

Diploma in Credit  
Management

# DCM

EXAMINATION  
BYLLABUS



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## **SUMMARY OF THE DIPLOMA IN CREDIT MANAGEMENT (DCM) EXAMINATION SYLLABUS**

### **LEVEL I**

Paper No. 1	Fundamentals of Credit Management
Paper No. 2	Commercial Law
Paper No. 3	Entrepreneurship and Communication
Paper No. 4	Information Communication Technology

### **LEVEL II**

Paper No. 5	Credit Management
Paper No. 6	Principles of Management
Paper No. 7	Business Mathematics and Statistics
Paper No. 8	Law Governing Credit Practice

### **LEVEL III**

Paper No. 9	Marketing and Customer Relations
Paper No. 10	Foundations of Accounting
Paper No.11	Principles of Public Finance and Taxation
Paper No.12	Practice of Credit Management

## LEVEL I

### PAPER NO. 1 FUNDAMENTALS OF CREDIT MANAGEMENT

#### GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the principles of credit management in business

#### 1.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply the principles of credit management in a business environment
- Analyse the effects of cost of credit to the business and economy as a whole
- Provide basic advice on various aspects of credit management
- Manage debt collections

#### CONTENT

##### 1.1 Introduction to credit

- Definition of credit
- History of credit
- Reason for credit and its importance
- Effect of credit to the economy
- Consumer credit
- Trade credit
- Export credit

##### 1.2 Types of customers

- Individuals
- Sole traders
- Partnerships
- Limited companies
- Government bodies
- Unincorporated associations
- Distributors
- Agents

##### 1.3 Cost of credit

- Financing of credit
- Importance of cost of credit
- Effects of credit on profits, cash flow and liquidity

##### 1.4 Credit management function

- Roles of a credit department
- Role of credit officer
- Qualities of a credit officer
- Structure and organisation of the credit department

## 1.5 Relationships

- Credit and sales departments
- Credit and accounts departments
- Credit and legal departments
- Requirements of the credit department from the sales department and vice versa
- Requirements of the credit department from the accounts department and vice versa
- Promoting good relationships between the credit department and other departments

## 1.6 Documents, records and reports

- Credit application form
- Invoice
- Credit note
- Debit note
- Delivery notes
- Statements of account
- Aged analysis
- Query records
- Telephone call records
- Customer files
- Selective overdue report
- Over limit report
- Disputed debt analysis report

## 1.7 Overview of credit agreements/products

- Hire purchase
- Credit sale
- Conditional sale
- Optional account
- Factoring
- LPO financing
- Invoice discounting
- Charge account
- Budget account
- Personal loan
- Mortgage
- Rental agreement
- Leasing

## 1.8 Computer systems

- Benefits of computerisation
- Customer master file
- Computerised system
- Online credit management
- Order entry control

## 1.9 Payment terms

- Monthly account
- 30 days from invoice

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- Stage payments
- Load over load
- Contra accounts
- Cash with order
- Cash on delivery
- Journey terms
- Settlement discounts
- Interest on late payments

#### 1.10 **Payment methods**

- Cash
- Postal orders
- Cheques
- Banker's draft
- Bank transfer
- Standing orders
- Direct debits
- Bills of exchange
- Promissory notes
- Letters of credit
- Credit cards
- Mobile money transfer

#### 1.11 **Export credit**

- International commercial terms (incoterms)
- Export documents
- Documentary terms
- Bills of exchange
- Financing export credit
- Information on export credit risks
- Hedging methods against export risks

#### 1.12 **Consumer and trade credit**

- Securing finance for credit operations
- Types of credit available
- Controlling the risks
- Factoring
- LPO financing
- Invoice discounting

#### 1.13 **Collections**

- Overview of collections
- Targets
- Planning
- Collection methods
- Computer aids to collection
- Identification and measures taken on an initial default
- Making contact with defaulters
- Negotiation and Structuring of offers
- Rules for effective collection practices
- Mistakes made during collection
- Reasons for delays in payments

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#### 1.14 **Collection through third parties**

