ZiCA

Diploma in Accounting

Levels 1 and 2

Student Handbook

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REGISTRATION AND ENTRY REQUIREMENTS



1 Registration and Entry Requirements

1.1 Registration requirements

All students must register with the Institute at the start of their course. Students shall be registered within 14 days of receipt of application forms. Student registration numbers will be sent to all students.

1.2 Minimum entry requirements

Minimum entry requirements are set out below:

Level 1	School Leavers	Full School Certificate or its equivalent with **five credits or better** in English, Mathematics and three other subjects.
	Non School Leavers	Holders of any other recognised qualifications approved by the Institute.
Level 2	Holders of any other recognised qualifications approved by the Institute.	

A candidate who exhibits false school certificates, results transcripts and/or certificates shall be expelled from the Diploma in Accounting programme with immediate effect.

METHODS OF STUDY



2 Methods of Study

The method of study shall be full time and part time at colleges and Institutions approved by TEVETA. Private home study also known as 'self-study' is also encouraged.

2.1 Full-time

The student on full-time study attends class at one of the accredited tuition providers as a full-time student of the ZiCA Diploma in Accounting Programme.

2.2 Part-time

The student on part-time study attends tuition at one of the accredited tuition providers as a part-time student of the ZiCA Diploma in Accounting programme.

2.3 Self-study

The student on the self-study mode of study registers with the Institute and reads the materials for the subject they want to sit from home. They are not registered with any tuition provider.

Note. Students may change modes of study. However, they must inform the Institute every time they wish to change.

EXAMINATIONS



3 Examinations

3.1 Examination Timetable

ZiCA will run two examination sessions in a year: June and December. The Examination timetable for each year shall be sent to individual candidates and examination centres. The timetable will also be posted to the Institute's website: www.zica.co.zm during the first week of February every year and published in all issues of the *Student Accountant* magazine.

3.2 Critical Dates

Students have to adhere to the closing dates in the table below.

	Examination session	
Fees	**June**	**December**
Registration/Re-registration/ Exemption	28 February	31 August
Subscription fees	1 January	1 January
Examination	31 March	30 September

All registered students must pay the annual subscription fee by 1 January of each year. Any student who would have not paid their annual subscription fees by 28 February each year shall be de-registered. A de-registered student will be required to pay a student re-registration fee as prescribed by Council from time to time to activate his/her student membership.

3.3 Assessment

- Assessment shall be by a national examination only.
- All papers shall be marked out of 100. To pass any paper, a candidate must obtain at least 50%.
- The results of the examinations shall be published within seven weeks after the examinations.
- Examination Centres shall be approved by ZiCA and published in the *Student Accountant* magazine and on the website: www.zica.co.zm

3.4 Examination Procedures

You must be in the examination room at least 30 minutes before the paper is due to commence. The doors will be closed at that time to enable the invigilator to issue instructions and distribute stationery, and give you an opportunity to sign the attendance register.

Do not bring any paper or printed material into the examination room. Possession of such material may result in your being barred from participation in the examination. Examination paper on which to answer the questions will be provided.

You should switch off your mobile phone and store it in safe place. Mobile phones are **NOT** allowed in the Examination Room.

If you arrive more than 40 minutes after the starting time of the examination, you will **NOT** be allowed to sit that paper.

You will **NOT** be permitted to leave the examination room during the first hour, nor the last 30 minutes.

You will **NOT** be allowed finally to leave the examination room without permission until you have handed in your answer booklets.

You must cease writing immediately the invigilator has declared the examination over.

When you answer questions, you should:

- Start each answer on a new page.
- Write answers in ink.
- Ensure that your student number, National Registration number and the question numbers are written on answer booklets in the blocks provided for this purpose.
- Read the instructions given carefully.

COURSE STRUCTURE AND SYLLABI



4 Course Structure and Syllabi

Introduction

This section comprises the detailed Diploma in Accounting Syllabi and Course Structure for Level 1 and Level 2. The detailed Syllabi indicates what could be covered in each exam.

Each syllabus gives the following information:

- **Syllabus learning outcomes** – these are the general learning outcomes. They indicate what you should understand and be able to do when you have studied and understood the whole syllabus.
- **Topic list** – the topics covered in each syllabus are listed in detail. Percentage weightings on each section of the syllabus should help you plan your study time. Each topic has learning objectives indicating what you are expected to understand.
- **Exam Format** – the number of sections, the number of questions per section and the marks allocated to each question are provided for each exam.
- **Recommended reading** – this includes the Study Manual, professional standards and other readings that should reinforce your understanding of the topics covered in the syllabus. The list is not exhaustive and you are advised to read as widely as possible.

Purpose

The purpose of the Diploma in Accounting is to develop downstream and intermediate level accounting personnel capable of preparing various statutory returns and reports that support value addition of the accounting profession to the private and public sector organisations.

Course Structure

The programme has 12 modules or papers divided into two levels with seven modules or papers in Level 1 and five modules or papers in Level 2. The table below gives the structure of the programme:

LEVEL 1

Code	*Paper*	*Recommended Learning Hours **
D1	Financial Accounting	320
D2	Quantitative Analysis	320
D3	Business Economics	280
D4	Information Technology and Communication	280
D5	Cost Accounting	320
D6	Business Law	280
D7	Principles of Management	280
	Sub-Total	2 080

LEVEL 2

D8	Financial Reporting	320
D9	Management Accounting	320
D10	Taxation	320
D11	Principles of Auditing	320
D12	Governance and Company Law	300
	Sub-Total	1 580
	PROGRAMME TOTAL	**3 660**

Technician Member of the Institute

* At least 50% of the recommend learning hours should be taught hours for those on full time study.

Knowledge levels

The knowledge levels depict the proficiency levels expected of the students on each topic. Each topic in the syllabus has been allocated a knowledge level as follows:

Introductory	Abbreviated as (I). Requires demonstration of the basic understanding of principles, concepts, theories and techniques
Intermediate	Abbreviated as (M). Requires demonstration of application of principles, concepts, theories and techniques.
Advanced	Abbreviated as (A). Requires demonstration of selection and integration of principles, concepts, theories and techniques.

Programme levels and progression

The two levels in the qualification (Level 1 and Level 2) reflect the expectations in terms of difficulty of the subject matter and the requirements of progression to achieve the competencies that meet with the purpose of the qualification.

4.1 Level 1 Modules

Level 1 introduces candidates to the field of business and accounting in particular. This level brings out technical skills aspects of the work of an accountant. The questions in an exam will mainly be at knowledge, comprehension and application levels of Bloom's Taxonomy of educational objectives, with minor application level requirements. The level prepares a foundation for candidates to be able to handle level 2 of the programme.

D1 Financial Accounting	Students will acquire skills necessary to support the recording and maintenance of financial records and preparation of basic financial statements for sole traders, partnerships, companies and non-profit making organisations. **Progression to**: Financial Reporting
D2 Quantitative Analysis	Students will acquire skills necessary to apply mathematical and statistical models to analyse data in order to predict future outcomes, and evaluate performance. **Progression to**: Management Accounting
D3 Business Economics	Students will acquire skills necessary to apply economic concepts relevant to business environment to enable them make valid judgements on economic affairs. **Progression to**: Management Accounting
D4 Information Technology	Students will acquire skills necessary to have a quality and Communication and secure information system and communicate and present information professionally. **Progression to**: Management Accounting and Principles of Auditing
D5 Costing Accounting	Students will acquire skills necessary to record costs and apply a range of costing methods to calculate cost of goods and services, to facilitate cost control, price determination, planning and decision making. **Progression to**: Management Accounting

D6 Business Law	Students will acquire skills necessary to apply business law to situations that arise from business operations. **Progression to**: Governance and Company law
D7 Principles of Management	Students will acquire skills necessary to understand the key concepts of managing organisations and use them in relevant ways. **Progression to**: None

D1 Financial Accounting

Learning outcomes

On successful completion of D1, students should be able to:

1 Describe the context and purpose of financial accounting

2 Apply double-entry bookkeeping techniques to record financial transactions and to maintain accounting records

3 Identify and correct omissions and errors in accounting records

4 Make appropriate end of year adjustments to financial records

5 Prepare financial statements for sole traders, partnerships and limited companies and non-profit making organisations

6 Describe features of public sector accounting

7 Describe the main accounting modules in a computerised accounting system

Topic	Weighting
Context and purpose of financial accounting	5%
Financial transactions and accounting records	15%
Omissions and errors	15%
Year-end adjustments	15%
Financial statements	25%
Public Sector Accounting	15%
Computerised Accounting system	10%

Content

1 Context and purpose of financial accounting

A Purpose of financial accounting (I)

- Define financial accounting
- Explain the nature and purpose of financial accounting
- Explain types of business entities, including sole traders, partnerships, limited companies and not for profit making organisations

B Needs of users of financial statements (I)

- Explain the various users of financial accounting information and their information needs

C The conceptual framework (I)

- Explain the purposes of the conceptual framework for financial reporting
- Explain the content of the conceptual framework for financial reporting.
- Explain the main accounting concepts and the objectives of financial statements
- Explain the main elements of financial statements including; assets, liabilities, incomes, expenses and equity
- Explain the following bases of valuing financial statement items:
  - (i) Historic cost
  - (ii) Net realizable value

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(iii) Present value of future cash flows
(iv) Fair value

- Explain advantages and disadvantages of historic cost accounting.
- Describe the qualitative characteristics of financial statements
- Explain the underlying assumption in the preparation of financial statements.

D The regulatory framework (I)

- Explain the purpose and scope of the regulatory framework
- Explain the procedure of setting standards
- Explain advantages and disadvantages of International Accounting Standards

2 Financial transactions and accounting records

A Business transactions and documentation (M)

- Explain the main source documents used in accounting system including quotations, sales and purchase orders, goods received and dispatch notes, invoice, statement, credit and debit notes, remittance advice, receipts
- Describe the main features of each of the main source documents

B Books of prime entry (M)

- Explain the main books of prime entry and their use.
- Record transactions in the books of prime entry

C Principles of double entry book-keeping (M)

- Apply double entry principles to keeping accounting records

D Recording financial transactions and events (M)

- Explain the ledger and its main component parts (i.e. nominal, receivables and payables ledgers)
- Describe a ledger account
- Explain main classification of ledger accounts including (i.e. personal and impersonal accounts), and their function
- State the accounting equation, including the effects of transactions on it
- State the double entry rules for incomes, expenses, assets and liabilities
- Prepare and balance ledger accounts for cash, credit and other transactions
- Explain the key principles of the operation of VAT
- Calculate and record the accounting entries involving VAT

E The trial balance (M)

- State the purpose of the trial balance
- Prepare a trial balance from ledger accounts

3 Omissions and errors

A Correction of errors (M)

- Explain how errors can arise in accounting records
- Explain types of errors that would not be highlighted by the extraction of a trial balance including original entry, complete omission, complete transposition, complete reversal, compensating, commission and principle errors

B Suspense accounts (M)

- Explain the purpose of suspense accounts
- Explain types of errors that would be highlighted by the extraction of a trial balance including partial omission, partial transposition, casting involving one account and one sided entry
- Record entries in a suspense account and make journal entries to clear the suspense account balance

C Bank reconciliations (M)

- Explain the purpose of bank reconciliations
- Identify the main the reasons for the differences between the cash book and the bank statement balances
- Prepare an adjusted cash book
- Prepare a bank reconciliation statement
- Derive bank statement and cash book balances from given information

D Control accounts (M)

- Explain the purpose of control accounts
- Account for discounts allowed and received
- Account for contras between trade receivables and payables
- Identify errors which should be highlighted by performing a control account reconciliation and perform a correction of the same
- Prepare control account reconciliations for accounts receivables and payables
- Reconcile supplier statements

4 Year-end adjustments

A Receivables, irrecoverable debts and allowances (M)

- Explain the benefits and costs of offering credit facilities to customers
- Explain the purpose of an aged receivable analysis
- Define 'credit limit' and state the purpose of credit limits
- Prepare book keeping entries to write off an irrecoverable debt and record recoverable debts
- Illustrate the impact of the recoverable debts on the profit and loss account and statement of financial position
- Prepare the book keeping entries to create and adjust for receivables including increases and decreases in allowance for receivables in profit or loss and how closing balances should appear in the statement of financial position

B Inventory valuation (M)

- Explain the need for adjustments for inventory in preparing financial statements
- Record opening and closing inventory using double entry book keeping
- Identify and explain alternative methods of valuing inventory (i.e. FIFO, and AVCO)
- Calculate the value of inventory and its impact on profit using FIFO and AVCO

- Apply the requirements of IAS 2 in valuing inventories, specifying the costs to be included in the cost of inventory
- State the accounting convention underlying accounts and prepayments
- Explain the different methods of inventory counts (continuous and period end) including their merits and demerits

C Accruals and prepayments (M)

- Explain how the matching concept applies to accruals and prepayments
- Identify and calculate the adjustments needed for accruals and prepayments in preparing financial statement
- Illustrate the process of adjusting for accruals and prepayment in preparing the financial statements including journal and ledger entries
- Identify and state the impact on profit and net assets of accruals and prepayments

D Tangible non-current assets (M)

- Explain the difference between capital and revenue expenditure
- Define non-current assets
- Distinguish between non-current and current assets
- Classify expenditure as capital and revenue expenditure
- Calculate and record profit or loss on disposal of non-current assets in the profit and loss account, including part exchange transactions.
- Prepare ledger accounts to record the acquisition, disposal and depreciation of non-current assets.
- Record the revaluation of non-current assets in ledger accounts, the statement of comprehensive income and the statement of financial position.
- Calculate the profit or loss on disposal of a revalued asset
- Illustrate how non-current asset balances and movements are disclosed in financial statements
- Explain the purpose of non-current register including its content
- Calculate depreciation of non-current assets using straight line and reducing balance methods.
- Identify circumstances where different methods of depreciation would be appropriate.
- Calculate depreciation on a revalued non-current asset including the transfer of excess depreciation between the revaluation reserve and retained earnings.
- Recalculate depreciation if changes are made to either residual value or useful life or capitalized cost (carrying amount).
- Record depreciation in the profit or loss and statement of financial position.

5 Financial statements

A Format of Financial statements

- Identify the main types of financial statements
- Illustrate the formats of the statement of profit or loss and statement of financial position

B Sole Trader (M)

- Explain a sole trader
- Prepare statement of profit or loss from given information
- Prepare the statement of financial position from given information

C Partnerships (M)

- Define a partnership for accounting purposes
- Identify typical content of partnership agreement
- Describe capital and current accounts and division of profits
- Calculate and record partners' shares of profits and losses
- Calculate and record partners' drawings
- Calculate and record partners' salaries
- Calculate and record partners' interest on capital
- Calculate and record partners' interest on drawings
- Prepare current accounts
- Prepare capital accounts
- Prepare statement of profit and loss and appropriation account for the partnership
- Prepare statement of financial position of partnership
- Define goodwill in relation to partnerships
- Identify factors leading to the creation of goodwill in relation to partnership accounts

D Limited companies (M)

- Define limited liability
- Describe the key features of company accounts
- Explain the main features of:

  (i) Ordinary shares
  (ii) Preference shares (redeemable and irredeemable)
  (iii) Loan notes

- Record movements in the share capital, share premium and other reserve accounts
- Define a bonus (capitalization or scrip) issue including its advantages and disadvantages
- Define a rights issue including its advantages and disadvantages
- Record and show the effect of bonus and rights issues in the statement of financial position
- Explain dividends including the difference between interim and final dividends.
- Record dividends in ledger accounts and financial statements
- Calculate and record finance costs in ledger accounts and financial statements
- Identify component parts of the statement of changes in equity (SOCIE) including its preparation
- Describe different types of reserves and their uses (i.e. revaluation reserve, share premium, retained earnings)
- Distinguish between statutory and non-statutory reserves
- State the alternative descriptions for retained earnings
- Prepare statement of profit or loss and other comprehensive income for internal use
- Prepare statement of financial position for internal use
- Identify items requiring separate disclosure on the face of the financial statements and those not requiring separate disclosure.

