

TECHNICIAN STAGE

Financial Accounting Fundamentals (FAF)

Financial Accounting is one of the core subjects of the CMA Professional Management Accountancy Course. The students are expected to gain an in depth knowledge and be able to apply the principles taught in practical situations and advise non financing colleagues in their organisations about financial accounting & reporting.

Financial Accounting Fundamentals is a comprehensive first course in accounting for students who have no previous accounting training. Emphasis is on concepts and practices that will be useful to students throughout their careers. The Financial Accounting subject is continued in the subjects Financial Accounting & Reporting and Advanced Financial Accounting & Reporting in the Intermediate and Professional I stages respectively.

Learning aims:

- Understand the principles and concepts underlying financial statements
- Ability to record transactions in an accounting environment
- Prepare Manufacturing, Trading, Profit & Loss and Appropriation Accounts for different forms of business organizations.
- Understand the accounting principles and concepts essential for further study in accounting,
- Understand the meaning of information and accounting as an information system.

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

Syllabus Content

	Knowledge	Comprehension	Application
1 Introduction to Accounting (Study Weighting 2 ½ %)			
- Business information & users of accounting	✓		
- Definition of accounting	✓		
- Management accounting & financial accounting; subdivisions within the two main branches of accounting	✓		
2. Financial Accounting Transactions (Study Weighting 7 ½ %)			
- Cash receipts and payments – the importance of controlling cash, recording cash receipts and payments, the balance in the cash account as a measure of performance.			✓
- Maintaining a cash book, petty cash book, posting to ledger and preparing a bank reconciliation			✓
- Double entry book keeping – analysing transactions into assets, liabilities, equity, income and expenditure, posting transactions to ledger accounts, preparing a trial balance, types of accounting errors			✓
- Accounting for Value Added Tax			✓
- Recording payroll transactions including EPF & ETF, PAYE etc.			✓
- Accounting for Inventories including adjustments for net realizable values, stock losses etc.			✓
- Recording purchase of assets and maintaining a register for Property, Plant & Equipment			✓

	Application	Comprehension	Knowledge
- Accounting for depreciation and calculating depreciation under different methods.	✓		
3. Financial Accounting Transactions (Subsidiary Books of Accounts and Control Accounts) (Study Weighting 7 ½ %)			
- Difference between primary entry books and subsidiary books of accounts	✓		
- Credit sales – accounting for credit sales & goods returned, the debtors ledger (sales ledger), the sales day book and the sales return day book, accounting for cash discounts, sales ledger control account, benefits of the control account & importance of reconciliation with the ledger.			✓
- Credit purchases – accounting entries for credit purchases & returns, purchase ledger (creditors ledger), purchases day book and the purchases returns daybook, accounting for cash discounts and purchase ledger control account.			✓
4. Financial Accounting Transactions (General Journal) (Study Weighting 5 %)			
- The need for the general journal and difference between the general journal and special journals	✓		
- Transactions that are usually passed through the general journal and writing a journal entry			✓
5. Preparation of Financial Statements (Study Weighting 5 %)			
- Types of organizations – sole proprietorships, partnerships, limited liability companies (private and public), non profit organizations – nature, advantage and disadvantage of each type of organisation.		✓	
- Users of financial information	✓		
- Generally accepted accounting principles (GAAP)		✓	
- General awareness of Sri Lanka Accounting Standards.	✓		
- Balance sheet equation & accounting equation			✓
6. Preparation of Financial Statements – Sole proprietorships (Study Weighting 15 %)			
- Adjusting entries – prepayments, accruals, depreciation, inventories			✓
- Financial Statements – Trading & Profit & Loss Account, Statement of retained earnings & balance sheet.			✓
7. Manufacturing Account and Income & Expenditure Statement (Study Weighting 10%)			
- Characteristics and difference between service organisations, merchandising organisations, manufacturing organisations and non-profit organisations.	✓		
- Manufacturing account			✓
- Income and expenditure Account of a non-profit organisation, difference between a receipts and payment account			✓
- Trading account			✓
8. Preparation of Financial Statements – Partnerships (Study Weighting 15 %)			
- Partnership Act and partnership agreements	✓		

- Preparing the financial statements of a partnership including introduction of capital, loans given by partners, partners' current accounts, drawings, distribution of profits, salaries, interest on loans.

