

Intermediate Stage

Financial Accounting & Reporting (FAR)

Financial Accounting & Reporting introduces students to the reporting framework of limited liability companies. Special focus should be maintained on the Sri Lanka Accounting Standards and requirements of the Companies Act.

Learning Aims:

- Understand the environment of financial accounting and the conceptual framework which forms the basis of financial accounting
- Ability to prepare an organisation's financial statements in accordance with generally accepted accounting principles & statutory requirements.
- A good understanding of the uses and limitations of financial statements.
- Prepare accounting statements for specialized transactions / industries
- Ability to perform financial statement analysis

An understanding & ability to apply the following SLAS, in relation to syllabus topics is expected.

SLAS	3	Presentation of Financial Statements
SLAS	5	Inventories
SLAS	9	Cash Flow Statement
SLAS	10	Accounting Policies, Changes in Accounting Estimates and Errors
SLAS	12	Events after the Balance sheet Date
SLAS	14	Income taxes
SLAS	18	Property, Plant & Equipment
SLAS	19	Leases
SLAS	20	Borrowing Cost
SLAS	22	Accounting for Investment
SLAS	25	Business Combinations
SLAS	26	Consolidated and Separate Financial Statements
SLAS	27	Investments in Associates
SLAS	29	Revenue
SLAS	30	Related Party Disclosures
SLAS	31	Interests in joint ventures
SLAS	34	Earning Per Share (basic computation)
SLAS	36	Provisions, contingent liabilities and contingent assets
SLAS	37	Intangible assets

The students are expected to be aware of revisions to standards and introduction of new accounting standards in relation to areas included in the syllabus.

Assessment will be through a written examination paper of 3 hours duration.

Syllabus Content

1. **Reporting Environment** (*Study Weighting – 5%*)

- Objectives of financial statements
- Underlying assumptions, qualitative characteristics & elements of financial statements

Knowledge	Comprehension	Application
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	✓	
	✓	

	Knowledge	Comprehension	Application
requirements			
- Other Intangible Assets			✓
- Research & Development Expenditure - Definition, Examples, Accounting Treatment & disclosure requirements			✓
3.4 Investments (SLAS 22)			
- Definition, Accounting for acquisition, balance sheet valuation, disclosure requirements			✓
4. Advanced aspects of accounting for Sole Proprietorships & Partnerships (Study Weighting – 15%)			
- Goodwill & Revaluation of a Partnership			✓
- Introduction of a new partner			✓
- Retirement or death of a partner			✓
- Dissolution including dissolution on a piece meal basis			✓
- Amalgamation of two or more partnership firms			✓
- Converting a sole proprietorship to a partnership or limited liability company, converting a partnership to a limited liability company			✓
- Joint venture partnerships			✓
5. Special Accounts (Study Weighting – 15%)			
- Accounting for Leases (in accordance with the requirements of SLAS 19)			✓
- Accounting for Contracts (long term contracts)- (SLAS 13)			✓
- Accounting for Joint Ventures (SLAS 31)			✓
6. Interpretation of Accounts (Study Weighting – 10%)			
Calculate the following ratios and interpret the results			
- Profitability – GP Margin, GP Mark up, NP Margin, ROCE			✓
- Liquidity – Current & Quick Assets			✓
- Efficiency – Asset turnover, stock turnover, debtors collection period, creditors time to pay			✓
- Gearing – gearing ratio			✓
7. Group Financial Statements (Study Weighting – 20%)			
- Identify when group accounts are required & prepare Group Financial Statements in conformity with legal requirements & SLAS. Questions in Intermediate level examination will test on a group which comprise of one holding company and one subsidiary where the holding in the subsidiary will remain unchanged during the accounting period. Financial Statements tested will be the Income Statement & Balance Sheet including adjustments for			✓
- Goodwill			✓
- Pre & post acquisition profits and dividends			✓
- Inter company transactions			✓
- Revaluation of property, plant & equipment			✓
- Inter company dividends			✓

Advanced Management Accounting (AMA)

Advanced Management Accounting syllabus introduces students to the importance of ethical conduct in management accounting. It also includes costing systems not covered in the Technician Stage course and builds on the concepts of CVP analysis introduced in the Technician Stage. The management accountant is expected to contributing to the planning and control process of an organisation. Planning is identifying the goals and objectives and developing a strategy to achieve them. Control is a part of the actions required to implement the planning decisions. Therefore, the ability to understand and apply planning tools such as budgeting, and ability to understand the meaning and computation of a wide range of variances which is used in the control process is included in this course.

