



# **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA**

(Established by Act of Parliament No. 15 of 1965)

## **Regulations and Examinations Syllabus for the Training of Chartered Accountants in Nigeria**

**Effective May 2010**

# FOREWORD

The Institute of Chartered Accountants of Nigeria (ICAN) is one of the leading professional bodies in the continent of Africa with a large population of students and members. It was established by the Act of Parliament No. 15 of 1965. Due to the increasing demands for better quality chartered accountants in the market place, both nationally and internationally as a result of globalization, the Council of the Institute had to constitute a “Syllabus Technical Review Committee” at its August 2008 meeting to prepare a syllabus that will be the basis for examining students commencing from the May 2010 Professional Examinations Diet.

The rationale for the new syllabus is to meet the challenges posed by the world being a global village so that our graduates can be well versed in knowledge, skills and professionalism to deliver seamless and excellent services to their employers and clients.

The old syllabus had a five-level structure with a total of nineteen papers, while this new syllabus has a structure with a robust content, which will meet the challenges of the world economy. It has a four-level structure with a total of fifteen papers. It has not only expanded the scope and contents of the old syllabus but has introduced more of ethics and information technology as the bedrock on which to propel the examination of our students. The syllabus is in compliance with the requirements of International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC) and the World Bank Report on Observance of Standards and Codes (2004).

The Foundation Level is knowledge based; the Intermediate Level is skills based, while the Professional I and Professional II examinations are areas of essential and core competencies. This is in line with the Institute’s current policy on specialisation of our graduates on passing the 15-paper examinations to choose a minimum of one and a maximum of three faculties of interests out of the six faculties, namely: (1) Audit, Investigations and Forensic Accounting (2) Taxation and Fiscal Policy Management (3) Consultancy and Information Technology (4) Insolvency and Corporate Re-engineering (5) Public Finance Management and (6) Corporate Finance Management.

Overall, this syllabus is student-friendly and will certainly meet the needs of employers of labour whether in the public or private sectors, accounting and consulting firms and training institutions.

In conclusion, this new syllabus that comes into effect in May 2010 will ensure that the education and training of students are adequate and comparable with world class standards of training of Professional Accountants.

**FRANCIS OJAIDE, Ph.D, FCA**  
**Chairman, Syllabus Review Technical Committee**

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# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

## PART ONE

### Students' Regulations and Examination Syllabus

#### 1. INTRODUCTION

The forerunner of the Institute under the name "The Association of Accountants in Nigeria" was established in 1960. This Association was absorbed by the Institute created by an Act of Parliament No. 15 (The Act) which came into force on September 1, 1965. The Institute has, as at May 31, 2009, over twenty-seven thousand (27,000) members and One hundred and fifty-one thousand, one hundred and fourteen (151,114) students on its Register.

#### 2. OBJECTS AND DUTIES

The objects and duties of the Institute as laid down in section 1 (1) of the Act, are:

- (a) "determining what standards of knowledge and skill are to be attained by persons seeking to become members of the accountancy profession and raising those standards from time to time as circumstances may permit;
- (b) securing in accordance with the provisions of the Act, the establishment and maintenance of registers of Fellows, Associates and Registered Accountants entitled to practise as accountants and auditors and publishing same from time to time lists of those persons; and
- (c) performing through the Council under this Act the functions conferred on it by the Act."

#### 3. MEMBERSHIP

There are two main classes of membership of the Institute, namely; Chartered Accountants and Registered Accountants.

#### 4. CHARTERED ACCOUNTANTS

A person shall be enrolled as a Chartered Accountant if:

- (a) he/she passes the qualifying examination for membership conducted by the Council of the Institute and completes a prescribed practical training under Section 8(1)(a); or
- (b) he/she holds a qualification granted outside Nigeria and for the time being accepted by the Institute, and he/she satisfies the Council of the Institute that he/she had sufficient practical experience as an Accountant under Section 8(1)(b). A member of any of the approved professional bodies shall

be eligible under the present Rules and Regulations of the Institute to be enrolled as a Chartered Accountant, in pursuance of section 8 (1) (b) of the Act after undergoing an **orientation course/seminar** during which Corporate and Business Law; Public Sector Accounting and Finance; Financial Reporting and Ethics; and Advanced Taxation would be the main subjects of intense discourse. Furthermore, the candidate would be required to make an oral presentation before admission.

These approved professional bodies are:

- (i) The Institute of Chartered Accountants in England and Wales;
- (ii) The Institute of Chartered Accountants of Scotland;
- (iii) The Institute of Chartered Accountants in Ireland;
- (iv) The Association of Chartered Certified Accountants, United Kingdom;
- (v) The American Institute of Certified Public Accountants;
- (vi) The Canadian Institute of Chartered Accountants;
- (vii) The Chartered Institute of Management Accountants, United Kingdom; and
- (viii) The Chartered Institute of Public Finance and Accountancy, United Kingdom.

## **5. REGISTERED ACCOUNTANTS**

A person is entitled to be registered as a Registered Accountant if he/she satisfies the Council of the Institute that immediately before the appointed day (i.e. September 1, 1965), he/she has had not less than five years experience as an inspector and auditor of company affairs under the provisions of the Companies and Allied Matters Act, 1990. See Section 8 (2) of the Act.

## **6. DESIGNATORY LETTERS**

Members of the Institute are entitled to use the following designatory Letters after their names:

In the case of a Fellow, the letters "FCA" (Fellow of the Institute of Chartered Accountants)

In the case of an Associate, the letters "ACA" (Associate of the Institute of Chartered Accountants).

In the case of a Registered Accountant, the letters "RA" (Registered Accountant).

## **7. THE PRACTICE OF ACCOUNTANCY IN NIGERIA**

A member of the Institute is not allowed to set up a public practice as an accountant until he/she has applied for, and has been granted a licence to practise by the Council, and a member is not eligible for this licence until he/she has, for a continuous period of thirty months before or after or partly before and partly after becoming a member of the Institute, been employed in a responsible accountancy position in the office of a qualified accountant in public practice in Nigeria or

elsewhere in accordance with the Membership Rules 12 and 13 made in pursuance of Section 15(2)(d) and (e) of the Act.

## **8. ADVERTISEMENT FOR BUSINESS**

A member may seek publicity for his/her services, achievements and products and may advertise his/her services, achievements and products in any way consistent with the dignity of the profession. He/she should not project an image inconsistent with that of a professional person bound to high ethical and technical standards.

## **9. THE LIBRARY**

The Institute's Library caters for both members and students. The Library at the Secretariat, Plot 16 Idowu Taylor Street, Victoria Island, Lagos caters for the needs of members, while the Students' Library is located at the Institute's Secretariat Annex at No. 82, Murtala Muhammed Way, Ebute-Metta, Lagos. Continuous efforts are being made by Council from time to time to satisfy fully the diverse interests of the members and students. Enquiries should be directed to the Librarian at the Victoria Island Office.

## **10. DISTRICT SOCIETIES**

There are **District Societies** for members of the Institute with headquarters in some principal towns throughout the country as well as in the UK and USA. The principal objectives of the District Societies are to avail members the opportunity of extra professional and social activities and assist potential accountants in their endeavour towards membership of the Institute.

## **11. PUBLICATIONS**

The Institute publishes the following for the benefit of members, students and the general public:

- (a) **Membership Year Book**, containing lists of members and other general information about the Institute.
- (b) **The Nigerian Accountant**, the official journal of the Institute, containing authoritative articles on accountancy and related fields.
- (c) **ICAN News**, the official journal for students of the Institute.
- (d) **Pathfinder**, published after each examination and contains the suggested solutions to the examination questions.
- (e) **Members' Handbook**, which is a compendium of the Institute's constitutional, ethical and legal provisions as well as accounting, auditing and reporting standards.
- (f) **ICAN Study Packs**.

- (g) **Nigeria: Journal of Accountancy Research.**

## **12. TRAINING SCHEMES**

### **(i) DEFINITION OF TRAINING**

Training for the purpose of the Institute's membership means full time assignments on a work of an approved accounting nature either in a professional office, commerce, industry, government or a full time/part time study in an accredited institution.

However, accounting experience acquired before a candidate attains the minimum educational level required for registration would not be recognised, but only the practical experience acquired by the candidate as from the date of registration as a student.

### **(ii) APPROVED WORK OF ACCOUNTING NATURE**

An accounting duty is deemed to be approved when such a duty is being supervised by a Chartered Accountant member of the Institute or being subjected to regular audit by a professional firm of Chartered Accountants in Nigeria.

In the Civil Service, however, the supervision by a Chartered Accountant is not strictly necessary (Civil Service accounting systems throughout the Federation having been recognised as providing adequate training ground for accountants in the Public Sector).

### **(iii) RECOGNISED TRAINING CENTRES**

The Institute attaches considerable importance to practical training and students are required to acquire their practical experience in Recognised Training Centres (RTC).

The Institute recognises for this purpose:

- (a) Approved service under a practising member of the Institute.
- (b) Employment in the office of a practising accountant, for example, as an audit clerk.
- (c) Employment in the accounting or finance department of industrial or commercial undertakings, parastatals and the Public Service.

If a candidate wishes to train otherwise than in a Recognised Training Centre, his/her particular employment has to be approved by the Council of the Institute as providing acceptable experience. For this purpose, he/she has to give precise details of the nature of his/her work together with a certificate from a senior officer of the organisation (who has to be a member of the Institute) stating that he/she will, during the course of his/her studentship, obtain experience of adequate scope and variety.

The period of practical experience sufficient for a candidate to be accomplished as an accountant depends on the relevance of his/her basic qualifications on registration. This is expected to be not less than 24 months practical training whilst those entering with non-accounting qualifications will require 42 – 48 months.

### **13. PRACTISING LICENCE**

The licence to practise will be issued only to those candidates who have been trained in professional offices and have acquired the minimum practical training as stated in paragraph 7 above. However, for those who qualify outside professional offices/firms, such practising experience could be acquired after qualifying as an accountant and the period of post-qualification will not be less than 36 months for those with accounting qualifications, whilst those with non-accounting qualifications require not less than 42 months.

### **14. SECRETARIAT**

The Institute's Secretariat is located at:

Plot 16, Idowu Taylor Street  
Victoria Island  
P O Box 1580  
Lagos, Nigeria  
Tel: +234 – 1 – 764 2294, 764 2295  
Fax: +234 – 1 – 462 7048  
E-Mail: [info.ican@ican.org.ng](mailto:info.ican@ican.org.ng)  
Website: [www.ican-ngr.org](http://www.ican-ngr.org)

For those submitting their completed students registration forms by hand or making enquiries, please call at our Secretariat Annex:

(a) Students' Affairs Department  
No. 25, Association Avenue  
Obanikoro Bus Stop  
Ilupeju  
Lagos, NIGERIA  
Tel: +234-1-7740627, 4705336. DL: 01-8714496  
E-mail: [studentsaffairs@ican.org.ng](mailto:studentsaffairs@ican.org.ng);

(b) Liaison offices; or

(c) District Societies.

All enquiries should be directed to the Registrar/Chief Executive.

## PART TWO

### 15. STUDENTSHIP REGISTRATION AND TRAINING

#### 15.1 APPROVED QUALIFICATIONS FOR REGISTRATION

In order to register as a student with the Institute, an applicant must hold a qualification not below University degree or its equivalent.

*The Council has accepted the following qualifications for the purpose of entry requirements:*

- (a) The degree of any University or Higher National Diploma of any Polytechnic accredited by the Council.
- (b) Any other qualification for the time being approved by the Council.

Approved meanwhile are:

- (i) The final examination of the Institute of Chartered Secretaries and Administrators
- (ii) The final examination of the former Corporation of Secretaries
- (iii) The final examination of the Association of International Accountants
- (iv) The final examination of the Chartered Institute of Bankers of Nigeria
- (v) The final examination of the Chartered Institute of Stockbrokers
- (vi) The final examination of the Chartered Institute of Taxation of Nigeria
- (vi) The final examination of the Association of Accounting Technicians, U.K.
- (vii) The final examination of the Association of National Accountants of Nigeria (ANAN)
- (viii) Executive Management Accountancy (Federal Treasury Training School, Stage III)
- (ix) The final examination of Accounting Technicians Scheme, West Africa (ATSWA).

## **15.2 APPLICATION FOR REGISTRATION**

Application for registration as a student must be made on-line which requires an undertaking on the part of the applicant to abide by the rules and regulations laid down by the Council from time to time. Every applicant will be required to produce satisfactory evidence of his/her name, age and character together with certified photocopies of educational certificates and two certified passport size photographs. The Council reserves the right to grant or refuse any application or to terminate the registration of a student. Applicants must comply with the conditions set forth and must pay the registration fee in force at the date of application. If the application to register is unsuccessful, the registration fee is not refundable.

The annual subscription for successful applicants becomes payable immediately upon registration for the year of registration and thereafter on 1<sup>st</sup> January of each year of registered studentship.

## **15.3 CONDITIONS TO BE SATISFIED**

Every applicant for registration as a student must satisfy the Council that:

- (a) He/she is not less than 18 years of age;
- (b) He/she possesses the basic educational qualifications set out above; and
- (c) He/she is a fit and proper person to be registered.

# PART THREE

## 16. PROFESSIONAL EXAMINATIONS

### 16.1 STRUCTURE OF THE SYLLABUS

The professional examination of the Institute under the new syllabus consists of the following four levels: Foundation, Intermediate, Professional I and Professional II.

#### OLD SYLLABUS

##### FOUNDATION

1. Fundamentals of Financial Accounting
2. Quantitative Analysis
3. Economics

##### INTERMEDIATE

4. Cost Accounting
5. General Principles of Law
6. Principles and Practice of Auditing
7. Management

##### PROFESSIONAL EXAMINATION I

8. Financial Accounting I
9. Taxation
10. Management Information Systems
11. Business Law

##### PROFESSIONAL EXAMINATION II

12. Financial Accounting II
13. Management Accounting
14. Public Sector Accounting and Finance
15. Business Communication and Research Methodology

##### PROFESSIONAL EXAMINATION III

16. Financial Reporting and Audit Practice
17. Strategic Financial Management
18. Tax Management and Fiscal Policy
19. Multidisciplinary Case Study

#### NEW SYLLABUS

##### FOUNDATION

1. Fundamentals of Financial Accounting
2. Corporate and Business Law
3. Economics and Business Environment

##### INTERMEDIATE

4. Costing and Quantitative Techniques
5. Taxation
6. Audit and Assurance
7. Business Communication and Research Methodology

##### PROFESSIONAL EXAMINATION I

8. Information Technology
9. Management Accounting
10. Financial Accounting
11. Advanced Audit and Assurance

##### PROFESSIONAL EXAMINATION II

12. Public Sector Accounting and Finance
13. Financial Reporting and Ethics
14. Strategic Financial Management
15. Advanced Taxation

## 16.2 DATES OF EXAMINATIONS

The examinations are normally held twice each year in May and November and, at present, at the following centres: Aba, Abakaliki, Abeokuta, Abuja, Ado-Ekiti, Akure, Asaba, Benin-City, Calabar, Enugu, Ibadan, Ilesa, Ilorin, Jos, Kaduna, Kano, Lagos, Lokoja, Maiduguri, Makurdi, Minna, Ogbomoso, Onitsha, Owerri, Port Harcourt, Sokoto, Umuahia, Uyo, Warri, Yenagoa, Yola, and London (U.K.).

At the discretion of the Council, examinations may be arranged at centres other than those specified above.

## 16.3 CLOSING DATES OF ENTRIES

The closing dates of entries for May and November examinations are March 31 and September 30, respectively.

## 16.4 EXAMINATION ENTRY

No person may enter for any of the Institute's examinations unless he/she had been registered as a student of the Institute and had paid the required annual subscription and examination entry fees in force at the date of entry.

## 16.5 EXAMINATION RESULTS

The result of the examination will be communicated by post, or through the Institute's website, to each candidate. Further correspondence relating to individual results may not be entertained. No information as to individual marks can be given.

## 16.6 CREDIT SYSTEM

**16.6.1** A candidate writing Foundation, Intermediate, Professional I and II examinations will be **credited** for each paper passed provided he/she has passed at least (2) Two papers at the first sitting. The remaining one or two papers could be passed and credited at one per sitting.

### NOTES:

1. Candidates are expected to register and attempt all papers at a level. No candidate will be allowed to apply to sit for one paper unless the other papers have been previously passed or exempted.
2. Candidates are also expected to complete the examination papers at a level before attempting papers at a higher level.
3. **CANDIDATES ARE NOT ALLOWED TO COMBINE TWO LEVELS** of the examinations. Candidates are expected to complete all parts of the Institute's examination within a period of **ten** years from the date of registration as student members. However, candidates registered before

May 2005 are expected to complete the Institute's examinations on or before May 2014.

## 16.7 PASS MARK

The pass mark for each paper of the Institute's examination is 50%.

## 16.8 CONVERSION ARRANGEMENTS

Examinations on the basis of this **new** syllabus will commence in May 2010. All candidates stand converted as stated in paragraph 16.8.1 below. Each candidate will be credited with subjects passed if he or she passes a minimum of two subjects at that level. No candidate may proceed to the next level of the examination without successful completion of all the subjects in the preceding level.

