SUMMARY OF THE ACCOUNTING TECHNICIANS DIPLOMA (ATD) EXAMINATION REVISED SYLLABUS

LEVEL I

Paper No. 1   Introduction to Financial Accounting
Paper No. 2   Commercial Law
Paper No. 3   Entrepreneurship and Communication
Paper No. 4   Information Communication Technology

LEVEL II

Paper No. 5   Financial Accounting
Paper No. 6   Principles of Management
Paper No. 7   Business Mathematics and Statistics
Paper No. 8   Fundamentals of Finance

LEVEL III

Paper No. 9   Principles of Economics
Paper No. 10  Fundamentals of Management Accounting
Paper No. 11  Principles of Public Finance and Taxation
Paper No. 12  Auditing
LEVEL I

PAPER NO.1: INTRODUCTION TO FINANCIAL 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 and prepare financial statements

1.0 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

CONTENT

1.1 Introduction to accounting

- Nature and purpose of accounting
- Objectives of accounting
- Users of accounting information and their information needs
- Qualities of useful accounting information
- Accounting concepts/principles
- Accounting standards and their importance
- The accounting equation

1.2 Double entry bookkeeping and books of original entry including manual and computerised systems

- Source documents
- Books of original entry
- The double entry system and the ledger
- The trial balance and basic financial statements
- Computerised accounting systems- Role of computers, application and accounting softwares in the accounting process, benefits and challenges of operating computerised accounting systems

1.3 Accounting for assets and liabilities

- Accrued expenses and prepaid expenses
- Accounting for revenue including accrued income and prepaid income
- Accounting for accounts receivables, bad debts and allowance for doubtful debts
- Property plant and equipment including capital revenue and expenditure, depreciation, acquisition and disposal
- Inventory – recognition, measurement and valuation using specific cost method (FIFO and weighted average cost only)
- Accounting for cash and cash equivalents, bank reconciliation
- Accounting for accounts payable including control account

Accounting Technicians Diploma (ATD) Examination Syllabus

-1-
1.4 Correction of accounting errors and the suspense account

1.5 Financial statements of a sole trader
   - Income statement
   - Statement of financial position

1.6 Partnership accounts
   - Contents of a partnership agreement
   - Distinction between current and capital accounts
   - Appropriation statement and partners current and capital accounts
   - Statement of financial position and income statement
     (Excluding changes in partnerships)

1.7 Company accounts
   - Types of share capital – ordinary shares and preference shares
   - Types of reserves – share premium, revaluation reserve, general reserves and retained profits
   - Issue of shares (exclude issue by instalment and forfeiture)
   - Rights issues and bonus
   - Income tax - Accounting treatment and presentation (exclude computation)
   - Income statement
   - Statement of financial position

1.8 Emerging issues and trends
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

2.1.4 The court system
- Structure, composition and jurisdiction of courts
- Magistrate courts
- Courts martial
- Kadhis courts

Accounting Technicians Diploma (ATD) Examination Syllabus
- 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
- Types: cheques, promissory notes, bills of exchange
- Rights and obligations of the parties

*Accounting Technicians Diploma (ATD) Examination Syllabus*
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
**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
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**
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
- 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 FINANCIAL ACCOUNTING

GENERAL OBJECTIVES

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to prepare financial statements for different entities.

5.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Prepare books of original entry and basic ledger accounts under double entry system
- Prepare basic financial statements of sole traders, partnerships, companies and manufacturing entities and not for profit organisations
- Comply with the regulatory framework in the accounting field
- Account for assets and liabilities
- Analyse financial statements by use of ratios and statement of cash flows

CONTENT

5.1 Introduction to accounting
- The accounting framework
- Sources of regulations at national and global levels; the law (Companies Act), professional bodies, global regulatory bodies
- Accounting standards (IASs/IFRSs) (their importance and limitations)
- Professional ethics

5.2 Accounting for assets and liabilities

5.2.1 Assets
- Property, plant and equipment – recognition, capital and revenue expenditure, measurement (depreciation and revaluation), disposal and disclosures – property, plant and equipment schedule
- Intangible assets – recognition, measurement (amortisation, impairment and revaluation), disposals and disclosures
- Financial assets – examples and categories only

5.2.2 Liabilities
- Loans – Accounting treatment of repayment of principal and interest

5.3 Financial statements of a sole trader
- Income statement
- Statement of financial position
- Preparation of financial statements under incomplete information