Learning Aims :

- Understand the importance of professional ethics in management accounting
- Ability to apply alternate costing approaches such as activity based costing.
- Ability to frame a decision problem, develop a process for solving a problem and make a recommendation taking into account non – financial aspects as well.
- Transform the long-term, medium-term and short-term plans of the organisation into the budgetary process.
- Analyse and interpret variances from standards.

Assessment will be a through a written paper of three hours duration.

Syllabus Content

Knowledge	Comprehens	Application
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1. **Ethics in management accounting** (Study weighting 5%)

Students must develop an understanding of why professional accountants have to abide by ethics and the impact such codes have on users of financial information. The management accountant must develop an ability to recognize ethical dilemmas and develop a framework for resolving them.

Ethics and the Management Accountant

- Importance of professional ethics to management accountants
- The ethical issues most often encountered by accountants
- The pressures that can be brought to bear upon the accountant (e.g., time, job, manager, client, personal, and peer)
- Recognize the existence of an ethical dilemma and the steps involved in moving towards ethical resolutions

	✓	
	✓	
	✓	
	✓	

2. **Costing systems** (Study weighting 20%)

2.1 *Activity Based Costing*

- Define activity-based costing and explain how it differs from more conventional costing methods
- Apply activity-based costing techniques and describe under what circumstances they would be most useful
- Volume related and non volume related cost drivers
- Activities/transactions as cost drivers
- Product diversity and volume diversity
- Activity based management

	✓	
		✓
		✓
		✓
		✓
		✓

Application	Comprehension	Knowledge
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2.2 *Other Cost Accounting Systems & Approaches*

- MRP and ERP systems for resource planning and the integration of accounting with other functions such as purchase ordering, production planning etc.
- Black flush accounting
- Just in time production
- Total quality management and theory of constraints.
- Describe and apply : project costing, hybrid costing, target costing, operations costing, kaizen costing, product life cycle costing, backflush costing, normal costing.
- The integration of standard costing with marginal cost accounting, absorption cost accounting & throughput accounting

	✓	
	✓	
	✓	
	✓	
	✓	
		✓

3. **Decision Making and Analysis** (*Study Weighting – 25%*)

3.1 *The decision process*

- Outline the steps in the decision-making process
- Distinguish between and explain the relative importance of quantitative and qualitative factors in decisions
- Information and the decision making process
- Meaning of information
- Relevant and irrelevant information
- New information and cost of new information
- Sources of new information
- Importance of accuracy and relevance

	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	

3.2 *Cost-volume-profit (CVP) analysis*

- Describe the assumptions and limitations underlying CVP analysis
- Distinguish between single and multi-product CVP analysis
- Demonstrate the ability to use several methods in determining an organization's breakeven point using CVP (e.g. graphical method, equation method, contribution margin method) including the impact of sales mix and income tax in single product and multi product situations
- Demonstrate ability to apply CVP analysis to a variety of situations including operating leverage and capacity decisions

	✓	
	✓	
		✓
		✓

3.3 *Relevant costing*

- Apply the concept of relevant costs and relevant revenues to a wide range of decisions.

(Candidates will be tested on accept / reject decisions, shut down decisions, special order pricing, limiting factor analysis and further processing decisions)

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Application	Comprehension	Knowledge
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4 **Planning & Control** (Study weighting 50%)

4.1 *Planning cycle*

- Describe each element of the planning and control cycle
- Explain how management accounting information supports planning, control and performance evaluation
- Discuss the role of feedback in the planning and control cycle
- Understand management control systems as applied in service, government and non –profit organisations

