2. Quality in the information systems development lifecycle

- a. Justify the need and assess the characteristics of quality in computer software and the implications of these characteristics for testing, liability and ownership.
- b. Discuss the stages of systems development through the medium of the V lifecycle model
- c. Advise on how the V lifecycle model defines and partitions testing and contributes to improved computer software quality.
- d. Discuss how the process of computer software development process might be improved through the application of the Capability Maturity Model Integration (CMMI) process.

3. Quality initiatives: Six Sigma

- a. Define the scope, principle and objectives of Six Sigma.
- b. Discuss the team roles typically required by Six Sigma.
- c. Outline the Six Sigma problem – solving process (DMAIC)
- d. Discuss the significance and implications of measurement in the Six Sigma problem – solving process.
- e. Explain the application of Six Sigma within e-business, the value chain and process redesign.

G. PROJECT MANAGEMENT

1. Identifying and initiating projects

- a. Determine the distinguishing features of projects and the constraints they operate in
- b. Discuss the relationship between organizational strategy and project management
- c. Identify and plan to manage risk
- d. Advise on the structures and information that have to be in place to successfully initiate a project.
- e. Assess the importance of developing a project plan and discuss the work required to produce this plan.
- f. Explain the relevance of projects to process re-design, e-business systems development and quality initiatives.

2. Managing and leading projects

- a. Discuss the organization and implications of project-based team structures.
- b. Establish the role and responsibilities of the project manager and the project sponsor.
- c. Identify and describe typical problems encountered by a project manager when leading a project.
- d. Advise on how these typical problems might be addressed and overcome.

3. Monitoring, controlling and concluding projects

- a. Monitor the status of a project and identify project risks, issues, slippage and changes and likely business achievement of business benefits.
- b. Formulate responses for dealing with projects risks, issues, slippage and changes.
- c. Establish mechanisms for successfully concluding a project.
- d. Discuss the meaning and benefits of an end-project review, including benefits realization.
- e. Evaluate how project management software may support the planning and monitoring of a project.

H. THE ROLE OF FINANCE IN FORMULATING AND IMPLEMENTING BUSINESS STRATEGY

1. The link between strategy and finance

- a. Explain the relationship between strategy and finance:

- i. Managing for value
- ii. Financial expectations of stakeholders
- iii. Funding strategies.

2. Finance decisions to formulate and support business strategy

- a. Determine the overall investment requirements of the business.
- b. Evaluate alternative sources of finance for these investments and their associated risks.
- c. Efficiently and effectively manage the current and non – current assets of the business from a finance and risk operative.

3. Financial implications of making strategic choices and implementing strategic actions

- a. Apply efficiency ratios to assess how efficiently an organization uses its current resources.
- b. Apply appropriate gearing ratios to assess the risks associated with financing and investment in the organization.
- c. Apply appropriate liquidity ratios to assess the organization's short – term commitments to creditors and employees.
- d. Apply appropriate profitability ratios to assess the viability of chosen strategies.
- e. Apply appropriate investment ratios to assist investors and shareholders in evaluating organizational performance and strategy.

I. THE ROLE OF LEADERSHIP AND PEOPLE MANAGEMENT IN FORMULATING AND IMPLEMENTING BUSINESS STRATEGY

1. Strategy and people: leadership

- a. Explain the role of visionary leadership and identify the key leadership traits effective in the successful formulation and implementation of strategy and change management.
- b. Apply and compare alternative classical and modern theories of leadership in the effective implementation of strategic objectives.

2. Strategy and people: performance management

- a. Explain how the effective recruitment, management and motivation of people is necessary for enabling strategic and operational success.
- b. Discuss the judgemental and developmental roles of assessment and appraisal.
- c. Evaluate the concept of performance management and explore its relationship with strategic management.
- d. Advise on the relationship of performance management to performance measurement (performance rating) and determine the implications of performance measurement to quality initiatives and process re-design.

3. Strategy and people: reward management

- a. Explore the meaning and scope of reward management and reward practices.
- b. Discuss and evaluate different methods of reward.
- c. Discuss and evaluate different techniques of reward and their relationship to job design, appraisal and deployment of staff.
- d. Explore the principles and difficulty of aligning reward practices with strategy.
- e. Advise on the relationship of reward management to quality initiatives, process re-design and the harnessing of e-business opportunities.

4. Strategy and people: job design

- a. Assess the contribution of four different approaches to job design (scientific management, job enrichment, Japanese management and re-engineering)
- b. Explain the human resource implications of knowledge work and post – industrial job design.
- c. Discuss the tensions and potential ethical issues related to job design.
- d. Advise on the relationship of job design to quality initiatives, process re – design, project management and the harnessing of e-business opportunities.

5. Strategy and people: staff development

- a. Discuss the emergence and scope of human resource development, succession planning and their relationship to the strategy of the organization.
- b. Advise and suggest different methods of establishing human resource development.

- c. Advise on the contribution of competency frameworks to human resource development.
- d. Discuss the meaning and contribution of workplace learning, the organization, organization learning and knowledge management.

COURSE : CORPORATE REPORTING & ETHICS
LEVEL : LEVEL III
SUBJECT : SYLLABUS
COURSE CODE : CITA 306

COURSE OBJECTIVE:

The synopsis of this module is to apply relevant knowledge and skills and to exercise professional judgement in assessing strategic position, determining strategic choice and implementing strategic action through beneficial business process and structural change; coordinating knowledge systems and information technology and by effectively managing quality processes, projects and people within financial and other resource constraints.

Specific Objectives of the syllabus

- Assess the strategic position of an organisation
- Evaluate the strategic choices available to an organisation
- Discuss how an organisation might go about its strategic implementation
- Model and redesign business processes and structures to implement and support the organisation's strategy taking account of customer and other major stakeholder requirements.
- Integrate appropriate information technology solutions to support the organisation's strategy.
- Apply appropriate quality initiatives to implement and support the organisation's strategy.
- Advise on the principles of project management to enable the implementation of aspects of the organisation's strategy with the twin objectives of managing risk and ensuring benefits realisation.
- Analyse and evaluate the effectiveness of a company's strategy and the financial consequences of implementing strategic decisions.
- The role of leadership and people management in formulating and implementing business strategy.

CORE AREAS OF THE SYLLABUS

- The strategic position of an organisation
- The strategic choices available to an organisation

- Strategic action
- Modelling and redesigning business processes.
- Information technology solutions
- Quality initiatives to implement and support the organisation's strategy
- Project management
- The role of finance in formulating and implementing business strategy
- The role of leadership and people management in formulating and implementing business strategy

Syllabus Contents

A. THE ROLE OF FINANCE IN FORMILATING AND IMPLEMENTING BUSINESS STRATEGY

1 The link between strategy and finance

(a) Explain the relationship between strategy and finance

- I. managing for value
- II. financial expectations of stakeholders
- III. funding strategies

2 Finance decisions to formulate and support business strategy

- a) Determine the overall investment requirements of the business.
- b) Evaluate alternative sources of finance for these investments and their associated risks.
- c) Efficiency and effectively manage the current and non-current assets of the business from a finance and risk perspective.

3 Financial implications of marketing strategic choices and of implementing strategic actions

- a) Apply efficiency ratios to assess how efficiency an organisation uses its current resources.
- b) Apply appropriate gearing ratios to assess the risks associated with financing and investment in the organisation.

- c) Apply appropriate liquidity ratios to assess the organisation's short-term commitments to creditors and employees
- d) Apply appropriate profitability ratios to assess the viability of chosen strategies
- e) Apply appropriate investment ratios to assist investors and shareholders in evaluating organisational and strategy

B. THE ROLE OF LEADERSHIP AND PEOPLE MANAGEMENT IN FORMULATING AND IMPLEMENTING BUSINESS STRATEGY

1 Strategy and people: leadership

- a) Explain the role of visionary leadership and identify the key leadership traits effective in the successful formulation and implementation of strategy and change management.
- b) Apply and compare alternative classical and modern theories of leadership in the effective implementation of strategic objectives.