**16.8.1** Conversion from the **old** to the **new** syllabus is as stated hereunder:

OLD SYLLABUS	NEW SYLLABUS	
Candidates who successfully completed the old Foundation Examination	<b>To write:</b> Economics & Business Environment, Costing and Quantitative Techniques	Credited with Fundamentals of Financial Accounting in Foundation level
Candidates who successfully completed the Intermediate Examination only	<b>To write:</b> Taxation, Business Communication and Research Methodology	Credited with Costing and Quantitative Techniques, Audit and Assurance.
Candidates who successfully completed the P.E I Examination only	<b>To write:</b> Management Accounting, Financial Accounting, Advanced Audit & Assurance	Credited with Information Technology.
Candidates who successfully completed the P.E II Examination	<b>To write:</b> Financial Reporting & Ethics, Strategic Financial Management, Advanced Taxation, Advanced Audit & Assurance in P.E. I	Credited with Public Sector Accounting and Finance
Candidates who passed Fundamentals of Financial Accounting – Foundation	<b>To write:</b> Corporate and Business Law, Economics and Business Environment in Foundation	Credited with Financial Accounting only

OLD SYLLABUS	NEW SYLLABUS	
Candidates who passed Quantitative Analysis and Economics in Foundation	<b>To write</b> the whole new Foundation subjects	Credited with no subjects
Candidates who passed Cost Accounting in Intermediate	<b>To write:</b> Corporate and Business Law in Foundation, Audit and Assurance, Taxation and BCRM in Intermediate	Credited with Costing and Quantitative Techniques
Candidates who passed Management only in Intermediate	<b>To write:</b> Costing & Quantitative Techniques; Taxation and BCRM in Intermediate	Credited with Economics & Business Environment
Candidates who passed Principles and Practice of Auditing in Intermediate	<b>To write:</b> Costing & Quantitative Techniques, Taxation, Corporate and Business Law in Foundation and BCRM in Intermediate.	Credited with Audit & Assurance
Candidates who passed General Principles of Law	<b>To write:</b> All the papers in Intermediate	Credited with no subject
Candidates who passed any of the following subjects in old P.E I, Financial Accounting/Taxation/ Management Information System/ Business Laws	<b>To write</b> all papers in new Professional Examination I	Credited with all the subjects in Intermediate
Candidates who passed Financial Accounting II	<b>To write:</b> Information Technology Management Accounting, Advanced Audit and Assurance	Credited with Financial Accounting in the new P.E. I
Candidates who passed Management Accounting in old P.E I	<b>To write:</b> Financial Accounting Information Technology & Advanced Audit and Assurance	Credited with Management Accounting in the new P.E. I
Candidates who passed Public Sector Accounting and Finance in old P.E II	<b>To write</b> all the papers in the new P.E I	Credited with Public Sector Accounting and Finance in the new P.E. II

OLD SYLLABUS	NEW SYLLABUS	
Candidates who passed Financial Reporting and Audit Practice in the old P.E. III	<b>To write</b> all papers in the new P. E. II	Credited with no subject
Candidates who passed only Strategic Financial Management in the Old P E III	<b>To write</b> all papers in the new P.E II	Credited with no subject
Candidates who passed Tax Management and Fiscal Policy in the Old P.E III	<b>To write:</b> all papers in the new PE II	Credited with no subject
Candidates who passed Multidisciplinary Case Study (MDCS)	<b>To write:</b> Financial Reporting and Ethics and Strategic Financial Management	Credited with Public Sector Accounting and Finance

**NOTE:** Any candidate with only MDCS outstanding shall be allowed to continue with the 2005 syllabus for three consecutive diets until May 2011. There shall be no further examinations under the 2005 syllabus after May 2011.

**17. EXAMINATION TIME-TABLE FOR MAY 2010**

DAY	TIME	FOUNDATION	INTERMEDIATE	P. E. I	P. E. II
TUESDAY	9.00 a.m. - 12.00 noon	Fundamentals of Financial Accounting	Costing and Quantitative Techniques	Financial Accounting	Financial Reporting and Ethics
	2.00 p.m. – 5.00 p.m.	Economics and Business Environment	Audit and Assurance	Information Technology	Strategic Financial Management
WEDNESDAY	9.00 a.m. – 12.00 noon	Corporate and Business Law	Taxation	Advanced Audit and Assurance	Advanced Taxation
	2.00 p.m. – 5.00 p.m.	-	Business Communication and Research Methodology	Management Accounting	Public Sector Accounting and Finance
THURSDAY	9.00 a.m. – 2.00 p.m	-	-	-	Multidisciplinary Case Study

**18 EXAMINATION QUESTION FORMAT**

The questions for each subject shall consist of two sections: A & B.

**Section A:**

Shall comprise multiple-choice and short-answer questions. Questions in this section shall cover the entire area of the subject syllabus. All the questions in this section shall be compulsory. This section shall make up 40% of the total marks.

**Section B:**

Shall comprise more involving questions. Questions will carry equal marks. Candidates will be required to answer **four** out of **six** questions in this section. However, in subjects with cases, the case question will be compulsory. This section shall make up 60% of the total marks.

## **19. ABSENCE FROM AN EXAMINATION**

Examination entries cannot be withdrawn after the closing date in any circumstances. The fees paid for an examination will not be refunded or transferred to subsequent examination, if a candidate is unable to attend the examination.

## **20. MISCONDUCT IN AN EXAMINATION**

The examinations regulations prohibit a student from:

- (a) taking into the examination room or possessing, while in that room, any books, notes, programmable calculators, GSM hand sets or other materials except those which have been authorised in the Examination Attendance Docket;
- (b) aiding or attempting to aid another candidate, or obtaining or attempting to obtain aid from another candidate;
- (c) refusing to obey any instruction from the Examination Supervisor or Invigilators; and
- (d) giving false or misleading information to the Examination Supervisor.

The Supervisor is empowered to stop any candidate suspected of mis-conduct and to require him/her to leave the examination hall.

Any student who fails to comply with the above regulations may be liable to such penalties as the Council of the Institute may determine.

## 20. EXEMPTION GUIDELINES

### 20.1 ACADEMIC QUALIFICATIONS

	<b>Academic Qualifications</b>	<b>Exemptions</b>
A.	B.Sc./HND (Accounting) obtained from Accredited institutions in Nigeria	All Subjects in Foundation and Intermediate.
B.	B.Sc./HND (Accounting) obtained from recognized institutions in Nigeria, but not yet accredited by the Institute	All subjects in Foundation
C.	B.Sc./B.A./HND (Accounting) obtained from foreign recognised institutions	All Subjects in Foundation and Intermediate.
D.	M.Sc. (Accounting) obtained from recognized institutions in addition to B.Sc. in any other related discipline	All Subjects in Foundation and Intermediate
E.	Ph.D (Accounting)	All subjects in Foundation and Intermediate, and Management Accounting and Financial Accounting in PE 1.
F.	B.Sc. Economics	Economics and Business Environment in Foundation
	B.Sc. Actuarial Science	Economics and Business Environment in Foundation
	B.Sc./HND Insurance	Economics and Business Environment in Foundation
	B.Sc/HND/B.A Business Admin/Management	Economics and Business Environment in Foundation
	B.Sc./HND Marketing	Economics and Business Environment in Foundation
	B.Sc./HND Banking & Finance	Economics and Business Environment in Foundation
	MBA in addition to B.Sc./HND in Non-Accounting discipline	Economics and Business Environment in Foundation
	B.Sc. (Ed.) Accounting or B.Ed. Business Education (Accounting Option)	All subjects in Foundation
	B.Ed Education Management	Economics and Business Environment in Foundation
G.	ATS II (Old Syllabus)	Economics and Business Environment and Fundamentals of Financial Accounting in Foundation

	<b>Academic Qualifications</b>	<b>Exemptions</b>
H.	ATS III (New Syllabus)	All Subjects in Foundation, Costing & Quantitative Techniques, Taxation and Audit & Assurance in Intermediate

## 20.2 SUBJECT BY SUBJECT EXEMPTION

<b>FOUNDATION</b>	<b>EXEMPTION FROM FOUNDATION LEVEL ONLY</b>
B.Tech Project Management	Economics and Business Environment in Foundation
B.Sc Engineering Management	Economics and Business Environment in Foundation
B.Sc./HND Cooperative and Rural Development	Economics and Business Environment in Foundation
B.Sc./B.A. Commerce	Fundamentals of Financial Accounting and Economics and Business Environment in Foundation
B.Sc/HND Statistics/Economics	Economics and Business Environment in Foundation
B.A Library Science/Economics	Economics and Business Environment in Foundation
HND Agric/Economics	Economics and Business Environment in Foundation
LL.B	Corporate and Business Law in Foundation
B.Sc/HND Estate Management	Nil
B.Sc/HND Biology	Nil
B.Sc/HND Chemistry	Nil
B.Sc/HND Bio-Chemistry	Nil
B.Sc Archaeology/Geology	Nil
B.Sc/HND Statistics	Nil
B.Sc/HND Engineering	Nil
B.Sc/HND Chemistry Engineering	Nil
B.Sc/HND Town & Regional Planning	Nil
B.Sc/HND/B.Ed Chemistry	Nil
B.Sc/HND Tech. Computer	Nil
B.Sc/HND Mathematics	Nil
B.Sc/HND Industrial Mathematics	Nil
B.Sc/HND Industrial Chemistry	Nil
B.Sc/HND Agriculture	Nil
B.Sc/HND Building Technology	Nil
B.Sc/HND Petroleum Engineering	Nil
B.Sc/HND Elect. (Elect.)	Nil
B.Sc/HND/B.Ed. Chemistry	Nil

B.Sc/HND Applied Mathematics	Nil
B.Sc/HND Applied Chemistry	Nil
B.Sc/HND Applied Physics	Nil
Public Admin – Subject to transcript	Nil
B.Sc Business Education – Subject to transcript	Nil

### 20.3 PROFESSIONAL QUALIFICATIONS

	<b>Qualifications</b>	<b>ICAN Exemptions</b>
A.	ACIB (Nigeria)	All Subjects in Foundation and intermediate except Taxation, Audit and Assurance and Business Environment in Foundation
B.	ACIB (London)	All Subjects in Foundation and Intermediate except Taxation, Audit and Assurance and Business Environment in Foundation
C.	ACIS	All Subjects in Foundation and Intermediate except Taxation, Audit and Assurance and Business Environment in Foundation
D.	ACS	All Subjects in Foundation
E.	ACII	Economics and Business Environment in Foundation
F.	ACIT	All Subjects in Foundation and Taxation in Intermediate
G.	AIA (Final) 1994 to date AAT (U.K)	Costing and Quantitative Techniques, Audit and Assurance in Intermediate
H.	AIA (Pre-1994 )	All subjects in Foundation and Intermediate except Audit and Assurance
I.	ANAN	All Subjects in Foundation and Intermediate, Management Accounting in PE 1 and Strategic Financial Management in PE 11
J.	Executive Management Accountancy (Federal Treasury Training School Starting from 1987)	All Subjects in Foundation and Intermediate
K.	ICAEW ACCA, UK CPA, USA CIMA, UK CIPFA, UK ICAS, UK ICAI, UK	All Subjects in Foundation, Intermediate, P.E. I and P. E. II – subject to undergoing Intensive Course for special candidates

#### **20.4 LECTURERS IN HIGHER INSTITUTIONS**

Lecturers in Accounting Departments with B.Sc./HND (Accounting) in all accredited institutions shall be given the same level of exemptions/concession granted to graduates of Recognised Training Institutions (RTIs) regardless of date of qualification.

# PART FOUR

## 21. EXAMINATIONS SYLLABUS

### 21.1 FOUNDATION

#### 21.1.1 PAPER 1: FUNDAMENTALS OF FINANCIAL ACCOUNTING

##### A. OBJECTIVE

To examine candidates'

- Knowledge and application of the fundamental principles, processes and regulatory framework employed in keeping financial records.
- Proficiency in double-entry accounting techniques and maintenance of accounting records.
- Ability to identify and correct omissions and errors in accounting records and financial statements.
- Ability to prepare financial statements of sole traders, not-for-profit organisations, partnerships (including admissions, dissolutions, amalgamations and absorption) and limited liability companies in accordance with generally accepted accounting principles and basic statements of accounting standards.
- Awareness of various accounting techniques and their uses.

**B. LINKAGES:** This paper is linked to 2, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14 and 15.

This paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 marks) - Out of six essay-type questions, candidates are answer four.

##### C. CONTENTS

###### 1. ACCOUNTING FRAMEWORK (10%)

- (a) Historical perspective of development of accounting.
- (b) Terminologies, concepts, conventions and purposes of accounting information and its communication.
- (c) The role of an accountant in an organisation.
- (d) The users of financial statements, their information requirements, objectives, adequacy and the usefulness of financial statements.

## **2. BASIC ACCOUNTING STANDARDS (15%)**

- (a) The nature and role of bodies which set accounting standards in Nigeria.
- (b) Structure and process leading to the issuance of standards in Nigeria.
- (c) Statement of accounting standard numbers 1-9 (SAS 1-9) – Theory and practice of the standards.

## **3. BOOK-KEEPING AND MAINTENANCE OF FINANCIAL RECORDS (15%)**

- (a) Principles and practice of double-entry book-keeping:
  - Forms and contents of books of accounts (manual and computer-based).
  - Books of prime entry, including journals.
  - Sales and purchases ledgers and daybooks.
  - Cash book and petty cash books.
  - General ledger.
- (b) Trial balance
  - Its scope, uses and correction of errors of commissions and omissions.
  - Use of suspense accounts.
  - Its preparation from accounting records and list of ledger balances.
  - Book-keeping and maintenance of financial records.
- (c) Allocation of income and expenditure between capital and revenue.
- (d) Accounting treatment of:
  - (i) Assets: -
    - Tangible  
Depreciation - reasons for and methods of providing for it.
    - Intangible  
Amortisation – reason for and methods of providing for it
    - Asset Registers
    - Stocks – Valuation for Financial Accounting Purposes.
    - Debtors – Bad debts and provision for doubtful debts.
    - Cash and bank balances
  - (ii) Liabilities.
  - (iii) Provisions and reserves.
  - (iv) Contingencies and events after balance sheet date.
- (e) Control accounts – Their uses and processes, and benefits derivable therefrom.
- (f) Bank Transactions - Bank reconciliation statement - format and preparation. Banking transactions and processes.

- (g) Introduction to Accounting Software:
  - (i) Features
  - (ii) Interfacing modules (GL, Payables, Receivables, etc)
  - (iii) Benefits and challenges.

**4 PREPARATION OF FINAL ACCOUNTS FOR SOLE PROPRIETORSHIP AND NOT-FOR-PROFIT ORGANISATIONS (15%)**

- (a) Preparation of Manufacturing, Trading, Profit and Loss Accounts and Balance Sheet for sole proprietorship
- (b) Preparation of Income and Expenditure Account, and Balance Sheet (or Statement of Affairs) of not-for-profit organisations: Non Governmental Organisations (NGOs), clubs, societies, associations, etc.
- (c) Preparation of final accounts from incomplete records.

**5. PARTNERSHIP ACCOUNTS (20%)**

- (a) Formation of partnership - general principles, practice and law.
- (b) Accounting treatment of admission, retirement, removal and death of partners.
- (c) Revaluation of assets and goodwill on admission, retirement, removal or death of partners.
- (d) Amalgamation and absorption.
- (e) Dissolution of partnership, including piecemeal realization and distribution.
- (f) Conversion of partnership to limited liability company.
- (g) Preparation of partnership final accounts.

**6. LIMITED LIABILITY COMPANY ACCOUNTS (15%)**

- (a) Nature of limited liability companies.
- (b) Raising of capital – issue of shares, debentures and loan stocks.
- (c) Statutory books and records maintained by a limited liability company.
- (d) Methods of establishing a limited liability company.
  - i) Establishment of new businesses.
  - ii) Conversion of sole proprietorship to limited liability company.
- (e) Preparation of commencement period financial statements, highlighting the treatment of pre- and post-incorporation items.
- (f) Preparation of final accounts in conformity with the Nigerian Accounting Standards and Generally Accepted Accounting Principles (excluding published accounts).

## **7. MISCELLANEOUS ACCOUNTS (10%)**

- Accounting for Joint Ventures;
- Consignments;
- Containers;
- Royalties;
- Bill of Exchange;
- Departmental Account;
- Non-Independent Branches.

## **D. CONTACT HOURS 80**

## **E. RECOMMENDED TEXTS:**

- Akeju J.B. 2003, *Financial Accounting Volume 1* – JBA Limited Lagos.
- Anao, A.R., *An Introduction to Financial Accounting*, Longman.
- ICAN Study Pack, *Fundamentals of Financial Accounting*, V/I Publishers, 2006
- ICAN Study Pack, *Fundamentals of Financial Accounting*, V/I Publishers, 2009
- Spicer & Pegler, *Book-keeping & Accounts*
- Wood, Frank, & Sangster Alan, 2005, *Business Accounting 1*, Pitman 10<sup>th</sup> Ed.

## 21.1.2 PAPER 2: CORPORATE AND BUSINESS LAW

### A. OBJECTIVE

To examine candidates'

- Understanding of the nature and objectives of the laws that are essential to their functions and duties as accountants as well as the business relationships that use their services.
- Understanding of various commercial transactions that involve the input of accountants.
- Understanding of their duties in business regulatory compliance
- Ability to apply the knowledge of business laws to specific aspects of their accounting functions.

### B. LINKAGES

This paper is linked to papers 1, 3, 5, 6, 8, 10, 11, 12, 13, 14 and 15

This paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 marks) – Out of six essay-type questions, candidates are expected to answer four.

### C. CONTENTS

#### 1. The Nigerian Legal System (10%)

Sources of Nigerian Law (Received English law, the Constitution and its characteristics, Nigerian statutes, judicial precedent or case-law, international law.

#### 2. Law of Torts (5%)

Definition of tort, the tort of (professional) negligence, vicarious liability, criminal and civil liability

#### 3. Law of Contract (15%)

Elements of a valid contract (offer, acceptance, consideration, intention to create legal relations), capacity to contract, privity of contract, terms of contract (conditions and warranties); mistakes, misrepresentation, undue influence, illegality and duress, breach of contract and remedies, termination of contract.

#### 4. Nature and Framework of e-Contracts

- Click wrap agreements
- Shrink-wrap agreement
- Electronic Data Interchange (EDI)
- e-Signatures
- Enforceability of e-contracts

#### 5. Law of Commercial Transactions (20%)

- **Agency** – methods of creating agency, duties and rights of principal and agent including commercial agents, agent's authority (express, implied and apparent).
- **Sale of Goods** – Goods and their types, the duties and rights of seller and buyer, passing of property.
- **Hire Purchase** – Nature of hire purchase contract at common law and under the Hire Purchase Act, 2004
- **Insurance Law** – Nature of insurance contract, indemnity and non-indemnity, insurable interest misrepresentation, conditions and warranties, subrogation and contribution, assignment of policy

#### 6. Law of Business Associations (30%)

- **Company Law** - Types and formation of companies (choice of name, documents of incorporation, functions of the Corporate Affairs Commission); consequences of incorporation, holding and subsidiary companies, company meetings and returns, issue of shares, duties relating public offer of shares, transfer of shares requirements, status and duties of directors, status and duties of company secretary, company accounts and audit, appointment and duties of auditors, appointment and duties of receivers, types of winding up (including significance of secured debts).
- **Partnership Law** – Applicable statutes, creation of partnership, essential elements of partnership, partnership distinguished from a company, general and limited partnership, rights and duties of partners, partners' relationship with each other and with third parties, dissolution of partnership.