Application	Comprehension	Knowledge
✓		

9. **Preparation of Financial Statements – Limited liability companies (for internal purposes)**
(Study Weighting 15%)

- Understand the framework for the preparation and presentation of financial statements
- Awareness of the Companies Act and SLAS
- Statutory records and registers to be maintained by limited liability companies
- Preparation of Financial Statements – A detailed profit and loss account, appropriation account and balance sheet including entries for taxation, payment of dividends, issue of shares and debentures, accounting for reserves.

	✓	
✓		
✓		
		✓

10. **Accounting Systems and Procedures** (Study Weighting 5%)

- Introduction to the importance of internal control, types of frauds and how to prevent them
- Awareness of the external audit

✓		
✓		

11 **Preparation of financial statements from incomplete records** (Study Weighting 10%)

		✓
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12. **Computerized Accounts** (Study Weighting 2 ½ %)

- Awareness of use of information technology in maintaining financial accounts, advantages and frequently encountered problems
- Use of Accounting system software
- Use of spreadsheets and its applications – design a cash account, carry out a what if analysis etc.
- Chart of accounts and importance of assigning a good system of coding.

✓		
✓		
	✓	
	✓	

Management Accounting Fundamentals (MAF)

Management Accounting provides analysis of financial information for the use of management in performing its organisational functions and in assuring the proper use and handling of the entity's resources. The management accountant is both the provider and user of such information in his or her role as a key decision-maker in the organization in the profit and not-for-profit sectors. The skills required include a thorough grounding in cost accountancy in order to provide and analyse relevant information.

This is a first course in management accounting and aims to create an awareness of the role and key functions of management accountants. It covers fundamental areas of cost accounting such as cost classification, cost behaviour, cost allocation, different costing approaches applied to different types of operations, and an introduction to standard costing, variance analysis & approaches to short term decision making problems.

Learning aims:

- Understand the role of Management Accountants
- Identify nature of costs and cost behaviour
- Understand the various costing methods and techniques
- Calculate different costs for different purposes and within different contexts
- Understand and calculate the various elements of cost.
- Understand and calculate the cost of a product or service
- Calculate and interpret cost & sales variances in a standard costing system
- Application of the contribution margin concept and tools such as CVP analysis & limiting factor analysis in resource allocation problems.

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

Syllabus Content

	Knowledge	Comprehension	Application
1 The role of management accountants (Study weighting 10%) Develop an appreciation for the type of decisions managers make, how management accountants fit into changing organisations and how they can assist in decision making.	✓		
1.1 <i>Duties of the management accountant</i> - Awareness of the role of a management accountant in an organization and outline the functions of each of these roles - Identify the potentially conflicting roles of the management accountant	✓		✓
1.2 <i>Management Accounting vs. Financial Accounting</i> Explain how the management accountant differs in orientation from the financial accountant and how the users of financial accounting information differ from users of management accounting information		✓	
2 Cost systems (Study weighting 30%) The students need to understand the concept "different costs for different purposes" as costs are used for product costing, decision making, planning & control. The students must also be able to recognize how costs behave in order to facilitate the prediction of future costs in the planning stage.	✓		