✓		
	✓	
	✓	
✓		

4.2 *The Budgeting Process*

- Explain the role of budgets and describe the functions, relationships and characteristics involved in the budgeting process
- Describe the different types of budgets most often used (e.g., annual budget, rolling budget, five year budget) and apply the steps involved in preparing each component of the master budget
- Distinguish between master budgets and long range plans
- Distinguish between operating budgets and financial budgets
- Explain the information requirements of sales budgets, discretionary cost budgets and operating budgets
- Describe and prepare functional budgets, profit and loss account, balance sheet and a cash budget
- Describe and prepare a cash budget including the impact of investing decisions
- Prepare statements comparing actual & budgeted results
- Calculate expenditure, volume and total budget variance
- Discuss difficulties encountered in forecasting & use of financial planning models
- Describe current budgeting techniques such as "kaizen budgeting" and "activity based budgeting" and the merits of each
- Understand other budgeting systems such as government budgeting, program budgeting and zero based budgeting
- Explain the impact that budgeting can have on human behaviour
- Potential problems in budgeting and remedies for overcoming problems and limitations in budgeting.

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4.3 *Flexible budgets and standard costs*

- Develop a flexible budget and a static budget
- List the advantages and disadvantages of using standard costs.
- Explain how an accounting system differs in a standard costing environment from an actual costing environment.
- Use the flexible budget approach to compute flexible budget and sales volume variances
- define and identify different types of standards; distinguish between ideal standards and practical standards

		✓
✓		
✓		
		✓
✓		

- The relevance of the learning curve effect in setting standards and calculate the standard cost of a product that exhibits the learning curve
- Explain how direct materials standards and direct labour standards are set
- Explain how the accounting system differs in a standard costing vs. actual costing environment

	Application	Comprehension	Knowledge
		✓	
		✓	
		✓	

4.4 Standard costing & variance analysis

- Define and identify different types of standards; distinguish between ideal standards and practical standards
- The relevance of the learning curve effect in setting standards and calculate the standard cost of a product that exhibits the learning curve
- Explain how an accounting system in a standard costing environment differs from an actual costing environment
- Compute all appropriate cost variances (including mix & yield)
- Explain their significance and the implication of favourable and unfavourable cost variances
- Compute sales price and volume variances
- Compute sales quantity and sales mix variances and explain their significance
- Compute market size (industry volume) and market share (industry share) variances and explain their significance
- Explain the relationship between cost and profit variances, their significance and draw appropriate conclusions
- Explain various approaches used by managers in deciding when to investigate variances (e.g. statistical procedures, judgement, prescribed vale etc.)
- Identify various criteria used to select variances to investigate (e.g. materiality, cost-benefit, consistency of occurrence, ability to control, nature of item)
- Application of standard costing & variance analysis in service industries, public industries & professional services

	✓		
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	✓		
	✓		
	✓		

Managing People & Organizations Management (MPO)

Managing can be defined as the art of getting things done in organisations. Managers are trusted with the responsibility of using limited resources and transforming them into products and services in the most efficient and effective manner.

Therefore managers acquire, allocate and utilize resources to accomplish organisation goals. A large component of this syllabus deals with the acquisition, allocation and utilization of the human resource. Managing the human resource to achieve effectiveness and efficiency in the face of conflict and uncertainty is one of the biggest challenges of management. This course also lays the foundation for the strategic business management paper of the professional II stage.

Operations & marketing management is covered in detail in the professional I stage and therefore not discussed in detail here.

Learning Aims: to ensure

- CMAs are rounded professionals and not only technical experts,
- Willing and able to make a contribution to the overall development of the organisation.

Assessment will be a through a written paper of three hours duration.

Syllabus Content

	Knowledge	Comprehension	Application
1. Organisational Management (<i>Study Weighting – 20%</i>)			
- Strategy and the process of strategy formulation		✓	
- Stakeholder analysis			✓
- Identify organisational objectives (mission statements, goals, objectives or targets)		✓	
- Understand conflicts between objectives		✓	
- Organisational & professional ethics		✓	
- Models of organisational management	✓		
- Classical & contemporary theory of management	✓		
1.1 Organisation Structure			
- Discuss the nature & purpose of operational structure		✓	
- Discuss factors influencing structure & its implications for managing behaviour		✓	
- Explain how organisational structure relates to division of labour		✓	
- Discuss – span of control, flat versus tall, formalisation, centralisation, complexity – in terms of organisation structures		✓	
- Define functional, divisional & matrix types of organisation structures		✓	
- Functional areas of organisation		✓	
- Discuss emerging organisation structures	✓		
1.2 Organisational Behaviour			
- Define organizational effectiveness and compare it with productivity		✓	
- Individual behaviour – the role of learning in influencing organisation behaviour, positive & negative reinforcement, discuss the impact of attribution & expectation, discuss different dimensions of personality, the role it plays in influencing organisational behaviour and consequences of individual differences		✓	
- Appreciate the importance and value of workforce diversity, discuss the		✓	