2 Strategy and people: performance management

- a) Explain how the effective recruitment, management and motivation of people is necessary for enabling strategic and operational success.
- b) Discuss the judgemental and developmental roles of assessment and appraisal.
- c) Evaluate the concept of performance management and explore its relationship with strategic management.
- d) Advise on the relationship of performance management to performance measurement (performance rating) and determine the implications of performance measurement to quality initiatives and process re-design

3 Strategy and people: reward management

- a) Explore the meaning and scope of reward management and reward practices.
- b) Discuss and evaluate different methods of reward.
- c) Discuss and evaluate the different techniques of reward and their relationships to job design, appraisal and deployment of staff
- d) Explore the principles and difficulty of aligning reward practices with strategy
- e) Advise on the relationship of reward management to quality initiatives, process re-design and the harnessing

4 Strategy and people: job design

- a) Assess the contribution of four different approaches to job design (scientific management, job enrichment, Japanese management and re-engineering).
- b) Explain the human resource implications of knowledge work and post industrial job design
- c) Discuss the tensions and potential ethical issues related to job design.
- d) Advise on the relationship of job design to quality initiatives, process re-design, project management and the harnessing of e-business opportunities.

5 Strategy and people: staff development

- a) Discuss the emergence and scope of human resource development, succession planning and their relationship to the strategy of the organisation.
- b) Advise and suggest different methods of establishing human resource development
- c) Advise on the contribution of competency frameworks to human resource development.
- d) Advise on the contribution of competency frameworks to human resource development
- e) Discuss the meaning and contribution of workplace learning, the learning organisation, organisation learning and knowledge management

A. The strategic position of an organisation.

1. The need for, and purpose of, strategic and business analysis

- a) Recognise the fundamental nature and vocabulary of strategy and strategic decisions
- b) Discuss how strategy may be formulated at different levels (corporate business level, operational) of an organisation
- c) Explore the Johnson & Scholes and Wittington model of defining elements of strategic management – the strategic position, strategic choices and strategy into action.
- d) Analyse how strategic management is affected by different organisational contexts
- e) Compare three different strategy lenses (Johnson & Scholes) for viewing and understanding strategy and strategic management
- f) Explore the scope of business analysis and its relationship to strategy and strategic management in the context of the structural model of this course.

2. Environmental issues affecting the strategic position of an organisation

- a) Assess the macro – environment of an organisation using PESTEL

- b) Highlight the key drivers of change likely to affect the structure of a sector or market
 - c) Explore, using Porter's Diamond, the influence of national competitiveness on the strategic position of an organisation
 - d) Prepare scenarios reflecting different assumptions about the future environment of an organisation
3. Competitive forces affecting an organisation
- a) Discuss the significance of industry, sector and convergence
 - b) Evaluate the sources of competition in an industry or sector using Porter's five forces framework
 - c) Assess the contribution of the lifecycle model and the cycle of competitive behaviour.
 - d) Analyse the influence of strategic groups and market segmentation
 - e) Determine the opportunities and threats posed by the environment of an organisation.
4. Marketing and the value of goods and services
- a) Analyse customers and markets
 - b) Establish appropriate critical success factors for products and services
 - c) Explore the role of the value chain in creating and sustaining competitive advantage
 - d) Advise on the role and influence of value networks
 - e) Assess different approaches to benchmarking an organisation's performance.
5. The internal resources, capabilities and competences of an organisation
- a) Discriminate between strategic capability, threshold resources, threshold competences, unique resources and core competences.
 - b) Advise on the continuing need for cost efficiency.
 - c) Discuss the capabilities required to sustain competitive advantage.
 - d) Explain the impact of new product, process, and service developments and innovation in supporting business strategy.
 - e) Discuss the contribution of organisational knowledge to the strategic capability of an organisation.
 - f) Identify opportunities for managing the strategic capability of an organisation.
 - g) Determine the strengths and weaknesses of an organisation and formulate an appropriate SWOT analysis.
6. The expectations of stakeholders and the influence of ethics and culture.
- a) Advice on the implications of corporate governance on organisational purpose and strategy.

- b) Evaluate through stakeholder mapping, the relative influence of stakeholders on organisational purpose and strategy.
- c) Access the ethical influences on organisational purpose and strategy.
- d) Explore the scope of corporate social responsibility.
- e) Assess the impact of culture on organisational purpose and strategy
- f) Prepare and evaluate a cultural web of an organisation.
- g) Advice on how organisations can communicate their core values and mission.

B. The strategic choices available to an organisation

1. The influence of corporate strategy on an organisation.

- a) Explore the relationship between a corporate parent and its business units
- b) Asses the opportunities and potential problems of pursuing different corporate strategies of product/market diversification from a national, international and global perspective.
- c) Asses the opportunities and potential problems of pursuing a corporate strategy of international diversity, international scale operations and globalisation
- d) Discuss a range of ways that the corporate parent can create and destroy organisational value.
- e) Explain three corporate rationales for adding value- portfolio managers, synergy managers and parental developers.
- f) Explain and asses a range of portfolio models (the growth/share (BCG) matrix, the public sector portfolio matrix, market attractiveness/ SBU strength matrix, directional policy matrix, Ashridge Portfolio Display) that may assist corporate parents manage their business portfolios.

2. Alternate approaches to achieving competitive advantage

- a) Evaluate, through the strategy clock, generic strategy options available to be available to an organisation.
- b) Advice on how price-based strategies, differentiation and lock-in can help organisation sustain its competitive advantage.
- c) Explore how organisations can respond to hypercompetitive conditions.
- d) Asses opportunities for improving competitiveness through collaboration

3. Alternate directions and methods of development

- a) Determine generic development directions (employing an adapted Ansoff matrix and a Tows matrix) available to an organisation
- b) Assess how internal development, mergers, acquisition and strategic alliances can be used as different methods of pursuing a chosen strategic direction.
- c) Establish success criteria to assist in the choice of a strategic direction and method (strategic options)
- d) Assess the suitability of different strategic options to an organisation.
- e) Establish the acceptability of strategic options to an organisation through analysing risk and return on investment.
- f) Establish the acceptability of strategic options to an organisation through analysing risk and return on investment.

C. Strategic action

1. Organising and enabling success

- a) Advice on how the organisation can be structured to deliver a selected strategy
- b) Explore generic processes that take place within the structure, with particular emphasis on the planning process
- c) Discuss how internal relationships can be organised to deliver a selected strategy
- d) Discuss how external relationships (outsourcing, strategic analysis, networks and the virtual organisation) can be structured to deliver a selected strategy.
- e) Explore (through Mintzberg's organisational configurations) the design of structure, processes and relationships

2. Managing strategic change

- a) Explore different types of strategic change and their implications.
- b) Determine and diagnose the organisational context of change using Balogun and Hope Hailey's contextual features model and the cultural web
- c) Establish potential blockages and levers of change.
- d) Advise on the style of leadership appropriate to manage strategic change.
- e) Specify organisational roles required to manage strategic change
- f) Discuss levers that can be employed to manage strategic change.

3. Understanding strategy development

- a) Discriminate between the concepts of intended and emergent strategies
- b) Explain how organisations attempt to put an intended strategy into place

- c) Highlight how emergent strategies appear from within an organisation.
- d) Discuss how process redesign, quality initiatives and e-business can contribute to emergent strategies.
- e) Assess the implications of strategic drift and the demand for multiple processes of strategy development

D. Modelling and redesigning business process

1. The role of process and process change initiatives

- a) Advice on how an organisation can reconsider the design of its processes to deliver a selected strategy.
- b) Appraise business process change initiatives previously adopted by organisations.
- c) Establish an appropriate scope and focus for business process change using Harmon's process-strategy matrix.
- d) Recommend a business process redesign methodology for an organisation

2. Model an organisation and its current processes

- a) Create an organisation diagram and contrast it with a conventional organisation chart.
- b) Create a process diagram of a current organisational process using a swim lane diagram.
- c) Specify a selected activity/ task on a current organisational process diagram.
- d) Evaluate the effectiveness of a current organisational process

3. Improving the processes of the organisation

- a) Describe a range of process redesign patterns.
- b) Establish possible redesign options for improving the current processes of an organisation.
- c) Assess the feasibility of possible redesign options.
- d) Create a proposed process diagram for an organisation using a selected process redesign pattern.

4. The design of activities/tasks

- a) Specify selected activities/tasks on a proposed process diagram.
- b) Develop a human performance analysis of a selected activity/task on the proposed process model.
- c) Develop process measures for a selected activity/task on the proposed model.
- d) Assess the relationship between process redesign and strategy.

5. Software solutions

- a) Establish information system requirements required by business users.
- b) Asses the advantages and disadvantages of using a generic software solution to fulfil those requirements.
- c) Establish a process for evaluating, selecting.
- d) Explore the relationship between generic software solutions and business process redesign.