5.4 Financial statements of a partnership
- Income statement
- Statement of financial position
- Changes in partnership – admission of a new partner, retirement and change in profit sharing ratio

Accounting Technicians Diploma (ATD) Examination Syllabus

-12-
5.5 **Financial statements of a company**
- Financial statements – income statement and statement of financial position
- Published financial statements (Describe a complete set of published financial statements but not preparation)

5.6 **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

5.7 **Financial statements of a not-for-profit making organisation**
- Features
  - Types of funds and their accounting treatment
  - Income and expenditure account
  - Statement of financial position

5.8 **Analysing financial statements**
- Statement of cash flows (categories of cash, methods of preparing statement of cash flows and the importance)
- Financial ratios – definition, categories, analysis and interpretation, application and limitations

5.9 **Introduction to Public Sector Accounting**
- Features of public sector entities (as compared to private sector)
- Structure of the public sector (National and county governments, state corporations and other agencies)
- Regulatory structures and oversight [IPSASB, PSASB (establishment, mandate and functions), Director of Accounting Services, National Treasury, Parliamentary Committees, Accounting Officers at national and county levels]
- Objectives of public sector financial statements
- Objectives of IPSAS
- Accounting techniques in public sector (budgeting, cash, accrual, commitment and fund)
  (Preparation of financial statements should be excluded)

5.10 **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 him/her to 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

Accounting Technicians Diploma (ATD) Examination Syllabus
6.5 Directing function

Meaning and importance of:
- Directing
- Leadership
- Supervision
- Motivation
- 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
- 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
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 finance in business decision making.

8.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Identify various sources of finance for organisations
- Calculate non-complex risk and return measures
- Determine the cost of capital for an organisation
- Evaluate the viability of capital investments using appropriate appraisal techniques
- Advise on various forms of dividends payable by an organisation
- Apply basic concepts of Islamic Finance.

CONTENT

8.1 Nature and purpose of finance

- Scope of finance
- Relationship between accounting and finance
- Finance functions
- Roles of a finance manager
- Goals of a firm
- Agency theory: conflicts and resolutions

8.2 Sources of finance

- Short term sources
- Long term sources
- Internal sources
- External sources
- Factors to consider when choosing the source of finance

8.3 Financial markets and systems

- Roles of financial systems
- Markets participants and financial innovation
- Types of financial markets
- Characteristics of a good market
- Functions of financial markets
- The flow of funds and the financial system
- Organisation and structure of securities markets
- Automation of securities exchanges; automated trading system (ATS), Central depository system (CDS)
- Role of government in the financial system; capital markets authority, central bank, central depository and settlement company
8.4 **Time value of money**
- Time preference for money
- Present value
- Future value
- Discounting and Compounding
- Annuities
- Loan amortisation schedules

8.5 **Risk and return**
- Components of return
- Measures of return
- Sources of risk
- Components of risk
- Measures of risk and return for a single asset
- Distinction between risk-free and risky assets
- Relationship between risk and return on investments

8.6 **Cost of capital**
- Significance of cost of capital to firms
- Components costs of capital
- Weighted average cost of capital
- Marginal cost of capital

8.7 **Working capital management**
- Nature and importance of working capital
- Determinants of working capital
- Working capital management policies
- Cash management
- Accounts receivable management
- Accounts payable management
- Inventory management

8.8 **Capital Budgeting decisions under certainty**
- Importance, characteristics and types of capital investment decisions
- Investment evaluation criteria
- Investment appraisal techniques; Accounting Rate of Return (ARR), Payback period, Internal Rate of Return, Net Present Value, and Profitability index

8.9 **Dividend decisions**
- Forms of dividends
- Factors influencing dividend policy

8.10 **Fundamentals of Islamic finance**
- Principles and trends in Islamic banking
- Differences between Islamic and conventional banking
- The concept of interest (riba) and how returns are made by Islamic financial securities
- Sources of finance in Islamic financing: murabaha, sukuk

8.11 **Emerging issues and trends**
LEVEL III

PAPER NO. 9 PRINCIPLES OF ECONOMICS

GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the fundamental principles of economics in decision making

9.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply basic mathematical and graphical techniques to analyse economic relationships and interpret the results
- Apply the knowledge of economics in decision making
- Analyse economic problems and suggest possible policy related recommendations
- Demonstrate an understanding of emerging economic issues.