#### 7. Law of Banking and Negotiable Instruments (10%)

The statutory powers and duties of the Central Bank of Nigeria, the reporting duties of banks and other financial institutions (reference to the Central Bank Act as well as Banks and Other Financial Institutions Act), the statutory powers and duties of the Nigerian Deposit Insurance Corporation, duties of financial institutions to report certain transactions under the Money Laundering Act, duties and rights relating to banker-customer relationship.

Negotiable instruments, types, delivery, acceptance, negotiation and discharge of bills, duties and liabilities of parties to a bill.

**8. Trust and Estate Administration, Bankruptcy (10%)**

Appointment, duties, powers, rights and accounts of trustees, executors and administrators, investments authorised by the Trustee Investment Act.

Bankruptcy, issue of receiving order, appointment, duties and powers of Official Receiver and trustee in bankruptcy, statement of affairs and deficiency account, discharge of a bankrupt.

**D. CONTACT HOURS 85**

**E. RECOMMENDED TEXTS**

- Biggs, W.W. and Thompson, Ranking, *Spicer and Pegler's Merchantile Law*, (London: HFL Publishers).
- Fabunmi, J.O., *Equity and Trusts in Nigeria*, 2<sup>nd</sup> ed., (Ile-Ife: Obafemi Awolowo University Press.)
- Jegede, M.I., *Law of Trusts Bankruptcy and Administration of Estate*, (Lagos: MIJ Professional Publishers).
- Obilade, A.O., *The Nigerian Legal System*, (London: Sweet and Maxwell)
- Omojola, F., *2004, General Principles of Business Law in Nigeria 2<sup>nd</sup> Ed.*
- Omojola, S. F., *2005, Omojola's Company Law in Nigeria*
- Federal Republic of Nigeria, *Companies and Allied Matters Act, 1990*
- Federal Republic of Nigeria, *Investments and Securities Act, 1999*
- Federal Republic of Nigeria, *Banks and Other Financial Institutions Act 25 of 1991*
- Federal Republic of Nigeria, *Insurance Act, 2003*
- Federal Republic of Nigeria, *Central Bank of Nigeria Act,*
- Federal Republic of Nigeria, *Money Laundering Act, 2003*
- *Partnership Act/Partnership Law*
- *Sale of Goods Act/Law*
- Yerokun, *Nigerian Law of Insurance*

### 21.1.3

## PAPER 3: ECONOMICS AND BUSINESS ENVIRONMENT

### A. OBJECTIVE

To examine candidates'

- Knowledge of economic concepts, principles and application which underline rational choice and behaviour of economic agents, particularly consumers and firms.
- Understanding of the features of the Nigerian environment in which individuals, business organisations, government and other economic agents operate and interact.
- Ability to analyse and discuss the impact of government economic policies and outcomes on both national and international institutions and organizations.
- Knowledge of the nature of Nigerian economic relations with other countries, institutions and regional bodies.
- Understanding of management concepts, theories and techniques and their relevance in contemporary business world.
- Ability to apply concepts and techniques in the analysis and development of solutions to management problems especially those frequently encountered in the global economy.

### B. LINKAGES

The paper is linked to papers 2, 4, 5, 6, 7, 9, 11, 12, 14 and 15

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) – A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) – Out of six essay-type questions, candidates are expected to answer four.

### C. CONTENTS

#### COMPONENT A ECONOMICS

#### INTRODUCTION

##### 1. BASIC CONCEPTS OF ECONOMICS (5%)

- (a) Nature of economics and economic reasoning: Definition, economics as social and management science, economic models, economic methods: induction and deduction.

- (b) Concepts of scarcity, choice, scale of preference and opportunity cost, *ceteris paribus*, *mutatis mutandis*.
- (c) Distinction between microeconomics and macroeconomics
- (d) Nature of economic problems under different types of economic systems
- (e) Types and resources allocation under different economic systems, particularly the roles of the private sector in production and distribution of goods viz:
  - Free Market Economy
  - Command or Centrally Controlled Economy
  - Mixed Economy.

## **MICROECONOMIC CONCEPTS AND PRINCIPLES**

### **2. BASIC FOUNDATION OF MARKET ACTIVITIES (5%)**

- (a) Concepts of demand and supply: laws of demand and supply; exception to the laws; determinants of demand and supply, relationships between change in quantity demanded/supplied and change in demand/supply.
- (b) The concepts of equilibrium in demand and supply.
- (c) Elasticity of demand and supply: Price elasticity, income elasticity and cross elasticity. Factors affecting elasticity. Applications of elasticity to consumption, product pricing, and distribution or sales.
- (d) Definition of industry
- (e) Location and localization of industry
- (f) Factors that influence location of industry in Nigeria with appropriate examples.
- (g) Industrial concentration – advantages and disadvantages
- (h) Forms of business enterprises – advantages and disadvantages.

### **3. THEORIES OF PRODUCTION AND COSTS (5%)**

- (a) Concepts of production and cost
- (b) The factors of production and their peculiarities: land, labour, capital and entrepreneurship
- (c) The short-run and long-run production analysis: law of diminishing returns, isoquant and isocost curves, concept of returns to scale, production function
- (d) Factor markets and Income determination: Marginal productivity theory, Wage determination, Rent, Interest and Profits, Economic rents
- (e) Theory of costs: Total cost, total fixed cost, total variable cost, average cost, average variable cost and marginal cost concept. Demonstration with graphical representation.
- (f) Concepts of total revenue, average revenue and marginal revenue.
- (g) Concept of profit maximization, conditions for short- and long-run profit maximization.

#### **4. FIRMS AND MARKET STRUCTURES (5%)**

- (a) The concept of market and market structure: perfect competition, monopolistic (imperfect) competition, monopoly, oligopoly, monopsony. Provide examples.
- (b) The firm in the market place: profit maximization under perfect competition; Alternatives to profit maximization: Sales revenue maximization, Growth maximization and Managerial utility maximization. Monopolistic competition; Monopoly; Price discrimination under monopoly: types (degree) and conditions; Oligopoly and interdependence.
- (c) Growth strategies of firms: horizontal growth, vertical growth, diversified growth, growth by mergers and acquisitions. Provide enabling conditions and advantages/disadvantages for the growth strategies.
- (d) Privatization, commercialization, e-commerce and perfect competition.

### **MACROECONOMICS**

#### **5. THE NATIONAL ECONOMY (10%)**

- (a) The circular flow of income
- (b) National income and income determination in an open economy
- (c) Measuring national income and output: Gross National Product (GNP), Gross Domestic Product (GDP), Net National Income (NNI), Per Capita Income, etc.
- (d) National income accounting: uses and problems of computing
- (e) Concept of Consumption and Saving within Keynesian macroeconomic setting: Determinants, marginal propensity to consume and save, multiplier analysis.
- (f) Concept of Investment: Determinants, the accelerator principles and investment choices
- (g) Causes of inflation in developed and developing countries
- (h) Effects of inflation on consumption, saving and investments
- (i) Control of inflation with reference to Nigeria
- (j) Unemployment: Types, measurement and cures

#### **6. MONEY AND BANKING (10%)**

- (a) The meaning, functions and characteristics of money. Types and nature of money and near monies. Value of money versus price of goods.
- (b) The determinants/motives for demand for and supply of money.
- (c) Credit creation by the banking system and money multiplier
- (d) The Nigerian financial system: structure of the Nigerian financial system; nature and functions of money and capital markets; functions of the central bank, commercial banks, merchant banks, universal banks, microfinance banks, bureau-de-change. Competition and innovations in the banking industry.

- (e) The Nigerian capital market: Nigerian Stock Exchange (NSE), Security and Exchange Commission (SEC), the Specialised or development banks, insurance companies. Roles of money and capital markets in economic activities.
- (f) Monetary policy and Exchange rate policy and their relationships with fiscal policy.

## **7. ECONOMIC GROWTH AND DEVELOPMENT (5%)**

- (a) Theories of economic growth and development
- (b) Economic growth with and without technological progress
- (c) Nature and scope of government intervention in development processes
- (d) Role of private sector and non-governmental organisations in economic development
- (e) Role of international institutions in economic development.

## **INTERNATIONAL ECONOMY**

### **8. INTERNATIONAL TRADE (5%)**

- (a) International Trade – Definition, advantages and disadvantages
- (b) Theories of trade – comparative advantage, strategic theory, etc.
- (c) Free trade and trade restrictions. Argument for and against trade restrictions.
- (d) World Trade Organisation (WTO), the Doha Agreement and African-Caribbean-Pacific Agreement.

### **9. THE BALANCE OF PAYMENTS AND EXCHANGE RATES (5%)**

- (a) Balance of payments – Definition, and components
- (b) Relationship between balance of trade and balance of payments
- (c) Balance of payment equilibrium and disequilibrium – implications and corrections
- (d) Alternative exchange rate regimes: fixed, floating and crawling peg exchange rates
- (e) Currency devaluation, depreciation and appreciation, and their implication for business environment.

### **10. THE GLOBAL ECONOMY (5%)**

- (a) Globalisation and developing countries
- (b) Concepts and forms of regional integration
- (c) African regional economic communities: African Union (AU), Economic Community of West African States (ECOWAS), East African Community (EAC), South African Development Community (SADC), Common Market of Eastern and Southern Africa (COMESA), etc.
- (d) Activities of international institutions like International Monetary Fund (IMF), World Bank (WB), African Development Bank (ADB),

Organisation of the Petroleum Exporting Countries (OPEC), United Nations Conference on Trade and Development (UNCTAD), Economic Commission for Africa (ECA), etc.

## **COMPONENT B BUSINESS ENVIRONMENTS**

### **11. MANAGEMENT CONCEPTS AND THEORIES (5%)**

- (a) Nature and Purpose of Management - Definitions
- (b) Art and Science of Management; Management levels, skills and roles
- (c) Process of Management - Planning, organising, staffing, leading and controlling
- (d) Managerial and organisational performance - Efficiency and effectiveness
- (e) Domain of Business - Production, Marketing, Finance and Human Resources Management
- (f) Evolution of Management Thought - Pre-classical contribution; classical school - Scientific Management, Fayol's Principles of Management, Max Webbers' theory of bureaucracy; and neo-classical school - human relations school.
- (g) Modern Theories - systems and contingency theories; the inter-relationships between the schools of thought.

### **12. ENVIRONMENT OF MANAGEMENT (5%)**

- (a) Nature and role of environment of management
- (b) Types; internal, external and global environments.
- (c) Analysis of environmental factors - Ecological, economic, social, technological, political, legal and cultural factors. Globalisation and its impact on management; Environmental scanning.
- (d) Business ethics and social responsibility; perspectives of ethics and social responsibility; monitoring social demands and expectations; changing concept of social responsibility.

### **13. MANAGEMENT TECHNIQUES (10%)**

- (a) Management by Objectives
- (b) Stress Management
- (c) Time Management
- (d) Forecasting techniques
- (e) Decision tree
- (f) Budgetary control techniques
- (g) Program evaluation and review technique (PERT)
- (h) Break-even analysis
- (i) Total quality management
- (j) Just-in-time inventory control
- (k) Change management

#### **14. MANAGING WORK AND ORGANISATION (10%)**

- (a) Planning - Types, approaches, benefits, and processes constraints to effective planning.
- (b) Organising - the concept of organisation, nature and purposes, organisation structure, design and effectiveness; formal and informal organisation
- (c) Patterns of departmentalisation; by function, product, geography, customer, process, time, matrix organisation, choice of pattern of departmentalisation; line and staff authority; centralisation and decentralisation; delegation of authority; span of control.
- (d) The determinants of organisational structure - strategy, size, technology and environment; the impact of structure on organisational performance.  
The need for and techniques of co-ordination, managerial hierarchy, roles, procedures, plans and goals.
- (e) Decision making - Types, programmed/non-programmed; Decision making under certainty, risk and uncertainty; rational decision making model and its limitations; management by objectives.
- (f) Controlling - the nature and purpose of control; control process. Key performance areas; control techniques; characteristics of effective control system.

#### **15. ORGANIC BUSINESS FUNCTIONS (5%)**

- (a) **Managing People in an organisation**
  - (i) Characteristics of Effective Communication Systems
    - Staffing - Manpower planning; job analysis, job description.
    - Job specification; recruitment; selection and placements.
    - Training and development, performance appraisal
    - Compensation and welfare services.
    - Discipline, promotion and separation.  
Nature of industrial relations – collective bargaining, legal framework and dispute settlement.
  - (ii) Motivation - Roles of motivation; theories of motivation, content, process and reinforcement theories, implication of motivation theories for management.
  - (iii) Leadership - The nature and role of leadership in organisations; leadership styles and effectiveness; approaches to leadership; managerial grid.
  - (iv) Communication - Definition, types, channels and process of communication, importance of effective communication; barriers to effective communication. Characteristics of effective communication.

- (b) **Production Functions** – the scope of production management; production planning and control; scheduling; facility location and layouts; productivity and productivity improvement schemes. Material requirements, planning and purchasing; inventory control and quality assurance.
- (c) **Marketing Functions** - Nature of marketing; marketing concepts; marketing functions; market segmentation; marketing research; elements of consumer behaviour, marketing mix – product; pricing; distribution and promotion strategies. Sales forecasting, planning and budgeting.

## 16. APPLICATION OF IT IN BUSINESS ENVIRONMENT (5%)

IT productivity tools including:

- (i) Word processing software
- (ii) Presentation software
- (iii) Internet usage and applications
- (iv) e-mails and their business applications

**E. CONTACT HOURS - 80**

### **F. RECOMMENDED TEXTS:**

- Adebayo A. (1998), *Economics: A Simplified Approach, Volumes 1 & 2*, Lagos: African International Publishing Ltd 1999, 1998.
- Black, John (2002) *Oxford Dictionary of Economics*, 2<sup>nd</sup> Ed, New York: Oxford University Press.
- Inegbenebor A. U. and Osaze E. B. *Introduction to Business*, Lagos Malthouse Press Limited.
- *Management in Nigeria*: Published by the Nigerian Institute of Management, Lagos
- *Nigerian Management Review: Published by the Centre for Management Development (CMD), Lagos.*
- Ojo, J.A.T. and O. Adewunmi, *Banking and Finance in Nigeria*, Graham Burn.
- Sloman John (2006), *Economics*, Prentice Hall, 6<sup>th</sup> Ed.
- Stoner, A. F., Freeman R. E, and Gilbert, D. R. 1995, *Management*, New Delhi Prentice-Hall Incorporated 6<sup>th</sup> Ed.
- *ASCON Journal of Management*: Published by Administrative Staff College of Nigeria (ASCON), Badagry.

## 21.2

## INTERMEDIATE

### 21.2.4 PAPER 4: COSTING AND QUANTITATIVE TECHNIQUES

#### A. OBJECTIVE

To examine candidates'

- Mastery of the concepts and principles of Cost Accounting and their applications in pricing decisions and other control matters in public and private sectors.
- Ability to analyse and predict cost behavioural patterns as output and market factor vary and the impact of patterns on profit and loss.
- Ability to apply appropriate methods and techniques in collecting, measuring and reporting cost information relevant to business and other activities.
- Familiarity with basic concepts and processes in Statistics, Business Mathematics and Operations Research
- Ability to employ suitable mathematical models and techniques to solve problems involving rational choice among alternatives.

#### B. LINKAGES

This paper is linked to papers 1, 3, 6, 7, 9, 11, 12 and 14

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) – A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) – Out of seven essay-type questions, candidates are expected to answer four.

#### C. CONTENTS

##### COMPONENT A COSTING

##### 1. INTRODUCTION TO COST ACCOUNTING (10%)

- (a) Definition and purpose of cost accounting.
- (b) Classification of cost by nature, functions, elements, responsibility and behaviour.
- (c) Materials accounting and control procedures including:
  - (i) Stock recording and management
  - (ii) Procurement and pricing

- (iii) Methods of Inventory valuation
  - (iv) Just-In-Time purchasing and production
  - (v) ABC Analysis Technique
  - (vi) Inventory Control
- (d) Labour accounting and control procedures including:
- (i) Basic methods of remuneration
  - (ii) General features of incentive schemes
  - (iii) Labour costing and labour cost control.
  - (iv) Job evaluation, merit rating, labour turnover and their impact on labour cost.
- (e) Overhead Cost Accounting and control procedures including:
- (i) Overhead classification and analysis
  - (ii) Overhead allocation, apportionment and absorption
- (f) Cost Centre:
- (i) Selection and attributable costs
  - (ii) Product and departmental costs
- (g) Cost behavioural patterns and cost estimation

## **2. COSTING METHODS (10%)**

- (a) Operation cost
- (b) Specific order costing: Job, batch, uniform and contract costing including work-in-progress
- (c) Process costing, including principles of equivalent units, treatment of normal and abnormal losses and gains
- (d) Joint products and by-product costing.
- (e) Service costing.

## **3. BUDGETING AND BUDGETARY CONTROL (10%)**

- (a) Forecasting problems and techniques.
- (b) Budgeting process and organisation.
- (c) Preparation of functional budget such as fixed and flexible budgets, cash budget and master budget.
- (d) Behavioural aspects of budgetary control.
- (e) Preparation and reconciliation of budgeted and actual results.

## **4. STANDARD COSTING TECHNIQUES (10%)**

- (a) Types and basis of setting standards such as basic, current, ideal and normal standards.
- (b) Methods of determining standard cost and the uses of standard cost.
- (c) Types of variances and their analyses.