	Knowledge	Comprehension	Application
impact of values and attitudes on organisational behaviour			
- Discuss contributors to job satisfaction		✓	
- Theories of work motivation – basic properties of motivation, compare and contrast intrinsic & extrinsic motivation, discuss implication of – need theory, equity theory & expectancy theory		✓	
- Discuss the effect of – monetary & non monetary awards, job enrichment, goal setting, management by objectives, job design, working context – on motivation		✓	
- Distinguish between formal & informal groups, factors that affect group behaviour (group size, member diversity, norms, roles, status, cohesiveness)		✓	
- explain how to design and support self managed teams		✓	
- Discuss how cross functional teams can operate effectively	✓		
- Discuss the influence of social influence & culture on organisational behaviour		✓	
- Discuss advantages and disadvantages of a strong organisational culture		✓	
- Differentiate between leadership and management		✓	
- Common traits found in effective leaders	✓		
- Discuss contingency theories of leadership, e.g. Path-Goal, transactional & transformational leadership and the proper use of participative leadership		✓	
- Discuss some major causes of interpersonal conflict in organizations		✓	
- Identify the positive and negative consequences of conflict and describe various methods of managing conflict		✓	
2. Organizational change (Study Weighting –5 %)			
- Discuss environmental forces that motivate organizational change.		✓	
- Describe the basic change process	✓		
- Explain how organizations can deal with resistance to change		✓	
- Identify successful factors to successful organisation innovation	✓		
- discuss the concept of organisational learning		✓	
- Discuss the role of the change agent		✓	
3. An Introduction to Human Resources Management (Study Weighting – 10%)			
- Definition of human resource management.	✓		
- Key results areas of human resource management	✓		
- The strategic approach to human resource management	✓		
- Role of human resource manager and the human resource department	✓		
4. Human Resources Planning (Study Weighting – 10%)			
- Definition and importance of an HR plan	✓		
- HR planning process – investigation, forecasting, needs assessment, utilization etc.		✓	
- Implementing the HR Plan and how to overcome problems at implementation		✓	
5. Job Analysis, Selection & Recruitment (Study Weighting – 10%)			
- Job analysis – objectives, process of job analysis, preparation of job description and job specification		✓	
- Recruitment & selection – methods & sources of recruitment, selection criteria & process, interviews, aptitude/intelligence/psychometric testing			✓
6. Evaluation, Employee Orientation (Study Weighting – 5%)			
The importance of employee orientation and introduction to the job	✓		

		Knowledge	Comprehension	Application
7	Compensation Management (<i>Study Weighting – 5%</i>)			
	- Objectives of compensation, macro & micro factors that affect determination of pay, linking payment to performance, relationship of compensation to motivation, formulating & managing employee benefit schemes		✓	
	- Job Evaluation – purpose, methods and process of job evaluation and its relationship to remuneration		✓	
	- Incentive Schemes – objectives of incentive schemes, forms of incentive methods, gain sharing & productivity related awards, advantages and disadvantages of incentive scheme			✓
8	Performance Management (<i>Study Weighting – 5%</i>)			
	- Objectives and forms of performance evaluation	✓		
	- Setting Standards	✓		
	- Performance review based on MBO		✓	
	- Performance review interview feed back		✓	
	- Following up of review recommendations		✓	
	- Performance Review and Rewards		✓	
9.	Training and Development (<i>Study Weighting – 10%</i>)			
	- The role of training and development	✓		
	- Identifying training & development needs		✓	
	- Resourcing of training needs		✓	
	- Evaluation of training		✓	
	- Management development		✓	
	- Career development and succession planning		✓	
10.	Grievance Handling and Discipline (<i>Study Weighting – 5%</i>)			
	- Employee discipline – concepts and principles, positive approach & punitive approach to discipline, disciplinary inquiry procedure, punishment in theory and practice	✓		
	- Define a grievance and explain how they affect organisation's effectiveness, causes, structured approach to grievance handling & settlement procedures	✓		
	- Employee counselling – discuss theory and application in practice	✓		
11.	Occupational Health & Safety (<i>Study Weighting – 5%</i>)			
	- Relevance and importance of employee safety and health, legal aspects in Sri Lanka		✓	
	- Explain the relationship between productivity and occupational health & safety		✓	
12.	Industrial Relations & labour legislation (<i>Study Weighting – 7 ½ %</i>)			
	- Definition & importance of industrial relations	✓		
	- Role of the government, trade unions, employer organization	✓		
	- Understand the process & importance of collective bargaining & agreements	✓		
	- Awareness of basic labour laws and its relevance to employment	✓		
13.	Employee Participation (<i>Study Weighting – 2 ½ %</i>)			
	- Concepts & purpose of worker participation, forms of worker participations, problems and experiences in Sri Lanka	✓		