	Knowledge	Comprehension	Application
2.1 <i>Cost classification</i>			
- Define, identify, differentiate and illustrate different cost types (e.g., variable vs. fixed, period vs. product) and classifications (e.g., financial presentation vs. decision-related)		✓	
- Materials			✓
• Accounting and control procedure for material costs			✓
• Re-order quantity, re-order level, maximum stock, minimum stock, economic order quantity			✓
• FIFO, LIFO & weighted average stock valuation methods. Ability to calculate value of stocks, cost of sales and gross profit under each valuation method.			✓
- Labour : Remuneration systems such as time based and piece based systems, factory incentive schemes for individuals and groups			✓
2.3 <i>Departmental costing & cost allocation</i>			
- The purpose and process of cost allocation		✓	
- The behavioural implications of departmental cost allocation		✓	
- The criteria used in cost allocation decisions			✓
- Distinguish between direct, step-down and reciprocal service department allocation methods and describe their relative advantages and disadvantages			✓
- Allocate costs among departments utilizing the step-down or direct method			✓
2.4 <i>Cost behaviour</i>			
- Show an understanding of cost behaviour patterns and their relevance to decision-making.	✓		
- Understand the following concepts:			
• The parameters of a cost function as well as the underlying assumptions in cost estimation	✓		
• The appropriate steps to estimate a cost function		✓	
• The difficulties encountered in cost estimation		✓	
- Ability to use various approaches to cost estimation (e.g., high-low method, account analysis method, regression analysis)		✓	
- Differentiate between linear and non-linear cost functions		✓	
- Understanding of regression analysis as follows:			
• Critical underlying assumptions	✓		
• Interpret and explain results in choosing among cost functions		✓	
• Identify and apply selection criteria: economic plausibility, goodness of fit, significance of independent variable(s), specification analysis			✓
• Differentiate between simple and multiple regression		✓	
2.5 <i>Job costing</i>			
- Compute Direct materials, direct labour and factory overhead costs in a job costing environment			✓
- Apply factory overhead to products			✓

	Knowledge	Comprehension	Application
- Budgeted overhead application rates			✓
- The concept of cost drivers in job costing			✓
- Job costing principles in service organisations			✓
2.6 <i>Batch Costing</i>			✓
2.7 <i>Joint Costing</i>			
- The role of joint and by-product costs in decision-making		✓	
- Identify and calculate product costs by using the various joint cost allocation methods including accounting for by-products			✓
2.8 <i>Process Costing</i>			
- Calculate process costs using the weighted average and first-in first-out methods			✓
- The role that standard costs can play in accounting for process costs		✓	
- Differentiate between normal and abnormal spoilage in process costing			✓
2.9 <i>Contract Costing</i>			✓
2.10 <i>Cost accounting for services and service industries.</i>			✓
2.11 <i>Absorption Costing & Marginal Costing</i>			
- Calculate product costs under absorption and marginal costing methods			✓
- Compare and contrast absorption costing & marginal costing			✓
- Prepare profit and loss accounts from the same data under absorption and marginal costing and reconcile and explain differences in profit.			✓
2.12 <i>Integrated & interlocking accounting systems</i>			
- Accounting entries of an integrated accounting system			✓
- Accounting entries of an interlocking accounting system			✓
3. Standard Costing & Variance Analysis (Study weighting 30%)			
- Principles of standard costing		✓	
- Prepare standard costs under absorption and marginal costing			✓
- Calculate and interpret variances : materials – total, price, usage. labour – total, rate, efficiency. variable overhead – total, expenditure, efficiency. fixed overhead – total, expenditure & volume under absorption costing and expenditure under marginal costing. Sales – total sales margin variance.			✓
4. Decision Making & Analysis (Study weighting 30%)			
- Understand difference between contribution margin & gross margin and demonstrate the ability to apply each appropriately		✓	
- Apply contribution margin analysis to short term planning (including situations involving scarce resources in merchandising & manufacturing sectors)			✓
- Cost Volume Profit (CVP) analysis for a single product			✓
- Calculate and interpret break-even point, profit target, margin of safety & profit volume ratio (including break even charts and profit volume graphs) for a single product			✓
- Limiting factor analysis – Calculate the profit maximising sales mix for a firm in a situation of single resource constraint			✓

Business Mathematics (BMT)

This course is designed as a basic level study of Mathematical and Statistical Concepts and Techniques that would be useful to the Management Accountant.

A thorough knowledge in the areas of basic mathematics and in presentation of data is an essential skill of the Management Accountant. Financial Mathematics is covered for use in Financial Management. The Management Accountant should also understand statistical concepts because of the need to estimate the uncertainties of business decisions. Finally, this course also aims to give a basic understanding of mathematical techniques used for forecasting that will be useful in corporate planning.

Learning Aims: To test the student's ability to

- Apply techniques of basic mathematics
- Analyse and present data.
- Apply techniques of financial mathematics
- Understand and apply basic area in probability in order to evaluate the risks and uncertainty of business decisions.
- Understand basic forecasting techniques that will be useful in the area of corporate planning.