**5. OTHER COSTING TECHNIQUES (10%)**

- (a) Absorption costing
  - (i) Reciprocal services
  - (ii) Absorption of overheads by product or service
  - (iii) Absorption costing method of income statement preparation
- (b) Marginal costing  
Uses of marginal costing in decision making such as production planning, pricing decision, make or buy decision, closure of operation, elimination of product/department/unit, accept or reject, accepting additional order.
- (c) Cost- Volume - Profit Analysis
  - (i) Limitations of Break-even analysis
  - (ii) Types of break-even charts.
  - (iii) Methods of calculating break-even point and other levels of activities.
  - (iv) Margin of safety and ascertainment of angle of incidence.
  - (v) Profit volume ratio.
  - (vi) Prove of various levels of activities through marginal costing income statement.
- (d) Activity Based Costing Technique

**6. COST CONTROL (5%)**

Cost control and reduction techniques such as

- (a) value analysis
- (b) work study
- (c) method study
- (d) quality control techniques
- (e) merit rating
- (f) job evaluation
- (g) work measurement and cost audit.

**7. INTEGRATED ACCOUNTS (5%)**

- (a) Book-keeping entries for costing systems, integrated and interlocking systems
- (b) Reconciliation of financial and cost accounting profits
- (c) Budget Classifications and Chart of Accounts (BC&COA).
- (d) Computer Assisted Costing Techniques.

**COMPONENT B: QUANTITATIVE TECHNIQUES**

**8. STATISTICS (10%)**

- (a) **Index Numbers**
  - (i) Meaning and purpose
  - (ii) Problems associated with the construction of index numbers

- (iii) Unweighted indices: simple aggregate index, price relative
- (iv) Unweighted indices: Laspeyre, Paasche, Fisher and Marshall Edgeworth
- (v) Applications of index numbers to business analysis.

(b) **Probability**

- (i) Concept and meaning: random experiment, sample space, sample point, events, etc.
- (ii) Measurement/determination of simple probability directly from sample
- (iii) Additive law of probability/mutual exclusive events
- (iv) Multiplication law and conditional probability/independent events

**9. BUSINESS MATHEMATICS (15%)**

(a) **Set Theory**

- (i) Concept and definition
- (ii) Types of sets: null, subset, finite, infinite, universal and equal sets.
- (iii) Cardinality: number of elements in a set and number of all possible sub-sets in a set.
- (iv) Operations: union, intersection, difference and complement.
- (v) Euler-Venn diagram: using Euler-Venn diagram in set theory.
- (vi) Applications of set theory to solving business related problem

(b) **Matrix**

- (i) Array of numbers
- (ii) Meaning of a matrix
- (iii) Types of matrices: identity, null, square, diagonal, symmetric and skew symmetric, triangular matrix (upper and lower).
- (iv) Basic operations with matrix:  
Addition, subtraction, multiplication of matrices and conditions under which these are possible; transpose of a matrix.
- (v) Meaning of determinant and its evaluation
- (vi) Minor, cofactor, matrix of cofactors and adjoint matrix.
- (vii) Inverse of a square matrix: its definition and determination (other methods in addition to adjoint approach may be used. Also, limited to at most 3 by 3 matrix).
- (viii) Solution of systems of linear equations including Cramer's rule.
- (ix) Applications of matrices to solving business related problems.

(c) **Differentiation**

- (i) Concept and Meaning:  
Measures of rate of change as derivative or slope measure of marginal.

- (ii) Rules for differentiating the following functions: polynomial, product, quotient, function of function, implicit function, exponential and logarithmic functions.
- (iii) Second-order derivative.
- (iv) Application of a differentiation: finding marginals, break-even points, elasticity, maximum and minimum values.
- (v) Simple partial differentiation of first order.

## 10. OPERATIONS RESEARCH (15%)

### (a) Basic Linear Programming Techniques

- (i) Concept and meaning (as a resource allocation tool).
- (ii) Underlying basic assumptions
- (iii) Problem formulation in linear programming.
- (iv) Methods of solution
  - graphical methods (for two decision variables only)
  - simplex method (limited to three decision variables)

### (b) Network analysis

- (i) Concept and meaning
- (ii) Network diagram – Activity –on-Node Network diagram  
- Activity –on –arrow Network diagram
- (iii) Concept of the following terms:
  - floats, slack, earliest time, latest time, etc.
- (iv) Methods of network analysis
  - critical path method (CPM): using floats and without using floats
  - meaning of critical path and how to determine it
  - Programme Evaluation and Review Technique (PERT)

### (c) Replacement analysis

- (i) Meaning and purpose
- (ii) Replacement of items that wear gradually.
- (iii) Replacement of items that fail suddenly.

### (d) Transportation Model

- (i) Nature of transportation models
- (ii) As special linear programming problems.
- (iii) Concept of balanced and unbalanced transportation problems.
- (iv) Methods of providing basic initial solutions to transportation problems: Northwest Corner rule, Least Cost, Vogel's approximation method.
- (v) Test for optimality of the solution using the Stepping Stone method.
- (vi) Solving assignment problem as a special transportation model.

**D. CONTACT HOURS: 80**

## **E. RECOMMENDED TEXTS:**

- Biggs, W.W., *Cost Accounts*, Macdonald and Evans
- Dandago, K.I. and Tijani, B. *Cost and Management Accounting*, Lagos: Malthouse Press
- Horngren, C.T., *Cost Accounting – A Managerial Emphasis*, Prentice – Hall
- Lucey, T.7 *Costing*, ELBS Texts
- Lucey, T. 1996, *Quantitative Techniques: An Instructional Manual*, DPP Publications Ltd.
- ICAN Study Pack *Quantitative Analysis*, published by V/I Publishers, 2006
- ICAN Study Pack, *Costing*, V/I Publishers,. 2006
- ICAN Study Pack, *Costing and Quantitative Techniques*, V/I Publishers, 2009
- Marsland, M.W., *Quantitative Techniques for Business*, Polytechnic
- Omolehinwa, E. *Coping with Cost Accounting*, Pumark Publishing Ltd, 2<sup>nd</sup> Ed. 2000.
- Soyibo, A. and Adekanye, F., *Linear Programming for Business and Finance* F & A. Publishers Ltd.
- Wheldon, H. J., H.J., Owler, L. W.J., and Brown, *Cost Accounting and Costing Methods*, Macdonald and Evans.

## 21.2.5 PAPER 5: TAXATION

### A. OBJECTIVE

To examine candidates'

- Understanding and general awareness of Nigerian tax environment.
- Knowledge of the provisions of statutes in taxation and their interpretations.
- Ability to compute tax liabilities based on relevant statutes.
- Knowledge of ethical issues – implications of confidentiality, conflict of interest and disclosure of information in tax practice.

### B. LINKAGES

This paper is linked to papers 2, 3, 12, 13, 14 and 15

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) - Out of six essay-type questions, candidates are expected to answer four.

### C. CONTENTS

#### 1. GENERAL SYSTEM OF TAX AND TAX ADMINISTRATION (20%)

- (a) Definition, nature and objectives of taxation.
- (b) Distinction between taxes and other levies.
- (c) Historical background and the structure of Nigerian tax system.
- (d) Sources of various tax laws.
- (e) Jurisdiction in respect to rules of residence as applicable to individuals, families, estates, executors and itinerant workers.
- (f) General guidelines and practical procedures for the registration of tax payers.
- (g) Knowledge of the relevant documents necessary for filing returns for various taxes and relevant tax authorities.
- (h) Returns, assessment procedures and collection of taxes, interests on overdue tax.
- (i) Objections, appeals and enforcement.
- (j) Multiplicity of taxes:
  - Act No. 21 of 1998 and conflict between it and the 1999 Constitution.
- (k) Organs of administration.
- (l) Tax Clearance Certificates – nature, objectives, relevance and problems.

## **2. INDIVIDUAL ASSESSMENT, TRUST SETTLEMENTS AND ESTATES (30%)**

- (a) General familiarity with the relevant laws and practice, income chargeable and exemptions
- (b) (i) The employee:
  - Definition of employee and legal meaning of income.
  - Salaries, pensions, charge, annuities, fees, gratuities, allowances and benefits-in-kind.
  - Allowable and disallowable expenses and related case laws.
  - Assessments and collection of taxes.
  - Pay-As-You-Earn.
- (ii) Partnerships and Joint Ventures.
- (c) Sole Traders:
  - (i) Meaning of a trade or profession.
  - (ii) Adjustment of profits of a trade or profession.
  - (iii) Basis periods including commencement and cessation years.
  - (iv) Change of accounting dates
  - (v) Treatment of business losses – types of relief and their treatment, losses of new trade or business in commencement and cessation years.
  - (vi) Nature, computation and objectives of capital allowances and reliefs available
- (d) Treatment of Unearned income:
  - (i) Income from rent on property, including contractor-financed projects.
  - (ii) Income from savings.
  - (iii) Dividends and interests.
  - (iv) Assessments and payments.
- (e) Taxation of non-resident individuals deriving income from Nigeria.
- (g) Trust settlements.
- (h) Estates.

## **3. TAXATION OF LIMITED LIABILITY COMPANIES (30%)**

- (a) Company income tax:
  - (i) Adjustments of profits
  - (ii) Claims for loss relief and computation of Assessable Profits
  - (iii) Claims for capital allowances and computation of total profits.
  - (iv) Franked investment income.
  - (v) Computation of tax liability.
    - basis periods including commencement and cessation years.
    - change of accounting dates
    - treatment of business losses – types of relief and their treatment, losses of new trade or business in commencement and cessation years.
    - nature and objectives of capital allowances and reliefs available

- (vii) Assessment and payment of income taxes, including minimum tax provisions.
- (vii) Special considerations:
  - Turnover tax.
  - Small company relief.
  - Specialised businesses, including real estate, agriculture, transportation and telecommunication
- (b) Education Tax
  - (i) Objectives and basis of computation.
  - (ii) Education tax fund management.
- (c) Withholding Tax
  - relevant tax authority.
  - income subject to withholding tax.
  - time and mode of claims.
  - refunds; grounds and procedures.
  - remittance to tax authorities.
- (d) Preparation of taxation accounts:
  - Deferred Taxation.
  - Withholding Tax.
  - Education Tax.
  - Income Tax.

#### **4. VALUE ADDED TAX AND STAMP DUTIES (10%)**

- (a) Value Added Tax:
  - (i) Definition, nature, objectives and administration
  - (ii) Taxable persons and taxable supplies and services
  - (iii) Input and output VAT
  - (iv) Exempt, zero and zero rated supplies and services
  - (v) Withholding VAT
  - (vi) Returns.
  - (vii) Preparation of VAT Accounts.
  - (viii) Penalties.
- (b) Stamp Duties:
  - (i) Definition, nature and objectives.
  - (ii) Forms of stamp duties and computations.
  - (iii) Administration - territorial limits, methods of stamping.
  - (iv) Adjudication - limits and appeals.
  - (v) Transactions attracting stamp duties.

#### **5. COMPUTER AIDED TAX PLANNING AND MANAGEMENT (10%)**

- (a) Overview of tax planning process
- (b) Basics of spreadsheet application in tax planning
- (c) Using spreadsheet to model:
  - (i) payee tax
  - (ii) capital allowances computations
  - (iii) company income tax, etc

- (d) Benefits and challenges of computer aided tax planning and management

**NOTE: STUDENTS ARE EXPECTED TO BE FAMILIAR WITH RELEVANT DECIDED CASES AS WELL AS OFFENCES, PENALTIES AND ENFORCEMENT PROVISIONS OF TAX LEGISLATIONS.**

**D. CONTACT HOURS: 60**

**E. RECOMMENDED TEXTS:**

- Afe, Ogundele, *Element of Nigerian Taxation 1999*
- Afe, Ogundele, *Value Added Tax (Theory and Practice) 1996*
- Ariwodola, J. A., *Personal Taxation in Nigeria*, J. A. A. Nigeria Limited. 4th Ed, including Capital Gains Tax 5<sup>th</sup> Ed, 2008.
- Ariwodola, J. A., *Companies Taxation in Nigeria*, J. A. A. Nigeria Limited. 3<sup>rd</sup> Ed, including Petroleum Profits Tax, 2000.
- Arogundade, J. A, Nigerian *Income Tax and Its International Dimensions*, 2005 Ed.
- ICAN Study Pack, Taxation V/I Publishers, 2006
- ICAN Study Pack, Taxation, V/I Publishers, 2009, 2<sup>nd</sup> Ed.
- Ola, C. S., *Nigerian Income Tax in Practice*, C. S. S. Ltd., Lagos

## **21.2.6 PAPER 6: AUDIT AND ASSURANCE**

### **A. OBJECTIVE**

To examine candidates'

- Familiarity with and knowledge of, the basic objectives, principles and concepts of auditing.
- Understanding of the risks, methods, techniques and processes of auditing, including planning and control.
- Ability to audit computerised accounting systems.
- Ability to communicate effectively with management and internal auditors, audit committees, shareholders, regulatory agencies and specialists.
- Understanding of the regulatory and ethical considerations governing assurance engagements.
- Ability to identify the requirements of the audits of various organisations.

### **B. LINKAGES**

This paper is linked to papers 1, 2, 3, 4, 5, 7, 10, 11, 13 and 15.

The paper will be a three-hour paper divided into two sections:

- SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions, covering the entire syllabus.
- SECTION B:** (60 Marks) - Out of six essay-type questions, candidates are expected to answer four.

### **C. CONTENTS**

#### **1. FUNDAMENTALS AND PRINCIPLES OF AUDIT (10%)**

- (a) Development and objectives of audit.
- (b) Auditing techniques: their limitations, audit evidence and documentation.
- (c) Independence, objectivity, integrity, confidentiality, skills, due care and competence.
- (d) "True and fair" view, materiality and professional judgement.

#### **2. REGULATORY AND ETHICAL ISSUES (15%)**

- (a) Scope and terms of engagement of auditors as provided in:
  - (i) Companies and Allied Matters Act, 1990
  - (ii) Banks and Other Financial Institutions Act 25 of 1991.
  - (iii) Insurance Act of 2003.
  - (iv) Pensions Reform Act, 2004

- (v) Nigerian Accounting Standards Board Act, 2003
- (vi) Nigerian Standards on Auditing (NSA).
- (vii) Other International Regulatory Bodies: Auditing Practices Board of the United Kingdom, etc.
- (viii) Statements of Accounting Standards (SAS)
- (b) Candidates to be familiar with the instruments establishing various organisations such as SEC, NDIC, PENCOM, CBN, NASB, Bureau for Public Enterprise, etc.
- (c) Professional pronouncements and their applications, that is, guidelines and standards of the Institute and other International Bodies.
- (d) Supervision and monitoring of auditors:
  - (i) Quality control, working papers, peer review.
  - (ii) Functions and responsibilities of the Institute in supervising and monitoring auditors
  - (iii) Threats to auditors' independence and their resolutions: conflicts of interest, beneficial shareholding, financial involvement with or in the affairs of clients, personal relationships, audit fee, etc.

### **3. INTERNAL AUDIT AND CONTROL (15%)**

- (a) Scope and purpose of internal audit.
- (b) Reviewing the relationship between external and internal audits.
- (c) Internal control system and corporate governance.
- (d) Outsourcing the internal audit functions.

### **4. AUDIT PLANNING AND CONTROL PROCEDURE (15%)**

- (a) Reviewing the client's operational background with regard to its financial, legal and personnel situations and the industry environment in which it operates.
- (b) Allocation and supervision of work and responsibilities.
- (c) Designing the audit programme.
- (d) Examining the impact of relevant legislations on the performance of an audit.
- (e) Evaluating the quality of the audit and maintaining adequate working papers.
- (f) Planning, documenting and monitoring of time and costs.
- (g) Establishing procedures for obtaining audit evidence, including balance and transaction testing such as third party confirmation, analytical procedures and management representation.
- (h) Quality control and peer review.

### **5. SUBSTANTIVE PROCEDURES (10%)**

- (a) Verification principles.
- (b) Verification of
  - (i) current assets, fixed assets and liabilities.
  - (ii) intangible assets, goodwill, patents, trademarks, copyrights, franchise.

- (iii) debenture loans and borrowing.
- (iv) reserves, equity.
- (v) income and expenditure.
- (vi) revenue and expenses.
- (vii) sales/purchases.
- (viii) wages and salaries.
- (ix) other income and expenditure account items.
- (c) Audit documentation.

#### **6. APPLICATION OF INFORMATION TECHNOLOGY IN AUDITING (15%)**

- (a) Understanding the impact of Information Technology in audit environment.
- (b) Application of Computer Assisted Auditing Techniques (CAATs) in the Audit process.
- (c) The Role of Auditors in IT security controls implementation.
- (d) Internal Control Environment.
- (e) Overview of General and Application Controls
- (f) IT General Controls - COBIT Framework.

#### **7. INTRODUCTION TO PUBLIC SECTOR AUDIT (5%)**

- (a) Appointment, powers and functions of the Auditor-General of the Federation, State and Local Government,
- (b) Auditing for compliance with legislative and related authorities.
- (c) Role of Public Accounts Committee in the Audit Process.
- (d) Internal audit in the Public Sector.
- (d) Value-for-money audit.
- (e) Due Process and the Public Procurement Act, 2007

#### **8. AUDIT REPORT (5%)**

- (a) Audit Report: Statutory and non-statutory, qualified and unqualified.
- (b) Reviewing subsequent events, 'going concern' status, management representation and the 'truth and fairness' of financial statements.
- (c) Relationship of auditors with audit committees and third parties.

#### **9. INTRODUCTION TO ASSURANCE (10%)**

- (a) Definition and Scope of Assurance.
- (b) Due Diligence.
- (c) Forensic Audit and Assurance.

**D. CONTACT HOURS: 60**

## E. RECOMMENDED TEXTS:

- Adewunmi, Wole, 1992, *Bank Audit*, University of Lagos Press.
- Aguolu Osita, 1998, *Fundamentals of Auditing*, Rex Charles & Patrick Ltd., Nímo, Anambra State, Nígeria.
- Arens, A.A. and Loebbecke J.K., *Auditing: An Integrated Approach*, Prentice Hall.
- Chambers, A.D. et al *Internal Auditing: Theory and Practice*, Pitman.
- Dunn, J., *Auditing: Theory and Practice*, Prentice Hall
- ICAN Study Pack, Principles and Practice of Auditing, V/I Publishers Ltd. 2006.
- ICAN Study Pack, Audit and Assurance, V/I Publishers Ltd. 2009.
- INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA: *Professional Code of Conduct, V/I*
- Johnson, A.A, *An Introduction to Business Data Processing and Computer Audit*, City Publications Ltd., Lagos.
- U.K. National Audit Office, *A Public Audit Manual I & II* National Audit Office.

