

# ACCOUNTING TECHNICIAN

## SYLLABUSES





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## **INTRODUCTION**

The most sought after qualification that prepares staff who provide vital support to the work of middle management accounting officers. It is also a stepping stone to the Chartered Accountant (CA) qualification.

The demand for the services of accountants has been growing rapidly in the recent past. They are much sought after by an ever increasing number of organizations in the private and public sectors of Malawi that are engaged in a wide range of activities. It is therefore very evident that the prospects of those choosing accountancy as a career are excellent.

Graduates of ICAM have gained wide recognition both nationally and internationally. This position has been achieved by ICAM's relentless pursuance of quality and excellence. There is therefore no compromise. The candidates are therefore required to achieve the highest standard of competence in the examinations. The candidates should approach ICAM's programmes with dedication and commitment.

### **Entry requirements.**

The following are the minimum entry requirements

- MSCE with credit passes in English and Mathematics or
- Certificate in Financial Accounting (CIFA).

The Technician programme has 12 papers assessed through three hour written examinations. It also has a flexible method of study where candidates are allowed a maximum of 10 consecutive years to complete the programme.

Candidates who complete the ICAM Technician programme are eligible for registration into the Chartered Accountant Malawi (CA (M)) professional programme at the Knowledge Level where they get exemptions in Accounting Framework, Management Information, Legal Framework and Principles of Taxation. The ICAM diploma enables one to register with the Malawi Accountants Board (MAB) as a Diplomate member after completing the required 250 days of practical training.

## **LIST OF IMPORTANT DATES**

Listed below are the important dates in ICAM's examination cycle. Candidates are **advised** to take note of these dates and to pay particular attention to the **closing dates** for registration and receipt of examination entries. Entries received **after** the closing dates will not be considered.

### **1 January - Annual subscription**

Registered candidates will have already been sent invoices for annual subscription.

### **31 January - Closing date for receipt of annual subscription**

Those who **fail** to pay the annual subscription are deleted from the register

### **February- Release of results for December examinations**

Results for the December examination are released and examination entry forms (EEF) for June examinations are sent together with results.

### **31 March- Closing date for receipt of examination fees for June examinations**

Closing date for receipt of registration fees from candidates who wish to sit examinations in the June diet.

### **May - Notices for June examinations issued**

Notice to candidates or examination docket for June examination are sent to candidates

### **Early June - June examinations are administered**

### **August - Release of results for June examinations**

Results for June examinations are released and Examination Entry Forms (EEFs) for December examinations are sent together with results.

### **31 August- Closing date for receipt of registration fees for December examinations.**

Closing date for receiving registration fees from candidates who wish to sit December examinations.

### **30 September- Closing date for receipt of examination fees for December examinations**

Closing date for receiving examination fees for December examinations.

### **November Notices for December examinations issued**

- i. Notice to candidates or examination docket for December examinations are sent to candidates.
- ii. Annual subscription invoices are sent to registered candidates.

### **Early December - December examinations are administered**

## **Exemptions**

### **31 March**

Closing date for receipt of exemption fees for those who want to sit the June examinations.

### **30 September**

Closing date for receipt of exemption fees for those who want to sit the December examinations.

## TC1: ACCOUNTING/1

### AIMS OF THE COURSE

- i. To develop candidate's knowledge and understanding of techniques in accounting.
- ii. To enable the candidate to prepare final accounts for different forms of businesses.
- iii. To develop the candidate's understanding of internal controls in an accounting system.

### LEARNING OBJECTIVES

On completion of this course, the candidate should be able to:-

- i. Appreciate the role of accounting within organizations.
- ii. Understand the system of internal checks in collecting, processing and summarizing of accounting data and maintaining accounting records.
- iii. Prepare final accounts and be familiar with accounts for limited companies.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The paper will consist of two sections; Section A and Section B. **Section A** will be compulsory with one question. The question will be on **preparation of final accounts for various forms of businesses with some adjustments**. This section will carry 40 marks. **Section B** will have **4 questions**, each carrying 20 marks. Candidates will be required to answer **any three** questions from Section B.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should provide guidance regarding study time to be spent on each.

Syllabus Area	Weighting (%)
Maintaining financial records and adjustments to accounting records and financial statement.	35
Accounting and reporting concepts.	25
Accounting and reporting for various business organizations.	25
Role of computers and regulation of accounting in Malawi.	15
<b>Total</b>	<b>100</b>

### Learning Outcomes

#### 1. Accounting and the accounting process

In the assessment, candidates may be required to:-

- a. Define accounting and its purpose
- b. Describe the main financial statements namely:
  - i) Statement of profit or loss
  - ii) Statement of financial position

## **2. Financial Accounting vs. Management Accounting**

In the assessment, candidates may be required to:-

- a. Describe financial and management accounting
- b. Understand the relationship between financial and management accounting
- c. Compare and contrast financial and management accounting

## **3. Qualitative characteristics of accounting information**

In the assessment, candidates may be required to:-

- a. Identify the attributes of accounting information to include, but not limited to:
  - i) Relevance
  - ii) Timeliness
  - iii) Accuracy
  - iv) Completeness
  - v) Reliability
  - vi) Targeted audience
  - vii) Comparability
  - viii) Understandability

## **4. Accounting principles and concepts**

In the assessment, candidates may be required to:-

- a. Understand the role of the accounting regulatory system, including the roles of the IFRS Foundation, the International Accounting Standards Board, and other international bodies
- b. Understand the role of International Financial Reporting Standards (IFRS)
- c. Distinguish accounting principles from accounting concepts
- d. Learn the important underlying accounting concepts, such as:
  - i) Historical cost
  - ii) Money measurement
  - iii) Business entity
  - iv) Dual aspect
  - v) Time interval
- e. Identify the fundamental accounting concepts that include:
  - i) Going concern
  - ii) Consistency
  - iii) Prudence
  - iv) Accruals
  - v) Separate Determination
  - vi) Substance over form
  - vii) Materiality

## **5. Users of accounting information and their needs**

In the assessment, candidates may be required to:-

- a. Identify the main users of accounting information and their needs to include:
  - i) Management
  - ii) Shareholders(current and potential)
  - iii) Employees
  - iv) Trade Union groups
  - v) Banks and lenders
  - vi) Tax collectors and government agencies
  - vii) Business contact groups
  - viii) The general public
  - ix) Suppliers

## **6. The role of computers in accounting**

In the assessment, candidates may be required to:-

- a. Describe the accounting documents and management reports produced by computerised accounting systems, and understand the link between the accounting system and other systems in the business
- b. Compare and contrast manual and computerised accounting systems
- c. Consider the risks to data security, data protection procedures, and the storage of data under computerised accounting systems

## **7. Regulation of accounting in Malawi**

In the assessment, candidates may be required to:-

- a. Understand the evolution of the legal and regulatory environment affecting accounting in Malawi
- b. Understand the current regulatory environment of accounting in Malawi, including the main agencies and instruments such as:
  - i) The Malawi Stock Exchange
  - ii) The Institute of Chartered Accountants in Malawi
  - iii) The Malawi Accountants Board
  - iv) The Companies and Taxation Acts

## **8. Elements of accounting information**

In the assessment, candidates may be required to:-

- a. Identify the elements of accounting information that include:

- i) Assets, including both current and non-current
  - ii) Liabilities, including both current and non-current
  - iii) Owners' equity
  - iv) Revenue and expenses
- b. Learn the distinction between capital and revenue expenditure, including the implication of wrong accounting treatment of expenditure on the financial statements
- c. Understand the accounting treatment of capital receipts, joint expenditure, and loan interest

## **9. Types of business transactions**

In the assessment, candidates may be required to:-

- a. Understand a range of business transactions including
- i) Sales
  - ii) Purchases
  - iii) Receipts
  - iv) Payments
  - v) Petty cash
  - vi) Payroll
- b. Understand the implications of cash and credit transactions, including where applicable, the effect of cash and trade discounts

## **10. Source documents**

In the assessment, candidates may be required to:-

- a. Outline the purpose and content of a range of business documents to include, but not limited to
- i) Invoice
  - ii) Credit note
  - iii) Remittance advice
  - iv) Statement of account
- b. Prepare a petty cash voucher
- c. Prepare the financial documents to be sent to credit customers
- d. Prepare remittance advice to accompany payment to suppliers

## **11. Books of original entry**

In the assessment, candidates may be required to:-

- a. Identify the types of books of original entry and outline the purpose and content of each book of original entry including its format

- b. Outline how the books of original entry integrate with the double entry book-keeping system

## 12. Recording day books

In the assessment, the candidate may be required to:

- a. Record sales and purchase transactions taking into account discounts, VAT, and the impact on the value added tax account where applicable, as follows:
  - i) Enter supplier invoices and credit notes in the appropriate day books
  - ii) Record sales and purchase returns in the appropriate day books
  - iii) Prepare the financial documents to be sent to credit customers
  - iv) Understand the purpose of an aged receivable analysis
  - v) Produce statements to be sent to credit customers
  - vi) Explain the need to deal with discrepancies in customer and supplier records quickly and professionally
  - vii) Understand how data entry in day books differ when computerised systems are in use
- b. Record transactions in the cashbook including any value added tax and discounts effects where applicable, paying particular attention to:
  - i) Totaling, balancing, and cross casting the cashbook columns
  - ii) Identifying and dealing with discrepancies
- c. Enter and analyse petty cash transactions in the petty cashbook including any value added tax effects where applicable, paying attention to:
  - i) Balancing off the petty cashbook using imprest and non-imprest systems
  - ii) Reconciling the petty cashbook with cash in hand
  - iii) Preparing and accounting for petty cash reimbursement
- d. Prepare and enter the journal entries to process payroll transactions including:
  - i) Calculation of wages for employees paid by the hour, paid by output, and salaried employees
  - ii) Accounting for payroll costs and deductions
  - iii) The employer's responsibilities for taxes, pension contributions, and other deductions
  - iv) Identity of the different payment methods in a payroll system, e.g. cash, cheques, and automated bank transfers
  - v) Why authorisation of payroll transactions and security of payroll information is important in an organisation

## 13. The concept of double entry

In the assessment, the candidate may be required to:

- a. Define the accounting equation
- b. Understand by applying the accounting equation in situations such as:
  - i) Introduction of capital
  - ii) Purchase of an asset by cheque
  - iii) Purchase or sale of an asset on credit
  - iv) Payment of a liability

- v) Effect of profit and loss on capital
  - vi) Treatment of drawings
- c. Understand how the accounting equation relates to the double entry book keeping system
  - d. Process financial transactions from the books of original entry into the double entry book keeping system

#### **14. Charts and coding of accounts**

In the assessment, the candidate may be required to:

- a. Importance of charting and coding of accounts in processing of financial transactions
- b. Define an accounting code and identify different types of codes including:
  - i) Sequence
  - ii) Block
  - iii) Significant digit
  - iv) Hierarchical
  - v) Faceted
- c. Code supplier and customer accounts
- d. Coding general ledger accounts consistent with a predetermined chart of accounts

#### **15. Balancing ledger accounts**

In the assessment, candidates may be required to:-

- a. Understand the five steps towards the balancing of ledger accounts
- b. Justify the frequency of balancing of ledger accounts
- c. Understand the meaning of such terms as: c/d, b/d and closed off
- d. Explain the importance of balancing of receivables and payables ledger accounts

#### **16. The trial balance**

In the assessment, the candidate may be required to:

- a. Prepare ledger balances, clearly showing the balances carried down and brought down as appropriate
- b. Define and understand the nature of a trial balance
- c. Understand the nature and impact of errors and closing inventory on the trial balance, and how these are dealt with.