- Overview of third party action
- Pre-requisites before third party action
- Collection through collection agents
- Collection through legal process
- Enforcement of judgments
- Collection through alternative dispute resolutions (ADR)
- Pre-requisites before legal action
- Making decision to sue
- Letters of demand
- Language used in litigation
- Commencing legal action
- Litigation process
- Evidence
- Enforcement and execution

#### 1.15 **Emerging issues and trends**

## **PAPER NO. 2      COMMERCIAL LAW**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the principles and provisions of commercial law in various business environments

### **2.0      LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply general principles of commercial law in business
- Identify the various dispute resolution mechanisms
- Demonstrate knowledge of legal personality
- Describe the different types of property
- Apply the law of contract in various scenarios

### **CONTENT**

#### **2.1      Introduction to Law**

##### **2.1.1      Nature, purpose and classification of law**

- Meaning, nature and purpose of law
- Classification of law
- Law and morality

##### **2.1.2      Sources of law**

- The Constitution
- Legislation
- Substance of common law and doctrines of equity
- African customary law
- Islamic law
- Judicial precedent
- General rules of international law and ratified treaties

##### **2.1.3      Administrative law**

- Meaning
- Doctrine of separation of powers
- Natural justice
- Judicial control of the Executive
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##### **2.1.4      The court system**

- Structure, composition and jurisdiction of courts
- Magistrate courts
- Courts martial

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- Kadhis courts
- Tribunals
- The High Court
- Environment and Land Court
- Industrial Court
- Court of Appeal
- Supreme Court

#### 2.1.5 **Law of persons**

- Types of persons: natural person, artificial person
- Nationality, citizenship and domicile
- Unincorporated associations
- Corporations
- Co-operative societies

### 2.2 **Law of tort**

- Nature of tort
- Vicarious liability
- Strict Liability
- Negligence
- Nuisance
- Trespass
- Defamation
- Occupiers liability
- General defences in the law of tort
- Limitation of actions

### 2.3 **Law of contract**

- Definition and nature of a contract
- Classification of contracts
- Formation of a contract
- Terms of a contract
- Vitiating factors
- Illegal contracts
- Discharge of contract
- Remedies for breach of a contract
- Limitation of actions

### 2.4 **Sale of goods**

- Nature of the contract
- Formation of the contract
- Terms of the contract



- Transfer of property and title in goods
- Rights and duties of the parties
- Auction sales
- International contracts of sale: FAS, FOB, CIF, FCA, CPT, CIP, DAT, DAP, DDP, CFR, DAF, DES, DDU, Ex-works and Ex-ship

## 2.5 **General principles of consumer credit**

- Nature of the hire purchase contract
- Difference between hire purchase and conditional sale/credit sale
- Formation of the hire purchase contract
- Terms of the hire purchase contract
- Rights and duties of the parties
- Termination and completion of the hire purchase contract

## 2.6 **Indemnity and Guarantees**

- Nature of the contracts
- Rights and duties of the parties
- Advantages and disadvantages of guarantee as security
- Termination of contract of guarantee

## 2.7 **Partnership**

- Nature of partnership
- Relations of partners to persons dealing with them
- Relations of partners to one another
- Rights, duties and liabilities of existing, incoming, outgoing and minor partners
- Dissolution of partnership and its consequences

## 2.8 **Insurance**

- Nature of the contract
- Formation of the contract
- Principles of insurance
- Types of insurance

## 2.9 **Agency**

- Meaning, nature and creation of agency
- Types of agents
- Rights and duties of the parties
- Authority of an agent
- Termination of agency

## 2.10 **Negotiable instruments**

- Nature and characteristics
- Negotiability and transferability

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- Types: cheques, promissory notes, bills of exchange
- Rights and obligations of the parties

### **2.11 The law of property**

- Definition of property
- Classification of property (real and personal, movable and immovable, tangible and intangible)
- Property in land: Private, Public and Community land
- Interests in land: estates, servitudes and encumbrances
- Intellectual property: plant breeder's patents, trademarks, copyrights and industrial designs

### **2.12 Resolving commercial disputes**

- Nature and problems associated with commercial litigation
- Arbitration
- Mediation
- Negotiation