E Manufacturing accounts (M)

- State the purpose of manufacturing accounts
- Prepare a manufacturing account
- Prepare the statement of profit or loss for a manufacturing business organization
- Prepare a statement of financial position for a manufacturing business

F Not-for-profit organisations (M)

- Describe the key features of not for profit organisations
- Prepare the financial statements for clubs and societies
- Apply the principles of incomplete records

G Departmental accounts (M)

- State the purpose of departmental accounts
- Prepare the statement of profit or loss of departmental organisation

H Incomplete records (M)

- Define incomplete records and how they can arise
- Apply the accounting equation and other techniques to calculate missing figures including: use of control and other ledger accounts; use of cash and bank summaries; use of profit percentages.

6 Public Sector Accounting

A Public sector and private sector accounting

- Explain the objectives of Public Sector Accounting
- Distinguish between Public Sector Accounting and Commercial Accounting
- Explain the Accounting Bases (Cash accounting and Accruals accounting)

B Regulatory and Institutional framework for public sector accounting

- Explain the Legislation governing Public Sector Accounting
- Explain the Institutional Framework for Public Sector Accounting

C Revenue and Expenditure Accounting

- Explain sources of Revenue for Public Sector
- Explain the Types (or Uses) of Expenditure
- Account for Revenue and Expenditure

D Financial statements for public sector accounting

- Outline the objectives of Financial Reporting for Public Sector entities
- Explain the IPSASB Conceptual Framework underpinning the Financial Reporting for Public Sector entities
- Explain the role and significance of International Public Sector Accounting Standards (IPSAS)
- Prepare Financial Statements in Public Sector organizations in line with IPSAS using the Cash Basis Reports, and Accrual Based Reports (As per Accrual Based Standards)

7 Computerised accounting system

A Accounting packages (I)

- Describe the main features of accounting packages
- List the advantages and disadvantages of computerised accounting packages
- Explain coding and its benefits to computerised accounting systems

B Accounting modules (M)

- Describe the main accounting modules in a computerised accounting system including invoicing, inventory management, receivables ledger, Payables ledger, nominal ledger, payroll, cash book, job costing, non-current asset register, report generator
- Describe the main features of integrated software.
- Explain advantages and disadvantages of an integrated software
- Explain the main inputs to the computerized receivables and payables ledger
- Explain the main outputs from the computerized receivables and payables ledger
- Describe the nature of processing within computerised receivables and payables ledger
- Explain inputs to the computerised nominal ledger
- Explain outputs from the computerised nominal ledger

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 4 out of 5 questions, 20 marks each	80
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D1 Financial Accounting Study Manual
- Wood, F. and Robinson, S. (2009) *Bookkeeping and Accounts*. 7th edition. London, FT Prentice Hall.
- Wood, F. and Sangster A. (2011) *Business Accounting 1*. 12th edition. London, FT Prentice Hall.

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D2 Quantitative Analysis

Learning outcomes

On successful completion of D2, students should be able to:

1 Demonstrate the use of probability where risk and uncertainty exist
2 Apply financial mathematical techniques
3 Apply techniques for presentation and analysis of statistical data
4 Apply business modelling techniques to analyse data

Topic	Weighting
Probability and uncertainty	20%
Financial mathematics techniques	25%
Presentation and analysis of statistical data	25%
Business modelling techniques	30%

Content

1 Probability and uncertainty

A Simple Probability (I)

- Explain the most simple probability techniques used in the world of business and accounting
- Describe what probability
- Differentiate the three methods of assigning probabilities (classical, relative frequency and subjective method)
- Describe sample spaces and events for random experiments with graphs, tables, lists, or tree diagrams

B Addition and Multiplication Rules (I)

- Calculate the probabilities of joint events such as unions and intersections from the probabilities of individual events
- Explain mutually exclusive and statistically independent events
- Apply the general addition and multiplication rules

C Conditional Probability (M)

- Explain when two events are said to be dependent
- Apply the conditional formula to evaluate the probabilities
- Calculate conditional probabilities using Bayes' theorem

D Expected Values (M)

- Define a random variable and expectation of a random variable
- Define discrete and continuous random variables and their probability distributions
- Calculate Expected Value and Variance of a discrete probability distribution.
- Calculate and interpret expectations between random variables

E Risk and Uncertainty (M)

- Explain the concept of risk and how it differs from uncertainty
- Compute risk and uncertainty and interpret the results
- Discuss different methods used to counter risk in capital expenditure planning

- State what makes risk important in the selection of projects
- Explain various techniques commonly used to measure risk in investment projects
- Use different criterions to make decisions under conditions of uncertainty (e.g maximax, maximin, minimax, Hurwicz and Laplace)

2 Financial mathematics techniques

A Simple and Compound Interest (M)

- Define 'simple interest' and solve problems involving this concept.
- Calculate any single variable—principal, interest rate, amount of interest, or time—given the other three.
- Define the terms 'amount,' 'present value,' 'maturity value,' and 'equivalent value,' and solve problems involving these concepts.
- Define the terms 'compound interest,' 'compound amount', 'equivalent value', and 'focal date' and calculate each value given other values.

B Annuities and Perpetuities (M)

- Differentiate between an Annuity and a Perpetuity
- Solve problems involving 'present value' and 'future values' and 'discounting' for loans or investments charging or earning compound interest.
- Define the term 'ordinary annuity,' and calculate the amount of an ordinary simple annuity.
- Calculate the present value of an annuity.
- Calculate, the term of an annuity, the amount of annuity, periodic payment, interest rate, or its present value, given the other factors.
- Define the term 'annuity due,' and calculate any of the components of an annuity due.

C Loans and Mortgages (M)

- Solve problems involving loans and mortgages.
- Explain the concept of sinking funds and how they are used for debt retirement, and solve problems involving sinking fund principles.

D Net Present Value (NPV) and Internal Rate of Return (IRR) (M)

- Define the concepts of cash flows, net present value (NPV) and internal rate of return (IRR)
- Compute the Net Present Value (NPV) of a cash flow to appraise different investment projects.
- Compute the Internal Rate of Return (IRR) to appraise different investment projects.

3 Presentation and Analysis of Statistical Data

A Definition of data and information (I)

- Distinguish between data and information

B Presentation of Data (M)

- Present statistical data to others in graphical, tabular and chart forms for easy understanding.
- Present published graphical presentation of data.

C Analysis of data: Measures of central tendency and dispersion (M)

- Explain the concepts of sample mean, sample variance, population mean, and population variance
- Compute and interpret the sample mean, mode, mean deviation, sample variance, sample standard deviation, sample median, coefficient of variation and sample range for both grouped and ungrouped data
- Summarize and analyze statistical data and interpret the analysis for others
- Make inferences about a population from a sample

D Frequency Distributions (M)

- Summarise mass numbers (data) both in simple and grouped frequency tables.
- Solve problems using both the formula and the table for a number of discrete and continuous probability distributions (Binomial, Poisson, Normal)

4 Business Modelling Techniques

A Correlation (M)

- Apply Pearson's formula to calculate the coefficient of correlation
- Apply Spearman's rank correlation formula to calculate correlation as an alternative to Pearson's correlation coefficient

B Regression Analysis (M)

- Apply simple linear regression for building empirical models to business and accounting data
- Plot a scatter diagram of a given set of data
- Explain how the method of least squares is used to estimate the parameters (regression coefficients) in a linear regression model
- Apply the regression model to make a prediction of a future observation

C Time series Analysis (M)

- Define the term time series
- Define and calculate four components of a time series data
- Describe appropriate model to use when forecasting: least squares method, moving average method.
- Apply basic forecasting techniques

D Linear Programming (M)

- Define a linear programming problem.
- Define an objective function.
- Define a constraint.
- Formulate linear programming problems.
- Apply graphical method to solve linear programming problems.

E Simulation (M)

- Explain simulation and when to use it
- Describe the simulation process
- List the advantages of simulation
- List the limitations of simulations
- List the applications of simulation

- Explain the Monte Carlo method and give the simulations where these methods are useful
- Explain the advantages and disadvantages of Monte Carlo methods
- Describe a method for generating of random numbers

F Replacement Analysis (M)

- Calculate the increased operating cost, maintenance cost, forced idle time cost and cost of replacing the new equipment.

G Decision Trees (M)

- Draw a decision tree from a given payoff table
- Apply several criteria such as EMV, EVPI and EOL to select alternative action to take.

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 4 out of 5 questions, 20 marks each	80
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D2 Quantitative Analysis Study Manual
- Lucey, T. (2002) *Quantitative Methods*. 6th edition. London, Thomson Learning.
- Morris, C. (2008) *Quantitative Approaches in Business Studies*. 7th edition. London, FT Prentice Hall.

D3 Business Economics

Learning outcomes

On successful completion of D3, students should be able to:

1 Explain economic concepts and terminology commonly used in commerce

2 Describe the role of market demand and supply in establishing prices and explain the role of government in regulating market failure in Zambia

3 Describe the main forms and goals of business operating in Zambia

4 Explain the theories of short and long run cost behaviour and short run profit maximisation

5 Describe the role of market structure and competition in establishing profits of a business and explain the role of government in modifying markets in Zambia

6 Describe the National Income and other data produced by the CSO

7 Identify the factors determining the levels of National Income in Zambia

8 Explain the main features of the monetary and financial environment affecting Zambian business and their likely impacts

9 Identify the impact on Zambia of the international sector and of major national and international economic institutions

10 Explain the role of government in stabilising and encouraging the development of the Zambian economy

Topic	Weighting
Introduction to economic concepts	5%
Price Theory	10%
Forms of enterprise	5%
Cost theory and profit maximization	10%
Market structures and competition	15%
National Income accounting	5%
National Income determination	15%
Monetary and financial environment of business	10%
International sector	15%
Government macroeconomic policy	10%

Content

1 Introduction to Economic Concepts

A The Economic Problem: Scarcity, Choice and Opportunity costs (I)

- Explain the economic problem in terms of factors of production, scarcity, choice and opportunity cost

B Production Possibility Frontier: causes of economic growth and reasons for inefficiency (I)

- Illustrate the economic problem using a production possibility curve

C Market versus Planned economic solutions to the economic problem and role of privatisation and liberalisation (I)

- Explain the features, benefits and drawbacks of command, market and mixed economics
- Explain the methods of privatisation and its benefits and draw backs
- Explain liberalisation of the economy and its benefit and drawbacks

D Encouraging economic growth and development: primary, secondary and tertiary sectors; Zambian government policies for encouragement of diversity, growth and development; factors inhibiting growth in Zambia, the information economy and growth (I)

- Explain the benefits and drawbacks of economic growth
- Describe the stages of economic development using economic sectors and Rostow's take off model
- Describe the main conditions needed for economic development
- Explain the consequences of the digital divide and the policies for overcoming it

E Economics as a social science: methods of analysis and explanation used; positive versus normative economics (I)

- Distinguish between positive and normative statements in economic reasoning

2 Price Theory

A Market Demand and Supply curves: derivation of equilibrium price (M)

- Construct a demand and supply analysis of a market
- Identify the equilibrium price demand and supply analysis of a market

B Elasticities of Demand and Supply (M)

- Calculate price elasticities of demand and supply

C Causes of Price instability in markets for primary goods (M)

- Explain the factors making prices unstable in primary markets

D Price stabilisation approaches (M)

- Evaluate methods of intervention to stabilise price

E Market failures and their Regulation (M)

- Explain the main sources of market failures and policies to deal with them

F Forms of Markets and Distribution Networks (I)

- Identify the forms of markets and distribution networks

3 Forms of Enterprise

A Legal forms of business (I)

- Distinguish between forms of organisation according to their ownership
- Identify the objectives of different organisation

B Goals of enterprises (I)

- Explain the goals of share holders

4 Cost Theory and Profit Maximization

A Short run cost behaviour: fixed and variable costs and the law of eventually diminishing marginal returns (M)

- Distinguish short run and long run in the theory of costs
- Distinguish between an economist's and an accountant's concept of cost

B Profit maximisation in the short run: Marginal Cost = Marginal Revenue (MC= MR) (M)

- State the assumption of profit maximisation and apply the concept to determine equilibrium output in the short run

C Long run cost behaviour: economies and diseconomies of scale (M)

- Illustrate cost behaviour in the short run and long run
- Identify the main sources of economies and diseconomies of scale
- Explain the methods by which the firms grow

5 Market Structures and Competition

A Structure, conduct, performance analysis: perfect competition, monopoly and monopolistic competition, including cartels (A)

- Evaluate the short run and long run equilibrium of firms under perfect competition, monopoly, monopolistic competition and oligopoly

B Behavioural theories of the firm: oligopoly, game theory, managerial theories (A)

- Explain behavioural theories of the firm

C Market protection policies: industrial subsidies, tariffs and quotas, monopolistic purchasing arrangements (A)

- Explain the effects of policies to regulate market competition

D Information economics: impact of reduced search costs and low variable costs of provision on market structures and pricing (A)

- Explain the effects of advanced communication technologies on the structure, conduct and performance of a market.

6 National Income Accounting

A Central Statistical Office (CSO) methodology of constructing measures of Zambian National Income (NI) (M)

- Explain the methods of calculating national income

B Interpretation and uses of National Income data: cross sectional and time series evaluations; difficulties (I)

- Explain the usefulness of national income statistics

C Other CSO data: Census of Production, Population and Housing; Census of Agriculture; Balance of Payments (compiled by Bank of Zambia) (I)

- Identify other sources of data on macroeconomic activity

7 National Income Determination

A Aggregate demand and supply analysis of national income determination (A)

- Explain the concepts of aggregate demand and aggregate supply

B Circular flow of income model of aggregate demand (A)

- Explain the determination of national income in the circular flow model

C Macroeconomic equilibrium conditions: injections and withdrawals, planned expenditure =national income (A)

- Illustrate changes to the factors affecting national income using a 45 degree model and multiple calculations.

D Keynesian multiplier theory (A)

- Explain and apply the Keynesian multiplier theory

E The business cycle (A)

- Explain the phases of the trade cycle

8 Monetary and Financial Environment of Business

A Financial intermediation: main financial deficit and surplus units; functions of intermediaries; Zambian financial intermediaries and markets (including equity markets) (M)

- Explain the concept of financial intermediation
- Describe the process of financial intermediation
- Identify the financial intermediaries and their functions

B Roles of Bank of Zambia: banker to banking system and government; fiscal agency; prudential supervision of banking and financial services; foreign exchange supervision; implementation of monetary policy: goals, direct and indirect instruments of monetary policy, consequences of monetary policy for business (M)

- Explain the functions of the Bank of Zambia
- Explain the goals of monetary policy
- Explain the instruments of monetary policy
- Explain the impact of monetary policy on business

C Credit Creation by Commercial banks: credit multiplier; measures of money stock (monetary aggregates); impacts of bank behaviour on business (M)

- Outline the aims and functions of commercial banks
- Illustrate the process of credit creation and calculate the credit multiplier
- Explain the monetary aggregates

D Interest Rate Determination: calculation of bond and bill rates; main influences e.g. yield curve, inflation, risk; impact of interest rates on equity markets (M)

- Explain factors influencing interest rates
- Explain the determinants of interest rates
- Calculate interest rates, treasury bill rates and bond rates
- Explain the impact of interest rates on equity markets

E Global banking crisis: origins; consequences for banking and business; policies to resolve crisis (M)

- Explain the causes and consequences of banking crises
- Discuss the policies to resolve banking crises

9 International Sector

A Theories of Free trade and Protectionism: comparative advantage; arguments for and against protectionism (A)

- Explain the gains from free trade and its drawbacks
- Calculate absolute advantage and comparative advantage determine the gains from trade

B Forms of Protectionism and Cross-national integration: policies; alliances (including Southern Africa Development Community (SADC)), common markets (including Common Market for Eastern and Southern Africa (COMESA) customs unions, free trade areas and economic communities (including Economic Community of West African States (ECOWAS) (A)

- Explain the Practices of protectionism, trade groupings and globalisation

C Balance of Payments: construction and characteristics of Zambian accounts; terms of trade; deficits and financing; capital flows (A)

- Identify the components of the Balance of Payments
- Explain the terms of trade
- Explain the measures used to finance and rectify the Balance of Payments deficit

D Exchange Rates: calculation; determination; policies to manage exchange rates (A)

- Explain the factors that influence exchange rates
- Discuss the different types of exchange rate regimes (fixed versus floating)
- Analyse the impact of balance of payments on exchange rates and borrowing

E International Financial Institutions and External debt: development funding; roles of World Bank Group; International Monetary Fund; impact of external debt on balance of payments (A)

- Explain the role of international financial institutions
- Explain the impact of external debt on the Balance of Payments

10 Government Macroeconomic Policy

A Goals of Macroeconomic Policy in Zambia: role of Ministry of Finance (MoF) in structural adjustment and poverty reduction; main elements of current National Development Plan (M)

- Explain the economic policy objectives of government
- Explain the role of Zambian's Ministry of Finance

B Zambian Public Financial Management system (PFM): sources of revenue; uses of government expenditure; role of external borrowing; impact of tax on distribution and incentives; public debt management; public sector investment; Balance of Payments stabilisation (M)

- Evaluate the main fiscal and monetary policies available to governments

C Inflation and Hyperinflation: measurement of inflation; causes and consequences of inflation and hyperinflation; policies to control inflation (M)

- Calculate inflation rate
- Explain the causes and consequences of inflation
- Discuss government policies to control inflation

D Unemployment: measurement of unemployment; types of unemployment; youth unemployment; costs of unemployment; policies to control unemployment (M)

- Explain the measurement of unemployment
- Explain the types of unemployment
- Discuss the costs of unemployment and government policies to control it

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 2 out of 3 questions on microeconomics, 20 marks each	40
Any 2 out of 3 questions on macroeconomics, 20 marks each	40
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D3 Business Economics Study Manual
- Griffiths, A. and Wall, D. (2007) *Applied Economics*. 11th edition. London, FT Prentice Hall.