#### **17. Periodic adjustments**

In the assessment, the candidate may be required to:

- a. Understand how the matching concept applies to accruals and prepayments
- b. The nature and purpose of accruals
- c. The accounting treatment of prepayments, with and without an opening balance
- d. The accounting treatment of expenses with prepaid and accrued elements

- e. Prepayments and accruals in the financial statements
- f. The nature of bad debts and ways in which they may arise
- g. Understand the nature and purpose of the allowance for doubtful debts including:
  - i) How the allowance may be estimated
  - ii) The accounting entries necessary to recognize the allowance
  - iii) How the allowance may be increased or decreased
  - iv) The impact of cash discounts on accounts receivable
- h. Understand the nature of non-current assets and purpose of depreciation, including terms such as:
  - i) Depreciable amount
  - ii) Useful life
  - iii) Residual value
- i. Explain the purpose and function of an asset register
- j. Understand the four most common causes of depreciation
- k. Identify and calculate depreciation using the commonly used methods that include:
  - i) Straight line method
  - ii) Reducing balance method
- l. Understand the case for using other depreciation methods that include:
  - i) Revaluation method
  - ii) Depletion unit method
  - iii) Machine hour method
  - iv) Sum of the year's digit method
  - v) Units of output method
- m. Understand how the appreciation in the value of non-current assets is treated

## **18. Statement of profit or loss**

In the assessment, the candidate may be required to:

- a. Identify the information from the trial balance needed for the preparation of the statement of profit or loss
- b. Understand the nature and purpose of the statement of profit or loss and how the following are arrived:
  - i) Gross profit
  - ii) Cost of goods sold
  - iii) Net profit or loss
- c. Understand the accounting treatment of returns, carriage, and the adjustment for inventory when preparing the statement of profit or loss

## **19. Statement of financial position**

In the assessment, the candidate may be required to:

- a. Identify the information from the trial balance needed for the preparation of the statement of financial position
- b. Understand the purpose and nature of the statement of financial position, and identify the items and layout of:
  - i) Non-current and current assets
  - ii) Non-current and current liabilities

- iii) Capital
- c. Recognise how the accounting equation underlines the statement of financial position

**20. Errors and correction of errors**

In the assessment, candidates may be required to:-

- a. Identify types of errors in a book keeping system that are disclosed by extracting a trial balance
- b. Identify types of errors in a book keeping system that are not disclosed by extracting a trial balance
- c. Use the journal to correct identified errors
- d. Redraft a trial balance following the correction of errors
- e. Identify when a suspense account is required and show how to clear the suspense account using the journal
- f. Understand situations when errors may or may not affect the statement of profit or loss

**21. Bank reconciliation statement**

In the assessment, the candidate may be required to:

- a. Explain the purpose of reconciliation between the bank ledger and the corresponding bank statement
- b. Identify errors and omissions in the bank ledger account and in the bank statement
- c. Identify timing differences
- d. Make the correcting entries in the bank ledger account
- e. Prepare the reconciliation between the bank statement balance and the corrected bank ledger account
- f. Identify the bank balance to be reported in the financial statements
- g. Understand the arguments for the timing and frequency of the bank reconciliation statements
- h. Understand the process of conducting bank reconciliation under a computerized environment

**22. Disposal of non-current assets**

In the assessment, the candidate may be required to:

- a. Identify the ledger accounts needed for recording the disposal of a non-current asset
- b. Prepare journal and ledger entries to record the acquisition and disposal of a non-current asset
- c. Calculate and record profits or losses on disposal of a non-current asset for reporting in the statement of profit or loss
- d. Calculate the profit or loss of a revalued non-current asset

**23. Receivables and payables control accounts**

In the assessment, the candidate may be required to:

- a. Describe the purpose of control accounts as a checking device to aid management and help identify book keeping errors
- b. Explain why it is important to reconcile control accounts regularly and to deal with discrepancies quickly and professionally
- c. Prepare the receivable control account or receivable ledgers by accounting for:
  - i) Sales
  - ii) Sales returns
  - iii) Payments from customers including checking the accuracy and validity of receipts against relevant supporting information
  - iv) Settlement discounts
  - v) Irrecoverable debt and allowance for irrecoverable debts including any effect of value added tax where applicable
- d. Prepare the payables control account or payables ledgers by accounting for:
  - i) Purchases
  - ii) Purchase returns
  - iii) Payments to suppliers including checking the accuracy and validity of the payments against relevant supporting information
  - iv) Settlement discounts

#### **24. Accounting for inventory**

In the assessment, the candidate may be required to:

- a. Recognise the need for adjustments for inventory in preparing financial statements
- b. Record opening and closing inventory
- c. Identify the various methods for valuing inventory and calculate the value of closing inventory using the following methods:
  - i) First in, first out (FIFO)
  - ii) Last in, first out (LIFO)
  - iii) Average cost
  - iv) Periodic weighted average cost
- d. Recognise which cost should be included in valuing inventory
- e. Understand the impact of accounting concepts on the valuation of inventory
- f. Identify the impact of inventory valuation methods on profit and on assets

#### **25. Accounts from incomplete records**

In the assessment, the candidate may be required to:

- a. Describe the circumstances which may lead to incomplete records
- b. Understand and apply techniques in preparing accounts from incomplete records as follows:
  - i) Use of accounting equation
  - ii) Use of ledger accounts to calculate missing figures
  - iii) Use of cash and/or bank summaries
  - iv) Use of profit percentages to calculate missing figures

#### **26. Value added tax**

In the assessment, the candidate may be required to:

- a. Identify sources of information on value added tax and explain the relationship between the business entity and the relevant government tax agency
- b. Explain the general principles of the operation of value added tax including:
  - i) Requirements for registration
  - ii) Main information to be included on business documentation
  - iii) Types of taxable supplies and their classification for value added tax
  - iv) Accounting and payment of value added tax
  - v) Penalties for late returns or late payment of value added tax
- c. Calculate value added tax on inputs and outputs
- d. Record the consequent accounting entries and calculate the value added tax due to/from the business

## **27. Partnership accounts**

In the assessment, candidates may be required to:-

- a. Define a partnership
- b. Explain the purpose and content of a partnership agreement
- c. Explain, calculate and account for appropriation of partnership profit:
  - i) Salaries of partners
  - ii) Interest on drawings
  - iii) Interest on capital
  - iv) Share of residual profit
- d. Explain the difference between partner's capital and current accounts
- e. Prepare the partner's capital and current accounts
- f. Prepare the final accounts for a partnership
- g. Explain and account for the admission of a new partner including the treatment of any goodwill arising

## **28. Final accounts for a limited company**

In the assessment, the candidate may be required to:

- a. Understand the capital structure of a limited liability company including:
  - i) Ordinary shares
  - ii) Preference shares (redeemable and irredeemable)
  - iii) Debentures and Loans
- b. Understand the nature of reserves
- c. Identify and report reserves in a statement of financial position
- d. Prepare a statement of financial position or extracts as applicable from given information
- e. Understand why the heading retained earnings appears in a company statement of financial position
- f. Prepare a statement of profit or loss or extracts as applicable from given information
- g. Understand how accounting concepts apply to revenue and expenses
- h. Calculate revenue, cost of sales, gross profit for the year, and total comprehensive income from given information
- i. Differentiate between profit and cash flow
- j. Understand the need for management to control cash flow

## **REFERENCES**

ICAM *Accounting 1* Manual

Frank Wood *Business Accounting*

Glautier & Underdown *Accounting Theory & Practice*

## TC2: COMMUNICATION

### AIM OF THE COURSE

To equip candidates with skills necessary for effective communication in business.

### LEARNING OBJECTIVES

On completion of this course, the candidate should be able to:-

- i. Demonstrate an understanding of the communication process in business settings.
- ii. Write business documents effectively.
- iii. Demonstrate an understanding of the flow of communication in an organization.
- iv. Communicate effectively in different oral settings.
- v. Use information technology for communication in business settings.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The paper will consist of 6 questions each carrying 25 marks. Candidates will be required to answer 4 questions. In addition to the content, the Business Communication course emphasizes on the correct use of language in terms of sentence construction, correct spellings, choice of words and punctuation. Therefore, **5 marks** will be allocated to **correct language use in each question**. However, in those questions which require extended writing, like memos, letters and reports there will be additional marks for correct use of language.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this topics and should guide the relative study time spent on each.

SYLLABUS AREA	WEIGHTING (%)
Communication Theory	10
Language Skills	8
Business Communication	25
Oral Communication	17
Organizational Communication	15
Small Group Communication	7
Interpersonal Communication	10
ICT	8
<b>TOTAL</b>	<b>100</b>

### Learning Outcomes

#### 1. Communication theory

In the assessment, candidates may be required to:-

- a. Explain the aims of communication
- b. Describe the communication process
- c. Identify the eight elements of communication
- d. Describe the three media of communication
- e. Define non-verbal communication

- f. Explain the functions of non-verbal communication
- g. Discuss types of non-verbal communication.
- h. Outline the barriers to the communication and suggest how they can be overcome

**2. Language skills**

In the assessment, candidates may be required to:-

- a. Identify the parts of a sentence
- b. Construct effective Sentences

**3. Business communication**

In the assessment, candidates may be required to:-

- a. Describe the characteristics of good business writing
- b. Explain the 7 principles of effective business writing (7C's)
- c. Write coherent paragraphs
- d. Describe the four aspects to consider when planning business messages.
- e. Explain the uses of a memorandum
- f. Outline the parts of a memorandum
- g. Write memos in response to different situations in the organization
- h. Demonstrate understanding of effective notices
- i. Outline the features of a notice
- j. Design effective notices
- k. Describe the purposes of business letters
- l. Describe the importance of each of the parts of a business letter
- m. Write different types of business letters.
- n. Define a report
- o. Describe the parts of a short formal report
- p. Write effective reports

**4. Interpersonal communication**

In the assessment, candidates may be required to:-

- a. Explain the goals of interpersonal communication
- b. Identify the situations from which we can acquire interpersonal communication skills
- c. Describe the factors which contribute to effective interaction with other people

**5. Small group communication**

In the assessment, candidates may be required to:-

- a. Appraise the importance of small groups in an organization
- b. Describe the characteristics of small groups
- c. Outline the factors which contribute to the effectiveness of small groups
- d. State the advantages and disadvantages of small groups
- e. Distinguish the various leadership styles

## 6 Organizational communication

In the assessment, candidates may be required to:-

- a. Examine the importance of communication in an organization
- b. Describe the functions of communication in an organization
- c. Differentiate the various communication network patterns
- d. Discuss the flow of communication in the organisation
- e. Analyze the advantages and disadvantages of informal communication

## 7. Oral communication

In the assessment, candidates may be required to:-

- a. Describe the basic principles of oral communication
- b. Outline the measures to be taken when preparing for oral presentations
- c. Discuss types of speeches
- d. Explain the different oral presentation styles
- e. Describe the methods of delivering a presentation
- f. Use audio-visual aids in a presentation
- g. Describe the listening process.
- h. Discuss the reasons for listening
- i. Describe the approaches to effective listening
- j. Describe the effective use of the telephone in the organisation
- k. Identify different types of interviews
- l. Explain the communication skills related to interviews
- m. Outline the roles of the interviewer and the interviewee
- n. Describe the phases of the interview process
- o. Mention the purposes of meetings
- p. Describe the types of meetings
- q. Outline the roles of officers and participants in a meeting
- r. Convene a meeting

## 8. Electronic communication

In the assessment, candidates may be required to:-

- a. Demonstrate understanding of computerized systems of communication
- b. Explain usage of different forms of electronic communication
- c. Set up relevant electronic communication according to different situations
- d. Analyse the effectiveness of messages transferred electronically

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## **TC3: BUSINESS MATHEMATICS & STATISTICS**

### **AIM OF THE COURSE**

To enable the candidate to understand mathematical and statistical principles and their applications in business.

### **LEARNING OBJECTIVES**

On completion of this course, the candidate will be able to:

- i. Solve business equations.
- ii. Sketch graphs of business functions
- iii. Solve business problems using techniques of sequences and series
- iv. Use inequalities, where appropriate, to solve simple commercial situations
- v. Apply the concept of matrices in business
- vi. Describe data collection techniques and sources of data.
- vii. Present data graphically and use data summarization techniques.
- viii. Calculate measures of central tendency and dispersion
- ix. Interpret measures of central tendency and dispersion
- x. Apply the concept of probability in solving business problems.
- xi. Forecast using business data.
- xii. Determine the degree of relationship between two variables.
- xiii. Interpret index numbers
- xiv. Perform investment appraisal.
- xv. Apply calculus on revenue, cost and profit functions with the aim of finding optimum points.