### **2.13 Emerging issues and trends**

## **PAPER NO.3 ENTREPRENEURSHIP AND COMMUNICATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply entrepreneurial and communication skills in business and other environments

#### **3.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Identify and screen viable business opportunities
- Develop a business plan
- Demonstrate entrepreneurial orientation
- Communicate effectively in a business environment
- Apply entrepreneurial competencies in response to the emerging trends in the business environment

### **CONTENT**

#### **3.1 Introduction to entrepreneurship**

- Definition of entrepreneurship
- Rationale for entrepreneurship
- Entrepreneurial decision process
- Entrepreneurial development
- Contribution to economic development

#### **3.2 Entrepreneurship orientation**

- Independence and need for achievement
- Individual characteristics of entrepreneurs
- Creativity and innovation
- Decision making
- Risk management
- Time management
- Coping with competition

#### **3.3 Entrepreneurial opportunity and development**

- Methods of generating ideas
- Qualities of good business opportunities
- Evaluating business opportunities
- Feasibility analysis
- Business incubation
- Intellectual properties, copyrights trademarks and patents

#### **3.4 Business plan**

- Purpose
- Format
- Description of the business
- The market and marketing plan
- Operations and production plan
- The human resources plan
- The financial plan
- Launching the new venture

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- 3.5 **Strategies for enterprise growth**
- Penetration strategy
  - Market development strategy
  - Product development strategy
  - Franchising
  - Joint ventures
  - Mergers and acquisitions
  - Going public
- 3.6 **Entrepreneurship and technology**
- Internet and e-commerce
  - The enterprise website
  - Globalisation
  - Business outsourcing
  - Techpreneurs
  - Electronic and mobile money transfers
  - Business networking
  - Crowd funding and crowd sourcing
- 3.7 **Nature of business communication**
- Meaning of communication
  - Purposes of business communication
  - Internal and external communication
  - The communication process
  - Methods of communication
  - Communication systems and networks
  - Principles of effective communication
  - Barriers to effective communication
- 3.8 **Written communication**
- Rules of effective writing
  - Business correspondence
  - Reports
  - Memorandum
  - Proposal writing
  - Forms and questionnaire design
  - Circulars and newsletters
  - Notices and advertisements
  - Publicity materials
  - Press releases
  - Graphic communication
- 3.9 **Oral and non-verbal communication**
- Oral communication in business
  - Effective listening
  - Interviews
  - Non-verbal communication
  - Interpersonal relationships
  - Presentations skills

### **3.10 Meetings**

- Notice
- Agenda
- Role of the chairperson
- Role of the secretary
- Conduct of meetings
- Minutes

### **3.11 Information technology and communication**

- The internet
- Teleconferencing
- Wireless technologies
- Electronic postal services

### **3.12 Ethics and integrity in business communication**

- Concept of ethics and integrity
- Significance of ethical communication
- Factors influencing ethical communication
- Ethical dilemmas in communication
- Guidelines to handle communication ethics dilemmas
- Business ethics in communication

### **3.13 Emerging issues and trends**

## **PAPER NO. 4 INFORMATION COMMUNICATION TECHNOLOGY**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply fundamental information communication technology (ICT) skills in business

#### **4.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate knowledge of computer systems
- Select appropriate computer hardware and software
- Use various computer application packages
- Select various types of information systems
- Use computer networks and the Internet

### **CONTENT**

#### **4.1 Introduction to ICT**

- ICT overview
- Types of ICTs
- Information centres
- Uses of ICT in business
- Impact of ICT in society

#### **4.2 Computer systems**

- Overview of a computer system
- Evolution of computers
- Elements of a computer system

#### **4.3 Computer hardware**

- Overview
- Input devices
- Output devices
- Processing devices
- Storage devices
- Communication devices
- Factors that determine the processing power of a computer
- Selection and acquisition of computer hardware

#### **4.4 Computer software**

- Overview of computer software
- System software
- Application software
- Other utility software
- Computer programming languages
- Selection and acquisition of computer software

