



President's Message

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We are pleased to announce the new CMA Examination Syllabus which will come into effect from the March 2012 examination. The consultants entrusted to revise the syllabus has ensured that the new syllabus has taken into account global developments and is in accordance with international standards. We have also met the needs of the business sector to produce quality Professional Accountants in Business

The objective of the CMA Study Programme is to produce management accountants endowed with **capabilities, competencies** and a **globalized-outlook** required to meet the challenges in organizations both locally and globally. In an attempt to meet this objective in a dynamic business environment, the CMA Study Programme is revised periodically in keeping with the global professional requirements in accounting. The revised CMA Study Programme-2012 consists of twenty two course units categorized as seventeen core courses, four skill courses and, at the apex, an integrative case study. The core course units are clustered into three main streams: *Management Accounting*, *Financial Accounting* and *Business Management* giving prospective management accountants command in different aspects of business. The skill course units will instill and enhance requisite skills while facilitating mastery of core course units. The global-local outlook maintained throughout the study programme will develop a glocalized mind-set in them enabling them to work both locally and globally.

The revised CMA Study Programme-2012 carries significant improvements with respect to the focus of the study programme, its structure, organization of core and skill course units, vertical and horizontal linkages *and* contents of course units. It will undoubtedly facilitate the grooming of competent Management Accountants who are capable of crafting strategies and managing risk in pursuit of developing sustainable world class organizations.

Prof. Lakshman R. Watawala
President CMA Sri Lanka

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1. Certified Management Accountants of Sri Lanka CMA Qualification

The Institute of Certified Management Accountants (CMA) of Sri Lanka was incorporated by Parliament Act No.23 of 2009 in April 2009 as the National Professional Management Accounting Institution in Sri Lanka. It was set up in the year 2000 with technical assistance of CMA Canada. Since its inception, CMA Sri Lanka has steadily progressed to an Institute comprising over 12,000 students and 2000 Members. It promotes and develops the study of Management Accounting and Financial Accounting and conducts the Certified Management Accounting Programme leading to a Professional Management Accounting qualification.

CMA comes under the Ministry of Cooperatives and Internal Trade, as does the Institute of Chartered Accountants of Sri Lanka. CMA is a member of the South Asian Federation of Accountants (SAFA), which includes the Institute of Chartered Accountants of Sri Lanka and the Chartered and Management Accounting bodies of India, Pakistan, Bangladesh and Nepal.

CMA was admitted a member of the South Asian Federation of Accountants (SAFA) in December 2009 and joined the fraternity of Professional Accounting bodies in India, Pakistan, Bangladesh, Sri Lanka and Nepal. CMA also received the Associate Membership of the International Federation of Accountants (IFAC) in November 2010. IFAC has membership of 125 countries comprising 164 member bodies with a total membership of more than 2.5 million accountants in public practice, education, government service, industry and commerce.

CMA offers an affordable, flexible and easily achievable route to a professional qualification for GCE Advanced Level qualified students, undergraduates and graduates as well as those in employment. This Management Accounting programme is available via accredited tuition colleges and eLearning conducted by CMA as well as by self-study.

The e-Learning option has been provided by CMA to Sri Lankan students in partnership with the National Online Distance Education Service (NODES) of the Ministry of Higher Education. The Network Access Centres provide the online content free of charge to students who register under the eLearning route. Mentors / Experts on each subject are available to clarify queries of students studying via eLearning. This E-learning provides managers and executives in government and the private sector a career path to obtain promotions and progress in their careers.

The CMA Examinations consist of 4 stages followed by a Case Study. Those completing the examinations are termed Passed Finalists and on the completion of three years of recognized practical training will gain membership as Associate Members with the title ACMA, and those who reach senior status are termed Fellow Members with the title FCMA.

Those sitting for the CMA examination specialize in Management Accounting, Financial Accounting and Strategic Management to become business professionals to fit any industry, commerce or service sector. Many of them also go into the Government sector.

The basic entry qualifications are success at the G.C.E. Advanced Level Exams while those with degree qualifications and part or full professional qualifications are granted exemptions.

The total number of Associates and Fellows exceed 2000 while total student registrations number is over 12,000 and has been growing over the years.

The study programmes other than e-learning are conducted by recognized private educational institutions that conduct programmes for other professional accounting courses. Study Packs are prepared by the Institute for all Levels in English and for the first two Levels in Sinhalese and Tamil.

The examinations have been conducted twice a year with the assistance of the Commissioner General of Examinations from the inception of CMA. Examinations consist of four levels and a Case Study. Training could be undertaken while studying or after completing the examination. Subject-wise passes are granted and candidates will be able to carry forward these passes and they need to sit only for the balance subjects.

CMA has signed a number of Memorandums of Understandings (MOUs) with professional bodies and Universities and they are listed below.

CMA Canada

ICWA India

ICMA Pakistan

ICMA Bangladesh

CPA Australia

Open University of Sri Lanka

University of Sri Jayewardenepura - Sri Lanka

Sri Lanka Institute of Advance Technological Education coming under the Ministry of Higher Education

CMA qualification is also recognized by the following Institutions to grant exemptions.

CMA Canada

CGA Canada

CPA Australia

ACCA UK

CIMA UK

ICA Sri Lanka

Open University of Sri Lanka

Deakin University - Australia

2. The CMA Sri Lanka Study Programme

Objective

The objective of the CMA Sri Lanka Study Programme is to produce **competent management accountants** with a **glocalized-outlook** needed to meet organizational challenges, both global and local. **Competent management accountants** are able to perform a work role to a defined standard with reference to working environments. In order to demonstrate competence in a role, they must possess the necessary (a) professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes. Management accountants with a **glocalized-outlook** possess willingness and ability to think globally and act locally.

Structure and course units

The CMA Sri Lanka Study Programme consists of twenty-two course units categorized as seventeen core courses, four skill courses and, at the apex, the integrative case study. They are designed and offered with a view to instilling and enhancing the competencies of prospective management accountants (candidates). The three-year practical training component too focuses on enhancing the competencies of the candidates. Further, the global-local outlook maintained throughout the study programme develops a glocalized mind-set in them.

The core course units are clustered into three main streams: *Management Accounting*, *Financial Accounting* and *Business Management*. The Management Accounting stream consists of course units that deal with aspects central to the role played by the Management Accountant whereas the Financial Accounting stream consists of course units that are directly related to, and hence complementary to, the Management Accounting stream. The remaining course units come under the Business Management stream and deal with managerial/ functional disciplines, supportive technical skills and professional values and ethics. The skill course units such as professional communication and Information Technology application skills, which while instilling and enhancing these specific skills, also play the role of facilitating the mastery of core course units. The integrative case study, the capstone of the study programme, is also inclined towards enhancing the competencies of candidates.

The core and skill course units are organized vertically in hierarchical order and also horizontally across the streams of study with a view to giving an enhanced understanding of the functioning of organizations with Management Accounting in focus (Refer Figures 1 and 2) . Taken as a whole, the course units, together with the integrative case study, provide candidates with a synergetic view of how organizations are constituted, how they operate and the role of the Management Accountant in ensuring superior performance in a competitive environment.

It is evident that core course units provide candidates with accounting, finance and related knowledge, organizational and business knowledge and Information Technology knowledge and skills. The modes of delivery of the content and the methods of evaluation of these core course units as well as of the skill course units impart to the candidates a range of skills: intellectual, technical and functional, personal, interpersonal and communication, and organizational and business management skills. There is also a gradual development of higher order skills (as propounded by Bloom's Taxonomy) as the candidate progresses to higher levels of the study programme, culminating in the integrative case study. Some of these competencies are further developed and examined in the three-year practical training component. In addition, professional values, ethics and attitudes are covered in selected segments of the core course units.

Relevance for today's context

In keeping with the practice of excellent educational/ professional accounting programmes worldwide, the CMA Sri Lanka Study Programme is reviewed and updated periodically. This edition is the outcome of CMA Sri Lanka's latest effort in this direction. The revised syllabus of the CMA Sri Lanka Study Programme incorporates significant improvements in the focus of the study programme, its structure, organization of core and skill course units, vertical and horizontal linkages and contents of course units. This is in keeping with the vast changes taking place globally and locally and the new challenges faced by Management Accountants.

The core and skill course units and the integrative case study of the CMA Sri Lanka Study Programme, together with its practical training component, facilitates the grooming of competent Management Accountants equipped with *professional knowledge, skills, values, ethics, attitudes* and a *globalized outlook* who are capable of crafting strategies and managing risk in developing world class organizations. In this process the Study Programme carves for itself a niche among comparable local as well as international professional accounting programmes.

3. CMA Sri Lanka Syllabus Structure, 2012

i. Overview

In order to receive the CMA Sri Lanka qualification a candidate has to fulfil **examination** and **practical training** requirements specified by the Institute. The examination consists of five levels, viz., Level 1 (Foundation), Level 2 (Operational), Level 3 (Managerial), Level 4 (Strategic) and Level 5 (Integrative Case Study). Examinations are held bi-annually in March and September each year. Candidates have the choice of studying for Levels 1 and 2 in either the Sinhala, Tamil or English medium. However, the medium of instruction for Levels 3, 4 and 5 is exclusively English. The practical training requirement is of three years' duration, which can be fulfilled while studying for examinations or after completing the examinations as detailed in Section 5. On successful completion of the examinations at each level, a certificate assigned for that level will be issued while on completion of the Integrative Case Study (Level 5), the candidate will be entitled to receive the CMA Sri Lanka passed finalist's certificate. After satisfying the prescribed practical training requirement, the candidate is eligible to apply for membership of the Institute and on successful completion of a *viva voce* examination conducted by the Institute the candidate will be admitted to membership of the Institute of Certified Management Accountants of Sri Lanka.

ii. The Composition of Course Units

The examination structure commences at the foundation level and progresses through the operational, managerial and strategic levels commensurate with the hierarchy observed in organizations. With progression to each new level, candidates will acquire new knowledge, skills and values, ethics and attitudes specific to that level while being fully conversant with what has been learnt up to that level. Thus, a cumulative progression of acquiring knowledge and skills is assumed throughout the process of learning that culminates in the Integrative Case Study. The purpose of the Integrative Case Study is to examine the candidate's ability to synthesize, analyze and evaluate information pertaining to a real life situation with the objective of advising and recommending courses of action to be taken.

The examination structure consists of *17 core course units*, *4 skill course units* and an *integrative case study*, as given in Table 1.

Table 1: Composition of Course Units

Level	Core Course Units	Skill Course Units
Level 1 (Foundation Level)	5	1
Level 2 (Operational Level)	4	2
Level 3 (Managerial Level)	5	1
Level 4 (Strategic Level)	4	-
Level 5	Integrative Case Study	

iii. CMA Sri Lanka Syllabus Structure

The syllabus structure, inclusive of the codes and the titles, of the 23 course units leading to the respective examinations are listed below:

Level 1 (Foundation Level)

Core Course Units

FL 1: Management Accounting Fundamentals (MAF)

FL 2: Financial Accounting Fundamentals (FAF)

FL 3: Business Mathematics and Statistics (BMS)

FL 4: Management, Corporate Governance and Ethics (MGE)

FL 5: Business Economics and Business Finance Fundamentals (BEF)

Skill Course Units

SK 1: Business English I (BE I)

Award: CMA Certificate in Accounting & Business Studies

Level 2 (Operational Level)

Core Course Units

OL 1: Operational Management Accounting (OMA)

OL 2: Financial Accounting and Reporting (FAR)

OL 3: Operations and Information Systems Management (OIM)

OL 4: Business Law and Taxation (BLT)

Skill Course Units

SK 2: Business English II (BE II)

SK 3: Information Technology Applications (ITA)

Award: CMA Diploma Certificate in Accounting & Business Studies

Level 3 (Managerial Level)

Core Course Units

ML 1: Integrative Management Accounting (IMA)

ML 2: Corporate Reporting and Analysis (CRA)

ML 3: Marketing and People Management (MPM)

ML 4: Corporate Law and Advanced Taxation (CLT)

Skill Course Units

SK 4: Professional Communication (PC)

Award: CMA Associate Management Accountants' Certificate

Level 4 (Strategic Level)

Core Course Units

SL 1: Strategic Management Accounting (SMA)

SL 2: Business Strategy & Policy (BSP)

SL 3: Financial Strategy & Policy (FSP)

SL 4: Risk and Control Strategy & Policy (RSP)

Level 5

Core Course Unit

Integrative Case Study

Award: CMA Final Examination Certificate

Practical Training: 3 years of relevant mandatory practical training to be accumulated while examination requirements are being pursued or completion of the Integrative Case Study (completion of examination requirements).

Viva Voce Examination

Award: Member of the Institute of Certified Management Accountants

The progression of course units within the examination structure is illustrated in Figure 1.

Figure 1: Progression of course units

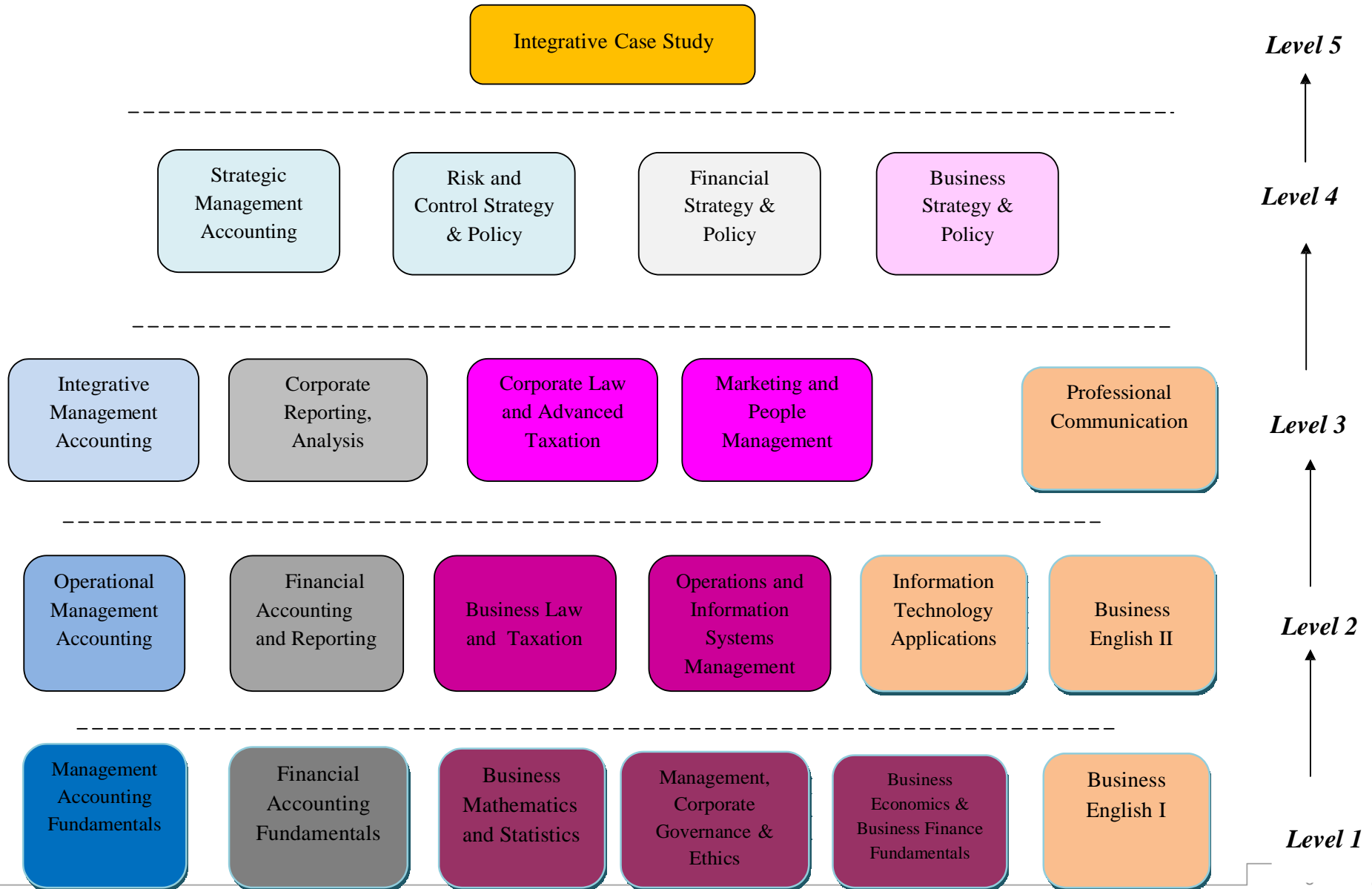
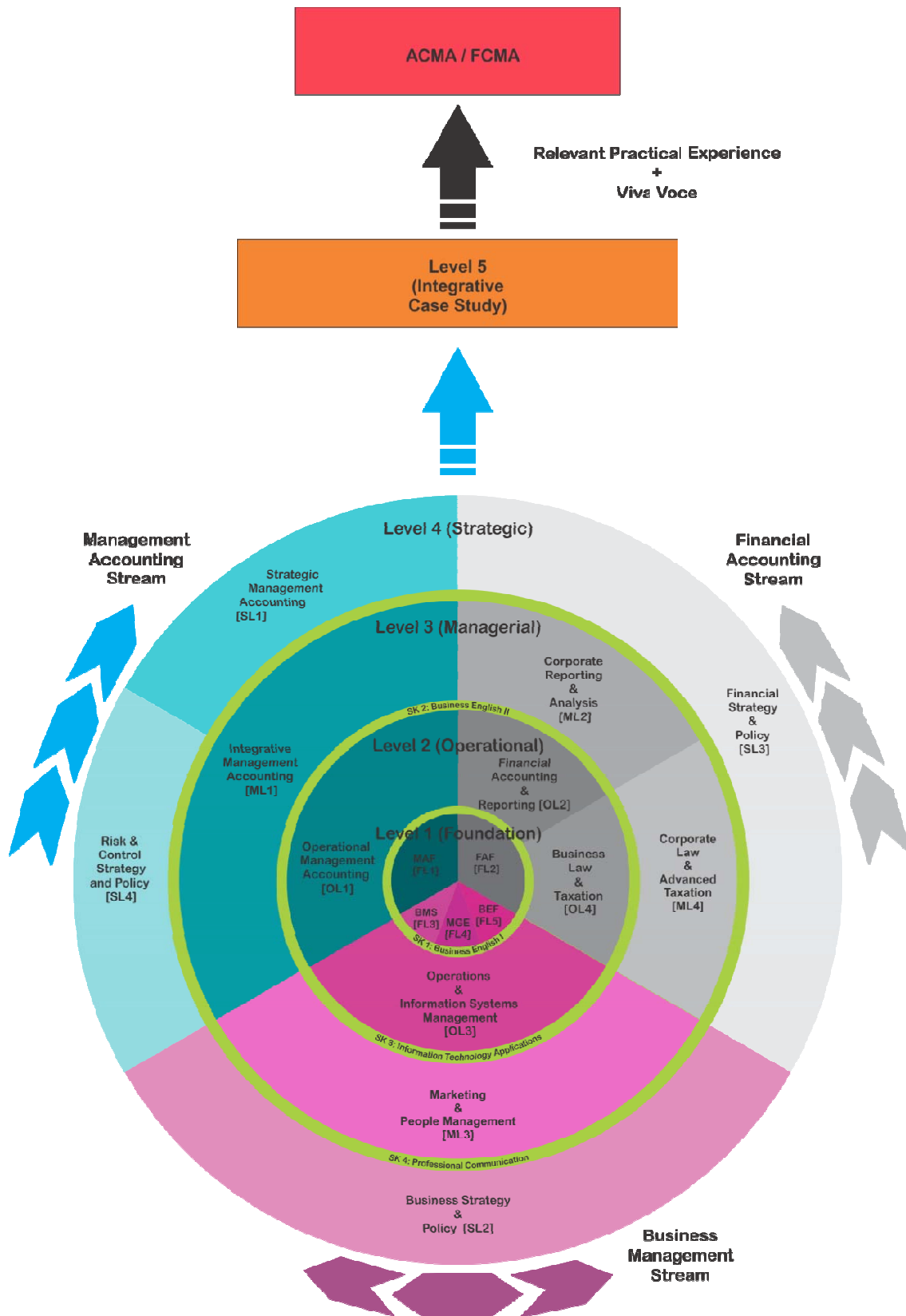


Figure 2: CMA Sri Lanka Study Programme



4. Guidance to the Examination Syllabus

i. Overview

In relation to completion of the examination requirements it is important that candidates are familiar with evaluation aspects and norms associated with progression from one level to the other. Further, candidates are required to be introduced to the key terms used in the syllabus and the test papers. These are given in the sections that follow.

ii. Evaluation of Core Courses Units and Skill Course Units

Scheme of evaluation of each course unit is given with the respective course syllabus. While the pass mark for any individual core course unit is 50, grades of evaluation in detail are given in Section 7. For skill course unit's grades of evaluation are either **pass** or **fail**, and candidates are required to obtain a pass grade for each skill course unit.

iii. Progression from One Level to the Next

There are 17 core course units, 4 skill course units and an integrative case study to be completed.

- (a) Candidates are required to complete the core course units (pass or receive exemptions) of Level 1, prior to proceeding to the next level. In Level 1 they may sit the full level or course units thereof.
- (b) Candidates are required to successfully complete the core course units of Level 2 and Level 3 and four skill course units prior to progressing to Strategic Level. They can take a maximum of six course units from the two levels at a time, subject to requirements of (i), (ii) and (iii) given below.
 - (i) Course units in the Management Accounting stream (FL1, OL1, ML1 and SL1) and the Financial Accounting stream (FL 2, OL 2, ML 2 and SL 3) follow a logical sequence. In order to follow a higher level course unit the corresponding lower level course unit has to be successfully completed.
 - (ii) Candidates may take SK 2 after completing of SK 1. However, SK4 can be taken only on successful completion of SK1 and SK 2.
 - (iii) All four core course units of Level 4 must be attempted together for the first sitting. Course unit-wise passes will be given. Balance course units can be attempted after the first sitting.
- (C) The Integrative Case Study can be attempted only on successful completion of all four levels prior to it.
- (d) On completion of each level, candidates are eligible to receive the certificate assigned for that level provided they pass all levels prior to that Level.

iv. Organization of the Examination Syllabus.

Under the **Syllabus Structure** the main topics in the course unit together with their relative importance (weight) are specified.

Thereafter each topic is elaborated under the terms **Focus** and **Content**.

Focus specifies the *learning outcomes* for the students. It will also serve as a teaching guide to the instructors.

Content specifies the *sub-topics* covered under a topic.

v. Meaning of Key Words Used

The meaning of key words used in the Focus in the course syllabi and may appear in test papers are given in Table 2.

