

**CERTIFIED PUBLIC ACCOUNTANT****CPA Part I****SYLLABUS OF EXAMINATION**

SR	SUBJECTS	HOURS		
		Lecture	Tutorial	Total
1	<b>Advanced Accounting &amp; Financial Reporting I</b>	120	90	210
2	<b>Practical Auditing I</b>	110		110
3	<b>Cost and Management Accounting I</b>	100	40	140
4	<b>Business Mathematics and Statistics</b>	70		70
5	<b>Commercial and Industrial Laws</b>	70		70
6	<b>Financial and Services Regulations</b>	60		60
		530	130	660

## **ADVANCED ACCOUNTING & FINANCIAL REPORTING I**

### **A. General Accounting**

- General Principles of Accounting . Practical Accounting problems in operation of total or control accounts, sectional or self-balancing ledgers, suspense accounts, advance accounts, inter-departmental and current accounts. Accounting entries in preparation of final accounts, outstanding liabilities, provisions, sinking funds, prepayments, etc . Issues in preparing interim financial statements.
- Preparation of accounts from incomplete records. Conversion to double entry.
- The operation of negotiable instruments: bills of exchange, cheques, payment orders, promissory notes .Financial instruments: financial assets, financial liabilities and equities.
- Consignment, joint ventures, associates and partnership accounts.
- Branch accounts including foreign branches.
- Company Accounting (Issue of equities and debts, including at premium and discount; )
- Purchase of business, amalgamations, absorptions, reorganisation and reconstruction. Reduction of capital. Conversion of one form of business entity to another.
- Business Combination
  - Merger or pooling of interests
  - Acquisition
    - Consolidated statement of financial position
      - Goodwill (partial and full)
      - Non-controlling interests
      - Consolidated reserves (retained earnings)
    - Consolidated income statement
  - Equity method of accounting
  - Proportionate method of consolidation
- Valuation of business enterprises including stocks, shares, securities, non-current and current assets, investment properties, intangibles and goodwill.
- Bankruptcy, liquidation and receivership accounts. Preparation of statement of affairs in bankruptcy. Accounts of liquidator in voluntary and compulsory liquidation . Trustee accounts.

### **B. Financial Reporting**

- Conceptual framework for financial reporting: Qualitative characteristics: understandability, relevance, reliability and comparability. Accounting policies, accounting estimates changes, correction of prior period errors.
- Recognition and measurement
- Legal versus commercial view of accounting. Concept of faithful representation. Time value of money, discounting to present values. Regulatory requirements relating to preparation of financial statements .
  - Income statement
  - Statement of comprehensive income
  - Statement of financial position
  - Statement of changes in Equity
  - Statement of cash flows

- Construction contracts
- Impairment of assets
- Earnings per share (EPS) and P/E Ratio
- Non-Current assets:
  - Property, plant and equipment
  - Intangible assets.
- Investment properties
- Government grants, borrowing costs
- Taxation : Current tax, Deferred tax
- Reporting financial performance
  - Discontinued operations
  - Non-current assets held for sale
- Analysing and interpreting financial statements
  - Limitations of financial statements
  - Calculation and interpretation of accounting ratios and trends to address users and stakeholders needs
  - Limitations of interpretation techniques.
- Specialized, not-for-profit and public sector entities.

## **PRACTICAL AUDITING I SYLLABUS (HEADINGS)**

### **A. Audit framework and regulation**

1. The concept of audit and other assurance engagements
2. Statutory audits
3. The regulatory environment and corporate governance
4. Professional ethics

### **B. Internal audit**

1. Internal audit and corporate governance
2. Differences between the external auditor and the internal audit function
3. The scope of the internal audit function
4. Outsourcing the internal audit function
5. Internal audit assignments

### **C. Planning and risk assessment**

1. Objective and general principles
2. Assessing the risks of material misstatement
3. Understanding the entity and its environment
4. Materiality, fraud, laws and regulations
5. Analytical Procedures
6. Planning an audit
7. Audit documentation

### **D. Internal control**

1. Internal control systems
2. The use of internal control systems by auditors
3. Transaction cycles
4. Tests of control
5. The evaluation of internal control components
6. Communication on internal control
6. Communication on internal control

### **E. Audit evidence**

1. The use of assertions by auditors
2. Audit procedures
3. The audit of specific items
4. Audit sampling and other means of testing
5. Computer-assisted audit techniques
6. The work of others
7. Not-for-profit organisations