#### **4.5 Introduction to operating systems**

- Overview of an operating system
- Functions of an operating system

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- Types of operating systems
- Computer booting
- Selection and acquisition of operating systems

#### 4.6 **Computer files**

- Elements of a computer file
- Types of computer files
- Basic file design and storage
- File organisation
- File access methods

#### 4.7 **An overview of application packages**

- Word processing
  - Features of word processor
  - Formatting and editing text
  - Creating and formatting tables
- Spreadsheets
  - Features of a spreadsheet program
  - Formatting and editing spreadsheet
  - Formulas and functions
  - Charts and graphs
- Presentation software
  - Features of presentation program
  - Typing and formatting text in slide
  - Slide show
- Computerised accounting software
  - Capturing data
  - Features of accounting software

#### 4.8 **Overview of information systems**

- Systems overview
- Information systems
- Components of an information system
- Role of information systems in an organisation
- Classification of information systems
- Types of information systems
- Overview of information systems security and controls

#### 4.9 **Computer networks**

- Computer networks concepts
- Computer network hardware and software
- Data transmission media
- Types of computer networks
- Advantages and limitations of networking

#### **4.10 The Internet**

- Applications of Internet
  - Using search engines
  - E-mails
  - Electronic communication
- Introduction to the Internet
- Internet services – e –mails, www, instant messaging
- Searching for information on the Internet
- Internet service providers (ISPs)
- Applications of internet
- Impact of internet on society

#### **4.11 Emerging issues and trends**



## LEVEL II

### PAPER NO. 5 CREDIT MANAGEMENT

#### GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply credit management principles in various entities operating in different business environments

#### 5.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Formulate a credit policy for an organisation
- Undertake credit assessment on individuals and businesses
- Monitor loan portfolios
- Analyse the impact of microfinance in promoting small micro enterprise and the impact to the economy.

#### CONTENT

##### 5.1 The credit policy

- Definition of a credit policy
- Types of credit policies
- Contents of a credit policy
- Formulation and implementation of a credit policy
- Operating principles of a credit policy
- Advantages of a credit policy

##### 5.2 Overview of credit assessment

- Customer identity (KYC)
- Credit information and its sources
- Credit assessment (Consumer credit, trade credit and export credit)
- Reassessment of existing customers

##### 5.3 Formal and informal providers of credit

- Banks
- Cooperative societies
- Microfinance institutions
- Finance houses
- Shylocks
- Table banks

##### 5.4 The bank and credit

- Different types of bank credit
- Scored and non-scored credit products
- Credit risk analysis and assessment; CAMPARI, Five Cs, CCPARTS
- Monitoring and control of credit facilities
- Recovery procedures

##### 5.5 Microfinance

- Introduction to microfinance
- Microfinance scenario
- Formulation of policies and procedures
- Recruitment and retention of clients
- Savings and lending processes management
- Portfolio management
- Risk management
- Delinquency management

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- 5.6 Cooperatives**
- Nature of cooperatives
  - Cooperative principles and practices
  - Cooperative credit programmes and policies
  - Cooperative structure
  - Savings and lending processes
  - Risk management
  - Delinquency management
  - Role of regulatory authorities
  - The future of cooperatives
- 5.7 Leasing and asset finance**
- Definition of leasing
  - Types of leases
  - The leasing process
  - Assessment and appraisal of leasing applications
  - Marketing and leasing
  - Advantages and disadvantages of leasing
  - Overview of asset finance
  - Types of asset finance
  - Choosing the right type of finance
  - Risk management in asset finance
- 5.8 Hire purchase**
- Nature of hire purchase
  - Formation of a hire purchase agreement
  - Duties, rights and obligations of the parties
  - Advertising for hire purchase
  - Termination of a hire purchase agreement
  - Risk management
- 5.9 Credit cards**
- Parties to credit card transactions
  - Importance of credit cards
  - Types of credit cards
  - Features of credit cards
  - Assessment and appraisal of credit card applications
  - Managing credit cards frauds and other risks
  - Delinquency management
- 5.10 Mortgages**
- Introduction to mortgages
  - Types of mortgages
  - Parties to a mortgage transaction
  - Products offered under mortgage
  - Target customers and mortgage financiers
  - Credit appraisals
  - Documentation and registration process
  - Risk management and recovery
- 5.11 Emerging issues and trends**