Assessment will be through a written examination paper of 2 hours duration.

Syllabus Content

Application
Comprehension
Knowledge

1.	Basic Mathematics (<i>Study Weighting – 5%</i>)			
	- Laws of Algebra – simplifying, factorising			✓
	- Equations – Simple, Simultaneous, Quadratic			✓
	- Graphing Function – (Break even graphs etc)			✓
	- Progressions – Arithmetic and Geometric			✓
	- Matrices – matrix operations, inverse of a 2×2 matrix			✓
	- Exponential and Logarithmic Functions - decline & growth			✓
2.	Financial Mathematics (<i>Study Weighting – 15%</i>)			
	- Simple and Compound Interest, Effective Rate of Interest			✓
	- Annuities, Depreciation, Perpetuities			✓
	- Discounting			✓
	- Sinking Funds			✓
	- Mortgages			✓
	- Project Evaluation – Net Present Value (NPV), Internal Rate of Return (IRR)			✓
3.	Introduction to Statistics & Presentation of Data (<i>Study Weighting – 5%</i>)			
	- Use of Statistics in Business	✓		
	- Concepts of Statistical Population			✓
	- Data and Information	✓		
	- Primary and Secondary Data			✓
	- Grouped and Ungrouped Data			✓

Application	Comprehension	Knowledge
		✓
		✓
		✓
		✓

Data Presentation

- Tables
- Charts – bar charts, pie charts & stem-leaf displays
- Frequency Distribution
- Histograms & Ogives

4. **Descriptive Statistics / Measures of Central Tendency/ Measures of Spread**
(*Study Weighting – 10%*)

- Mean, Median, Mode
- Geometric Mean, Harmonic Mean
- Weighted Average Mean
- Range, Mean Deviation
- Standard Deviation, Variation
- Quartiles, Inter-quartile range, Quartile Deviation
- Co-efficient of Variation, Skewness
- Interpretation of Standard Deviation

		✓
		✓
		✓
		✓
		✓
		✓
		✓
		✓

5. **Index Numbers** (*Study Weighting – 5%*)

- Different types of indices
- Construction of Simple Indices
- Construction of aggregate price indices
- Construction of aggregate quantity indices
- Purchasing power and deflation

	✓	
		✓
	✓	
	✓	
		✓

6. **Time Series Analysis** (*Study Weighting – 10%*)

- Classical time series model
- Trend Analysis
- Analysis of cyclical fluctuations
- Measurement of seasonal variations
- Forecasting based on trends and fluctuations
- Exponential smoothing as a forecasting method

		✓
		✓
		✓
		✓
		✓
	✓	

7. **Correlation and Regression** (*Study Weighting 5%*)

- Simple linear regression
- Least squares approach
- The coefficient of correlation – Product moment and rank

		✓
		✓
		✓

8. **Probability** (*Study Weighting – 20%*)

- Principles of Counting
- A simple probabilistic model
- Sample spaces
- Use of the principles of counting to make probability calculations
- Unions and intersections
- Calculating the probability of an event

		✓
		✓
	✓	
		✓
		✓
		✓

Application		
Comprehension		
Knowledge		

- Joint, Marginal and conditional probabilities
- Baye's theorem
- More on compound events

	✓	
	✓	
✓		

Probability Distributions

- The Binomial probability distribution /Poisson Distribution
- Probability distribution of proportions
- Expected value and variance
- Illustrations of the Binomial / Poisson Models
- Normal Distribution / exponential distributions / uniform distributions

	✓	
	✓	
	✓	
	✓	
		✓

9. **Estimation** (*Study Weighting 5%*)

- Distribution of sample statistics
- Estimation as a decision
- Point estimates and interval estimates
- Properties of good estimators
- Examples of estimation
- Calculation of a sample size
- The elements of a test of hypothesis
- Large sample test of hypothesis
- Small Sample Test of Hypothesis
- Goodness-of-fit tests

		✓
	✓	
		✓
	✓	
	✓	
	✓	
	✓	
	✓	
	✓	
		✓

10. **Network Analysis** (*Study Weighting 5%*)