Business & Corporate Law (BCL)

The Business Law course is designed to introduce the candidates to some basic legal concepts essential to everyday commercial transactions and provide knowledge to handle legal issues and how to get the maximum benefit from the qualified legal services that are available.

With an understanding of basic terminology and the scope and breadth of the law, CMAs should be able to recognise where problems can arise to take appropriate remedial actions, and to discuss sensibly the issues with a lawyer if that should prove necessary.

Likewise the candidate must become familiar with the different legal institutions that exist in Sri Lanka and the way in which legal authority is distributed. The student will then be introduced to some of the most important areas of commercial and industrial law. Only those legal topics that are relevant to the conduct of business or industry have been selected.

Learning Aims:

- Understand basic legal concepts
- Apply the knowledge of laws in the formation of operational and long term decisions.
- Effectively deal with in-house and external legal personnel.

Assessment will be a through a written paper of three hours duration.

Syllabus Content

	Knowledge	Comprehension	Application
1. Legal Systems (Study weighting 5%)			
- Law and the society, civil law and criminal law	✓		
- Sources of Law – Statutes, case law, doctrine of judicial precedent, Roman Dutch Law, English Common Law, bylaws, regulations etc.	✓		
- The judicial structure of Sri Lanka	✓		
2. Contract Law (Study weighting 25%)			
- The elements of a contract		✓	
- Offer and acceptance			✓
- Consideration			✓
- Intention to create legal relations			✓
- Capacity to contract			✓
- Legality of objects, misrepresentation, void, voidable, unenforceable and Illegal contracts			✓
- Impeachment of a contract			✓
- Breach of contract and remedies for breach			✓
- Terms of the contract (warranties and conditions, express terms & implied terms)			✓
- Discharge of a contract			✓
- Privity of contract			✓
3. Commercial transactions (Study weighting 10%)			
- The law of sales, warranties , conditions and remedies			✓
- Negotiable instruments			✓
- Legal devices for securing credit, chattel mortgages, floating charges, security for bank loans			✓

Application	Comprehension	Knowledge
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4. **Law of agency** (Study weighting 10%)

- Nature of agency relationships
- Formation and termination of the principal/agent relationship
- Duties of the principal to the agent and of the agent to the principal
- Rights and liabilities of third parties

	✓	
		✓
		✓
		✓

5. **Law of employment** (Study weighting 10%)

- Distinguish employer/employee relationship from independent contractors
- Contract of employment
- Unfair / wrongful dismissal
- Labour unions
- Safety and health at the workplace

		✓
		✓
		✓
	✓	
	✓	

6. **Corporate Law** (40%)

- Business organisations - forms of business organisations (including characteristics of different forms of business, advantages and disadvantages of different forms of businesses, the practical effect of concept of corporate personality, the difference between a private and a public company, the ability of a company to contract)
- Registration procedure for a limited liability company, purpose and content of Memorandum and Articles of Association, supervision and regulation of business activities and limited liability companies, trading certificate
- Board meetings and procedures used at board meetings, annual general meeting and extra-ordinary general meetings - when conducted, procedures, giving of notice etc., company resolutions - when used and types of resolutions
- Different types of shares issued by companies, the rights attached to different types of shares and procedure for issuing shares, the rules for increasing / reducing share capital, procedure for redemption of share capital and ability to finance purchase of own shares
- Borrowing powers and ability to provide security for loans, unsecured loans, fixed and floating charges etc.
- Directors – powers and duties; appointment, retirement, disqualification and removal; instances where directors become personally liable for affairs of the company, fraudulent and wrongful trading, division of power between the board of directors and shareholders and the rights of majority and minority shareholders
- Company secretary – qualifications, powers and responsibilities
- Auditors – appointment, removal, qualifications and duties