## **21.2.7 PAPER 7 - BUSINESS COMMUNICATION AND RESEARCH METHODOLOGY**

### **A. OBJECTIVE**

To examine candidate's ability to:

- Construct and use English Language effectively both in writing and speaking, and use it as communication tool to carry out various functions.
- Identify researchable problems; to systematically and purposefully gather data from a variety of relevant sources on chosen topics;
- Conceptualise and originate study and design appropriate method of presenting the result for decision making;
- Search for and use existing knowledge on a subject matter to develop the framework for advancement in the understanding of it (subject matter) and the basis for advancing such knowledge;
- Apply IT tools in research activities.
- Use various methods of referencing borrowed materials from existing published and unpublished interactive.
- Use statistics to analyse and interpret data in research.

### **B LINKAGES**

This paper is linked to papers 3, 4, 6, 8, 11 and 13.

**SECTION A:** (40 marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus

**SECTION B:** (60 marks) – Answer the question on Case Study and any other three.

### **C. CONTENTS**

#### **COMPONENT A BUSINESS COMMUNICATION**

##### **1. COMMUNICATION AND LANGUAGE (7%)**

- Concepts of communication and language and their relationship
- Importance of communication in business
- Principles of effective business communication

##### **2. TYPES OF COMMUNICATION (8%)**

- (a) Formal Communication
  - Vertical Downward Communication
  - Vertical Upward Communication
  - Horizontal/Diagonal Communication
- (b) Informal Communication
  - Grape vine
  - Rumour

- (c) Barriers to Effective Communication

### 3. REPORT WRITING - COMMUNICATION PERSPECTIVE (20%)

#### Types of Report Writing

- Routine/Regular
- Progress/Technical
- Attributes of good report writing
- Importance of reports to management decision making process
- Speech writing

## COMPONENT B STATISTICS

### 4. METHODS OF DATA COLLECTION AND ANALYSIS (20%)

#### (a) Handling statistical data:

- (i) Methods of collecting statistical data
- questionnaire/schedule, interview, observation, mailing
- (ii) Classification of data:
- by types: (numeric and non-numeric)
  - by source (origin): Primary and Secondary
  - by use: agricultural, demographic, health, education, power and energy.
- (iii) Presentation of data:
- tabular presentation: frequency table and cross tabulation
  - characteristics of a table: title, heading, foot-note, source etc.
  - charts: bar charts (simple, component, percentage component and multiple), pie-chart, Z-chart, Gantt chart
  - graphs: histograms, polygon, ogives, Lorenz- curve
- (iv) Sampling:
- purpose of sampling
  - methods of sampling: simple random sampling, stratified, systematic, quota and multi-stage.
  - advantages and disadvantages of each.

#### (b) Measures of location

- (i) Measures of central tendency
- mean (arithmetic, geometric and harmonic).
  - other measures: median and mode.
- (ii) Measures of partition
- percentiles, deciles and quartiles.

#### (c) Measures of variation/spread/dispersion

- (i) range, mean deviation, mean absolute deviation, variance and standard deviation.

- (ii) co-efficient of variation.
  - (iii) skew ness.
- (d) **Measures of relationships**
- (i) Correlation (Linear)
    - meaning and purpose
    - scatter diagram
    - types of correlation: positive, zero and negative
  - (ii) Correlation co-efficient:
    - Meaning
    - Types: Pearson product moment correlation, Spearman's +rank correlation co-efficient
    - Determination and interpretation of correlation coefficient
  - (iii) Regression Analysis (Linear)
    - meaning and purpose
    - fitting of regression line by graphical method and normal equation/least squares method
    - interpretation of regression constant and regression co-efficient
    - use of regression line in forecasting and its limitations
    - co-efficient of determination: meaning and interpretation, testing the equality of several means: analysis of variance (ANOVA)
      - Chi-square test
      - t-test of difference of means

## **COMPONENT C RESEARCH METHODOLOGY**

### **5. INTRODUCTION TO RESEARCH METHODOLOGY (5%)**

- (a) Definition and purpose of research
- (b) Types of Research
  - Applied
  - Basic
- (c) Other types of research
- (d) Importance of research
- (e) Relationship between types of research
- (f) Problems of research in Nigeria

### **6. STAGES OF RESEARCH (20%)**

- (a) Problem identification
  - Objective of study
  - Statement of the problem
  - Significance of Study
  - Development of Research Questions and hypotheses
  - Identification of Variables - dependent and independence

- (b) Review of Related Literature
  - Purpose, Division and Sequence of Literature Review
  - Checklist for Reviewing Literature
  - Special Hints on Review of Related Literature
- (c) Research Design and Methodology
  - Overview of Research Design
  - Types of Research Designs
  - Characteristics of a Good Design
  - Research Instruments
  - Validity of Experimental Design
  - Factors affecting Internal Validity
  - Factors affecting External Validity
  - Research Population, Sample and Sample Size
  - Probability/Random Sampling
  - Non-Probability (Non-Random) Sampling
- (d) Data Collection
  - Sources of Data
  - Validity and Testing Data
  - Methods of Data Collection
    - (i) Questionnaire – Aims and Objectives
      - Qualities of Good Questionnaires
      - Types of Questionnaire (Contingency, Scale, Open & Close-Ended Questions)
    - (ii) Interview: Types (Structured and Unstructured) and its Guidelines
    - (iii) e-interview
- (e) Measurement Scales
- (f) Validity of Instrument and its Types
  - Face Validity
  - Content Validity
- (g) Reliability Test and Different Methods of Measurement
- (h) Costing of Research Project/ Research Budget
- (i) Hypotheses testing
- (j) Test of significance/Confidence Intervals

## **7. USE OF IT IN RESEARCH ANALYSIS (5%)**

- (i) IT tools for effective research activities and reporting
- (ii) Internet resources and usage in research
- (iii) Data organisation and analysis tools:
  - Introduction to Statistical Package for Social Scientist (SPSS)
  - Use of spread sheet in data analysis
  - Presenting research reports using PowerPoint application.

## **8. REFERENCE AND BIBLIOGRAPHY (5%)**

- (a) Differences between reference and bibliography
- (b) Methods of referencing
  - American Psychological Association (APA) style

- Turban Kate style of referencing
- Modern Language Association of America (MLA) style
- Harvard style of referencing
- The Chicago style

## 9. REPORT WRITING - RESEARCH (10%)

To include:

- (a) Attributes of a good report
- (b) Presenting the findings of the study
- (c) Interpreting the findings
- (d) Methods of presenting the findings of the study
- (e) Drawing inference and conclusions from the results of the study
- (f) Developing recommendations and signposts for future research from the findings
- (g) Executive summary

**D CONTACT HOURS: 80**

## E RECOMMENDED TEXTS

- C. Lowthorpe: *Ethical Issues in Accounting* – Routledge
- John L. Colley: *Corporate Governance* - McGraw-Hill Professional
- ICAN Study Pack, Business Communication and Research Methodology, V/I Publishers, 2006.
- ICAN Study Pack, Business Communication and Research Methodology, V/I Publishers, 2009
- Mark Saunders, Philip Lewis and Adrian Thornhill (2007), *Research Methods for Business Students*, Pitman Publishing, England.
- Obadara, E. O., 2008, *Essentials of Research Methodology*
- Philip G. Cottell Jr., Terry M. Perlin: *Accounting Ethics: A Practical Guide for Professionals* - Quorum books
- ICAN: *Code of professional ethics, V/I*
- IFAC: *Professional code of conduct*

## **21.3 PROFESSIONAL EXAMINATION I**

### **21.3.1 PAPER 8: INFORMATION TECHNOLOGY**

#### **A. OBJECTIVE**

To examine candidates'

- General knowledge of Information Technology concepts, principles and technologies applicable in business;
- Understanding of general IT infrastructure and related hardware such as: servers, networks, switches, routers, cable models, and how they work;
- General understanding of computer software systems, including the various types and classifications such as: systems, applications and utility software and database management systems;
- Ability to use IT tools and related technologies including electronic mail systems and the internet in the performance of accounting and financial reporting functions;
- Ability to offer advisory services on IT controls and assurance services as either a consultant or an assurance provider/evaluator;
- Understanding of potential risks in the use of IT services and products, and ways of mitigating such risks including: virus attacks, computer hacking and other disastrous events;
- Knowledge and competences in computer disaster and business continuity planning framework

#### **B. LINKAGES**

This paper is linked to all other papers.

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) - Answer the question on Case Study and any other three.

#### **C. CONTENTS**

##### **1. GENERAL IT KNOWLEDGE AND CONCEPTS (10%)**

- (a) Definition of Computers including:
- Classification based on size of the hardware
  - Classification based on the methods of operation
  - Basic computer hardware layout
  - Some terminologies will be explained: software and hardware, data/datum, I/O terminology, time sharing, MODEM, and processing, etc

- The past: historic landmarks
- The present: today's nature and manner of computing
- The future: expectations of the future and other emerging issues including a brief introduction to Artificial Intelligence and Expert Systems
- Evolution of e-commerce driven by computer networks
- (b) Input and Output Devices
  - Input devices and their uses
  - Output devices and their uses
- (c) Physical Storage Devices
  - Data representation by computer, and storage mechanism
  - Hard Storage Devices
  - Tape, disk, Compact Disk Read Only Memory (CD-ROM), RAID technology
- (d) Network components, configurations and designs
  - Local area networks/wide area networks (LAN/WAN)
  - Wireless/mobile systems
  - Distributed processing networks
- (e) General e-commerce framework covering:
  - e-commerce relationships (B2B, B2C, B2G, B2E, C2B etc)
  - e-business application: Upstream supply chain management
  - e-business application: Downstream supply chain management
  - e-business application: Customer relationship management
  - A brief discussion of security implications of e-commerce and other related technologies

## **2. COMMUNICATION SUPPORTED BY INFORMATION TECHNOLOGY (10%)**

- (a) General Concepts of Communication including:
  - Web communication
  - SMS
  - Electronic files transfers
  - Web surfing
  - e-mail uses
  - Digital signatures and certificates
- (b) Potential Risks of Communication supported by IT
  - Privacy issues
  - Secrecy issues
  - Copying data from one user/client and using it for the benefit of another
  - Use of USB sticks and other removable devices
  - Forwarding data that might be unreliable for business use
  - Virus and worms
  - Web trust assurance

### 3. INFORMATION SYSTEMS ARCHITECTURE (15%)

- (a) Communication Networks:
- Types and classification of networks, client server/technologies, remote systems,
  - Distributed systems, Mobile facilities,
  - Hardware (mainframe, server, router, workstation, etc.)
  - Software: systems software, application software, utilities programs:
  - Application development environment
  - Data organisation and access methods
  - Files, tables, data bases, data base management systems
  - Protocols, standards, enabling technologies
  - Random/sequential data access
  - Professionals accountants and career paths in IT organisations
- (b) Systems Development Life Cycle (SDLC)  
Systems acquisition/development phases and tasks:
- Investigation and feasibility study
  - Requirements analysis and initial design
  - Detailed design specification/documentation
  - Systems installation/implementation maintenance
  - Project management techniques
- (c) Business Systems
- Transaction Processing Systems (TPS)
  - Production support systems
  - Executive Information Systems (EIS)
  - Decision Support Systems (DSS)
  - Expert Systems (ES),
  - Neural Networks (NN)
- (d) Transaction Processing  
Phases of transaction processing systems:
- Data entry
  - Edit/validation of data
  - Data transmission
  - File look-ups, calculations, logical comparisons
  - Master file updates
  - Storage, record retention, back-up procedures
  - Accounting, control, management and reporting
  - Query, audit trail, ad hoc reports
  - Error prevention, detection, correction
  - Data Processing Methods
    - i. Batch processing
    - ii. On-line processing
    - iii. Real-time processing
    - iv. Distributed processing
  - Multi-programming, multi-tasking and multi-processing

#### 4. SOFTWARE SYSTEMS (20%)

- (a) Components of Software Configuration
  - Distinction between systems and application software
  - Workflow managers, middleware and other utilities
  - Open vs proprietary software
- (b) Operating Systems Software
  - Disk Operating System (DOS)
  - User interfaces: Command Driven, Menu Driven and GUIs
  - Network, client/server OS
  - Single user vs. multi-user OS
  - Process management and OS
  - Functions of OS in Memory and file management
- (c) Security Software
  - Authentication and access control software
  - Anti-virus software
  - Firewall and Intrusion Detection Systems (IDS)
  - Security assessment tools
- (d) Application Software
  - Introduction to Accounting Software
  - The Basics of Excel
  - Principles in Peachtree and Sage Software
- (e) Utility Software
  - Text editor, directory manager, file backup/recovery, etc
  - Performance monitoring software, scheduling software, etc
- (f) e-Business Enabling Software
  - Supply Chain Management (SCM)
  - Customer Relationship Management (CRM)
  - Sales Force Automation (SFA)
  - Human resources management
  - Asset management
  - Enterprise Resource Planning (ERP)
  - Manufacturing (CAD/CAM, CNC)
  - Distribution and logistics software
- (g) Protocols and Standards
  - Common Standards and Internet Protocols
  - Seven-layer OSI Reference Model:
    - (i) Physical
    - (ii) Data Link
    - (iii) Network
    - (iv) Transport
    - (v) Session
    - (vi) Presentation
    - (vii) Application
  - Electronic Data Interchange (EDI)
  - Transmission Control Protocol/Internet Protocol (TCP/IP)
  - Wireless Application Protocol (WAP)
  - Packet Switching

- Uniform Resource Locator (URL)
- Domain Name Server (DNS)
- File Transfer Protocol (FTP)
- Hypertext Transfer Protocol (HTTP)
- Hypertext Mark-up Language (HTML)
- Extensible Mark-up Language (XML)
- Extensible Business Reporting Language (XBRL)
- Internet Relay Chat Protocol (IRC)

**5. DATA ORGANISATION, ADMINISTRATION, ACCESS METHODS AND E-GOVERNMENT TOOLS (10%)**

(a) Data Structures and File organisation

- Data Basics : characters, records, files, multi-media
- Precision of data
- Data relationships: one-to-one, one-to-many, many-to-many
- Conceptual data modelling
- Normalisation of data
- Logical vs physical
- Entity-relationship diagramming
- Referential integrity
- Table structure: Tree, Flex
- Distributed data basics

(b) e-Government tools and software

- Accounting software models in government operations
- Introduction to Microsoft office government edition
- Introduction to billing software

**6. IT CONTROLS AND THE CONTROL ENVIRONMENT (10%)**

(a) Approaches to IT Risk Management

- IT risk strategy
- Policy statements, oral and written communications
- IT risk tolerance
- Acceptability of IT risk level
- IT risk measurement: Qualitative/quantitative risk approach strategies

(b) IT Governance Issues

- IT governance framework
- Level of IT oversight in the organization
- Knowledge of IT in the oversight board
- Pro-active IT risk detection systems

(c) Flow of authority and responsibility within the IT function

- Segregation of IT functions
- Authority structure in the IT function
- Responsibility of IT control structure:
  - i. Board, Top Management

- ii. IT management and IT personnel
  - iii. User departments and individuals
  - iv. Auditors
- (d) Setting IT objectives
  - IT strategic objectives
    - Mission/Vision/Purpose
    - Relation entity strategy objectives/IT strategy objectives
    - IT goals/measurements metrics, e.g. the BSC
- (e) Conducting IT Control Activities
  - IT Control Frameworks:
    - COBIT,
    - ITCG,
    - Web Trust
- (f) IT Asset safeguarding
  - Prevention/detection of fraud, error and illegal acts
  - Privacy
  - Confidentiality
  - Copyright issues
- (g) Systems Reliability Issues
  - Availability and continuity (back-up, recovery)
  - Access controls (physical, logical)
  - Processing integrity (completeness, accuracy, timeliness, authorisation)
  - Data integrity
  - Comparability
  - Authorisation
  - Auditability
- (h) Types of Control Activities
  - IT Top-Level Reviews
  - Direct IT Functional or IT Activity Management
  - Information Processing Controls
  - Manual Controls
  - IT Performance Indicators
  - Segregation of IT Duties and Functions
- (i) Systems Evaluation Procedural Controls
  - Systems analysis and documentation (e.g. flowcharting packages, review of program logic, etc.)
  - Systems/program testing (e.g. test data, integrated test facility, parallel simulation, etc.)
  - Data integrity testing (e.g. generalized audit software, utilities, custom programs, sampling routines, etc.)
  - Problem solving aids (e.g. spreadsheet, database, on-line data bases, etc.)
  - Administrative aids (e.g. word processing, audit program generations, work paper generators, etc)

## **7. EMERGING ISSUES IN INFORMATION TECHNOLOGY (5%)**

- Cloud computing
- Computer forensic

**8. EMERGING ISSUES IN TELECOMMUNICATIONS INDUSTRY (5%)**

- 2G
- 3G
- WI - Max

**9. CASE STUDY (15%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS: 60**

**E. RECOMMENDED TEXTS**

- ACCA Study Text: December 2004/2005; *Information Systems*; FTC Foulks Lynch
- Certified Information Systems Auditors, CISA (2004); *CISA Review Manual 2005*, Illinois, USA
- Essinger James (1998); *The Virtual Banking Revolution*. United Kingdom; Thomson Business Press.
- Gerald V. Post and Andersen David L. (2000); *Management Information Systems: Solving Business Problems with Information Technology*. London: Irwin McGraw-Hill.
- ICAN Study Pack, Management Information Systems, V/I Publishers, 2006
- ICAN Study Pack: Information Technology, V/I Publishers, 2009
- Laudon, Kenneth C. and Laudon, Jane Price (2003) *Management Information Systems: Organisation and Technology*. 1<sup>st</sup> Ed, London: Prentice Hall
- Pressman Roger S. (1992); *Software Engineering: A Practitioner's Approach* 3<sup>rd</sup> Ed. New York: Mc Graw-Hill

## 21.3.2 PAPER 9: MANAGEMENT ACCOUNTING

### A. OBJECTIVE

To examine candidates'

- Ability to provide relevant information to assist the management of organisations in various sectors and at the operational and strategic levels in planning, decision making and in controlling operations
- Ability to analyse problem situations, propose and/or evaluate alternative courses of action
- Knowledge of the relevant quantitative techniques in solving problems
- Ability to assist management in identifying and applying appropriate performance measurement techniques
- Use of information and communication technology in solving problems and preparation of reports.