### **FORMAT AND STANDARD OF THE EXAMINATION PAPER**

The Business Mathematics and Statistics course will be assessed using a traditional 3 hour paper-based examination. The examination paper will consist of two sections; Section A and Section B. Section A will be compulsory and it will carry 60 marks. Section B will have 3 questions each carrying 20 marks. Candidates will be required to answer any 2 questions from Section B.

## SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should provide guidance regarding study time to be spent on each.

Syllabus Area	Weighting %
Functions, Equations and Graphs	10-15
Sequences and series	5-10
Inequalities and Linear Programming	5-10
Matrices	10-15
Sampling Data Presentation	5-10
Data presentation	10-15
Statistical Measures	10-15
Introduction to Probability	5-10
Correlation and Regression	10
Time Series Analysis	5-10
Index Numbers	10-15
Financial Mathematics	15-20
Introduction to Calculus	5-10

### Learning Outcomes

#### 1. Functions, equations and graphs

The candidate will be able to formulate and solve equations from real life situations.

In the assessment, the candidate may be required to:

- formulate equations.
- solve linear equations.
- solve quadratic equations using graph, factorisation and formula.
- solve exponential and logarithmic equations.
- solve compound interest problems using logarithms.

#### 2. Sequences and series

The candidate will be able to identify patterns in a given set of data and use the appropriate method to solve real-life problems.

In the assessment, the candidate may be required to:

- Define an Arithmetic Progression (AP)
- Identify an Arithmetic Progression
- Identify a Geometric Progression (GP)
- Determine the  $n^{\text{th}}$  terms of Arithmetic and Geometric progressions
- Find the sum of a given AP
- Find the sum of a given GP

#### 3. Inequalities and Linear Programming

The candidate will be able to use linear programming techniques to make managerial decisions.

In the assessment, the candidate may be required to:

- formulate simple linear inequalities

- b. solve linear inequalities
- c. apply inequalities to simple commercial situations
- d. find the objective function for a given problem.
- e. come up with constraints from a given word problem.
- f. plot inequalities and determine a feasible region for a given word problem.
- g. Use graphical method to find the optimal solution to a linear programming problem.

#### 4. Matrices

The candidate will be able to model relationships between financial or economic variables using a set of linear equations, represent them using matrices and solve such models.

In the assessment, the candidate may be required to:

- a. Represent data with matrices
- b. Add, subtract and multiply matrices
- c. Apply the concept of matrices in manipulating commercial data
- d. Find the determinant of matrices up to 3 by 3.
- e. Find the inverse of  $2 \times 2$  and  $3 \times 3$  matrices.
- f. Solve systems of linear equations (up to 3 variables) using the inverse method and Cramer's rule.

#### 5. Sampling and data collection

The candidate will be able to choose among the various methods employed in choosing the subjects for an investigation and differentiate the different ways of collecting data.

In the assessment, the candidate may be required to:

- a. Distinguish between data and information
- b. Classify data
- c. Distinguish between data collection methods and select a suitable method
- d. State stages in statistical investigation

#### 6. Data Presentation

The candidate will be able to present data using various data presentation techniques.

In the assessment, the candidate may be required to:

- a. Present data using various techniques: pie chart, pictogram, bar chart, frequency tables, histogram, Ogive, Lorenz curve and Z chart.
- b. Select an appropriate data presentation technique for specific data basing on type of data at hand, and advantages and disadvantages of the technique.

#### 7. Statistical Measures

The candidate will be able to calculate and interpret measures of central tendency and dispersion.

In the assessment, the candidate may be required to:

- a. Calculate measures of central tendency from simple data: mean, mode, median, geometric mean for grouped and un-grouped data.

- b. Interpret measures of central tendency
- c. Calculate measures of dispersion: range, mean deviation, variance and standard deviation, quartile deviation, coefficient of variation and skewness for grouped and un-grouped data.
- d. Interpret measures of dispersions
- e. Compare distributions using summary measures
- f. Determine the skewness of a distribution: Pearson's measure of skewness
- g. Interpret the skewness of a distribution

## **8. Probability**

The candidate will be able to calculate and interpret various types of probability.

In the assessment, the candidate may be required to:

- a. Describe the role of probability in decision making
- b. Describe the classical, empirical, and subjective approaches to probability
- c. Distinguish experiment, event and outcome
- d. Apply the rules of probability: addition and multiplication rules
- e. Calculate marginal and conditional probabilities
- f. Use a tree diagram to organize and compute probabilities

## **9. Correlation and Regression**

The candidate will be able to determine the relationship between two numeric variables compute the strength of the relationship.

In the assessment, the candidate may be required to:

- a. explain the meaning of regression analysis
- b. identify practical examples where regression analysis can be used
- c. plot scatter diagrams
- d. construct a simple linear regression model
- e. prepare estimates of the unknown variable using the regression model
- f. compute and interpret the Pearson product moment correlation coefficient
- g. compute and interpret the Pearson product correlation coefficient
- h. compute and interpret the coefficient of determination

## **10. Times Series Analysis**

The candidate will be able to use time series data to forecast events or activities.

In the assessment, the candidate may be required to:

- a. Plot time series data
- b. Describe times series models
- c. Distinguish components of a time series: Trend, Seasonal, Random and Cyclical variation.
- d. Decompose a time series into its components: Trend and Seasonal variations using moving averages.
- e. Apply time series to make forecasts
- f. Compute and interpret de-seasonalised data.

## 11. Index Numbers

The candidate will be able to manipulate different published index series and construct new index series.

In the assessment, the candidate may be required to:

- a. Explain what an index number is.
- b. Distinguish between base year and current year
- c. Construct single item indices (price and quantity).
- d. Differentiate between weighted and un-weighted indices.
- e. Change the base of an index number
- f. Calculate the Laspeyres and Paasche Indices and explain the difference
- g. Measure changes in economic data using indices
- h. Adjust nominal money values into real terms (taking inflation into account)

## 12. Financial Mathematics

The candidate will be able to solve problems involving depreciation, interest calculations and investment appraisal.

In the assessment, the candidate may be required to:

- a. Calculate interest, principal or period in given various combinations of parameters
- b. Describe the different techniques of depreciation.
- c. Depreciate an asset using the various depreciation techniques
- d. Appraise an investment using payback period, Net Present Values and Internal Rate of Return
- e. Compare the various techniques of investment appraisal
- f. Calculate the maturity value of an annuity
- g. Calculate periodic payments for a sinking fund
- h. Calculate the fixed equal payment of annuity given the maturity value
- i. Describe amortisation as a method of debt repayment

## 13. Introduction to Calculus

The candidate will be able to apply the principles of differentiation and integration and apply these to rates of change of functions e.g. profit function and interpret the results to determine when functions are at their minimum or maximum.

In the assessment, the candidate may be required to:

- a. Differentiate functions up to the second derivative.
- b. Evaluate indefinite and definite integrals.
- c. Find minimum and maximum values of a given function.
- d. Apply calculus on revenue, cost and profit functions with the aim of finding optimum points.

## REFERENCES

- a. ICAM *Business Mathematics and Statistics Manual*
- b. Clarke, G.M., and Cook, D., (1998) *A Basic Course in Statistics*, 4<sup>th</sup> Ed, Arnold
- c. Francis, A., (2004) *Business Mathematics and Statistics*, 6<sup>th</sup> ed, Thomson Learning
- d. Lucey, T., (2002) *Quantitative Techniques*, 6<sup>th</sup> E. Thomson Learning: London.
- e. Rosser, M., (2003) *Basic Mathematics for Economists*, London: Routledge

## TC4: INFORMATION SYSTEMS

### AIMS OF THE COURSE

To develop candidates'

- i. Understanding of the role of information and communication technology (ICT) in business.
- ii. Understanding of the basic components of computerized processing systems.
- iii. Ability to use computerized business systems.
- iv. Understanding of how business systems are developed.
- v. Understanding of the role of security in business information systems
- vi. Understanding the use of social media networks

### LEARNING OBJECTIVES

On completion of this course, the candidate should be able to:-

- i. Explain the roles of information and communication in business
- ii. State the basic components of computerized processing system
- iii. Understand the uses of computers
- iv. Describe how business applications are developed
- v. Describe how ICT adds value to organizations.
- vi. Have Knowledge of computer packages

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

There will be a three hour examination paper with seven questions. Candidates will be required to answer any five and each carrying equal marks.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should provide guidance regarding study time to be spent on each.

Syllabus area	Weighting
Introduction to Information Systems	5%
Information Systems Types	10%
Data Processing Options	5%
Computer Hardware	10%
Computer Software	10%
Data Communication	5%
Systems Theory	5%
Systems Development	20%
Information System Management	10%
Data Security and Controls	20%
<b>Total</b>	<b>100%</b>

## **1. Introduction to Information Systems**

Candidates should be able to explain the role of information systems in an organization.

In the assessment, candidates may be required to:

- a. Describe essential components and role of an information systems in a business
- b. Describe various components of office automation
- c. Explain uses of Computer Networks, Emails and Internet

## **2. Data Processing**

Candidates should be able to explain the following: data processing operations, data collection techniques, organizational levels and their information needs, role of computers in data processing and qualities of good information.

In the assessment, candidates may be required to:

- a. Define data processing
- b. Describe Data processing operations
- c. Describe the role of computers in data processing
- d. Describe factors that make information valuable
- e. Describe qualities of good information

## **3. Information Systems Types**

Candidates should be able to explain the role of different information systems types in an organization.

In the assessment, candidates may be required to:

- a. Describe main information systems types and their uses

## **4. Data Processing Options**

Candidates should be able to define the following terms: Stand alone systems, multi-user systems, batch and online systems.

In the assessment, candidates may be required to:

- a. Describe batch and online systems
- b. Describe inputs and outputs from batch and online systems and how the outputs from each type are used in an organization
- c. Describe real time systems

## **5. Computer Hardware**

Candidates should be able to explain the various parts of computer hardware.

In the assessment, candidates may be required to:

- a. Define computer hardware
- b. Describe basic components of a computer hardware

- c. Describe functions and parts of computer system unit
- d. Explain internal data representation
- e. Describe different types of computers
- f. Explain embedded systems
- g. Explain computer generations
- h. Describe computer classification

## **6. Computer Software**

Candidates should be able to explain the uses and classifications of various software products on the market

In the assessment, candidates may be required to:

- a. Define computer software
- b. Describe classification of software
- c. Explain uses of computer software packages
- d. Describe generations of computer languages

## **7. Data Communication**

Candidates should be able to explain how organizations can benefit by using the following technologies: Internet, intranet and extranets.

In the assessment, candidates may be required to:

- a. Describe components and use of internets, extranets and intranets
- b. Define E-Business
- c. Explain uses of Computer Networks

## **8. Systems Theory**

Candidates should be able to define systems theory.

In the assessment, candidates may be required to:

- a. Explain systems concepts
- b. Describe systems boundaries, and environment
- c. Explain open and closed systems
- d. Describe hard and soft properties

## **9. Systems Development**

Candidates should be able to differentiate systems development life cycle from software development life cycle.

In the assessment, candidates may be required to:

- a. Describe stages of systems development life cycle
- b. Describe stages of software development life cycle

## 10. Information Systems Management

Candidates should be able to differentiate between traditional data processing and modern data processing organizations.

In the assessment, candidates may be required to:

- a. Describe tradition data processing organization (typical structures) and modern data processing organization ( typical structures)
- b. Describe end user computing, types of end users , advantages and disadvantages of end user computing
- c. Define computer bureau and explain various services and advantages and disadvantages of using computer bureaus

## 11. Data Security and Controls

Candidates should be able to explain risks to information systems and various safeguards.

In the assessment, candidates may be required to:

- a. Describe data security
- b. Explain the need for security and controls
- c. Explain logical and physical controls
- d. Explain how computer viruses spread and their safeguards
- e. Explain systematic development of a Disaster Recovery Plan

## REFERENCES

ICAM *Information Systems Manual*

Loudon & Loudon: *Management Information Systems : Managing the digital Firm*

Turban: *Information technology for management: Transforming organizations in the digital economy*

Bocij P.: *Business information Systems*

C.S. French: *Computer Science*

### Internet Resources

[http://www.answers.com/Analog\\_computers](http://www.answers.com/Analog_computers)

[http://en.wikipedia.org/wiki/Embedded\\_system](http://en.wikipedia.org/wiki/Embedded_system)

<http://www.wordiq.com>

<http://www.computermuseum.li>

<http://www.columbia.edu/acis/history/generations.html>

## **TC5: ECONOMICS**

### **AIMS OF THE COURSE**

To enable candidates understand the basic principles, concepts and techniques of economics and enable candidates apply these principles, concepts and techniques to current issues and problems with special reference to Malawi.