E INFORMATION TECHNOLOGY SOLUTIONS

1 Principles of e-business

- a) Discuss the meaning and scope of e-business.
- b) Advice on the reasons for the adoption of e-business and recognise barriers to its adoption.
- c) Evaluate how e-business changes the relationships between organisations and their customers.
- d) Discuss and evaluate the main business and market place models for delivering e-business.
- e) Advice on how hardware and software infrastructure required to support e-business.
- f) Advice on how the organisation can utilise information technology to help it deliver a selected strategy.

2 E-business application: upstream supply chain management

- a) Analyse the main elements of both the push and pull strategy.
- b) Discuss the relationship of the supply chain to the value chain and the value network.
- c) Assess the potential application technology to support and restructure the supply chain.
- d) Advice on how the external relationships with suppliers and distributors can be structured to deliver a restructured supply chain.
- e) Discuss the methods, benefits and risks of e-procurement.
- f) Assess different options and models for implementing e-procurement.

3 E-business application: downstream supply chain management

- a) Define the scope and media of e-marketing

- b) Highlight how the media of e- marketing can be used when developing an effective e- marketing plan.
- c) Explore the characteristics of the media of e-marketing using the '6I's of the interactivity, intelligence, individualism, integration, industry structure and independence of location.
- d) Evaluate the effect of the media of e-marketing on the traditional marketing mix of product, promotion, price, place, people, processes and physical evidence.
- e) Assess the importance of on-line branding in-marketing and compare it with traditional branding.

4 E-business application: customer relationship management.

- a) Define the meaning and scope of customer relationship management.
- b) Explore different methods of acquiring customers through exploiting electronic media.
- c) Evaluate the different buyer behaviour amongst on-line customers.
- d) Recommend techniques for retaining customers using electronic media.
- e) Recommend how electronic media may be used to increase the activity and value of established, retained customers.
- f) Discuss the scope of a representative software package solution designed to support customer relationship management.

F QUALITY INITIATIVES TO IMPLEMENT AND SUPPORT THE ORGANISATION'S STRATEGY

1 Quality control, quality assurance and quality management systems

- a) Discriminate between quality, quality assurance, quality control and a quality management system.
- b) Assess the relationship of quality to the strategy of an organisation.
- c) Appraise the quality initiatives previously adopted by organisations.
- d) Advise on the structure and benefits of a quality management system and quality certification.

2 Quality in the information systems development lifecycle

- a) Justify the need and assess the characteristics of quality in the computer software and the implications of these characteristics for testing, liability and ownership.
- b) Discuss the stages of systems development through the medium of the V lifecycle model.
- c) Advise on how the V lifecycle model defines and partitions testing and contributes to improved computer quality.
- d) Discuss how the process of computer software development process might be improved through the application of the capability Maturity Model Integration (CMMI) process.

3 Quality initiatives: Six Sigma

- a) Define the scope, principles and objectives of Six Sigma
- b) Discuss the team roles typically required by Six Sigma.
- c) Outline the Six Sigma problem-solving process (DMAIC)
- d) Discuss the significance and implications of measurement in the Six Sigma problem-solving process.
- e) Explain the application of Six Sigma within the e- business, the value chain and the process of redesign.

G PROJECT MANAGEMENT

1 Identifying and initiating projects

- a) Determine the distinguishing features of projects and the constraints they operate in.
- b) Discuss the relationship between organisational strategy and project management.
- c) Identify and plan to manage risk.
- d) Advise on the structures and information that have to be place to successfully initiate a project.
- e) Assess the importance of developing a project plan and discuss the work required to produce them
- f) Explain the relevance of projects to process re-design, e-business systems development and quality initiatives.

2 Managing and leading projects

- a) Discuss the organisation and implications of the project based team structures.
- b) Establish the role and responsibilities of the project manager and project sponsor.

- c) Identify and describe typical problems encountered by a project manager when leading a project
- d) Advice on how these typical problems might be addressed and overcome.

3 Monitoring, controlling and concluding projects

- a) Monitor the status of a project and identify project risks, issues, slippage and changes and the likely achievement of business benefit
- b) Formulate responses for dealing with project risks, issues, slippage and changes.
- c) Establish mechanisms for successfully concluding a project.
- d) Discuss the meaning and benefits of an end-project review, including benefits realisation.
- e) Evaluate how project management software may support the planning and monitoring of a project

Syllabus Summary

A Strategic position

- a) The need for, and purpose of, strategic and business analysis.
- b) Environment issues affecting the strategic position of an organisation.
- c) Competitive forces affecting an organisation.
- d) Marketing and the value of goods and services.
- e) The internal resources, capabilities and competences of an organisation.
- f) The expectations of stakeholders and the influence of ethics and culture.

B Strategic choices

- a) The influence of corporate strategy on an organisation.
- b) Alternative approaches to achieving competitive advantage.
- c) Alternative directions and methods of developments.

C Strategic action

- a) Organising and enabling success
- b) Managing strategic change
- c) Understanding strategic development.

D Business process change

- a) The role of process and process change initiatives.

- b) Improving the processes of the organisation.
- c) Software solutions.

E Information technology

- a) Principles of e-business.
- b) E- Business application: upstream supply chain management.
- c) E- Business application: downstream supply chain management.
- d) E- Business applications application: customer relationship management.

F Quality issues

- a) Quality control, quality assurance and quality management systems
- b) Quality in the information systems development lifecycle
- c) Quality initiatives: Six-Sigma.

G Project management

- a) Identifying and initiating projects
- b) Managing and leading projects
- c) Monitoring, controlling and concluding projects.

H Financial analysis

- a) The link between strategy and finance
- b) Finance decisions to formulate and support business strategy
- c) Financial implications of marketing strategic choices and of implementing strategic actions.

I People

- a) Strategy and people: leadership
- b) Strategy and people: performance management
- c) Strategy and people: reward management
- d) Strategy and people: Job design
- e) Strategy and people: staff development

COURSE : ADVANCED TAX PRACTICE

LEVEL : PROFESSIONAL LEVEL

SUBJECT : SYLLABUS

COURSE CODE : CITA 401

Course Description

This course is designed to assist students understand the practice of taxation. Taxation as a statutory compulsory levy is explored including the contribution to national income. The whole concept of Direct and Indirect taxes are practically covered.

Course Objective

The core aim of the course is to help students practise taxation and to understand the difference between accounting profit and tax profit. Students are expected to understand and demonstrate knowledge in the application of the principles of taxation, particularly in the area employment income, business income, investment income and international taxation.

SYLLABUS

Sector Accounts Case Studies: Regulatory and Practical Application.

- Production sector
- Brewery sector
- Commodities sector
- Trading sector (Merchandise)
- International banking sector
- Rural sector banking accounts
- Investment banking sector accounts
- Oil & Gas and other minerals sector
- Education sector
- Health sector

- Surveying, shipping sector
- Mining sector
- Banking sector
- Timber sector,
- Pharmaceutical,
- Farming,
- Churches and NGOs etc.

International Taxation:

- Background of international taxation
- Legal issues regarding residents and non-residents
- Tax jurisdictions, primary and secondary sources of international taxation
- Problems relating to international taxation particularly tax havens and tax avoidance
- Foreign income assessment in respect of business, employment and investment incomes
- Tax harmonization as a check on excessive tax assessments and double taxation
- Countries tax incentives, investment tax credit, investment tax allowance and the split system
- International tax incentives
- Globalization and Tax Harmonization.

Inflation as a Tax

- Inflation is a tax in itself as it reduces the purchasing power of money. Transfer pricing is covered in this delivery. Its application covering the transactions between associate persons at arm's length, services between persons in a controlled relation and transactions involving intangible property are addressed in this section.

International transfer pricing scheme and methods are explored to help check tax avoidance and evasion. The following methodologies are covered under the transfer pricing scheme:

- The comparable uncontrolled price method;
- The resale price method;
- The cost-plus method;
- The transactional profit split method; and
- The transactional net margin method

- Transactions involving intangible properties – Transfer Pricing Scheme
- The regulation of OECD countries and the issues regarding double taxation and trade treaties.

Oil and Gas and Other Minerals Sector

- In this module, the policies of the oil and gas sector are explored. Among other topical issues includes The Petroleum Act, the regulatory framework of the oil and gas sector and the fiscal regime of the minerals sector in totality.

Business Combinations and Capital Tax Gains

- The assessment of profit on capital assets.
- The issue of tax evasion, tax avoidance and tax fraud.