### B. LINKAGES

This paper is linked to papers 1, 3, 4, 8 and 14

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) - Answer the question on Case Study and any other three.

### C. CONTENTS

#### 1. NATURE AND PURPOSE (5%)

- (a) An overview of management accounting
- (b) Management accounting as a tool of management and its role in a changing environment.
- (c) Concepts used in planning, control and decision making such as full cost, sunk cost, marginal or direct cost, opportunity cost, incremental cost or differential cost.

#### 2. DECISION MAKING (15%)

- (a) Short Term
  - (i) profit analysis - application and limitation
  - (ii) measuring costs and benefits, decision making involving dropping a segment, make or buy decision, accept or reject, incremental analysis, optimal product mix, adding new product, etc

- (iii) Single and Multi-Product cost-volume-profit analyses under conditions of uncertainty
- (iv) pricing
  - objectives of pricing and factors influencing pricing decisions
  - pricing methods: cost and market based methods - cost plus, marginal cost, average or lowest market prices or negotiated prices
  - product-life cycle and appropriate pricing strategies
- (b) Long Term - Capital Budgeting
  - (i) objectives of capital budgeting
  - (ii) techniques of evaluating capital budgets such as pay back period, accounting rate of return, cost benefit analysis, discounted cash flow (DCF) techniques-net present value (NPV), internal rate of return (IRR), and profitability index
  - (iii) capital rationing (single period, multi period) and use of linear Programming
  - (iv) replacement theory
- (c) Risks and Uncertainty
  - (i) measurement of risks
  - (ii) decision tree
  - (iii) portfolio theory
  - (iv) sensitivity analysis
  - (v) probability theory or expected value
  - (vi) utility theory

### 3. PLANNING (15%)

- (a) Long Term
  - i) Objectives of long terms planning.
  - ii) Procedure and stages for developing long-term plan including evaluation of alternatives
  - iii) Implementation of long-term plan and annual budget.
  - iv) Monitoring and control.
- (b) Short Term
  - i) types of budgets
  - ii) budgeting process covering but not limited to identification of objectives, search for possible courses of action, gathering data about alternatives and measuring pay-offs, selection of course of action, and monitoring outcomes and comparing with actual performance alternatives approaches to budgeting such as zero-base budgeting (ZBB). Programme Performance Budgeting System (PPBS) and Activity-Based Budgeting (ABB).
  - iii) Application of IT in budgeting e.g. spreadsheet application.

#### **4. CONTROL (15%)**

- (a) Control theory in management accounting including feedback loops, open and closed systems.
- (b) Control aspect of budgeting involving:
  - (i) budgetary control, its objectives and relationship with responsibility accounting
  - (ii) controllable and uncontrollable outcomes
  - (iii) analysis of variances
  - (iv) investigation and evaluation of variances including use of probability distribution and normal distribution curves
  - (v) behavioural aspect of budgeting including goal congruence, motivation and the problems of dysfunctional behaviour
- (c) Standard Costing:
  - (i) relationship of standard costing with budgeting
  - (ii) types of standards and procedure for setting standards
  - (iii) variance analysis including the use of IT
  - (iv) planning and operational variances
  - (v) control ratios

#### **5. DIVISIONAL PERFORMANCE EVALUATION (10%)**

- (a) Performance measures and control in divisionalised companies:
  - (i) organisational arrangement – centralisation, decentralisation and divisionalisation
  - (ii) methods of assessment such as absolute profit, residual income, return on investment
- (b) Transfer pricing in divisionalised companies
  - (i) objectives of transfer pricing
  - (ii) setting of transfer pricing
  - (iii) types of transfer pricing decision
  - (iv) determination of optimum transfer price
  - (v) International transfer pricing

#### **6. APPLICATION OF QUANTITATIVE METHODS (15%)**

- (a) Cost estimation methods.
- (b) Inventory control and estimation of optimum stock.
- (c) Linear programming techniques.
- (d) Learning Curve theory.
- (e) Markov process:
  - definition of Markov process
  - meaning of transition matrix
  - formulation of transition matrix
  - equilibrium or long-run situations for Markov process.

- (f) Simulation:
- (i) Concept and meaning
  - (ii) Types/approaches
    - Monte Carlo
    - Computer approach: To know how to use some packages on simulation

**7. CONTEMPORARY ISSUES IN MANAGEMENT ACCOUNTING (10%)**

Candidates will be tested on emerging issues such as Advanced Manufacturing Technology (AMT), Backflush, Target Costing (TC), Activity Based Costing (ABC), Throughput Accounting (TA), Life-cycle Costing (LC).

**8. CASE STUDY (15%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS 90**

**E. RECOMMENDED TEXTS**

- Adeniji, A.A. (2008). *An insight into Management Accounting*. Value Analysis Publisher, Lagos
- Asaolu, T. O. and Nasser M. L., *Essentials of Management Accounting*, Cedar Productions.
- Drury, C., 2000, *Management and Cost Accounting*, Van Nostrand Reinhold Ltd 5<sup>th</sup> Ed.,.
- Horngren, C. T. 2006, *Cost Accounting: A Managerial Emphasis*, Prentice-Hall 12<sup>th</sup> Ed.
- Kaplan, R. S., *Advanced Management Accounting*, Prentice-Hall (New Delhi).
- Lucey, T. 1996, *Management Accounting*, DP Publication 4<sup>th</sup> Ed.
- ICAN Study Pack: *Management Accounting*, V/I Publishers, 2006
- ICAN Study Pack: *Management Accounting*, V/I Publishers, 2009, 2<sup>nd</sup> Ed.

### 21.3.3 PAPER 10: FINANCIAL ACCOUNTING

#### A. OBJECTIVE

To examine candidates'

- Ability to prepare, analyse, interpret and report on financial statements.
- Knowledge and skills in understanding and applying international and local accounting standards.
- Knowledge of theoretical and legal framework in the preparation of financial statements of entities and groups for management use and publication.
- Technical knowledge required in keeping books, records and preparation of accounts of specialised businesses and transactions.

#### B. LINKAGES

This paper is linked to papers 1, 2, 3, 5, 6, 8, 11, 12, 13, 14 and 15

This paper would be a three hour paper divided into two sections:

**Section A:** (40 marks) – A number of compulsory multiple choice and short answers questions covering the entire syllabus.

**Section B:** (60 marks) – Answer the question on Case Study and any other three.

#### C. CONTENTS

##### 1. ACCOUNTING AND REPORTING CONCEPTS (10%)

- (a) Purpose of accounting regulations, standards and other requirements.
- (b) Objectives of financial statements.
- (c) Qualitative characteristics of financial information and its constraints.
- (d) Differences between financial statements prepared on accrual, cash or 'break-up' basis.
- (e) Different basls of measurement of elements of financial statements and the definitions of capital and capital maintenance used in accrual basis preparation of financial statements.

##### 2. COMPANY REPORTS AND ACCOUNTS (15%)

- (a) Preparation of published financial statements for limited liability companies, including banks and insurance companies, in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Nigerian Statements of Accounting Standards (SAS).
- (b) Computation and interpretation of accounting ratios and trends from Financial Statements to address stakeholder needs, including their usefulness and limitations.

- (c) Report writing. – Application of Extensible Business Reporting Language (EBRL) in financial reporting.
- (d) Preparation of Cashflow Statements for companies, including banks and insurance companies, using direct and indirect methods.
- (e) Accounting for bankruptcy and liquidation – Preparation of Statements of Affairs for insolvent individuals, partnership and limited liability companies.
  - Statement of distribution by the Receiver and Liquidator.

### **3. ACCOUNTING FOR SPECIALISED BUSINESSES AND TRANSACTIONS (10%)**

- (a) Preparation of accounts of Trustees, Estate Agencies, Farmers, Investments, Leasing, Hire Purchase, Oil and Gas, Pension and Provident Fund, Property Companies, Solicitors, Underwriters, Unit Trusts, Shipping Organisations, Stock Brokerage and Co-operative Societies.
- (b) Treatment of the following transactions in the financial records: Sinking Fund and Annuities, Insurance claims, Independent and Foreign Branches, and Contract Accounts.

### **4 REGULATORY AND STATUTORY FRAMEWORK (20%)**

- (a) Detailed contents and application of all Nigerian Accounting Standards (SAS) issued to-date (excluding SAS 1-9 examined in FFA).
- (b) Detailed contents and application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) not yet Issued by Nigerian Accounting Standards Board (NASB).
- (c) Comparison of local and international standards.
- (d) Generally Accepted Accounting Principles (GAAP)
- (e) Arguments for and against regulations.
- (f) Legislative and quasi-legislative requirements.
  - (i) Companies and Allied Matters Act, 1990
  - (ii) Insurance Act, 2003
  - (iii) Banks and Other Financial Institutions Act, 2003
  - (iv) NAICOM Act
  - (v) Prudential Guidelines for Banks and Non-banking Financial Institutions
  - (vi) Nigerian Stock Exchange Regulations
  - (vii) Securities and Exchange Commissions (SEC) and Investment and Securities Acts (ISA)

**NOTE:** Standards and legislations will be examined six-months after they are issued.

### **5 PUBLISHED GROUP ACCOUNTS (20%)**

- (a) Legal and regulatory framework in the preparation of group accounts
- (b) The preparation of consolidated financial statements (including group cash flow statement) involving one or more subsidiaries, sub-

subsidiaries and associates, under the acquisition methods (IFRS 3 and IAS 27).

- (c) The treatment of minority interests: pre and post-acquisition reserves; goodwill; fair-value adjustments; intra-group transactions and dividends; piecemeal and mid-year acquisitions; and disposals to include sub-subsidiaries and mixed groups.
- (d) The accounting treatment of Joint ventures and associates (IAS 28 & 31), using equity method and proportional consolidation method. Foreign currency transactions (IAS 21 & SAS 7 ) to include overseas transactions and investment in overseas subsidiaries.

**6. APPROACHES TO COMPUTERISED ACCOUNTING SYSTEMS IN ORGANISATIONS (10%)**

- (a) Accounting System Development
- (b) Uses of Accounting Packages
- (c) Transaction Processing Systems in a computerised environment.

**7. CASE STUDY (15%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS 80**

**E. RECOMMENDED TEXTS:**

- Akeju, J.B., *Financial Accounting Volume II*, JBA Limited, Lagos.
- Alexander, D., *Financial Reporting: The Theoretical and Regulatory Framework*, Chapman & Hall.
- Biggs, W.W. & Perrins, R.E.G. Spicer and Pegler's *Book-keeping and Accounts*, H.F.L
- Jennings, A.R., *Financial Accounting Manual 1 & 2*, DP Publications 1993.
- Lewis, R & Pendrill, *Advanced Financial Accounting*, Pitman 5<sup>th</sup> Ed 1996.
- Wood, F & Sangster A. *Business Accounting 2* - Pitman Inter 10<sup>th</sup> Ed 2005.
- IASB – *International Financial Reporting Standards*
- NASB – *Statements of Accounting Standards*, V/I.
- Akeju, J., *Financial Accounting Volume 1 (2003)*
- ICAN Study Pack, *Financial Accounting 1 and II*, V/I Publishers, 2006
- ICAN Study Pack, *Financial Accounting*, V/I Publishers, 2009

## 21.3.4 PAPER 11: ADVANCED AUDIT AND ASSURANCE

### A. OBJECTIVE

To examine candidates'

- Understanding of regulatory and ethical considerations governing the conduct of audit and assurance engagements.
- In-depth knowledge and skills in the application of computer based accounting system.
- Ability to prepare reports on specialised audits and investigations and proffer tactical solutions to dynamic problems.
- Ability to exercise professional competence in dealing with problems in re-engineering, insolvency and specialised audits.
- Ability to apply professional expertise in audits and investigations with a view to ensuring transparency and accountability in the public sector.
- Ability to anticipate and react to current and future audit and assurance related services.

### B LINKAGES

This paper is linked to papers 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13 and 15

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) - Answer the question on Case Study and any other three.

### C. CONTENTS

#### 1. AUDIT PLANNING AND CONTROL (10%)

- (a) Development of Audit Strategy:
  - (i) Determination and uses of quantitative and qualitative materiality considerations.
  - (ii) Multiple location and consolidated organisation considerations.
  - (iii) Audit Plans and Planning Memorandum.
  - (iv) Factors for consideration in Audit Planning.
- (b) Determination of Audit Risks:
  - (i) Inherent risks.
  - (ii) Control risks.
  - (iii) Detection risks.
- (c) Execution of Audit Strategy:
  - (i) Documentation and assessment of control systems.
  - (ii) Nature, extent and timing of audit procedures.
- (d) Organising, audit working papers and working with specialist reports.

## **2. ISSUES IN AUDIT PRACTICE (10%)**

- (a) Organisation and Conduct of Professional Office:
  - (i) Office and office facilities
  - (ii) Partners relationship
  - (iii) Staff and management
  - (iv) Quality control
  - (v) Training
- (b) Standards for Assurance Engagement:
  - (i) Definition and underlying concept of assurance engagement
  - (ii) Quality control practices and procedures, advertising and publicity, fees, tendering, engagement letters and consultation
  - (iii) Performance and reporting standards
- (c) Appraisal of Expectation Gap, Responsibilities for Fraud Detection, Prevention, Reporting Errors, Omissions, Misstatements and Other irregularities. Case studies and implications of new developments from Researches, Decided cases, Standards and other sources.
- (d) Negotiation skills: Own office and on behalf of clients.
- (e) Auditors' liability
- (f) IS audit issues in Audit and Assurance services

## **3. PUBLIC SECTOR AUDIT (10%)**

- (a) Audit of Corporations and Parastatals.
- (b) Specialised Audits: Contracts, Pensions, Defence and Security Agencies,
- (c) Audit of Nigerian Foreign Missions and Agencies.
- (d) Value-for-money Audit.
- (e) Investigations: Uses of Probe Panels in Investigating Acts of Fraud and Corruption.
- (f) Due process review
- (g) Audit of Government Accounts (Federal, States and Local Governments).

## **4. SPECIALISED AUDITS AND INVESTIGATIONS (15%)**

- (a) Understanding of special features of certain types of situations peculiar to:
  - (i) farmers, professionals, hospitals, hotels, etc.
  - (ii) forensic investigation and reporting.
  - (iii) banks, insurance companies, primary mortgage institutions, etc.
  - (iv) 'not-for profit' organizations – Charities, NGO's, etc.
- (b) Joint Audits.
- (c) Investigations
  - (i) Distinction between auditing and investigation.
  - (ii) Nature, classes and methods of investigation.

- (iv) Auditors' involvement with prospectuses and other offer documents.
- (iv) Examination of financial forecasts and projections.
- (v) The report appropriate to each type of investigation.
- (d) Insolvency and Business Recovery
  - (i) Various legal processes involved in corporate distress.
  - (ii) Differences between receivership, receiver/manager, bankruptcy and liquidation.
  - (iii) Implications of insolvency for corporate governance and 'going concern' threats.
  - (iv) Legal requirements
  - (v) Handling insolvency assignments.
- (e) Due diligence reviews for mergers, acquisitions and business combinations.

## **5. PRINCIPLES AND APPLICATIONS OF PROFESSIONAL ETHICS (15%)**

- (a) The nature of ethics; differentiation between philosophical and professional approaches.
- (b) Concepts of integrity, obligation, independence, public expectations.
- (c) Ethics and the professions; social responsibility.
- (d) Ethics and the law.
- (e) Consequences of unethical behaviour to the individuals, the professions and the society at large.
- (f) Ethical standards and professional responsibilities, independence, confidentiality, objectivity, securing professional work, consultancy, succession arrangement, disciplinary procedures, compliance with standards and development.
- (g) Relationship with fellow members, joint engagements, communication with predecessors, special assignments and other assurance services.
- (h) Corporate Governance: Concepts and Applications
  - auditors' responsibility in relation to shareholder information and participation rights.
  - the duties and organisations of the Board of Directors and the Management.
  - systems of checks and balances.
- (i) Obligation should change to objectivity.

## **6. LOCAL AND INTERNATIONAL LEGISLATIONS AFFECTING AUDITS (5%)**

- (a) Economic and Financial Crimes Commission (EFCC) Act
- (b) Independent, Corrupt Practices and Other Related Offences Commission (ICPC) Act
- (c) Sarbanes-Oxley Act and other relevant international legislations.

**7. QUALITY CONTROL IN AUDIT AND ASSURANCE REPORTS (10%)**

- (a) Effects of SAS, NSA and IFRS on Audit Reports.
- (b) Statutory Audit Reports:
  - (i) Supervisor's Review.
  - (ii) Manager's Review.
  - (iii) Partner's Review.
  - (iv) External/Peer Group Review.
  - (v) Hot/Quality Control Appraisal.
- (c) Reports to Management.
- (d) Reports on Assurance assignments.

**8. EMERGING ISSUES IN AUDIT AND ASSURANCE (5%)**

- Transnational audits.
- Environmental and social audits.

**9. INFORMATION TECHNOLOGY ISSUES IN ADVANCED AUDIT AND ASSURANCE (10%)**

- IT general controls environment.
- IT governance.
- IT control activities.
- Systems evaluation & procedural controls.
- IT risk assessment methodologies and processes.
- Disaster recovery.
- Auditor's role in Systems Development Life Cycle (SDLC).

**10. CASE STUDY (10%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS: 90**

**E. RECOMMENDED TEXTS:**

- Chambers, A. N. and Court, J. N. 1991, *Computer Auditing*, Pitmans, 3<sup>rd</sup> Ed.
- ICAN Study Pack: *Advanced Audit and Assurance*, V/I Publishers, 2009.
- ICAN Study Pack: *Financial Reporting and Audit Practice*, V/I Publishers, 2006.
- Lee, T. A., *Corporate Audit Theory*, Chapman & Hall.
- Swinson, C. H. *Group Accounts*, Butterworths.
- Woolf, E. *Auditing Today*, Prentice Hall International, 1997.
- Nigeria Standards of Auditing.
- IFAC, *IFAC Guidelines*, Gee & Co.