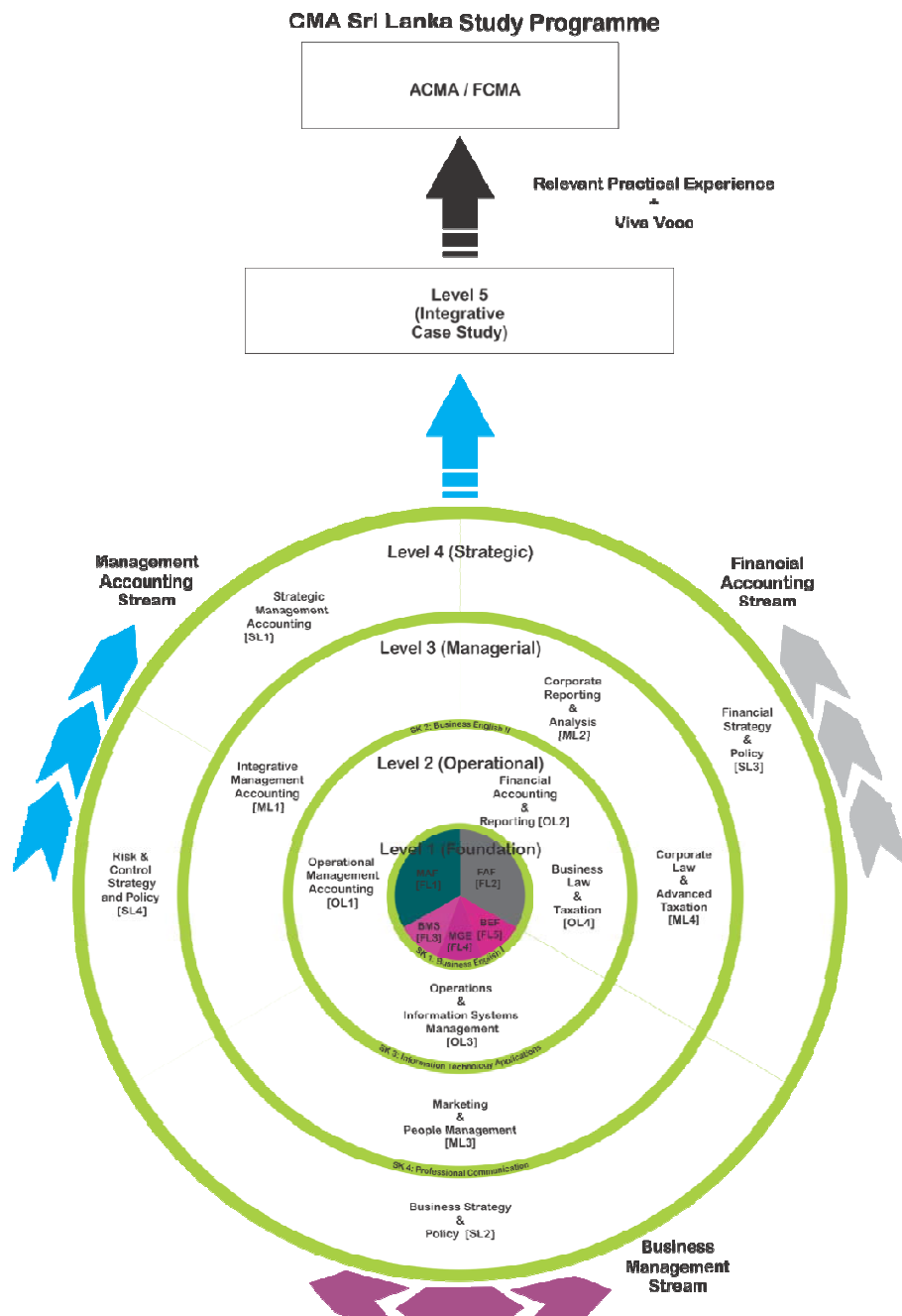
Table 2: Defining Key Words

Key word	Definition
Advise	Suggest what should be done or inform about a fact or situation.
Analyze	Examine in detail or find structure or composition.
Apply	Bring into operation or use.
Argue/ debate	Logical reasoning, inclusive of for and against; rounds of argument until a statement is justified.
Calculate	Workout or compute using mathematics.
Categorize	Place in a defined class or category.
Compare and contrast	Give the similarities and/ or differences between.
Compute	Workout or calculate using mathematics.
Construct	Build, form or compile.
Critically assess	Presenting views for and against.
Deduce	Systematic argument leading to the given statement.
Define	Give the exact meaning of a word or phrase.
Demonstrate	Clearly show, explain how something works, giving evidence.
Describe	Give the key features of, a detailed account of.
Discuss	Examine in detail in logical sequence.
Distinguish	State the differences.
Evaluate	Appraise or form an idea of the amount or value of .
Explain	Make clear or by giving a detailed description; give reasons for; state the meaning or purpose of.
Identify	Recognize, establish as a specified thing through selection after consideration.
Illustrate	Use an example to describe or explain something.
Interpret	Explain the meaning; translating into intelligible terms.
Justify	Establish that something is right or reasonable.
List	Give a list of.
Prepare	Make something ready for use or do.
Present	Give an orderly exposition.
Prioritize	Organize in order of priority or sequence for action.
Produce	Create or bring into existence.
Recommend	Propose a course of action.
Reconcile	Bridge the gap between two aspects.
Solve	Find an answer to.
State	Express, fully or clearly.
Tabulate	Present in a 'table.'

5. Examination Syllabus

Level 1 (Foundation Level)

Code	Title of the Course Unit	Status
FL 1	Management Accounting Fundamentals (MAF)	Core
FL 2	Financial Accounting Fundamentals (FAF)	Core
FL 3	Business Mathematics and Statistics (BMS)	Core
FL 4	Management, Corporate Governance and Ethics (MGE)	Core
FL 5	Business Economics and Business Finance Fundamentals (BEF)	Core
SK 1	Business English I (BE I)	Skill



FL 1: Management Accounting Fundamentals (MAF)

Introduction

Management Accounting is the core discipline of the management accountant. Students who wish to embark on a career in management accounting should be conversant with the challenging role played by management accountants in organizations. Hence, this foundation level course unit aims at positioning management accounting in the current global business environment while distinguishing it from other functional disciplines. The course unit further aims to introduce the salient concepts associated with the demanding role of a management accountant. It also intends to lay the foundation for techniques of management accounting, which will be treated in detail in other course units of the management accounting stream.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe the role of the management accountant in the global business environment;
- (ii) Discuss the different cost elements and their broad applications in organizational settings;
- (iii) Apply selected methods of costing and costing systems in organizational settings;
- (iv) Apply the basic concepts of CVP analysis; and
- (v) Describe the notion of management control using budgetary control and standard costing.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Overview of management accounting	05
B	Analysis of costs	25
C	Costing systems	15
D	Costing methods	20
E	Short-term decision-making	15
F	Planning and control	20

Assessment

The test paper, with the following composition, will be of three hours' duration.

Part I (20 marks): Around ten multiple choice/ structured questions that require short answers.

Part II (80 marks): Consists of two sections A and B with three questions in each section. Candidates are required to answer *four questions* in all, selecting *two questions* from each section.

Contents

A) Overview of management accounting (5%)

Focus	Content
<i>Present an overview of management accounting.</i>	<i>The term Management Accounting and its role in organizations; management accountants in the global business environment; functions of management accounting; users of accounting information; differences among management accounting, financial accounting and cost accounting.</i>

B) Analysis of costs (25%)

Focus	Content
<i>Define relevant concepts and terms. Describe different classifications of costs.</i>	<i>Purposes for which cost information is required; introduction to cost terms and concepts (cost objects, direct and indirect costs, period and product costs, cost behavior and relevant range, relevant and irrelevant costs and revenues, avoidable and unavoidable costs, sunk costs, opportunity costs, incremental and marginal costs).</i>

<i>Apply various cost estimation techniques.</i>	<i>Cost estimation methods (visual fit method, high-low and least square regression methods and their evaluation).</i>
<i>Describe procurement, storage, issue of material and stock control methods.</i>	<i>Materials recording procedure; recording the issue of materials; pricing the issues of materials (FIFO, LIFO, Weighted average and replacement cost methods and their valuation); various stock control methods (two bin system, ABC, etc).</i>
<i>Compute various stock levels and EOQ.</i>	<i>Control procedure for materials (Re-Order Level, Economic Order Quantity, maximum and minimum stock levels).</i>
<i>Describe labour remuneration methods. Discuss direct and indirect classification for selected labour related costs.</i>	<i>Labor remuneration methods (time based, piece rate, incentive schemes); direct and indirect classification for various labor costs (bonus, sick leave, diverted hours, shift pay, EPF and ETF, paid leave, etc.).</i>
<i>Discuss accounting for overheads. Discuss the incidence of over or under absorption. Discuss the treatment of reciprocal serving. Compute the total cost of a product or service having applied direct costs and overheads.</i>	<i>Nature of overhead costs, overhead distribution (allocation, apportionment, absorption and absorption rates). Over/ under absorption (reasons, implications and accounting treatment). Reciprocal servicing (direct, step down, simultaneous equation and repeated distribution methods). Total cost of a product including overheads.</i>

C) Costing systems (15%)

Focus	Content
<i>Compare and contrast absorption costing with variable costing. Prepare profit statements using absorption and marginal costing principles and reconciliation. Discuss arguments for and against absorption and marginal costing and their applications.</i>	<i>Meaning of absorption costing and variable costing; difference in stock valuation; concept of contribution; profit statements under these methods; reconciliation of profit (same period but different methods and same method but different periods); mathematical model of the profit functions; some arguments in support for and against variable costing and absorption costing; applications of marginal costing principles.</i>
<i>Compare and contrast interlocking and integrated systems. Reconcile the profit figures.</i>	<i>Accounting for interlocking and integrating; reconciliation of the two systems.</i>

D) Costing methods (20%)

Focus	Content
<i>Explain the main features of costing methods. Apply job, batch and contract costing principles.</i>	<i>Specific order costing vs. continuous operations costing; job costing and batch costing (nature, calculating the total cost and cost per unit); contract costing (differences between job and contract costing, calculating the percentage of completion, calculating the profit based on the percentage of completion). (detailed application of SLAS 13 is not included).</i>
<i>Discuss the main features of service costing. Apply service costing principles.</i>	<i>Service costing: distinguishing features, composite cost units, calculation of cost per unit.</i>
<i>Present an overview of process costing. Apply process costing principles and concepts.</i>	<i>Nature of process industries; flow of production and costs in a process costing system; losses in process (normal and abnormal losses); consecutive processing; process costing when all output is fully completed; partially completed output (closing WIP only).</i>

E) Short-term decision making (15%)

Focus	Content
<i>Describe Cost-Volume-Profit (CVP) analysis. Describe the applications, assumptions and limitations underlying CVP analysis.</i>	<i>A mathematical approach to CVP analysis; (break-even point, break-even revenue, margin of safety, target profit); break-even charts (break-even chart, PV chart, contribution chart); simple applications of CVP analysis; limitations/assumptions.</i>

Discuss limiting factor analysis as an extension to CVP analysis. Present the optimum production schedule having applied limiting factor analysis.	Types of limiting factors; contribution per unit of scarce resource; product ranking; resource allocation decision; assumptions in limiting factor analysis.
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F) Planning and control (20%)

Focus	Content
Describe the nature and purpose of budgeting. Explain the role of budgets in terms of planning, controlling and motivation. Describe the budgeting process. Prepare functional and other budgets. Explain variances arising from budgets.	The multiple functions of budgets; conflicting roles of budgets; stages in the budgeting process; preparation of functional budgets (sales budget, production budget, raw materials budget, labor budget, overhead budget); cash budget; budgetary control and variances (fixed budget, flexed budget, volume and expenditure variances).
Describe the nature and purpose of standard costing. Apply variance analysis. Prepare profit reconciliation statements using marginal and absorption costing.	Operation of the standard costing system; advantages of standard costing; establishing cost standards; types of cost standards, variance analysis and causes (material price and usage variances, labor rate, idle time and efficiency variances, variable overhead expenditure and efficiency variances, fixed overhead expenditure and volume variances, sales price and volume variances); reconciling budgeted profit and actual profit using operating statement under marginal and absorption costing systems.

Learning Aids

Mandatory reading:

FL 1: Study Pack on Management Accounting Fundamentals 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary reading:

Drury, C 2007, **Management and Cost Accounting**, Thomson Learning, India.

Hornigren, C T, Sundem, G L and Stratton, W O 2009, **Introduction to Management Accounting**, Prentice Hall, New Delhi.

FL 2: Financial Accounting Fundamentals (FAF)

Introduction

Though Management Accounting is the central discipline of the management accountant, Financial Accounting too plays an important supportive role. Those embarking on a career in management accounting should also be conversant with different facets of Financial Accounting with emphasis on financial analysis and reporting.

This is the first course unit in the financial accounting stream that lays the foundation for other course units offered at operational, managerial and strategic levels. The main aim of this course unit is to provide an understanding of accounting concepts and the accounting process encompassing preparation of financial statements of sole proprietorships, partnerships and not-for-profit organizations.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Identify and describe the principles and concepts of financial accounting;
- (ii) Illustrate the impact of business transactions on the accounting equation;
- (iii) Record transactions in books of accounts;
- (iv) Prepare financial statements of sole proprietorships, partnerships and not-for-profit organizations; and
- (v) Prepare financial statements using incomplete records.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Introduction to accounting	05
B	Accounting equation and double entry system	10
C	Accounting process	15
D	Adjustments to accounting records	10
E	Financial statements for various organizations	50
F	Preparation of financial statements using incomplete records.	10

Assessment

The test paper, with the following composition, will be of three hours' duration.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers.

Part II (80 marks): Consists of two sections A and B with three questions in each section. Candidates are required to answer *four questions* in all, selecting *two questions* from each section.

Contents

A) Introduction to Accounting (05%)

Focus	Content
<i>Explain the information needs of stakeholders of the business and the role of accounting in this respect.</i>	<i>Stakeholders of a business and their information needs; types of business organizations; accounting; accounting as an information system; branches of accounting—financial accounting and management accounting.</i>

B) Accounting equation and the double entry system (10%)

Focus	Content
<i>Define the terms. Explain the rationale behind the accounting equation. Illustrate the impact of business transactions on the accounting equation.</i>	<i>Entity concept; accounting equation; assets, liabilities and equity; recording transactions in the accounting equation.</i>

Apply the concept of double entry.	Duality concept and the double entry system; recording transactions in ledger accounts based on double entry principles.
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C) Accounting process (15%)

Focus	Content
Describe the accounting process and the inter-linkages.	Accounting input, process and the output; source documents; prime entry books; general ledger; trial balance; financial statements.
Record transactions in books of accounts. Prepare a trial balance.	Cash receipts and payments-cash book and petty cash book; credit sales and credit purchases-sales day book and purchases day book; sales return and purchases returns-sales return day book and purchase return day book; recording transactions in the general journal; posting entries to the general ledger; balancing and closing the ledger accounts; drawing the trial balance.

D) Adjustments to accounting records (10%)

Focus	Content
Identify the types, nature and impact of error. Apply means of rectifying errors. Prepare a trial balance.	Different types of errors: Errors where the trial balance still balances and errors where the trial balance does not balance; suspense account; correction of errors and the impact of correction of errors on profit.
Explain the bank reconciliation statement. Prepare a bank reconciliation statement.	Purpose of the bank reconciliation statement; reasons for difference between the bank statement and the cash book: unrecorded items, timing differences and errors; adjusting the cash book balance.
Explain the nature and purpose of subsidiary ledgers and control accounts. Record the transactions in the subsidiary ledgers and control accounts. Reconcile the differences between control accounts and the subsidiary ledger balances.	Purpose and nature of subsidiary ledgers: creditors' ledger, debtors' ledger and control accounts for debtors and creditors; Recording transactions: creditors' control account and creditors' ledger and debtors control account and debtors' ledger; reconciliation of differences between control accounts and the subsidiary ledger balances.

E) Financial statements for various organizations (50%)

Preparation of Financial statements (15%)	
Focus	Content
Explain the regulatory and conceptual framework in financial accounting. Explain the accounting concepts and principles.	Regulatory framework in financial accounting; role of the conceptual framework in financial accounting; accounting concepts and principles.
Explain the role of financial statements. Prepare basic financial statements.	Income statement and balance sheet (structure components and items); from the trial balance to financial statements.
Record the adjusting entries required in the preparation of financial statements.	Adjusting entries for closing stock, depreciation, bad and doubtful debts, accrued expenses and income, prepaid expenses and income, stock losses.
Prepare a manufacturing account.	Purpose of the manufacturing account, structure, components and items; prime cost, production overhead and total production cost.
Prepare financial statements of a sole proprietorship.	Income statement (Trading, profit and loss account); balance sheet; statement of changes in equity (concept of equity in a sole-proprietorship); cash flow statement (concept of cash inflows and outflows, classification of cash flows is not required)
Financial statements for partnership (25%)	
Focus	Content
Describe the formation and profit sharing of a partnership.	A partnership, partnership agreement and profit sharing between partners; Partnership Ordinance (Sections 24 and 48).
Explain the special accounts relating to partnerships.	Profit and loss appropriation account; partners' capital account; partners' current account.

<i>Prepare financial statements of a partnership after adjustments.</i>	<i>Income statement (Profit and loss and appropriation account); balance sheet; statement of changes in equity (concept of equity in a partnership); cash flow statement (concept of cash inflows and outflows, classification of cash flows is not required)</i>
<i>Record adjustments when profit sharing ratio of a partnership changes.</i>	<i>Situations in which the profit sharing ratio of a partnership changes – admission of a new partner or retirement of a partner; adjustment for goodwill; adjustment for revaluation of assets.</i>
<i>Prepare accounts for dissolution of a partnership. Introduce basic characteristics of a limited liability company Prepare accounts after conversion of a partnership into a limited liability company</i>	<i>Dissolution of a partnership: En-block method; Introduction of limited liability company, equity of a limited liability company- stated capital(ordinary shares and preference shares) and reserves, conversion of a partnership into a limited liability company; closing the books of the partnership</i>
Financial statements for not-for-profit organizations (10%)	
Focus	Content
<i>Identify special accounts pertaining to not-for-profit organizations. Record transactions in special accounts. Prepare financial statements of not-for-profit organizations with adjustments.</i>	<i>Receipts and payments account (cash book); subscription account – annual membership and life membership; accumulated fund account and other special funds; income and expenditure account; balance sheet; cash flow statement (concept of cash inflows and outflows, classification of cash flows is not required).</i>

F) Preparation of financial statements using incomplete records (10%)

Focus	Content
<i>Prepare financial statement using incomplete records.</i>	<i>Identification of profit figure using accounting equation; identification of individual account balances within financial statements: the balancing figure approach and use of ratios; preparation of income statement and balance sheet using incomplete records.</i>

Learning aids

Mandatory reading:

FL 2: Study Pack on Financial Accounting 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Benedict, A and Elliott, B 2008, **Financial Accounting: An Introduction**, Persons Education Limited. Horngren, H, Best, B and Willett, F 2006, **Financial Accounting**, 5th Ed., Pearson Education Australia. Maheshwari, S N and Maheshwari, S K 2006, **Financial Accounting**, 4th Ed., Vikas Publishing House PVT Ltd.

FL 3: Business Mathematics and Statistics (BMS)

Introduction

Quantitative analysis plays an important role in the daily functions of the management accountant. The building blocks for quantitative analysis come from Business Mathematics while Statistics provides the means of converting data into information. They enable the management accountant to describe the numbers and trends pertaining to various disciplines ranging from Management Accounting and Financial Accounting to Taxation, Marketing and Strategy. Thus, it is imperative that management accountants have a thorough understanding of the basic concepts, methods and techniques of Business Mathematics and Statistics. This Foundation Level course unit aims to fill this knowledge and skill gap. While statistical calculations are given its due importance the interpretive aspect is also emphasized as intricate computations are now simplified through computer software.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Demonstrate the ability to apply mathematical skills acquired in their work situations;
- (ii) Convert numerical data into managerial information;
- (iii) Compute and interpret population parameters using sample estimates; and
- (iv) Forecast parameters based on past data.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Basic mathematics for business	25
B	Compilation and presentation of statistics	10
C	Frequency distributions	20
D	Probability and sampling theory	30
E	Relationships and forecasting techniques	15

Assessment

The test paper, with the following composition, will be of three hours' duration.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers.

Part II (80 marks): Consists of two sections A and B with three questions in each section. Candidates are required to answer *four questions* in all, selecting *two questions* from each section.

Contents

A) Basic mathematics for business (25%)

Focus	Content
Apply concepts and methods of Mathematics.	Laws of Algebra inclusive of indices, simplifying and factorizing; algebraic equations: simple, simultaneous and quadratic; algebraic functions (inclusive of exponential and logarithmic); mathematical calculations and graphing; arithmetic and geometric progression; simple and compound interest calculations; inequalities; differentiation: differential coefficient for the sum, product, quotient and function of function, second differential coefficient; maxima and minima; graphing of functions e.g. revenue, cost, profit graphs; basic integration.

B) Compilation and presentation of statistics (10%)

Focus	Content
<i>Describe different types of data.</i>	<i>Introduction to statistics in business; data vs. information; data: primary and secondary, grouped and ungrouped; nominal, ordinal and interval data.</i>
<i>Compare and contrast different data presentation techniques.</i> <i>Illustrate use of data presentation techniques.</i> <i>Select and apply the appropriate data presentation technique.</i>	<i>Data presentation techniques: tables, figures (graphs, charts, pictograms) and exhibits (diagrams).</i>

C) Frequency distributions (20%)

Focus	Content
<i>Define and explain the concepts related to frequencies.</i> <i>Apply the appropriate technique in different business situations.</i>	<i>Discrete and continuous frequency distributions; histograms, frequency polygons and frequency distribution curves; ogives.</i>
<i>Compare and contrast measures of central tendency, dispersion, skewness.</i> <i>Interpret the features of distributions using appropriate measures of central tendency and dispersion.</i> <i>Interpret computer printouts.</i>	<i>Measures of central tendency (mean, quartiles, mode and geometric mean); dispersion (standard deviation, variance, range, inter-quartile range and coefficient of variation); and skewness (Pearson's coefficient), computer printouts.</i>

D) Probability and sampling theory (30%)

Focus	Content
<i>Define/ state relevant concepts/ laws.</i> <i>Describe their use.</i> <i>Apply laws and associated techniques.</i>	<i>Approaches to probability; laws of addition and multiplication, mutually exclusive and independent events; use of simple tree diagrams; conditional, marginal and joint probabilities; Baye's theorem; expected values.</i>
<i>Describe the role of samples in understanding populations.</i> <i>Explain pitfalls in sampling.</i> <i>State how samples can be picked under different sampling methods.</i> <i>Compare and contrast sampling methods.</i> <i>Describe how the optimal sample size varies with the size of the population.</i>	<i>The population, the sampling frame and the sample; methods of sampling (random, stratified, cluster, multi-stage and quota); sampling and non-sampling error; impact of sample size on accuracy (explained after introducing the normal curve).</i>
<i>Describe the concepts and features of the normal and student t curves.</i> <i>Describe the concept and features of sampling distributions.</i> <i>Compute and interpret the population mean/ proportion with a given margin of error at a given level of confidence</i>	<i>The normal curve, student t curve and standard normal tables;</i> <i>Sampling distributions and features.</i> <i>Estimation of the population mean and population proportion: sample mean/ proportion, standard error, margin of error, confidence levels and confidence intervals.</i>

<p><i>Explain the meaning and the logic of hypothesis testing.</i></p> <p><i>Examine the validity of assertions related to population mean and the proportion.</i></p>	<p><i>Hypothesis testing for the population mean and proportion: one and two-tail tests, levels of significance, Type I and Type II error. (Difference of means/ proportions excluded).</i></p>
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E) Relationships and forecasting techniques (15%)

Focus	Content
<p><i>Define and describe the concept of association/ correlation.</i></p> <p><i>Describe different types of correlation.</i></p> <p><i>Compute and interpret degree of correlation and validity.</i></p>	<p><i>Correlation between two variables; measures (scatter graphs, Pearson's coefficient and Spearman's coefficient); causation and spurious correlation; statistical significance.</i></p>
<p><i>Compute and interpret the regression equation.</i></p> <p><i>Estimate and comment on the error and the validity of the regression line and the coefficients.</i></p> <p><i>Interpret computer printouts.</i></p>	<p><i>Simple linear regression model (regression coefficients; coefficient of determination, standard error); interpolation vs. extrapolation; statistical significance; correlation and regression computer printouts.</i></p>

Learning aids

Mandatory reading:

FL 3: Study Pack on Business Mathematics and Statistics 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Keller, Gerald 2009, **Statistics for Managers**, CENGAGE Learning.

Pardoe, Kevin 1988, **Quantitative Methods**, CIMA and Heinemann Professional Publishing, London.

FL 4: Management, Corporate Governance and Ethics (MGE)

This course unit is divided into two sections, Management (70%) and Corporate Governance and Ethics (30%).

The test paper, with the following composition, will be of three hours' duration.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers. Questions will be distributed proportionately between Management and Corporate Governance and Ethics.

Part II (80 marks): Consists of two sections, Section A: Management (4 questions) and Section B: Corporate Governance and Ethics (2 questions). Candidates are required to answer *four questions* in all, selecting *three questions* from Section A and *one question* from Section B.

Management

Introduction

Irrespective of their functional specialization in organizations, managers are responsible for transforming the limited resources available to them to products and services with a view to achieving organizational objectives. This involves *managing the resources* effectively and efficiently, which falls within the duties and responsibilities of the management accountant. This foundation level course is designed to provide aspiring management accountants with a general framework for studying the management process. It is replete with the basic concepts and theoretical foundations of management required for interpreting diverse management scenarios.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Define the basic concepts and theoretical foundations of management;
- (ii) Explain the role of managers in performing the basic functions of management;
- (iii) Analyze practical issues faced by managers and propose solutions; and
- (iv) Demonstrate the ability to apply management knowledge and skills acquired.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Overview of management	20
B	Managerial functions	50
Total		70

Contents

A) Overview of management (20%)

Introduction to management (10%)	
Focus	Content
Define terms associated with management. Describe management in the environmental context. List the key characteristics of functions of management. State the skills required by a manager and the different managerial roles.	The context of management - external vs. internal; Organization; management process—planning, organizing, leading and controlling; managerial skills and managerial roles.