### **LEARNING OBJECTIVES:**

On completion of this course, the candidate should be able to:

- i. Define and explain the concepts and tools that economists use to address the fundamental economic problem of scarcity.
- ii. Explain the different types of economic systems.
- iii. Explain how the market system works to ensure efficient resource allocation.
- iv. Describe the operation of price systems.
- v. Understand the concept of utility and indifferent curves and how they are used in making choices to maximize utility (satisfaction) among competing wants with limited resources.
- vi. Explain production and cost decisions.
- vii. Determine cost and revenue structures and profit maximization.
- viii. Describe different market structures.
- ix. Describe factor markets and the income distribution.
- x. Explain the role of money, credit and financial institutions in determining national output.
- xi. Use macroeconomic variables to measure performance of the economy at the national level.
- xii. Explain the consumption, saving, investment and the business cycle.
- xiii. Explain the role of public finance, fiscal policy and monetary policy in influencing macroeconomic performance.
- xiv. Describe the objectives of the macroeconomic policies.
- xv. Explain the causes of poverty and underdevelopment.
- xvi. Explain the operations of international trade and payment systems.
- xvii. Explain the effects of globalization on national economies.

### **FORMAT OF THE EXAMINATION PAPER**

The examination paper will be divided into two sections. Section A deals with Microeconomics and will contain 3 questions. Section B deals with Macroeconomics and will have four questions. Candidates will be required to answer five questions out of seven that is, two questions from Section A and three questions from Section B.

### **SPECIFICATION GRID**

This grid shows the relative weightings of topics within this course and should provide guidance regarding the study time to be spent on each.

<b>Syllabus Area</b>	<b>Weighting (%)</b>
Microeconomics	40
Macroeconomics	60
<b>Total</b>	<b>100</b>

## **Learning Outcomes**

### **MICROECONOMICS**

#### **1. The nature and scope of economics**

Candidates should be able to define basic economic concepts and theories. Concepts of interest are scarcity, choice, and production possibility curve. Additionally, candidates will be exposed to various topical economic issues such as normative and positive economics, economic systems, exchange and specialization.

In the assessment, candidates may be required to:

- a. Define basic economic theories and concepts including but not limited to the following: scarcity, choice, production possibility curve and the opportunity cost.
- b. Explain the difference between normative and positive economics
- c. Define various economic systems i.e. planned economy, free market economy, mixed economy and traditional / indigenous economy.
- d. Explain the importance of exchange and specialization in economics.

#### **2. Demand and supply analysis**

Candidates should be able to define demand and supply and show how these interact in order to determine equilibrium price in a market place. Candidates will also be expected to define elasticities of demand and supply. Lastly the candidates will be expected to define market failure as a justification for government intervention in an economy.

In the assessment, candidates may be required to:

- a. Define demand and supply.
- b. Derive demand and supply curves.
- c. Differentiate between shifts and movement along demand and supply curves.
- d. Explain factors determining shifts in demand and supply curves

- e. Explain how demand and supply interact to determine market equilibrium price and output.
- f. Explain factors determining demand
- g. Explain factors determining supply
- h. Define and compute elasticity of demand
- i. Explain different types of elasticity of demand
- j. Define and compute elasticity of supply
- k. Explain different types of elasticity of supply
- l. Explain justification for price legislation
- m. Define market failure and justification for government intervention in an economy.

### **3. Theory of the household**

Candidates should be able to explain the utility theory and how to derive indifference curves in order to maximize level of satisfaction.

In the assessment, candidates may be required to:

- a. Explain the marginal utility theory (the Cardinalist approach)
- b. Outline factors that determine utility
- c. Describe the indifference curves
- d. Explain the budget line
- e. Describe the income and substitution effects

### **4. Theory of the firm**

Candidates should be able to explain how a profit maximizing firm makes decisions given market structures in order to maximize profits.

In the assessment, candidates may be required to:

- a. Distinguish between the short run period and long run period.
- b. Explain the behaviour of costs both in short run and long run.
- c. Understand the economists and accountants view of profit.
- d. Describe the law of diminishing marginal returns and short run cost curves.
- e. Explain the firms output decisions.
- f. Define economies of scale and diseconomies of scale.

- g. Identify and explain the main sources of economies of scale and diseconomies of scale.
- h. Analyse the process of competition in different market structures (perfect competition, monopoly, monopolistic competition and oligopoly).
- i. Explain what a contestable market is.
- j. Describe how firms can experience growth.

## **5. Factor markets and distribution of income**

Candidates should be able to explain the demand for and supply of factors of production in given market environments.

In the assessment, candidates may be required to:

- a. Explain and illustrate how product and factor markets operate.
- b. Derive the demand curve for labour.
- c. Demonstrate their understanding of the concept of supply of labour.
- d. Outline the main determinants of demand elasticity for labour and supply elasticity of labour.
- e. Demonstrate their understanding of the pricing of factors of production in competitive markets and monopolistic markets.
- f. Describe the institutional intervention in the labour market.
- g. Define and describe the concepts of economic rent, wages and transfer earnings.

## **MACROECONOMICS**

### **6. The nature of money**

Candidates should be able to define money and describe various forms of money, explain how central banks operate and describe the financial market.

In the assessment, candidates may be required to:

- a. Define money
- b. Explain functions of money
- c. Describe different forms of money
- d. Explain how value of money changes
- e. Explain functions of credit

- f. Explain the banking system.
- g. Explain functions of central bank.
- h. Explain tools/instruments of monetary policy.
- i. Explain the capital markets.

## **7. The demand for and supply of money**

Candidates should be able to explain various theories of money.

In the assessment, candidates may be required to:

- a. Define the quantity theory of money
- b. Discuss the Keynesian views on the demand for money
- c. Describe the new quantity theory of money.

## **8. National income accounting**

Candidates should be able to define various quantities of national income and describe circular flow of national income, measure national income and appreciate the difficulties of measuring national income.

In the assessment, the candidate may be required to:

- a. Define the macroeconomic concepts of national income; GNP, GDP and NNP.
- b. Illustrate a simple circular flow of income model.
- c. Understand and explain the approaches used in measuring national income (expenditure, income and output approaches).
- d. Outline uses of national income statistics.
- e. Identify the main problems in attempting to measure national income.

## **9. The Keynesian model**

Candidates should be able to discuss and describe the Keynesian Model and how this model is used to determine national income.

In the assessment, candidates may be required to:

- a. Explain aggregate demand and its components
- b. Explain factors affecting consumption, savings, investment and government spending.

- c. Discuss Keynesian consumption function and permanent income hypothesis.
- d. Explain the crowding out effects.
- e. Define the multiplier and accelerator principles.
- f. Explain how the national income is determined
- g. Explain, using a Keynesian cross, how an equilibrium state is achieved.

## **10. Public Finance**

Candidates should be able to explain the role of government in the economy and how government is financed. This takes into account both expenditure and taxation.

In the assessment, candidates may be required to:

- a. Define public finance
- b. Explain the economic role of government
- c. Explain how government sources its revenue
- d. Explain principles of taxation
- e. Explain government expenditure
- f. Explain national debt
- g. Define Fiscal Policy and its implications to the economy

## **11. Business cycles and economic growth**

The candidates should be able to explain business cycles and economic growth and the relationship between the two.

In the assessment, candidates may be required to:

- a. Explain what business (trade) cycles are.
- b. Define the term accelerator, and the accelerator-multiplier model of the trade cycle.
- c. Demonstrate their understanding of the term economic growth.
- d. Discuss factors affecting economic growth.
- e. Analyse the benefits of economic growth.
- f. Outline the costs of growth.
- g. Distinguish economic development from economic growth.
- h. Explain the concept of economic re-organisation.

## **12. Economic development and policies**

Candidates should be able to explain economic development and various policies that countries pursue in order to bring about economic development.

In the assessment, candidate may be required to:

- a. Explain features of least developed countries
- b. Explain causes of underdevelopment.
- c. Define inflation and unemployment and show how they are related.
- d. Explain the types of unemployment and costs of unemployment.
- e. Discuss ways of reducing unemployment.
- f. Discuss the main types and causes of inflation and how they can be controlled.
- g. Explain the effects of inflation.
- h. Outline the features of supply-side economics.
- i. Explain the main objectives of supply side policies.

## **13. International trade and finance**

Candidates should be able to demonstrate justification for international trade and its implications on balance of payment, terms of trade and exchange rates.

In the assessment, candidate may be required to:

- a. Explain reasons for international trade.
- b. Define protectionism and its implications on welfare.
- c. Explain Balance of Payment (BOP) and its implications on trade
- d. Define terms of trade
- e. Implication of Exchange Rates on trade
- f. Describe international economic institutions and corporations

## **14. Globalization**

Candidates should be able to define globalization and explain the effects of globalization.

In the assessment, candidate may be required to:

- a. Define globalization
- b. Explain positive and negative effects of globalization
- c. Define regional integration

- d. Discuss local regional integrations
- e. Explain the economic effects of regional integration

## **REFERENCES**

ICAM Economics Manual

CIMA, (2008). Paper CO4 Fundamentals of Business Economics Study Text,  
UK: Kaplan Publishing

ICSA, (2004). Economics Study Text, UK: ICSA Publishing (London).

Grant, S.J. (2003). Stanlake's Introductory Economics, 7<sup>th</sup> Edition,  
Longman.

Lipsey, R.G. (1994). An Introduction to Positive Economics, 7<sup>th</sup> Edition, UK:  
Oxford University

## TC6: ACCOUNTING/2

### AIMS OF THE COURSE

- i. To develop the candidate's understanding of the fundamental principles and concepts of accounting.
- ii. To develop the candidate's ability to apply accounting principles in various practical accounting environments in line with regulatory and statutory framework.
- iii. To develop the candidate's ability to prepare, analyze and interpret financial statements.

### LEARNING OBJECTIVES

On completion of this course, the candidate should be able to:-

- i. Prepare financial statements for a variety of organizations within the regulatory framework.
- ii. Analyze the performance of a business using financial statements through ratio analysis.
- iii. Prepare basic consolidated financial statements for simple group accounts.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The paper will consist of two sections; Section A and Section B. **Section A** will be compulsory with one question. The question will be on **preparation of final accounts for various forms of businesses with some adjustments**. This section will carry 40 marks. **Section B** will have 4 **questions**, each carrying 20 marks. Candidates will be required to answer **any three** questions from Section B.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should provide guidance regarding the study time to be spent on each.

Syllabus Area	Weighting (%)
Adjustment to accounting records and financial statements.	25
Accounting and reporting for various business organizations.	65
Consolidated financial statements.	10
<b>Total</b>	<b>100</b>

### Learning Outcomes

#### 1 Overview of accounting procedures and systems

- a. Types of business organizations and general purpose of financial statements, users and their needs.