## **21.4 PROFESSIONAL EXAMINATION II**

### **21.4.1 PAPER 12: PUBLIC SECTOR ACCOUNTING AND FINANCE**

#### **A. OBJECTIVE**

To examine candidates' ability to:

- Understand the Legal frameworks and the Financial Authorities used in the Public Sector.
- Describe the Accounting Concepts, Fund Accounting Concepts and various Professional Pronouncements on Government Accounting.
- Identify the various revenue inflows to the Federation Account and Consolidated Revenue Fund, their differing characteristics and interaction with each other.
- Evaluate the Financial Management Cycle in Federal, States and Local Governments and explain the main public expenditure votes – Personnel Emolument, Overheads and Capital Votes and the rules guiding disbursement.
- Prepare Financial Statements for Parastatals based on the enabling laws setting each up and explain the procedure of accounting for the funds allocated to each of them.
- Analyse the economic environment in respect of sources of revenue and capital receipts, debt management strategies and project appraisal in relation to medium term expenditure framework.

#### **B. LINKAGES:**

This paper is linked to papers 1, 2, 3, 4, 5, 6, 10, 11, 13, 14 and 15

This paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus.

**SECTION B:** (60 Marks) - Answer the question on Case Study and any other three.

#### **C. CONTENTS:**

##### **1. THE CONSTITUTIONAL AND REGULATORY FRAMEWORK OF PUBLIC SECTOR ACCOUNTING (10%)**

- (a) The constitutional, legislative and regulatory context of government accounting:
  - (i) The constitutional provisions on revenue, revenue allocation and public expenditure (Federal, State and Local Government).
  - (ii) The provisions of the Finance (Control and Management Act

- of 1958, as amended).
- (iii) Financial Regulations for Federal and State Governments, and the Financial Memoranda for Local Governments.
- (iv) Federal Treasury Accounting Manual
- (v) Fiscal Responsibility Act, 2007
- (vi) Public Procurement Act, 2007.
- (vii) The Generally Accepted Accounting Principles applicable to the Public Sector, Local and International Sources.
- (b) The economic environment of Public Sector Accounting:
  - Performance of the Nigerian economy: a historical perspective and the economic role of the public sector.

## **2. GOVERNMENT ACCOUNTING CONCEPTS AND PRONOUNCEMENTS (10%)**

- (a) Accounting concepts, bases and principles relevant to government accounting.
- (b) The concept of funds, its relationship to the entity concept and its implications for income measurement and valuation.
- (c) Professional pronouncements on government accounting by the United Nations, the International Committee on Government Financial Management, Chartered Institute of Public Finance and Accountancy (CIPFA) and International Federation of Accountants (IFAC).
- (d) Standardisation of Federal and State Government Reporting Formats in Nigeria
- (e) International Public Sector Accounting Standards Board (IPSASB).

## **3. SOURCES OF GOVERNMENT REVENUE (10%)**

- (a) Types of Revenue
  - (i) Federation Accounts Revenue
  - (ii) Federal Government Independent Revenue
- (b) Revenue Collection Agencies
  - (i) Nigerian National Petroleum Corporation (NNPC)
  - (ii) Federal Inland Revenue Service (FIRS)
  - (iii) Department of Petroleum Resources (DPR)
  - (iv) Nigerian Customs Service (NCS)
- (c) Federation Accounts Allocation Committee
  - (i) Composition and functions
  - (ii) Bases of revenue allocation
- (d) Charges to the Consolidated Revenue Fund
- (e) Revenue Collection Procedures and Monitoring
- (f) Preparation of Federation Account, Consolidated Revenue Fund and Development Fund.

4. **FINANCIAL MANAGEMENT CYCLE IN FEDERAL, STATES AND LOCAL GOVERNMENTS (20%)**

(a) **Institutional Framework**

- (i) Financial Responsibilities of Government Officers.
- (ii) Nature and types of financial control in government.
- (iii) The Financial Control Institutions:- Ministry of Finance, Office of the Accountant-General of the Federation, Office of the Auditor-General for the Federation, Budget Office, Expenditure Control Unit/Fund Section – their functions and procedures.
- (iv) The Role of National and State Assemblies and Local Government Councils in Financial Management and Control.
- (v) Financial Warrants and virement procedures.

(b) **Planning and Budgeting**

- (i) Preparation of Medium-Term Expenditure Framework.
- (ii) Objectives/Uses of Annual Budget in the Public Sector.
- (iii) Types of Budgeting
  - Line – Item Budgeting System.
  - Traditional/Incremental Budgeting System.
  - Planning Programming Budgeting System (PPBS).
  - Programme Performance Budgeting System (PBS).
  - Zero - Based Budgeting System (ZBB).

(c) **Budgeting Process and Budgetary Control**

- (i) Stages in the Budget Cycle.
- (ii) Procedure for Budget Execution and Achievement of Target.
- (iii) Vote Book and Expenditure Control.
- (iv) Revenue Control Procedures.
- (v) Internal Audit.

(d) **Government Accounting Processes**

- (i) Preparatory of Treasury Cash Book and Transcripts.
- (ii) Cash Management and Borrowing Guidelines.
- (iii) Types of Vouchers and their Uses.
- (iv) Bank Reconciliation Statement and its preparation.
- (v) Method of preparation of standardised formats of Government Financial Statements:
  - Subsidiary Accounts – Deposit, Advance, Remittance/Cash Transfers.
  - Treatment of loss of Government Fund.
  - Payroll Accounting and Pension Fund.
  - Accounting for Foreign Mission.

(e) **Government Contracts**

- (i) Fundamental Principles for Procurement in the Public Sector.
- (ii) Tendering Procedures on Construction/Contract, Goods and Services.
- (iii) Approving authority and limit.
- (iv) The role of Procurement Planning Committee.
- (v) Contract Payment Procedures.
- (vi) Due Process Concept.

- f) **Financial Reporting**
  - (i) Preparation of Statutory Financial Statements in Federal and State Treasury: Cash Flow Statement, Consolidated Revenue Fund, Development Fund and Statement of Assets and Liabilities.
  - (ii) Preparation of Statutory Financial Statements in Local Governments.
  - (iii) Ethical Issues in Government Accounting.
  - (iv) Auditor-General's Role in Financial Reporting.
  - (v) Preparation of Revenue and Expenditure Accounts.
- (g) **Interpretation of Government Financial Statements**

**5. ACCOUNTING FOR PUBLIC SECTOR ORGANISATIONS, AUTHORITIES, PARASTATALS, BOARDS, CORPORATIONS, AGENCIES AND TERTIARY EDUCATIONAL INSTITUTIONS (15%)**

- (a) The general nature of and differences among these bodies .
- (b) Financial provisions of enabling laws for the relevant utilities, authorities, Parastatals, boards, corporations, agencies, and tertiary educational institutions.
- (c) Financial reporting
  - (i) receipts and payments accounts.
  - (ii) income and expenditure accounts.
  - (iii) the balance sheet.
  - (iv) value-added statement.
  - (v) cash flow statement.
  - (vi) five-year financial summary.
- (d) Processes of appointing Auditors and Auditing of the Financial Statements.
- (e) Public Accountability of Government Parastatals.
- (f) Financial Guidelines for the operation of Parastatals.

**6. PUBLIC FINANCE (20%)**

- (a) The economic environment and role of the public sector.
  - (i) performance of the Nigerian Economy.
  - (ii) the economic role of the public sector.
  - (iii) objectives of Fiscal Responsibilities.
- (b) Main sources of revenue and capital finance.
- (c) Expenditure and Revenue Framework.
- (d) Borrowing policy and public debts.
  - (i) funded and unfunded debts.
  - (ii) external loans: multilateral, Paris Club, London Club, promissory notes, others.
- (e) Debt Management Strategies.
  - (i) Loans pooling and consolidation.
  - (ii) Loan re-scheduling.
  - (iii) debt-equity swap.
  - (iv) debt forgiveness.

- (f) Principles and practice of federalism, fiscal federalism, fiscal capacity and needs in multi-level government structures.
- (g) Inter-governmental fiscal relations, Nigeria's experience with revenue allocation.
- (h) The theory and practice of grants in relation to State and Local Governments.
- (i) Project appraisal in the Public Sector
  - cost-benefit analysis.
  - cost-outcome analysis.
  - cost-effectiveness analysis.
  - net present value and internal rate of return.
  - dimensions of project performance such as availability, efficiency, outcome, effectiveness and accessibility.
- (j) Rolling Plans and Perspective Plans
  - relationship between rolling and perspective plans with PPBS.
  - linkages between the perspective plan, rolling plan and the annual budgets.

## 7. CASE STUDY (15%)

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS 60**

## E. RECOMMENDED TEXTS

- Bammeke, S.A.. (2008). *Public Sector Accounting and Finance for Decision Making*. Lagos, Sab & Associates Limited.
- Daniel, G. I. 1999, *Public Sector Accounting*, Ahmadu Bello University Press Zaria
- Hassan, M. M., 2001, *Government Accounting*, Malthouse Press Ltd., Lagos
- Hassan, M. M., *Financial/Management in Nigeria Local Government (2003)*
- ICAN Study Pack, *Public Sector Accounting and Finance*, V/1 Publishers, 2006
- ICAN Study Pack, *Public Sector Accounting and Finance*, V/1 Publishers, 2009, 2<sup>nd</sup> ed.
- Oshisami, K. 1992, *Government Accounting and Financial Controls*, Spectrum Books Ltd, Ibadan
- Musgrave, R. A. & Musgrave, P. B., *Public Finance in Theory and Practice*,
- *Fiscal Responsibility Act, 2007*
- *Federal Treasury Accounting Manual (Policy and Procedure) Act 2006*.
- *Public Procurement Act, 2007*

## 21.4.2 PAPER 13: FINANCIAL REPORTING & ETHICS

### A. OBJECTIVE

To examine candidates'

- Knowledge of current issues in the regulatory framework for reporting and identification of key ethical issues for an accountant undertaking work in accounting and reporting.
- Ability to formulate accounting and reporting policies for single entities and groups.
- Ability to prepare and present extracts from the single entity and consolidated financial statements for entities undertaking a wide range of accounting transactions in conformity with Statement of Accounting Standards (SAS), International Financial Reporting Standards (IFRS) and accounting policies.
- Ability to analyse and interpret financial statements and other financial information and draw appropriate conclusions.
- Ability to apply professional ethical considerations in the practice of financial reporting.
- Understanding of the relevant ethical and professional standards relating to the accounting profession.
- Understanding of general ethical principles and the fundamental principles of professional ethics outlined in the IFAC Code of ethics.
- Ability to develop ethical sensitivity in the recognition of ethical threats or issues, awareness of alternative course of action leading to ethical solution and the effect on stakeholders.
- Ability to apply basic ethical principles to the relevant functional roles such as financial accounting, management accounting, auditing and assurance, taxation and other functional areas.
- Ability to take informed decisions through the integration and application of ethical knowledge and sensitivity.
- Understanding of the concept of business ethics and its importance in corporate governance.

### B. LINKAGES

This paper is linked to papers 1, 2, 3, 5, 6, 7, 10, 11, 12, 14 and 15

This paper will be a three hour paper divided into two sections:

**Section A** – (40 Marks) - A number of compulsory multiple choice and short answer questions covering the entire syllabus

**Section B** – (60 Marks) - Answer the question on Case Study and any other four.

## **C. CONTENTS**

### **COMPONENT A FINANCIAL REPORTING**

#### **1. CURRENT ISSUES IN REPORTING FRAMEWORK (5%)**

- (a) Accounting Standards
  - (i) Standards setting process
    - Nigerian Accounting Standards Board (NASB)
    - International bodies
  - (ii) Authority of the NASB and international standards
- (b) Sources of reporting requirements in different jurisdictions.
- (c) Principles underlying different reporting treatments.
- (d) Ethical and professional issues in accounting and financial reporting:
  - (i) relevance and importance
  - (ii) merits of different viewpoints

#### **2. FORMULATION OF ACCOUNTING AND REPORTING POLICIES (10%)**

- (a) Accounting and reporting policies for single entity and consolidated financial statements
  - (i) laws
  - (ii) regulations
  - (iii) accounting standards
- (b) Recognising and measuring assets and liabilities
  - (i) methods of recognising and measuring assets and liabilities of the single entity or group
  - (ii) effect of the methods on the financial performance of the single entity or group
- (c) Accounting and reporting concepts
  - (i) fair presentation
  - (ii) true and fair view
- (d) Circumstances in which accounting and reporting concepts may override provisions of legislation or of accounting standards.

#### **3. PREPARATION AND PRESENTATION OF EXTRACTS FROM FINANCIAL STATEMENTS (10%)**

- (a) Extracts from financial statements
  - (i) extracts from financial statements of single entity according to IFRS requirements and accounting policies
  - (ii) extracts from financial statements of consolidated entities according to IFRS requirements and accounting policies
- (b) Financial and other data of:
  - (i) subsidiary
  - (ii) associate
  - (iii) joint ventureof a single entity in accordance with IFRS
- (c) Financial and other data of an entity's consolidated financial

- statements in respect of
  - (i) new interest
  - (ii) continuing and discontinuing interests (excluding partial disposals) in subsidiaries, associates and joint ventures in accordance with IFRS
- (d) Determination of distributable profits of single entity and allocation of distributable profit
- (e) Financial and operational information in documents containing audited financial statements
  - (i) reports on operations by management or those responsible for governance
  - (ii) financial summaries and highlights relevant to the legal entity or consolidated financial statements

#### **4. INTERPRETATION OF FINANCIAL STATEMENTS (15%)**

- (a) Application of SAS, IFRS and other accounting and disclosure requirements to information provided in:
  - (i) single entity financial statements
  - (ii) group financial statements
- (b) Application of relevant indicators, including ratios, trends and interrelationships to analyse single entity or group financial position
- (c) Stages in financial statements analysis
  - (i) choice of accounting treatments adopted in financial statements and other financial information
  - (ii) identify and compare significant features in the information supplied for a given entity or entities, including inconsistencies between the results analysed and the information supplied
  - (iii) specify any additional information required for a meaningful analysis
  - (iv) draw conclusions and make inferences from an analysis with respect to:
    - significant features in the information supplied
    - limitation of the information supplied
    - analytical methods used
    - economic conditions
    - business circumstances

**Note:** The Nigerian Accounting Standards Board (NASB) is in the process of concluding the Conceptual Framework on Financial Reports into a standard. This will replace the existing Conceptual Framework on Financial Statements.

## 5. ACCOUNTING STANDARDS (10%)

A thorough knowledge of the following financial statement areas with a solid understanding of the subject matter and experience in the application thereof sufficient to exercise reasonable professional judgement in the application of the subject matter is required.

		SAS	IAS	IFRS
1.	First Time Adoption	-	-	1
2.	Statement of cashflows	18	7	
3.	Construction contracts	5	11	
4.	Accounting for government grants and disclosure of government assistance	-	20	
5.	Borrowing costs	-	23	
6.	Related party disclosures	-	24	
7.	Consolidated and separate financial Statements	27	27	
8.	Investments in associates	28	28	
9.	Interest in Joint Ventures	29	31	
10.	Financial instrument presentation	-	32	
11.	Impairment of assets	-	36	
12.	Intangible assets	-	38	
13.	Investment property	13	40	
14.	Business combinations	26		3
15.	Non-current assets held for sale and discontinued operations	-		5
16.	Operating segments	-		8

## COMPONENT B ETHICS

### 6. ETHICAL FRAMEWORK CONCEPTS AND VALUE (5%)

- (a) Nature of ethics
- (b) The ethical framework for accountants
- (c) Rules-based and principles-based approaches
- (d) The foundation of the accounting profession
- (e) Ethics and the profession
- (f) Accountants and their stakeholders
- (g) Interests of stakeholders and conflicts
- (h) Professional conduct and the public interest
- (i) Behaviour and influences of stakeholders
- (j) Commonly used theories and principles

- (k) Theories of moral development
- (l) Virtue ethics theory and value based education
- (m) Ethics and culture
- (n) Professional values, ethics and attitudes and the code of conduct for accountants
- (o) Importance of ethical courage and ethical leadership

**7. THE ENVIRONMENT: CORPORATE, PROFESSIONAL AND REGULATORY (5%)**

- (a) The corporation and its interests
- (b) Professional responsibilities
- (c) The accounting profession and public expectations
- (d) Professional and legal requirements in financial reporting and auditing
- (e) The concept of accountability
- (f) The legal framework for businesses and accountants
- (g) The role of accountants in the globalisation context
- (h) The impact of legal and other reforms
- (i) Investigative reports and professionalism
- (j) Developments in the profession to enhance professional values, ethics, and attitudes, including codifications and education initiatives
- (k) Learning with and managing professional responsibilities through case studies

**8. PROFESSIONAL ETHICS (5%)**

- (a) Compliance with fundamental ethical principles
- (b) Codes of ethics, including corporate codes and underlying rationale
- (c) Technical and ethical standards
- (d) Independence, professional skepticism, accountability and the public interest
- (e) Self-regulation and oversight functions
- (f) Quality control and peer reviews
- (g) Case analyses of professional issues
- (h) Current developments in professional ethics and conduct

**9. DECISION MAKING IN ETHICS: (5%)**

Ethical decision making models

**10. ETHICAL THREATS AND SAFEGUARDS (5%)**

- (a) Definition and scope of ethical threats and issues in accounting and related areas
- (b) Introduction of safeguards at professional and firm levels
- (c) Conflicts of interest in corporate and professional environments
- (d) Different types of ethical threats and ethical issues
- (e) Specific ethical threats and safeguards in accounting, e.g. window dressing/creative accounting

- (f) Ethical threats in auditing and assurance service e.g. threats and safeguards to independence and integrity
- (g) Ethical threats in other financial services and safeguards
- (h) Effects of culture on ethical issues
- (i) Whistle-blowing cases and solutions
- (j) A discussion of current controversial ethical issues relevant to the profession
- (k) Analysis of threats and safeguards

**11. CORPORATE GOVERNANCE (5%)**

- (a) The nature, significance and scope of enterprise governance and threats to effective governance
- (b) Theoretical framework including agency problems
- (c) Minimizing the threats of agency costs
- (d) Corporate and other social responsibilities
- (e) Stakeholder relationships
- (f) Regulatory framework for corporate and enterprise governance
- (g) The role of accountants and auditors in governance framework
- (h) Governance: good practice and issues
- (i) Analysis of cases of failures
- (j) Global developments in enterprise and corporate governance
- (k) Benchmarking governance cases in practice

**12. SOCIAL AND ENVIRONMENTAL ISSUES IN ETHICS (5%)**

- (a) The scope, background and concept of corporate social responsibility
- (b) The accountant and society including agency problems
- (c) Minimizing the threats of social costs and liabilities
- (d) Developments in social and environmental frameworks
- (e) Measurement and accountabilities in social and environmental reporting
- (f) Issues in social responsibilities and accountabilities
- (g) The role of accountants and auditors in society and businesses
- (h) Analysis of cases of social and environmental failures
- (i) Social and environmental accounting and issues

**13. CASE STUDY (15%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**D. CONTACT HOURS - 80**

**E RECOMMENDED TEXTS:**

- Alexander, D. and Balttan, A. 1999, *Financial Reporting*, International Thomson Business Press, 5<sup>th</sup> Edition.
- Beaver, W. N., *Financial Reporting, An Accounting Revolution*, Prentice Hall
- ICAN Study Pack *Financial Reporting and Audit Practice*. V/I Publishers Ltd. 2006
- *IFAC: Professional code of conduct*
- *ICAN: Rules of Professional Conduct for Members*
- John L. Colley: *Corporate Governance* - McGraw-Hill Professional
- Martin Hilb: *New Corporate Governance: Successful Board Management Tools* - Springer
- NASB – Statement of Accounting Standards (SASs)
- IASB – International Accounting Standards (IASs)
- IFRS – International Financial Reporting Standards (IFRSs)
- ICAN Study Pack, *Financial Reporting and Ethics*, V/I Publishers, 2009.