## **PAPER NO. 6 PRINCIPLES OF MANAGEMENT**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable management in apply management principles in organisations

#### **6.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate understanding of management principles and techniques
- Apply knowledge of management theories in organisations
- Manage small and medium size teams and groups
- Apply management competencies in response to emerging trends in management

### **CONTENT**

#### **6.1 Introduction to management**

- Definition of management
- Management as a science, an art or a profession
- Principles of management as advocated by Henry Fayol
- Importance of management
- Levels of management
- Qualities of a manager

#### **6.2 Approach to the management thought**

- Scientific approach
- General administrative approach
- Behavioural approach

#### **6.3 Planning function**

- Meaning of planning
- Importance of planning
- Types of planning
- Planning process
- Limitations of planning
- Effective planning
- Decision making process

#### **6.4 Organising function**

- Meaning of organising
- Importance of organising
- Principles of organising
- Process of organising
- Organisational structures
- Authority, responsibility and power
- Delegation
- Coordination

#### **6.5 Directing function**

Meaning and importance of:

- Directing
- Leadership
- Supervision
- Motivation

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- Communication

#### 6.6 **Staffing function**

- Meaning of staffing
- Importance of staffing
- Role of human resource manager
- Recruitment and selection
- Training and development
- Performance appraisal
- Reward and compensation
- Separation

#### 6.7 **Control function**

- Meaning of control
- Importance of control
- The control process
- Types of control systems
- Effective control systems

#### 6.8 **Current trend in management**

- Information technology and management
- Globalisation
- Business ethics and integrity
- Corporate Social responsibility

#### 6.9 **Emerging issues and trends**

## **PAPER NO. 7 BUSINESS MATHEMATICS AND STATISTICS**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply mathematical and statistical skills in business transactions.

### **7.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply linear, quadratic and simultaneous equations to solve business problems
- Compute simple and compound interests
- Solve problems involving appreciation, depreciation, hire purchase and foreign exchange
- Solve business problems using matrix algebra
- Solve business problems involving commercial mathematics
- Present data in form of tables, graphs and curves
- Calculate measures of location, dispersion skewness and kurtosis
- Compute simple, general and weighted index numbers.

### **CONTENT**

#### **7.1 Equations**

- Linear equations; solving and graphs
- Quadratic equations; solving and graphs
- Differentiation
- Simultaneous equations; solving
- Break-even analysis
- Total revenue, total cost and profit equations; application of errors

#### **7.2 Matrices**

- Introduction: order, types
- Addition, subtraction and multiplication
- Determinants of 2x2 matrices
- Inverses of 2x2 matrices
- Application of matrices to business problems

#### **7.3 Commercial mathematics**

- Buying and selling; discounts, profit and loss, margins and mark-ups
- Commissions and salaries; piece and hourly rates, gross and net pay, PAYE
- Bills calculations; water and electricity
- Simple and compound interest
- Depreciation and appreciation of assets
- Hire purchase
- Foreign exchange

#### **7.4 Elementary statistics**

- Introduction: definitions and branches of statistics
- Methods of data collection: primary and secondary data
- Sampling techniques

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- Presentation of data:
  - Tables
  - Diagrams: bar charts and pie charts
  - Graphs: basic time series graphs, Z-charts, Lorenz curves and semi-log graphs
  - Frequency distribution tables
  - Histogram and frequency polygons
  - Cumulative frequency curve (ogive) and its application

### 7.5 Descriptive statistics

- Measures of central tendency:
  - Mean: arithmetic mean, weighted arithmetic mean, geometric mean and harmonic mean
  - Mode
  - Median
- Measures of dispersion: range, quartile, deciles, percentiles, mean deviation, standard deviation and coefficient of variation
- Measures of skewness and kurtosis excluding computation of the coefficients