In the assessment, candidate may be required to:

- i) Identify and explain general purposes of financial statements
- ii) Identify and define different forms of business organization sole trader, partnership, limited company and non-profit making organizations
- iii) Recognize legal differences in respect of formation, ownership, capital and liability in different forms of business organization

- iv) Define, understand and apply qualitative characteristics: relevance, faithful representation, comparability, verifiability, timeliness and understandability
  - v) Identify various users of financial statements and their information needs
- b. Documents used in business transactions including documents for stores and payment preparation.  
In the assessment, candidate may be required to:
- i) Identify and explain documents used in credit sales or revenue systems and credit purchase systems, cash transactions both sales or revenue and payments such as quotations, requisition, local purchase order, supplier tax invoice, payment voucher, petty cash voucher, petty cash return, cash receipts, customer tax invoice, sales orders, cheque books etc
  - ii) Identify and explain documents used in stores systems: requisitions, stores issue notes, good received notes, goods returned notes, delivery notes, dispatch notes
- c. Systems of internal checks in bank accounting, reconciliation, payables reconciliation and receivables reconciliation.  
In the assessment, candidate may be required to:
- i) Identify documentation needed to perform a bank and petty cash reconciliation: bank statement, cheque stubs, deposit slips, expenses vouchers
  - ii) Understand bank reconciling items: un-presented/outstanding cheques, outstanding lodgments and bank or cash book errors
  - iii) Prepare bank and petty cash reconciliation
  - iv) Prepare both accounts receivables and payables control accounts
  - v) Use accounts receivables control account to determine sales figure
  - vi) Use accounts payables control account to determine purchases figure
  - vii) Explain how bank reconciliation, petty cash and control accounts for receivables and payables perform internal check function
- d. Basic final accounts and interaction of statement of profit or loss and the statement of financial position including period end adjustments.  
In the assessment, candidate may be required to:
- i) Revise preparation of simple statement of profit or loss and statement of financial position with emphasis on main elements in each statement and recognized formats
  - ii) Explain the interaction of statement of profit or loss and statement of financial position using the accounting equation
  - iii) Prepare statement of profit or loss with periodic adjustments

## **2 Conceptual, regulatory and statutory framework of accounting**

- a. Accounting concepts, principles and policies  
In the assessment, candidate may be required to:
  - i) Define, understand and apply accounting concepts and principles: materiality, substance over form, going concern, business entity concept, accruals, fair presentation, consistency, materiality and historical cost

- b. Overview of the International Financial Reporting Standards.  
In the assessment, candidate may be required to:
- i) Define, understand and apply accounting convention and generally accepted accounting principles (GAAP)
  - ii) Understand the role of the regulatory system including the roles of the IFRS Foundation (IFRSF), the International Accounting Standards Board (IASB), the IFRS Advisory Council (IFRS AC) and the IFRS Interpretations Committee (IFRS IC)
  - iii) Understand the role of the local regulatory system including Institute of Chartered Accountants in Malawi (ICAM) and Malawi Accountants Board (MAB)
  - iv) Understand the role of International Reporting Standards
- c. Overview of the Malawi Companies Act.  
In the assessment, candidate may be required to:
- i) Understand and explain the role of the Companies Act relating to governance issues in respect of financial reporting

### **3 Application of selected accounting standards**

- a. Accounting for tangible noncurrent assets  
In the assessment, candidate may be required to:
- The main reference is International Accounting Standard (IAS) 16, Property, Plant and Equipment. The other relevant accounting standards are IAS 36 Impairment of Assets and IAS 40 Investment Property
- i) Define the following: property, plant and equipment, carrying amount, depreciable amount, depreciation, fair value, impairment loss, recoverable amount, residual value and useful life of noncurrent asset
  - ii) Explain when cost of an item qualifies to be recognized as an asset
  - iii) Explain how the value of property, plant and equipment is measured and its elements
  - iv) Recognize costs that are not costs of an item of property, plant and equipment
  - v) Explain the difference between property, plant and equipment under IAS 16 and investment property under IAS 40
  - vi) Understand and apply the cost measurements: cost model and revaluation model
  - vii) Recognize examples of separate classes of property, plant and equipment
  - viii) Explain basis for choosing a depreciation method
  - ix) Explain the circumstances an item of property, plant and equipment cost should be depreciated separately
  - x) Record the revaluation of a non-current asset in ledger accounts, the statement of profit or loss and other comprehensive income and in the statement of financial position.
  - xi) Calculate the profit or loss on disposal of a revalued asset.
  - xii) Illustrate how non-current asset balances and movements are disclosed in financial statements.
  - xiii) Explain the purpose and function of an asset register.
  - xiv) Identify the circumstances where different methods of depreciation would be appropriate.

- xv) Calculate depreciation on a revalued noncurrent asset including the transfer of excess depreciation between the revaluation reserve and retained earnings.
  - xvi) Calculate the adjustments to depreciation necessary if changes are made in the estimated useful life and/or residual value of a noncurrent asset.
  - xvii) Explain circumstances that would be the basis for derecognition of an asset
  - xviii) Explain and identify minimum requirements that should be considered in assessing any indication that an asset may be impaired
  - xix) Prepare disclosure note for each class of property, plant and equipment
- b. Accounting for intangible noncurrent assets and amortisation.  
The main reference is International Accounting Standard (IAS) 38 Intangible Assets  
In the assessment, candidate may be required to:
- i) Define intangible asset
  - ii) Identify intangible asset with reference to identifiability, control and future economic benefits criterion
  - iii) Recognize the difference between tangible and intangible non-current assets with examples
  - iv) Explain the basis for recognition of intangible assets
  - v) Identify and explain the treatment of intangible assets based on whether it is acquired, or internally generated intangible asset
  - vi) Define and calculate amortization and explain their treatment for intangible assets with finite and indefinite useful life
  - vii) Explain and apply the cost and revaluation model options to measurement approach of intangible asset after recognition
  - viii) Identify and explain circumstances that would be the basis for derecognition of an intangible asset
  - ix) Prepare disclosure note for each class of intangible assets
- c. Accounting for inventories  
The main reference is International Accounting Standard (IAS) 2 Inventories  
In the assessment, candidate may be required to:
- i) Define inventories, and net realizable value
  - ii) Understand the measurement of inventories
  - iii) Understand the elements of cost of inventories
  - iv) Identify and apply cost formulas for cost of inventories; first-in, first-out (FIFO) and weighted average cost formulas
  - v) Explain when inventories are recognized as an expense
  - vi) Prepare a disclosure note for accounting policy for inventory cost measurement and the cost formula used in preparation of financial statements
- d. Accounting for leases  
The main reference is International Accounting Standard (IAS) 17 Leases  
In the assessment, candidate may be required to:
- i) Define lease
  - ii) Identify and define classes of lease : a finance lease and operating lease
  - iii) Understand the concepts of minimum lease payments and interest rate implicit in the lease
  - iv) Explain the recognition of operating lease and finance lease in financial statements

- v) Record transactions of leases in the ledger accounts and financial statements for both the lessor and the lessee
  - vi) Understand and explain sale and leaseback transaction
- e. Accounting for agriculture  
The main reference is International Accounting Standard (IAS) 41 Agriculture  
In the assessment, candidate may be required to:
- i) Define agricultural activity and biological transformation
  - ii) Identify agricultural produce and a biological asset
  - iii) Identify types of biological transformation outcome
  - iv) Explain when a biological asset or agricultural produce should be recognized
  - v) Classify biological assets into mature and immature assets

#### **4 Final accounts for various forms of business**

- a. Accounts for non-profit making organizations.  
In the assessment, candidate may be required to:
- i) Explain the difference between accrual and cash basis accounting non-profit making organisations
  - ii) Calculate income from independent fund raising activities such as competition, canteen, bars
  - iii) Make periodical adjustments including income in arrears and in advance
  - iv) Understand and calculate accumulated fund
  - v) Prepare statement of income and expenditure and statement of financial position for non-profit making organisations such as clubs and societies
- b. Accounting aspects relating to partnership agreements changes.  
In the assessment, candidate may be required to:
- i) Give reasons why a partnership agreement may be changed
  - ii) Account for revaluation of assets and goodwill that may arise during partnership changes
  - iii) Record introduction of new partners, dissolution of partnership and any changes in partnership agreement in statement of financial position
- c. Conversion of partnership into limited company  
In the assessment, candidate may be required to:
- i) Calculate consideration for each partner for conversion of their interest in the partnership into shares
  - ii) Calculate and record goodwill during the conversion process
  - iii) Identify share capital conversion ratios
  - iv) Calculate number of shares into which partnership individual capital accounts are converted
  - v) Prepare a statement of financial statement for new limited company from partnership

#### **5. Accounting for special transactions**

- a. Capital structure of limited companies (share capital, including equity and loan capital).  
In the assessment, candidate may be required to:
- i) Understand the capital structure of a limited liability company including:
    1. Ordinary shares
    2. Preference shares (redeemable and irredeemable)
    3. Loan notes.
  - ii) Explain advantages and disadvantages of different types of capital with reference to ownership, control of the company and distribution of profits
  - iii) Compare capital structure of a limited company, partnership and sole trader
- b. The issue and redemption of shares and debentures.  
In the assessment, candidate may be required to:
- i) Explain the advantages and disadvantages of different shares
  - ii) Understand and explain the process of issue of shares and debentures for both private and public limited companies
  - iii) Explain the advantages and disadvantages of using Malawi Stock exchange in issue of shares
  - iv) Understand the concepts of market price and nominal or par value of shares and debentures
  - v) Record issue of issue shares and debentures at nominal or par value, premium and discount in ledger accounts and financial statements
  - vi) Record forfeited shares in ledger accounts and the financial statements
  - vii) Explain why shares may be redeemed
  - viii) Record redemption of shares at par value and premium in ledger accounts and financial statements
- c. Treatment of taxation in Malawi Companies  
In the assessment, candidate may be required to:
- i) Identify and explain types of taxes payable by limited companies
  - ii) Identify and explain taxes that companies collect on before of the government
  - iii) Record taxes that a limited company collects on behalf of the government in ledger accounts and financial statements
  - iv) Record taxes payable by a limited company in the ledger accounts and financial statements

## **6 Final accounts - limited companies**

- a. Preparation of final accounts for internal use:  
In the assessment, candidate may be required to:
- i) Classify expenses by function; distribution expenses, administrative expenses, and finance expenses.
  - ii) Calculate and record finance costs in ledger accounts and the financial statements.
  - iii) Record other income and taxation
  - iv) Calculate and record dividends in ledger accounts and the financial statements.
  - v) Record profit transfers to various reserves in ledger accounts and the financial statements.
  - vi) Prepare statement of profit or loss and statement of financial statement

- vii) Define a bonus (capitalization) issue and its advantages and disadvantages.
  - viii) Define a rights issue and its advantages and disadvantages.
  - ix) Record and show the effects of a bonus (capitalization) issue in the statement of financial position.
  - x) Record and show the effects of a rights issue in the statement of financial position
- b. Preparation of final accounts for publication  
In the assessment, candidate may be required to:
- i) Prepare statement of profit or loss and statement of financial position according to International Financial Reporting Standards, Companies Act and Generally Accepted Accounting Practice
  - ii) Calculate earnings per share according to IAS 33
- c. Statement of changes in equity.  
In the assessment, candidate may be required to:
- i) Identify the components of the statement of changes in equity
  - ii) Record movements in the share capital, share premium accounts and other equity components
- d. Cash flow statement for a single company.  
The reference is IAS 7 Statement of Cash Flows.  
In the assessment, candidate may be required to:
- i) Differentiate between profit and cash flow
  - ii) Understand the need for management to control cash flow.
  - iii) Recognise the benefits and drawbacks to users of the financial statements of a statement of cash flows.
  - iv) Classify the effect of transactions on cash flows
  - v) Calculate the figures needed for the statement of cash flows including:
    1. Cash flows from operating activities
    2. Cash flows from investing activities
    3. Cash flows from financing activities
  - vi) Understand different treatments of interest and dividends
  - vii) Calculate the cash flow from operating activities using the indirect and direct method.
  - viii) Identify the elements of cash and cash equivalents

## 7. Introduction to consolidated accounts

Reference standard is IFRS 10

- a. The definition of various investments (trade investment, subsidiary, an associate and joint ventures.  
In the assessment, candidate may be required to:
- i) Define and describe the following terms in the context of group accounting: Parent, Subsidiary, Control, Consolidated or group financial statements, Non-controlling interest, Trade / simple investment
  - ii) Identify subsidiaries within a group structure.

- b. Preparation of basic consolidated financial statements for a company with one subsidiary. In the assessment, candidate may be required to:
- i) Define and describe the following terms in the context of group accounting:
    - 1. Parent
    - 2. Subsidiary
    - 3. Control
    - 4. Consolidated or group financial statements
    - 5. Non-controlling interest
    - 6. Trade / simple investment
  - ii) Identify subsidiaries within a group structure.
  - iii) Calculate goodwill (excluding impairment of goodwill) using the full goodwill method only as follows:
    - 1. Fair value of consideration X
    - 2. Fair value of non-controlling interest X
    - 3. Less fair value of net assets at acquisition (X)
    - 4. Goodwill at acquisition X
  - iv) Describe the components of and prepare a consolidated statement of financial position or extracts thereof including:
    - 1. Elimination of inter-company trading balances (including cash and goods in transit)
    - 2. Removal of unrealized profit arising on inter-company trading
    - 3. Acquisition of subsidiaries part way through the financial year taking into account pre and post- acquisition profits.