History of management thought (10%)	
Focus	Content
<p><i>Explain the evolution of management thought.</i></p> <p><i>Identify the different emphasis under different schools of management thought</i></p>	<p><i>History of management: historical foundations (pre-industrial societies, the industrial revolution etc.), classical management theory (Administrative theory and scientific management); behavioral management theory (Elton Mayo, Douglas McGregor and Abraham Maslow); quantitative management theory; systems theory and contingency theory. (A brief survey of the evolution is adequate. Detailed contributions by management theorists not required).</i></p>

B) Managerial functions (50%)

Planning (10%)	
Focus	Content
<p><i>Define the terms.</i></p> <p><i>Describe the objectives and goal formulation and the management process.</i></p> <p><i>Describe the features of strategy and the strategic planning process.</i></p> <p><i>Distinguish among different types of planning.</i></p>	<p><i>Concept of planning and the planning hierarchy.</i></p> <p><i>Organizational objectives and goals: importance, types, formulation and management; organizational effectiveness vs. efficiency.</i></p> <p><i>Strategy; strategic planning: importance, components and formulation (brief overview only).</i></p> <p><i>Fundamentals of planning: integrating the planning process, action plans, planning horizons, contingency planning, managing the planning process.</i></p>
Organizing (10%)	
Focus	Content
<p><i>State the importance and elements of the organizational structure.</i></p> <p><i>Describe different designs of organizations.</i></p> <p><i>Identify the organizational designs to be adopted in different contexts.</i></p>	<p><i>Define power, authority, delegation, responsibility and accountability; organizational structure – importance and basic elements; designs of organizations (functional, divisional, hybrid and matrix); context and organizational design-environment and design.</i></p>
<p><i>List the elements of human resource planning.</i></p>	<p><i>Staffing the organization: human resource planning – recruiting, selection and hiring, placement, training and development and performance appraisal (brief overview only).</i></p>
Directing (20%)	
Focus	Content
<p><i>Define the concept of motivation.</i></p> <p><i>Distinguish between emphases underlying the theories of motivation.</i></p>	<p><i>Motivating: concept of motivation; content, process and reinforcement theories of motivation (brief overview of the emphasis of the respective theories).</i></p>
<p><i>Describe the communication process.</i></p> <p><i>State the techniques for communicating.</i></p>	<p><i>Communicating: communication process, techniques for communicating in organizations-downward, upward and horizontal (brief overview only).</i></p>
<p><i>Define the terms.</i></p> <p><i>Describe the trait approaches to leadership.</i></p> <p><i>Compare and contrast democratic and autocratic styles of leadership.</i></p> <p><i>Explain the different leadership theories and their implications in business situations.</i></p>	<p><i>Leading: power-nature and bases; trait approaches to leadership; democratic and autocratic styles; leadership theories: situational leadership theory (Hersey and Blanchard); path-goal theory of leadership; normative model of leadership (Vroom and Yetten).</i></p>

Controlling (10%)	
Focus	Content
<i>Describe the role of the control function in organizations.</i> <i>Distinguish among types of control systems and strategies.</i> <i>Identify the dysfunctional side effects of control.</i>	<i>Importance of control; nature of control-functions and levels; types of control systems – managerial discretion, timing and information, activities in the control process; control strategies– market, bureaucratic and clan; activities in the control process; dysfunctional side effects of control.</i>

Learning Aids

Mandatory reading:

FL 4: Study Pack on Management 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Aldag, R J and Stearns T M 2004, **Management**, South-Western Publishing Company.

Stoner, J A F, Freeman, E R and Gilbert, Jr. D R, 1996, **Management**, 6th Ed., Prentice Hall, India.

Corporate Governance and Ethics

Introduction

Corporate Governance and Ethics are imperative for the successful discharge of the responsibilities of the management accountant in today's complex business environment and thereby ensuring the sustainability of the corporate. This course unit outlines the nature and importance of corporate governance and basic aspects of ethics in the broader context of corporate sustainability. It is envisaged that introducing these concepts early in the programme will be of relevance as their existence and application in the corporate is widely discussed.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Discuss the concepts of ethics and corporate governance in the business environment;
- (ii) Describe the relevance of these concepts to the role of management accountant and corporate sustainability; and
- (iii) Assess the issues relating to corporate governance and ethics.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Corporate Governance	20
B	Ethics	10
Total		30

Contents

A) Corporate governance (20%)

Focus	Content
<i>Define the concept of corporate governance. Describe the role of different parties. Explain the principles of corporate governance.</i>	<i>The concept of corporate governance; parties to corporate governance; principles of corporate governance.</i>
<i>Describe the laws and regulations pertaining to corporate governance. Describe the role of board of directors, internal controls and accountability aspects. Explain the role of corporate governance in managing risk. Identify the issues associated with the implementation of corporate governance controls. Identify the new developments in relation to corporate governance.</i>	<i>Laws and regulation; codes of 'best practice' and norms of behavior; board of directors, internal controls and accountability; risk management; issues in the application of corporate governance controls; new developments promoted by different interest group.</i>
<i>Discuss the role of auditing as an instrument in corporate governance.</i>	<i>The role of auditing and auditor in corporate governance structure; types and functions of different types of audit.</i>

B) Ethics (10%)

Focus	Content
<i>Describe the ethics framework of a business. Describe the ethical expectations of the markets. Explain the role of the accountant in ensuring ethical standards. Identify threats to ethical behavior</i>	<i>The concept of ethics; ethics framework of a business: ethics of the governing body, workplace ethics and individual ethics; ethical expectations of the markets; the accountant in the ethics framework; threats to ethical behavior.</i>
<i>Identify the linkage between ethics and professionalization. Describe the characteristics and principles of professional conduct. Identify means and problems of enforcing a code of professional conduct.</i>	<i>Professionalization: characteristics of a profession, professional ethics and the code of professional conduct, enforcing the code and barriers.</i>

Learning Aids**Mandatory reading:**

Study Pack on Corporate Governance and Ethics 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Code of Professional Conduct.

ICASL Code of Best Practice on Corporate Governance.

Listing Rules, Colombo Stock Exchange (CSE).

FL 5: Business Economics and Business Finance Fundamentals (BEF)

This course unit is divided into two parts, Business Economics (70%) and Business Finance Fundamentals (30%).

The test paper, with the following composition, will be of three hours' duration.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers. Questions will be distributed proportionately between Business Economics and Business Finance Fundamentals.

Part II (80 marks): Consists of two sections, Section A: Business Economics (4 questions) and Section B: Business Finance Fundamentals (2 questions). Candidates are required to answer *four questions* in all, selecting *three questions* from Section A and *one question* from Section B.

Business Economics

Introduction

Every decision made in an organization has a finance element in it. Hence, financial management is of vital significance in managing organizations. Management accountants invariably have to be familiar with aspects of finance. In this context, this foundation level course unit provides an introductory but comprehensive description of the concepts and practice of financial management, which will be treated at length in subsequent course units in the study programme.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) State the basic economic questions faced by societies and the different approaches adopted by governments to solve these problems;
- (ii) Describe how a modern economy works and explain the consequences that would follow when government intervenes in the operation of the free market;
- (iii) State the distinguishing features of different market structures and describe how a firm achieves equilibrium under different market structures;
- (iv) Demonstrate how National Income accounts can be used to evaluate the level of economic activity of a country, the growth rate of the economy and the living standards of a population; and
- (v) Describe the implications of Government's fiscal, monetary, and exchange rate policies for a firm's operations.

Syllabus Structure:

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Fundamental concepts of Economics	05
B	How the free market works	15
C	Theory of production, theory of costs and market structures	15
D	National Income Accounting & determinants of economic growth	10
E	Government policy objectives and policy instruments	15
F	International trade; Balance of Payments and exchange rates	10
Total		70

Contents

A) Fundamental concepts of Economics (05%)

Focus	Content
<i>Define the fundamental concepts of economics. Describe the basic economic questions faced by society and how they are resolved under different economic systems.</i>	<i>Fundamental concepts of economics; basic economic questions facing society; arrangements adopted by different economic systems to solve these questions; micro vs. macro aspects of economics, Production Possibility Curve (PPC) and the important concepts illustrated by the PPC.</i>

B) How the free market works (15%)

Focus	Content
<i>Describe the theory of demand and supply and demonstrate how market equilibrium is achieved. Discuss the consequences of government intervention in the operation of the free market. Explain the concept of elasticity and its practical significance for business decision making.</i>	<i>Determinants of demand and supply; factors that cause movements along a demand or supply curve and shifts of these curves. Fixing of maximum and minimum prices by government and the consequences of such actions. Definition of elasticity; different types of elasticity; elasticity coefficients; practical importance of the concept to the firm and the government.</i>

C) Theory of production, theory of costs and market structures (15%)

Focus	Content
<i>Explain how output changes when inputs are changed and how costs change with changes in output. Explain the different types of market structures. Demonstrate how equilibrium is achieved by firms operating under different market structures.</i>	<i>Theory of production; how output changes when inputs to the production process are changed; how costs change when output is changed; the concept of economies and diseconomies of scale; internal vs. external economies. Market structures – perfect competition, monopolistic competition, oligopoly and monopoly; how an individual firm achieves equilibrium under each of these market structures; strategies for business success.</i>

D) National Income Accounting (10%)

Focus	Content
<i>Describe the different methods of calculating National Income. Show how National Income data can be used to judge the living standards of a population. State the determinants of economic growth.</i>	<i>Introduction to macroeconomics; circular flow of income; National Income and the three methods of calculating National Income; difficulties of estimating National Income; National Income to judge the living standard of the population and to make comparisons of living standards between countries; the determinants of economic growth; benefits & costs of economic growth.</i>

E) Government policy objectives and policy instruments (15%)

Focus	Content
<i>Describe the objectives of a modern government. Describe how fiscal and monetary policies can be used to achieve these objectives.</i>	<i>Objectives of modern government; fiscal policy – government budget & sources of revenue; advantages of direct & indirect taxation; use of fiscal policy to promote economic growth and control inflation; use of monetary policy to promote growth and control inflation.</i>

F) International trade, Balance of Payments & exchange rates (10%)

Focus	Content
<i>List the benefits of international trade. Explain reasons for protectionism. Describe remedies to correct a BOP deficit. Explain how the exchange rate is determined.</i>	<i>Theories underlying international trade; benefits of international trade to the trading partners; reasons for protectionism; Balance of Payments (BOP) a/c and measures to correct a deficit in the BOP a/c; determination of exchange rate.</i>

Learning Aids

Mandatory reading:

FL 5: Study Pack on Business Economics Fundamentals 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Lipsey, R G & Chrystal, A 2007, **Economics**, Delhi: Oxford University Press.

McConnell, C R 2005, **Economics**, Boston: McGraw-Hill.

Business Finance Fundamentals

Introduction

Every decision made in an organization has a finance element in it. Hence, financial management is of vital significance in managing organizations. Management accountants invariably have to be familiar with aspects of finance. In this context, this foundation level course unit provides an introductory but comprehensive description of the concepts and practice of financial management, which will be treated at length in subsequent course units in the study programme.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe the role and scope of financial management;
- (ii) Describe the financial environment within which financial management is practised;
- (iii) Explain the basic principles of risk and return and market efficiencies; and
- (iv) Compute basic measures of risk.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Role and scope of financial management	05
B	Financial systems and markets	05
C	Time value of money	10
D	Basic principles of risk and return	10
Total		30

Contents

A) Role and scope of financial management (05%)

Focus	Content
<i>Describe the role and scope of financial management.</i> <i>Explain the agency problem and control aspects.</i>	<i>Introduction to financial management; role of financial managers; corporate financial decisions; the goal of financial management; the agency problem and control of the company.</i>

B) Financial systems and markets (05%)

Focus	Content
<i>Describe the Sri Lankan financial system within the global financial system.</i>	<i>Overview of the financial system, financial institutions and financial intermediaries – Sri Lankan and global perspectives.</i>
<i>Discuss different types of financial markets and their functions.</i>	<i>Financial markets and companies; money vs. capital markets, primary vs. secondary markets.</i>
<i>List characteristics of equity and debt.</i>	<i>Sources of funding: Equity vs. debt (brief overview).</i>

C) Time value of money (10%)

Focus	Content
<i>Define the concepts and terms.</i> <i>Explain interest payments as an opportunity cost.</i> <i>Calculate time value of money.</i>	<i>Concept of the time value of money: interest as an opportunity cost; future values; present values and annuities and perpetuities; nominal rates and real rates of interest; impact of inflation.</i>

D) Basic principles of risk and return (10%)

Focus	Content
<i>Identify the principles of risk and return. Compute basic measures of risk. Explain the nature of risk-return trade-off facing investors and firms. Describe different forms of market efficiencies.</i>	<i>Returns, impact of inflation; the variability of returns (risk): standard deviation of returns and coefficient of variation; capital market efficiency: efficient market hypothesis and forms of market efficiency.</i>

Learning Aids

Mandatory reading:

FL 5: Study Pack on Business Finance Fundamentals 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Ross, S. A., Thompson, Spence, Christensen, Mark, Westerfield, R. W., and Jordan, B, D., **Fundamentals of Corporate Finance** (2004), McGraw-Hill, Australia.

SK 1: Business English I (BE I)

Introduction

An acceptable level of proficiency in the use of English in all its aspects and skills-listening comprehension, speaking, reading comprehension and writing- is a requisite for all professionals including management accountants. The course in English communication skills consists of three stages (course units): elementary (BE I) intermediate (BE II) and advanced (i.e. Professional Communication) (PC). BE I and BE II cover all aspects of English with the intermediate stage containing a higher level of instructional material than that of the elementary stage, and the advanced stage focusing on elements of professional communication. Extra features in the form of enrichment activities are also incorporated into all three stages. The current course unit is the first of the three stated above.

Learning Outcomes

On successful completion of the course the students will be able to:

- (i) Understand spoken English of simple to moderate difficulty such as formal and informal greetings, telephone conversations, dialogues, face to face communications, presentations and lectures;
- (ii) Speak with acceptable fluency, grammatical correctness and articulation for a few minutes on simple topics;
- (iii) Read continuous English prose of simple to moderate difficulty with understanding;
- (iv) Write simple and compound sentences and continuous paragraphs with acceptable grammatical correctness; and
- (v) Understand and actively use the structure and grammar of English at elementary and intermediate level.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Listening and speaking	25
B	Structure and grammar	25
C	Reading comprehension	25
D	Writing	25

Assessment

There will be a written test paper of three hours' duration. The written paper contains questions, both multiple-choice and open-ended, on structure and grammar, a reading comprehension test and a writing test.

Contents

A) Listening and speaking (25%)

Content
<i>Understand statements, questions, short conversations and passages read out aloud on topics within the experience and knowledge of the students.</i>
<i>Ask and answer questions in speech relating to the experience of the students and what they have read.</i>
<i>Read with fluency and understand simple passages within the vocabulary and structural range of the syllabus.</i>
Teaching/ learning method: Plenty of practice in listening and speaking through dialogues, role play, riddles, quizzes, language games, recitation and reading aloud, etc.

B) Structure and grammar (25%)

Content
<i>'Mechanics' of the English language.</i>
<i>Word order of statements and questions, affirmative and negative, in different kinds of sentences –simple, compound, and complex.</i>

Tenses and their formations (simple present, past and future tenses; present perfect, past perfect; present continuous, past continuous and future continuous tenses; present perfect continuous, past perfect continuous and future perfect continuous tenses) including the active and passive voice and the imperative, indicative and subjunctive moods of finite verbs and verbs of incomplete predication.

Prepositions, including those used to express notions of time, place, duration and possession.

Other miscellaneous structural mechanisms including the articles, conjunctions, prepositions and adverbials, and comparative and superlative formations.

Teaching/ learning method: Instilling a functional awareness of the rules of grammar and an understanding of the essential grammatical structures of the language; doing habit-forming exercises until mastery is achieved.

C) Reading comprehension (25%)

Content

Reading and understanding of all common grammatical patterns.

Understanding new words encountered in reading through the use of glossaries, dictionaries and mother tongue equivalents.

Understanding words exactly when used in strict accordance with specialist or disciplinary definitions.

Recognizing new words with obvious morphological relationships to known words (e.g. expensive, inexpensive, expensively, inexpensively)

Locating passages for reference in textbooks and reference books through the use of indices, lists of contents, skimming, etc.

Teaching/ learning method: Understanding the phonetic transcription of words in a dictionary. Exposure to a variety of reading passages of different styles –descriptive, narrative, expository, argumentative, etc.

D) Writing (25%)

Content

Writing simple, compound, and complex sentences.

Writing short compositions dealing with statements of simple facts, descriptions of things and processes, comparisons and contrasts, extent, the use of the various English tenses, giving instructions, etc.

Writing personal letters to a friend or relative, following the accepted conventions of letter writing.

Use of punctuation marks: full stop, comma, colon, semi-colon, exclamation mark, apostrophe, inverted commas, etc.

Correct spelling, learning some useful spelling rules and distinguishing between homophones.

Teaching/ learning method: Copious exercises and examples.

Learning Aids

Mandatory reading:

SK 1: Study Pack on Business English I 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Allen, S 2001, **Living English Structure**.

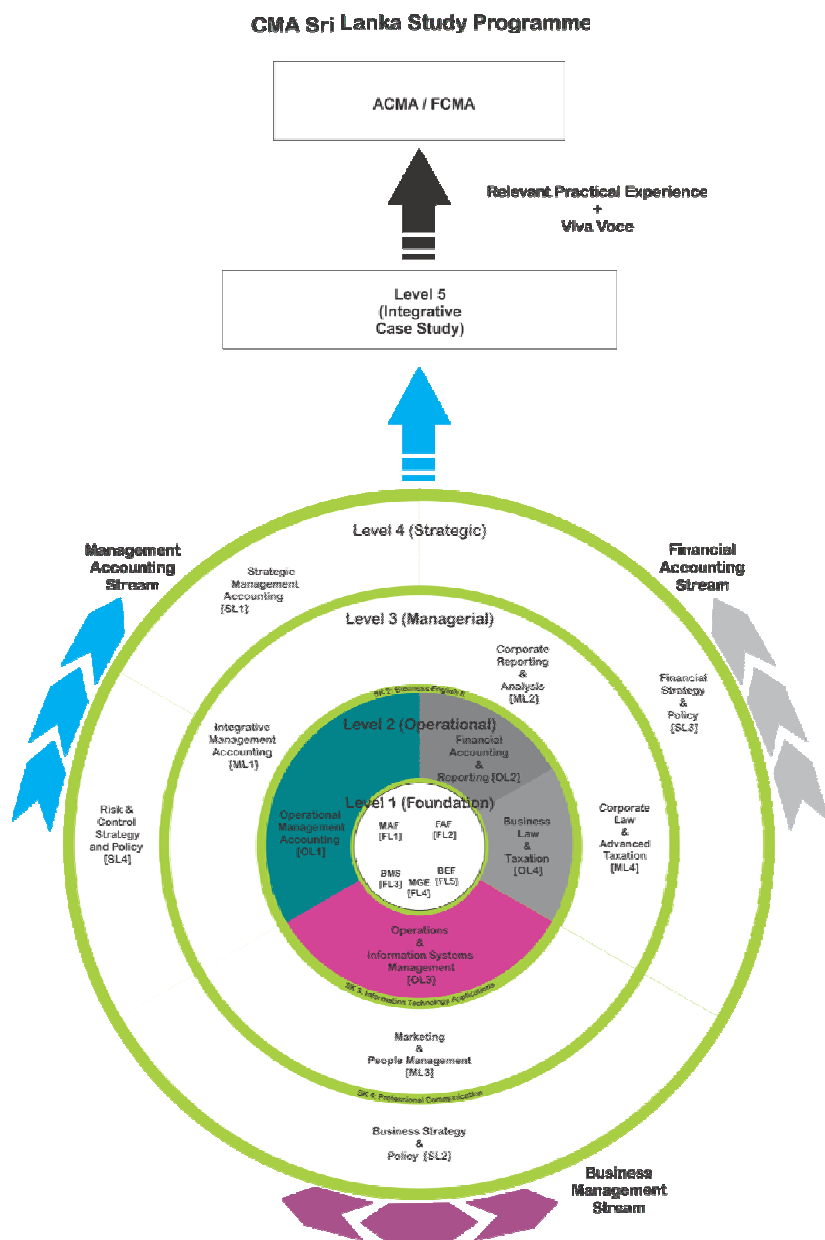
Fernando, S 1993, **A Proficiency Grammar of English**. Wesley Press, Colombo.

Fernando, S 2002, **English Through Activities (Lower Intermediate Level)**. Wesley Press, Colombo.

Passages for reading comprehension taken from newspapers, journals and business reports.

Level 2 (Operational Level)

Code	Title of the Course Unit	Status
OL 1	Operational Management Accounting (OMA)	Core
OL 2	Financial Accounting and Reporting (FAR)	Core
OL 3	Operations and Information Systems Management (OIM)	Core
OL 4	Business Law and Taxation (BLT)	Core
SK 2	Business English II (BE II)	Skill
SK 3	Information Technology Applications (ITA)	Skill



OL1: Operational Management Accounting (OMA)

Introduction

This operational level course unit enhances the students' knowledge of management accounting, continuing from FL 1: Management Accounting Fundamentals. It equips them with advanced aspects of management accounting concepts and techniques with the focus on their use in organizations. The course unit introduces various short-term decision making situations with a view to enhancing students' analytical and decision making skills. The new developments in management accounting broaden students' understanding of the dynamics of the robust current business environment. This course unit will be further supplemented by ML1: Integrative Management Accounting (IMA) offered at the managerial level of the study programme.

Learning Outcomes

On successful completion of the course unit students will be able to:

- (i) Discuss further aspects of costing methods/systems.
- (ii) Evaluate short term decision-making options;
- (iii) Apply selected management accounting techniques in planning and control; and
- (iv) Respond to demands in the dynamic business environment with new initiatives in management accounting.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Overview of management accounting	05
B	Further aspects of costing methods/systems	25
C	Management accounting information for decision making	30
D	Managerial planning and control	30
E	New technological developments impacting management accounting	10

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers.

Part II (80 marks): Consists of two sections A and B with three questions in each section. Candidates are required to answer *four questions* in all, selecting *two questions* from each section.

Contents

A) Overview of management accounting (05%)

Focus	Content
<i>Discuss the functions of management accounting.</i>	<i>Functions of management accounting (planning, organizing, decision making and control); the decision-making process.</i>
<i>Discuss the major developments in management accounting.</i>	<i>Historical account of management accounting (origins of cost management systems, scientific management movement, shift from cost management to cost accounting thereafter to management accounting).</i>

B) Further aspects of costing methods/systems (25%)

Focus	Content
<i>Review of cost classification. Estimate the cost using linear and non-linear cost functions. Discuss limitations and other factors to consider in cost estimation.</i>	<i>Classification of costs (a re-look); cost estimation of linear and non-linear cost functions; limitations of cost estimation; other factors to consider in cost estimation.</i>

<i>Discuss further aspects of process costing.</i>	<i>Losses in production (normal and abnormal); opening and closing work in progress of incomplete units (weighted average and FIFO methods).</i>
<i>Discuss costing of joint and by-products. Prepare joint process accounts with by products, waste and toxic.</i>	<i>Different methods of cost allocation in joint product costing (sales value method, proxy sales value method, physical output method and their computation); joint process accounts with by-products, waste and toxic.</i>
<i>Explain Activity Based Costing (ABC). Compute the cost of cost objects using an ABC system. Compare and contrast ABC with traditional costing.</i>	<i>Averaging and its consequences (under-costing and over-costing, product cost cross-subsidization); guidelines for refining a costing system; activity based costing systems vs. traditional costing systems.</i>

C) Management accounting information for decision making (30%)

Focus	Content
<i>Explain further aspects of Cost-Volume-Profit (CVP) analysis. Prepare multi product BEP charts. Compare and contrast accountant's and economist's model of CVP analysis.</i>	<i>A mathematical approach to CVP analysis; multi-product CVP analysis; multi product BEP chart and PV chart; differences between the accountant's and the economist's model of CVP analysis.</i>
<i>Discuss special decision making situations applicable for various circumstances. Explain the importance of qualitative factors in decision making.</i>	<i>Special pricing decisions (minimum pricing decisions); replacement of equipment; outsourcing and make or buy decisions; discontinuation decisions; Joint product decisions (common process viability and further processing decisions); relevance of qualitative information in decision making.</i>
<i>Identify the major influences on pricing decisions. Distinguish between short-term and long-term pricing decisions. Apply various pricing methods. Discuss further aspects of product-mix decisions when capacity constraints exit. Describe the Learning Curve Theory. Apply different methods to develop the learning curve. Explain the relevance of learning curve effect in management accounting.</i>	<i>The role of cost information in pricing decisions; pricing decisions: short-run, long-run, short-run product-mix, and long-run product-mix; pricing methods (cost-plus, market based, and ABC and their computations). Types of limiting factors; single limiting factor analysis; minimum demand constraint; shadow price; make or buy decisions with limiting factor analysis; assumptions of limiting factor analysis. Overview of the learning curve; developing the learning curve (graphical method, algebraic method and formula method); applications of learning curve theory (pricing, costing, budgeting and cost control).</i>

D) Managerial planning and control (30%)

Focus	Content
<i>Prepare functional budgets and master budgets. Describe alternative methods of budgeting. Explain budgetary control and variances. Discuss the managerial issues arising from the use of budgets in control.</i>	<i>Preparation of functional budgets and deriving the master budgets. Different approaches to budgeting (activity-based budgeting, zero-based budgeting, incremental budgeting, programme budgeting and Kaizen budgeting); Budgetary control and variances (budgetary control system, fixed and flexed budgets, single loop and double loop control systems, feedback and feed-forward control system); Behavioral implications (participative, imposed and negotiated styles to budgeting, incidence of budgetary slack and empire building).</i>
<i>Discuss various capacity levels. Interpret further aspects of variances with</i>	<i>Capacity ratios (efficiency, profit volume and idle capacity); basic variances; advanced variance analysis (mix and yield/quantity,</i>

supportive calculations. Evaluate the use of standard costing and variance analysis in modern times.	market share and mix); reconciling the actual profit and budgeted profit in an operating statements under marginal and absorption costing models; planning and operational variances; variance investigation, advantages of variance analysis; criticisms of standard costing; recent developments in standard costing (e.g. McDonalised).
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E) New technological developments impacting management accounting (10%)

Focus	Content
Describe the new manufacturing environment.	Advanced manufacturing environments; Material Requirements Planning (MRP I); Manufacturing Resource Planning (MRP II); Enterprise Resources Planning (ERP); Computer Aided Manufacturing (CAM); Computer Aided Designing (CAD); Computer Integrated Manufacturing (CIM); Flexible Manufacturing Systems (FMS); Electronic Data Interchange (EDI); Total Quality Management (TQM); Just-In-Time systems; lean production.