D4 Information Technology and Communication

Learning outcomes

On successful completion of D4, students should be able to:

1 Demonstrate the core skills needed to operate a personal computer (PC) in the business environment

2 Use spreadsheets to facilitate the presentation of data

3 Describe the elements of an organisation's information technology infrastructure

4 Explain how the quality and security of an information system can be protected

5 Explain the principles and process of effective communication

6 Demonstrate appropriate oral communication skills

7 Demonstrate appropriate written communication skills

8 Demonstrate the communication skills expected of an accountant in an organisation

Topic	Weighting
Information technology skills	10%
Spreadsheets	10%
Organisational information infrastructure	15%
Information system quality and security	15%
Principles and process of effective communication	10%
Oral communication	10%
Written communication	20%
Communication in Organisations	10%

Content

1 Information Technology Skills

A Common types of hardware and software used within a business organisation (I)

- Describe the common types of computer hardware and software used within a business organisation
- Identify the different types of computers using speed and size.
- State computer hardware devices as input, output and storage.

B Basic skills involved in operating a PC including Microsoft Windows, email and the Internet (I)

- Describe basic skills involved in operating a personal computer (PC) including the tasks and features of Microsoft windows.
- Explain access to the internet, the usage of email including searching and downloading information online.
- List other common operating systems used in businesses.

C Basic skills involved in using application packages (I)

- Explain the basics involved in operating word processing and spread sheet software
- Distinguish between off-the-shelf applications and written-from-scratch applications.
- List other application software that could be used.

D Basic computer operations and security (I)

- Explain the importance of using passwords and back-ups when operating a Personal Computer.
- Describe basic troubleshooting of a standalone computer and other simple computer checks.

2 Spreadsheets (10%)

A Features of spread sheets software (M)

- Explain what spread sheet software is and recognise excel as an example of spread sheet software.
- Outline the common features of spread sheet software
- Explain a macro including its use in spread sheets.

B Uses of spread sheet software in the day-to-day work of the accountant (M)

- Explain the uses of spread sheet software to the accountant
- Explain the use of computer controls to prevent amendments or deletions in spread sheets.
- Demonstrate basic skills in formatting a spread sheet.

C Spread sheets skills of an accountant (M)

- Demonstrate the ability to import csv (comma separated values) and excel files into a spread sheet.
- Summarise data on a spread sheet by filtering and sorting data.
- Interpret absolute and relative referencing in a spread sheet.
- Compute the functions as follows: totals, maximum, minimum, if, sumif, count, counta, and countif.
- Explain other methods of presenting information including tables, bar charts, pie charts and line graphs

3 Organisational information infrastructure

A Main elements of an organisation's Information systems (M)

- Describe the main elements of an organisation's information system.
- Describe an information system and the different types of information system.
- Explain the role of information and information system within an organisation.

B Common types of Information technology (IT) network including Client-Server and Peer-to-Peer networks (M)

- Explain the common types of IT networks including Client-Server and Peer-to-Peer networks.
- Classify networks by topology.
- Describe area networks with specific reference to Local Area Networks and Wide Area Networks.

C Control issues arising from the introduction of a network (M)

- Identify control issues arising from the introduction of a network.
- Classify the control issues in Client-Server or Peer-to-Peer categories.

4 Accounting Information Systems and Databases

A Types of accounting information systems and their roles (M)

- Explain the role of accounting information systems in business and how they contribute to the organisation's value chain.
- Comprehend the types of accounting information systems

B Role of databases (M)

- Explain the roles of databases within an accounting information systems
- Recognise the common types of data processing
- Outline the role of Enterprise Resource Planning (ERP) systems.
- Describe types of data processing; including batch processing and online processing.
- Know that real time processing falls under online processing.
- Describe data warehousing and data mining.

C Ethical implications of accounting information systems (M)

- Explain the ethical implications of accounting information systems.
- Explain the social issues of accounting information systems.
- Describe the importance of ethical and social issues.

5 Information system quality and security

A Importance of data quality and security (I)

- Describe the importance of data quality and security
- Outline the data quality principles and how to control and apply the principles in an organisation.
- Describe procedural controls, technical controls and the control mix.

B Common threats to data quality and security (I)

- Describe common threats to data quality and security.
- Explain the security controls associated with networks.

C Types of controls used to counter the threats to data quality and security (I)

- Explain the types of controls used to counter the threats to data quality and security.
- Explain the success of social networks including the security issues associated with a personal websites.

6 Principles and Process of Effective Communication

A Nature and purpose of communication (I)

- Explain the nature and purpose of communication
- Explain the types of communication

B The Communication Process (I)

- Explain the communication process
- Explain the factors that affect the choice of medium

C Attributes of clear, effective and appropriate communication (I)

- Explain the barriers to effective communication
- Explain the various strategies to minimise barriers to communications
- Explain other effective, clear and appropriate methods of communications such as **PASS, KISS** and **7Cs** concepts.

  (Explain the attributes of clear, effective and appropriate communication)

7 Communication in Organisations

A Channels of communication

- Describe the channels of communication in an organisation

B Seeking, granting and refusing permission

- Explain how to seek, grant and refuse permission in an organisation

8 Written Communication

A Business letters (M)

- Explain the standard elements and the format of a business letter.
- Explain purposes and types of business letters
- Explain the structure and style of a business letter
- Write appropriate types of letters and curriculum vitae.

B Memorandum (M)

- Define a memorandum
- Explain the standard elements of a memorandum
- Explain different types of memo layouts
- Explain the structure and style of a Memorandum
- Write an appropriate Memorandum

C Report writing (M)

- Define reports.
- Explain different types of reports
- Explain the preparation to consider before writing a report
- Explain the different types of layout
- Explain the different sections of a short formal report
- Explain the essentials of a good report.
- Write an appropriate short formal report.

D Organising meetings (M)

- Explain how to organise business meetings
- Explain and write meeting documents such as agenda, notices and minutes

9 Oral Communication

A Listening skills (M)

- Explain the guidelines to effective Listening skills

B Questioning skills (M)

- Explain the guidelines to effective questioning skills

C Note taking skills (M)

- Explain Note taking Techniques

D Non-verbal communication (M)

- Explain the concepts of non-verbal communication

E Public presentation and effective speaking (M)

- Explain the preparations needed for Public presentation and effective speaking
- Explain the guidelines for an effective delivery of an oral presentation

Format of the exam

	Marks
Section A: Information Technology	
5 compulsory multiple choice questions, 2 marks each	10
Any 2 out of 3 questions, 20 marks each	40
Section B: Communication	
5 compulsory multiple choice questions, 2 marks each	10
Any 2 out of 3 questions, 20 marks each	40
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D4 Information Technology and Communication Study Manual
- Bovee, C. Thill, J. and Schatzmann, B. (2011) *Business communication today*. 11th edition. London, FT Prentice Hall.
- May, C. and May, G. (2008) *Effective Writing: A Handbook for Accountants*. 8th edition. London, FT Prentice Hall.

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D5 Cost Accounting

Learning outcomes

On successful completion of D5, students should be able to:

1 Explain the purpose and importance of cost accounting for an organisation

2 Distinguish between the various cost classifications and explain the reasons for the different classifications

3 Identify and calculate cost information for use in decision-making

4 Explain and apply the accounting methods for materials

5 Explain and apply the accounting methods for labour

6 Explain and apply the accounting methods for overheads

7 Apply absorption costing, marginal costing and activity-based costing

8 Apply a range of costing systems including job, batch, contract, service and process costing

9 Explain standard costing and calculate basic variances

10 Record cost and revenue data in the accounting system

Topic	Weighting
Introduction to costing accounting	5%
Cost classification	5%
Cost behaviour	5%
Materials	10%
Labour	10%
Overheads	10%
Absorption costing, Marginal costing and Activity based costing	15%
Application of cost accounting information	25%
Standard costing	10%
Cost bookkeeping	5%

Content

1 Introduction to Cost Accounting

A Meaning and scope of cost accounting (I)

- Explain why accounts are prepared
- Illustrate how an organisation's accounting system is affected by the nature of the business
- Define cost accounting
- List the users of accounting information

B Role and function of cost accounting within the organisational framework (I)

- Explain the role and function of cost accounting for an organisation
- Understand the range of information that could be provided by the cost accounting system.

C Relationship between cost accounting, management accounting and financial accounting (I)

- State the relationship of cost accounting to management accounting and to financial accounting.

2 Cost Classification

A The concept of cost (I)

- Define historic cost and economic value

B Importance of cost recording, cost analysis and reporting (I)

- Explain the importance of cost recording, cost analysis and reporting

C Cost objects and cost accumulation (I)

- Explain the terms cost object, cost unit, cost centre, revenue centre, profit centre, responsibility centre

D Manufacturing cost elements: direct, indirect, prime, product, service, period, production and non-production costs (I)

- Identify and give examples of each cost elements
- Distinguish between direct and indirect cost
- Distinguish between production, administration, selling and distribution overheads

3 Cost Behaviour

A Cost classification for decision purposes (I)

- List the three elements of a cost unit
- Illustrate the meaning of cost classification

B Cost behaviour: variable, fixed, semi-variable and stepped fixed costs (I)

- Explain the basic principle of cost behaviour
- Distinguish between the behaviour patterns of different types of cost
- Prepare a graph of each cost type
- Distinguish a graph for accountants and economists

C Methods of splitting semi variable costs (M)

- Calculate fixed and variable elements of cost using the high/low method
- Calculate fixed and variable elements of cost using the scatter graph method

4 Materials

A Purchasing and cost control systems and procedures (I)

- Explain the objectives and principles of inventory recording
- Describe the procedures and documents used for ordering and receiving inventory
- Calculate free inventory

B Inventory valuation methods (M)

- Valuation of inventory issues and closing inventory using FIFO, LIFO and AVCO

C Inventory control techniques (M)

- Describe the procedures and documents used for inventory issues
- Calculate inventory control levels (minimum, maximum, average and reorder level)
- Explain principles of EOQ
- Calculate inventory reorder quantity using EOQ
- Explain inventory count
- Describe the main features of Just in Time systems

5 Labour

A Types of labour and Modes of remuneration (I)

- Distinguish between direct and indirect labour
- Describe the main categories of remuneration and their features e.g. day rate systems, piecework systems and bonus/incentive scheme

B Procedures and documentation for effective recording and cost analysis (I)

- Describe labour records such as clock cards and time sheets
- Calculate labour costs
- Calculate the labour ratios (efficiency, capacity, production volume and idle time)

C Incentive schemes (I)

- Describe the features of incentive schemes and its advantage and disadvantage

D Labour turnover (M)

- Explain labour turnover
- Identify labour turnover costs
- Calculate labour turnover rate

6 Overheads and Absorption Costing

A Characteristics of overheads (I)

- Describe the characteristics of overheads

B Cost allocation, apportionment and absorption (M)

- Describe the three stages of allocation, apportionment and absorption
- Explain how to deal with overheads of service departments
- Calculate absorption rate using various bases
- Explain the reasons for applying absorption rates

C Over and under absorption (M)

- Describe the reasons for under and over absorption
- Calculate under- and over absorption

7 Marginal Costing, Absorption Costing and Activity Based Costing

A Marginal costing (M)

- Explain what is meant by marginal costing and contribution
- Calculate marginal cost
- Prepare profit statement
- Calculate closing inventory value at marginal cost
- Explain how to deal with fixed costs using marginal costing

B Absorption costing versus marginal costing (M)

- Differentiate between an Absorption Costing and Marginal Costing
- Prepare profit statement
- Explain the arguments for against Marginal and Absorption

C Reconciliation of absorption costing and marginal costing (M)

- Reconcile marginal profit with absorption costing profit

D Activity-based costing (M)

- Describe activity –based costing
- Define cost pool and cost driver
- Calculate the product cost using ABC

8 Application of Cost Accounting Information

A Job and batch costing (M)

- Describe the features of job and batch costing
- Calculate the job cost, the batch cost
- Prepare a job and batch quotation
- Prepare the bookkeeping record entries for job and batch costing

B Contract costing (M)

- Describe the characteristics of contract costing
- Prepare the contract account
- Explain how to deal with uncompleted contracts
- Calculate attributable profit on a contract

C Service costing (M)

- Describe the specific characteristics of services
- Calculate the average cost per unit of service

D Process costing (WIP Valuation, Joint and by-product costing) (M)

- Describe the features of processing costing
- Prepare a process account
- Calculate normal losses, abnormal losses and abnormal gains
- Calculate scrap value
- Explain the concept of equivalent units
- Calculate equivalent units where there is closing WIP
- Calculate opening work in progress values using both weighted average and FIFO Methods
- Distinguish between joint and by-products.
- Explain the methods of cost treatment of joints costs to joint products.

9 Standard Costing

A Types of Standards (I)

- Define standard costing
- Explain the types of standards and how to establish the standards

B Standard Cost Card (M)

- Prepare a standard cost card

C Basic Variances (I)

- Define variances
- Calculate the following basic variances
  - (i) Materials total cost, materials price and materials usage variances
  - (ii) Labour total cost, labour rate and labour efficiency variances
  - (iii) Labour idle variance
  - (iv) Variable overhead total cost, variable overhead expenditure and variable overhead efficiency variances
  - (v) Fixed overhead expenditure and volume variances
  - (vi) Sales price and volume margin variances

10 Cost Bookkeeping

A Recording of transactions under cost accounting (I)

- Explain why many organisations maintain a cost accounting system

B Interlocking bookkeeping system (I)

- Define an interlocking system
- Illustrate the basic entries in an interlocking system
- State the advantage and disadvantage of an interlocking system

C Integrated bookkeeping systems (I)

- Define an integrated system
- Illustrate the basic entries in an integrated system
- State the advantage and disadvantage of an integrated system

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 4 out of 5 questions, 20 marks each	80
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D5 Cost Accounting Study Manual
- Drury, C. (2008) *Management and Cost Accounting*. 7th edition. London, Cengage Learning EMEA.
- Lucey, T. (2008) *Costing*. 7th edition. London, Cengage Learning EMEA.