Reference:

1. Principles of Taxation, Ali-NakyeaAbdallah, 2008
2. Practical Accountancy & Taxation Program, DrAkwas A. Twumasi, 2010
3. Insight into Taxation Laws in Ghana by Francis E.K Akoto
4. Taxation, 8th Edition, Prentice Hall –Melville
5. Taxation and Self Assessment, Peters Rowes.
6. A reference Book for Taxation in Ghana Vol. 1 by Randolph Nsor-Ambala
7. Principles of Taxation in Ghana by Edward Dua Agyemang

COURSE : ADVANCED AUDIT PRACTICE
LEVEL : PROFESSIONAL LEVEL
SUBJECT : SYLLABUS
COURSE CODE : CITA 402

PART I	<p style="text-align: center;"><u>INTRODUCTION TO FINANCIAL STATEMENT AUDITING</u></p> <p>1. An Introduction to Assurance and Financial Statement Auditing</p> <ul style="list-style-type: none">a. The Study of Auditingb. The Demand for Auditing and Assurance<ul style="list-style-type: none">i. Principles and agentsii. The Role of Auditingc. Auditing, Attest, and Assurance Services Defined<ul style="list-style-type: none">i. Auditingii. Attestationiii. Assuranced. Fundamental Concepts in Conducting a Financial Statement Audit<ul style="list-style-type: none">i. Audit Riskii. Materialityiii. Evidence Regarding Management Assertionse. Sampling: Inferences Based on Limited Observationsf. The Audit Process<ul style="list-style-type: none">i. Overview of the Financial Statement Auditing Process <p>2. The Financial Statement Auditing Environment</p> <ul style="list-style-type: none">a. The Context of Financial Statement Auditing<ul style="list-style-type: none">i. Business as the Primary Context of Auditingii. Objectives, Strategies, Processes, Controls, Transactions, and Reportsiii. The Financing Processiv. The Purchasing Processv. The Human Resources Management Process
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	<ul style="list-style-type: none"> vi. The Inventory Management Process vii. The Revenue Process viii. Relating the Process Components to the Business Model b. Management Assertions c. Auditing Standards <ul style="list-style-type: none"> i. The 10 Generally Accepted Auditing Standards (GAAS) ii. Three General Standards iii. Three Standards of Field Work iv. Four Standards of Reporting. d. Statements on Auditing Standards – Interpretations of GAAS e. Ethics, Independence, and the Code of Professional Conduct f. The Auditor’s Responsibility for Errors, Fraud, and Illegal Acts g. Audit Reporting <ul style="list-style-type: none"> i. Generally Accepting Accounting Principles (GAAP) as Audit Criteria ii. The Auditor’s Standard Unqualified Audit Report iii. Reasons for Departures from an Unqualified Audit Report iv. Other Types of Audit Reports h. Types of Audit, Attest, and Assurance Services <ul style="list-style-type: none"> i. Audit Services ii. Attest Services iii. Assurance Services iv. Other Non-audit Services i. Types of Auditors <ul style="list-style-type: none"> i. External Auditors ii. Internal Auditors iii. Government Auditors iv. Forensic Auditors
<p>PART II</p>	<p style="text-align: center;"><u>BASIC AUDITING CONCEPTS: RISK ASSESSMENT, MATERIALITY, AND EVIDENCE</u></p> <p>3. Risk Assessment and Materiality</p>

- a. Audit Risk
 - i. The Audit Risk Model
 - ii. Use of the Audit Risk Model
- b. The Auditor's Risk Assessment Process
 - i. Management's Strategies, Objectives, and Business Risks
 - ii. Business Risks and the Risk of Material Misstatement
 - iii. Understanding the Entity and Its Environment
 - iv. Auditor's Risk Assessment Procedures
- c. Identifying Business Risk
- d. Assessing the Risk of Material Misstatement Due to Error or Fraud
 - i. Types of Misstatements
 - ii. Conditions Indicative of Material Misstatement Due to Fraud
 - iii. The Fraud Risk Identification Process
 - iv. Fraud Risk Factors
- e. The auditor's Response to the Results of the Risk Assessment
- f. Evaluation of Audit Test Results
- g. Documentation of the Auditor's Risk Assessment and Response
- h. Communications about Fraud to Management
- i. Limitations of the Audit Risk Model
- j. Materiality
 - i. Steps in Applying Materiality

4. Audit Evidence and Audit Documentation

- a. The Relationship of Audit Evidence to the Audit Report
- b. Management Assertions
 - i. Assertions about Classes of Transactions and Events
 - ii. Assertions about Account Balances at the Period End
 - iii. Assertions about Presentation and Disclosure
- c. Audit Procedures
- d. The Concepts of Audit Evidence
 - i. The Nature of Audit Evidence
 - ii. The Competence of Audit Evidence
 - iii. The Sufficiency of Audit Evidence

	<ul style="list-style-type: none"> iv. The Evaluation of Audit Evidence e. Audit Procedures for Obtaining Audit Evidence <ul style="list-style-type: none"> i. Inspection of Records or Documents ii. Inspection of Tangible Assets iii. Re-performance iv. Re-calculation v. Scanning vi. Inquiry vii. Observation viii. Confirmation ix. Analytical Procedures f. Reliability of the Types of Evidence g. Audit Documentation. <ul style="list-style-type: none"> i. Objectives of Audit Documentation ii. Content of Audit Documentation iii. Examples of Audit Documentation iv. Format of Audit Documentation v. Organisation of Audit Documentation vi. Ownership of Audit Documentation vii. Audit Document Archiving and Retention
<p>PART III</p>	<p style="text-align: center;"><u>PLANNING THE AUDIT, AND UNDERSTANDING AND AUDITING INTERNAL CONTROL</u></p> <p>5. Audit Planning, Types of Audit Tests and Pre – Planning</p> <ul style="list-style-type: none"> a. Establishing the Terms of Engagement <ul style="list-style-type: none"> i. The Engagement Letter ii. Internal Auditors iii. The Audit Committee iv. Determine the Audit Engagement Team Requirements v. Assess Auditors Independence b. Assess Risks and Establish Materiality c. Planning and Audit

- i. Assess a Preliminary Level for Control Risk by Account and Assertion
 - ii. Preliminary Analytical Procedures
 - iii. Audit Strategy and Prepare Audit Programs
- d. Types of Audit Tests
 - i. Risk Assessment Procedures
 - ii. Tests of Controls
 - iii. Substantive Procedures
 - iv. Dual Purpose Tests
- e. Substantive Analytical Procedures
 - i. Analytical Procedures
 - ii. Purposes of Analytical Procedures
- f. Selected Financial Ratios Useful as Analytical Procedures
 - i. Short – Term Liquidity Ratios
 - ii. Activity Ratios
 - iii. Profitability Ratios
 - iv. Coverage Ratios

6. Internal Control in a Financial Statement Audit

- a. Internal Control
 - i. Definition of Internal Control
 - ii. Controls Relevant to the Audit
 - iii. Components of Internal Control
- b. The Effect on Information Technology on Internal Control
- c. Planning an Audit Strategy
 - iv. Substantive Strategy
 - v. Reliance Strategy
- d. Obtain an Understanding of Internal Control
 - vi. The Entity's Risk Assessment Process
 - vii. Information Systems and Communication
 - viii. Control Procedures
 - ix. Monitoring of Control
 - x. The Effect of Entity Size on Internal Control

- xi. The Limitations of an Entity's Internal Control
- xii. Documenting the Understanding of Internal Control
- e. Assessing Control Risk
 - xiii. Identifying Specific Controls that will be Relied Upon
 - xiv. Performing Tests of Controls
 - xv. Concluding on the Achieved Level of Control Risk
 - xvi. Documenting the Assessed Level of Control Risk
- f. Substantive Procedures

7. Auditing Internal Control over Financial Reporting in Conjunction with an Audit of Financial Statements

- a. Management Responsibilities under Section 404
- b. Auditor Responsibilities under Section 404
- c. Internal Control over Financial Reporting Defined
- d. Internal Control Deficiencies Defined
 - i. Control Deficiency
 - ii. Significant Deficiency
 - iii. Material Weakness
 - iv. Likelihood and Magnitude
- e. Management's Assessment Process
- f. Management's Documentation
- g. Framework Used by Management to Conduct Its Assessment
- h. Performing an Audit of Internal Control over Financial Reporting
 - i. The Audit Process
 - ii. Planning the Engagement
 - iii. Evaluating management's Assessment Process
 - iv. Obtaining an Understanding of Internal Control over Financial Reporting
 - v. Evaluating Design Effectiveness of Controls
 - vi. Testing and Evaluating Operating Effectiveness of Controls
 - vii. Forming an Opinion on the Effectiveness of Internal Control over Financial Reporting
- i. Written Representations