CONTENT

9.1 Microeconomics

9.1.1 Introduction to economics

- Definition of economics
- Micro and macro economics
- The methodology of economics and its basic concepts
- Economic descriptions and analysis
- Scarcity, choice, opportunity cost and production possibility frontiers and curves
- Economic systems: free economy, planned economy and mixed economy
- Specialisation and exchange

9.1.2 Demand, supply and determination of equilibrium

9.1.2.1 Demand analysis

- Definition
- Individual demand versus market demand
- Factors influencing demand
- Exceptional demand curves
- Types of demand
- Movement along and shifts of demand curves
- Elasticity of demand
- Types of elasticity: price, income and cross elasticity
- Measurement of elasticity; point and arc elasticity
- Factors influencing elasticity of demand

9.1.2.2 Supply analysis

- Definition
- Individual versus market supply
- Factors influencing supply
- Movements along and shifts of supply curves
- Definition of elasticity of supply
- Price elasticity of supply
- Factors influencing elasticity of supply
9.1.2.3 **Determination of equilibrium**
- Interaction of supply and demand, equilibrium price and quantity
- Mathematical approach to equilibrium analysis
- Stable versus unstable equilibrium
- Effects of shifts in demand and supply on market equilibrium
- Price controls

9.1.3 **The theory of consumer behaviour**
- Approaches to the theory of the consumer- cardinal versus ordinal approach
- Utility analysis, marginal utility (MU), law of diminishing marginal utility (DMU)
- Limitations of cardinal approach
- Indifference curve analysis
- Budget line
- Consumer equilibrium; effects of changes in prices and incomes on consumer equilibrium
- Derivation of a demand curve
- Applications of indifference curve analysis: substitution effect and income effect for a normal good, inferior good and a giffen good; derivation of the Engels curve
- Consumer surplus

9.1.4 **The theory of a firm**

9.1.4.1 **The theory of production**
- Factors of production
- Mobility of factors of production
- Production function analysis
- Short run analysis
- Total product, average and marginal products
- Stages in production and the law of variable proportions/ the law of diminishing returns
- Long run analysis
- Isoquant and isocost lines
- The concept of producer equilibrium and firm’s expansion curve
- Law of returns to scale
- Demand and supply of factors of production
- Wage determination theories
- Trade unions: functions and challenges
- Producer surplus/economic rent

9.1.4.2 **The theory of costs**
- Short run costs analysis and size of the firm’s total cost, fixed cost, average cost, variable costs and marginal cost
- Long run costs analysis
- Optimal size of a firm
- Economies and diseconomies of scale

9.1.5 **Market structures**
- Definition of a market
- Necessary and sufficient conditions for profit maximisation
- Mathematical approach to profit maximisation
- Output, prices and efficiency of: perfect competition, monopoly, monopolistic competition, oligopolistic competition

*Accounting Technicians Diploma (ATD) Examination Syllabus*
9.2 Macroeconomics

9.2.1 National income
- Definition of national income
- Circular flow of income
- Approaches to measuring national income
- Concepts of national income: gross domestic product (GDP), gross national product (GNP) and net national product (NNP), net national income (NNI) at market price and factor cost, disposable income
- Problems of measurement; uses of national income statistics and their limitations
- Analysis of consumption, saving and investment and their interaction in a simple economic model
- Determination of equilibrium national income
- Inflationary and deflationary gaps
- The multiplier and accelerator concepts
- Business cycles/cyclical fluctuations

9.2.2 Economic growth, economic development and economic planning
- The differences between economic growth and economic development
- Actual and potential growth
- The benefits and costs of economic growth
- Determinants of economic development
- Common characteristics of developing countries
- Role of agriculture and industry in economic development
- Obstacles to economic development
- The need for development planning
- Short term, medium term and long term planning tools
- Limitation of planning in developing countries

9.2.3 Money and banking
9.2.3.1 Money
- The nature and functions of money
- Demand and supply of money
- Theories of demand for money: The quantity theory, the Keynesian liquidity preference theory

9.2.3.2 The banking system
- Definition of commercial banks
- The role of commercial banks and non-banking financial institutions in the economy
- Credit creation
- Definition of central bank
- The role of the central bank; traditional and changing role in a liberalised economy, such as financial sector reform, exchange rate reform
- Monetary policy, definition, objectives, instruments and limitations
- Determination of interest rates and their effects on the level of investment, output, inflation and employment
- Harmonisation of fiscal and monetary policies
- Simple IS –LM Model
- Partial equilibrium and general equilibrium

9.2.7 Emerging issues and trends
GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the fundamental principles of management accounting in decision making.