Learning aids

Mandatory reading:

OL 1: Study Pack on Operational Management Accounting 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Drury, C 2007, **Management and Cost Accounting**, Thomson Learning, India.

Hornigren, C T, Sundem, G L and Stratton, W O (2012), **Introduction to Management Accounting**, Prentice Hall, New Delhi.

OL 2: Financial Accounting and Reporting (FAR)

Introduction

This operational level course unit picks up where the FL 2: Financial Accounting Fundamentals course leaves off and discusses advanced aspects of financial accounting and reporting. It introduces the conceptual framework for accounting, and proceeds to the preparation of financial statements of companies (including groups of companies) in compliance with the relevant Sri Lanka Accounting Standards (SLASs). It also covers accounting for leases, construction contracts and branches.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe the conceptual framework of accounting and discuss its relevance to financial accounting;
- (ii) Prepare financial statements of a company for publication purpose;
- (iii) Explain the accounting treatment for assets, income tax including the deferred tax, provisions, contingent liabilities and contingent assets;
- (iv) Explain the requirements governing revenue recognition and
- (v) Prepare accounts for leases, construction contracts and branches; and
- (vi) Explain the need of consolidated financial statements and consolidated procedures and Prepare consolidated financial statements.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	A conceptual framework of accounting	10
B	Preparation of financial statements for companies	35
C	Accounting for assets, liabilities, revenue and taxes	25
D	Accounting for special transactions and entities	15
E	Preparation of group financial statements	15

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (20 marks): Consists of around ten multiple choice/ structured questions that require short answers.

Part II (80 marks): Consists of two sections A and B with three questions in each section. Candidates are required to answer *four questions* in all, selecting *two questions* from each section.

Contents

A) A conceptual framework of accounting (10%)

Focus	Content
<i>Define the terms. Describe the conceptual framework of accounting. Discuss its relevance to financial accounting.</i>	<i>Purpose of a conceptual framework; framework for preparation and presentation of financial statements: Objectives; underlying assumptions; qualitative characteristics; elements; recognition and measurement of elements.</i>

B) Preparation of financial statements for companies (35%)

Focus	Content
<i>Define the terms. Compare and contrast a limited liability company with a sole proprietorship and a partnership. Explain the sources of funds available to companies.</i>	<i>Characteristics of a limited liability company; sources of capital: share capital (ordinary shares and preference shares), reserves, debt capital (debentures and other corporate bonds); share issues (public issues, bonus issues, rights issues).</i>

Describe the structure, components and elements of financial statements. Explain the relevant accounting standards. Prepare financial statements of a company for publication.	Components of financial statements (SLAS 03): Income statement, balance sheet, statement of changes in equity and cash flow statement (direct method and indirect method) (SLAS 09); notes to the financial statements; selection, application and change of accounting policies (SLAS10); financial statements of a company for publication.
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C) Accounting for assets, liabilities, revenue and taxes (25%)

Focus	Content
Explain the accounting treatment for assets.	Accounting treatment for assets: Inventories (SLAS 05): Definitions, measurement of inventories, cost formulas, disclosures; Property, plant and equipment (SLAS 18): definitions, recognition and measurement-cost model and revaluation model, depreciation, disclosures; Accounting for investments (SLAS 22): definitions, types of investments, cost and carrying amount of investments, disclosures; Intangible assets (SLAS 37): definitions, recognition and initial measurement, measurement subsequent to initial recognition, amortization and impairment, disclosures; Accounting for borrowing cost (SLAS 20): definitions, benchmark treatment and allowed alternative treatment, disclosure;
Explain the accounting treatment for provisions, contingent liabilities, contingent assets and events after balance sheet date.	Accounting treatment for provisions; contingent liabilities and contingent assets (SLAS 36): Definitions, recognition and disclosures of provisions, contingent liabilities and contingent assets; Events after balance sheet date (SLAS 12): Definitions, adjusting events and non adjusting events-recognition and measurements, disclosures.
Describe the requirements governing revenue recognition. Explain the accounting treatment for revenue recognition.	Accounting treatment for revenue recognition (SLAS 29): Definitions, measurement of revenue, identification of transactions-sales of goods, rendering of services, interest, royalties, and, dividend, disclosures.
Explain the accounting treatment for income tax.	Accounting for Income tax (SLAS 14): Definitions, recognition of current income tax liabilities and income tax assets, recognition of differed tax liabilities and differed tax assets-taxable temporary difference and deductible temporarily differences, disclosures.

D) Accounting for special transactions and entities (15%)

Focus	Content
Distinguish between finance lease and operating lease. Explain the accounting treatment for leases.	Finance lease vs. operating lease; accounting for finance leases (in the books of lessee and lessor); accounting for operating leases (in the books of lessee and lessor); sale and leaseback (SLAS 19).
Distinguish between different types of contracts. Explain the accounting treatment for construction contracts.	Construction contracts: different types and characteristics; recognizing the contract profit for a financial year; calculating the stage of completion (SLAS 13).

E) Preparation of group financial statements (15%)

Focus	Content
State the need for consolidated financial statements. Describe the consolidation procedures. Calculate goodwill, minority interest and consolidated reserves.	Introduction of a group, concept of control and consolidated financial statements; pre-acquisition and post-acquisition reserves; calculation of goodwill, minority interest and consolidated reserves (SLAS 25 and SLAS 26).

<p><i>Make the relevant adjustments. Prepare the consolidated income statement and balance sheet.</i></p>	<p><i>Consolidated income statement and balance sheet (with a maximum with two subsidiaries):</i></p> <p><i>Adjustments for intra group transactions:</i></p> <ul style="list-style-type: none"> - <i>Current accounts between parent and subsidiaries,</i> - <i>Cash in-transit and goods in-transit,</i> - <i>Intra group income, expenses and dividends,</i> - <i>Unrealized profit/loss on intra group transactions, (trading transactions, fixed assets transfers),</i> - <i>Accounting for goodwill on acquisition, (SLAS 25 and SLAS 26).</i>
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Learning Aids

Mandatory reading:

OL 2: Study Pack on Financial Accounting and Reporting 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Benedict, A and Elliott, B 2009, **Practical Accounting**, Persons Education Limited.

Hornigren, H, Best, B and Willett, F 2006, **Financial Accounting**, 5th Ed., Pearson Education Australia.

Hoyle, J B, Schaefer, T F and Douppnik, T S 2009, **Fundamentals of Advanced Accounting**, 3rd Ed., McGraw-Hill, Irwin.

OL 3: Operations and Information Systems Management (OIM)

This course unit is divided equally into two sections, Operations Management (50%) and Information Systems Management (50%).

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (20 marks): Around ten multiple choice/ structured questions that require short answers. Questions will be equally distributed between Operations Management and Information Systems Management.

Part II (80 marks): Consists of two sections, Section A: Operations Management and Section B: Information Systems Management, with three questions in each section. Candidates are required to answer *four questions* in all, selecting two *questions* from each section.

Operations Management

Introduction

Operations Management involves the management of the transformation process of inputs (material, machines, labour, and capital) to outputs (goods and services) and is a core function of any business organization. This operational level course unit involves the study of basic concepts and practices relating to the operations function in both manufacturing and service organizations. Through this course unit the students will understand the importance of the operations function in a business and its linkages with other functions of the organization. Further, they will be exposed to a range of current operations management techniques, situations and practices of relevance

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Identify the different Operations Management functions of a business organization;
- (ii) Describe the basic concepts of operations management;
- (iii) Describe the role played by the operations function and its relation to other functional areas in a business;
- (iv) Explain selected techniques, situations and practices in the field of operations management; and
- (v) Apply selected operations management concepts and techniques in organizational situations.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Operations function and strategy	15
B	Designing operations	20
C	Managing operations	15
Total		50

Contents

A) Operations function and strategy (15%)

Focus	Content
<p>Present an overview of operations management.</p> <p>Distinguish between goods and services.</p> <p>Explain the functions of operations managers and their linkages with other functional areas.</p> <p>Discuss the new challenges in operations management.</p>	<p>Operations Management; systems view of operations management; functions performed by operations managers; relationship to other functional areas; conversion process; differences between goods and services; new challenges in operations management due to globalization, advancements in technology etc.</p>
<p>Describe the role of operations strategy.</p> <p>Discuss the development of an operations strategy.</p> <p>Identify competitive priorities.</p> <p>Distinguish between order winners and order qualifiers.</p>	<p>The role of operations strategy; developing an operations strategy; competitive priorities; order winners and order qualifiers.</p>
<p>Define the concepts and measures of productivity.</p> <p>Compare and contrast productivity measures.</p> <p>Discuss ways of improving productivity.</p>	<p>Productivity; computation of productivity; multi-factor productivity; comparison of productivity; improving productivity.</p>

B) Designing operations (20%)

Focus	Content
<p>Discuss the new product development process.</p> <p>Discuss the importance of being environment friendly.</p>	<p>Stages of new product development process; team approach for new product development; design for environment.</p>
<p>Describe different processes used by business organizations.</p> <p>Compare and contrast the different processes.</p>	<p>Different types of processes - project, batch, mass and continuous; comparison of characteristics of different processes.</p>
<p>Discuss the quantitative forecasting techniques.</p> <p>Discuss qualitative forecasting techniques.</p>	<p>Components of a time series- trend, seasonal variations, cyclical variations and random variations; Quantitative forecasting Methods - simple average, moving average and exponential smoothing; Qualitative forecasting methods - Delphi method, Nominal Group method.</p>
<p>Define the concepts of capacity.</p> <p>Describe role of capacity and measures.</p> <p>Explain operations capacity modifying strategies.</p> <p>Discuss how to use break-even analysis in capacity decisions.</p>	<p>Concept of capacity: design capacity; effective capacity and actual capacity; measures of operations capacity; short term capacity modifying strategies; long term capacity modifying strategies; use of break-even analysis for capacity decisions.</p>
<p>Discuss the determinants of location of a plant.</p> <p>Discuss methods of evaluating location alternatives.</p>	<p>Factors affecting plant location decisions; methods of evaluating location alternatives (factor-rating method, location break-even analysis); service location strategy.</p>
<p>Describe the plant layout decision.</p> <p>Describe the facility layout types.</p> <p>Discuss appropriate facility layout for services.</p>	<p>Objectives of facility layout; basic layout types (process layouts, product layouts, fixed-position layout); facility layouts for services.</p>

C) Managing operations (15%)

Focus	Content
<i>Define the concepts of quality.</i> <i>Describe the attributes of quality for goods and services.</i> <i>Discuss the costs of quality and implications.</i> <i>Discuss the different facets of TQM.</i> <i>Discuss briefly the quality standards.</i>	<i>Defining quality; dimensions of quality for goods; service quality attributes; costs of quality (internal failure, external failure, appraisal and prevention and implications); Total Quality Management (TQM) – philosophy/ definition, principles and implementation aspects (problems included); ISO 9000; Sri Lanka Standards (SLS).</i>
<i>Describe the philosophy of JIT.</i> <i>Discuss the types of waste and purpose of JIT.</i> <i>Compare and contrast push and pull systems.</i> <i>Describe the role of inventory reduction and implications.</i> <i>Explain the uniform plant loading concept.</i> <i>Discuss the concept and application of employee empowerment.</i> <i>Discuss 5 S concepts.</i>	<i>Push vs. pull systems; aggregate planning; MRPI; MRPII</i> <i>Just-in-Time and lean production principles and techniques; types of waste; role of inventory reduction; uniform plant loading; employee empowerment; 5 S concept.</i>
<i>Define the concepts of SCM.</i> <i>Describe the components, process and extensions.</i> <i>Discuss SCM strategies.</i> <i>Describe briefly the role of SCM software.</i>	<i>Supply Chain Management (SCM); SCM strategies: outsourcing, vertical integration, Keiretsu networks, virtual companies; SCM software.</i>

Learning Aids

Mandatory reading:

OL 3: Study Pack on Operations Management 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary reading:

Chase R B, Jacobs F R and Acquilano N J 2003, **Operations Management for Competitive Advantage**, 11th Edition, Tata McGraw-Hill, New Delhi.

Information Systems Management

Introduction

Management accounting of today is intricately woven with Information Technology (IT) which continues to develop at a dizzy rate. This course unit introduces the students to salient aspects of information technology and information systems (IT/ IS) that are of relevance to management accountants operating in today's competitive global business environment.

Firstly, the students will be exposed to various types of information systems operative at different levels of business processes, emphasizing on their impact. Secondly, the students will learn the steps associated with designing, implementing and operating a computer-based information system. They will also be made aware of the complexities associated with information technology, including the issues surrounding the telecommunication industry.

Learning outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe different types of information systems commonly found in organizations and how they can be used in decision making;
- (ii) Explain how information technology supports solving business problems leading to competitive advantage;
- (iii) Explain how technological advances can create opportunities for an organization;
- (iv) Identify potential implications of emerging information technologies on business processes and functions; and
- (v) Specify ethical issues and challenges to management in using information technology.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Fundamental concepts in IT/IS	10
B	Business applications	20
C	Development processes	15
D	Management challenges	05
Total		50

Contents

A) Fundamental concepts in IT/IS (10%)

Focus	Content
<i>Describe the role of IS and e-business. Describe the trends and types of ISs. Describe the components, resources and activities of an IS. Identify the challenges for the management.</i>	<i>Fundamental role of Information Systems (ISs) in a business; trends in ISs; role of e-business; types of ISs; components of an IS; IS resources; IS activities; challenges for the management.</i>
<i>Discuss how to generate competitive advantage with information technology. Discuss various facets/concepts associated with strategic use of IT.</i>	<i>Competitive strategy concepts; strategic uses of IT; building a customer-focused business; value chain and strategic ISs; re-engineering business processes; becoming an agile company; creating a virtual company; building a knowledge-creating company.</i>

B) Business applications (20%)

Focus	Content
Define the terms. Describe various functional information systems in organizations.	Cross-functional enterprise applications; enterprise application integration; transaction processing systems; enterprise collaboration systems: marketing systems, manufacturing systems, human resource systems, accounting systems and financial management systems.
Define the terms. Discuss CRM, ERP and SCM, trends, benefits and management challenges.	Customer Relationship Management (CRM) systems: Three phases, trends, benefits and challenges. Enterprise resource planning (ERP) systems: Trends, benefits and challenges. Supply Chain Management (SCM) systems: Role of SCM, trends, benefits and challenges.
Define the terms. Discuss an overview of e-commerce. Discuss the salient concepts associated with e-commerce.	Scope and features of e-commerce; essential e-commerce processes; electronic payment processes; B2C e-commerce; web store requirements; B2B e-commerce; e-commerce market places; clicks and bricks in e-commerce.
Define the terms. Discuss DSS, MIS, EIS, and AI. Describe expert systems and development process.	Decision structure; decision support structure; decision support trends; Decision Support Systems (DSS); Management Information Systems (MIS); on-line analytical processing using DSS; executive information systems (EIS); enterprise portals and decision support; business and artificial intelligence (AI); expert systems and developing expert systems.

C) Development processes (15%)

Focus	Content
Define the terms. Discuss how to develop business/IT strategies. Discuss end user resistance and change management in implementing IT.	Organizational planning: scenario approach; planning for competitive advantage; business models and planning; business/ IT planning; identifying business/IT strategies; business application planning; implementing IT; end-user resistance and involvement; change management.
Discuss the development process of IS. Discuss IS project management and various associated issues.	IS development: systems approach; systems analysis and design: systems development life cycle, starting the systems development process, systems analysis, systems design and end-user development; implementing new systems; project management; evaluating hardware, software, and services; other implementation activities.

D) Management challenges (05%)

Focus	Content
Describe the ethical responsibility of business professionals. Discuss the management challenges. Discuss the tools of security management system controls.	Ethical responsibility of business professionals; computer crime, privacy issues, other challenges such as affordability, health issues; societal solutions; tools of security management: inter-networked security defenses and other security measures; system controls and audits.

Learning Aids**Mandatory reading:**

OL 3: Study Pack on Information Systems Management 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Laudon C K and Laudon J P 2008, **Management Information Systems**, PHI Learning, New Delhi. O'Brien J A, Marakas G M, and Behl, R 2009, **Management Information Systems**, 9th Ed., McGraw Hill.

OL 4: Business Law and Taxation (BLT)

This course unit is divided equally into two sections, Business Law (50%) and Taxation (50%).

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (20 marks): Around ten multiple choice/ structured questions that require short answers. Questions will be equally distributed between Business Law and Taxation.

Part II (80 marks): Consists of two sections, Section A: Business Law and Section B: Taxation, with three questions in each section. Candidates are required to answer *four questions* in all, selecting two *questions* from each section.

Business Law

Introduction

This operational level course unit provides the students with fundamental principles, processes and applications of Business Law that will enable them to identify organizational problems with legal implications and decide upon courses of action to be taken. Business Law encompasses both private law and public law that govern business and commercial transactions. Moreover, businesses and organizations are subject to laws, regulations and standards, many of which are specific to their industries, products and markets. This course unit gives special attention to Contract Law which lies at the heart of any system of law serving as the foundation of the entire society. It also covers Law of Agency and other newly introduced aspects of law. Further, the course unit makes extensive use of case law.

Learning outcomes

On successful completion of the course unit, the students will be able to:

- (i) State the basic rules, regulations, Acts and principles of Commercial Law;
- (ii) Explain consequences of agreements of contract and agency;
- (iii) Explain remedies available in a breach of contract including sale of goods;
- (iv) Explain the rules and regulations of insurance law, lease and hire purchase;
- (v) Explain the importance and application of the recent Commercial Acts;
- (i) Apply knowledge and skills in order to analyze problems with legal implications; and
- (vi) Advise on courses of action to be taken in business situations.

Syllabus structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Introduction to the Law and the judicial system	05
B	Law of contract	30
C	Negotiable instruments	05
D	The environment and pollution control	05
E	Current developments of Commercial Law in Sri Lanka	05
Total		50

Contents

A) Introduction to the Law and the judicial system (05%)

Focus	Content
<p>Identify the essential elements of Sri Lankan legal systems including the main sources of law. Identify the relationship between the different branches of the state's constitution.</p> <p>Describe the powers, function and procedures of the court system of Sri Lanka.</p>	<p>Definition of Law; general classification of legal subjects; legal system of Sri Lanka; the court system; sources of business law; the constitution and the business.</p>

B) Law of contract (30%)

Law of contract (10%)	
Focus	Content
<p>Define agreement, contract and basic elements of a contract.</p> <p>Discuss the rules for creating contractual relations.</p> <p>Discuss the different ingredients that are necessary for a valid contract.</p> <p>Compare and contrast various ways in which a contract is discharged.</p> <p>Describe the remedies available for breach of contract.</p>	<p>Formation of a contract: (the agreement, the contract, elements of a contract); offer vs. invitation to treat. Operation of a contract: (terms of a contract, conditions, warranty, fundamental obligations, illegal contracts). Termination of a contract: (by performance, by agreement, by breach of contract, by frustration).</p> <p>Remedies.</p>
Sale of goods (10%)	
<p>Define sales contract.</p> <p>Distinguish between sales contract and other contracts.</p> <p>Describe terms and conditions.</p> <p>Apply to similar situations in real life.</p>	<p>Contract of sale; sale and other supply contracts; formation of a contract of sale; passing of property; transfer of title by non-owner; implied terms and conditions; exception clauses; remedies of a seller/buyer.</p>
<p>Define international trade.</p> <p>Describe the complexity of international sale of goods.</p> <p>Explain different contract and payment methods.</p>	<p>International trade; international sale of goods; international sales contract, e.g. CIF, FOB; different methods of payment in international trade (letter of credit, bills of exchange, open account, payments in advance, e-payment).</p>
Law of agency (05%)	
<p>Define the role of the agent in relation to partners and company directors.</p> <p>Explain the process of establishing agency relationship.</p> <p>Define the authority of the agent.</p> <p>Explain the potential liability of both principal and agent.</p> <p>Discuss the remedies available to the innocent party.</p>	<p>Formation of agency contract; categories of agents; powers of attorney; contracts made by agents; rights and duties of principal and agent; termination of agency.</p>
Insurance law, lease and hire purchase (05%)	
<p>Discuss the importance and application of the Insurance Law.</p> <p>Distinguish between a contract of sale and hire purchase/lease contract.</p> <p>Describe the features of hire purchase agreement and lease contract.</p> <p>State the remedies available to lesser and lessee.</p>	<p>The importance of insurance; definition and explanation insurance contract; classification of insurance; insurance interest, utmost good faith, material facts, non-disclosure; Meaning of leasing and hire-purchase; benefits of leasing; different types of leasing; Leasing Act; hire-purchase and other sales contract; rights of the owner; Consumer Credit Act.</p>

C) Negotiable instruments (05%)

Focus	Content
<i>Define bills of exchange. Explain the operation of bills of Exchange. Distinguish between cheques and other bills. Describe the impact of acceptance, crossing and endorsement; Specify the ways in which a bill can be discharged.</i>	<i>Bills of exchange (bill of exchange. cheques, promissory notes); characteristic of a bill of exchange; acceptance; transfer of bills of exchange, holder in due course; endorsements; discharge of a bill.</i>

D) The environment and pollution control (05%)

Focus	Content
<i>Discuss the importance of an environment friendly business. Identify main provisions of National Environment Act. Specify and describe environment laws affecting business. Describe the requirements of CEA.</i>	<i>Provisions under Common Law; provisions under National Environment Act (inclusive of CEA); other statutory laws (Land Acquisitions Act, Forest Ordinance, Coast Conservation Act, Nuisance Ordinance Urban Councils Ordinance etc.); definition of environmental terms EIA); environmental approval of projects.</i>

E) Current developments of Commercial Law in Sri Lanka (05%)

Focus	Content
<i>Identify recent commercial statutes. Discuss key features of the new developments in Commercial Law.</i>	<i>Consumer Affairs Authority Act of 2003; Intellectual Property Act No.36 of 2003; Computer Crime Act No.24 of 2007; Electronic Transaction Act No.19 of 2006 and other legislation of relevance to E-Commerce</i>

Learning aids**Mandatory reading:**

OL 4: Study Pack on Commercial Law 2012, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary reading:

Weerasooria, W 2009, **A Text Book of Commercial Law (Business Law)**, PIM Publication.

Taxation

Introduction

Taxation is a field of study that changes continuously in response to the requirements of the economy. Taxation has a considerable impact on the conduct of business with implications for the tasks of the Management Accountant. The aim of this course unit is to equip the students with knowledge and applications of taxation, which are of immense value in financial planning and decision making. The course unit covers the basic laws of taxation applicable in Sri Lanka and their impact and application for individuals and partnerships. In addition, the tax administration system is also discussed.

Learning Outcomes

On successful completion of the course of study the students will be able to:

- (i) Describe chargeability of tax;
- (ii) Identify different sources of taxation;
- (iii) Compute the final tax liability of a resident individual;
- (iv) Compute the final tax liability of a partnership and the tax liability of individual partners;
- (v) Explain the fundamental principles of operation of other important taxes; and
- (vi) Explain the tax administration system in place in the country.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Overview of the income tax system	05
B	Sources of income tax	15
C	Income tax liability	20
D	Other taxes	05
E	Tax administration system	05
Total		50

Contents

A) Overview of the income tax system (05%)

Focus	Content
Discuss the rationale of levying income tax. State the principles of income tax.	Rationale of levying income tax; principles of income tax such as equity, progressivity, simplicity and stability etc.
Describe the charging section. Explain the imposition of tax. State the residence principle. Define and interpret the terms.	The charging section relating to the imposition of income tax; residence principle; interpretations and definitions of a 'person,' child, year of assessment, profits and income, agent etc.

B) Sources of income tax (15%)

Focus	Content
Identify categories of profits from employment. Describe basis of liability and exemptions from employment. Describe and apply PAYE tax.	Categories of employment income including cash and non-cash benefits, value of conveyance, rental value of residence, retirement benefits and their valuation. Basis of liability and exemptions from employment income; PAYE (Pay-As-You-Earn) deduction.

Identify sources of income from property. Compute NAV and rent income. Compute occupier's Income State exemptions.	Determine the sources of Income from property; Net Annual Value (NAV) from property owned and occupied; rent income from property rented; income from renting furnished houses; occupier's income; exemptions of NAV and rent income;
State sources of interest. Identify exemptions to interest income. Explain operation of withholding tax.	Sources of interest and exemptions to interest income; operation of withholding tax on interest and tax credits.
Identify sources of income associated with dividends.	Dividends, exempt dividends, withholding tax on dividends and tax credits.
Define the terms. Identify allowable expenses and disallowable expenses.	Trade, business, profession or vocation, allowable expenses and disallowable expenses: capital allowances; general rules and principles in computing capital allowances; application of capital allowances in disposal with or without replacement, treatment of assets leased.
Describe the treatment for other income sources.	Income from any other sources such as winnings from a lottery, betting or gambling etc.