D6 Business Law

Learning outcomes

On successful completion of D6, students should be able to:

1 Identify the main sources of Zambian law and other essential elements of the Zambian legal system

2 Explain and apply the legal rules relating to the law of obligations

3 Explain and demonstrate how the Sales of Goods Act 1893 impacts upon contracts

4 Explain and apply the law relating to employment relationships

5 Explain and apply the law relating to agent-principal relationships

6 Explain and apply the law of torts

7 Explain and apply the law relating to partnership arrangements

Topic	Weighting
Essential elements of the Zambian legal system	10%
Law of obligations	30%
Contracts under the Sales of Goods Act 1893	15%
Employment law	10%
Agency law	10%
The law of torts	10%
Partnerships	15%

Content

1 Essential Elements of the Zambian Legal System

A The Nature of Law (I)

- Define law
- Explain the classification of law

B Sources of Law in Zambia

(i) The constitution as a primary source of law (I)

- Explain the importance of the Zambian constitution in underpinning law in Zambia

(ii) Secondary legislation and the rules of statutory interpretation of law (M)

- Explain the role of legislation
- Discuss the law formation process in Zambia
- Discus delegated legislation
- Describe the rules and presumptions used by the courts to interpret legislation

(iii) Case law (M)

- Explain the importance of precedents and case law
- Discuss the types of precedent

(iv) Customary law (I)

- Explain the elements of a valid custom

C The court structure (I)

- Explain the court structure and jurisdiction of the Zambian Courts

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D The reception of common law, equity and English statutes in Zambia (I)

- Discuss the significance of English law in Zambia
- Discuss how International law is applied in Zambia

E Distinction between criminal and civil liability (I)

- Distinguish between civil and criminal liability

2 Law of Obligations

A Essential elements of a valid contract (I)

- Define a contract
- Explain types of contracts
- Explain the elements of a valid contract

B Terms and conditions of a contract (M)

- Explain the following terms and representations:
  - Contractual terms: Conditions, Warrant & Exclusion clauses
  - Representations

C Misrepresentation as a vitiating factor (M)

- Explain the following Vitiating Factors
  - Misrepresentation, Mistake, Illegality, & Duress and undue influence

D Discharge or termination of contract (M)

- Describe the ways in which contracts are discharged or terminated

E Various remedies under the law of contract (M)

- Explain remedies for breach of contract
  - Common law remedies
  - Equitable remedies)

3 Contracts under the Sales of Goods Act 1893

A Definitions, conditions and warranties (M)

- Define a contract of sale and an agreement to sell
- Explain the significance of conditions and warranties in relation to the sale of goods
- Explain satisfactory quality and fitness of purpose under the Act
- Explain sale by sample and by description

B Transfer of property, risk and title to the goods (M)

- Explain how the Sale of Goods Act governs the transfer of property, risk and title to goods
- Explain sale by person who is not the owner
- Discuss rights and obligations of the seller and buyer.
- Explain remedies for buyer for breach of contract
- Explain remedies for seller for breach of contract

4 Employment Law

A Distinction between contract of service and contract for services (M)

- Distinguish between a contract of service and contract for services
- Tests to establish employment relationships

B Types of employment contracts under the Employment Act, Chapter 268 of the Laws of Zambia (M)

- Explain the different types of employment contract
- Describe the common law duties of employers and employees

C Vicarious liability (M)

- Explain the concept of vicarious liability
- Explain the concept of vicarious liability in relation to course of employment/Outside course of employment

D Dismissal and redundancy (M)

- Explain the following forms of loss of employment and contract termination:
  - Death, Time, Resignation, Frustration, Retrenchment, Dismissal, Types of dismissal & Redundancy

5 Agency Law

A Establishment of the agent/principal relationship (M)

- Define an agent
- Explain how the agency relationship is established
- Describe disclosed and undisclosed agencies

B Authority of an agent (M)

- Describe the authority of an agent

C Rights and duties of both the agent and the principal (M)

- Describe the rights and duties of an agent/principal

D Termination of agent/principal relationship (M)

- Describe the termination of an agency relationship

6 The Law of Torts

A Definition (I)

- Define a tort
- Examples of different types of torts

B Negligence (M)

- Describe the elements of negligence
  - Duty of care, Breach & Damage

C Professional negligence (M)

- Explain the duty of care for professionals
- Explain standard of care under professional negligence

D Defences and remedies (M)

- Explain remedies available under the law of tort
- Explain defences under the law of tort

7 Partnerships

A Formation and types of partners (M)

- Explain how partnerships are established
- Explain types of partners

B The partnership agreement (M)

- Explain the importance of Partnership deed/agreement.
- Describe the features of Partnership deed/agreement

C Rights and duties in a partnership (M)

- Explain the rights and duties of partners.

D Dissolution (M)

- Describe the ways in which a partnership comes to an end

E Limited liability partnerships (M)

- Describe the main features of limited liability partnerships

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 4 out of 5 questions, 20 marks each	80
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D6 Business Law Study Manual

D7 Principles of Management

Learning outcomes

On successful completion of D7, students should be able to:

1 Explain the role of managers and the theories of management

2 Identify the different types of organisation and key stakeholders

3 Explain how the organisation can be designed and structured for success

4 Explain how the strategic position of the organisation is evaluated

5 Discuss leadership theories, styles and issues

6 Explain the different theories of motivation

7 Explain the role of change management in implementing corporate strategy

8 Explain the importance of the recruitment process, training, development and evaluation of employees

9 Describe the specific challenges faced in managing a public sector organisation

Topic	Weighting
Role of the managers and theories of management	10%
Different types of organisation and stakeholders	10%
Design and structuring of an organisation	10%
Strategic position of an organisation	10%
Leadership theories, styles and issues	10%
Theories of motivation	10%
Change management	15%
Strategic human resources management	15%
Public sector organisations	10%

Content

1 Role of the Managers and Theories of Management

A Role of the manager and principles of management (I)

- Define management
- Explain the role of the manager in an organisation

B Management skills (I)

- Explain the management skills required by managers

C Theories of management (I)

- Describe the various theories of management
  - Scientific Management by Fredrick W Taylor
  - Henri Fayol's Principles of Management
  - Max Weber's Bureaucracy
  - Elton Mayo's Human Relations Movement
  - Chester I. Benard's systems approach

2 Different Types of Organisation and Stakeholders

A Different types of organisation and their characteristics (I)

- Describe the different types of organisations and their characteristics.

B Benefits and limitations of different types of organisation (I)

- Explain the benefits and limitations of each type of organisation

C Different types of stakeholders (I)

- Define a stakeholder
- Explain the various stakeholders of an organisation.

D Small and medium-sized enterprises (I)

3 Design and Structuring of an Organisation

A Role and purpose of core functions (I)

- Describe the purpose of core functions of an organisation

B Different structures of organisations (I)

- Identify and explain the basis of developing an organizational structure.
- Explain the types of organisation structures

C Organisation of internal relationships (M)

- Explain how internal relationships can be organised to deliver strategy

D Design of structure, processes and relationships (M)

- Assess the design of structure, processes and relationships

E Culture and behaviour (M)

- Explain organisational culture and behaviour

4 Strategic Position of an Organisation

A Fundamental nature of strategy (M)

- Discuss the fundamental nature of strategy

B Relationship between different levels of strategy (I)

- Describe the relationship between different levels of strategy in the organisation

C Implementation of strategy (I)

- Describe how strategy can be implemented in an organisation

D Assessment of the micro-environment (M)

- Assess the micro-environment using SWOT analysis
- Explain the purpose of SWOT analysis

E Assessment of the macro-environment, using PESTEL (M)

- Assess the macro-environment using PESTEL analysis
- Explain the purpose of PESTEL analysis

5 Leadership Theories, Styles and Issues

A Difference between management and leadership (I)

- Explain the differences between management and leadership

B Theories of leadership (I)

- Discuss the various theories of leadership: Trait, Behavioural, Style and Contingency theories.

C Nature and uses of different styles of leadership (M)

- Explain the nature and uses of different styles of leadership

D Leadership in modern organisations (M)

- Describe emotional, team and moral leadership.

E Uses, benefits and possible obstacles to delegation (M)

- Discuss the uses, benefits and possible obstacles to delegation.

6 Theories of Motivation

A Nature and process of motivation (I)

- Describe the nature and process of motivation

B Theories of motivation (I)

- Discuss various theories for motivation: Maslow's hierarchy of needs, Herzberg's two Factor, Vroom's expectancy theory, McGregor's theory X and Y, McClelland's theory of needs, Likert's organizational management styles, Adam's Equity theory, Locke and Latham's Goal setting theory.

C Personal achievement and career development (M)

- Explain the need for personal achievement and career development

D Role of job design in motivation (M)

- Explain the role of job design in motivating employees

7 Change Management

A Concept of strategic change (I)

- Discuss the concept of strategic change

B Different types of change (I)

- Compare and contrast different types of change

C Impact of change triggers on organisation (M)

- Explain the impact a range of change triggers could have on an organisation and its strategy

D Techniques for managing the change process (I)

- Identify and explain techniques for managing the change process

E Role of leadership in managing change (I)

- Explain the role of leadership in managing the change process

F Techniques for overcoming resistance to change (M)

- Identify and explain the techniques for overcoming resistance to change

G Relationship between change process and organisational culture (M)

- Explain the relationship between the change process and organisation change

H Ethical issues raised by change management and strategy implementation (I)

- Discuss ethical issues raised by change management process and the implementation of strategic plans

8 Strategic Human Resources Management

A Role of human resources management (I)

- Describe the role of the HR management function.

B Process of recruitment and selection (I)

- Explain the process of recruitment and selection.
- Describe the methods that can be used in recruitment and selection.

C Training and development (M)

- Define training and development.
- Describe how the process of training and development improves performance/ productivity in organizations.

D Purpose and process of performance evaluation (I)

- Explain the purpose and process of performance evaluation

9 Public Sector Organisations

A Definition of public sector organisations (I)

- Explain what is meant by a public sector organisation

B Objectives of public sector organisations (I)

- Describe the objectives of a public sector organisation

C Features, structure and issues arising in a community, non-profit organisation (I)

- Identify the features, structure and issues likely to arise in a community non-profit organisation

Format of the exam

	Marks
Section A: 10 compulsory multiple choice questions, 2 marks each	20
Section B: Any 4 out of 5 questions, 20 marks each	80
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D7 Principles of Management Study Manual
- Bratton, J. and Gold, J. (2007) *Human Resource Management: Theory and Practice* 4th edition. London, Palgrave Macmillan.
- Handy, C. (1993) *Understanding Organisations*. 4th edition. London, Penguin.
- Mullins, L. (2010) *Management and Organisational Behaviour*. 9th edition. London, FT Prentice Hall.

4.2 Level 2 Modules

Level 2 requires candidates to demonstrate grasp of accounting skills required to prepare various statutory returns and reports that support value addition of the accounting profession to various businesses and public sector. The questions in an exam will mainly be at application and analysis levels of Bloom's Taxonomy of educational objectives.

D8 Financial Reporting	**Progression from**: Financial Accounting Students will acquire skills necessary to support the preparation of single and basic group financial statements (with direct subsidiaries) which comply with international financial reporting standards, and interpretation and analysis of financial statements.
D9 Management Accounting	**Progression from**: Business Economics and Cost Accounting Students will acquire skills necessary to analyse and apply management accounting techniques to support cost control, pricing strategies, planning and decision making.
D10 Taxation	**Progression from**: New Skills Students will acquire skills necessary to compute appropriate taxes, and prepare statutory tax returns to facilitate compliance with the tax law.
D11 Principles of Auditing	**Progression from**: Information Technology and Communication Students will acquire skills necessary to test internal controls and obtain appropriate audit evidence in accordance with the International Standards on Auditing.
D12 Governance and Company Law	**Progression from**: Business Law Students will acquire skills necessary to apply good corporate governance principles and company law to management, administration and governance of companies.

D8 Financial Reporting

Learning Outcomes

On successful completion of D8, students should be able to:

1 Describe the conceptual and regulatory framework for financial reporting and apply the principles set out in the International Accounting Standards Board (IASB) *Conceptual Framework*

2 Prepare single entity financial statements which comply with International Financial Reporting Standards (IFRS)

3 Interpret and analyse the information in published financial statements

4 Acquire basic understanding of how to prepare group financial statements which comply with IFRS

5 Identify the issues involved in preparing financial statements for public sector entities

Topic	Weighting
The conceptual and regulatory framework	10%
Single Entity Financial statements	35%
Financial analysis	20%
Group financial statements	25%
Financial Statements for Public sector entities	10%

Content

1 The Conceptual and Regulatory Framework

A The conceptual framework (M)

- Describe what is meant by conceptual framework for financial reporting
- Explain the purpose of a conceptual framework of financial reporting
- Describe the qualitative characteristics of financial information including the application to the preparation of financial statements.
  - Faithful representation
  - Relevance
  - Comparability
  - Understandability
  - Verifiability
  - Timeliness
- Explain the principle of comparability in accounting for changes in accounting policy
- Explain the importance of timeliness and comparability to users of financial statements.
- Explain the recognition and measurement criteria for elements of financial statements.
- Apply the recognition and measurement criteria contained in the Conceptual Framework to assets, liabilities, income and expenses
- Calculate values of elements of financial statements using the following measures:
  - Historical cost
  - Current cost
  - Net realizable value
  - Present value of future cash flows
  - Fair value

- Discuss whether the use of current value accounting overcomes the problems of historical cost accounting
- Explain the concept of financial and physical capital maintenance and how it affects the determination of profits

B The regulatory framework: IASB structure, global harmonisation (M)

- Explain why a regulatory framework is needed including the advantages and disadvantages of IFRS over national regulation
- Explain why accounting standards on their own are not a complete regulatory framework
- Distinguish between a principles based and a rules based framework and explain how they complement each other
- Describe the structure and objectives of the IASB and the other bodies involved in formulating IFRSs
- Describe the IASB's standard setting process including revisions and interpretations of standards
- Explain the relationship between the IASB and national standard setters
- Outline the current progress of international harmonisation of accounting standards

2 Single Entity Financial statements

A Presentation of financial statements (IAS 1) (A)

- Illustrate the formats and content of published financial statements presented under IFRS
- Prepare the statements of an individual entity in accordance with IFRS
  - Statement of Profit or Loss and Other Comprehensive Income
  - Statement of Financial Position
  - Statement of Changes in Equity
- Explain the content and purpose of each of the above financial statements

B Tangible Non-current assets (IAS 16, 23 and 40) (M)

- Define tangible non-current assets
- Identify the components of cost of a tangible non-current asset, including subsequent expenditure that may be capitalised
- Define and compute the initial measurement of a non-current asset (acquired and constructed)
- Discuss the requirements of relevant accounting standards in relation to revaluation of non-current assets
- Account for revaluations and disposal gains and losses for non-current assets
- Compute depreciation taking into account revaluations and the calculations needed for complex assets
- Define borrowing costs and account for them in accordance with IAS 23
- Discuss the treatment of investment property and explain why it should differ from the treatment of other tangible non-current assets
- Apply the requirements of IAS 40 to accounting for investment property

C Intangible assets (IAS 38 and IFRS 3) (M)

- Describe the criteria for the recognition of intangible assets
- Discuss the nature and accounting treatment of internally generated and purchased intangibles
- Describe the criteria for the initial and subsequent measurement of intangible assets
- Apply the requirements of relevant accounting standards to research and development expenditure
- Distinguish between goodwill and other intangible assets
- Describe how goodwill arises and its accounting treatment in accordance with IFRS
- Account for impairment losses in accordance with relevant accounting standards

D Impairment of assets (IAS 36 and IFRS 3) (M)

- Define an impairment loss and identify the circumstances which indicate that an impairment may have taken place
- Describe what is meant by a cash generating unit
- Apply the correct accounting treatment to an impairment loss for an individual asset or a cash generating unit

E Reporting financial performance (IAS 8, IAS 20, and IFRS 5 (M)

- Distinguish between changes in accounting policies and changes in accounting estimates
- Account for changes in accounting policies, changes in estimates and the correction of prior period errors
- Define government grants and distinguish between income related and asset related government grants
- Account for income related and asset related government grants including the recognition criteria for government grants
- Explain the accounting treatment for repayment of government grants
- Define and account for non-current assets held for sale and discontinued operations
- Explain why it is important to separately identify the results of discontinued operations

F Revenue (IFRS 15) (M)

- Describe and apply the requirements of International Financial Reporting Standards on revenue recognition
  - Identification of contracts
  - Identification of performance obligations
  - Determination of transaction price
  - Allocation of the price to performance obligations
  - Recognition of revenue when performance obligations are satisfied
- Explain and apply criteria for recognising revenue when performance obligations are satisfied:
  - Over time
  - At a point in time
- Describe acceptable methods for measuring progress towards complete satisfaction of performance obligations
- Explain and apply the criteria for recognition of contract costs