## **8 Interpretations of financial statements**

- a. Importance and purpose of analysis of financial statements  
In the assessment, candidate may be required to:
- i) Describe how the interpretation and analysis of financial statements is used in a business environment.
  - ii) Explain the purpose of interpretation of ratios
- b. Ratio Analysis.  
In the assessment, candidate may be required to:
- i) Calculate key accounting ratios: profitability, liquidity, efficient use of resources and financial position ratios
  - ii) Deduce elements of financial statements from given ratios
- c. Analysis of financial statements  
In the assessment, candidate may be required to:
- i) Calculate and interpret the relationship between the elements of the financial statements with regard to profitability, liquidity, efficient use of resources and financial position.
  - ii) Draw valid conclusions from the information contained within the financial statements and present these to the appropriate user of the financial statements.
  - iii) Recognize limitations of ratio analysis in interpretation of financial statements

## REFERENCES

ICAM Accounting/2 Manual

Wood, Frank. (2005 edition), *business accounting tenth edition*

BPP manual (2010) *F7- Financial Reporting*

BPP manual (2010). - *Interpretation of Financial Statements, Diploma in Financial Management manual*

BPP manual (2012) *P2 Corporate Reporting*

## TC7: AUDITING

### AIM OF THE COURSE

To develop candidates' practical knowledge and understanding of the process of performing an audit and other assurance services in the context of the professional and legal framework (s) both globally and locally.

### OBJECTIVES

On completion of this course, candidates should be able to

- i. Explain the objectives of an audit within the concept of assurance
- ii. Understand regulatory framework within which the accountancy profession operates, the audit and other assurance services are provided and the need for the services to be carried out by appropriately qualified professionals.
- iii. Understand and discuss the structure of an audit process and the fundamental concepts guiding the process.
- iv. Understand and discuss the impact of computers and electronic processing and information management systems of a client on the auditor's work.
- v. Prepare draft reports from a given assignment, and
- vi. Explain the purpose and scope of internal audit, another form of assurance services.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The paper will consist of seven questions each carrying 20 marks one of which will be compulsory and it will be on the application of audit procedures in a computer environment and use of computers in the audit process in the audit process. Candidates will be required to answer the compulsory question and any 4 questions.

### SPECIFICATION GRID

This grid shows the relative weightings of sections within this course. Marks available in the examination assessment will roughly equate to the weightings below, although slight variations may occur in individual sessions assessments to enable suitably rigorous questions to be set.

Syllabus Area	Weightings %
Nature and purpose of audit and other assurance engagements	30
Legal and professional requirements of the auditor	25
Gathering Evidence: planning, internal controls and substantive tests.	35
Review and reporting	10
Total	100

### Learning Outcomes

The course syllabus endeavor to achieve the following learning outcomes from the syllabus.

1. **Nature and purpose of audit and other assurance engagements**

Candidates will be able to explain the concept of assurance, its purpose and where an audit and other assurance services fit within the concept.

In the assessment, candidates may be required to:

- a. Define the concept of assurance amongst many other services a professional may be engaged in.
- b. State the purpose of assurance reports and provide examples of the benefits gained from them such as to assure the entity's report quality with respect to a subject matter reported on.
- c. Compare the functions and responsibilities of the different parties involved in an assurance engagement.
- d. Identify and compare the purposes and characteristics of, and levels of assurance obtained from, different assurance engagements and define the concepts of reasonable assurance.
- e. Define an audit as one of the assurance engagement relating to its present form.
- f. Review an audit historical origins and its development over time to its present form.
- g. Identify principles of corporate governance and the role of internal audit within the corporate governance structure.
- h. Describe the roles of the audit guidelines and the structure of the audit process which includes: (obtaining engagement, determination of scope of work, planning and risk assessment of the client, determination of scope of work, obtaining evidence and evaluation of the results and reporting to the engagement party).

## **2. Legal and professional requirements of the auditor**

Candidates will be required to identify the legal and other regulatory issues which have a direct impact on the professional work in general and audit and other assurance engagements in particular. The legal aspects are mainly contained in the company's Act and the Public Accountants and Auditor's Act, while professionally, candidates will be able to understand the importance of ethical behavior, and identify issues relating to: integrity, objectivity, competence, confidentiality and courtesy behavior amongst other.

In the assessment they may be required to:

- a. Outline the process of obtaining an audit engagement.
- b. State the contractual requirements between the auditor and other parties in the engagement.
- c. State the qualifications requirement under the Companies Act and the Public Accountants and Auditors Act for a person or a firm to be engaged to carry out a statutory audit.
- d. State the auditor's and entity directors or management respective duties and rights during the engagement as provided for by the Companies Act.
- e. Explain the auditors' contractual performance expectations and resulting liability for negligence.
- f. Explain the auditors' responsibility and liability with respect to money laundering and other illegal acts or non-compliance with other relevant laws and regulations.

- g. State the role of ethical code and identify features of the professional ethics adopted by the IFAC, and how they work in public interest.
- h. Suggest courses of actions that may be taken to resolve ethical conflict of interests relating to the ethical fundamental principles identified.
- i. State the importance of confidentiality, identifying the risk of accidental disclosure of client's information, and stating exceptional cases when this may not apply.
- j. Define objectivity and independence and recognize why those undertaking assurance engagements are required to be independent of their clients.
- k. Identify threats to fundamental ethical principles and independence of auditors as identified by the IFAC, and possible safeguard to eliminate or reduce such threats.

### **3. Audit planning, internal controls and substantive tests**

Candidates will be able to plan and select methods of obtaining sufficient and appropriate evidence from which conclusions can be drawn, or reference to senior colleagues where necessary.

In the assessment, candidates will be able to do the following:

#### **Planning**

- a. Describe appropriate tasks and procedures to understand the client's entity's business and its environment before any ground work can be carried out.
- b. Identify audit risk associated with the client and set appropriate materiality levels, including determination of whether or where there is need to gather evidence on sampling basis.
- c. Develop an audit strategy and draw an audit program including determination of the nature, extent and timing of specific audit tests and procedures.

#### **Internal Controls**

- a. Define internal controls and state the reasons for organizations having effective systems of control.
- b. State why the auditor needs to identify the entity's main areas of a business and test the effectiveness of its control systems.
- c. Identify the components of internal control in both manual and IT environments including: the overall control environment, preventive and detective controls and internal audit.
- d. Define and classify different types of internal control, with particular emphasis on those which impact upon the quality of financial information.
- e. Show how specified internal controls mitigate risk and state their limitations.
- f. Explain internal control challenges in a small entity
- g. Identify internal controls for an organization in a given scenario and explain the testing of controls in various aspects.
- h. Identify and explain internal controls in a computerized environment

- i. Identify internal control weaknesses in a given scenario, state the possible eventualities of such weaknesses and suggest possible improvements.
- j. Identify the process through which the auditor can communicate to those charged with governance of a specified organization.

#### Substantive Testing

- a. State the nature and attributes of good audit evidence
- b. Explain financial statements assertions and state techniques that may be employed to gather audit evidence.
- c. Carry out detailed tests of elements of financial statements, including collection and evaluation of samples thereof.
- d. Design and carryout appropriate tests in clients' computerized systems, including use of computer assisted audit techniques (CAATs).
- e. Explain the advantages and disadvantages of using CAATs

### **4. Review and Reporting**

Candidates will be able to carry out overall reviews of financial and other information related to the financial statements under audit to form an overall conclusion on financial statements to report on them.

In the assessment, candidates may be required to:

#### Overall Reviews

- a. Perform appropriate analytical reviews and consistency reviews to see whether information as a whole make sense.
- b. Assess whether opening balances for the current period financial statements were properly brought forward from previous periods and whether all the comparative information from previous periods has been properly disclosed, and they seem to be consistent with current period.
- c. Review any event occurring after the reporting date and whether they have any effect on financial statements under review.
- d. Seek any other additional information and explanations through management representations.

#### Reporting

- a. Identify key parties to the audit engagements and demonstrate awareness of other immediate stakeholders to the report and the auditors' responsibility towards them.
- b. Identify key parts and appropriate wording in the audit report. (new reporting format effective 15 December 2016)
- c. Identify and explain all forms of modification to the reports and circumstances under which such modifications are appropriate.
- d. Identify and state the purpose and contents of the management (weaknesses) letter issued to those charged with governance of an entity in addition to the main report.

## References

ICAM Auditing Manual

A.H. Millichamp – Auditing (DP Publications)

M.J. Pratt – Auditing (Longman)

F.A. Attwood & N.D. Stein-dePaula’s Auditing (Pitman)

Introduction to Malawi Auditing Standards and Guidelines (ICAM)

E. Woolf – Auditing (MacDonald and Evans)

Coopers & Lybrand Students Manual of Auditing (Gee & Co)

Spicer & Pegler – Practical Auditing (Butterworths)

Malawi Companies Act 1984

## TC 8: BUSINESS LAW - SYLLABUS

### AIMS OF THE COURSE

To develop candidates' understanding of the broad range of basic legal principles and the ability to apply this knowledge in various business transactions.

### LEARNING OBJECTIVES

On completion of this course, candidates will be able to:

- i. Explain the various sources of law in Malawi.
- ii. Explain the organization of the courts and administration of the courts in Malawi.
- iii. Distinguish between civil and criminal liability.
- iv. Explain the basic principles related to law of torts.
- v. Explain the principles of the law of contract.
- vi. Describe the law relating to labour and employment in Malawi.
- vii. Explain the principles of the law of agency.
- viii. Explain the law relating to sale of goods.
- ix. Describe the law relating to negotiable instruments
- x. Describe the law relating to personal property security

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

There will be a three hour examination and the question paper will have five questions each carrying equal marks. Students will be required to answer all questions. Candidates will be expected to demonstrate an understanding of a wide range of topics covered by the syllabus. Emphasis will be more on knowledge levels than application of skills. Students will nevertheless be required to show ability to use this knowledge to solve legal problems. They will also be expected to cite case law and discern the legal principles enunciated in such cases. The demonstration of basic legal logic will be a hallmark of the examination. Students must show that they understand that common sense is not law or a substitute for legal logic. Candidates will lose marks for failing to communicate clearly including grammatical errors.

### SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Area	Weighting
1. The Malawi Legal System	20
2. The Law of Tort	10
3. The Law of Contract	20
4. Employment Contracts	10
5. Agency	10
6. Sale of Goods	10
7. Negotiable Instruments	10
8. Personal Property Security	10
<b>Total</b>	<b>100</b>

## LEARNING OUTCOMES

### 1. The Malawi Legal System

In the assessment, candidates may be required to:-

- a. Define a legal system
- b. Define law and its types
- c. Define judicial review
- d. Distinguish civil from criminal liability
- e. Explain the meaning of administrative justice and its advantages and disadvantages
- f. Explain the system of courts and administration of justice in Malawi
- g. Explain the doctrine of precedent and its advantages and disadvantages
- h. Explain the process of law making in the Malawi Parliament.
- i. Discuss sources of law in Malawi, including legislation, case law, custom and equity
- j. Discuss rules of Statutory Interpretation

### 2. The Law of Tort

In the assessment, candidates may be required to:-

- a. Define the law of tort
- b. Distinguish a tort from other wrongs
- c. Explain key concepts in the law of tort including causation, remoteness of damage, vicarious liability and strict liability
- d. Distinguish a contract of service from a contract for services
- e. Discuss examples of torts including the tort of negligence, nuisance and defamation
- f. Discuss the general defenses in tort.