	<ul style="list-style-type: none"> j. Auditor Documentation Requirements k. Reporting on Internal Control over Financial Reporting <ul style="list-style-type: none"> i. Management’s Report ii. The Auditor’s Report l. Additional Required Communications in an Audit of Internal Control over Financial Reporting m. Integrating the Audits of Internal Control and Financial Statements. <ul style="list-style-type: none"> i. Effect of the Audit of Internal Control on the Financial Statement Audit ii. Effect of the Financial Statement Audit on the Audit of Internal Control iii. Advanced Module 1: Special Considerations for an Audit of Internal Control iv. Using the Work of Others v. Testing Internal Control When a Company has Multiple Locations or Business Units vi. Use of Service Organizations vii. Safeguarding of Assets viii. Advanced Module 2: Computer – Assisted Audit Techniques ix. Generalized Audit Software x. Custom Audit Software.
<p>PART IV</p>	<p><u>STATISTICAL AND NONSTATISTICAL SAMPLING TOOLS FOR AUDITING</u></p> <p>8. Audit Sampling: An Overview and Application to Tests of Controls</p> <ul style="list-style-type: none"> a. Definitions and Key Concepts <ul style="list-style-type: none"> i. Audit Sampling ii. Sampling Risk iii. Confidence Level iv. Tolerable and Expected Error v. Audit Evidence Choices That Do and Do Not Involve Sampling b. Types of Audit Sampling <ul style="list-style-type: none"> i. Non-statistical versus Statistical Sampling

- ii. Types of Statistical Sampling Techniques.
- c. Attribute Sampling Applied to Tests of Control
 - i. Planning
 - ii. Population Size
 - iii. Performance
 - iv. Sample Selection
 - v. Evaluation
- d. An Example of an Attribute – Sampling Plan
 - i. Determine the Test Objective (Step 1)
 - ii. Define the Population Characteristics (Step 2)
 - iii. Determine the Sample Size (Step 3)
 - iv. Select Sample Items (Step 4)
 - v. Perform the Audit Procedures (Step 5)
 - vi. Calculate the Sample Deviation and the Computed Upper Deviation Rates (Step 6)
 - vii. Draw Final Conclusions (Step 7)
- e. Non-statistical Sampling for Tests of Controls
 - i. Determining the Sample Size
 - ii. Selecting the Sample Items
 - iii. Calculating the Computed Upper Deviation Rate
 - iv. Advanced Module: Considering the Effect of the Population Size.

9. Audit Sampling: An Application to Substantive Tests of Account Balances

- a. Sampling for Substantive Tests of Details of Account Balances
- b. Monetary – Unit Sampling
 - i. Advantages
 - ii. Disadvantages
 - iii. Applying Monetary – Unit Sampling
 - iv. Planning
 - v. Computing Sample Sizes Using the Attribute-Sampling Tables
 - vi. Computing Sample Sizes Using ACL
 - vii. Performance
 - viii. Evaluation

	<ul style="list-style-type: none"> ix. Basic Precision x. Misstatements Detected xi. Compute the Upper Misstatement Limit xii. Computing Projected Upper Misstatement Using ACL.
PART V	<p style="text-align: center;"><u>AUDITING BUSINESS PROCESSES</u></p> <p>10. Auditing the Revenue Process</p> <ul style="list-style-type: none"> a. Revenue Recognition b. Overview of Revenue Process <ul style="list-style-type: none"> i. Types of Transactions and Financial Statement Accounts ii. Types of Documents and records iii. Key Segregation of Duties c. Inherent Risk Assessment <ul style="list-style-type: none"> iv. Industry – Related Factors v. The Complexity and Contentiousness of Revenue Recognition issues vi. The Difficulty of Auditing Transactions and Account Balances vii. Misstatements Detected in Prior Audits d. Control Risk Assessment <ul style="list-style-type: none"> i. Understanding and Documenting Internal Control ii. Planning and Performing Tests of Controls iii. Setting and Documenting the Control Risk e. Control Procedures and Tests of Controls - Cash Receipts Transactions f. Relating the Assessed Level of Control Risk to Substantive Procedures g. Auditing Accounts Receivable and Related Accounts h. Substantive Analytical Procedures i. Tests of Details of Classes of Transactions, Account Balances, and Disclosures. j. The Confirmation Process k. Auditing Other Receivables l. Evaluating the Audit Findings - Accounts Receivable and Related Accounts

11. Auditing the Purchasing Process

- a. Expense and Liability Recognition
- b. Overview of the Purchasing Process
- c. Inherent Risk Assessment
 - i. Industry – Related Factors
 - ii. Misstatements Detected in Prior Audits
- d. Control Risk Assessment
 - i. Understanding and Documenting Internal Control
 - ii. Planning and Performing Tests of Controls
 - iii. Setting and Documenting Control Risk
- e. Control Procedures and Tests of Controls – Purchase Transactions
 - i. Occurrence of Purchase Transactions
 - ii. Completeness of Purchase Transactions
 - iii. Authorization of Purchase Transactions
 - iv. Accuracy of Purchase Transactions
 - v. Cut-off of Purchase Transactions
 - vi. Classification of Purchase Transactions
- f. Control of Procedures and Tests of Controls – Cash Disbursement Transactions
 - i. Occurrence of Cash Disbursement Transactions
 - ii. Completeness of Cash Disbursement Transactions
 - iii. Authorization of Cash Disbursement Transactions
 - iv. Accuracy of Cash Disbursement Transactions
 - v. Cut-off of Cash Disbursement Transactions
 - vi. Classification of Cash Disbursement Transactions
- g. Relating to Assessed Level of Control Risk to Substantive Procedures
- h. Auditing Accounts Payable and Accrued Expenses
- i. Substantive Analytical Procedures
- j. Accounts Payable Confirmations
- k. Evaluating the Audit Findings – Accounts Payable and Related Accounts

12. Auditing the Human Resource Management Process

- a. Overview of the Human Resource Management Process

- i. Types of Transactions and Financial Statement Accounts Affected
- ii. Types of Documents and Records
- iii. The Major Functions
- iv. The Key Segregation of Duties
- b. Inherent Risk Assessment
- c. Control Risk Assessment
 - i. Understanding and Documenting Internal Control
 - ii. Planning and Performing Tests of Controls
 - iii. Setting and Documenting the Control Risk
- d. Control Procedures and Tests of Controls - Payroll Transactions
 - i. Occurrence of Payroll Transactions
 - ii. Authorization of Payroll Transactions
 - iii. Accuracy of Payroll Transactions
 - iv. Classification of Payroll Transactions
- e. Relating the Assessed Level of Control Risk to Substantive Procedures
- f. Auditing Payroll – Related Accounts
- g. Substantive Analytical Procedures
- h. Test of Details of Classes of Transactions, Account Balances, and Disclosures
 - i. Payroll Expense Accounts
 - ii. Accrued Payroll Liabilities.

13. Auditing the Inventory Management Process

- a. Overview of the Inventory Management Process
 - i. Types of Documents and Records
 - ii. The Major Functions
 - iii. The Key Segregation of Duties
- b. Inherent Risk Assessment
 - i. Industry – Related Factors
 - ii. Engagement and Operating Characteristics
- c. Control Risk Assessment
 - i. Understanding and Documenting Internal Control
 - ii. Planning and Performing Tests of Controls

- iii. Setting and Documenting the Control Risk.
- d. Control Procedures and Tests of Controls – Inventory Transactions
 - i. Occurrence of Inventory Transactions
 - ii. Authorization of Inventory Transactions
 - iii. Accuracy of Inventory Transactions
 - iv. Classification of Inventory Transactions
- e. Relating to Assessed Level of Control Risk to Substantive Procedures
- f. Auditing Inventory
- g. Substantive Analytical Procedures
- h. Auditing Standard Costs
- i. Observing Physical Inventory
- j. Tests of Details of Classes of Transactions, Account Balances, and Disclosures
- k. Evaluating the Audit Findings – Inventory.