- Critical path analysis
- Gantt Charts
- Analysis of network

	✓	
	✓	
	✓	

11. **Linear Programming** (Graphical Only) – Study Weighting 5%

	✓	
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12. **Basic Inventory Control** (*Study Weighting 10%*)

- The Importance of Inventory Control and Classification of Inventory Control
- Inventory Costs
- Fixed Order Quantity Model (EOQ & EOJ)

	✓	
	✓	
		✓

Business Communication (BCM)

Communication plays a very important role in the day to day management of business. All employees receive and send information as they conduct their work. Processing messages through computers, giving and receiving instructions, preparing manuals, answering letters, answering telephone calls, sending faxes etc. are all examples of communication at work.

Communication enables people to work together. It is the vehicle through which basic management functions are performed. Managers direct through communication; co-ordinate through communicating; and hire, plan and control through communication; Good managers succeed through good communication.

Therefore it is not surprising that communication skills are ranked in the list of abilities employers expect from their employees.

The BC syllabus introduces the student to the process of Communication and covers also different forms or methods of business communication. Good language skills are obviously an essential part of good communication, and whilst language aspects are not covered in this syllabus, candidates are expected to display competency in the use of the language. In the BC paper as much as 20 % of the marks will be allocated (depending on the questions) to accuracy in grammar & spellings.

Learning Aims :

- Ability to understand communication methods & practices and
- Communicate effectively at all level of management,

The assessment will be through a written examination of 2 hours duration.

Syllabus Content

	Knowledge	Comprehension	Application
1. Introduction (Study Weighting – 15%)			
- The role of communication in business		✓	
- The communication process		✓	
- Barriers to communication & overcoming barriers.		✓	
- The forms of communication in business. operational / personal, external / internal , verbal , non verbal , visual communication		✓	
- Organisation structure & communication methods of an organisation		✓	
2. Business Letters, Memorandum, Circulars (Study Weighting – 20%)			
- Letter formats & structures		✓	
- Writing letters for situations such as – routine request , inquiries , requesting information about people, giving references , making claims , responding to claims & complaints , favorable and negative responses, letters giving bad news etc.			✓
- Skillful presentation of business letter.			✓
- Similarities and differences between business letters, memorandums and circulars		✓	
- Writing memorandums and circulars			✓

3. **Report Writing** (*Study Weighting – 15%*)

- Defining reports
- Planning the report
- Gathering information ; business information, sources of information, , obtaining information (Observation, Surveys, Questionnaires) ,analyzing information
- Use of graphics
- Tables, Graphs, Organisation & flow charts, bar charts, scatter diagrams, Pictograms etc....
- Informal reports, Long formal reports

Knowledge	Comprehension	Application
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✓		
✓		
✓		
		✓
		✓
		✓

4. **Job search & application** (*Study Weighting – 10%*)

- Analysing yourself, gathering and organizing information
- Mediums finding the employer- personal contacts, newspaper ads, online services, employment agencies
- Writing the resume or curriculum-vitae
- Contents, attractive presentation, selecting the appropriate medium of presentation
- The application letter (covering letter) the interview
- The follow up

	✓	
✓		
		✓
		✓
		✓
		✓

5. **Non- Verbal Communication** (*Study Weighting – 10%*)

- Importance & impact of Facial expressions ,eye contact ,body languages – postures & gestures
- Silence

	✓	
	✓	

6. **Oral Communication** (*Study Weighting – 15%*)

- Importance of oral communication
- Different forms of oral communication
- Conducting & participating in meetings
- Interviewing people
- Using the telephone

✓		
✓		
		✓
		✓
		✓

7. **The Modern Technology in Communication** (*Study Weighting – 15%*)

- The effect of computers & miniaturization
- Use of networks- WAN, LAN
- Expanded role of copier, telephone & fax machine
- Impact of electronic mail, world wide web,

	✓	
	✓	
	✓	
	✓	

Economics (ECN)

National and international economic climate influence business conditions. Consequently, business managers need to make critical decisions within the overall economic environment.