### 7.6 Set theory

- Introduction to set theory
- Types of sets: universal, empty/null, subsets, finite and infinite
- Operation of sets: unions, intersections, complements and set difference
- Venn diagrams

### 7.7 Basic probability theory

- Introduction to probability: definitions, events, outcomes, sample space
- Types of events: simple, compound, independent, mutually exclusive, mutually inclusive, dependent events
- Rules of probability: additive and multiplicative rules
- Baye's Theorem
- Elementary probability trees

### 7.8 Index numbers

- Construction of index numbers
- Purpose of index numbers
- Simple index numbers; fixed base method and chain base method
- Consumer Price Index (CPI)
- Weighted index numbers; Laspeyre's, Paasche's, Fisher's ideal and Marshall- Edgeworth's methods (both price and quantity index numbers)
- Limitations of index numbers

### 7.9 Emerging issues and trends

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## **PAPER NO. 8 LAW GOVERNING CREDIT PRACTICE**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply legal principles in credit management decisions

### **8.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Identify the securities available in lending
- Comply with the procedures applicable on securities contracts
- Identify the rights and duties of lenders and borrowers
- Demonstrate knowledge of bankruptcy and insolvency law as it applies to credit management

### **CONTENT**

#### **8.1 Introduction to securities**

- Meaning of a security
- Types of securities
- Formation of the contract
- Qualities of a good security

#### **8.2 Land as Security**

- Meaning of land
- Land Tenure: Freehold and Leasehold
- Creation of charges and mortgages
- Procedure for perfecting title to land as security
- Rights and duties of the parties to a charge and mortgage
- Remedies
- Release of Security
- Advantages and disadvantages of land as security

#### **8.3 Guarantees and Indemnities**

- Meaning and characteristics
- Formation
- Parties
- Rights and duties of the parties
- Termination of contract of guarantee
- Advantages and disadvantages of guarantee as security

#### **8.4 Bailment, pledge and lien**

- Meaning and Characteristics
- Bailment
- Pledge
- Lien

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- 8.5 **Corporate Securities**
- Meaning and Characteristics
  - Debentures
  - Charges
  - Remedies of a debenture holder
  - Corporate Bonds
- 8.6 **Government Borrowing**
- Treasury Bills
  - Treasury Bonds
  - Borrowing by County Government
  - Debt recovery by litigation
- 8.7 **Bankruptcy**
- Meaning
  - Acts of bankruptcy
  - Bankruptcy proceedings
  - Rights of creditors
  - Consequences of bankruptcy
  - Discharge of a bankrupt
- 8.8 **Insolvency**
- Meaning of Insolvency
  - Receivership
  - Types of winding up
  - Official Receiver/Liquidator
  - Committee of inspection
  - Distribution of assets
  - United Nations Commission on International Trade Law (UNCITRAL) legislative guide on Insolvency Law
  - United Nations Commission on International Trade Law (UNCITRAL) on cross border listing
  - World Bank Principles and Guidelines for Effective Insolvency and Creditor Rights Systems
- 8.9 **Emerging issues and trends**



## LEVEL III

### PAPER NO. 9 MARKETING AND CUSTOMER RELATIONS

#### GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the principles of marketing and customer relations in credit management

#### 9.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply marketing principles in credit management
- Apply credit management principles in credit management
- Link marketing and sales plans to credit policy

#### CONTENT

##### 9.1 Basic marketing principles

- Meaning of marketing
- The role of marketing in business organisations
- Marketing needs as compared to business products
- Importance of marketing targets

##### 9.2 Marketing plan

- Importance of a marketing plan
- Uses of a marketing plan
- Marketing process

##### 9.3 Market segmentation

- Meaning of market segmentation
- Importance of market segmentation
- Market segmentation process

##### 9.4 Marketing mix

- Product
- Price
- Place
- Promotion decisions
- People
- Process
- Emerging marketing mix

##### 9.5 Consumer behaviour

- Meaning of consumer behaviour
- Importance of consumer behaviour
- Factors influencing consumer behaviour
- Consumer buying decision process

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## 9.6 Sales plan

- Formulation of a sales plan
- Initiation and implementation of a sales plan
- Closing a sale
- Importance of an effective sales team