C) Income tax liability (20%)

Income tax of resident individuals (10%)	
Focus	Content
Compute statutory income of an individual. State rules relating to aggregating a child's income to the statutory income of a parent.	Aggregation of income from all sources to arrive at statutory income; rules relating to aggregating a child's income to the statutory income of a parent.
Define assessable income. Compute allowable deductions. Compute assessable income.	Assessable income; allowable deductions from statutory income including rules of deduction of losses from statutory income.
Define taxable income. Compute allowable deductions. Compute taxable income.	Deductions from assessable income including qualifying payments and tax free allowances, ascertainment of taxable income.
Compute the final tax liability/refund. Explain the process of filing annual returns.	Application of personal income tax rates and computation of final tax liability; tax credits available; filing of annual returns.
Income tax of partnership and individual partners (10%)	
Focus	Content
Compute the tax liability of a partnership. Compute the final tax liability of each partner.	Divisible profits/loss of a partnership, tax liability thereon and distribution among the partners; tax liability of each partner considering the relevant adjustments.

D) Other taxes (05%)

Focus	Content
Describe the terms. Describe the operational aspects.	Economic Service Charge (ESC) and Withholding Taxes.
Describe the terms. Compute VAT. Describe the operational aspects.	Instances when a person is liable to be registered for Value Added Tax (VAT); definition of person; taxable period; taxable supply; input tax and output tax; exempt supplies and zero rated supplies for the purposes of VAT.
Define the terms. Describe the operational aspects.	Nations Building Tax (NBT); applicability of stamp duty and transactions liable to stamp duty.

E) The tax administration system (05%)

Focus	Content
<i>Describe the PAYE and its operational aspects.</i>	<i>Obligations of an employee and employer under the PAYE; operation of PAYE Scheme.</i>
<i>Discuss the tax administration, appeal and refund procedures.</i>	<i>The tax return; circumstances for issue of assessments; characteristics of a valid appeal; steps of appeal settlement; tax refunds.</i>
<i>Explain payment of taxes under self assessment basis. Describe payment of income tax on quarterly basis.</i>	<i>Compliance under self assessment; payment of income tax on quarterly basis.</i>

Note:

Tax amendments will be incorporated into the syllabus from time to time which will be duly notified by the Institute.

Learning Aids

Mandatory reading:

OL 4: Study Pack on Taxation 2012, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Inland Revenue Act No 10 of 2006 and subsequent amendments to the Act.

Value Added Tax Act No 14 of 2002 and the subsequent amendments to the Act.

Guide to Income Tax Law (Revised Edition 2009), The Institute of Chartered Accountants of Sri Lanka.

Balaratnam, B 2009, **Income Tax in Sri Lanka**, 5th Ed., Colombo.

SK 2: Business English II (BE II)

Introduction

An acceptable level of proficiency in the use of English in all its aspects and skills-listening comprehension, speaking, reading comprehension and writing- is a requisite for all professionals including management accountants. The course in English communication skills consists of three stages (course units): elementary (BE I) intermediate (BE II) and advanced (i.e. Professional Communication) (PC). BE I and BE II cover all aspects of English with the intermediate stage containing a higher level of instructional material than that of the elementary stage, and the advanced stage focusing on elements of professional communication. Extra features in the form of enrichment activities are also incorporated into all three stages. The current course unit is the second of the three stated above.

Learning Outcomes

On successful completion of the course unit students will be able to:

- (i) Understand spoken English of moderate difficulty such as formal and informal greetings, telephone conversations, dialogues, presentations and lectures;
- (ii) Speak with acceptable fluency, grammatical correctness and proper articulation for a few minutes on a variety of topics;
- (iii) Read and understand continuous English prose of moderate difficulty;
- (iv) Write simple, compound and complex sentences and continuous paragraphs with acceptable grammatical correctness; and
- (v) Understand and use the structure and grammar of English at intermediate level.

Syllabus structure

The main topics covered in the syllabus and their relative weightings

Segment	Topic	Weight (%)
A	Listening and speaking	20
B	Structure and grammar	30
C	Reading comprehension	20
D	Writing	30

Assessment

There will be a written test paper of three hours' duration. The written paper will contain questions, both multiple-choice and open-ended, on structure and grammar, a reading comprehension test and a writing test.

Contents

A) Listening and speaking (20%)

Content
<i>Understand statements, questions, short conversations and passages read out on a subject within the experience and knowledge of the students.</i>
<i>Ask and answer questions in speech relating to the experience of the students and what they have read.</i>
<i>Read fluently and understand prose passages within the vocabulary and structural range of the syllabus.</i>
Teaching/ learning method: Plenty of practice in listening and speaking through dialogues, role play, riddles, quizzes, Do You Know contests and games, recitation and reading aloud, debates and discussions, etc.

B) Structure and grammar (30%)

Content
<i>'Mechanics' of the English language at a higher level than at the BE(I) syllabus.</i>
<i>Word order of statements and questions, affirmative and negative, of simple, compound, complex and compound-complex sentences.</i>
<i>Tenses and their formations (simple present, past and future tenses; present perfect, past perfect and future</i>

perfect tenses; present continuous, past continuous and future continuous tenses; present perfect continuous, past perfect continuous and future perfect continuous tenses) including the active and passive voice and the imperative, indicative and subjunctive moods of finite verbs and verbs of incomplete predication. Reported speech.

Prepositions and adverbials, including those used to express notions of time, place, duration, possession, separation and agent.

Other miscellaneous structural mechanisms including the articles, conjunctions, and comparative and superlative formations, phrasal verbs and idiomatic expressions.

Teaching/ learning method: Instilling a functional awareness of the rules of grammar and an understanding of the essential grammatical structures of the language; doing habit-forming exercises until mastery is achieved.

C) Reading comprehension (20%)

Content
<p><i>Reading and understanding of all common grammatical patterns of an increasingly advanced level.</i></p> <p><i>Understanding new words encountered in reading through the use of glossaries, dictionaries and mother tongue equivalents.</i></p> <p><i>Understanding words and terms used in the discipline of Accounting.</i></p> <p><i>Recognizing new words with obvious morphological relationships to known words (e.g. expensive, inexpensive, expensively, inexpensively)</i></p> <p><i>Locating passages for reference in textbooks and reference books through the use of indices, lists of contents, skimming, etc.</i></p> <p><i>Understanding the phonetic transcription of words in a dictionary.</i></p>
<p>Teaching/ learning method: Exposure to a variety of reading passages of an increasingly difficult level of different styles –descriptive, narrative, expository, argumentative, etc.</p>

D) Writing (30%)

Content
<p><i>Writing compound, complex and compound-complex sentences.</i></p> <p><i>Writing short compositions dealing with statements of simple facts, descriptions of things and processes, comparisons and contrasts, extent, the use of the various English tenses, giving instructions, etc.</i></p> <p><i>Writing personal letters to a friend or relative, following the accepted conventions of letter writing.</i></p> <p><i>Drafting notices, short memos, questionnaires, queries, responses to formal inquiries, etc.</i></p> <p><i>Use of punctuation marks: full stop, comma, colon, semi-colon, exclamation mark, apostrophe, inverted commas, etc.</i></p> <p><i>Correct spelling, learning some useful spelling rules and distinguishing between homophones and homonyms.</i></p>
<p>Teaching/ learning method: Copious exercises and examples.</p>

Learning Aids

Mandatory reading:

SK 2: Study Pack on Business English II 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Allen, S 2001, **Living English Structure**.

Fernando, S 2009, **An Upper Intermediate Grammar**, Wesley Press, Colombo.

Passages for reading comprehension taken from newspapers, journals and business reports.

SK 3: Information Technology Applications (ITA)

Introduction

This introductory level course unit consists of a *theory* module (30%) and a *practical* module (70%) relating to Information Technology. The theory module covers the basics of computer hardware, computer software, data resource management and telecommunications and networks. The practical module covers knowledge of and operational skills in operating systems, word processing, spreadsheets, presentation and database software that are frequently used in organizations. While giving students a basic theoretical and practical knowledge of computers and computer applications, it will also serve as a prelude to OL 4: Management Information Systems. Thus, the current course unit has to be run parallel to and in congruence with this core course unit.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe the evolution of computer hardware;
- (ii) Describe components of hardware, application software, systems software, foundations of database management and different types of networks and telecommunication technologies.
- (iii) Use an operating system to perform various utilities and configure the computer system;
- (iv) Use spreadsheet software to perform basic calculations, and solve financial and statistical problems;
- (v) Use word processing software for writing reports and letters, format documents *and* merging letters with databases;
- (vi) Use presentations software to make effective presentations;
- (vii) Use database managements software to create simple databases and retrieve information using simple queries and

Syllabus Structure

The main topics covered in the syllabus for theory and practical modules, and their relative weightings:

Theory module

Segment	Topic	Weight (%)
A	Computer hardware	05
B	Computer software	05
C	Data resource management	10
D	Telecommunication and networks	10
Total		30

Practical module

Segment	Topic	Weight (%)
A	Operating System	05
B	Spreadsheets	40
C	Word processing	10
D	Presentations	05
E	Database management	10
Total		70

Assessment

There will be a (a) written test paper of forty five minutes' duration (30%) and (b) a practical test paper of three hours' duration (70%).

The written test paper will contain around thirty questions, both multiple choice/ structured questions that require short answers, on topics covered in the theory component.

The practical test will assess students' skills in using computer software covered in the practical module.

Contents

Theory module

A) Computer hardware (05%)

Focus	Content
<i>Describe the evolution of computer hardware.</i>	<i>Evolution of computer hardware; microcomputer systems; mid-range systems; mainframe systems.</i>
<i>Describe the components and the mechanism of computer peripherals.</i>	<i>Input; output; storage technologies.</i>

B) Computer software (05%)

Focus	Content
<i>Describe application software.</i>	<i>Business application software; software suites and integrated packages; web browser; electronic mail; instant messaging; weblogs; word processing and desktop publishing; presentation graphics; personal information managers; groupware and software alternatives.</i>
<i>Describe system software.</i>	<i>Operating systems; other system management programs; programming languages; web languages and services and programming software.</i>

C) Data resource management (10%)

Focus	Content
<i>Describe technical foundations of database management.</i>	<i>Database management; fundamental data concepts; database structures and database development.</i>
<i>Describe managing data resources.</i>	<i>Data resource management; types of databases; data mining for business decisions; data warehouses and data mining; traditional file processing; database management approach.</i>

D) Telecommunication and networks (10%)

Focus	Content
<i>Define and describe networked enterprise.</i>	<i>Networked enterprise; concept of a network; trends in telecommunication; business value of telecommunication networks; internet revolution; role of intranets and role of extranets.</i>
<i>Describe telecommunication network alternatives.</i>	<i>Telecommunication alternatives; telecommunication network model; types of telecommunication networks; digital and analog signals; telecommunication media; wired technologies; wireless technologies; telecommunication processors; telecommunication software; network topologies and network architecture and protocol.</i>

Practical module

A) Operating system (05%)

Focus	Content
<i>Describe and demonstrate the use of operating systems. Describe and demonstrate the use of utility software.</i>	<i>Importance of an operating system; different operating systems. Exploring; working with programs/ software; managing files and folders and windows applets. Utility software (Anti virus)</i>

B) Spreadsheets (40%)

Focus	Content
<i>Describe and demonstrate the use of spreadsheets.</i>	<i>When to use spreadsheets; formatting the spreadsheet; Basic calculations; charts; logical operations; financial functions; statistical functions; sorting; filtering; simple macros and printing; frequencies and descriptive statistics (measures of central tendency and dispersion) and correlation and regression analysis.</i>

C) Word processing (10%)

Focus	Content
<i>Describe and demonstrate the use of word processing software.</i>	<i>When to use word processing; creating a new file; opening an existing file and other functions; formatting text and pages; spell and grammar checker; pictures and clip arts; tables; multiple columns; inserting files; mail merging; passwords and keeping track changes; printing.</i>

D) Presentations (05%)

Focus	Content
<i>Describe and demonstrate the use of presentation software.</i>	<i>When to use presentations; functions and tips for making an effective presentation; formatting a presentation; animations; tables; charts; managing slide master and printing.</i>

E) Database management (10%)

Focus	Content
<i>Describe and demonstrate the use of data management software.</i>	<i>When to use database management and functions; creating tables and databases; queries and reports.</i>

Learning Aids

Mandatory reading:

SK 3: Study Pack on Information Technology Applications 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

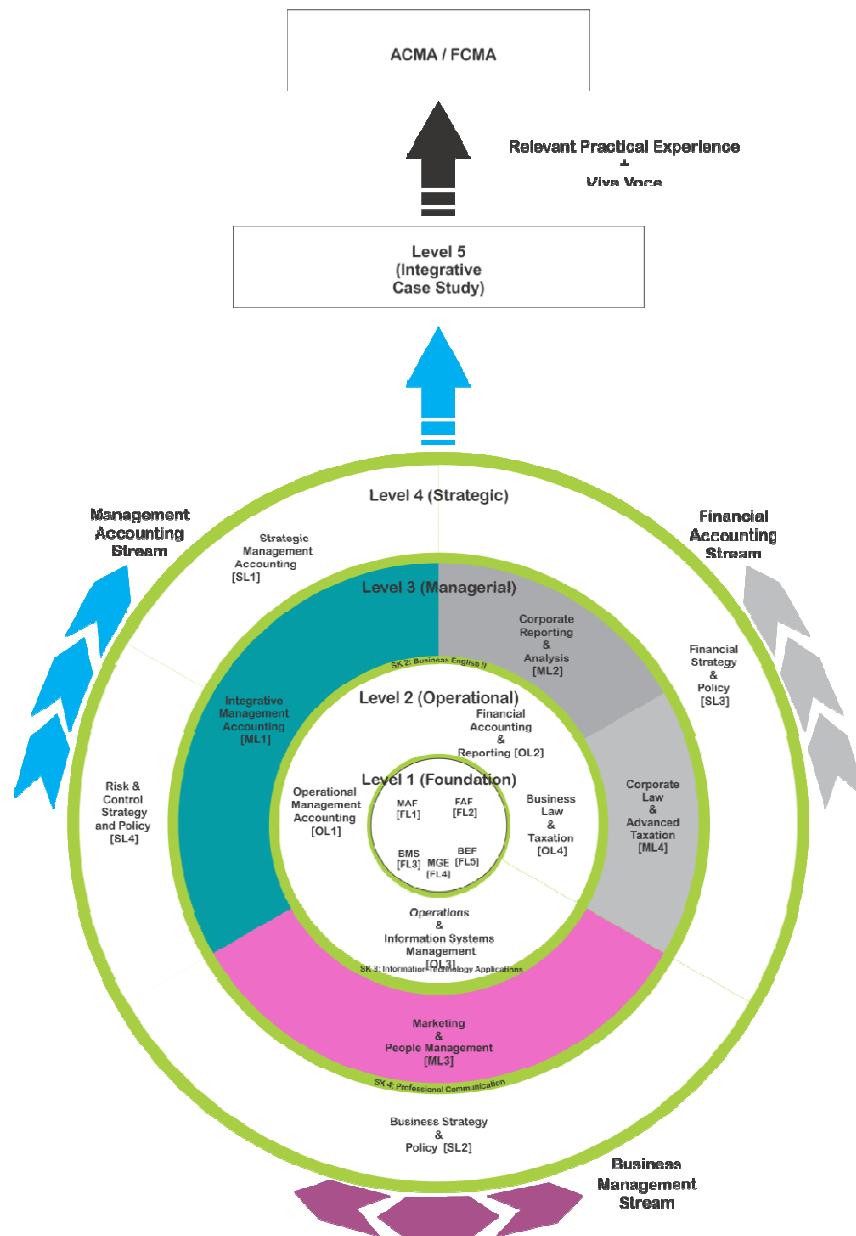
Laudon C K and Laudon J P 2008, **Management Information Systems**, PHI Learning, New Delhi.

O'Brien J A, Marakas G M and Behl, R 2009, **Management Information Systems**, Ninth Edition, McGraw Hill.

Level 3 (Managerial Level)

Code	Title of the Course Unit	Status
ML 1	Integrative Management Accounting (IMA)	Core
ML 2	Corporate Reporting and Analysis (CRA)	Core
ML 3	Marketing and People Management (MPM)	Core
ML 4	Corporate Law and Advanced Taxation (CLT)	Core
SK 4	Professional Communication (PC)	Skill

CMA Sri Lanka Study Programme



ML1: Integrative Management Accounting (IMA)

Introduction

The aim of this managerial level course unit is to integrate knowledge and skills acquired in various disciplines into management accounting in order to give the students a broader perspective of the use of management accounting in organizations. The course unit is also enriched with further aspects of management accounting in the contents covered in FL 1: Fundamentals of Management Accounting and OL 1: Operational Management Accounting. In addition, it also introduces long-term decision making, inclusive of risk analysis, and performance evaluation.

Learning Outcomes

On successful completion of the course unit students will be able to:

- (i) Apply management accounting techniques in varied work situations;
- (ii) Evaluate and select capital budgeting proposals for investment;
- (iii) Evaluate performance of divisionalized and hierarchical organizations; and
- (iv) Assess new developments in management accounting for use in organizations.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings are as follows.

Segment	Topic	Weight (%)
A	Advanced aspects of management accounting techniques	25
B	Long term decision making and risk analysis	35
C	Responsibility accounting and performance measurement	25
D	New developments in management accounting	15

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question.

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents

A) Advanced aspects of management accounting techniques (25%)

Focus	Content
Discuss issues arising from cost classification according to the behavior of costs. Apply Cost-Volume-Profit (CVP) analysis with further adjustments.	Cost behavior classification issues and the need for different costs for different purposes; advanced aspects of CVP analysis (with taxation, operating leverage, sensitivity analysis).
Apply the derivation of the optimum product mix under constraints while emphasizing the interpretation of results.	Product-mix decisions with multiple (capacity, marketing and balancing) constraints: linear programming-graphical and simplex method. (Simplex method-only interpretation of tableau required).
Discuss further aspects of Activity Based Costing (ABC) and Activity Based Management (ABM).	Activity based view of costs; activity hierarchy of ABC; Activity Based Management (ABM); implementing ABC system and pitfalls.
Compare and contrast traditional form of budgeting with beyond budgeting and better budgeting approaches.	Criticisms of budgeting; applicability of traditional budgeting; 'better budgeting' and 'beyond budgeting.'
Discuss the use of IT in budgeting.	Use of spread sheets in budgeting; impact of Enterprise Resource Planning (ERP) on budgeting.

B) Long term decision making and risk analysis (35%)

Focus	Content
<i>Describe the capital budgeting process and its importance.</i>	<i>Importance and types of capital budgeting decisions; stages of capital budgeting.</i>
<i>Apply various techniques to evaluate capital budgeting decisions with consideration for qualitative factors</i>	<i>Ingredients of incremental cash flows; non- discounted cash flow methods (payback method, accrual accounting rate of return); discounted cash flow methods (discounted payback method, net present value (NPV) method, internal rate of return (IRR) method and modified internal rate of return (MIRR)); introduction to economic internal rate of return (EIRR) covering transfers, shadow prices and externalities; other qualitative factors to consider.</i>
<i>Discuss further aspects of capital budgeting incorporating the effects of taxation and inflation.</i>	<i>Incorporation of inflation and taxation into capital budgeting decisions.</i>
<i>Prioritize projects when capital is limited.</i>	<i>Capital rationing decisions (payback index, replacement chain method, annualized equivalent approach).</i>
<i>Evaluate asset financing and replacement decisions.</i>	<i>Financing the capital budgeting decisions (lease vs. buy decisions); replacement decisions.</i>
<i>Compare and contrast risk and uncertainty. Compute various measures of risks. Evaluate the risk in capital budgeting decisions.</i>	<i>Risk vs. uncertainty; measuring risk using expected values, standard deviation and coefficient of variation, evaluating capital budgeting under conditions of risk (overview of sensitivity analysis, decision trees, scenario analysis, simulation and Monte Carlo analysis).</i>
<i>Discuss the role of post completion audit in capital budgeting.</i>	<i>Post completion audit.</i>
<i>Discuss network analysis as a project management technique and project crashing.</i>	<i>Net-work diagrams and critical path analysis; Performance Evaluation and Review Technique (PERT) including probabilistic calculation of project completion times; crashing (computations not required).</i>

C) Responsibility accounting and performance measurement (25%)

Focus	Content
<i>Discuss decentralization and applications of responsibility accounting.</i>	<i>Organization structure and decentralization; need for decentralization; benefits of decentralization; costs of decentralization; choices about responsibility centres (cost centres, standard cost centres, revenue centres, contribution centres, profit centers, investment centers).</i>
<i>Apply concepts and methods of various bases to compute transfer pricing. Discuss the impact of transfer pricing on divisional performance measurement.</i>	<i>Transfer pricing and its purpose; factors to consider in transfer pricing; transfer pricing methods (market-based, cost-based including marginal cost, full cost, cost-plus a markup, Activity Based Cost, negotiated two part tariff systems and dual pricing); behavioral issues in transfer pricing.</i>
<i>Discuss techniques available to evaluate the performance of investment centres.</i>	<i>Financial performance measures [Return on Investment (ROI), Residual Income (RI), Economic Value Added (EVA), return on sales and other ratios] and evaluation of these different techniques.</i>
<i>Discuss the limitations of financial performance measurements systems and the use of balanced scorecard as an integrated performance measurement tool</i>	<i>Limitations of financial performance measures; non- financial performance measures; the Balanced Scorecard (BSC) and applications.</i>

D) Management accounting in the modern business environment (15%)

Focus	Content
<i>Discuss developments in management accounting.</i>	<i>Lean manufacturing; life cycle costing; target costing, and tear-down analysis; value engineering and functional analysis; Kaizen costing, activity based cost management; Business Process Re-engineering (BPR); value chain analysis; Just-In-Time (JIT) systems; value stream costing; benchmarking.</i>
<i>Compare and contrast theory of constraint/throughput accounting as an alternative costing system. Compute various associated measures.</i>	<i>Theory of constraint and throughput accounting (bottleneck resource, product return per time period, throughput accounting ratio, throughput stock valuation)</i>

Note: Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on areas covered above

Learning Aids

Mandatory reading:

ML 1: Study Pack on Operational Management Accounting 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Drury, C 2007, **Management and Cost Accounting**, Thomson Learning, India.

Horngren, C T, Sundem, G L and Stratton, W O 2009, **Introduction to Management Accounting**, Prentice Hall, New Delhi.

ML 2: Corporate Reporting and Analysis (CRA)

Introduction

This course unit is the third and final unit in Financial Accounting. This advanced course provides an extensive understanding of the preparation of financial statements of a group of companies, banks, finance companies and plantation companies. Further, the course unit discusses accounting for financial instruments and for analysis and interpretation of financial statements.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Prepare consolidated financial statements of a group of companies;
- (ii) Explain the specific requirements in preparation and presentation of financial statements of banks, finance companies and plantation companies;
- (iii) Explain the specific requirements in accounting financial instruments
- (iv) Interpret financial statements using ratios and other analytical techniques; and
- (v) Assess the contemporary issues/developments in financial accounting.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings are as follows.

Segment	Topic	Weight (%)
A	Preparation of group financial statements	35
B	Preparation of financial statements of banks, finance companies, plantation companies and public sector organizations	15
C	Accounting for financial instruments	20
D	Financial statement analysis and interpretation	20
E	Contemporary issues/developments in financial accounting	10

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question.

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents

A) Preparation of group financial statements (35%)

Focus	Content
<i>Present multi group structures</i>	<i>Groups with two or more subsidiaries with direct and indirect control</i>
<i>Describe piecemeal acquisition and disposal of subsidiaries.</i>	<i>Piecemeal acquisition;</i>
<i>Prepare the consolidated income statement and balance sheet under piecemeal acquisition and disposal of subsidiaries.</i>	<i>Disposal of subsidiaries</i> <ul style="list-style-type: none">- <i>Full disposal</i>- <i>Partial disposal (Subsidiary status remains after disposal, subsidiary becomes an associate, subsidiary becomes a general investment)</i>
<i>Prepare the consolidated cash flow statement.</i>	<i>Consolidated cash flow statement (SLAS 09).</i>
<i>Interpret the cash flow statement.</i>	
<i>Prepare accounts for investments in associates.</i>	<i>An associate and the concept of significant influence; accounting for investment in associates (SLAS 27).</i>
<i>Prepare accounts for investment in joint ventures.</i>	<i>Joint ventures and the concept of joint control; Accounting for joint ventures (equity method and proportionate consolidation) (SLAS 31).</i>

<i>Prepare consolidated financial statements with foreign subsidiaries.</i>	<i>Recording foreign currency transactions; translating financial statements prepared in foreign currency into the presentation currency; preparation of consolidated financial statements with a foreign subsidiary (SLAS 21).</i>
<i>Identify disclosures relevant to segments and related party transactions</i>	<i>Segmental reporting (SLAS 28): Definitions, identifying reportable segments, disclosures. Related party disclosures (SLAS 30): Definitions and disclosures.</i>

B) Preparation of financial statements of banks, finance companies, plantation companies and public sector (15%)

Focus	Content
<i>Describe revenue recognition and disclosure requirements of financial statements of banks and finance companies. Prepare financial statements.</i>	<i>Revenue recognition and profit and loss calculation of banks and finance companies; disclosure requirements of financial statements of banks and finance companies (SLAS 23 and 33).</i>
<i>Describe revenue recognition and disclosure requirements of financial statements of plantation companies. Prepare financial statements.</i>	<i>Revenue recognition and profit and loss calculation of plantations; disclosure requirements of financial statements of plantations (SLAS 32).</i>
<i>Discuss financial accounting in the public sector</i>	<i>Constitutional provisions; objectives and functions of the Ministry of Finance and the Treasury; authority for expenditure; financial planning and budgeting; role of the auditor general, overview of Sri Lanka public sector accounting standards- presentation of financial statements(SLPSAS 1),cash flow statement(SLPSS 2), accounting policies, changes in accounting estimates and errors(SLPSAS 3),borrowing cost(SLPSAS 4).</i>

C) Accounting for financial instruments (20%)

Focus	Content
<i>Discuss the specific requirements in accounting of financial instruments.</i>	<i>Financial instruments: Presentation (SLAS 44); classification of financial instruments between liabilities and equity; compound financial instruments; Financial instruments: Recognition and measurement (SLAS. 45); recognition and de-recognition, measurement of financial instruments, hedging; Financial instruments (SLAS 46): Disclosure requirements.</i>

D) Financial statement analysis and interpretation (20%)

Focus	Content
<i>Discuss the techniques available for financial statement analysis. Analyze financial statements. Interpret results.</i>	<i>Horizontal analysis and vertical analysis; Accounting ratios: profitability; liquidity; asset management/ efficiency; debt management/ gearing; market/ investors including cash flow ratios; Du Pont analysis. Limitations of financial statement analysis.</i>

E) Contemporary issues/developments in financial accounting (10%)

Focus	Content
<i>Discuss contemporary issues /developments pertaining to financial accounting.</i>	<i>Social and environmental reporting; sustainability reporting; ethics in financial reporting; harmonization and standardization of accounting practices; fair value accounting; human resource accounting.</i>
<i>Discuss the future of financial accounting.</i>	<i>Future of financial accounting; financial reporting and information technology.</i>

Note: Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on areas covered above.