This course brings economics into perspective for the prospective Management Accountant. The first half of the course investigates microeconomics. It stresses economic principles and how they affect decision-making within the firm. The second half of the course looks at institutions, policies and conditions from a macro perspective, and teaches the student the workings of external influences on the firm.

Learning Aims: To test the student's ability to:

- Understand the inter-relationships of society and economics
- Critically analyse events utilising basic economic concepts
- Measure policies of business and governments and be able to evaluate their interplay

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

Syllabus Content

	Knowledge	Comprehension	Application
1. Introduction to Economics (Study Weighting – 5%)			
- Scarcity of resources, allocation of scarce resources and the role of the government		✓	
- Production decisions or the basic economic questions		✓	
- Production possibility curve		✓	
- Factors of production		✓	
- Costs of production		✓	
- Fixed / variable, Long run / short run, very short run / very long run		✓	
- Average costs & marginal costs		✓	
- Short run production and diminishing marginal returns		✓	
- Long run production – variable returns to scale		✓	
2. Businesses and Profits (Study Weighting – 5%)			
- Nature of business		✓	
- Profit maximisation – normal profit, abnormal profit, marginal cost & marginal revenue, maximum profit graphs		✓	
- New theories of the firm		✓	
- Not for profit organizations		✓	
3. Consumer Behaviour & Demand (Study Weighting – 5%)			
- Individual demand		✓	
- Utility theory, normal goods, inferior goods, unusual goods, indifference curves		✓	
- Market demand		✓	
- Elasticity of demand – price elasticity, income elasticity & cross elasticity, conditions of demand & shifts in the demand curve.		✓	

Knowledge	Comprehension	Application
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4. **Supply and Market** (*Study Weighting – 5%*)

- Supply curve of a firm – short run supply curve based on marginal cost, short run supply curve based on cost plus pricing, long run supply curve, the supply curve of an industry
- Elasticity of supply
- Shifts in supply

	✓	
	✓	
✓		

5. **Prices** (*Study Weighting – 5%*)

- Definition & terms
- The price mechanism
- Agricultural prices
- Cobweb theorem

✓		
	✓	
	✓	
✓		

6. **Firms – scale and location** (*Study Weighting – 5%*)

- Size of firms
- Growth of firms, horizontal integration, vertical integration, diversification
- Economies of scale & diseconomies of scale
- Small firm sector
- Location decisions, geographical specialization, factors influencing location decisions

	✓	
	✓	
	✓	
	✓	
	✓	

7. **Economic systems & market environment** (*Study Weighting – 10%*)

- Planned economy, (free) market economy, mixed economy
- Concept of markets in economies & forms of market structure – describe monopoly, perfect competition & imperfect competition (duopoly, oligopoly & monopolistic competition) – describe the determination of market equilibrium in each market, abnormal profits, entry & exit to the market and barriers, allocative & technical efficiencies and price discrimination as it applies to different forms of market structures
- Discuss the merit and demerits of perfect competition vs. monopoly
- Public sector & the market environment – different public sector organisations (corporations, departments & local authorities), arguments for nationalisation, pricing in public sector (breakeven pricing & marginal cost pricing) arguments for and against privatisation
- Regulation of market environment and trade agreements, trading blocs

	✓	
	✓	
	✓	
✓		
	✓	

8. **The financial environment** (*Study Weighting – 10%*)

8.1 *Money*

- characteristics / qualities & functions of money
- supply : money aggregates & supply targets
- demand or motives for money (transactional motive, precautionary motive & speculative motive)

	✓	
	✓	
	✓	

8.2 *Banking system*

- describe and classify financial intermediaries
- describe and understand the operation and function of the Central Bank