	✓	
		✓
		✓
		✓
		✓
		✓
		✓
		✓

Taxation (TAX)

A Management Accountant's work is primarily of a financial decision making nature he or she should possess a sound knowledge of Sri Lanka Income Tax Law, because of the crucial financial effects of taxation on business decisions. A knowledge of the structure of tax legislation, it's purpose, it's basic rules and it's administration is a necessary first step in financial data gathering, planning and decision making.

Learning aims:

- To interpret the income tax law, taking into account the specific wording of the provisions and judicial decisions.
- To understand the theoretical concepts behind the specific provisions of income tax law;
- To apply the income tax law to practical problems and case settings;
- To understand basic tax planning through identification of and application to problem situations; and
- To understand and apply basic concepts of commodity taxes.

Assessment will be through a written paper of three hours duration.

Syllabus Content

	Application	Comprehension	Knowledge
1			
Overview of the Income Tax System (Study Weighting – 5%)			
1.1 Understand the rationale of levying income tax		✓	
1.2 Understand the principles of income taxation (equity, progressivity, simplicity, stability)		✓	
1.3 Knowledge of the source of income tax law of Sri Lanka – Inland Revenue Act No. 38 of 2000 (or any Act replacing it) & common sources of interpretation (judicial decisions & information bulletins and The different sources of Income		✓	
1.4 Imposition of income tax in Sri Lanka			
- Incidence of liability to income tax in Sri Lanka			✓
- Definition of person, body of persons, year of assessment, profits & income, agent, authorized representative & executive officer			✓
- Basis & rules applicable to ascertainment of residence of a person			✓
1.5 Determination of year of assessment for calculating income tax		✓	
1.6 Identify the various sources of income & profits chargeable to tax as enumerated in section 3 of the Act		✓	
2.			
Profits from Employment (Study Weighting – 10%)			
2.1 Specific receipts included as profits from employment as per section 4 of the Act			✓
2.2 Basis of liability and treatment of receipts like bonuses and gratuity			✓
2.3 Deductible expenses			✓
2.4 Placing a value on non-cash benefits received and treatment of medical benefits including contribution by the employer to a medical insurance scheme, free meals & clothing, tax borne by employer, value of vehicles &			✓

	Application	Comprehension	Knowledge
premises provided by employer			
2.5 Treatment of once-and-for-all receipts including retirement benefits and exemptions applicable	✓		
2.6 Exemptions from tax on employment income	✓		
2.7 Pay-as-you-earn scheme – the obligations of employers & issue of a direction to an employer on application of an employee, consequences of failure to deduct tax under PAYE scheme	✓		
3. Income from Property (Study Weighting – 5%)			
3.1 Sources of income			
- Property owned & occupied			✓
- Rented property			✓
3.2 - Determine the net annual value of a property			✓
- Exemptions			✓
3.3 Calculate occupiers income			✓
3.4 Compute rental income of property rented			✓
3.5 Income from renting furnished houses			✓
3.6 Treatment of rental income of a company's letting premises			✓
4. Interest income (Study Weighting – 5%)			
4.1 Definition and sources of interest	✓		
4.2 Assessment of interest income			✓
4.3 Treatment for interest received from abroad & interest received by money lending operations		✓	
4.4 Operation of withholding tax on interest when paid by banks and financial institutions		✓	
5. Income from dividends (Study Weighting – 2 ½ %)			
5.1 Definition of dividends as per the provisions of the Act		✓	
5.2 Withholding tax on dividends		✓	
5.3 Tax credit available			✓
5.4 Exempt dividends		✓	
6. Income from trade or business (Study Weighting – 15%)			
6.1 Define trade or business		✓	
6.2 Understanding of allowable expenses and disallowed expenses			✓
6.3 Agricultural undertakings – definition and apply rules relating to deductible expenses, subsidies, grants & exemptions from tax			✓
7. Capital Allowances (Study Weighting – 5%)			
7.1 General rules & principles in applying capital allowances		✓	
7.2 Identify eligible plant, machinery, equipment, information technology equipment, calculating equipment, furniture & "qualified" buildings		✓	
7.3 Treatment of assets acquired on lease or hire purchase.			✓