- Apply the principles of recognition of revenue, and specifically account for the following types of transaction:
  - Principal versus agent
  - Consignment sales
  - Bill and hold arrangements
  - Repurchase agreements
- Prepare financial statement extracts for contracts where performance obligations are satisfied over time

G Inventories (IAS 2) (M)

- Explain and apply the principles of inventory valuation

H Provisions and events after the reporting period (IAS 37 and 10) (M)

- Explain why an accounting standard on provisions was needed
- Identify the circumstances in which provisions may or may not be made and apply the correct accounting treatment
- Distinguish between legal and constructive obligations
- Explain how provisions should be measured
- Define contingent assets and contingent liabilities and explain how they are treated
- Apply the requirements of International Financial Reporting Standards to warranties, onerous contracts, environmental and similar provisions and restructuring costs
- Distinguish between adjusting and non-adjusting events after the reporting period and apply the correct accounting treatment

I Accounting for leases (IAS 17) (M)

- Distinguish between a finance lease and an operating lease
- Explain the importance of accounting for finance leases according to their commercial substance
- Describe and apply the method for determining a lease type
- Account for finance and operating leases in the financial statements of the lessee
- Discuss the effects on financial statements of a finance lease being incorrectly treated as an operating lease
- Account for sale and leaseback agreements

J Accounting for taxation (IAS 12) (M)

- Account for current taxation in accordance with international accounting standards
- Explain how taxable and deductible temporary differences arise
- Explain the effect of taxable temporary differences on accounting and taxable profits
- Calculate and account for deferred tax amounts in the financial statements

K Foreign currency translation (IAS 21) (M)

- Discuss and distinguish functional currency and presentation currency
- Account for the translation of foreign currency transactions and foreign currency items at the reporting date in accordance with relevant accounting standards

L Basic financial instruments (IAS 32 and IFRS 9) (M)

- Explain the need for an accounting standard on financial instruments
- Define financial instruments in terms of financial assets and financial liabilities
- Explain and account for factoring of receivables
- Explain the classification and measurement of financial instruments using:
  - Amortized cost
  - Fair value through other comprehensive income
  - Fair value through profit or loss
- Distinguish between debt and equity instruments
- Apply the requirements of relevant accounting standards to the issue and finance costs of
  - Equity
  - Redeemable preference shares
  - Convertible debt
- Indicate how gains and losses from subsequent measurement of financial instruments are treated in the financial statements

M Segment reporting (IFRS 8) (M)

- Define a reporting segment
- Describe and apply criteria for identifying a reportable segment
- Prepare a simple segment report in accordance with IFRS 8

N Agriculture (IAS 41) (M)

- Define and measure biological assets
- Apply the requirements of international standards in accounting for agricultural activity

O Statement of cash flows (IAS 7) (M)

- Outline the purpose and objectives of a statement of cash flows
- Define operating, investing and financing activities
- Define cash and cash equivalents
- Prepare a statement of cash flows for a single entity using both the direct and indirect methods
- Explain the benefits to users of a statement of cash flows, including its usefulness in assessing the performance of an entity

P Branch accounting (M)

- Account for the activities of branches where each branch maintains its own distinct accounting records
- Account for activities where the head office maintains records for all branches

3 Interpretation and Analysis

A Earnings per share (IAS 33) (M)

- Compute basic EPS in accordance with international Standards including dealing with changes in capital structure
- Explain the relevance of diluted EPS and calculate diluted EPS involving convertible debt and share options
- Discuss the importance and limitations of EPS as a measure of performance

B Interpretation of financial statements (A)

- Compute and explain ratios assessing profitability, solvency, efficiency and the value of a shareholders investment in the entity
- Illustrate how these are compared with the results of previous periods, the results of other entities and industry average ratios
- Discuss the limitations of financial statement information and ratio analysis in assessing the financial performance of an entity

4 Group Financial Statements

A Business combinations (M)

- Define a group, a subsidiary and an associate
- Identify the circumstances in which a group is required to prepare consolidated financial statements and the circumstances under which a group can claim exemption from this requirement
- Explain why directors may not wish to consolidate a subsidiary and when this is permitted by IFRS
- Discuss the issues of coterminous year ends and uniform accounting policies when preparing group financial statements
- List the contents of a set of group financial statements

B Accounting for subsidiaries (IFRS 3 and IFRS 10) (M)

- Apply the basic consolidation procedure, including the calculation of the non-controlling interest (using the proportionate share of net assets and fair value methods), to the preparation of group statements of financial position and statements of profit and loss for a simple group (a parent and a single subsidiary)
- Apply the required accounting treatment of goodwill, including the calculation of goodwill arising on acquisition.
- Accounting for the impairment of goodwill
- Account for the effect of intra-group transactions
- Account for the effects of fair value adjustments

C Accounting for associates and joint arrangements (IAS 28 and IFRS 11) (M)

- Define joint arrangement, joint control and significant influence
- Describe the accounting treatment for associates in group financial statements
- Describe different forms of joint arrangements including joint ventures and joint operations
- Describe the accounting treatment applicable to joint ventures and joint operations
- Account for joint venture transactions

5 Financial Statements for Public Sector Entities

A Financial Reporting Framework for public sector entities (M)

- Contrast the aims of public sector entities with those of profit making entities
- Explain the progress in the development of the conceptual framework for not for profit entities

B International public sector accounting standards (IPSAS) (I)

- Discuss the extent to which International standards are relevant to public sector entities

C Preparation of financial statements for public sector entities (M)

- Discuss the content of financial statements for public sector entities in accordance with IPSAS 1
- Outline how the performance of public sector entities can best be measured

Format of the exam

	Marks
Section A: 2 compulsory questions, 25 marks each	50
Section B: Any 2 out of 3 questions, 25 marks each	50
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D8 Financial Reporting Study Manual
- 2015 International Financial Reporting Standards, IFRS Foundation Education Initiative
- Dodge, R. (1997) Foundations of Business Accounting. 2nd edition. London, Cengage Learning.
- Dunn, J. (2010) *Financial Reporting and Analysis*. Chichester, Wiley.
- Elliott, B. and Elliott, J. (2010) *Financial Accounting and Reporting*. 14th edition. London, FT Prentice Hall.
- Wood, F. and Sangster, A. (2011) *Business Accounting* 1. 12th edition. London, FT Prentice Hall.

D9 Management Accounting

Learning Outcomes

On successful completion of D9, students should be able to:

1 Explain the importance of management accounting for decision making and contrast it with financial accounting

2 Apply relevant costing principles to different scenarios and explain the use of relevant costing in short-term decision making

3 Apply the cost volume profit model and critically evaluate its value in decision making

4 Describe and evaluate different pricing strategies

5 Analyse cost and revenue variances and recommend appropriate responses to identified variances

6 Prepare those budgets commonly used in practice and explain the behavioural implications of using budget variances for performance evaluation

7 Apply alternative modern management accounting techniques and explain when each is appropriate

8 Evaluate an appropriate working capital strategy for a company

Topic	Weighting
Introduction to Management Accounting	5%
Short-term decision making	10%
Cost volume profit analysis	10%
Costs and pricing decisions	10%
Standard costing and variance analysis	20%
Budgeting and budgetary control	25%
Modern management accounting techniques	10%
Working Capital Management	10%

Content

1 Introduction to Management Accounting

A Scope of Management Accounting (I)

- Explain the scope of management accounting
- Explain the role of a Management accountant

B Management Accounting compared to Financial Accounting (I)

- Compare management accounting with financial accounting

C The role of Management Accounting in decision making (I)

- Explain the importance of management accounting for decision making

2 Short-term Decision Making

A Decision making process (M)

- Identify the principles used in short term decision making
- Explain why cost accounting data may not be suitable for decision making

B Relevant costing concept (M)

- Explain the concept of relevant costing in the context of decision making
- Calculate relevant costs and revenues
- Distinguish relevant costs and revenues from irrelevant costs and revenues
- Describe the assumptions made when applying relevant costing

C Short-term decisions (M)

- Identify what the limiting factor is when there are scarce resources and choose an appropriate techniques
- Determine the production plan that will maximise contribution when an organisation is restricted by a single limiting factor, including where the organisation faces 'make or buy' decisions.
- Determine whether a product should be further processed or not
- Apply relevant costing to different business decisions
  - Determine whether an organisation should close down a part of the business, which could be a product line, department or other activity
  - Determine whether a special one off contract should be accepted
  - Determine the minimum price that should be quoted for a particular one-off product or contract.

D Considerations for qualitative factors (M)

- Identify non-quantifiable factors to be taken into account when applying relevant costing during decisions

3 Cost Volume Profit Analysis

A Nature of short term planning decisions (I)

- Explain the concept of CVP analysis

B Practical applications of the CVP model (I)

- Calculate the following measures
  - Breakeven points
  - Contribution/sales ratio
  - Margin of safety
  - Target profits
- Interpret the CVP measures
- Apply CVP to situations involving a single product
- Explain the principles of multiple product CVP analysis
- Prepare and interpret breakeven and profit/volume charts

C Assumptions underlying the single CVP model (M)

- Describe the assumptions made when using CVP analysis and explain how these assumptions limit its use of decision making

D The accountant's Cost Volume Profit (CVP) Model and Comparison with the economist's CVP Model (M)

- Distinguish accountants and economists view of CVP analysis

E Usefulness and limitations of the model (I)

- Explain the usefulness and limitations of the CVP analysis

4 Costs and Pricing Decisions

A Pricing in an organisation (M)

- Explain factors to consider when pricing
- Calculate the price using the demand function

B Cost plus pricing (M)

- Explain how demand influence the price of a product
- Explain how factors other than demand can influence the price of a product
- Calculate prices using full cost-plus

C Marginal cost plus pricing (M)

- Calculate prices using marginal cost-plus pricing (M)

D Other pricing methods (M)

- Calculate prices using Activity based costing
- Calculate prices using Standard costing

E Pricing strategies (M)

- Explain suitable pricing methods for specific situations, taking into account the objectives of the organisation

5 Standard Costing and Variance Analysis

A Variance analysis for costs (M)

- Calculate the following variances
  - Material total, usage and price
  - Labour total, efficiency and rate
  - Idle time
  - Variable overhead total, efficiency and expenditure
  - Fixed overhead total, volume (efficiency and capacity) and expenditure

B Variance analysis for revenue (I)

- Calculate the following variances
  - Selling price (or sales price)
  - Sales volume profit

C Variances and control (M)

- Explain the causes of the variances
- Explain how management use various analysis for control purposes
- Suggest appropriate responses to identified variances

D Operating statements using absorption costing and marginal costing (M)

- Prepare an operating statement reconciling budgeted profit to actual profit under
  - Standard absorption costing
  - Standard marginal costing

E Advanced variances (M)

- Calculate the following variances
  - Material mix and yield
  - Sales mix and quantity
  - Planning and operational

BPP LEARNING MEDIA

6 Budgeting and Budgetary Control

A Introduction to budgeting: meaning and usefulness, benefits and limitations, the budgeting process (M)

- Explain how organisation use budgets
- Describe the administration involved when budgeting
- Describe the budget preparation process

B Types of budgets (M)

- Prepare functional budgets, cash budgets and a master budget
- Explain the importance of forecasting techniques in the preparation of budgets
- Explain how a capital expenditure budget is prepared and its importance
- Explain what a fixed budget is and how it is used by management
- Describe how rolling budgets are used by management
- Prepare and interpret flexible budgets are used for control purposes

C Behavioural implications of budgeting and budgetary control (M)

- Explain the behavioural implications of using budgets for control and performance evaluation
- Explain the use of budgets for motivational purposes

D Application of Information technology in budget preparation (M)

- Describe and evaluate the following budgetary systems:
  - Incremental budgeting
  - Zero based budgeting
  - Programme planning and budgetary systems (PPBS)
- Recommend which of the above budgetary systems may be appropriate in specific situations
- Explain why PPSB is suitable for public sector and not for profit organisations and why traditional budgeting techniques are often suitable.

7 Modern Management Accounting Techniques

A Throughput accounting (M)

- Compare and contrast the 'traditional' and the 'modern' manufacturing philosophy
- Explain the theory of constraints and the concept of throughput accounting
- Calculate throughput measures and throughput accounting ratios and use them for decision making

B Target costing (M)

- Describe the steps involved in target costing and calculate target costs

C Life cycle costing (M)

- Describe the stages of the product life cycle
- Explain the concept of life cycle costing and how it can be used to maximise returns
- Explain the effect of life cycle costs on an organisations marketing strategies

D Backflush accounting (M)

- Describe the backflush method of accounting and explain how it simplifies the accounting process

E Kaizen costing (M)

- Explain the concept of kaizen costing

8 Working Capital Management

A The nature, elements and importance of working capital (M)

- Describe the nature of working capital and identify its elements
- Identify the objectives of working capital management in terms of liquidity and profitability
- Explain the conflict between liquidity and profitability
- Explain the central role of working capital management in financial management.

B Working capital investment (M)

- Explain the cash operating cycle
- Explain and apply relevant accounting ratios, including:
  - inventory turnover ratio, average collection period and average payable period
  - sales revenue/net working capital ratio
- Calculate the level of working capital investment in current assets and discuss the key factors determining this level, including:
  - the length of the working capital cycle and terms of trade
  - an organisation's policy on the level of investment in current assets
  - the industry in which the organisation operates
- Identify if a company is overtrading

C Working capital financing (M)

- Describe the different working capital financing strategies that an organisation may follow, including:
  - the distinction between permanent and fluctuating current assets
  - the relative cost and risk of short-term and long-term finance
  - the matching principle
  - the relative costs and benefits of aggressive, conservative and matching funding policies

D Inventory management (M)

- Explain the use of relevant techniques in managing inventory, including the Economic Order Quantity model and Just in-Time techniques
- Calculate the optimum order size using the EOQ model

E Receivables management (M)

- Explain the use of relevant techniques in managing accounts receivable, including (*only basic calculations will be tested in this area):*
  - assessing creditworthiness
  - managing accounts receivable
  - collecting amounts owing
  - offering early settlement discounts
  - using factoring and invoice discounting

F Payables management (M)

- Explain the use of relevant techniques in managing accounts payable, including:
  - using trade credit effectively
  - evaluating the benefits of discounts for early settlement and bulk purchase
- Explain factors affecting credit worthiness

BPP LEARNING MEDIA

G Cash Management (M)

- Explain the various reasons for holding cash
- Explain the cash management models, such as the Baumol model and the Miller-Orr model *(calculations will not be examined, students are expected to have the basic understanding of these techniques)*
- Explain the use of relevant techniques in managing cash, including:
  - preparing cash flow forecasts to determine future cash flows and cash balances
  - assessing the benefits of centralised treasury management and cash control
  - investing short-term

Format of the exam

	Marks
Section A: 2 compulsory questions, 25 marks each	50
Section B: Any 2 out of 3 questions, 25 marks each	50
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D9 Management Accounting Study Manual
- Atkinson, A. Kaplan, R. Matsumura, M. and Young, S. (2011) *Management Accounting: Information for Decision-Making and Strategy Execution*. 6th edition. London, FT Prentice Hall.
- Drury, C. (2008) *Management and Cost Accounting*. 7th edition. London, Cengage Learning EMEA.