	✓	
	✓	

	Knowledge	Comprehension	Application
- describe the functions of commercial banks and other financial institutions		✓	
- money markets & yield curves	✓		
- creation of credit, cash ratio, limitations in creating credit, the assets and liabilities & the bank balance sheet		✓	
- banking supervision		✓	
8.3 Interest rates			
- market interest rate movements, factors influencing the rate of interest, the central rate of interest, real interest rates		✓	
- relationship between money and interest rates – keynesian theory, monetarist theory	✓		
- the effects of interest rate changes in the economy		✓	
8.4 monetary policy, fiscal policy, PSBR, controls exercised by the central bank & limitations	✓		
8.5 Long-term finance			
- describe and explain the function of capital markets, stock exchange, equity market, primary & secondary markets, factors affecting share prices, share price indices and the government bond market	✓		
- venture capital	✓		
- international capital markets	✓		
9. Government & the Macroeconomic environment (Study Weighting – 5%)			
- Keynesian & monetarist views on inflation, unemployment & government intervention	✓		
- Government economic policy in action in Sri Lanka	✓		
- Short term objectives of governments		✓	
- Policy instruments – budgetary policy, monetary policy, exchange rate policy, industrial policy and prices & income policy		✓	
- Policy constraints	✓		
10. National Income (Study Weighting – 10%)			
- Measurement of national income		✓	
- Gross domestic product (GDP), gross national product (GNP) and national income		✓	
- Methods of calculation of national income – (expenditure method, income method and output method)		✓	
- The uses of national income statistics	✓		
- Difficulties and shortcomings of national income statistics.	✓		
- Measurement of economic growth, reasons for low economic growth. The advantages and disadvantages of economic growth	✓		
11. Determinants of national income (Study Weighting – 5%)			
- Circular flow of income, leakages and injections to flow of income, attaining equilibrium		✓	

	Knowledge	Comprehension	Application
<ul style="list-style-type: none"> - Consumption – explain consumption, dis-saving, calculation of marginal propensity to save (MPC) and average propensity to save (APC), explain factors affecting consumption of households, firms & governments - Savings and factors affecting discretionary savings - Investments – Keynesian theory, determinants of investments, applicability of discounted cash flow techniques, marginal efficiency of output theory - The accelerator theory and multiplier effect 	✓		
	✓		
	✓		
	✓		
12. Public Finance (<i>Study Weighting – 5%</i>)		✓	
<ul style="list-style-type: none"> - Taxation, functions of taxation, principles of taxation, types of taxation, tax incidence, tax yield for direct & indirect taxes 		✓	
13. Fiscal Policy (<i>Study Weighting – 5%</i>)		✓	
<ul style="list-style-type: none"> - Public sector borrowing requirement (PSBR) and budget deficit - Difficulties in measurement of PSBR and nature of PSBR - Financing the PSBR - National debt 		✓	
		✓	
		✓	
		✓	
14. Inflation & unemployment (<i>Study Weighting – 5%</i>)		✓	
<ul style="list-style-type: none"> - Causes of inflation – demand pull inflation, cost plus inflation and quantity theory of money - The effects of inflation - Causes of unemployment - Types of unemployment - The effects of unemployment - The relationship between inflation and unemployment – Phillips curve 		✓	
		✓	
		✓	
		✓	
	✓		
	✓		
15. International Trade (<i>Study Weighting – 5%</i>)		✓	
<ul style="list-style-type: none"> - Benefits of international trade - Understanding the concepts of specialisation & economies of scale - Theory of comparative advantage - Practical limitations to advantages of specialisation & economies of scale - Trade protection – reasons, arguments against protection, methods of protection - Emergence of trading blocs 		✓	
		✓	
		✓	
		✓	
		✓	
		✓	
16. Foreign Exchange (<i>Study Weighting – 5%</i>)	✓		
<ul style="list-style-type: none"> - Exchange rates - Foreign exchange market - Exchange rate systems – gold standard, managed exchange rate systems, floating exchange rates - Exchange rate changes – long term theory, (purchasing power parity, the Keynesian theory, Monetarist theory, Short / Medium term factors etc.) 	✓		
		✓	
		✓	

Application
Comprehension
Knowledge

17. **Balance of Payments** (*Study Weighting – 5%*)

- Explain what is meant by the "account"
- The current account (visible trade and invisible trade, components in each & the current account balance)
- The capital account
- Current account deficit & dis-equilibrium, causes for dis-equilibrium
- Policies used to restore balance of payments to equilibrium – depreciation of exchange rate, deflation, import controls, supply side policies etc.

	✓	
	✓	
	✓	
	✓	
	✓	