Learning aids

Mandatory reading:

FL 2: Study Pack on Corporate Reporting and Analysis 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Arthur, N, Grose, R, Campbell, J and Luff, L 2008, **Accounting for Corporate Combinations and Associations**, 6th Ed., Pearson Education Australia.

J Hoyle, J B, Schaefer, T F and Douppnik, T S 2009, **Fundamentals of Advanced Accounting**, 3rd Ed., McGraw-Hill, Irwin.

ML 3: Marketing and People Management (MPM)

This course unit is divided equally into two sections, Marketing (50%) and People Management (50%).

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

The paper consists of Section A: Marketing and Section B: People Management. Each section consists of three questions. Candidates are required to answer *five questions* in all, selecting at least two *questions* from each section.

Marketing

Introduction

Marketing, as a core function, has prime responsibility for creating and maintaining a viable fit between market-place opportunities and the organization. Organizations operating in today's competitive markets are compelled to be marketing-oriented with the ultimate focus on customer satisfaction. This invariably is the road to competitive advantage and thereby to firstly survival and then to growth.

This managerial level course unit is designed to provide students with a general framework of marketing encompassing role, scope and process. As customer satisfaction is the outcome of a joint effort of functional areas, the Management Accountant has a key organizational responsibility as 'information manager' in promoting the organization's marketing efforts.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Describe the core concepts of marketing and the process;
- (ii) Describe the process of identifying marketing opportunities;
- (iii) Identify target markets and positioning within them;
- (iv) Prepare a simple marketing programme;
- (v) Discuss implementation aspects of the marketing programme;
- (vi) Apply knowledge and skills acquired in the marketing effort of organizations; and
- (vii) Discuss contemporary issue in marketing.

Syllabus stature:

The main topics covered in the syllabus and their relative weights are as follows:

Segment	Topic	Weight (%)
A	Marketing, the process and orientations	10
B	Identifying marketing opportunities	10
C	Selecting target markets and positioning	10
D	Developing marketing programs	10
E	Managing the marketing effort and contemporary issues in marketing	10
Total		50

Content

A) Marketing, the process and orientations (10%)

Focus	Content
<i>Describe the different marketing orientations of a company.</i>	<i>Marketing; role and scope (marketing as a philosophy, function and a skill); core concepts of marketing (customer needs, wants and demand; customer value and satisfaction; exchange; relationships and networks and markets).</i>
<i>Describe the marketing function in different contexts.</i>	<i>Company orientation at the market place: production, product, selling,</i>

<i>Explain the corporate social responsibility in the context of marketing.</i>	<i>marketing, societal and holistic marketing orientation. Marketing contexts: marketing in not-for-profit organizations (e.g. charities, non-governmental organizations, and the public sector); social marketing; consumer marketing; services marketing; direct marketing; interactive marketing; E-marketing; internal marketing and experiential marketing within business to business (B2B) and business to consumer (B2C) contexts. Corporate social responsibility.</i>
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B) Identifying marketing opportunities (10%)

Focus	Content
<i>Describe the information gathering process. Describe the consumer markets analysis process. Discuss the analysis of competition and generation of sustainable competitive advantage.</i>	<i>Information gathering (assessing information needs, developing marketing information, marketing research, analyzing the micro and macro environments of the organization and responding to the changes in the environment). Consumer markets (consumer behavior models, factors affecting consumer behavior, buyer decision process). Competitors and sustainable competitive advantage (nature of competition, competitor analysis - Porter's model and sustainable competitor advantage).</i>

C) Selecting target markets and positioning (10%)

Focus	Content
<i>Explain the process of market segmentation, selecting target markets and developing positioning strategies.</i>	<i>Identifying market segments; targeting one or a few segments; dimensions of differentiation; developing positioning strategies.</i>

D) Developing the marketing programs (10%)

Focus	Content
<i>Describe the marketing mix. Describe the characteristics of the marketing mix strategy. Describe the contents of a marketing programme. Prepare a simple marketing programme.</i>	<i>The marketing mix (4 Ps) and evolving strategies. Product strategy: Product, levels of product, product- service classification, product mix, branding, packaging and labeling. Pricing strategy: Price, factors considered in setting price, pricing process and price adjustment strategies. Distribution strategy: Supply chain and value delivery network, the nature and importance of marketing channels, channel behavior. Promotional strategy: steps in developing effective communication, setting the total promotional budget, managing integrated marketing communication. Extended marketing mix: people, processes and physical evidence. Composition of marketing programme and its preparation.</i>

E) Managing the marketing effort and contemporary issues in marketing (10%)

Focus	Content
<i>Describe the marketing function and inter-linkages with other functions. Discuss implementation and control aspects of the marketing programme. Discuss contemporary issues in marketing</i>	<i>The marketing function in the organization; inter-linkages. Implementation of the marketing program; controlling marketing programs; managing a holistic marketing organisation. Contemporary issues in marketing (aspects of online marketing and social network based marketing, ethical marketing, green issues in marketing, etc.)</i>

Note: Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on areas covered above.

Learning Aids

Mandatory reading:

ML 3: Study Pack on Marketing 2012, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary reading:

Kotler, P, Armstrong, G, Agnohotri, P Y and Haque, E U 2010, **Principles of Marketing, a South Asian Perspective**, 13th Ed., Prentice Hall, India.

People Management

Introduction

The realization that organizational success depends largely on its people makes management, inclusive of management accountants, think more seriously about people management. In many ways, managing people is a challenge faced by organizations that encompass aspects such as how to attract the right people, maintain employee relations to the satisfaction of both parties, and terminate employment relationships. This requires an in-depth knowledge of how people work, what motivates them and how the organization develops appropriate policies, processes and procedures in order to achieve the organization's goals in an effective and efficient manner. Thus, the aim of this managerial level course unit is to explore optimal ways to manage people in an organization.

Learning Outcomes

On successful completion of the course unit, students will be able to:

- (i) Explain differences among individuals and specify how to manage people in the workplace;
- (ii) Describe basic human resource management functions;
- (iii) Describe the salient legal provisions pertaining to employment of people; and
- (iv) Apply knowledge and techniques of managing people in the work place.

Syllabus structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight
A	Foundations of individual differences at work	05
B	Driving people for excellent performance	10
C	Human resource management	25
D	Aspects of employment law, occupational health and safety	10
Total		50

Contents

A) Foundations of individual differences at work (05%)

Focus	Content
<i>State the work values of different generations. Distinguish among personality, ability and learning. Discuss what make people different and how to manage them.</i>	<i>Different generations and their work values; demographic factors and individual differences; personality, ability and learning.</i>

B) Driving people for excellent performance (10%)

Focus	Content
<i>Describe what leads to excellent performance. State the relationship between needs and</i>	<i>Fundamental formula for individual performance (ability x motivation x situational factors.); how needs and motivation interrelate.</i>

<i>motivation.</i>	
<p><i>Compare and contrast the theories of motivation and re-enforcement theory.</i></p> <p><i>Discuss their applicability in performance enhancement of employees.</i></p> <p><i>Apply reinforcement theory for performance enhancement.</i></p> <p><i>Describe operation of teams for enhanced organizational performance.</i></p> <p><i>Discuss identification and management of stress among individuals.</i></p>	<p><i>Content theories and process theories of motivation; Re-enforcement theory, classical and operant conditioning; team performance: formation, trust and relationship to rewards and incentives; managing stress among individuals: identifying stress and combating stress.</i></p>

C) Human resource management (25%)

Focus	Content
<p><i>Describe the HRM function in the organization in a changing environment.</i></p> <p><i>Describe the components of human resource planning.</i></p>	<p><i>Importance of Human Resource Management (HRM); changing nature of the workplace and people; human resource planning.</i></p>
<p><i>Define the terms.</i></p> <p><i>Discuss their relevance in organizations.</i></p>	<p><i>Job analysis, job design, job description and person specification.</i></p>
<p><i>Describe the recruitment methods.</i></p> <p><i>Describe the selection process and techniques for selection.</i></p> <p><i>Explain norms for selection criteria.</i></p>	<p><i>Recruitment methods; the selection process and techniques for selection (e.g. interviews, assessment centers; intelligence tests, skill tests, aptitude tests, and psychometric tests); norms for selection criteria (reliability, validity, fairness and cost effectiveness); advantages and disadvantages.</i></p>
<p><i>Describe methods of orientation. Describe the employee training cycle. Identify training and development techniques.</i></p> <p><i>Discuss the importance of career planning.</i></p>	<p><i>Introducing new hires to the organization, employee training cycle; training vs. development, training and development techniques; career planning.</i></p>
<p><i>Distinguish between performance management and performance appraisal.</i></p> <p><i>Describe performance appraisal techniques.</i></p> <p><i>Identify relationship of performance appraisal to rewards.</i></p>	<p><i>Performance management and performance appraisal; methods of performance appraisal; managing performance appraisal systems; relationship to reward systems.</i></p>
<p><i>Distinguish among reward systems.</i></p> <p><i>State the criteria for determining pay levels.</i></p> <p><i>Discuss principles and methods of remuneration.</i></p> <p><i>Compare and contrast incentive and bonus schemes.</i></p>	<p><i>Reward systems via direct (tangible) and indirect (intangible) methods; criteria for determination of pay levels; equity issues in remuneration; characteristics of incentive and bonus schemes.</i></p>
<p><i>Discuss contemporary issues in HRM.</i></p> <p><i>Assess their relevance in managing the HRM function in the organization.</i></p>	<p><i>Quality of work-life; work-life balance; empowerment of employees for greater contribution; how to stop harassment at work, handling layoffs.</i></p>

D) Aspects of employment law, occupational health and safety (10%)

Focus	Content
<i>Describe the legal environment of HRM.</i>	<i>The legal environment of HRM.</i>
<i>Discuss industrial relations. Distinguish between contract of service and contract for service. Discuss the importance and application of main labor statutes and rules.</i>	<i>Nature of industrial relations and its various facets Contract of employment; independent contractors, employees and other categories; social security; termination of contracts; discrimination; tribunals; remedies available for employees. Reference to be made to following: Shop and Office Ordinance; Wages Board Ordinance; EPF, ETF and Payment of Gratuity Act; Maternity Benefit Ordinance; Factories Ordinance; Workman's compensation ordinance; Industrial Dispute Act; Trade Union Ordinance.</i>

Note: Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on areas covered above.

Learning Aids

Mandatory reading:

OL 4: **Study Pack on People Management 2012**, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Armstrong, M 2001, **A Handbook of Human Resource Management**, 8th ed., Kogan Page.

Robbins, P R 2006, **Organizational Behavior: Concepts, Controversies, Applications**, Prentice Hall.

ML 4: Corporate Law and Advanced Taxation (CLT)

This course unit is divided equally into two sections, Corporate Law (50%) and Advanced Taxation (50%).

Assessment

The test paper, with the following composition, will be conducted in two separate sessions of two hours' duration each.

Section A: Corporate Law – The paper consists of five questions of which four should be attempted.

Section B: Advanced Taxation - The paper consists of five questions of which four should be attempted.

Corporate Law

Introduction

This managerial level course unit provides students with knowledge of the Companies Act No. 7 of 2007 to enable them to reflect on how companies can be directed in the best interests of the shareholders and the public. In a developing country such as Sri Lanka, it is beyond the capacity of individual entrepreneurs to engage in setting up very large companies owing to the restrictions in raising large sums of capital and the looming danger of market risks. Hence, taking recourse to the device of incorporation is imperative. Companies are undoubtedly a powerful instrument for development which, however, has to be guided with care and caution. Thus, Corporate Law has grown into an important body of knowledge that has to be understood and used by Management Accountants. This course unit also makes extensive use of case law.

Learning Outcomes

On successful completion of the course unit students will be able to:

- (i) Explain the legal nature of the company as a business organization;
- (ii) Describe the legal principles which are relevant in the formation and running of a company;
- (iii) Describe how companies are managed, administered and regulated within the legal framework;
- (iv) Apply the knowledge in order to analyze problems with legal implications;
- (v) Advise on courses of action to be taken in business situations; and
- (vi) Describe salient current trends and likely future developments in corporate law.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight
A	Forms of businesses and legal personality	10
B	The formation and management of the company	25
C	Winding up	05
D	Securities regime in Sri Lanka	05
E	Other issues and practices in Company Law	05
Total		50

Contents

A) Forms of businesses and legal personality (10%)

Focus	Content
<i>Compare and contrast various types of business forms and combinations.</i>	<i>Incorporated and unincorporated associations; partnerships; sole traders; government departments; public corporations; local authorities etc.; mergers, joint ventures and privatization; Private Public Partnership (PPP); concept of corporate personality;</i>
<i>Explain the importance of PPP in Sri Lanka.</i>	<i>basic principles of a company: separateness, legal personality, perpetual succession, limited liability; The</i>
<i>Explain separate personality of corporations and instances where separate personality will be ignored.</i>	
<i>Compare and contrast different types of companies, viz. Private and public companies.</i>	

	<i>rule in Salomon V. Salomon & Co Ltd and its development; lifting the veil of incorporation.</i>
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B) The formation, management and capital of the company (25%)

Formation (05%)	
Focus	Content
<p><i>Describe the procedure for registering private and public companies.</i></p> <p><i>Describe the role and duties of company promoters.</i></p> <p><i>Analyze the effect of a company's constitutional documents.</i></p> <p><i>Discuss the growth and decline of the doctrines of ultra vires, the Turquand rule and principles of agency</i></p>	<p><i>Articles of association. Forms 1,18 and 19; company name and registered office; pre- incorporation contracts; duties and liabilities of promoters; requirements for prospectuses and listing particulars; the growth and decline of the doctrines of ultra vires and constructive notice; the Turquand rule and the application of principles of agency.</i></p>
Management of the company- duties of the directors, secretaries and auditors (10%)	
Focus	Content
<p><i>Explain the role of directors of a company.</i></p> <p><i>Discuss how directors are appointed, how they lose their office or are subject to a disqualification order.</i></p> <p><i>Explain the duties of directors.</i></p>	<p><i>Directors; appointment, retirement, dismissal and disqualification; power of directors; position of directors; meetings and associated procedures; common law duties, statutory duties; duties of directors (fiduciary duties and duty of care and skill) and their enforcement; business judgment rule.</i></p>
<p><i>Explain the role of a secretary of a company.</i></p> <p><i>Discuss how secretaries are appointed and the qualifications of secretaries.</i></p>	<p><i>Role of secretaries; appointment; qualifications; Panorama Developments (Guildford) Ltd. V. Fidelis Furnishing Fabrics Ltd.</i></p>
<p><i>Describe the position of an auditor.</i></p> <p><i>Discuss how auditors are appointed and their qualifications.</i></p> <p><i>Discuss rights and duties of an auditor.</i></p>	<p><i>Position of an auditor; appointment; qualification; remuneration; duties and rights of auditors.</i></p>
Majority rule and minority protection (05%)	
Focus	Content
<p><i>Discuss the meetings and voting of companies</i></p> <p><i>Discuss the powers of majority share holders.</i></p> <p><i>Discuss protection of minority shareholders.</i></p>	<p><i>Meetings, voting and resolutions, AGM, EOGM and written resolution; the rule in Foss V Harbottle; Exception to the Foss V Harbottle rule; statutory and common law remedies for the protection of minority shareholders; company disclosure and investigations; derivative actions, minority buy-out rights etc.; the Hilton case.</i></p>
Capital, shares and debentures and duty to prepare financial statements (05%)	
Focus	Content
<p><i>Explain the different meanings of capital.</i></p> <p><i>Explain reasons to issue different types of shares.</i></p> <p><i>Discuss differences and legal implications of various classes of shares, debentures, loan capital and share capital.</i></p> <p><i>Discuss share repurchase.</i></p>	<p><i>Capital, shares and debentures: registration, rights, raising, maintaining and reducing the capital of the company; stated capital regime; non par value or nominal value; different types of shares; shares vs. debentures; payment of dividends, purchase by the company of its shares, financial assistance for the purchase of its shares.</i></p>
<p><i>Explain the duty and obligation of a company to keep accounting records.</i></p> <p><i>Describe the content and requirement of financial statements.</i></p>	<p><i>Duty to keep accounting records; obligation to prepare financial statements; contents and form of financial statements; group financial statements.</i></p>

C) Winding – up (05%)

Focus	Content
<i>Explain the reasons for and methods of winding up of companies.</i> <i>Explain the court's approach on hearing winding up petition.</i> <i>Explain the role of liquidator and administrator.</i>	<i>Reasons for winding up of insolvent companies; dissolution and methods of winding- up (voluntary winding-up, compulsory winding-up); grounds for winding up; court's power on hearing winding up petition; role of liquidator and administrator.</i>

D) Securities regime in Sri Lanka (05%)

Focus	Content
<i>Discuss SEC, CSE and CDS in Sri Lanka.</i> <i>Discuss insider dealing.</i>	<i>Securities & Exchange Commission of Sri Lanka; insider trading; Colombo Stock Exchange; Central Depository System; implications of price ceiling in CSE.</i>

E) Other issues and practices in Company Law (05%)

Focus	Content
<i>Analyze practical problems involving companies.</i> <i>Discuss likely developments in the future.</i>	<i>Single shareholder companies; solvency test; major transactions; comparison with other countries; issues of corporate governance,</i>

Note: Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on contents covered above.

Learning Aids

Mandatory reading

ML 4: Study Pack on Corporate Law 2012, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings

Companies Act No. 7 of 2007

Cabral, H 2007, **Companies Act No. 7 of 2007 and the corporate law of Sri Lanka**, Authour Publication.

Neelakandan, K 2007, **New Companies Act, simplified**, Partner, Murugesu & Neelakandan Publication.

Weerasooria, W 2009, **A Text Book of Commercial Law (Business Law)**, PIM Publication.

Advanced Taxation

Overview

This course unit picks up from where the Taxation course leaves off and aims to enhance further the knowledge and skills of students in the application of the principles of income tax laws and other taxes in business. In this course unit, it is necessary for students to be familiar with the contents of OL 4 Taxation. It focuses largely on the tax liability of companies. Further, the course unit will enable students to identify opportunities that will minimize potential tax liabilities and thereby bring benefits to their organizations. Thus, this course unit contributes towards Management Accountants making appropriate financial and business decisions in the sphere of taxation.

Learning Outcomes

On successful completion of this course unit students will be able to:

- (i) Examine taxation and related issues with enhanced conceptual, analytical and technical skills;
- (ii) Compute the tax liabilities of individuals;
- (iii) Compute the tax liabilities of companies; and
- (iv) Apply the knowledge and skills in business situations.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Tax liability of individuals and companies	25
B	Tax holidays and concessions <i>and</i> double tax treaties	05
C	Value Added Tax, Economic Service Charge & Nation Building Tax	10
D	Tax planning	05
E	Tax administration	05
Total		50

Contents

A) Tax liability of individuals and companies (25%)

Focus	Content
<i>Compute the income tax liability of individuals.</i>	<i>Definitions and classifications; tax liability of resident and non - resident individuals; applicable income tax rates and any other related taxes.</i>
<i>Compute the income tax liability of companies.</i>	<i>Definitions and classifications of resident and non-resident companies; aggregation of income from all sources to arrive at statutory income; allowable deductions from statutory income including rules of deduction of losses from statutory income; deductions from assessable income including qualifying payments; final tax liability of resident and non-resident companies; income tax rates; tax on dividend distributed; deemed dividend tax.</i>
<i>Describe other taxes related to income tax.</i>	<i>Withholding taxes, Economic Service Charges (ESC) and PAYE.</i>

B) Tax holidays and concessions, *and* double tax treaties (05%)

Focus	Content
<i>Describe the tax holidays and concessions.</i>	<i>Basic understanding of tax holidays and concessions.</i>

<i>Explain the principles of double tax agreements.</i>	<i>Principal aspects of the operation of a double tax agreement.</i>
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C) Value Added Tax (10%)

Focus	Content
<i>Identify the basis of VAT. Describe the registration process. Classify supplies. Compute VAT Payable/ Refund. Describe the procedure of paying VAT and filing VAT returns.</i>	<i>Imposition of Value Added Tax (VAT); legislations and obligations of a person registered for VAT; registered person, taxable period, taxable supply; taxable activity, supply of goods and services, input tax and output tax. Compulsory, voluntary and forced registration; zero rated items, luxury items and standard rate supplies; Computation of input tax and output tax; apportionment of input credits and calculation of final VAT payable or refund with appropriate rates; payment of VAT and submission of VAT returns on due dates.</i>

D) Tax planning (05%)

Focus	Content
<i>Explain the importance of tax planning. Discuss the benefits of tax planning.</i>	<i>Objectives and benefits of tax planning</i>
<i>Overview of Tax Planning.</i>	<i>Tax Management, or basis planning concept</i>

E) Tax administration (05%)

Focus	Content
<i>Discuss furnishing returns and assessments. Describe the appealing procedure and penalties. Discuss the tax refunds.</i>	<i>Furnishing of returns; due dates of submitting returns; issue of assessments and additional assessments and the time bar for assessments; compliance under self- assessment; payment of income tax on quarterly basis; appeals: valid notice of appeal, applicable time limits for appeals, withdrawal of appeals, penalties on non-compliance. Entitlement for repayments of tax paid in advance, repayments not permitted, applicable time limits for refund.</i>

Note:

- (i) Tax amendments will be incorporated into the syllabus from time to time which will be duly notified by the Institute.
- (ii) Though not specifically stated, the overall focus of the course unit includes advising/ evaluating/ recommending on contents covered above.

Learning Aids

Mandatory reading:

ML 4: Study Pack on Advanced Taxation 2012, Publication of Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Inland Revenue Act No 10 of 2006 and subsequent amendments to the Act.

Value Added Tax Act No 14 of 2002 and the subsequent amendments to the Act.

Guide to Income tax Law (Revised Edition 2009), The Institute of Chartered Accountants of Sri Lanka.

Balaratnam, S 2009, **Income Tax in Sri Lanka**, 5th Ed. Colombo.

SK 4: Professional Communication (PC)

Introduction

Professional communication is the live wire through which the management accountant interacts with the environment, both internal and external, of the organization. Clear and precise communication is imperative to winning over others; in fact, it is the gateway to beating competition. This skill course unit is a graduation from the previous Business English Course units that students have followed already. At the outset, it looks into the communication process in detail and proceeds to provide insights into developing written, oral and presentation skills to students. It also takes a brief look at etiquette and good manners, which add finesse to one's communication skills. This is the third in the series of course units dealing with Business English.

Learning outcomes

On successful completion of the course unit, the students will be able to:

- (i) Describe the communication process.
- (ii) Write business letters, memoranda, circulars, academic essays and curriculum vitae of acceptable quality;
- (iii) Deliver a speech of acceptable quality;
- (iv) Make an oral presentation of acceptable quality; and
- (v) Demonstrate the use of expressions of etiquette and good manners.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	The communication process	20
B	Written communication skills	40
C	Oral communication skills	20
D	Presentation skills	15
E	Etiquette and manners	05

Assessment

The test paper, with the following composition, will be of three hours' duration.

Consists of two sections, A and B, with three questions in each section. Candidates are required to answer *five questions* in all, selecting at least *two questions* from each section.