D10 Taxation

Learning Outcomes

On successful completion of D10, students should be able to:

1 Describe the principles of taxation and explain the role played by taxation in the economy

2 Identify and respond appropriately to ethical issues arising in the course of performing tax work

3 Explain the administrative procedures for direct taxes, including objections and appeals procedure

4 Calculate taxable income for unincorporated businesses and compute income tax payable there on

5 Calculate Income Tax payable on emoluments from employment and advise on how it is paid under the Pay As You Earn system

6 Calculate taxable income and withholding tax on all investment income.

7 Calculate company income tax payable and explain how it is payable

8 Calculate taxable profits from farming and compute income tax payable on farming and fishing income

9 Explain the treatment of transfers of value and calculate Property Transfer Tax payable

10 Calculate presumptive taxes payable

11 Calculate and account for Value Added Tax on all types of supplies

12 Calculate Customs and Excise duties and advise on the clearing procedure for motor vehicles

Topic	Weighting
Role and purpose of taxation	5%
Ethical issues in Tax Practice	5%
Administration of direct taxes	10%
Taxation of unincorporated businesses	15%
Taxation of income from employment	10%
Taxation of investment income and Aggregation of incomes received by individuals	5%
Company income taxation	15%
Taxation of farming enterprises	10%
Property Transfer Tax	5%
Presumptive Tax	5%
Value Added Tax (VAT)	10%
Customs and Excise	5%

Content

1 Role and Purpose of Taxation

A The Zambian system of taxation (I)

- Explain the scope and purpose of taxation
- Explain the functions of taxation in an economy
- Identify other sources of revenue for Central Government apart from taxation
- Identify the main taxes found in Zambia

B History of taxation in Zambia (I)

- Explain the History of taxation in Zambia

C Qualities of a good tax system (I)

- Describe the qualities of a good tax system

D Classification of taxes (I)

- Explain the main classification of taxes

E Sources of Tax Law in Zambia (I)

- Explain the structure of tax legislation and the role of case law in Taxation

F Charge year (I)

- Explain the charge year and its relevance in taxation

G Taxable and exempt income and gains (I)

- Describe the categories of taxable and exempt income in broad terms

H Taxable and exempt persons (I)

- Describe the categories of taxable and exempt persons in broad terms

I Residence, ordinary residence and domicile and their implications for taxation (I)

- Explain the meaning of the terms: residence, ordinary residence and domicile as they relate to individuals and persons other than individuals.

2 Ethical issues in Tax Practice

A IFAC Ethical code guidance for professional accountants providing taxation services (M)

- Explain and apply the IFAC Ethical code guidance for professional accountants providing taxation services
- Explain how the fundamental principles of integrity, objectivity, confidentiality, professional competence and due care and professional behaviour apply when providing taxation services.

B Tax avoidance and Tax Evasion (I)

- Explain the nature and differences between tax avoidance and tax evasion

3 Administration of Taxes

A The role of the Ministry of Finance and the Zambia Revenue Authority (I)

- Explain the roles of the Ministry of Finance and the Zambia Revenue
- Describe the structure of the Zambia Revenue Authority and explain the main functions of each of the operating divisions of the Zambia Revenue Authority

B Payment of Income Tax by individuals and incorporated businesses (M)

- Explain the various methods which are used to collect income tax
- Explain the meaning of the independent taxation system which applies in Zambia
- Explain the taxpayers requirements to obtain a TPIN
- Explain the procedures for submission of returns and payment of tax
- Explain the consequences of late submission of returns and late payment of tax
- Calculate the interest on overdue tax and the related penalties.

C Payment of withholding taxes, Turnover Tax, and Property Transfer Tax (I)

- State the due dates for the payment of withholding taxes, turnover taxes and property transfer tax

D Objections and appeals procedure (I)

- Explain the objections and appeal procedures

E Role, functions and composition of the Tax Appeals Tribunal (I)

- Explain the role and functions of the Tax Appeals tribunal
- Explain the composition of the Tax Appeals tribunal

4 Taxation of Unincorporated Businesses

A Trades, professions and vocations and badges of trade (I)

- Define the term business in the context of taxation
- Explain the similarities and differences between trades, professions and vocations
- Explain the badges of trade

B Computing taxable business profits for individual sole traders assessed under self-assessment (M).

- Calculate taxable business profits for individual sole traders
- State the income tax rates applicable to individuals
- Calculate income tax for sole traders
- Explain tax treatment of tax losses for sole traders

C Capital allowances on implements, plant and machinery, industrial buildings and commercial buildings. (M)

- Describe the various assets and expenditure on which capital allowances are available
- Describe the types of capital allowances available on implements, plant and machinery, industrial buildings and commercial buildings
- Calculate capital allowances on implements, plant and machinery, industrial buildings and commercial buildings
- Calculate balancing allowances and charges on the disposal of implements plant and machinery, industry buildings and commercial buildings

D Computing taxable profits for partnerships and allocation to individual partners (M)

- Explain the meaning of the term partnership
- Explain how the taxable profits of a partnership are calculated.
- Calculate the taxable profits of a partnership
- Divide the partnerships between partners according to their partnership agreement, including the situation where there is a change of partnership agreement
- Divide the partnership losses between the partners and explain the tax treatment tax losses for partners.
- Calculate the income tax payable by the partners.

F Accounting dates and basis of assessment, including rules applicable on commencement, cessation and change of accounting date (M).

- Explain what is meant by a basis period
- Explain the meaning of the Current Year basis of Assessment and preceding year basis of Assessment.
- Explain the circumstances under which the Current Year basis of Assessment and the preceding year basis of Assessment apply.
- Explain the rules that apply in determining the basis of assessment on commencement, cessation and change of accounting dates
- Prepare income tax assessments involving commencement, cessation and change of accounting dates.

5 Taxation of Income from Employment

A Emoluments, employment and office (I)

- Define and explain the meaning of the term emoluments
- Explain and distinguish between an office and employment

B Employment compared with self-employment (I)

- Describe the tests that are used by the courts and the revenue Authority to distinguish an employee and a self-employed person

C Basis of assessment for emoluments (I)

- Explain the basis of assessment for emoluments from employment

D Taxable and exempt emoluments (M)

- Explain the tax treatment of various payments made to employees
- Calculate the taxable or exempt amounts within those payments

E Taxation of benefits in kind (I)

- Explain the treatment of taxation of benefits in kind

F Taxation of payments made on termination of employment (M)

- Calculate income tax on the payments made on termination of employment

G Allowable expenses (I)

- Describe the rules used for identifying allowable expenses from employment income

H Operation of the Pay As You Earn system (I)

- Explain the operation of the Pay As You Earn System
- Discuss its advantages and disadvantages
- Explain the consequences of not complying with PAYE regulations

I Comprehensive computation of income tax payable on employment income (M)

- Calculate then total income tax payable by an employee on the total employment income received during the tax year.

6 Taxation of Investment income and Aggregation of incomes received by individuals

A Types of investments for individuals (I)

- State the different sources of investment income for individuals

B The withholding tax system (I)

- Explain the operation of the system of withholding tax
- Identify the types of investment income in respect of which withholding tax is the final tax and those types of investment income in respect of which withholding of tax is not the final tax
- Explain the treatment of investment income that is subject to withholding tax which is final when computing the tax liabilities of individuals
- Explain the treatment of investment income that is subject to final withholding tax which is not final, when computing the tax liabilities of individuals

C Treatment of income from savings and financial investments (I)

- Explain the treatment of income from savings and financial investments

D Treatment of dividends received from Zambian companies (I)

- Explain the treatment of dividends received from Zambian companies

E Comprehensive computation of Income Tax payable by Individuals (M)

- Aggregate an individual's income from different sources and compute the total taxable income
- Calculate the income tax payable on aggregated taxable income.

7 Company Income Taxation

A Residence of a company for Income Tax purposes (I)

- Explain the meaning of residence for company income tax purposes

B Zambian Sources of Taxable income for companies (I)

- Identify the Zambian sources of taxable income for companies

C Taxation of business profits for companies (M)

- Explain how taxable business profits are computed
- Identify allowable and non-allowable expenses for the purposes of calculating taxable business profits
- Apply the rules relating to personal to holder motor cars provided by employers for employees use.
- Apply the rules relating to the provision of free residential accommodation employers for employees
- Calculate capital allowances relating to companies
- Explain the similarities and differences between the calculation of capital for companies and individual sole traders.

D Taxation of investment income received by companies (M)

- Calculate company income tax for a company that has received investment income

E Computing Company Income Tax payable and its payment (M)

- Explain the tax incentives available to companies that list their shares on the Lusaka Stock Exchange in the year of listing.
- Explain the tax incentives available to companies that issue one third or more of their shares to indigenous Zambians.
- State the income tax rates applicable to companies
- Calculate company income tax payable using the appropriate company income tax rates

F Relief for tax losses incurred by companies (M)

- Explain how losses can be set against future taxable income

8 Taxation of farming enterprises

A Characteristics of farming and fishing enterprises (I)

- Describe the characteristics of farming and fishing enterprises

B Computing farming profits for individuals and companies (M)

- Calculate tax adjusted farming profits for both incorporated and unincorporated farming and agro processing enterprises

- Calculate the income tax payable by incorporated and unincorporated businesses farming and agro processing enterprises
- Calculate the income tax payable by incorporated and unincorporated businesses farming and agro processing enterprises generating both farming and non-farming income

C Capital allowances for farming enterprises (M)

- Identify qualifying capital expenditure and calculate capital allowances

D Relief for losses from farming and fishing businesses (M)

- Explain how losses can be set against future taxable income

E Averaging of farming and fishing income (M)

- Describe the circumstances under which farming and fishing income may be averaged, and calculate average farming and fishing income

F Valuation of livestock (M)

- Explain how the valuation of livestock is treated

9 Property Transfer Tax

A Meaning of transfer and realised value (I)

- Explain the scope of property transfer tax

B Transfers within groups of companies (I)

- Explain the transfer within groups of companies

C Transfers to members of the immediate family (I)

- Explain the concept of realised value
- Explain how transfers to members of the immediate family are treated.

D Computation of property transfer tax and its payment (M)

- Calculate the amount of property transfer tax payable and determine when it is due for payment
- Identify the documents required in respect with property transfer transactions
- Explain the objections and appeal procedures in relation to property transfer tax

10 Presumptive Taxes

A Presumptive taxes (I)

- Explain the meaning of presumptive tax
- Explain types of presumptive taxes

B Turnover tax

- Identify persons liable to turnover tax
- Calculate turnover tax and explain the procedure for its payment.
- Explain the procedures for dealing with capital allowances and trading losses for businesses that are liable to turnover tax and calculate tax where such businesses later qualify to be assessed under self-assessment.

11 Value Added Tax (VAT)

A Taxable and exempt supplies for VAT purposes (M)

- Explain the scope of Value Added Tax
- Identify the various types of supplies and distinguish between taxable supplies and exempt supplies

B Registration and deregistration (M)

- Explain the registration and deregistration procedures for the purpose of Value Added Tax

C The tax invoice, tax point and tax period (I)

- Explain the role of the tax invoice in the Value Added tax administration
- Explain the meaning of the tax point and its importance in the Value Added Tax accounting procedure
- Identify the tax point for various transactions

D Recovery of input VAT, pre-registration input VAT and partial exemption (M)

- Explain the circumstances under which input tax may be recovered and those under which it cannot be recovered.
- Calculate the amount of Output and Input VAT on business transactions and compute the VAT payable by or refundable to a business

E Bad debt relief (M)

- Explain how bad debt relief is claimed
- Calculate the amount of bad debt relief

F Special schemes (M)

- Explain the special scheme related to VAT (cash accounting & extended period)

G VAT inspection/control visits, payment of VAT, submission of VAT returns, penalties and appeals for review (M)

- Explain when Value Added Tax is payable and the consequences of late payment

H Reverse tax (I)

- Explain how to account for reverse tax

12 Customs and Excise

A Introduction to tariffs and computation of Customs Values (VDP), customs duty and excise duty (I)

- Explain the role of the customer services of the Zambia Revenue Authority concerning imports and exports

B Importation and clearance of motor vehicles (M)

- Calculate customs duty, excise duty and import VAT on imported motor vehicles

C Valuation principles applicable on imports (I)

- Explain the valuation principles

D Exports and export concessions (I)

- Explain the exports concessions available under tax legislation

E Rules of origin and tax implications (I)

- Explain the rules of origin and tax implications

F Trade agreements and their benefits to the economy (I)

- Explain the trade agreements and their benefits to the economy

G Payment of Customs and Excise duties (M)

- Calculate the amount of Customs and Excise duties

Format of the exam

	Marks
Section A: 2 compulsory questions, 25 marks each	50
Section B: Any 2 out of 3 questions, 25 marks each	50
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D10 Taxation Study Manual
- Hassan, Mohammed Mulenga, *Taxation in Zambia,* ZICA

D11 Principles of Auditing

Learning Outcomes

On successful completion of D11, students should be able to:

1 Explain the purpose and context of external audit and other assurance engagements

2 Explain the principles of good corporate governance, and apply professional and ethical codes in specified circumstances

3 Explain the nature of internal audit and its relationship with external audit

4 Demonstrate how an auditor plans an audit in accordance with International Standards on Auditing

5 Evaluate the effectiveness of systems of internal control and assess control risks and their potential consequences

6 Explain the audit evidence that the auditor requires to meet the objectives of the audit in accordance with International Standards on Auditing

7 Identify and describe the audit evidence and work that would be required in relation to specified areas of an audit conducted in accordance with International Standards on Auditing

8 Evaluate the findings of the audit and assess their potential impact on the auditor's report

Topic	Weighting
Purpose and context of audit	5%
Corporate governance and codes of ethics	10%
Internal audit	5%
Audit planning, risk and documentation	15%
Internal control	20%
Audit evidence – techniques	15%
Audit evidence – specific areas	20%
Review and reporting	10%

Content

1 Purpose and Context of Audit

A Concept of audit and assurance (I)

- Explain the nature and objectives of audit and assurance
- Explain the concepts of accountability, stewardship, agency, true and fair and reasonable assurance
- Explain the five elements of an assurance engagement
- Describe the function of an external audit in the context of the regulatory framework within which statutory audits take place
- Explain the mechanisms by which auditors are regulated
- Describe the development and status of International Standards on Auditing
- Describe the nature of assurance engagements other than the statutory external audit

B Appointment, removal and resignation of the auditors (I)

- Explain the regulations which govern the appointment, removal and resignation of auditors

C Auditor rights and duties (I)

- Explain the rights and duties of an auditor
- Explain the importance of rights and duties of an auditor

2 Corporate Governance and Codes of Ethics

A Purpose and principles of good corporate governance (I)

- Explain the aims and importance of good corporate governance
- Describe the structure and functions of the board of directors (those charged with governance)
- Explain the need for communication between the auditor and those charged with governance
- Explain the provisions made by international codes of corporate governance (such as the UK Corporate Governance Code) that are relevant to auditors
- Explain directors' reporting responsibilities and auditors' reporting responsibilities
- Describe the structure and function of audit committees (including other board committees) and their benefits and drawbacks
- Explain why internal control and risk management are important for good corporate governance
- Distinguish between the responsibilities of management and those of auditors in relation to the design and operation of systems and controls
- Apply corporate governance principles to simple cases

B Codes of professional ethics (M)

- Explain the aims and importance of the fundamental principles of professional ethics
- Explain the fundamental principles of professional ethics (Integrity, objectivity, professional competence and due care, confidentiality and professional behaviour)
- Explain the conceptual framework, including the threats to the fundamental principles of self-interest, self- review, advocacy, familiarity and intimidation.
- Identify threats to ethical behaviour in given scenarios
- Apply relevant safeguards to mitigate threats to the fundamental principles
- Describe the auditor's responsibility with regard to auditor independence, conflicts of interest and confidentiality
- Explain the preconditions that must be present for an audit to take place
- Explain the requirements of professional ethics in relation to the acceptance of new audit engagements
- Explain the process by which an auditor obtains an audit engagement
- Explain the importance of engagement letters
- State the contents of engagement letters

3 Internal Audit

A Differences between external audit and internal audit (I)

- Distinguish between the roles of external and internal audit regarding audit planning and the collection of audit evidence
- Explain the importance of the independence of the internal audit function

B Internal audit: scope, limitations, assignments and reporting (I)

- Identify the factors to take into account when assessing the need for internal audit
- Describe best practice in internal audit with reference to appropriate international codes of corporate governance
- Identify the scope and limitations of internal audit
- State the advantages and disadvantages of outsourcing the internal audit function
- Explain the respective responsibilities of internal and external auditors in relation to fraud and error
- Explain the process of producing an internal audit report
- Describe the format and content of internal audit reports

C Using the work of internal audit (I)

- Explain the nature and purpose of internal audit assignments (such as value for money audits, management audits, IT and procurement audits etc.)
- Explain the extent to which external auditors may rely on work done by internal auditors

4 Audit planning, Risk and Documentation

A Audit planning (I)

- Explain the need for audit planning
- Distinguish between the overall audit strategy and the detailed audit plan
- Distinguish between an interim and a final audit

B Introduction to risk (I)