## 9.7 Marketing information

- Internal data
- Marketing intelligence
- Market research

## 9.8 Customer relations

- Definition and the importance of a customer
- 
- Customer perception
- Customer attraction and retention

## 9.9 Customer relations quality tips

- Do's and don'ts in customer relations
- Handling complaints and problems
- Measurement of customer relations quality
- Effective listening
- Effective use of the telephone
- How to improve customer relations
- Relationship between customer relations and business growth
- Customer care training

## 9.10 Current issues in marketing and customer relations

- Service charter and its relevance
- Social, ethical and legal issues in sales
- Social responsibility of business
- Ethics in dealing with customers
- Consumer rights

## 9.11 Emerging issues and trends

## **PAPER NO.10 FOUNDATIONS OF ACCOUNTING**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to account for various basic financial transactions, prepare and analyse financial statements

#### **10.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Apply accounting concepts in preparation of financial statements
- Apply the double entry aspects of accounting
- Account for assets and liabilities
- Prepare financial statements of a sole trader, partnership and company
- Analyse financial statements

#### **10.1 Introduction to accounting**

- The nature and purpose of accounting
- Objectives of accounting
- Users of accounting information and their respective information needs
- The accounting equation
- Regulatory framework of accounting, regulatory bodies such as ICPAK, IFAC, IASB, accounting standards (IAS/IFRS) development, importance and limitation of accounting standards and professional ethics
- Accounting concepts/principles
- Qualities of useful accounting information

#### **10.2 Recording transactions**

- Source documents; quotations, purchases order, statement of account, remittance advice, receipts, petty cash vouchers, Sales and purchase invoice, credit notes and debit notes, bank statements
- Books of original entry; sales journal, purchases journal, returns inwards journal, returns outward journal, cashbook, petty cashbook and general journal.
- Double entry and the ledger; Use of T accounts and double entry aspects (debit and credit), sales ledger, purchases ledger and purchases ledger
- The trial balance
- Manual versus computerised accounting systems

#### **10.3 Accounting for assets and liabilities**

##### **10.3.1 Assets**

- Property, plant and equipment – recognition, capital and revenue expenditure, measurement (depreciation and revaluation), disposal and disclosures – property, plant and equipment schedule
- Financial assets – examples and categories only
- Inventory – recognition, measurement and valuation using specific cost method, FIFO and weighted average cost

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- Trade receivables – bad debts and allowance for doubtful debts and receivables control accounts
- Accrued income and prepaid expenses
- Cash at bank – cashbook and bank reconciliation statement
- Cash in hand – cash book and petty cash books

### 10.3.2 Liabilities

- Bank overdraft – cash book and bank reconciliation
- Trade payables – control accounts
- Loans – accounting treatment of repayment of principal and interest
- Prepaid income and accrued expenses

### 10.4 Correction of errors and suspense account

### 10.5 Financial statements of a sole trader

- Income statement
- Statement of financial position

### 10.6 Financial statements of a partnership

- Partnership agreement
- Distinction between current and fixed capital
- Income statement
- Statement of financial position

### 10.7 Financial statements of a company

- Types of share capital – ordinary shares and preference shares
- Types of reserves – share premium, revaluation reserve, general reserves and retained profits
- Other liabilities – loan stocks
- Financial statements – income statement and statement of financial position
- Published financial statements – definition and a description of a complete set of published financial statements but not their preparation

### 10.8 Not-for-profit organisations

- Receipts and payments accounts
- Income and expenditure accounts
- Statement of financial position
- Fund accounting

### 10.9 Financial statements of a manufacturing entity

- Features of a manufacturing entity
- Classification and apportioning costs between manufacturing and selling and administration
- Financial statements – manufacturing account, income statement and statement of financial position

### 10.10 Analysing financial statements

- Statement of cash flows (categories of cash, methods of preparing statement of cash flows and their importance)
- Financial ratios – definition, categories, analysis and interpretation, application and limitations