Contents

A) The communication process (20%)

Focus	Content
<i>Describe the role of communication in business. Explain the communication process, causes of communication failure and means of overcoming them. Describe techniques for communicating. Discuss the communication channels. Explain the use of modern technology in communication.</i>	<i>The role of communication in business; the communication process; causes of communication failure (semantics, distraction, misrepresentation, information retention, perpetual factors); overcoming communication problems; techniques for communicating in organizations (downward, upward and horizontal); communication channels (capacity, modifiability, duplication, immediacy, one way vs. two way, number of linkages, appropriateness, selecting channels, non-verbal communication); communication networks; the grapevine; use of modern technology</i>

B) Written communication skills (40%)

Focus	Content
<i>State the features of curriculum vitae. Prepare curriculum vitae. Prepare a covering letter.</i>	<i>Curriculum vitae: Content and form; writing a curriculum vitae; covering letter.</i>
<i>Compare and contrast business letters,</i>	<i>Business letters, memoranda and circulars: Similarities and</i>

<i>memoranda and circulars. Identify features specific to each. Write business letters, memoranda and circulars.</i>	<i>dissimilarities; structures and formats; writing business letters, memoranda and circulars.</i>
<i>State the features of report writing. Write reports.</i>	<i>Report writing: topic vs. theme; components (start, text and finish); writing style; graphs, figures and exhibits; referencing; structures and formatting requirements; abstracts and executive summaries; writing reports.</i>

C) Oral communication skills (20%)

Focus	Content
<i>Discuss different forms of oral communication. State the items associated with conducting a meeting. State the activities associated with negotiation. State the features of a telephone conversation.</i>	<i>Importance of oral communication; different forms of oral communication; conducting and participating in meetings (purpose, types, setting an agenda, writing minutes, roles of chairperson/ secretary); participating in negotiations (purpose, opening, tight/lose properties and making compromises); use of the telephone (originating and receiving calls, handling different types of calls; courtesy and politeness).</i>

D) Presentation skills (15%)

Focus	Content
<i>Describe the features of presentation slides. Prepare a set of presentation slides. Present a slide show.</i>	<i>Preparing documents for presentation using software; Features of an effective slide show (the number of slides; contents, lettering, setting the background, formatting requirements); effective delivery (pace, contact with the audience and use of a pointer).</i>
<i>Describe the features of a prepared speech. Deliver a prepared speech. Describe the features of an impromptu speech. Deliver an impromptu speech.</i>	<i>Prepared vs. impromptu speeches (e.g. content -opening, body and closure, sequence of ideas, body language, tone, emphasis, pauses, poise, eye-contact)</i>

E) Etiquette and manners (05%)

Focus	Content
<i>Describe the purpose and benefits of displaying etiquette and manners. List commonly used expressions of etiquette and manners.</i>	<i>Purpose and benefits of etiquette and manners in professional life. Examples.</i>

Learning Aids

Mandatory reading:

SK 4: Study Pack on Professional Communication 2012, Certified Management Accountants of Sri Lanka, Colombo.

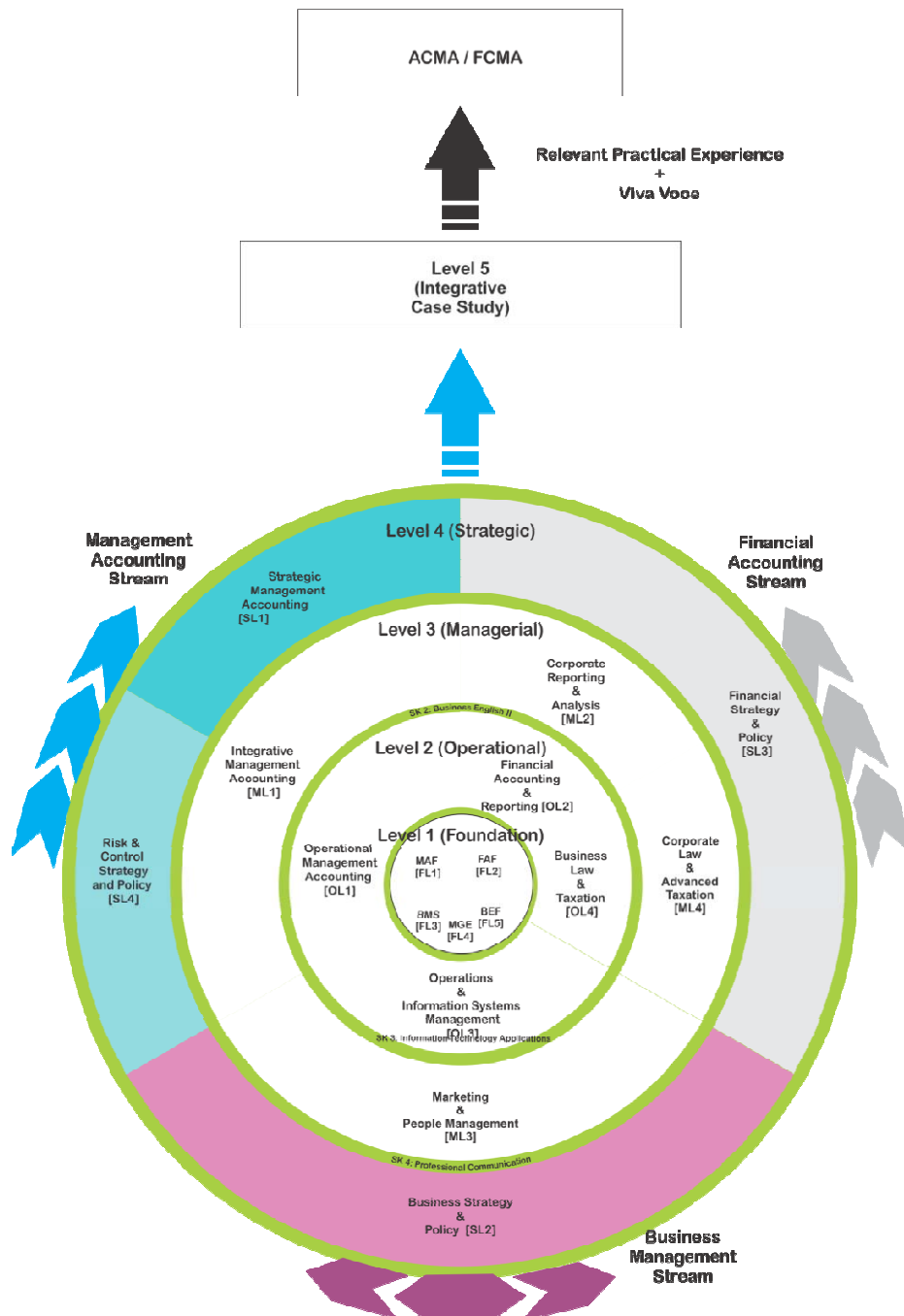
Supplementary readings:

Fonseka, K B M 2009, **A Guide to Academic Writing**, University of Sri Jayewardenepura, Nugegoda. Nanayakkara, G. 2008, **A Handbook for Academic and Professional Writing in Management**, Postgraduate Institute of Management, Colombo.

Level 4 (Strategic Level)

Code	Title of the Course Unit	Status
SL 1	Strategic Management Accounting (SMA)	Core
SL 2	Business Strategy & Policy (BSP)	Core
SL 3	Financial Strategy & Policy (FSP)	Core
SL 4	Risk and Control Strategy & Policy (RSP)	Core

CMA Sri Lanka Study Programme



SL1: Strategic Management Accounting (SMA)

Introduction

The central function of Management Accounting is to supply the right information to the right people at the right time within the business strategy and the strategic plan of the organization. Setting up and implementing an appropriate management accounting system that supports the organizational strategy is vital for the success of any organization. The aim of this strategic level course unit is to examine how successful organizations exploit their core competences in order to develop sustainable strategic advantage with the focus on management accounting skills required in implementing business strategies effectively. While examining the evolving role and current practice, this course unit also deliberates on future directions of management accounting.

A strong commitment to the course unit should enable students to manage the Integrative Case Study of Level 5 with greater confidence. It should also enable energetic Management Accountants to provide useful inputs to the decision making process in organizations.

Learning Outcomes

On successful completion of the course unit students will be able to:

- (i) Critically assess the evolving role of management accounting and the management accountant in a changing business environment;
- (ii) Evaluate adaptations of management accounting towards the sustainability movement;
- (iii) Evaluate how management accounting techniques can be integrated into the strategic decision making process;
- (iv) Evaluate the applicability of management accounting in various contexts;
- (v) Recommend management accounting concepts, techniques and procedures for modern business organizations; and
- (vi) Advise, evaluate and recommend on aspects covered pertaining to strategic management accounting in organizational scenarios.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Management accounting change	10
B	Managing for sustainability	15
C	Strategic management accounting process	30
D	Issues and strategic considerations in management accounting	30
E	Management accounting in various contexts	15

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question (scenario based).

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents

A) Management accounting change (10%)

Focus	Content
<i>Evaluate the changes in the business environment that propel management accounting change.</i>	<i>Changing competitive environment; changing product life cycles; impact of information technology and new production technology.</i>
<i>Evaluate the evolving role of the management accounting/accountant.</i>	<i>Future directions of management accounting and the management accountant.</i>
<i>Evaluate management accounting in a digital world and related issues.</i>	<i>Management accounting in a digital world, Digitization of management accounting.</i>
<i>Evaluate the different options available and recommend the optimal role and scope of the management accountant in a given scenario.</i>	

B) Managing for sustainability (15%)

Focus	Content
<i>Evaluate new developments in management accounting in relation to the sustainability movement.</i>	<i>New developments in management accounting towards sustainability (sustainable business and triple bottom line movement, environmental management accounting (EMA) and social accounting (SA), accounting for Ecological and Carbon foot-printing, ISO 14000 and 26000 standards, Global Reporting Initiative (GRI), AA1000 stakeholder engagement standard, SA 8000 standard).</i>
<i>Discuss various facets of EMA.</i>	<i>Environmental Management Accounting (EMA) (scope, techniques, applications, drivers and roadblocks)</i>
<i>Recommend avenues for integrating sustainability into management accounting and performance measurement.</i>	<i>Sustainability Management Accounting and Sustainability Balanced Scorecard (SBSC).</i>
<i>Advice on the sustainability measures to be adopted in a given scenario.</i>	

C) Strategic management accounting process (30%)

Focus	Content
<i>Discuss the concepts, components and attributes of strategic management/ SMA.</i>	<i>Strategy; different stances of strategy (strategy as plan, strategy as position, strategy as perspective, strategy as pattern and strategy as play); strategic management [tasks of the strategy management process: strategic management, management accounting]; Strategic Management Accounting (SMA); key areas of SMA (strategic financial analysis, strategic financial planning, strategic financial control); characteristics of SMA; SMA requirements; link between financial management and SMA; developing corporate strategic plans; strategic positioning; competitor accounting; changing business strategies for launch, growth, maturity and decline phases of product life cycle (PLC).</i>
<i>Evaluate the linkages between strategic management and SMA.</i>	
<i>Discuss the functions/characteristics of SMA.</i>	
<i>Evaluate various facets of SMA in planning, positioning and competitor analysis.</i>	
<i>Recommend different strategies applicable in different phases of the PLC.</i>	
<i>Evaluate the operating aspects of a SMA system.</i>	<i>Critical Success Factors; introducing and operating a SMA system; SMA as a decision support system.</i>

D) Issues and strategic considerations in management accounting (30%)

Focus	Content
<i>Advise on strategic considerations in pricing.</i>	<i>Pricing policies; product life cycle and pricing; other pricing strategies (discriminative, predatory, controlled, bundled, loss</i>

	<i>leader, discount).</i>
<i>Advise on strategic considerations in capital investments.</i>	<i>Project abandonment; use of information technology in project planning; issues in implementation and control.</i>
<i>Advise on strategic considerations in the use of the Balanced Scorecard (BSC).</i>	<i>Strategy implementation and BSC; implementing a BSC project; aligning the BSC to strategy; features of an effective BSC; pitfalls in implementing a BSC.</i>
<i>Evaluate issues in performance measurement in multinational organizations.</i>	<i>Responsibility accounting in Multi-National Companies (MNCs) (decentralization in multinational companies, international transfer pricing issues, OECD guidelines in setting up transfer prices); choosing: time horizon of performance measures, alternative definitions for performance measures, target levels of performance and timing of feedback in MNCs.</i>
<i>Advise on strategic considerations in activity based approaches.</i>	<i>Using ABC systems for improving cost management and profitability; customer profitability analysis; distribution channel profitability analysis; direct product profitability analysis and strategic cost management.</i>

E) Management accounting in various contexts (15%)

Focus	Content
<i>Evaluate the use of management accounting in the not-for-profit sector.</i>	<i>Difficulties in evaluating performance; use of benchmarking; fund raising issues; efficiency of cost controls.</i>
<i>Evaluate management accounting concepts of the Occident and the Orient in developing countries.</i>	<i>Applicability of western management accounting in developing countries; management accounting concepts of the orient.</i>
<i>Evaluate the gap between theory and practice of management accounting. Evaluate regulatory and institutional attempts/developments to systematize management accounting practice. Evaluate management accounting as practiced in developing countries. Recommend courses of action to be taken to make better use of management accounting.</i>	<i>Gap between theory and practice of management accounting; Management Accounting Guidelines (MAG), cost accounting standard and cost audits; MA practices in developing countries with emphasis on Sri Lanka.</i>

Learning Aids

Mandatory reading:

SL 1: Study Pack on Strategic Management Accounting 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Drury, C 2007, **Management and Cost Accounting**, Thomson Learning, India.

Hornigren, C T, Sundem, G L and Stratton, W O 2009, **Introduction to Management Accounting**, Prentice Hall, New Delhi.

Ward, K 1992, **Strategic Management Accounting**, Butterworth Heinemann Ltd., Oxford.

SL 2: Business Strategy & Policy (BSP)

Introduction

Studying Business Strategy & Policy has become ever more important as contemporary organizations are compelled to operate in a highly competitive environment and the very survival of organizations depends on good strategy. Apart from competitive pressures, organizations must also pay heed to the regulatory framework within which they have to work and duly recognize them in corporate policy statements and corporate decision making.

Business Strategy and Policy is a capstone course unit which requires students to integrate and synthesize the knowledge already gained through courses such as Accounting, MIS, Economics, Marketing and HR as well as the new knowledge gained from the BSP course.

A strong commitment to the course should enable students to manage the Integrative Case Study of Level 5 with greater confidence. It should also enable energetic Management Accountants to provide useful inputs to the decision making process in organizations.

Learning Outcomes

On successful completion of the course unit the students will be able to:

- (i) Evaluate the importance of planning for organizational success;
- (ii) Appraise the external and internal environment of an organization;
- (iii) Evaluate Porter's Generic Strategies;
- (iv) Evaluate the key ingredients for successful implementation of strategy;
- (v) Recommend strategic control systems *and* the desirable attributes of strategic performance measures and techniques; and
- (vi) Advise, evaluate and recommend on aspects covered pertaining to Business Strategy and Policy in organizational scenarios.

Syllabus Structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Overview of strategic management	05
B	Setting strategic direction and strategy formulation	35
C	Strategy implementation	35
D	Strategic review and control.	25

Assessment:

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question (scenario-based).

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents

A) Introduction to strategy and strategic management (5%)

Business strategy and policy is studied within a general framework of globalization, business ethics, good governance & corporate social responsibility (CSR). Thus, the content that follows has to be viewed in this context.

Focus	Content
<i>Distinguish between strategy and strategic management. Evaluate the formal planning process.</i>	<i>Strategy and strategic management: advantages and disadvantages of formal strategic planning; stances of strategy; strategy as plan, position, perspective, pattern and ploy; emergent and deliberate strategies.</i>

<p><i>Evaluate the tasks of Strategic management.</i></p> <p><i>Evaluate the role of strategic management as an organizational function.</i></p>	<p><i>Five tasks of strategic management: developing a strategic vision, setting objectives, crafting a strategy, strategy implementation and strategic control and review; strategic management as an on-going process; corporate planning.</i></p>
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B) Setting organizational direction and strategy formulation (35%)

Focus	Content
<p><i>Evaluate vision, mission, goals and objectives at different levels of the organizational hierarchy.</i></p> <p><i>Evaluate the importance of goal setting & strategy for organizational success.</i></p>	<p><i>Vision, mission, goals & objectives (short and long range); stakeholder interests; planning and strategy at different levels of the organizational hierarchy (corporate, business, functional and operational).</i></p>
<p><i>Evaluate the implications of the regulatory framework.</i></p> <p><i>Evaluate the external & internal environment of an organization.</i></p>	<p><i>Organization as an open system; external environment (PESTEL factors); regulatory framework (global & local) and implications for organizational strategy, policy & decision making.</i></p> <p><i>Industry (industry's dominant features) & competitor analysis (Porter's five forces model); SWOT analysis.</i></p>
<p><i>Evaluate the different strategy models in the strategy formulation process.</i></p> <p><i>Evaluate the different portfolio analysis models in the strategy formulation process.</i></p> <p><i>Evaluate the relationship between strategy and the product life cycle.</i></p>	<p><i>Porter's generic strategies & later refinements; critical success factors & competencies; benchmarking; value chain analysis; Ansoff's product-market matrix; portfolio analysis – the BCG matrix, GE business screen and Shell directional policy matrix; product life cycle & strategy; strategy and competitive advantage in diversified companies.</i></p>
<p><i>Advise on the strategies for growth.</i></p> <p><i>Recommend different strategies for different circumstances.</i></p> <p><i>Evaluate the role of the management accountant in the strategy developing process.</i></p>	<p><i>Organic or internal growth vs. external growth via. mergers and acquisitions; strategic alliances; vertical integration strategies; unbundling and outsourcing strategies; offensive vs. defensive strategies; strategies for competing in global markets; business models and strategies in the internet era; role of the management accountant.</i></p>

C) Strategy implementation (35%)

Focus	Content
<p><i>Evaluate McKinsey's framework as a means of strategy implementation.</i></p> <p><i>Advise on the determinants of success in strategy implementation.</i></p> <p><i>Evaluate the role of change management in implementing strategic change.</i></p>	<p><i>McKinsey's 7s framework for strategy implementation.</i></p> <p><i>Managing the organization to promote better strategy execution; building resource strengths and organizational capabilities: importance of staff & HR skills & efficient internal systems and processes (budgets, supportive policies and procedures, support systems, supportive reward systems and initiating best practices) for strategy execution; strategy & organizational culture; role of leadership in strategy; Business Process Re-engineering (BPR); strategic implications of IT.</i></p> <p><i>Managing organizational change in implementing strategic change.</i></p>

D) Strategic review & control (25%)

Focus	Content
<p><i>Evaluate the strategic control systems in terms of functions, levels and other dimensions.</i></p> <p><i>Evaluate the limitations of traditional financial controls. Evaluate BSC as a control technique. Discuss the role of contingency planning in strategic control and review.</i></p>	<p><i>Designing strategic control systems: the function of strategic control; levels of control; an agency theory perspective on organizational control; bureaucratic costs and organizational control systems; matching structure and control to strategy.</i></p> <p><i>Traditional financial/budgetary controls & their limitations; desirable features of strategic performance measures; the Balanced Scorecard (BSC) as a more sophisticated control technique; contingency planning in strategic control and review.</i></p>

Learning Aids

Mandatory reading:

SL 1: Study Pack on Business Strategy & Policy 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Hill C W L and Jones G R 2002, **Strategic Management - An Integrated Approach**, Houghton Mifflin Company, Boston.

Johnson, G, Scholes, K. & Whittington, R 2008, **Exploring Corporate Strategy**, Pearson Education Ltd., England.

Thompson, A A, Strickland, A J, Gamble, J E & Jain, A K 2010, **Crafting and Executing Strategy**, Tata McGraw Hill. New Delhi.

SL 3: Financial Strategy and Policy

Introduction

The Business Strategy and Policy of the organization has to be duly supported by a strong, well thought out financial strategy. This strategic level course unit examines finance issues from managerial and strategic perspectives. While entwined with Business Strategy and Policy, it picks up from where the Business Finance Fundamentals course leaves off. Further, this course unit integrates the knowledge gained in financial and management accounting streams. It covers the investment decisions and financing decisions of firms and risk-return analysis of securities with a view to developing a suitable policy framework for the organization in these areas. Furthermore, some special areas in Finance such as mergers and acquisitions, business valuation and international corporate finance are given due consideration in the course.

Learning outcomes

On successful completion of the course unit the students will be able to:

- (i) Evaluate the role of financial strategy and policy;
- (ii) Evaluate the interrelationships of investment, financing and dividend decisions;
- (iii) Advise on advanced concepts of financial management in different business scenarios;
- (iv) Evaluate the role of valuation for the investment, financing and dividend decisions; *and*
- (v) Evaluate the role of financial management in international corporate settings.

Syllabus structure:

The main topics covered in the syllabus and their relative weightings are as follows:

Segment	Topic	Weight (%)
A	Overview of financial strategy and policy	05
B	Long-term financing	15
C	Cost of capital and long-term financial strategy	30
D	Mergers, acquisitions and business valuation	20
E	Working capital management	10
F	International corporate finance	20

Assessment:

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question (scenario based).

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents:

(A) Overview of financial strategy and policy (05%)

Focus	Content
<i>Evaluate the role of financial strategy and policy formulation in the organization.</i>	<i>Introduction to financial strategy and policy; relationship to overall business strategies; components of financial strategy (investment, financing and dividend decisions) and policy.</i>

(B) Long-term financing (15%)

Focus	Content
<i>Advise on the sources of long-term financing means.</i>	<i>Debt securities (notes, debentures, bonds etc.) and key features and terminology (e.g. face value, collateral, repayment, seniority, indenture, maturity etc.); bond ratings.</i>
<i>Advise on the process of raising funds in the capital market.</i>	<i>Equity financing: common vs. preferred shares (rights, and tax implications); process of raising funds in the capital market;</i>
<i>Evaluate the financial management issues in SMEs with especial relevance to Sri Lanka.</i>	<i>financial management of small and medium sized businesses (available sources and restrictions, going public); venture capital; angel financing; crowd funding.</i>

<i>Evaluate the bond valuation process.</i>	<i>Bond features and prices; interest rate risk; interest yield (gross yield and yield to maturity); yield curve and its shapes; valuation of bonds.</i>
<i>Evaluate the share valuation process.</i>	<i>Ordinary share cash flows; ordinary share valuation: zero growth dividends; constant growth dividends and non-constant growth dividends; components of required rate of return; valuation of shares.</i>

(C) Cost of capital and long-term financial strategy (30%)

Return, risk and security market line (07.5%)	
Focus	Content
<i>Discuss systematic and unsystematic risks. Advise on the building of portfolios and effects of diversification. Discuss SML, CAPM and CML.</i>	<i>Expected returns and variance,, portfolios; risk: systematic and unsystematic; diversification and portfolio risk; systematic risk and beta; security market line (SML) and Capital Asset Pricing Model (CAPM); Capital Market Line (CML).</i>
Cost of capital (07.5%)	
Focus	Content
<i>Evaluate cost of capital.</i>	<i>Components of cost of capital; required return versus cost of capital; financial policy and cost of capital.</i>
<i>Evaluate different sources of funds from the organization's point of view.</i>	<i>Cost of equity: dividend growth model approach and SML approach; costs of debt and preference shares; weighted average cost of capital; divisional and project cost of capital.</i>
Capital structure policy (07.5%)	
Focus	Content
<i>Discuss the composition of capital structure.</i>	<i>Overview of capital structure decisions.</i>
<i>Evaluate the effects of financial leverage.</i>	<i>Financial leverage; corporate borrowing and use of internally generated funds; capital structure and the cost of equity capital; Modigliani and Miller (M&M) proposition I and II; Bankruptcy costs</i>
<i>Recommend the optimal capital structure.</i>	<i>The static theory of capital structure; optimal capital structure and the cost of capital; observed capital structures: pecking order theory, information asymmetry cost, agency costs of debt.</i>
Dividends and dividend policy (07.5%)	
Focus	Content
<i>Evaluate different types of dividend payments and their economic consequences.</i>	<i>Cash dividends and dividend payment, share repurchase, share dividends (bonus share issue), share splits, reverse split.</i>
<i>Advise on the factors to be considered in the development of a dividend policy.</i>	<i>Taxes, cost of issuing new shares, legal requirements, desire for current income, uncertainty resolution, information content of dividends, the clientele effect, residual dividend policy, dividends stability.</i>

(D) Mergers, acquisitions and business valuation (20%)

Focus	Content
<i>Evaluate the need for mergers and acquisition and related issues.</i>	<i>Mergers and acquisition as a business strategy; gains from mergers and acquisitions.</i>
<i>Evaluate the financial effects of acquisitions.</i>	<i>Earnings per share (EPS) growth, diversification, cost of acquisition.</i>
<i>Recommend the devices used in corporate acquisition. Evaluate the defensive tactics against acquisition.</i>	<i>Friendly shareholders; white knight; golden parachutes; poison pills; share rights plans; going private; leveraged buyouts; management buyouts; divestiture (spin-offs and carve-outs); other forms of acquisitions.</i>

<i>Apply the principles of business valuation.</i>	<i>Valuing the worth of the business: assets approaches, earning approaches and cash flow based approaches.</i>
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(E) Working capital management (10%)

Focus	Content
<i>Evaluate the overview of working capital management and associated measures. Evaluate different working capital financing policies.</i>	<i>Nature of working capital investments; the operating cycle and the cash cycle; short-term financing policy (aggressive, conservative and moderate).</i>
<i>Evaluate management of cash, receivables and payables.</i>	<i>Reasons for holding cash; determining target cash balance; cash float; managing the collection and disbursement of cash; managing short-term cash deficit and surplus; receivables and payables management (analyzing the credit policy, optimum credit</i>
<i>Evaluate inventory management.</i>	<i>Inventory policy; management of cost relating to inventory; modern inventory management methods.</i>

(F) International corporate finance (20%)

Focus	Content
<i>Evaluate international corporate financing. Evaluate the issues in financial management in MNCs.</i>	<i>Introduction to international corporate finance; international financial markets; foreign bonds; derivative financial instruments; hedging contracts; differences in financial market regulations and tax systems; financial management in MNCs with special emphasis to sources of funding and taxation aspects.</i>
<i>Evaluate the impact of interest rates and inflation rates on exchange rate determination.</i>	<i>Foreign exchange markets and exchange rates; spot rates and forward foreign exchange rates; types of transactions; purchasing power parity: absolute purchasing power parity and relative purchasing power parity; the impact of interest rates and inflation rates on exchange rate determination; interest rate parity; unbiased forward rates and the international Fisher</i>
<i>Evaluate capital budgeting in an international context.</i>	<i>International capital budgeting; capital budgeting methods; calculation of net present value: the home currency approach and foreign currency approach; exchange rate risk: short-run exposure, long-run exposure and translation exposure; managing exchange rate risk; political risk; issues in evaluating cross border investments.</i>

Learning aids

Mandatory reading:

FL 2: Study Pack on Financial Strategy and Policy 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Stephen A Ross, Randolph W Westerfield Bradford D 2007, Fundamentals of Corporate Finance, (Eighth Edition), Jordan, McGraw-Hill.