### 3. The Law of Contract

In the assessment, candidates may be required to:-

- a. Explain the elements of a valid contract
- b. Distinguish offer from acceptance
- c. Distinguish an offer from a counter offer and an invitation to treat.
- d. Define acceptance and outline rules relating to acceptance.
- e. Define consideration and its types
- f. Explain the meaning of 'intention to create legal relations'
- g. Discuss the extent to which capacity affects the validity of a contract
- h. Distinguish a condition from a warranty
- i. Define an exclusion clause and how the same may be incorporated into a contract
- j. Define the doctrine of privity of contract and its exceptions
- k. Explain the effect of a mistake on the validity of a contract
- l. Define a misrepresentation and its types
- m. Define duress and distinguish it from undue influence
- n. Distinguish illegal contracts from unenforceable contracts, void and voidable contracts.
- o. Explain the extent to which contracts in restraint of trade are valid
- p. Discuss the circumstances under which a contract can be terminated.
- q. Explain types of injunctions
- r. Discuss the possible remedies for breach of contract

### 4. Employment Contracts

In the assessment, candidates may be required to:-

- a. Comment on sources of employment law

- b. Define types of employment contracts
- c. Explain how a contract of employment may be terminated
- d. Explain the meaning of probation
- e. Definition and explain the entitlement and calculation of severance allowance
- f. Explain employment law concepts including hours of work, overtime and minimum wage
- g. Outline and comment on types of leave
- h. Explain disciplinary action that an employer may take against an employee
- i. Discuss the requirements of the law for a dismissal to be fair
- j. Distinguish summary dismissal from constructive dismissal
- k. Discuss remedies for unfair dismissal
- l. Discuss the Labour Relations Act - freedom of association, dispute resolution (strikes and lock outs) and the role of the Industrial Relations Court
- m. Discuss the relevance of the Workers Compensation Act, Occupation Safety, Health and Welfare Act and International Labour Organisation Conventions.

## 5. Agency

In the assessment, candidates may be required to:-

- a. Define the agency relationship
- b. Relate the doctrine of privity of contract to the law of agency
- c. Explain types of agents
- d. Explain the authority that an agent may have
- e. Discuss how an agency relationship may be created
- f. Discuss respective rights and duties of both the principle and the agent
- g. Distinguish an agency contract from other types of contracts such as employment contracts
- h. Explain how an agency relationship may be discharged

## 6. The Contract of Sale of Goods

In the assessment, candidates may be required to:-

- a. Define a sale of goods contract
- b. Define types of goods
- c. Distinguish property from possession and risk.
- d. Discuss the rules applicable to passage of property in goods
- e. Explain the meaning of retention of title
- f. Discuss the *nemo dat rule* and its exceptions
- g. Explain how a contract of sale of goods may be discharged
- h. Define the term delivery in sale of goods contracts
- i. Discuss implied terms in relation to description and quality of goods
- j. Explain the remedies of an unpaid seller
- k. Distinguish real from personal remedies of an unpaid seller
- l. Explain remedies of a buyer

## 7. Negotiable Instruments

In the assessment, candidates may be required to:-

- a. Define types of negotiable instruments
- b. Define a bill of exchange and its types
- c. Explain the liability of parties on a bill of exchange
- d. Compare and contrast a bill of exchange from a cheque and a promissory note
- e. Explain crossings that may appear on a cheque
- f. Define acceptance in relation to bills of exchange

- g. Define a holder in due course
- h. Describe how a bill of exchange is discharged
- i. Explain how a bill of exchange is used in practice

### **8. Personal Property Security**

In the assessment, candidates may be required to:-

- a. Define relevant terms such as security interest, after-acquired property etc
- b. Explain the law relating to the enforceability of a security interest in personal property
- c. Explain the process of perfection of security interests
- d. Explain the process of enforcement of security interests and their priorities.
- e. Explain the objectives of the Personal Property Security Act
- f. Explain the rights and duties of a secured creditor and a debtor.
- g. Discuss the significance of the Personal Property Security Act

### **REFERENCE**

*ICAM Business Law Manual*

## TC9: COSTING AND BUDGETARY CONTROL

### AIM OF THE STUDY

To enable students understand principles of costing, their application in product costing, management information systems and preparation of budgets and budgetary control.

### OBJECTIVES

On completion of this course candidates should be able to:

- i. Ascertain costs for products and services using appropriate costing methods and use them to establish prices;
- ii. Prepare budgets for various activities using appropriate budgeting approaches and methods;
- iii. Analyse standards and budgets of various activities and compare with actual to explain differences;
- iv. Use relevant cost theory to make simple and short term management decisions.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The paper will consist of 5 questions each carrying 20 marks. Candidates will be required to answer all questions.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should provide guidance regarding the time to be spent on each.

Syllabus Area	Weightings (%)
Cost Ascertainment	40
Planning, performance measurement and control	30
Decision	30
Total	100

### Learning Outcomes

#### 1 . Cost ascertainment

Students will be able to ascertain costs for products and services using appropriate costing methods and use them to establish prices.

Students should be able to:

- a) Understand the basic concepts of cost accounting
- b) Classify costs into fixed, variable and mixed and able to separate mixed costs into variable and fixed components.
- c) Select the most suitable method of costing for different products and services
- d) Understand basic concepts of overhead allocation, apportionment and absorption
- e) Prepare management information using :
  - Marginal costing
  - Absorption costing and reconcile the differences in profits reported

- f) Use nontraditional costing methods in the provision of management information

## **2. Planning performance measurement and control**

Students will be able to identify and describe the purpose of standard costing system and the application in budgetary control. Select appropriate budgeting approaches and methods and prepare budgets.

Students should be able to:

- a) Understand the concepts of standards and standard costing and how they are set.
- b) Explain how budgeting fits into the overall planning and control framework
- c) Identify and describe the various stages in the budgeting process
- d) Prepare functional and master budgets using different techniques
- e) Apply the principles of flexible budgeting in budgetary control
- f) Calculate differences between actual performance and standards or budgets in terms of cost and volume effects and identify possible reasons for those differences.

## **3. Decision making**

Students should be able to apply principles of marginal costing and relevant costs for use in management decision making.

Students should be able to:

- a) Calculate the breakeven point, contribution and margin of safety for a given product or service.
- b) Understand Cost-Volume-Profit (CVP) analysis, assumptions and limitations.
- c) Distinguish between relevant and irrelevant costs and revenues for decision making.
- d) Describe the key concept that should be applied for presenting information for product mix decisions when capacity constraints apply.
- e) Describe how marginal costing can assist in short-term decision making.

## **REFERENCES**

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## TC 10: TAXATION

### Aim of the Course

To enable candidates understand the general objectives of taxation and to apply this knowledge in practice by calculating income tax for different taxable persons including individuals, partnerships, corporate bodies and taxation principles applicable to special trades.

### LEARNING OBJECTIVES

On completion of this course the candidate should be able to:

- i. Explain the principles of taxation;
- ii. Describe the administration of taxes in Malawi;
- iii. Explain the general objectives of Malawi tax and the different types of tax;
- iv. Calculate tax liabilities for individuals and corporate bodies;
- v. Calculate value added taxes, excise and customs duties owed by taxpayers; and
- vi. Prepare various tax returns.

### Format and Standard of the Examination Paper

The examination will be divided into two sections, A and B. Section A will have two compulsory questions. Section B will have five questions and candidates will be required to answer any three. Section A will account for 40% of the examination and section B 60%. There will be a balance between narrative and computational questions.

The table below shows the relative weightings of topics within this module and gives an indication of the exam content for each area.

<i>Syllabus area</i>	<i>Weighting</i>
Introduction to Taxation and Administration of Tax	10%
Income tax on individuals and corporate bodies	40%
Capital allowances	10%
Taxation of special trades and cases	10%
Collection of taxes	10%
Value added tax	10%
Customs duties	5%
Excise	5%
<b>Total</b>	<b>100%</b>

## **Learning Outcomes**

The following are the learning outcomes:

### **1. Introduction to Taxation and Tax Administration**

Candidates should be able to explain the principles and objectives of taxation and how taxes are administered in Malawi.

In the assessment, candidates may be required to:

- Explain reasons for a government introducing a tax system;
- Describe essential elements of a good tax system;
- Classify taxes and explain characteristics of taxes;
- State the powers of the Commissioner General;
- Explain the significance and application of the rule of secrecy;
- Explain the role of the Public Officer; and
- State appeal procedures.

### **2. Income Tax on Individuals and Corporate Bodies**

Candidates should be able to classify entities as individuals, partnerships, or companies for tax purposes and state how they are taxed.

In the assessment, candidates may be required to:

- Identify assessable and exempt income, allowable and non-allowable deductions and taxable income;
- Compute fringe benefits tax;
- Compute capital gains or losses;
- Compute foreign exchange gains or losses;
- Compute tax on passive income; and
- Compute taxes for individuals, partnerships and corporate bodies.

### **3. Capital Allowances**

Candidates should be able to explain and compute the different types of capital allowances and identify the scenarios and on which assets capital allowances can be claimed.

In the assessment, candidate may be required to:

- Describe initial, investment and annual allowances;
- Identify assets that qualify for capital allowances;
- Compute capital allowances; and
- Describe incentives and restrictions on capital allowances.

### **4. Taxation of Special Trades and Cases**

Candidates should be able to describe how special trades are taxed.

In assessment, candidates may be required to explain or compute taxes for:

- Farming;
- Timber trade;
- Charities and trusts;
- Clubs and societies;
- Ecclesiastical bodies;
- Insurance business;
- Hire purchase;
- Double taxation; and
- Turnover tax.

## **5. Collection of Taxes**

Candidates should be able to identify the obligations the Malawi tax system imposes on tax payers and the implications of non-compliance.

In the assessment, candidates may be required to:

- Explain collection procedures for the following:
  - Pay As You Earn,
  - Withholding tax,
  - Provisional tax, and
  - Non-resident tax.
- Identify the records that must be kept for various taxes; and
- State due dates for various tax returns and penalties for non-compliance.

## **6. Value Added Tax**

Candidates should be able to calculate the amount of VAT owed by or owed to businesses.

In the assessment, candidates may be required to:

- Classify supplies as exempt, zero-rated, and taxable;
- Explain when a taxpayer could or should register or deregister for VAT;
- Explain the obligations of a registered person;
- Describe the VAT credit system (input and output VAT, and refunds); and
- Compute VAT.

## **7. Customs Duty**

Candidates should be able to explain the principles of customs duty and, where applicable, calculate the amount of customs duty payable by taxpayers.

In the assessment, candidates may be required to:

- Describe the nature and functions of customs duty ;
- Explain importation and declaration procedures (ports of entry, import documentation, valuation of goods, and purpose of importation);
- Explain the functions of customs tariffs;
- Explain rules of origin and preference of imported goods;
- Compute customs duty;
- Explain storage and post importation procedures (clearing procedures, bonded

- warehouses, customs record keeping); and
- Compute customs duty.

## **8. Excise**

Candidates should be able to explain the principles of excise duty and, where applicable, calculate the amount of excise duty owed by taxpayers.

In the assessment, candidates may be required to:

- Explain what is meant by excise as part of the indirect taxes and how it is accounted for in Malawi;
- Identify goods liable for excise tax; and
- Explain registration procedures and conditions applying to all excise traders and their obligations.

## **References**

Customs and Excise Act  
ICAM Taxation Manual  
Malawi Taxation Act  
Value Added Tax (VAT) Act

## TC11: MANAGEMENT

### AIM OF THE COURSE

To develop the students' understanding of management theory and practice in the environmental framework within which accounting and financial information is produced and used.

### LEARNING OBJECTIVES

On completion of this course, candidates should be able to:-

- i. Define an organization.
- ii. Describe and analyze the main functions of business organizations.
- iii. Describe organization design and structure and other factors that affect organizations.
- iv. Explain the main factors that influence organization design and structure.
- v. Identify key stakeholders, their influences and interests in business organizations.
- vi. Define the management concept.
- vii. Explain the development of management theory.
- viii. Explain managerial functions, roles and principles.
- ix. Analyze various approaches to management.
- x. Explain the strategic management process and its application in modern organization.
- xi. Define and explain theories of motivation and the role of motivation in management.
- xii. Explain various theories of leadership.
- xiii. Explain the impact of change and management of an organization in the global economy.
- xiv. Describe the concept of corporate governance and its application in a modern business environment.
- xv. Explain the components of organizational culture.
- xvi. Explain the ethical considerations in management.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The examination will have seven questions each carrying 20 marks. Candidates will be required to answer any five.