14 Auditing Financing Process: Prepaid Expenses and Property, Plant and Equipment

- a. Auditing Prepaid Expenses
- b. Inherent Risk Assessment – Prepaid Expenses.
- c. Control Risk Assessment – Prepaid Expenses.
- d. Substantive Procedures – Prepaid Insurance.
 - i. Substantive Analytical Procedures
 - ii. Tests of Details of the Prepaid Insurance Account
- e. Auditing the Property Management Process
 - i. Types of Transactions
 - ii. Overview of the Property Management Process
- f. Inherent Risk Assessment – Property Management Process
 - i. Complex Accounting Issues
 - ii. Difficult – to – Audit Transactions
 - iii. Misstatements Detected in Prior Audits
- g. Control Risk Assessment – Property Management Process
 - i. Occurrence and Authorization
 - ii. Completeness

- iii. Segregation of Duties
- h. Substantive Procedures – Property, Plant, and Equipment
- i. Substantive Analytical Procedures – Property, Plant, and Equipment
- j. Tests of Details of Transactions, Account Balances, and Disclosures – Property, Plant and Equipment.
- k. Evaluating the Audit Findings – Property, Plant and Equipment.

15. Auditing Financing Process: Long–Term Liabilities, Stockholders' Equity and Income Statement Accounts

- a. Auditing Long–Term Debt
- b. Control Risk of Assessment – Long-Term Debt
 - i. Assertions and Related Control Procedures
- c. Substantive Procedures of Long–Term Debt
- d. Auditing Stockholders' Equity
- e. Control Risk Assessment – Stockholders' Equity
 - i. Assertions and Related Control Procedures
 - ii. Segregation of Duties
- f. Auditing Capital – Stock Accounts
 - i. Occurrence and Completeness
 - ii. Valuation
 - iii. Completeness of Disclosures
- g. Auditing Dividends
- h. Auditing Retained Earnings
- i. Auditing Income Statement Accounts
 - i. Assessing Control Risk for Business Processes
 - ii. Direct Tests of Balance Sheet Accounts
 - iii. Substantive Analytical Procedures
 - iv. Tests of Selected Account Balances

16. Auditing Financing Process: Cash and Investments

- a. Cash and the Effect of Other Business Processes
- b. Types of Bank Accounts
 - i. General Cash Account

	<ul style="list-style-type: none"> ii. Imprest Cash Accounts iii. Branch Accounts c. Substantive analytical Procedures – Cash d. Substantive Tests of Details of Transactions and Balances <ul style="list-style-type: none"> i. The Effects of Controls ii. Balanced – Related Assertions iii. Auditing the General Cash Account iv. Fraud – Related Audit Procedures v. Auditing a Payroll or Branch Imprest Account vi. Auditing a Petty Cash Fund vii. Disclosure Issues for Cash e. Investments f. Control Risk Assessment – Investments <ul style="list-style-type: none"> i. Assertions and Related Control Procedures ii. Segregation of Duties g. Substantive Procedures for Testing Investments <ul style="list-style-type: none"> i. Existence ii. Valuation and Allocation iii. Disclosure Assertions
<p>PART VI</p>	<p style="text-align: center;"><u>COMPLETING THE AUDIT AND REPORTING RESPONSIBILITIES.</u></p> <p>17. Completing the Engagement</p> <ul style="list-style-type: none"> a. Review for Contingent Liabilities <ul style="list-style-type: none"> i. Audit Procedures for Identifying Contingent Liabilities ii. Legal Letters b. Commitments c. Review of Subsequent Events for Audit of Financial Statements <ul style="list-style-type: none"> i. Dual Dating ii. Audit Procedures for Subsequent Events d. Review of Subsequent Events for Audit of Internal Control over Financial Reporting e. Final Evidential Evaluation Processes

- i. Final Analytical Procedures
- ii. Going – Concern Considerations
- iii. Representation letter
- iv. Working Paper Review
- v. Evaluating Financial Audit Results
- vi. Evaluating Financial Statement Presentation and Disclosure
- vii. Independent Partner Review
- viii. Archiving and Retention
- f. Communications with the Audit committee and Management
 - i. Audit of Internal Control over Financial Reporting
- g. Subsequent Discovery of Facts Existing at the Date of the Auditors Report

18. Reports on Audited Financial Statement and on Internal Control over Financial Reporting

- a. Reporting on the Financial Statement Audit: The Standard Unqualified Audit Report
- b. Explanatory Language Added to the Standard Unqualified Financial Statement Audit Report
 - i. Opinion Based in Part on the Report of Another Auditor Going Concern
 - ii. Auditors Agrees with a Departure from Promulgated Accounting Principles
 - iii. Lack of Consistency
 - iv. Emphasis of a Matter
- c. Departures from an Unqualified Financial Statement Audit Report
 - i. Conditions for Departure
 - ii. Other Types of Financial Statement Audit Reports
 - iii. The Effect of Materiality on Financial Statement Audit Reporting
- d. Discussion of Conditions Requiring Other Types of Financial Statement Audit Reports
 - i. Scope Limitation
 - ii. Statements Not in Conformity with GAAP
 - iii. Auditor Not Independent

	<ul style="list-style-type: none"> e. Special Reporting Issues f. Reports on Comparative Financial Statements <ul style="list-style-type: none"> i. Different Reports on Comparative Financial Statements ii. A Change in Report on the Prior – Period Financial Statements iii. Report by a Predecessor Auditor g. Other Information in Documents Containing Audited Financial Statements h. Special Reports Relating to Financial Statements <ul style="list-style-type: none"> i. Financial Statements Prepared on a Comprehensive Basis of Accounting Other Than GAAP. ii. Specified Elements, Accounts, or Items of a Financial Statement iii. Compliance Reports Related to Audited Financial Statements. i. Reporting on the Audit of Internal Control over Financial Reporting <ul style="list-style-type: none"> i. The Auditor’s Opinion on Management’s Assessment ii. The Auditor’s Opinion on the Effectiveness of Internal Control over Financial Reporting iii. Unqualified Report iv. Modifications to the Unqualified Report on the Effectiveness of Internal Control
<p>PART VII</p>	<p style="text-align: center;"><u>PROFESSIONAL RESPONSIBILITIES</u></p> <p>19. Professional Conduct, Independence, and Quality Control.</p> <ul style="list-style-type: none"> a. Ethics and Professional Conduct <ul style="list-style-type: none"> i. Ethics and Professionalism Defined ii. Theories of Ethical Behaviour iii. Development of Moral Judgement b. An overview of Ethics and Professionalism in Public Accounting <ul style="list-style-type: none"> i. Standards for Audit Professionalism c. The AICPA Code of Professional Conduct: A Comprehensive Framework for Auditors <ul style="list-style-type: none"> i. Principles of Professional Conduct ii. Rules of Conduct d. Independence, Integrity and Objectivity

- i. Independence
 - ii. Integrity and Objectivity
- e. General Standards and Accounting Principles
 - i. General Standards and Compliance with Standards
 - ii. Accounting Principles.
- f. Responsibilities to Clients
 - i. Confidential Client Information
 - ii. Contingent Fees
- g. Other Responsibilities and Practices
 - i. Acts Discreditable
 - ii. Advertising and Other Forms of Solicitation
 - iii. Commissions and Referral Fees
 - iv. Form of Organisation and Name
 - v. Disciplinary Actions
 - vi. Don't Lose Sight of the Forest for the Trees
- h. Quality Control Standards.
 - i. System of Quality Control
 - ii. Elements of Quality Control
 - iii. Monitoring of Quality Control
 - iv. PCAOB Inspections of Registered Public Accounting Firms

20. Legal Liability

- a. Introduction
- b. Common Law – Clients and Third Parties
 - i. Breach of Contract
 - ii. Negligence
 - iii. Fraud
 - iv. Damages under Common Law.
- c. Statutory Liability
 - i. Securities Act of 1933
 - ii. Securities Exchange Act of 1934
 - iii. Private Securities Litigation Reform Act of 1995 and the Securities

	<ul style="list-style-type: none"> iv. Litigation Uniform Standards Act of 1998 v. Sarbanes – Oxley Act of 2002 vi. Foreign Corrupt Practices Act vii. Racketeer Influenced and Corrupt Organizations Act d. Criminal Liability e. Approaches to Minimizing Legal Liability <ul style="list-style-type: none"> i. At the Professional and Firm Level ii. Advanced Module: A View of an Accounting Fraud and Litigation from inside the Courtroom iii. What the Jury Heard in the Phar-Mor Case iv. What Can Be Learned?
<p>PART VIII</p>	<p style="text-align: center;"><u>ASSURANCE, ATTESTATION, AND INTERNAL AUDITING SERVICES</u></p> <p>21. Assurance, Attestation, and Internal Auditing Services</p> <ul style="list-style-type: none"> a. Assurance Services <ul style="list-style-type: none"> i. Types of Assurance Services b. Attest Engagements <ul style="list-style-type: none"> i. Types of Attest Engagements c. Attestation Standards <ul style="list-style-type: none"> i. General Standards ii. Standards of Field Work and Reporting d. Reporting on an Entity’s Internal Control over Financial Reporting <ul style="list-style-type: none"> i. Conditions for Conducting an Engagement ii. Reporting on Management’s Assertion about Internal Control e. Financial Forecasts and Projections <ul style="list-style-type: none"> i. Types of Prospective Financial Statements ii. Examination of Prospective Financial Statements iii. Agreed – Upon Procedures for Prospective Financial Statements iv. Compilation of Prospective Financial Statements. f. Accounting and Review Services g. Compilation of Financial Statements <ul style="list-style-type: none"> i. Compilation with Full Disclosure