		Application	Comprehension	Knowledge
7.4	Treatment of assets leased or hired to users (finance leases and operational leases)	✓		
7.5	Disposal with replacement and disposal without replacement	✓		
8	Statutory Income (<i>Study Weighting – 5%</i>)			
8.1	Calculate the statutory income under different sources of income applying appropriate deductions and exemptions	✓		
8.2	Apply rules relating to the aggregating a child's income to the statutory income of a parent	✓		
9	Assessable Income (<i>Study Weighting – 5%</i>)			
9.1	Definition of assessable income	✓		
9.2	Calculate the assessable income after deducting allowable deductions from statutory income	✓		
9.3	Deduction of losses including ability to apply rules relating to carry forward of unabsorbed losses and treatment of losses of undertakings with tax holidays	✓		
10.	Taxable income (<i>Study Weighting – 5%</i>)			
10.1	Ability to compute the taxable income after deducting the allowances and qualifying payment permitted and the carry forward qualifying payments	✓		
10.2	Ability to calculate the tax liability by applying relevant rates and the balance tax payable	✓		
11	Income tax on companies (<i>Study Weighting – 10%</i>)			
11.1	Definition of a company and basis of liability	✓		
11.2	Classification of companies for purposes of taxation	✓		
11.3	Preferential rates for export profits and ability to calculate qualified export profits and income	✓		
11.4	Concessions for indirect exports	✓		
11.4	Awareness of availability of tax concessions and tax holidays	✓		
11.5	Awareness of rules relating to profits deemed distributed	✓		
12	Income tax on partnerships (<i>Study Weighting – 10%</i>)			
12.1	Nature of partnerships and definition of partnership for purposes of income tax	✓		
12.2	Requirement to furnish returns and obligations of the precedent partner	✓		
12.3	Computation of divisible profits, allocating to partners & calculating tax on divisible profits	✓		
12.3	Awareness of circumstances when a partnership may be subject to an assessment	✓		
12.4	Ability to compute a partner's tax and making the necessary adjustments to the tax paid on divisible profits.	✓		

13. **Double taxation treaties** (*Study Weighting – 5%*)

- 13.1 Meaning of double taxation
- 13.3 Objectives of tax treaties, meaning of comprehensive tax treaties and limited tax treaties
- 13.4 General understanding of OECD & UN models
- 13.5 Concept of permanent establishment in relation to business profit
- 13.6 Methods of granting tax relief

Application		
Comprehension		
Knowledge		

✓		
✓		
✓		
✓		
✓		

14 **Other taxes** (*Study Weighting – 10%*)

- 14.1 *Value added tax*
 - Instances when a person is liable to be registered for VAT
 - Ability to calculate the VAT liability of a person registered for VAT taking account of taxable supplies, imports, other purchases & expenses & making adjustments for deduction of input tax
 - Exempt supplies & zero rated supplies
- 14.2 Basic principles of the Provincial Council turnover tax
- 14.3 Applicability of the Turnover tax Act
- 14.4 Application of Economic Service Charge – the basis of computation and how it is set off against a person's or partner's tax liability

		✓
		✓
		✓
		✓
		✓

15 **Tax compliance and administration** (*Study Weighting – 2 ½ %*)

- 15.1 Returns & assessments – furnishing returns, dates of submitting returns, penalty for failure to submit returns & submitting incorrect returns, issue of assessments and additional assessments, time bar for assessments and exceptions
- 15.2 Procedure to submit a valid appeal and provisions for an appeal to be taken up to the Supreme Court
- 15.3 Payment under self assessment and issue of direct assessment
- 15.4 Penalties for non payment and methods of recovery of taxes in default
- 15.5 Circumstances under which a refund becomes due, procedure for claiming refunds and time limits

	✓	
	✓	
	✓	
	✓	
	✓	

In the examination candidates will be required to apply the general tax rates applicable as well as demonstrate awareness of exemptions and concessions. The rates applicable for a year of assessment will be tested in the two examinations held in the following calendar year. For example year of assessment 2004/2005 will be tested in the examinations held in March 2006 and September 2006.