- Define audit risk
- Define business risk
- Explain the importance of audit risk and business risk
- Explain the risk of material misstatement

C Audit documentation (I)

- Explain why audit documentation is kept
- Describe the contents of audit documentation
- Describe the procedures necessary to ensure safe custody and retention of audit documentation

5 Internal Control

A Internal control: control environment and activities (M)

- Define internal control
- Explain control objectives
- State why internal control is relevant to the external audit
- Explain the components of an internal control system
- Distinguish between tests of controls and substantive procedures
- Identify the limitations of internal controls in relation to fraud and error

B Testing of internal control by external auditors (M)

- Describe how auditors record internal control systems
- Identify deficiencies in internal control systems (sales, purchases, inventory, payroll, bank and cash and capital expenditure) and how they limit the reliance that can be placed on those systems by external auditors
- Suggest appropriate recommendations to deficiencies in internal control systems
- Illustrate computer controls with examples
- Explain how the reporting of deficiencies in internal control and recommendations to mitigate them are provided to management
- State why smaller entities may have different levels of internal control compared to larger entities and state the effect this may have on the audit evidence required for the audit of a smaller entity

C Tests of controls over specific accounting systems – sales, purchases, inventory, wages and cash (M)

For each system:

- Describe control objectives, control activities and control procedures
- Describe tests of controls

6 Audit Evidence – Techniques

A Audit evidence and sampling (I)

- Define audit evidence
- Define audit sampling
- Distinguish between statistical and non-statistical sampling
- Explain statistical sampling and other selective testing procedures

B Audit evidence and financial statement assertions (M)

- Explain the financial statement assertions
- Explain techniques for gathering audit evidence
- Identify audit evidence in terms of its quantity and quality
- Identify audit evidence in terms of its relevance and reliability
- Explain the relationship between financial statement assertions and audit evidence

C Audit procedures (I)

- Explain substantive procedures in obtaining audit evidence
- Explain how substantive analytical procedures can be used to obtain audit evidence
- Illustrate the use of substantive procedures including analytical procedures in obtaining audit evidence

D Accounting estimates (I)

- Define accounting estimates
- Provide examples of accounting estimates
- Explain the risks associated with auditing accounting estimates

E Computer Assisted Audit Techniques (CAATs) (I)

- State how computer-assisted audit techniques are used in an audit
- Explain the use of test data and audit software for specified transaction cycles and balances

7 Audit Evidence – Specific areas

In respect of each area, identify and explain relevant substantive procedures and their purposes in relation to the financial statement assertions

A Tangible non-current assets (I)

(i) Non-current asset register
(ii) Asset verification
(iii) Valuation reports

B Inventory (I)

(i) Inventory counting procedures
(ii) Cut-off
(iii) Direct confirmation of inventory held by third parties

C Receivables (I)

(i) Direct confirmation (circularisation)
(ii) Relationship with credit sales

D Cash and bank (I)

(i) Cash count
(ii) Bank confirmation letters

E Payables and accruals (I)

(i) Supplier statement reconciliations, direct confirmations
(ii) Cut off

F Non- current liabilities (I)

(i) Conditions of loan agreements
(ii) Relationship with interest payments

G Share capital, reserves and directors emoluments (I)

(i) Shareholders' register
(ii) Compliance with legal provisions
(iii) Disclosure of directors' emoluments

H Introduction to audits of Not for Profit organisations (I)

- Define not for profit organisations
- Identify examples of not for profit organisations
- Explain the potential problems in auditing not for profit organisations

8 Review and Reporting

A Subsequent events (I)

- Explain the purpose of, and procedures for, a subsequent events review
- Distinguish between the responsibilities of auditors and management regarding subsequent events

B Going concern (I)

- Explain the importance of the concept of going concern, and the need for going concern reviews
- Distinguish between the responsibilities of auditors and management regarding going concern

BPP LEARNING MEDIA

C Written representations (I)

- Explain the purpose of and procedures for obtaining written representations
- Explain the reliability of written representations as evidence
- Identify matters on which written representations are necessary and are obtained

D Overall review of financial statements (I)

- Explain the importance of the overall audit review
- Define uncorrected misstatements
- Explain the significance of uncorrected misstatements

E The auditor's report on financial statements (I)

- Explain the importance of audit reports
- Describe the format and content of the unmodified auditor's report
- Describe the format and content of modified auditors' reports
- Define and explain the use of emphasis of matter paragraphs and other matters paragraphs in the auditor's report

F Reports to management (I)

- Explain reports to management
- Describe the format and content of reports to management

Format of the exam

	Marks
Section A: 2 compulsory questions, 25 marks each	50
Section B: Any 2 out of 3 questions, 25 marks each	50
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D11 Principles of Auditing Study Manual
- *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* (International Auditing and Assurance Standards Board, 2015)
- *Handbook of the Code of Ethics for Professional Accountants* (International Ethics Standards Board for Accountants, 2015)

Applicable ISAs and Other Documents

ISA No	Name
200	Overall Objectives of the independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing
210	Agreeing the terms of Audit Engagements
220	Quality Control for an Audit of Financial Statements
230	Audit Documentation
240	The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
250	A Consideration of Laws & Responsibilities in an Audit of Financial Statements
260	(Revised) Communication with Those Charged with Governance
265	Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

ISA No	Name
300	Planning an Audit of Financial Statements
315	(Revised) Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment
320	Materiality in Planning and Performing an Audit
330	The Auditor's Responses to Assessed Risks
402	Audit Considerations Relating to an Entity Using a Service Organisation
450	Evaluation of Misstatements Identified during the Audit
500	Audit Evidence
501	Audit Evidence - Specific Considerations for Selected Items
505	External Confirmations
510	Initial Audit Engagements – Opening Balances
520	Analytical Procedures
530	Audit Sampling
540	Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
550	Related Parties
560	Subsequent Events
570	(Revised) Going Concern
580	Written Representations
610	(Revised) Using the Work of Internal Auditors
620	Using the Work of an Auditor Expert
700	(Revised) Forming an Opinion and Reporting on Financial Statements
701	Communicating Key Audit Matters in the Independent Auditor's Report
705	(Revised) Modifications to the Opinion in the Independent Auditor's Report
706	(Revised) Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
710	Comparative Information – Corresponding Figures and Comparative Financial Statements
720	(Revised) The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements
Other	
ISQC 1	Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements
	Glossary of Terms

D12 Governance and Corporate Law

Learning outcomes

On successful completion of D12, students should be able to:

1 Describe corporate governance systems and policies
2 Explain types of limited companies, and the articles of association, its effect and alteration
3 Compare share and loan capital and explain the rules relating to the financing of companies
4 Explain the rules relating to the management, administration and governance of companies
5 Explain the legal rules relating to corporate insolvency

Topic	Weighting
Corporate governance	25%
Companies and legal personalities	20%
Capital and financing of companies	20%
Management, administration and governance of companies	20%
Corporate insolvency	15%

Content

1 Corporate Governance

A Principles of corporate governance (M)

- Explain the principles of good corporate governance
- Explain the importance of the principles of good corporate governance

B Corporate governance legislation and codes (M)

- Explain the provisions made by international codes of corporate governance
- Distinguish between principles based and rules based governance frameworks

C Board of directors (M)

- Explain the roles and responsibilities of the board of directors
- Describe the structure of an effective board

D Directors' remuneration (M)

- Explain the importance of appropriate director's remuneration systems
- Describe the various types of director remuneration systems
- Explain the importance of performance based remuneration systems

E Relations with shareholders and stakeholders (M)

- Explain the differences between shareholders and stakeholders
- Explain the importance of dialogue between the various stakeholders and the company
- Describe the importance of the annual general meeting

F Reporting on corporate governance (M)

- Explain the role of management in reporting on corporate governance
- Describe the functions of the audit committee
- Describe the importance of effective communication and accountability

2 Companies and Legal Personalities

A Concept of separate personality (M)

- Explain the consequences of separate legal personality
- Describe examples of situations where separate personality will be ignored

B Types of companies (M)

- Identify and explain the different types of companies

C Incorporation of a company and its implications (M)

- Describe the procedures for forming and registering companies

D The Articles of Association – effect and alteration (M)

- Explain the role and duties of company promoters

3 Capital and Financing of Companies

A Share capital (M)

- Distinguish between different types of capital
- Explain the differences between different classes of shares

B Loan capital (M)

- Explain companies borrowing powers

C Capital maintenance (M)

- Explain the concepts of capital maintenance and capital reduction

4 Management, Administration and Governance of Companies

A Company directors (M)

- Explain the roles of directors
- Describe the ways in which directors are appointed and leave office

B Powers and duties of Directors (M)

- Describe the powers of the board, the chief Executive and individual directors to bind their company
- Explain the duties that directors owe to their companies

C Officers of the company (M)

- Explain the duties and powers of a company secretary
- Explain the duties and powers of company auditors

D Meetings and resolutions (M)

- Describe the purposes of annual general meetings and other general meetings
- Describe the procedure for calling general meetings
- Distinguish between different types of resolution

5 Corporate Insolvency

A Liquidation and winding up of a company (M)

- Discuss the ways that a company can cease to exist

B Compulsory winding up (M)

- Explain the meaning of compulsory winding up

BPP LEARNING MEDIA

C Voluntary winding up (M)

- Explain the meaning of voluntary winding up
- Describe the main procedures associated with voluntary winding up

Format of the exam

	Marks
Section A: 2 compulsory questions, 25 marks each	50
Section B: Any 2 out of 3 questions, 25 marks each	50
	100

Time allowed: 3 hours, plus 15 minutes reading time

Recommended reading

- ZiCA D12 Governance and Corporate Law Study Manual

RULES AND REGULATIONS



5 Rules and Regulations

5.1 Progression

A candidate who has one arrear at level 1 shall be allowed to attempt a maximum of two subjects at level 2.

A candidate who has two arrears at level 1 shall be allowed to attempt one subject only at level 2.

A candidate who has three arears or more at level 1 shall not be allowed to attempt any subject at level 2.

However, should the candidate pass the subject (s) at level 2 as provided for above, but still fails to clear the arrear(s), he/she shall **NOT** be allowed to attempt any other subject(s) at the level 2 **until** he/she clears the arrear(s) at level 1.

A candidate with an arrear in D1 Financial Accounting shall not be allowed to attempt D8 Financial Reporting.

A candidate with an arrear in D5 Cost Accounting shall not be allowed to attempt D9 Management Accounting.

A candidate with an arrear in D6 Business Law shall not be allowed to attempt D12 Governance and Company Law

5.2 Exemptions

The Zambia Institute of Chartered Accountants subscribes to the principle of recognition of prior learning.

Students seeking exemptions must apply by completing the relevant sections in the student registration form.

All applications must be accompanied by certified copies of certificates and results transcript (academic record) issued by the relevant examining body. In addition, detailed syllabi for the subjects which form the basis for the application must also be submitted. Official translations should be provided where any of the documents referred to above is not in English.

The exemptions committee shall consider and grant exemptions to ZiCA Diploma in Accounting programme subjects on merit using the following criteria:

- There is at least 80% content overlap between the subject for which the recognition is being applied and the one(s) which is/ (are) the basis for application.
- The examining body that issued the qualification is recognised by the authorities in the country of origin.
- The pass mark is at least 50% and has not been compromised.
- Tests and assignments do not exceed 40% of the final grade awarded.

The decisions of the exemption committee shall be final and no appeal shall be allowed.

No exemptions shall be considered in the following circumstances:

- Where an application is for a subject at Level 2 of the Diploma in Accounting programme.
- Where an application is based on non-certified learning.

Exemption fees are payable, equivalent to the ruling examinations fees for the subjects that have been applied for. Exemption fees are payable before attempting to write examinations.

It is recommended that, where candidates'study plan is dependent on the exemptions to be awarded, applications should be submitted before 31 January and 31 July for the June and December examinations respectively, to allow adequate time for processing. In those cases, candidates are advised to wait for a response before entering for any examinations.

Non-accounting qualifications will not attract exemptions in D1 – Financial Accounting and D5 Cost Accounting, even if similar subjects are part of the syllabi for such qualifications.

5.3 Deferments

Students who wish to defer any examination shall make an application in writing. Applications for deferment of examinations shall only be allowed on three conditions:

- **Illness** – applications for deferment are only authorized where illness is supported by a certificate issued by a registered medical practitioner.
- **Loss of an immediate family member** – applications are only authorized if the person who has died is the spouse, child, biological parent or direct guardian of the candidate. The application must be supported by the death certificate and burial permit for the family member who has died.
- **Legal grounds** – applications for deferment are allowed for persons who are required to attend court sessions or to give evidence in courts of law at the same time as they are expected to sit an examination.

5.4 Remarking

A remarking service shall be available to aggrieved candidates who appeal against the published results. The remarking service shall be granted subject to the remaking guidelines as follows:

i) Only candidates who score between 35% and 49% inclusive will qualify to apply for remarking.

ii) A candidate should have passed all except one paper at the session or the paper in which the candidate scored between 35% and 49% is the only paper remaining to complete a level.

iii) The deadline for submission of application for remarking of scripts will be within one (1) month for all examinations after publication of results.

iv) Remarking shall be done at a fee to be determined by Council from time to time.

v) All applications for remarking should be made in writing to the Secretary and Chief Executive and accompanied with receipt of payment for the remarking.

vi) Once remarking has taken place the initial results shall be nullified and replaced by the results from the remarking process.

vii) The Institute will notify the candidate about the corrections (if any) made to the results arising from remarking before certificates are issued.

viii) The decision of ZiCA on remarking shall be final.

5.5 Script Verification

Script verification service shall be available to aggrieved candidates who appeal against the published results.

Script verification which involves checking to ascertain that the marks appearing on the scripts were correctly captured onto the mark sheet and into the database.

Script verification is done at the discretion of the Institute upon receipt of a complaint.

Candidates applying for script verification will be required to pay a non-refundable fee as will be determined by Council from time to time.

The deadline for submission of application for script verification will be within one month for all examinations after publication of results.

5.6 Certification

Upon successful completion and passing of the 2 levels, ZiCA shall, award certificates to successful students. The Institute shall have the liberty to withdraw the award of a certificate if it has been proved that it was done so erroneously. There shall be no appeal against the withdrawal.

5.7 Examination Malpractices and Penalties

The types of malpractices and penalties are listed in the table below:

Type of malpractice	Description of malpractice	Penalties
Premeditated cheating	Smuggling of unauthorised materials in the examination room, for instance pre-prepared answers, notes, electronic devises etc.	Nullify all the results for the affected candidate. In addition, candidate barred from writing ZiCA examinations for a period not exceeding two years.
	Impersonation – cases where someone else writes an examination on behalf of the candidate.	Nullify all the results for the affected candidate. The impersonator and affected candidate should immediately be reported to Police for further proceedings. In addition, the affected candidate barred from writing ZiCA examinations for a period not exceeding two years.
Assistance	Where a candidate is being assisted by someone in the institution to write an examination.	Nullify all the results. In addition, the candidate barred from writing ZiCA examinations for a period not exceeding two years.
	Where a candidate submits two answer scripts with different hand writing	Nullify all the results. In addition, the candidate barred from writing ZiCA examinations for a period not exceeding two years.
	Where a candidate submits two answer scripts with same hand writing	Give the candidate the lowest mark from the two scripts

Type of malpractice	Description of malpractice	Penalties
Copying	Where one candidate copies from the other candidate in one subject/paper without the knowledge of the originator	Nullify the results in the affected subjects for the culprit
	Where one candidate copies from the originator who is not necessarily in collusion but is culpably negligent.	Nullify results for both in the affected subject.
Collusion	Where two candidates connive to copy from each other in one subject/paper	Nullify results in the affected subjects for both candidates
	Where two candidates have copied from each other in more than one subject/paper	Nullify results in all subjects for the affected candidates
	Where one candidate copies from the originator who is in collusion.	Nullify results in the affected subjects for both candidates
Widespread cheating	Where all candidates or a group of candidates at an examinations centre have similar answers	In all cases: • **The first time** – nullify results for all candidates in the affected subjects and warn the centre • **The second time** – nullify results for all candidates in the affected subjects and suspend the centre • **The third time** – nullify results for all candidates in the affected subjects and close the centre
Prior knowledge or leakage	Candidates having access to question papers prior to examination	Nullify all the results and candidate barred from writing ZiCA examinations for a period not exceeding two years.
Substitution	Where a candidate or someone else removes from the tamper evident envelope the script originally submitted by the candidate and replaces it with another done by the candidate or another person inside or outside the examination room, during or after the period of the examination.	Nullify all the results and candidate barred from writing ZiCA examinations for a period not exceeding two years.
Misconduct	Writing false personal details on the examination answer booklet	Nullify the results in the affected subject and caution the candidate
	Use of abusive language – where the candidate write insults to the examining body, to the lecturers, to the markers, etc.	Caution the candidate

STUDY GUIDANCE



6 Study Guidance

6.1 How to study

Have a positive attitude

You have a lot to learn. However others have passed and so can you. You should focus on all the **benefits** that passing the exam will bring you. Studying may seem difficult at times, but you are doing it for a reason – to advance your career.