	<ul style="list-style-type: none"> ii. Compilation that Omits Substantially All Disclosures iii. Compilation when the Accountant is Not Independent <p>h. Review of Financial Statements</p> <ul style="list-style-type: none"> i. Review Report ii. Conditions that may result in Modification of a Compilation <p>i. Internal Auditing</p> <ul style="list-style-type: none"> i. Internal Auditing Defined ii. The Institute of Internal Auditors iii. IIA Standards iv. Code of Ethics v. Internal Auditor's Roles vi. Internal Audit Product Offerings vii. Interactions between Internal and External Auditors viii. Advanced Module: Examples of Assurance Service – Trust Services and Prime Plus Services. ix. Trust Services
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COURSE : ADVANCED FINANCIAL REPORTING

LEVEL : PROFESSIONAL LEVEL

SUBJECT : SYLLABUS

COURSE CODE : CICTA 403

Course Objective

The course will help students practically, particularly in preparing consolidated financial statements. It will also help to demonstrate an understanding of the application of GAAP, IFRS, ISA relating to Business Combinations and its relationship with reporting practices, demonstrate an understanding of the accounting techniques and methods associated with the formation and liquidation of businesses.

Course Description

This course is designed to help students grasp the background of Financial Statements and International Accounting issues. These topics require a working knowledge of GAAP and Professional Pronouncements embodying IFRS and IAS, and their relationship with tax assessment.

SYLLABUS

- **BUSINESS COMBINATIONS-INTRODUCTION**
 - The concept of groups and the objective of consolidated financial statements
 - The different methods which could be used to prepare consolidated financial statements
 - Subsidiary companies
 - The circumstances and reasoning for subsidiaries to be excluded from consolidated financial statements in accordance with relevant accounting standards
 - Consolidated balance sheet for a simple group dealing with pre and post-acquisition: profits, minority interests and consolidated goodwill
 - Uniform accounting policies when preparing consolidated financial statements
 - Consolidated Income Statement for a simple group, including an example where an acquisition occurs during the year with a minority interest

- **BUSINESS COMBINATIONS –INTRA-GROUP ADJUSTMENTS**
 - Explain why intra-group transactions should be eliminated on consolidation
 - Explain the nature of a dividend paid out of pre-acquisition profits
 - Account for the effects (in the income statement and balance sheet) of intra-group trading and other transactions including:
 - Intra-group loans and interest and other intra-group charges, and
 - Intra-group dividends including those paid out of pre-acquisition profits

- **BUSINESS COMBINATIONS-FAIR VALUE ADJUSTMENTS**
 - Consolidated financial statements dealing with fair value adjustments(including their effect on consolidated goodwill)
 - Depreciating and non-depreciating of non-current assets
 - Inventories
 - Monetary liabilities(basic discounting techniques may be required)
 - Assets and liabilities(including contingencies)

- **BUSINESS COMBINATIONS –ASSOCIATES AND JOINT VENTURES**
 - Associates and joint ventures(I.e. jointly controlled operations, assets and liabilities)
 - Distinguish between equity accounting and proportional consolidation
 - Formats of proportional consolidations
 - Consolidated financial statements to include a single subsidiary and an associated company or a joint venture.

- **BUSINESS COMBINATIONS - UNITING OF INTERESTS**
 - Uniting of interests or as a purchase (acquisition accounting)
 - Business combination and uniting of interests.
 - Company ratios relating to:
 - A company's previous period's financial statements
 - Another similar company for the same period
 - Industry average ratios
 - Different accounting policies between companies.
 - Limitations in the use of ratio analysis for assessing corporate performance

- **CASH FLOW STATEMENTS**
 - Cash flow statement.

- **SEGMENT REPORTING**
 - The usefulness and problems associated with the provision of segmental information
 - Reportable segment and the information that is to be reported (primary and secondary formats)
 - Preparation of segment reports in accordance with relevant accounting standards
 - Assessment of performance of a company based on the information contained in its segment report

- **INTERPRETATIONS OF FINANCIAL STATEMENTS**
 - Horizontal Analysis Techniques
 - Failure Prediction Ratios

- **REVENUE MEASUREMENT AND PRICE LEVEL CHANGES**
 - Current Value Accounting
 - Capitalization method
 - Replacement Cost
 - Net Realizable Value Accounting
 - Accounting For Price Level Changes
 - Current Purchasing Power Accounting
 - Concept of Capital and Capital Maintenance
 - Capital, Income and Value Measurement
 - Accounting For Income and Economic Income

Reference:

15. Principles of Accounting by Frank Wood, Latest Edition.
16. Accounting Notes, Questions and Answers by A. A. Twumasi, 2010.

17. Accounting and Finance, 5th Edition, - Alan Pizzey
18. A Practical Foundation in Accounting, 5th Edition – Johnson, Whittam and Crawford
19. Financial Reporting, ICAG Part II, 2008
20. Corporate Reporting Strategy, ICAG 2008
21. Advanced Financial Reporting, Lewis, R.
22. International Financial Reporting Standards
23. Accounting Theory and Practice – Glautier, M. E.
24. Consolidated Accounts – Topple, B.

COURSE : ADVANCED TAX AUDIT AND INVESTIGATIONS

LEVEL : PROFESSIONAL LEVEL

SUBJECT : SYLLABUS

COURSE CODE : CITA 404

Course Objectives

The main objective of the course is to test students' ability in the application of tax audit techniques at level 111. It is to complement to the models at level 111 at the advanced stage. The advanced level of this course is to assist students in investigating tax fraud cases, tax evasion and tax avoidance schemes, transfer pricing mechanisms, income splitting. etc.

Course Description

The course is designed to cover all taxes, audit risk issues, risk assessment, fraud and error and intentional manipulation of the income statement and balance sheet to lessen one's tax liability. It uses tax topics to design a tax audit assignment.

SYLLABUS

Taxation in Ghana and the Legal Framework

- The background of Tax Administration in Ghana.
- Proportional, progressive and Regressive Tax Systems.
- Direct and Indirect tax systems, Tax rates, Kinds of Taxes, Retirement Tax, Wealth tax and tax havens.
- The OECD countries and Tax Havens.
- Tax Avoidance and Tax evasion schemes, Tax incentives, Tax Advantages.
- The Canons of Taxation and the Socio – economic significance of taxations.
- Sources of Income subject to Tax. Topics include sources of taxable incomes; Resident persons tax status, Non- resident individuals, Residents Company, Residents body of persons, Residents

partnership and individual with permanent establishment (Sec. 160 – 163 of Income Tax Act 2015 Internal Revenue Act 2000, Act 592 as amended.)

- Assessable Income (Sec 6 of Act 592 as amended). Incomes accrued in Ghana, Derived from Ghana and brought into Ghana and received in Ghana.
- Chargeable income as distinguished from assessable income, year of assessment differentiated from tax year, Fiscal year, financial year and accounting year.
- Basis period as explained and applied under Act 592, Sec 24 as Amended.

The Significance of Audit Plan, Audit Procedures and Audit Evidence and the Impact of Tax Investigations

- Internal Control and Internal Audit procedures in relation to audit risk.
- The elements of risk, fraud and error, the application of forensic audit and substantive audit.
- Risk assessment and audit working papers
- Computer audit test as applied in examination of employment income, business income, investment income and income from vocations.
- Fraud, irregularities and illegal acts in the examination of income statement, balance sheet and the cash flow statement.

The issue of Tax Harmonization and the International Accounting Standards etc.

- The challenges of tax harmonization and the international accounting and auditing standards
- International tax planning and business organization
- International corporate and non-corporate entity tax assessment.
- Taxation of non- resident and residents person
- The dual residency and tax havens
- The issue of international tax regimes
- Taxation of foreign businesses, employment, investments and vocational incomes.