### 10.11 Emerging issues and trends

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## **PAPER NO. 11 PRINCIPLES OF PUBLIC FINANCE AND TAXATION**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply principles of public financial management and taxation in practice

### **11.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Comply with the regulatory framework in public financial management (PFM)
- Compute tax for various entities
- Manage the budgetary process, public revenue and control public expenditure in national and county governments
- Apply the written tax law in addressing various tax issues

### **CONTENT**

#### **11.1 Introduction to Public Financial Management Legal Framework**

- General overview of Public Financial Management as envisaged by the Constitution( Chapter 12 of the constitution)
- Financial regulations
- Treasury Circulars
- Process of developing county government finance bills

#### **11.2 Public budget process for public bodies**

- General definition of budgets terms
- Role of budget officers in budget preparation and execution
- Responsibilities of The National and County treasury's in relation to budget preparation
- Budget process for both national, county and Public entities
- Budgetary and fiscal policy tools

#### **11.3 Oversight function in public finance management**

- The role of National Assembly
- The role of Senate
- The role of County Assembly
- The role of Auditor General
- The role of Internal Audit
- Role of Controller of Budget in relation to disbursement of public Funds as envisaged by the Constitution and PFM Act, 2012

#### **11.4 Introduction to taxation**

- History and Purposes of taxation
- Role of the government in an economy
- Principles of an optimal tax system
- Single versus multiple tax systems
- Classification of taxes
- Tax rates

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- Impact incidence and tax shifting, tax shifting theories
  - Taxable capacity
  - Revenue authority – History, structure and mandate
- 11.5 Taxation of income of persons**
- Taxable and non taxable persons
  - Sources of taxable incomes
  - Employment income:
    - Taxable and non taxable benefits
    - Allowable and non allowable deductions
    - Tax credits (Withholding tax, personal and insurance relief etc)
    - Pension Income
  - Business income:
    - Sole proprietorship
    - Partnerships (excluding conversions)
    - Incorporated entities (excluding specialised institutions)
    - Turnover tax
  - Income from use of property- rent and royalties
  - Farming income
  - Investment income
- 11.6 Capital deductions**
- Rationale for capital deductions
  - Investment deductions: ordinary manufacturers
  - Industrial building deductions
  - Wear and tear allowances
  - Farm works deductions
- 11.7 Administration of income tax**
- Overview of the income tax act
  - Identification of new tax payers
  - Assessments and returns
  - Operations of PAYE systems: Preparation of PAYE returns, categories of employees
  - Notices, objections, appeals and relief of mistake
  - Appellant bodies
  - Collection, recovery and refund of taxes
  - Offences, fines, penalties and interest
  - Application of ICT in business; iTax, simba system
- 11.8 Administration of value added tax**
- Introduction and development of VAT
  - Registration and deregistration of businesses for VAT
  - Taxable and non taxable supplies
  - Privileged persons and institutions
  - VAT rates
  - VAT records
  - Value for VAT, tax point
  - Accounting for VAT
  - VAT returns

- Remission, rebate and refund of VAT
- Rights and obligations of VAT registered person
- Offences fines, penalties and interest
- Enforcement
- Objection and appeals: Requirements and procedure

#### 11.9 **Customs taxes and excise taxes**

- Customs procedure
- Import and export duties
- Prohibitions and restriction measures
- Transit goods and bond securities
- Excisable goods and services
- Purposes of customs and excise duties

#### 11.10 **Emerging issues and trends**

## **PAPER NO. 12 PRACTICE OF CREDIT MANAGEMENT**

### **GENERAL OBJECTIVE**

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her apply principles of credit management in practical scenarios

### **12.0 LEARNING OUTCOMES**

A candidate who passes this paper should be able to:

- Demonstrate sound technical knowledge in credit management in various scenarios
- Present appropriate alternate solutions in credit management and make effective judgment in a logical and rational manner
- Communicate effectively with realistic recommendations in a concise and logical manner
- Prepare a credit report

### **CONTENT**

The paper shall include one comprehensive case study covering practical aspects of credit management based on content covered in the examination syllabus. The case study shall carry 40 marks. In addition to the case study, there shall be four questions each carrying 15 marks.