## **21.4.4. PAPER 14: STRATEGIC FINANCIAL MANAGEMENT**

### **A. OBJECTIVE**

To examine candidates' ability to:

- Understand the principles of business strategy and ability to differentiate between corporate and financial strategies.
- Appreciate the major concepts, techniques and tools employed in the sourcing of business finance and its efficient deployment to optimise the value of the business.
- Apply appropriate Financial Management techniques in analysing the cost and benefits of various sources of finance and capital investment opportunities, Allowing for the effects of taxation, inflation, risk and uncertainty.
- Familiarise themselves with financial market operations including appreciation of the role of financial intermediaries in the provision of short, medium and long term funds
- Understand the need for, as well as the techniques of, and approaches to corporate re-organisation and re-engineering
- Analyse the changing competitive business and economic environment factors (including the impact of Information Technology - IT) and to formulate appropriate financial strategy.
- Up-date themselves with recent developments in Financial Management as well as the international dimensions of Financial Management

### **B. LINKAGES**

This paper is linked to papers 1, 2, 3, 4, 5, 7, 9, 10, 12, 13 and 15.

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) – A number of compulsory multiple choice questions and short answer question covering the entire syllabus:

**SECTION B:** (60 Marks) - Answer the question on Case Study and any other three.

### **C. CONTENTS**

#### **1. NATURE AND SCOPE OF STRATEGIC FINANCIAL MANAGEMENT (5%)**

- Scope of Strategic Financial Management.
- Goals and Objectives of Corporate Organisations.
- Financial objectives of both profit and not-for-profit organisations - maximizing shareholders wealth, value for money, providing a surplus, etc.
  
- Principles of corporate governance: relationship between the company, management and other stakeholders. Scope of directors'

responsibilities, adequacy of disclosure requirements, creative accounting, window dressing, e.t.c. Directors' remuneration and prerequisites, rewards and sanctions.

- The effect of good and bad corporate governance on the value of the business via share price
- Developments in the Nigerian Capital Market
- The nature and functions of money and capital markets. Distinctions between the two markets. Instruments of each of the markets: nature, characteristics, advantages and disadvantages. Key participants; individuals, companies, banks, non-bank financial institutions and Government agencies e.g. Central Bank of Nigeria (CBN), Nigerian Stock Exchange (NSE), Securities and Exchange Commission (SEC). Emerging Issues in the Stock Market.
- Ethical Issues in Corporate Financial Strategy

## **2. CORPORATE STRATEGY, INFORMATION AND FINANCIAL MANAGEMENT (5%)**

### **(i) Corporate strategy**

- Goals and Objectives of Corporate Strategy.
- Types and importance of strategy including the relationship between corporate strategy and financial strategy.
- Strategic planning, and differences between strategic, tactical and operational planning.
- Development of a corporate plan and its relationship to budgeting.
- Long-term financial planning.

### **(ii) Information and financial management**

- Application of IT in Financial Management Process
- Financial Modeling Techniques
- Decision Support Systems (DSS)
  - Meaning, nature and application
  - Applications software and analytical models

## **3. CAPITAL INVESTMENT DECISIONS (10%)**

- Mathematics of finance - time value of money, present value, yields on investments, loan amortisation, sinking fund etc.
- Capital expenditure planning and control and the identification and evaluation of investment opportunities including risk and return relationship
- Techniques of investment appraisal including payback period, discounted payback period, return on investment, NPV, IRR, PI, Cost-Benefit-Analysis, Value for money
- Evaluation of capital projects: Capital rationing including application of Linear programming in Multi-period capital rationing, replacement and abandonment decisions
- Strategic methodologies of investment appraisal of AMT projects. Types of AMT projects; relevance and shortcomings of current appraisal techniques in evaluating AMT projects.

- Treatment of inflation, taxation, risk, uncertainty and the effects of government policies on investment decisions
- Qualitative factors in Capital Investment Decisions

#### **4. FINANCING, CAPITAL STRUCTURE AND DIVIDEND POLICY DECISIONS (15%)**

- Identification and evaluation of various sources of finance: Share capital, Loan capital, convertibles and warrants, trade credit and bank finance
- Valuation of Securities
- Leasing: Definition, types of lease - Operating leases, finance lease, advantages and disadvantages, accounting and tax management of lease, after tax analysis of lease/buy/borrow and hire purchase
- The concept and measurement of the various costs of capital - equity, preference shares, debentures and loan stocks
- Optimal capital mix: evaluation and determination of financial requirements of corporate entities and organisations emphasising the factors which influence the choice of capital structure: Weighted Average Cost of Capital (WACC). Weighted net income/net operating income approach (Modigliani and Miller concept)
- Active and passive dividend policies and factors influencing dividend policies
- Types of dividends - cash dividend, script dividend and script issues (stock dividend)
- Legal and procedural aspects of dividend payment in Nigeria
- Relevance and irrelevance theories of dividend policy to the value of firm.

#### **5. CAPITAL MARKET FINANCING AND RISK MANAGEMENT (10%)**

- Public issues: methods and procedures for new issues
- The cost of new issues
- Rights issues: the mechanics of rights issues, subscription price, theoretical ex-rights price, value of rights, effects of rights issues on the price of the shares and on share holdings, underwriting arrangements
- Private placing: methods of issue
- Public issue of bonds and debentures
- Capital market efficiency - forms and tests of efficiency, implications of the efficiency of the market
- The applicability of market efficiency to the Nigerian capital market and empirical evidence of tests on the market
- Portfolio analysis: selection and decision techniques
- The market models - Capital Asset Pricing Model (CAPM), Arbitrage Pricing Model (APM)
- Measurement for portfolio performance
- Nigerian Capital Market Operations

## **6. WORKING CAPITAL MANAGEMENT (5%)**

- The components of working capital and the importance of effective working capital management to corporate survival.
- cash: preparation of cash budget and management of cash surpluses and deficits; cash management models.
- debtors: analysis and evaluation of various credit terms, use of cash discounts and debt collection techniques, debt factoring and invoice discounting.
- creditors: evaluating trade credits and the advantages and disadvantages of trading on credit.
- stocks: formulation of various stock policies and stock control systems techniques including inventory models such as Economic Order Quantity (EOQ), and Just-In-Time (JIT). Implications of inventory control for the financial manager.

## **7. CORPORATE RE-STRUCTURING, MERGERS AND ACQUISITIONS (10%)**

- The need and purpose of restructuring
- Types of restructuring, take-overs, leveraged buy-outs, distress restructuring
- Valuation of business units and entities
- Features of a merger, estimating the economic gains and costs of mergers
- Basic forms of acquisitions
- Motives for mergers and acquisitions
- The mechanics and tactics of a merger
- Evaluating financial performance of merged companies including reasons for their successes and failures
- The impact and effects of government regulations on mergers and acquisitions
- Quantitative factors in mergers and acquisitions

## **8. FINANCIAL MANAGEMENT OF SMALL AND MEDIUM SCALE ENTERPRISES (10%)**

- SME's and capital investment appraisal techniques
- Justification for the use of popular but incorrect techniques, such as pay back period, and ARR
- The need for SME's to embrace the use of DCF techniques viz NPV, IRR, etc.
- Determination of financial needs of SME's, problems of SME's financing, accessibility to other sources of finance such as venture capital, cheaper government fund, government grants and subvention as well as International funds.
- Micro-credit financing.

## 9. INTERNATIONAL FINANCIAL MANAGEMENT (15%)

- International financial markets and their associated risks.
- Exchange rate determination, identification and management of exchange rate risk.
- Hedging against currency risks - futures and options markets: Forward contracts, Future contracts, currency options and swaps.
- The role of the following financial institutions in financing international trade: Nigerian Export - Import (NEXIM) Bank, African-Export-Import Bank (AFREXIM), Bank of Industries (BOI), African Development Bank (ADB), International Monetary Fund (IMF), World Bank, International Finance Corporation (IFC), the Paris Club, London Club, etc.
- Government control versus self regulation
- International Capital Budgeting and International Financing

## 10. CASE STUDY (15%)

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

## D. CONTACT HOURS 120

## E. RECOMMENDED TEXTS

- Adetifa, S. B. 2006, *Corporate Finance and Investment Strategy*.
- Akinsulire, Oye (2008) *Financial Management*, Ceemol Nigeria Limited, Nigeria 5<sup>th</sup> Edition
- Akintoye, I.R (2008). *Investment Decisions: Concept, Analysis and Management*. Glorious Hope Publishers, Lagos.
- Holland John, 1993, *International Financial Management*; United Kingdom, Blackwell Publishers. 2<sup>nd</sup> Ed
- ICAN Study Pack, *Strategic Financial Management*, V/I Publishers, 2006
- ICAN Study Pack, *Strategic Financial Management*, V/I Publishers, 2009.
- Kayode, A. J., *Financial Management - Students Manual*; AJK Limited.
- Omolehinwa, Ade., 2002, *Workout Corporate Finance*
- Pinches, G. E. 1984, *Essentials of Financial Management*, Harper & Row.
- Richard A. Brealey & Stewart C. Myers, 1991: *Principles of Corporate Finance*, U.S.A., 4<sup>th</sup> Edition.
- Van Horne, J. C., 2002, *Fundamentals of Financial Management*, Englewood Cliffs, N. J. Prentice – Hall, 11<sup>th</sup> Ed.

## **21.4.4. PAPER 15: ADVANCED TAXATION**

### **A. OBJECTIVE**

To examine candidates' ability to:

- Appreciate the importance of taxation in personal and corporate financial planning and decision-making.
- identify and avail clients of the opportunities for minimizing potential tax liability by making full use of available options.

### **B. LINKAGES**

This paper is linked to papers 1, 2, 3, 5, 10, 11, 12, 13 and 14

The paper will be a three-hour paper divided into two sections:

**SECTION A:** (40 Marks) – A number of compulsory multiple choice questions covering the entire syllabus.

**SECTION B:** (60 Marks) – Answer the question on Case Study and any other three.

### **C. CONTENTS**

#### **1. TAX PRACTICE AND ADMINISTRATION (20%)**

- (a) Tax audit and investigation
- (b) Explain and advise on the requirements of a Revenue Audit so as to enable client/employer compliance.
- (c) Explain the principles of Stamp Duties and calculate any duty tax payable having optimised the use of any available relief.
- (d) Nature and purpose of revenue enquiry
- (e) Revenue Department's procedures
- (f) Ethical issues – implication of confidentiality, conflict of interest and disclosure of information on tax practice
- (g) Interpretation of tax laws using decided cases
- (h) Communication with Clients, Tax authorities and other stakeholders
- (i) Case presentation before Body of Appeal Commissioners.

## 2. **INDIVIDUAL ASSESSMENT, TRUST SETTLEMENTS, WITHHOLDING TAX, VAT AND ESTATES (10%)**

- (a) General familiarity with the relevant Laws and Practice, Incomes chargeable/exempt
- (b) Income from Employment
  - salaries, pensions, charge, annuities, fees, gratuities, allowances and benefits-in-kind;
  - allowable and disallowable expenses and related case laws;
  - assessments and collection of taxes
- (c) Sole traders and partnership business
  - meaning of a trade or profession
  - adjustment of profits of a trade or profession
  - Basis periods, Commencement and cessation rules
  - change of accounting dates
  - treatment of business losses – types of reliefs and their treatment, losses of trade or business at commencement or cessation
  - nature and objectives of capital allowances and reliefs available
    - Computation of capital allowances
- (d) Treatment of unearned income
  - income from rent on property, including contractor-financed projects
  - income from savings
  - dividends and interests
    - assessments and payments.
- (e) Taxation of non-resident individuals deriving income from Nigeria
- (f) International dimension of taxation and tax tariff
  - Double Taxation, etc.
- (g) VAT
  - General principles of VAT
  - Vatable goods/services
  - Exempt goods/services
  - Amount on which tax is chargeable
  - VAT rates
  - VAT on capital assets
  - EU VAT legislation/regulations
  - International transactions
- (h) Withholding Tax
  - Supplies/services subject to Withholding Tax
  - Rates
  - Offences and penalties

### **3. CAPITAL GAINS TAX (CGT) 10%**

- (a) Administration of CGT Act Cap CI LFN 2004  
Application of computational rules for Capital Gains Tax in the preparation of CGT returns and advise on appropriate tax planning measures including the use of available reliefs.
- (b) Disposal and acquisition of assets
  - hire purchase transactions
  - part disposal
  - connected persons/artificial transaction
  - consideration aspect
  - death
  - asset lost or destroyed
  - bargains comprising two or more transactions
- (c) Planning for tax savings and reliefs in capital gains tax
  - roll-over relief
  - delayed remittances or gains
  - double taxation relief
- (d) Other matters e.g. partnerships, legatees
- (e) Offences and Penalties

### **4. CORPORATE TAXATION INCLUDING TAXATION OF INCOME, PIONEER ACTIVITIES AND DOUBLE TAXATION RELIEF (20%)**

- (a) Computation of tax liabilities of various companies including down stream operations under CITA 1979 (as amended)
- (b) Planning for direct and indirect tax savings
- (c) Critical review of tax avoidance schemes
- (d) Pioneer legislation
- (e) Double taxation treaties and their implications on non-resident companies
- (f) Tax implication of mergers, acquisitions and take-over bids
- (g) Concepts and applications of deferred taxation
- (h) Tax distortion under inflationary conditions
- (h) Specialised businesses including real estate, agriculture, transportation, telecommunication, insurance, bank, airlines, etc.

### **5. PETROLEUM PROFITS TAX (PPT) (20%)**

- (a) Administration of PPT Cap P13 LFN. 2004
- (b) Understanding the nature and classification of income
- (c) Knowledge of the concept and computation of posted prices
- (d) Definition of Terms
- (e) Understanding the nature and classification of costs
- (f) Ascertainment of adjusted profits and imposition of costs
- (g) Allowable and non-allowable deductions
- (h) Treatment of losses
- (i) Computation of capital allowance

- (j) Tax offsets, petroleum investment allowance, computation of chargeable profit, chargeable tax and the concept of additional tax
- (k) Computation of Assessable Profits
- (l) Payment of tax due
- (m) Familiarisation with Memorandum Of Understanding (MOU) as it applies to petroleum prospecting companies
- (n) Offences and Penalties
- (o) Incentives available to companies engaged in the utilisation of associated gas and objectives for the incentives
- (p) Understanding the Joint Venture Contracts (JVC) and Production Sharing Contracts (PSC) as they apply to petroleum operations

**6. STAMP DUTY INCLUDING TRANSFERS BETWEEN ASSOCIATED COMPANIES AND RECONSTRUCTION/AMALGAMATION RELIEF (5%)**

**7. CASE STUDY (15%)**

Candidates will be required to apply different aspects of this paper to solve problems and also draw on the knowledge of other interlinked papers at lower or the same levels of the Institute's examinations.

**NOTES**

- (1) Candidates will be provided with tables of rates and allowances.
- (2) Candidates should be conversant with relevant decided cases and statutory provisions.
- (3) Candidates are expected to be conversant with annual budgetary provisions.
- (4) New legislations and budgetary provisions shall become examinable after 6 months from the date of issue or enactment.

**D. CONTACT HOURS: 60**

**E. RECOMMENDED TEXTS:**

- Adesola, S.M., *Income Tax Law and Administration in Nigeria*, Obafemi Awolowo University Press.
- Agyei, A. K. *Capital Gains Tax*, Graham Burn.
- Ani, A. A., et al., *Companies Income Tax and Petroleum Profit Tax in Nigeria*, UPL.
- ICAN Study Pack, *Tax Management and Fiscal Policy*, V/I Publishers, 2006
- ICAN Study Pack, *Advanced Taxation*, V/I Publishers, 2009
- Joint Tax Board, *Decided Cases by the Body of Appeal Commissioners*.
- Oremade, B. T., *Petroleum Profits Tax in Nigeria*, Evans Brothers, Ibadan.
- Uche, R. U., 2002, *Petroleum Accounting and Taxation in Nigeria*, Alexander Books Associates, Oakland, California, V/I,
- Federal Inland Revenue Service, *Annual Budget of Federal Republic of Nigeria*
- Federal Inland Revenue Service & Establishments (FIRS) Act, 2007