The Investigative Process in Shares Acquisition and Other Equities

- The Investigative process in post balance sheet events
- Tax examination of reserves and liabilities

- The issues of audit risk and stock taking
- Verification of going concern, valuation and capital allowance.
- Tax examination of tax expenditures
- Responsibilities of directors and external auditors in tax compliance

The Tax Auditor and External Confirmation

- Tax audit procedures and risk investigations
- Tax audit procedures on income ascertainment
- Tax audit procedures on expenditure ascertainment
- Sampling risk and forensic investigations
- Materiality concept and tax audit investigations
- Computer assisted audited techniques (CAAT) relating to income and expenditure
- Risk in stock taking
- Risk controls in sales department
- Tax auditor's independence
- Tax auditor's procedures and VAT – Input and output tax including refunds
- Tax audit procedures on import and export duties
- Cost of Freight and Insurance (CIF) investigations
- Tax auditor's report

REFERENCES

1. Principles of Taxation, Ali-Nakyea Abdallah, 2008
2. Practical Accountancy & Taxation Program, Dr Akwasi A. Twumasi, 2010
3. Insight into Taxation Laws in Ghana by Francis E.K Akoto
3. Taxation, 8th Edition, Prentice Hall – Melville
4. Taxation and Self Assessment, Peters Rows.
5. A reference Book for Taxation in Ghana Vol. 1 by Randolph Nsor-Ambala
6. Principles of Taxation in Ghana by Edward Dua Agyemang
7. Auditing Hand Book by Dr. A. A. Twumasi
8. ICAG Study Text.
9. Milichamp, A. H. *Auditing: an Instructional Manual*. Continuum.
10. Woolf, E. *Auditing Today*. Prentice Hall
11. ACCA Study Text (Current Edition)

COURSE : ADVANCED FINANCIAL MANAGEMENT
LEVEL : PROFESSIONAL LEVEL
SUBJECT : SYLLABUS
COURSE CODE : CITA 405

Course Description

This course is designed to identify the aims and objectives of organizations and maximization of shareholders' wealth, maximizing and satisficing institutional goals and objectives; maximizing means seeking best possible outcome and satisficing equals adequate outcome.

Course Objective

The core aim of the course is the use of a portfolio of different strategies to ensure that financial resources are secured and used in the best way to attain the objectives of the organization.

COURSE OUTLINE

Week 1 – 6	Financial strategy formulation, Treasurership and sources of finance, The securities market, Foreign currency management, Working capital control
Week 7 – 11	Discounted cashflow techniques, Capital budgeting procedures, Investment appraisal methods, and advanced investment
Week 12 – 16	The Cost of Equity, the Cost of Debt, the combined Cost of Capital and Gearing, the Capital Asset Pricing model
Week 17 – 20	Further aspect of Gearing, Share Valuations, Acquisition and Disinvestment Strategies, Financial Analysis and Forecasting, Performance Analysis

COURSE DETAILS

1. Calculation of rates of return on ordinary shares

Possible measures of returns on shares would be:

- a. Profits
- b. Earnings per share
- c. Dividends
- d. Dividends plus capital growth

The best measure of returns to equity investors is generally agreed to be dividend yield plus capital growth.

2. Risk and return

3. Problems with assumed objective of maximization of wealth

a. Objectives of other parties may conflict with assumed objective

i. Employees

ii. Management

In such areas as:

iii. Takeovers

iv. Time horizon

v. Risk

vi. Gearing

4. Identify directors' powers and behavior, including the significance of creative accounting, off – balance sheet finance and the influence of the threat of take – over.

Shareholders entrust the day – to – day management of their company to directors. The directors will generally set their own agenda to run the business; shareholders are entitled to attend AGMs and challenge the directors but in practice this seldom occurs.

Directors may be remunerated by a bonus system based on the company's profitability. They will therefore be motivated to report high short-term profits, perhaps at the expense of long-term profitability. Similar arguments apply if their company is vulnerable to take – over. Reporting high short – term profits should drive up the value of the business and discourage predators.

However in the 1980s several managements took this process too far and flattered their reported profits by indulging in creating accounting e.g. the use of leased assets rather than purchased assets, or the use of quasi-subsidiaries. The developing work of the ABS should discourage these practices in the 1990s e.g. the virtual abolition of extraordinary items in FRS and the requirement to consolidate quasi-subsidiaries in FRS 5.

5. Understanding the principles of agency theory

The shareholders have appointed the directors as their agent to run the company. There is an agency relationship in law between the two parties. Agency theory examines this relationship and postulates that the company can be viewed as a set of contracts between each of the various interest groups. Although each member of each group might act in his own self-interest, the groups as a whole (i.e., the company) will not thrive unless all the groups comprising the company are performing well.

For example, managers must see it to be in their interest for the company to prosper in the long-term, so they could not just seek to boost short-term profits.

6. The use of management remuneration packages

Goal congruence exists where each of the units within a business (i.e. individual employee, managers, directors, departments etc.) is seeking to achieve personal objectives which are also in the best interests of the business as a whole. To persuade managers that a company's long – term strength should be pursued, remuneration schemes may be based on growth in a company's share price. For options granted under an approved scheme, there is no tax charge when the option is granted (at the current market value) and also no tax charge when the option is exercised, providing that options are exercised between three and ten years after they are granted, and not more frequently than once in three years.

7. Constraints on a company's policy formulation

a. Internal constraints:

i. Self-imposed by the company, e.g. keeping gearing low

b. External constraints:

i. Government legislation

ii. Accounting concepts and conventions

iii. Other regulations.

8. The economic environment

Although a detailed knowledge of the UK economic factors is not required, questions that were set under the old syllabus have had UK background.

The UK economy has five sectors:

a. The public sector – government and public corporations

b. The business sector – industrial / commercial companies

c. The personal sector – UK individuals

d. The overseas sector – foreign transactions

e. The financial and monetary sector – financial intermediaries.

9. Knowledge of the financial markets

Financial markets are places where surplus and deficit units meet to help investors:

- a. Diversify
- b. Shift risk
- c. Hedge
- d. Arbitrage

Examples of financial markets are:

- a. Securities markets
- b. Money markets
- c. Other e.g. foreign exchange, futures and options exchange

10. The main sources of published information.

- a. Official data
- b. Non – government publications.

11. Treasurership and sources of finance

a. Treasurership

Issues of borrowing, investment, cash and currency management for a business.

b. Sources of finance

What are the main classifications of sources of finance?

- i.** Equity and other finance
- ii.** Equity is either internally generated or a new issue
- iii.** Non – equity finance can be long, medium or short term.

12. Factors influencing the choice of finance source

- a. Cost
- b. Duration
 - i.** Long term funds are secure but expensive
 - ii.** Short term funds are risky but cheap

Rule of thumb: Finance short term assets with short term funds and long term assets with long term funds.

- c. Gearing
 - i.** Too much debt can cause financial distress
 - ii.** Too much equity can dilute EPS and control.

COMPREHENSION OF THE FOLLOWING:

Convertibles	Low interest rate can be paid	Future dilution	Banks Pension funds
Preference shares	Dividends can be missed	Dividend not tax deductible Dividend may be cumulative	Insurance co's
Leasing	Easily available Spreading of cost	Can be expensive	Finance House
Sale & leaseback	Low interest rates	Arrangement costs	Pension funds, Insurance co's
Mortgage loans	Long duration. Participation in increasing property value	Higher payments than sale and lease – back as principal must also be paid	Pension funds Insurance co's
Deep discount bonds	Initial repayments small Discount normally tax deductible	Difficult to call early	Stock Exchange
Euromarkets Euro currency (short term)	Fine interest rates	Forex risk	International banks
Euro Bond & Equity (Long – Term)	Amount of funds available Various currencies (including cocktails)	Equity market is under developed	

13. Sources of Short – Term Finance

Description	Advantages	Disadvantages	Source
Bank overdrafts	Flexible Good short – term	Repayable on call Fluctuating interest rate	Bank
Bank loans	Fixed interest	Inflexible	Bank

	Fixed term (less risk of recall of funds) Good medium term	More expensive than overdraft (probably)	
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14. Define and discuss the efficient market hypothesis and its implications.

a. Definition

- i. An efficient market is one in which the market price of all securities traded on it reflects all the available information
- ii. If this is correct, a company's real financial position, with respect to both current and future profitability, will be reflected in its shared price.

b. Forms of market efficiency

i. Weak form

Share prices reflect all the information contained in the record of past prices. As a result it is not possible to predict future share price movements by reference to past trends. Share prices follow a random walk

ii. Semi – strong form

Share prices also reflect all current publicly available information. Therefore prices will change only when new information is published. As a result it would only be possible to predict.