10.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Estimate the cost of goods and services
- Analyse product costs for manufacturing and non-manufacturing activities
- Prepare marginal and absorption cost statements
- Analyse an organisation’s activities through budgetary control process
- Use computers in cost management.

CONTENT

10.1 Nature and purpose of cost and management accounting

- The nature of cost accounting and costing terms
- The role of cost accounting in management
- The purposes of cost accounting information
- Scope of cost accounting
- Meaning of management accounting, scope, limitations, applications
- Relationship between cost, financial and management accounting
- Selection of an ideal cost accounting system

10.2 Cost classification

- Definition and purpose of cost classification
- Methods of cost classification: By nature/elements of manufacturing costs; Functional classification; Behavioral classification; Controllability; Time; Financial accounting; Identification with inventory; For decision making.

10.3 Cost estimation

- Meaning of cost estimation
- Methods of estimating cost; non-mathematical methods like engineering method, accounts analysis method and high-low method; mathematical methods like scatter graph method, OLS regression method (simple linear regression only)

10.4 Cost accumulation

- Accounting for materials and inventory; material cost records, purchasing procedures, receipt and issues of material, methods of valuing material issues, stock control procedures
- Accounting for labour: methods of labour remuneration, labour control procedures, maintenance of labour records
- Accounting for overheads: types of overheads, manufacturing, distribution and administration, departmental cost allocation and apportionment, overheads analysis, overhead absorption rates, over or under absorption

10.5 **Cost bookkeeping**
- The flow of costs in a business enterprise
- Cost bookkeeping- interlocking and integrated ledger systems

10.6 **Costing methods**
- Job order costing
- Batch costing
- Process costing (excluding work in progress, joint and by-products)
- Service costing
- Unit costing

10.7 **Marginal and absorption costing**
- Distinction between marginal and absorption costing, valuation of products under marginal and absorption costing
- Preparation of marginal and absorption statements; cost of production and profit determination
- Reconciliation of marginal profits and absorption profits, application of marginal costing: break-even analysis and charts (single product), simplified decision problems; accept or reject, special order, dropping a product, make or buy and choice of a product where a limiting factor exists

10.8 **Budgeting and budgetary control**
- Nature and purposes of budgets
- Preparation of budgets; master budgets, functional (department budgets, cash budgets), proforma financial reports (income statements and balance sheets)
- Purpose of budgetary control; Operation of a budgetary control system, organisation and coordination of the budgeting function

10.9 **Emerging issues and trends**
Accounting Technicians Diploma (ATD) Examination Syllabus

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
- 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

*Accounting Technicians Diploma (ATD) Examination Syllabus*
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
GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to undertake non-complex audit assignments.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Plan an audit assignment
- Comply with the regulatory framework during an audit assignment
- Obtain audit evidence
- Prepare an audit report

CONTENT

12.1 Nature, purpose and scope of auditing
- Definition of auditing, auditor and an audit
- Explain the principles and processes of an audit
- Differences between auditing and accounting
- The types and timing of audits – consider internal versus external and a focus on the complimentary role of internal to external, interim and final
- The users of audited financial statements and auditor reports

12.2 Planning for the audit
- Objectives of planning for the audit work
- Audit plan for a new client
- Audit plan for an existing client
- Developing an overall audit plan
- Limitations of audit plans

12.3 Internal control system
- Definition of internal controls and internal control systems
- Purpose of internal control system
- Designing an internal control system
- Benefits and limitations of internal control system
- General controls on:
  - Sales
  - Purchases
  - Cash and bank
  - Inventory

12.4 Errors and fraud
- Definition of error and fraud
- Differences between error and fraud
- Types of errors and fraud

12.5 Audit evidence
- Nature and source of audit evidence
- Types of audit evidence
- Gathering audit evidence
- Reliance on the work on internal auditor
- Contents of audit working papers (excluding their preparation)
- Audit tests
  - Compliance tests
  - Substantive tests
  - Analytical tests

12.6 Risk based audit
- Definition of audit risks
- Types of audit risks

12.7 Computerised auditing
- Benefits and drawbacks of computerised accounting systems
- Computer Aided Auditing Techniques (CAATs); Auditing around and through the computer

12.8 Auditor's report
- Purpose of the auditor's report
- Elements of the auditor's report
- Types of audit reports

12.9 Professional ethics
- Importance of professional ethics
- Fundamental ethical principles

12.10 Emerging issues and trends