### SPECIFICATION GRID

This grid shows the relative weightings of topics within this course and should guide the relative study time spent on each. Over time, the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Area	Weighting(%)
Organization forms, designs and structures	5
Management theories	5
Management functions	35
Business functions	30
Management processes	15
Contemporary issues	10
<b>TOTAL</b>	<b>100</b>

## **Learning Outcomes**

### **1. Meaning and nature of an organisation**

In the assessment, candidates will be expected to:

- a. Define an organization.
- b. Differentiate formal from informal organization.
- c. Differentiate commercial and non commercial.
- d. Analyze the main functions of business organizations.
- e. Identify the characteristics of business objectives.
- f. Identify the key stakeholders in business organizations.
- g. Identify the roles and benefits of key stakeholders.

### **2. Organizational design and structure**

In the assessment, candidates will be expected to:

- a. Define organization structure.
- b. Explain factors influencing the design of organization structure.
- c. Identify the objectives of organization design and structure.
- d. Explain the common patterns of departmentation.
- e. Differentiate centralization from decentralization.
- f. Describe types of authority.

### **3. The development of management school of thought**

In the assessment, candidates may be expected to:

- a. Define management.
- b. Identify management functions and roles.
- c. Explain the nature of management.
- d. Explain management theories.

### **4. The administration function**

In the assessment, candidates will be expected to:

- a. Define management and administration.
- b. Describe administrative functions.
- c. Identify the duties and responsibilities of administrative managers.
- d. Differentiate between administration and management.

### **5. Production**

In the assessment, the candidate will be expected to:

- a. Define production.
- b. Describe factors of production.
- c. Identify types of production.
- d. Explain approaches to production management.

### **6. Purchasing**

In the assessment, candidates will be expected to:

- a. Define purchasing.
- b. Explain the objectives of purchasing.
- c. Identify the responsibilities of purchasing departments.
- d. Describe the purchasing process.
- e. Describe the purchasing mix.
- f. Explain the supply strategy.

## **7. Marketing**

In the assessment, candidates will be expected to:

- a. Define marketing.
- b. Explain organizations philosophy towards their production and customers.
- c. Describe marketing mix.
- d. Explain market research.
- e. Explain market segmentation.

## **8. Finance**

In the assessment, candidates will be expected to:

- a. Define financial management.
- b. Identify sources of finance.
- c. Describe control methods of financial resources.
- d. Explain financing strategies.

## **9. Research and development**

In the assessment, candidates will be expected to:

- i. Describe main types of research.
- ii. Identify functions of R & D.
- iii. Identify factors that determine allocation of resources to R & D.
- iv. Differentiate product from process research.

## **10. Human resource management**

In the assessment, candidates will be expected to:

- a. Define HRM
- b. Identify objectives of HRM.
- c. Explain functions of HRM.
- d. Identify HRM roles.
- e. Describe the process of HR planning.
- f. Explain HR training and development.
- g. Explain the concept of career development.
- h. Explain labour relations

## **11. Information communication technology**

In the assessment, candidates will be expected to:

- a. Define ICT.

- b. Describe the main elements of ICT.
- c. Illustrate the application of ICT.
- d. Explain the benefits and challenges of ICT.

## **12. Planning**

In the assessment, candidates will be expected to:

- a. Define planning.
- b. Explain the planning process.
- c. Describe the levels/types of planning.
- d. Explain the benefits and challenges of planning.
- e. Explain planning strategies.

## **13. Organizing and coordinating**

In the assessment, candidates will be expected to:

- a. Define organizing.
- b. Explain the organizing process.
- c. Describe principles of organizing.

## **14. Leadership**

In the assessment, candidates will be expected to:

- a. Define leadership and leading.
- b. Describe characteristics of effective leadership.
- c. Explain theories of leadership.

## **15. Controlling**

In the assessment, candidates will be expected to:

- a. Define control.
- b. Explain approaches of control.
- c. Explain the importance of control.
- d. Identify types of control.
- e. Identify qualities of an effective control system.
- f. Explain control tools.

## **16. Group dynamics and team building**

In the assessment, candidates will be expected to:

- a. Define group dynamics.
- b. Outline common features of groups.
- c. Describe main types of groups.
- d. Explain the benefits of groups.
- e. Explain the factors that determine the cohesiveness of groups.
- f. Describe the stages of group formation.
- g. Explain the characteristics of effective and ineffective groups.
- h. Describe team roles.

## **17. Communication**

In the assessment, candidates will be expected to:

- a. Define communication.
- b. Explain the importance of communication.
- c. Identify forms of communication systems.
- d. Describe the communication process.
- e. Identify barriers to communication.
- f. Explain procedures of effective meetings.

## **18. Job design and motivation**

In the assessment, the candidate will be expected to:

- a. Define job design and motivation.
- b. Identify approaches to job design.
- c. Explain theories of motivation.

## **19. Organizational culture**

In the assessment, candidates will be expected to:

- a. Define organizational culture.
- b. Explain the components of organizational culture.
- c. Explain the functions that influence organizational culture.
- d. Discuss the characteristics of various types of organizational culture.
- e. Explain the factors that can be used to identify and classify organizational culture.

## **20. Managing change**

In the assessment, candidates will be expected to:

- a. Define change.
- b. Identify sources of change.
- c. Explain types change.
- d. Describe the process of change.
- e. Identify elements that can be affected by change in organizations.
- f. Explain causes of resistance to change.
- g. Explain strategies to mitigate resistance to change.
- h. Explain the role of a Learning Organization in managing change.

## **21. Corporate governance**

In the assessment, candidates will be expected to:

- a. Define corporate governance.
- b. Identify components of corporate governance.
- c. Explain the concept of whistle blowing.
- d. Describe corporate governance practices.
- e. Explain professional values and ethics.
- f. Explain the strategies to manage social responsibility and ethics.

## **REFERENCES**

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Robbins, S.P. (2003). *Organization Behaviour* (10<sup>th</sup> Edition). NJ: Prentice Hall

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Armstrong, M. (2006). *A Handbook of Human Resource Management Practice* (10<sup>th</sup> Edition). London: Kogan Page.

Flippo, E.B. and Munsinger, G (1978). *Management* (4<sup>th</sup> Edition). Allyn and Bacon.

Katz, D. and Kahn, R.L. (1966). *The Social Psychology of Organizations*. NY: John Wiley.

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## TC12: COMPANY LAW

### AIMS OF THE COURSE

To develop candidates' understanding of company law theory and practice in Malawi

### LEARNING OBJECTIVES

On completion of this module, candidates will be able to:

- i. Explain the formation of a company, fundamental features of a company and classification.
- ii. Explain the basic or fundamental framework of the limited company.
- iii. Discuss the legal effects of incorporation of a company.
- iv. Explain the company membership and concepts of shares transferability.
- v. Discuss capital and financing of companies.
- vi. Discuss company administration in relation to some key management personnel.
- vii. Mention the various arrangements available to a company for survival in the competitive world, and the globalization.
- viii. Explain different aspects of company reorganization, receivership and liquidation and the role of the liquidator.

### FORMAT AND STANDARD OF THE EXAMINATION PAPER

The examination will contain five questions each carrying 20 marks. Candidates will be required to answer all questions. Answers must be supported by case and statutory authorities. Candidates will lose marks for grammatical errors and failing to communicate accurately.

### SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Area	Weighting
Nature of a company	
Formation of a company	10
Promotion	5
The Constitution of a company	10
The Corporate Status of a Company	10
Corporate Decision Making	5
Corporate Transactions	5
Shareholders Rights, Liabilities, Remedies	10
Share Capital	5
Maintenance of Share Capital	5
Loan Capital	10
Directors and Secretaries	5
Duties of Directors	10
Accounts and Auditors	5
Winding up	5
<b>Total</b>	<b>100</b>

## LEARNING OUTCOMES

### 1. Nature of a company

Candidates will be able to define and explain the legal personality and the nature of a limited liability company as compared to other forms of business organizations such as partnerships; the office of Registrar of Companies and types of companies.

### 2. Formation of a company

In the assessment, candidates may be required to:-

- a. Explain the relevance of the office of the registrar of companies
- b. Distinguish a company from a sole-trader, partnership and other associations
- c. Define types of companies
- d. Explain the significance of a promoter in the formation of a company.
- e. Explain the duties of a promoter and remedies for breach of duties.\
- f. Discuss liability under pre-incorporation contracts.
- g. Explain the legal effect of the certificate of incorporation.

### 3. The Constitution of a Company

In the assessment, candidates may be required to:-

- a. Define Memorandum of Association and Articles of Association and their relationship and contents.
- b. Explain the contractual effect of the Memorandum of Association and Articles of Association.
- c. Explain rules on company names and how the name may be changed.

### 4. The Corporate Status of a Company

In the assessment, candidates may be required to:-

- a. Explain the rule in *Salomon v Salomon*.
- b. Explain the legal effects of incorporation
- c. Define the term 'lifting the corporate veil'
- d. Explain the circumstances under which the veil of incorporation may be lifted by legislation and by the courts

### 5. Corporate Decision Making

In the assessment, candidates may be required to:-

- a. Define the roles of the shareholders' meeting and the Board Meeting
- b. Explain the types of shareholders' resolutions
- c. Explain the *Duomatic Principle*
- d. Explain rules governing voting in shareholders meetings
- e. Discuss the requirements for ratify of directors' acts done in breach their duty.
- f. Explain residual powers that the general meeting has over the Board Meeting

### 6. Corporate mandate and authority

In the assessment, candidates may be required to:-

- a. Define the doctrine of ultra vires in Company Law.
- b. Explain the facts, rule and exceptions to the case of *Royal British Bank vs Turquand*

- c. Explain the concept of 'constructive notice'.

## **7. Shareholders Rights, Liabilities, Remedies**

In the assessment, candidates may be required to:-

- a. Define the rights and obligations of a shareholder.
- b. Explain the meaning of limited liability.
- c. Explain the facts, rule and exceptions to the case of *Foss v Harbottle*.
- d. Discuss how the law protects minority shareholders.

## **8. Share Capital**

In the assessment, candidates may be required to:-

- a. Define a share.
- b. Describe types of shares issuable by a company
- c. Define a prospectus.
- d. Explain key concepts such as par value/nominal value, rights issue, transfer of shares and transmission of shares

## **9. Maintenance of Share Capital**

In the assessment, candidates may be required to:-

- a. Discuss the importance of maintaining capital of a company.
- b. Explain mechanisms provided by the law to help a company maintain its share capital.
- c. Explain conditions that must be satisfied if a company wishes to reduce its capital.

## **10. Loan Capital**

In the assessment, candidates may be required to:-

- a. Define a debenture
- b. Explain types of debentures.
- c. Discuss the importance of the Personal Property Securities Act 2013.
- d. Discuss the remedies available to a holder of a secured and an unsecured debenture
- e. Distinguish a fixed from a floating charge and their priorities.
- f. Explain the meaning and relevance of Company Re-organization.
- g. Explain the significance of the Insolvency Act 2016.

## **11. Directors and Secretaries**

In the assessment, candidates may be required to:-

- a. Define a director
- b. Explain types of directors and their qualifications
- c. Explain the role of the company secretary
- d. Explain the meaning of 'enlightened shareholder value' concept

## **12. Duties of Directors**

In the assessment, candidates may be required to:-

- a. Explain common law duties of directors
- b. Explain statutory duties of directors
- c. Explain the consequences for breach of directors' duties.

## **13. Accounts and Auditors**

In the assessment, candidates may be required to:-

- a. Define the role of the Malawi Accountants Board. And ICAM
- b. Explain accounting and auditing requirements for companies in Malawi.
- c. Define the qualifications of an auditor
- d. Explain the rights and duties of an auditor.

#### **14 Winding Up**

In the assessment, candidates may be required to:-

- a. Define winding up of a company
- b. Discuss grounds for compulsory winding up of a company
- c. Distinguish voluntary liquidation from compulsory liquidation
- d. Explain the circumstances under which a company may be wound up voluntarily
- e. Explain powers of a liquidator.

#### **REFERENCES**

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Companies Act, Number 15 of 2013

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