Brealey, Richard A, Myers, Stewart C 2009, Principles of Corporate Finance, (Seventh Edition), McGraw-Hill.

SL 4: Risk and Control Strategy & Policy

Introduction

Risk management and control strategies are central to the role of a management accountant as risk is an inevitable component of an organization in the modern business environment. A thorough knowledge of these areas is imperative for developing an appropriate policy framework. In this context, this course focuses on the types and sources of risks faced by an organization and how these risks can be managed and controlled. These risks and risk management strategies are considered in the context of the overall business strategy, governance and policy of an organization. The course unit also provides an introduction to the emerging fields of cost and management auditing as a control strategy.

Learning outcomes

On successful completion of the course unit the students will be able to:

- (i) Evaluate the role of management accountant in relation to risk management and control;
- (ii) Evaluate the internal controls of an organization;
- (iii) Evaluate the risk and risk management strategies of an organization;
- (iv) Recommend the controls required for information systems; and
- (v) Evaluate aspects of external, cost and management audits in risk and control strategy.

Syllabus structure

The main topics covered in the syllabus and their relative weightings:

Segment	Topic	Weight (%)
A	Management control systems	10
B	Internal control systems	30
C	Risk and risk management	30
D	Risk and control in information systems	10
E	Auditing as a control mechanism	20

Assessment

The test paper, with the following composition, will be of three hours' duration with an additional reading time of 15 minutes.

Part I (40 marks): Compulsory question (scenario based).

Part II (60 marks): Consists of four questions out of which three questions should be attempted.

Thus, candidates will attempt the *compulsory question* and *three* other questions.

Contents:

(A) Management control systems (10%)

Focus	Content
<i>Evaluate management control theories.</i>	<i>Organization theory, systems theory, management control models: Anthony's theory of control; Otley and Berry's model of control; Simon's strategy of control and learning.</i>
<i>Evaluate the different types of management control systems in organizations.</i> <i>Advise on designing management control systems.</i>	<i>Overview of management control systems: financial controls, non-financial quantitative controls and non-financial qualitative controls; financial accounting controls; management accounting controls; designing management control systems for an organization.</i>

(B) Internal control systems (30%)

Focus	Content
<i>Evaluate the role and components of internal control.</i> <i>Evaluate the COSO model of internal control.</i> <i>Evaluate the role of internal control in mitigating frauds.</i>	<i>Internal control; internal control systems: control environment and control procedures; role of internal controls; components of internal control; COSO model of internal control; frauds and internal controls.</i>

<p>Advise on the steps of the internal control procedure.</p> <p>Evaluate the process of developing a system of internal control.</p> <p>Evaluate the limitations of a system of internal controls.</p>	<p>Internal control procedures: development of objectives, measurement of results, comparison of actual performance against objectives, analysis of causes for differences, determination of appropriate managerial action, taking action and continuing reappraisal; limitations of internal controls.</p>
<p>Evaluate the role and scope of internal audit in an internal control system.</p> <p>Evaluate the purpose served by the different facets of an internal audit.</p>	<p>Need and scope of internal audit; systems-based auditing; risk-based auditing; risk assessment in auditing; risk management in auditing; audit planning, audit testing; analytical review; evaluation of audit findings; internal audit reporting.</p>
<p>Evaluate the salient principles of corporate governance prescribed in codes and reports of best practices.</p> <p>Evaluate corporate governance issues faced by organizations.</p>	<p>The principles of corporate governance based on the OECD principles and ICASL code of best practice; Board effectiveness: duties of board of directors, the roles of chairman and chief executive office, appointment procedure of directors, non-executive directors, their independence and Higgs Report; Audit committees and Smith Report; internal controls and Turnbull Report; Sarbanes-Oxley Act; issues associated with corporate governance.</p>
<p>Evaluate ethical issues as a source of risk to the organization.</p> <p>Recommend means of resolving ethical conflicts.</p> <p>Evaluate frauds as a source of risk to the organization.</p> <p>Recommend means of resolving fraudulent practices.</p>	<p>Professional ethics and resolution of ethical conflicts.</p> <p>Frauds and types of frauds; opportunity for frauds; fraud risk management strategy; fraud prevention; whistle blowing.</p>

(C) Risk and risk management (30%)

Focus	Content
<p>Evaluate different types, sources and nature of risk faced by an organization.</p> <p>Evaluate the risk assessment process.</p> <p>Evaluate risk in the overall business context.</p>	<p>Difference between risk and uncertainty; risks: types and sources of risk; risk as threat, uncertainty and opportunity; assessment of risk: risk identification, description, estimation and risk evaluation; risk map and representation of risk exposure; responding to risk (avoid, reduce, transfer, accept); risk in the overall business context: risk and organizational culture, risk and national culture and risk and society.</p>
<p>Evaluate the link between risk management and shareholder value.</p> <p>Evaluate approaches to managing risk.</p> <p>Recommend different risk management strategies.</p> <p>Evaluate internal control as a risk management strategy.</p>	<p>Risk management and shareholder value; benefits and limitations of risk management; enterprise risk management; risk management strategy; risk management roles and responsibilities: the role of the board, the risk manager and business unit responsibility; approaches to risk management: use of internal control as a risk management strategy.</p>
<p>Evaluate risks in international trade.</p>	<p>Different types of risk (credit, political, transaction, translation and operating); managing foreign exchange risk (internal and external hedging techniques)</p>
<p>Evaluate options as a means of external hedging technique.</p>	<p>Options: the basics, fundamentals of option valuation, valuing a call option; Black-Scholes option pricing model; equity as a call option on the firm's assets; types of equity option contracts.</p>
<p>Evaluate forward contract, futures and swaps as means of external hedging techniques.</p>	<p>Forwards contracts; futures contracts (commodity and financial futures); swaps.</p>

(D) Risk and controls in information systems (10%)

Focus	Content
<i>Evaluate the purpose, roles and content of IM, IS and IT in performance management and internal control.</i>	<i>The purpose and content of information management (IM); information systems (IS) and information technology (IT) strategies; the role of IM, IS and IT strategies in performance management and internal control.</i>
<i>Evaluate the risks in information systems.</i>	<i>Risks in IS/IT systems; controls that can be designed into an information system; control and audit of systems development and implementation.</i>

(E) Auditing as a control mechanism (20%)

Focus	Content
<i>Evaluate the objectives and general principles governing an audit of financial statements (external audit).</i>	<i>Objectives, general principles and scope of an external audit; concept of reasonable assurance; internal control evaluation; audit risk and materiality; basic elements of an auditor's report; expression of audit opinion and types of opinion: unqualified opinion emphasis of matter, qualified opinion, disclaimer opinion, adverse opinion; auditing standards.</i>
<i>Evaluate various other types of audits.</i>	<i>Cost audits: nature, scope and objectives; efficiency audit; value for money audit; management audit; performance audit; environmental audit; social audit.</i>
<i>Advise on the basic operationalization aspects of management audits.</i>	<i>Management audit: nature, scope and objectives; organizational needs for management audit and its coverage over and above other audit procedures; areas of audit: review of internal control, purchasing operations, manufacturing operations, selling and distribution, personnel policies, systems and procedures; auditing process and systems; auditing the MIS.</i>

Learning Aids**Mandatory reading:**

FL 4: Study Pack on Risk and Control Strategy and Policy 2012, Certified Management Accountants of Sri Lanka, Colombo.

Supplementary readings:

Croughy, M, Galai, D and Mark, R 2006, *The Essentials of Risk Management*, McGraw-Hill, New York.

Level 5 (Integrative Case Study (ICS))

Introduction

The Integrative Case Study is the apex course unit of the study programme leading to the CMA- Sri Lanka qualification. It is the capstone of the 17 core course units and four skill course units spread over the four levels of the hierarchy, viz., foundation, operational, managerial and strategic. The ICS follows a holistic approach to organizational problems instead of a narrow subject- specific outlook. Understandably, it focuses on the synthesis, analysis and evaluation of the knowledge and skills gained in the course units with the objective of recommending courses of action to be taken. A well-rounded and thorough training in looking at organizations from a broad perspective is imperative for management accountants as their implicit and explicit role in organizations is not confined to a specific functional domain.

Learning Outcomes

On successful completion of the ICS course unit, the students will be able to:

Advise on and recommend courses of action to be taken based on the synthesized knowledge and skills acquired through the learning of functional disciplines with a view to arriving at informed judgments aimed at organizational success/effectiveness. This will be achieved through analysis, identification, prioritization and evaluation of the given case in the light of such synthesized knowledge and skills.

Contents

The Case Study is based on a hypothetical organization drawn from the private, public or NGO sector. It can be from either the industry sector or the services sector and would be further defined along dimensions such as size, complexity, industry and competition, ownership and affiliations, level of diversification, etc. Further, it is evident that the organization is in constant interaction with its environment, with ramifications both internal as well as external.

The given organization typically faces an opportunity/problem/ issue/an unsatisfactory state of affairs, which requires the attention of the management accountant for solution. Thus, the candidate is required to play the role of management accountant/ consultant engaged in advising on/recommending the course of action to be taken.

In this exercise the candidate is required to feel he/she is a part of the organization, which is only possible through a painstaking study of the state of affairs from a holistic instead of a compartmentalized perspective. This can be achieved through a critical response to what has been imparted in the form of knowledge and skills in the various course units.

Method of Delivery

The conduct of the ICS consists of two phases:

Phase I: The candidates will be provided with preliminary data about the organization (products and markets, available resources, ownership, past performance and its environment) approximately six weeks prior to the examination. They are required to study the data carefully and carry out any preliminary synthesis and analysis they consider appropriate. In fact, the need is to internalize the given data and come to grips with the given organizational context.

Phase II: At the examination, candidates will be provided with the entire case study, which consists of Scenario I and Scenario II, containing additional information and the specific problem/issue/unsatisfactory state the organization is faced with. Candidates are required to consider Scenarios I and II together and answer the questions posed therein. It is important to note that candidates will not be allowed to bring copies of Scenario I (which have been provided to them earlier) into the examination hall. The examination is of three hours' duration with an additional reading time of 15 minutes.

The scheme of evaluation

The aspects examined and the weightings are as follows:

Aspect of examination	Weight (%)
Use of Management Accounting knowledge and skills <i>(Acquired in the course of following the Management Accounting stream)</i>	20
Use of knowledge and skills from other functional disciplines <i>(Acquired in the course of other course units; ability to synthesise and have a holistic view is important)</i>	20
Identifying/prioritizing key issues <i>(Determined through appropriate analysis and synthesis)</i>	10
Decision making/advisory skills <i>(A rational outlook with a flavor of qualitative considerations, supported with evidence; a balanced outlook to issues emphasized)</i>	20
Logical arguments <i>(A sequential, rational argumentative process to be adopted)</i>	20
Communication skills <i>(Attention to be paid to writing good paragraphs/ reports. Legible handwriting free of syntax and spelling errors is emphasized.)</i>	10

6. Practical Experience Mentor Program

Objectives

Objectives of the practical experience requirement is to ensure that CMA members are competent in the application of management and financial accounting principles, possess a working knowledge of the management, commercial, financial, legal and regulatory framework and can contribute to the strategic management of prospective employers.

Period of Experience

A student must gain a minimum of three (3) years practical training as specified below in addition to securing passes at CMA examinations to gain associate membership.

The required experience may be obtained whilst taking or after completion of CMA examinations. Experience gained prior to taking CMA examinations will be considered on a case-by-case basis.

Sectors of Business for Mentor Program

1	Manufacturing Industry	MI
2	Commerce and Trade	CT
3	Banking, Finance and Insurance	BFI
4	Education	ED
5	Plantation Industry, Agriculture, Fisheries and Mining Industries	PLA
6	Government Ministries, Departments, State Corporations , Statutory Boards	GVT
7	Transportation, Community and Utility Service	TUS
8	Services (Hotels, Hospital, NGO s)	SE
9	Auditing and Management Consulting	AM
10	Information Technology	IT

If the organization in which Mentees are employed does not fall into any of the above categories, please contact the Secretariat for clarifications.

Areas of Work Experience under the Mentor Program

Summary

The Practical Experience Mentor Program is divided in the following areas.

	<u>Code</u>	<u>Noof Days</u>	<u>Noof Hours</u>
1 Financial Accounting Fundamentals and Reporting Framework	FA	165	1320
2 Management Accounting, Decision Making and Management Information Systems	MA	330	2640
3 Strategic Management	SM	165	1320

It follows from the above that students are expected to obtain at least 18 months experience in area MA. This is considered the core area of the studies covered in the CMA course. The core area of experience for CMA membership is Management Accounting, Decision-Making Management Information Systems and Strategic Management. The total period covered is 3 years.

For more details please refer Practical Experience Mentor Program booklet

7. Examinations

The Examinations are conducted twice a year in March and September with the assistance of the Department of Examinations of Sri Lanka. Examinations consist of subjects in, Foundation Level (Level 1), Operational Level (Level 2), Managerial Level (Level 3), Strategic Level (Level 4) and an Integrative Case Study (Level 5). Students have to complete the Foundation Level, Operational Level and Managerial Level to be eligible to take the Strategic Level Examination. Subjects wise passes are granted in the first three levels and students will be able to carry forward the passes and need to take

only the balance subjects. All subjects have to be taken together when taking the Strategic Level examination, for the first time. Subject wise passes are allowed only after the first attempt. Examinations of Foundation Level and Operational Levels will be conducted in all three languages, English, Sinhala and Tamil. Managerial Level, Strategic Level and the Integrative Case Study Examinations will only be in English.

Evaluation process is also done by the Department of Examination. After the evaluation candidates will receive grades according to their performance for core course units. Those grades are given below.

A – Distinction

B – Good Pass

C – Pass Standard

D – Failure

E - Bad Failure

For skill course unit's grades of evaluation are either **pass** or **fail**, and candidates are required to obtain a pass grade for each skill course unit.

TRANSITIONAL ARRANGEMENTS
(SYLLABUS EFFECTIVE FROM JANUARY 2012)

The New Syllabus 2012 will be with effect from January 2012. The first examination will be the May 2012 examination.

Relationships between the present syllabus stages / subjects and their New Syllabus 2012 equivalent, of Levels and subjects are in tables in the ensuing pages.

Students who have completed subject(s) by passing or being exempted from, in the present syllabus (year 2007 – 2011) are considered as completed the equivalent subject(s) in the New Syllabus 2012. These completed subjects will be carried forward as previous results.

Students are allowed to take Level 1, Level 2 and Level 3 examinations 'subjects wise' as long as they meet the criteria in each of the Levels.

Each Level gives explanatory notes and awards presented by the President and The Governing Council.

Present Syllabus**New Syllabus 2012**

Technician Stage	Level 1 (Foundation Level)	Subject Code
Management Accounting Fundamentals (MAF/502)	Management Accounting Fundamentals	MAF / FL 1
Financial Accounting Fundamentals (FAF/501)	Financial Accounting Fundamentals	FAF / FL 2
Business Mathematics (BMT/503)	Business Mathematics & Statistics	BMS / FL 3
-	Management, Corporate Governance and Ethics	MGE / FL 4
Economics & International Business (ECN/505)	Business Economics & Business Finance Fundamentals	BEF / FL 5
Business Communication I – English Language (BC I/514)	Business English I	BE I / SK 1
Business Communication (BCM/504)	Available in Operational Level - Business English II (BE II / SK 2)	-

Notes:

1. Students who have completed the Technician Stage of the present syllabus (2007 – 2011) are considered as completed Level 1 (Foundation Level) of the Syllabus effective from 2012.
2. Students have to pass / be exempted from Management Accounting Fundamentals (MAF / FL 1) of Level 1 to take Operational Management Accounting (OMA / OL 1) of Level 2 and Students have to pass / be exempted from Financial Accounting Fundamentals (FAF / FL 2) of Level 1 to take Financial Accounting & Reporting (FAR / OL 2) of Level 2.
3. Students have to pass / be exempted from Business English I (BE I / SK 1) of Level 1 to take Business English II (BE II / SK 2) of Level 2 and Students have to pass / be exempted from Business English II (BE II / SK 2) of Level 2 to take Professional Communication (PC / SK 4) of Level 3.
4. Students who have completed some subjects of the Technician Stage of the Present Syllabus (year 2007 – 2011) are exempted from the equivalent subjects of the syllabus 2012, given in the above table. Such students have to take Management, Corporate Governance and Ethics (MGE / FL 4) and the balance subjects to complete Level 1.

On completion of Level 1 students will be awarded the
CMA CERTIFICATE IN ACCOUNTING AND BUSINESS STUDIES certificate

Present Syllabus**New Syllabus w.e.f. year 2012**

Intermediate Stage	Level 2 (Operational Level)	Subject Code
Advanced Management Accounting (AMA/602)	Operational Management Accounting	OMA / OL 1
Financial Accounting & Reporting (FAR/601)	Financial Accounting & Reporting	FAR / OL 2
Managing People & Organizations Management (MPO/603)	Available in Managerial Level - (MPM / ML 3)	-
-	Operations and Information Systems Management	OIM / OL 3
Business & Corporate Law (BCL/604)	Business Law and Taxation	BLT / OL 4
Taxation (TAX/605)		
Business Communication II (BC II/616)	Business English II	BE II / SK 2
-	Information Technology Applications	ITA / SK 3

Notes:

- Students who have completed the Intermediate Stage of the present syllabus (2007 – 2011) are considered as completed Level 2 (Operational Level) of the Syllabus effective from 2012.
- Students have to pass / be exempted from MAF / FL 1 of level 1 to take OMA / OL 1 of Level 2 and Students have to pass / be exempted from FAF / FL 2 of level 1 to take FAR / OL 2 of Level 2.
- Students who have completed (passed / exempted) **both** Taxation (TAX/605) and Business & Corporate Law (BCL/604) of the Present Syllabus (2007 – 2011) are considered to have completed Business Law and Taxation (BLT / OL 4) of the Syllabus effective from 2012. Other students have to take BLT/ OL4.
- Students who have completed (passed / exempted) **both** Operations Management (OMM1/703) and Information Technology Management (ITM/705) of Professional I stage in the Present Syllabus (2007 – 2011) are considered as completed Operations and Information Systems Management (OIM/OL 3) of the Syllabus effective from 2012. Other students have to take OIM / OL 3.
- Skill Course Unit: Information Technology Applications (ITA / SK 3).
30% Theory - The Question Paper will be of 45 minutes duration.
70% Practicals - The examination will be conducted at accredited institutes and will be of of 2 hours and 15 minutes duration.

***** Students who have completed Information Technology Management (ITM / 705) of the present syllabus (2007 – 2011) or Completed the Certificate in Computerized Accounting (CAA) Examination, Conducted by CMA or any other recognized Computer Degrees / Diplomas, approved by CMA Governing Council are considered as exempted from the ITA / SK 3 Paper.**

<p>On completion of Level 2 students will be awarded the CMA DIPLOMA CERTIFICATE IN ACCOUNTING & BUSINESS STUDIES CERTIFICATE</p>

Present Syllabus**New Syllabus 2012**

Professional I	Level 3 (Managerial Level)	Subject Code
-	Integrative Management Accounting	IMA / ML 1
Advanced Financial Accounting & Reporting (AFA/701)	Corporate Reporting and Analysis	CRA / ML 2
Marketing (OMM II/704) and Managing People & Organizations Management (MPO/603) – [Intermediate Stage]	Marketing & People Management	MPM / ML 3
Operations Management (OMM 1 / 703)	Available in Operational Level - (OIM / OL 3)	-
Information Technology Management (ITM / 705)	Available in Operational Level - (OIM / OL 3) & (ITA / SK 3)	
-	Corporate Law	CLT – 1 / ML 4
-	Advanced Taxation	CLT – 2 / ML 5
-	Professional Communication	PC / SK 4
Strategic Business Management (SBM/702)	Available in Strategic Level(Level 4) – BSP / SL 2	-

Notes:

- Students who have completed professional I examination of the present syllabus (2007 – 2011), have to pass Integrative Management Accounting (IMA / ML 1) to complete Level 3 of the New Syllabus 2012.

Such students are permitted to take the Integrative Management Accounting (IMA / ML 1) subject with Strategic Level subjects (Level 4).

Students who have completed (passed/exempted) Strategic Business Management (SBM/702) of the syllabus 2007 -2011 are exempted from Business Strategy and Policy (BSP/SL 2) of Strategic Level (Level4) of the syllabus effective from 2012.

- Students have to pass / be exempted from OMA / OL 1 of Level 2 to take IMA / ML 1 of Level 3 and Students have to pass / be exempted from FAR / OL 2 of Level 2 to take CRA / ML 2 of Level 3.
- Students who have completed (passed / exempted) **both** Marketing (OMM2/704)of Professional I Stage and Managing People & Organizations Management (MPO/603) of Intermediate Stage of the Present Syllabus will be considered as having completed Marketing and People Management (MPM / ML 3) of the New Syllabus 2012.
- Students have to pass / be exempted from BLT / OL 4 of Operational Level (Level 2) to take Corporate Law (CLT – 2 / ML 4) and Advanced Taxation (CLT – 2 / ML 5) of Managerial Level (Level 3). There will be two question papers of 2 hours duration each.
- Skill Course, Professional Communication (PC / SK 4) of Managerial Level (Level 3) is allowed to be taken only on completion (passed / exempted) of Business English I (BE I / SK 1) and Business English II (BE II / SK 2). The equivalent subjects are in Level 1 and Level 2.

On completion of Level 3 students will be awarded the
CMA ASSOCIATE MANAGEMENT ACCOUNTANTS CERTIFICATE

Present Syllabus**New Syllabus 2012**

Professional II Stage	Level 4 (Strategic Level)	Subject Code
Strategic Management Accounting (SMA/803)	Strategic Management Accounting	SMA / SL 1
Strategic Business Management (SBM/702) – (Professional I Stage)	Business Strategy & Policy	BSP / SL 2
Strategic Financial Management (SFM/802)	Financial Strategy & Policy	FSP / SL 3
Internal Control & Risk Management (ICR/801)	Risk and Control Strategic & Policy	RSP / SL 4

Notes:

1. Level 4 subjects are allowed to be taken only on completion (Passed / Exempted) of all previous levels (Stages: Technician, Intermediate & Professional- I).
2. Students have to take all four subjects together at the first sitting and **any failed / referred**, subject (s) of their choice.
3. Students who have completed (passed / exempted) some subjects in Professional II of the Present Syllabus (2007-2011), have to take all balance subjects of Strategic Level (Level 4) together at the first sitting and subsequently, subject (s) of their choice.
4. Students who are **referred** in Strategic Management Accounting (SMA / 803) of Professional II Stage of the Present Syllabus (2007 – 2011), have to take SMA / SL 1 in Level 4 of the syllabus effective from 2012.

Students who are **referred** in Strategic Financial Management (SFM / 802) or Internal Control & Risk Management (ICR / 801) of Professional II Stage of the Present Syllabus (2007 – 2011), have to take FSP / SL 3 or RSP / SL 4 respectively, to complete Strategic Level (Level 4) of the new syllabus 2012.

Present Syllabus**New Syllabus 2012**

Case Study	Level 5	Subject Code
Case Study	Integrative Case Study	ICS / CL 1

Notes:

1. The Integrative Case Study is allowed to be taken only after completion of all 4 levels.
2. The Integrative Case Study comprises of Scenario 1, Scenario 2 and the question paper. Scenario 1 is published in the CMA web site two and a half months before the examination.
3. Scenario 2 is a continuation of the case of scenario 1 and is given with scenario 1 and the question paper, at the examination.

On completion of Level 5 students will be awarded the
CMA FINAL EXAMINATION CERTIFICATE