Focus on the exams

You need to keep the exam firmly in your sights throughout your studies. You should read the guidance in the front pages of the Study Manual about the exam. You should also look out for all the references to the exam in Chapter introductions, Exam alerts and other places in the Study Manual.

Organise your time

Before you start studying you must organise yourself properly. You need to timetable your studies, to ensure that you have enough time to cover the entire syllabus and revise it. Choose the notes format that is most helpful to you. Do not copy out too much, but summarise key areas that show you understand the entire syllabus content of your subject.

Learn actively

There are various ways in which you can keep your mind active when studying and hence improve your understanding and recall of material. You should keep asking yourself how what you're studying fits into the whole picture of the exam. If you are not sure, go through the Introduction of the Chapter and front pages of the Study Manual. You will also increase your understanding of the syllabus by going carefully through every example and trying every question in the Study Manual.

Review what you have learnt

Regularly reviewing the topics you're studying will help cement your understanding. The Study Manual will help you do this. The Chapter roundups summarise the key points in each chapter.

Practise questions as you learn

It is important your regularly confirm your understanding and recall of syllabus knowledge by practising the questions at end of each chapter in the Study Manual. The Quick quizzes test your grasp of the essential knowledge in each chapter and longer questions allow you apply your knowledge in a scenario.

Once you are familiar with the syllabus content you can begin the revision phase and attempt questions from the Revision Kit. We advise you to begin your revision phase as early as possible to maximise the time you have to improve your knowledge and develop the exam skills you will need to pass the exam.

6.2 How to revise

Plan your revision

At the start of your revision period, you should draw up a timetable to plan how long you will spend on each subject and how you will revise each area. You need to consider the total time you have available and also the time that will be required to revise for other exams you are taking. It is important not to spend too much time on small areas, and leave yourself insufficient time to cover the rest of the syllabus.

Questions for Practise

You will significantly improve your chances of passing the exam by practising exam-standard questions. Answering full questions against the clock will mean that you'll get used to the time pressure of the exam and will help you improve your written communication skills. When the time is up, you may well find it useful to note where you have reached and then to try to complete the question, giving yourself practice at all the techniques that the question tests. You should attempt the questions before you read the answers. Reading the answers without doing the questions will give you false assurance that you would have tackled the question in the best way and made the points that the answer does. You should also practise written and numerical questions, don't only attempt calculation questions.

Practising as many exam-style questions as possible will be the key to passing this exam. You must do questions under **timed conditions** and ensure you write full answers to the discussion parts as well as doing the calculations.

Make sure you practise written sections as well as the calculations.

Revise the whole syllabus

Make sure that your revision covers the entire syllabus. Examiners are well aware that some students only revise those syllabus areas that they think will be examined. Examiners try to prevent this by doing the unexpected, for example setting questions on the same topic in successive sittings. The most important topics in a syllabus often appear in questions. You need to identify these topics and spend sufficient time revising them. Take time to ensure you know the fundamental calculations, proformas and preferred report layouts for each examination, to increase your chances of scoring higher marks.

Deal with difficult areas

Difficult areas are topics you find dull and pointless, or subjects that you found problematic when you were studying them. You must not become negative about these topics. Instead you should build up your knowledge by reading the Chapter summaries and using the Quick quiz questions in the Study Manual to test yourself. When practising questions, go back to the Study Manual if you are struggling.

Learn from your mistakes

When you complete a question you should try to look at your answer critically. It is worth noting mistakes you have made, and referring to these notes in the days before the exam. You should aim to learn at least one new point from each question you attempt, a technical point perhaps or a point on style or approach.

6.3 Exam skills you will need to develop

Exam success depends on syllabus knowledge and having good exam skills. The following five exam skills are important to exam success for both Level 1 and Level 2 exams.

1 Answering multiple choice questions
2 Interpreting the requirements
3 Planning your answer
4 Producing good written answers
5 Producing good numerical answers
6 Time management

Applying the following advice on how you develop each of the five exam skills will help you to improve your own exam performance.

1 Answering multiple choice questions

The rationale behind multiple choice questions is that syllabus knowledge can be tested simply. The recommended steps in approaching multiple choice questions are as follows:

Step 1: Reading the question and requirement carefully

This may appear obvious but it is easy in the exam to miss something important. For example, it is very easy to miss a 'NOT' in a question which will probably lead to a wrong answer being selected. Ensure you take your time to confirm you have read and understood the question correctly.

Step 2: Reading answer options carefully

If you can spot the correct answer straightaway then choose your answer and move on to the next question. If not, eliminate any answer options which are obviously incorrect before you make your choice from the remaining answer options. This will increase your chances of choosing the correct answer.

Step 3: Check you have selected the answer option you intended to

When answering a multiple choice question it is easy to select the wrong letter. For example, you know the answer is 'B', but you incorrectly mark 'C' as your answer. Before you submit your exam, check through your answers and confirm you have chosen the answers you believe are correct.

2 Interpreting the requirements

In your exam, you should produce only what is being asked for in the requirement. This sounds straightforward, but there is a real skill in understanding very quickly exactly what is expected and delivering an answer within the time allowed by the mark allocation.

This skill is often underestimated but it is very easy to deliver less, which limits marks, or deliver more, which eats into precious time, or go off on a tangent altogether where your answer just isn't relevant to the requirement and generates no marks.

By following these steps and with repeated practice, you will find the alignment of your answer to the requirement will improve.

Step 1. Read the requirement

The first thing you should do is read the requirement a couple of times slowly and carefully and highlight the active verbs. The active verb used often dictates the approach that written answers should take (e.g. 'explain', 'discuss', 'evaluate'). It is important you use the verb to define what you plan to do. The question can contain specific references to a company, product, event, economic factor or accounting standard.

Step 2. Read the scenario

By reading the requirement first, you will then have an idea of what to look out for as you read through the scenario. This is a great time saver and means you don't end up having to read the whole question in full twice. As you go through the scenario you should be annotating anything that you think will play a key role in answering the specific requirements.

Step 3. Read the requirement again

Quickly read the requirement again to remind yourself of the exact wording before starting your answer plan and pay particular attention to the mark allocation. Without another check you may make mistakes and misinterpret or miss out requirements. Making this a habit can capture and correct the approach before the answer is planned. Always highlight the word 'and', as this means there is more than one requirement and these extra requirements are often missed.

3 Planning your answer

An answer based on a plan will be better than one that isn't. It's as simple as that.

Examiners often report that students 'didn't answer the question that was asked' or 'did not make your points clearly' or 'did not relate your answer to the scenario'. All of these can be avoided by simple and effective planning.

By following these steps and with repeated practice, you will find that the quality of your answers improves as you apply a well-crafted plan.

Step 1. Use subheadings

Using subheadings taken from your answer plan will give structure, logic and order to your written answer. The benefits here are twofold. Firstly, it will ensure your answer is directly linked to your plan, which is already directly linked to the requirement. Secondly, the answer will be clearly 'sign-posted' via the subheadings, and it will be easier for the marker to see that the question has been answered in a sensible way, and quickly see the different points that you have included in your answer.

Step 2. Write your answer in short, punchy sentences

Always use short, punchy sentences when presenting written answers. Aim to write clearly with good handwriting. You can leave a line in between each point to enable your points to be read more clearly if handwriting is a problem.

Long-winded paragraphs will just waste precious exam time, as all the marks available may have already been awarded. In discussion questions aim to make and explain each point without excessive sentences. If this remains a problem then the red pen exercise is effective by reading through your answer aiming to eliminate 20% of the words whilst earning the same marks. You will then begin to realise how to be more efficient in your written work.

Step 3. Extend your points with depth

You should never leave the marker asking '…so what?' or '…why?' at the end of a paragraph. Not extending the answer enough can, in some cases, halve the marks awarded. A technique you could use is explaining your point in one sentence and then to explain why it matters by starting the next sentence, 'This matters because…'.

4 Producing good written answers

As well as demonstrating syllabus knowledge, you must structure your written answers so that the marker can clearly see the different points you are trying to make, in a clear and professional way.

By following these steps and with repeated practice, you will find the structure of your answers improves the visibility of marks.

Step 1. Use subheadings

Using the headings you have generated in your answer plan will give your answer structure, logic and order. The benefits here are twofold. Firstly, it will ensure your answer is directly linked to your plan, which is already directly linked to the requirement. Secondly, the answer will be clearly 'sign-posted' via the subheadings, and it will be easier for the marker to see that the question has been answered in line with the requirement and in a sensible way.

Step 2. Write your answer in short, punchy sentences

Always use short, punchy sentence when presenting written answers. Aim to write clearly with good handwriting. If you are using more than three sentences to generate one mark then you need to practise lowering the word count to make the same point.

When you get to the Revision Phase, everything you write should generate marks. If it doesn't, then it is not required.

Step 3. Extend your points with depth

You should never leave the marker in a position where they are able to say '…so what?' or '…why?' at the end of a paragraph if you have been asked to explain or evaluate. Not extending the answer enough can, in some cases, halve the marks awarded. A technique you could use to help you is to explain what you mean in one sentence and then to explain why it matters in the next. However, the advice to use short punchy sentences still applies.

5 Producing good numerical answers

Marks can be scored very quickly in calculation type requirements by making the process of arriving at the answer clear to the marker. This is achieved by laying out an answer in such a way that still scores well even if a few errors occur along the way. It is vital that you do not throw marks away purely because the marker cannot follow what you have done. Therefore, follow the prescribed format of workings and answers if relevant and use cross-referencing.

By following these steps and with repeated practice, you will find the clarity of your numerical answers improves.

Step 1. Use standard workings

If answers can be laid out in a standard workings, proforma or table then do so as markers can struggle with an unexpected format. A standard working helps the marker to locate the marks easily and it helps you to work your way through the figures in the question in a methodical, time-efficient way.

Step 2. Show your workings

Keep your workings as clear and simple as possible and ensure you have cross-referenced to the main part of your answer. It can help to provide a brief explanation to help the marker understand each step in the calculation. You should always state your assumptions. As a rule, always show your workings!

Ensuring the marker can follow the workings is very important because if you make a mistake you may not lose any subsequent marks for follow-on calculations or for method based on your 'own figure'. Where an error is made and the marker doesn't understand why, the ability to award follow-on marks or method marks is lost.

Step 3. Keep moving!

It is important to remember that in an exam situation it is difficult to get every number 100% correct. The key thing therefore is to ensure you do not spend too long on any single calculation. If you are struggling with a calculation, make a sensible assumption, state it for the marker and move on.

6 Time management

Good time management will help you attempt all questions in the exam, putting you in a better position to pass.

By following these steps and with repeated practice, you will find your ability to complete a question in the time allowed, or a greater proportion of it, improves.

Step 1. Stick to mark/time allocations for each requirement

Before starting a question you need to work out the amount of time you should be spending on it. For example, if an exam has 2 minutes per mark, then a 10-mark question should take you just under 20 minutes.

Remember that these timings are 'in total' and not just the time spent writing an answer out. What this means is that you also need to take account of the all-important answer planning. Good advice to use is to allocate 20% of the total time for planning. So, for a 10-mark question spend approximately 4 minutes of the 20 minutes allocated on answer planning.

Step 2. Follow your answer plan

It is not uncommon for students to spend five minutes on their answer plan then not use it at all when writing up the answer, which is a waste. Your plan should be like a contents page for your answer. So if a requirement has five answer points, these should generate five headings in your answer with a paragraph below each heading.

Step 3. Keep an eye on the clock!

Once timings are planned the challenge is to ensure you stick to the timings when you are actually planning and writing out your answers. Obviously your speed will improve with time and question practice. Developing a sense of when it is 'time to move on to the next requirement or question' is important. Whilst you should aim to attempt all requirements, you may need to be ruthless with time and move on if the answer to a requirement is not going as you planned.

6.4 How to pass your exams

Prepare for the day

You should allow plenty of time to get to the examination room and plan to arrive well in advance of the starting time, so that you may be seated and accustomed to your surroundings by the time the examination begins. You should have your route planned in advance and should try to find out about potential travel problems. You should check the night before to see that you have:

- Pens
- Pencils
- Erasers
- Watch
- Calculator with spare batteries
- Exam documentation and evidence of identity

You should not however bring paper or printed material into the examination room.

Select the right questions

You should select the optional questions you feel you can answer best, basing your selection on:

- The topics the question covers
- The requirements of the question
- How easy it will be to apply the requirements
- The availability of easy marks

Plan your time

You need to make sure that you answer the correct number of questions. You should also ensure that you spend the right length of time on each question. This will be determined by the number of marks available. Each mark carries with it a **time allocation** of **1.8 minutes**. A 25-mark question therefore should be selected, completed and checked in 45 minutes. If you have not finished a question when the budgeted time is up, you should leave it and maybe return to it once you have completed the rest of the paper. The number of marks will also help to indicate the expected length and require depth of the answer.

Read the requirements carefully

It's often best to read the requirements first. To score well, you must follow the requirements of the question, understanding what aspects of the subject area are being covered, and the tasks you will have to carry out. Failing to provide everything the examiner asks for will limit the marks you can score. The requirements will also help you identify the most important information in the scenario more rapidly. They may specify that your answer has to be in a particular format, for example a letter. You will limit the marks you can score if you do not use that format.

Read the question scenarios carefully

Reading the question scenarios carefully will help you decide what issues to discuss, what techniques to use and how your answer should be structured.

Plan your answers

Five minutes of planning plus twenty-five minutes of writing is certain to earn you more marks than thirty minutes of writing. When you are planning, you should ensure your answer is structured in accordance with the requirements of the question. You should also consider whether you should group connected points under a single header and how long each part of the answer should take to write. You should confirm before you start writing that your plan:

- Makes sense
- Covers all relevant points
- Does not include irrelevant material or repetitions

Your answer will need to be a full response to the requirements of the question. The markers cannot award marks for what they think you know but have not written down.

Demonstrate judgment

Examiners are not just looking for a display of knowledge; they want to see how well you can apply the knowledge you have. Evidence of application and judgement includes writing answers that:

- Only contain relevant material
- Support the statements you make with adequate reasons and arguments
- Use the material in scenarios to support your answer
- Discuss the limitations and assumptions of the techniques you use
- Make reasonable recommendations that follow from your discussion.

Avoid poor exam technique

There are various signs of a lack of judgement and poor exam technique. The most serious one is setting out all you know about a subject and paying no attention to the question requirements. Answers that give a vague broad outline or which contain contradictions also won't score well. There is also no need to write out the question requirements – this wastes valuable time. You will also decrease your chances by writing an answer with insufficient depth, for example providing a single line bullet point list when the examiner asks you for a discussion.

Present your work clearly

Markers will only be able to give you credit if they can read your writing, so you must write legibly. You can help the marker by writing on alternate lines and leaving adequate space between words, sentences and paragraphs. There are also plenty of other things that will make it more difficult for markers to reward you. Examples include:

- Not showing clearly which question you're attempting
- Scattering question parts from the same question throughout your answer booklet
- Not showing clearly workings or the results of your calculations
- Writing paragraphs that are too long or which lack headers
- Writing sentences that are too long - you should normally restrict yourself to one idea per sentence.

Stay until the end of the exam

You should use any spare time to check and recheck your script. This includes checking you have:

- Filled out the candidate details correctly
- Labelled question parts and workings clearly
- Used headers and underlining effectively
- Ensured that spelling, grammar and arithmetic are correct