**F. Review**

1. Subsequent events
2. Going concern
3. Written representations
4. Audit finalization and the final review

**G. REPORTING**

1. Audit reports
2. Reports to management
3. Internal audit reports

## **DETAILED SYLLABUS**

### **A. Audit framework and regulation**

1. The concept of audit and other assurance engagements
  - a. Identify and describe the objective and general principles of external audit engagements.
  - b. Explain the nature and development of audit and other assurance engagements.
  - c. Discuss the concepts of accountability, stewardship and agency.
  - d. Discuss the concepts of true and fair presentation and reasonable assurance.
  - e. Explain reporting as a means of communication to different stakeholders.
  - f. Define and provide the objectives of an assurance engagement.
  - g. Explain the five elements of an assurance engagement.
  - h. Explain the level of assurance provided by audit and other review engagements.
2. Statutory audits
  - a. Describe the regulatory environment within which statutory audits take place.
  - b. Discuss the reasons and mechanisms for the regulation of auditors.
  - c. Explain the statutory regulations governing the appointment, rights, removal and resignation of auditors.
  - d. State the objectives and principle activities of statutory audit and assess its value (e.g. in assisting management to reduce risk and improve performance).
  - e. Describe the limitations of statutory audits.
3. The regulatory environment and corporate governance
  - a. Explain the development and status of Myanmar/International Standards on Auditing (MSA/ISA)
  - b. Explain the relationship between International Standards on Auditing and Myanmar Standards on Auditing.
  - c. Discuss the objective, relevance and important of corporate governance.
  - d. Discuss the need for auditors to communicate with those charged with governance.
  - e. Discuss the provisions of international codes of corporate governance (such as OECD) that are most relevant to auditors.
  - f. Describe good corporate governance requirements relating to directors' responsibilities (e.g. for risk management and internal control) and the reporting responsibilities of auditors.
  - g. Analyse the structure and roles of audit committees and discuss their benefits and limitations.
  - h. Explain the importance of internal control and risk management.
  - i. Compare the responsibilities of management and auditors for the design and operation of systems and controls.
4. Professional ethics
  - a. Define and apply the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour,
  - b. Define and apply the conceptual framework, including the threats to the fundamental principles of self-interest, self-review, advocacy, familiarity, and intimidation.
  - c. Discuss the safeguards to offset the threats to the fundamental principles.
  - d. Describe the auditor's responsibility with regard to auditor independence, conflict of interest and confidentiality.
  - e. Discuss the preconditions, requirements of professional ethics, and other requirements in relation to the acceptance of new audit engagements.
  - f. discuss the process by which an auditor obtains an audit engagement.
  - g. Explain the importance of engagement letters and state their contents.

## **B. Internal audit**

1. Internal audit and corporate governance
  - a. Discuss the factors to be taken into account when assessing the need for internal audit.
  - b. Discuss the elements of best practice in the structure and operations of internal audit with reference to appropriate codes of corporate governance.
2. Differences between the external auditor and the internal audit function
 

Compare and contrast the role of external and internal audit regarding audit planning and the collection of audit evidence.
3. The scope of the internal audit function
 

Discuss the scope of internal audit and the limitations of the internal audit function.
4. Outsourcing the internal audit function
 

Explain the advantages and disadvantages of outsourcing the internal audit function.
5. Internal audit assignments
  - a. Discuss the nature and purpose of internal audit assignments including value for money, IT, best value and financial.
  - b. Discuss the nature and purpose of operational internal audit assignments including procurement.

## **C. Planning and risk assessment**

1. Objective and general principles
  - a. Identify the overall objectives of the auditor.
  - b. Identify and describe the need to plan and perform audits with an attitude of professional skepticism, and to exercise professional judgment
  - c. Explain the need to conduct an audit in accordance with MSA..
2. Assessing the risks of material misstatement
  - a. explain the components of audit risk.
  - b. Explain the risks of material misstatement in the financial statements.
3. Understanding the entity and its environment
  - a. Explain how auditors obtain an initial understanding of the entity and its environment.
  - b. Describe risk assessment procedures for the identification and assessment of the risks of material misstatement.
4. Materiality, fraud, laws and regulations
  - a. Define and explain the concepts of materiality and performance materiality.
  - b. Explain and calculate materiality levels from financial information.
  - c. Discuss the effect of fraud and misstatements on the audit strategy and extent of audit work.
  - d. Discuss the responsibilities of internal and external auditors for the prevention and detection of fraud and error.
  - e. Explain the auditor's responsibility to consider laws and regulations.
5. Analytical Procedures
  - a. Describe and explain the nature, and purpose of, analytical procedures in planning.
  - b. Compute and interpret key ratios used in analytical procedures.
6. Planning an audit
  - a. Identify and explain the need for planning an audit.
  - b. Identify and describe the contents of the overall audit strategy and audit plan.
  - c. Explain and describe the relationship between the overall audit strategy and the audit plan.
  - d. Explain the difference between interim and final audit.
7. Audit documentation
  - a. Explain the need for and the importance of audit documentation.
  - b. Describe the contents of working papers and supporting documentation.

- c. Explain the procedures to ensure safe custody and retention of working papers.

## D INTERNAL CONTROL

### 1. Internal control systems

- a. Explain why an auditor needs to obtain an understanding of internal control relevant to the audit.
- b. Describe and explain the five components of an internal control system of the control environment, the entity's risk assessment process, the information system, including the related business processes, relevant to financial reporting, and communication, control activities relevant to the audit and monitoring of controls.
- c. Discuss the difference between tests of control and substantive procedures.

### 2. The use of internal control systems by auditors

- a. Explain how auditors record internal control systems including the use of internal control questionnaires and internal control evaluation questionnaires.
- b. Explain how auditors identify deficiencies and significant deficiencies in internal control systems and how those significant deficiencies limit the extent of auditors' reliance on those systems.

### 3. Transaction cycles

- a. Explain, analyse and provide, examples of internal control procedures and control activities.
- b. Provide examples of computer system controls.

### 4. Tests of control

- a. Explain and tabulate tests of control suitable for inclusion in audit working papers.
- b. List examples of application controls and general IT controls.

### 5. The evaluation of internal control components 6. Communication on internal control

- a. Analyse the limitations of internal control components in the context of fraud and error.
- b. Explain the need to modify the audit strategy and audit plan following the results of tests of control.
- c. identify and explain management's risk assessment process with reference to internal control components.

### 6. Communication on internal control

- a. Discuss and provide examples of how the reporting of internal control significant deficiencies and recommendations to overcome those significant deficiencies are provided to management.

## E. Audit evidence

### 1. The use of assertions by auditors

- a. Explain the assertions contained in the financial statements.
- b. Explain the assertions in relation to classes of transactions, account balances, and Presentation and disclosures.
- c. Explain the use of assertions in obtaining audit evidence.

### 2. Audit procedures

- a. Discuss the quality and quantity of audit evidence.
- b. Discuss the relevance and reliability of audit evidence.
- c. Discuss and provide examples of how analytical procedures are used as substantive procedures.
- d. Discuss the problems associated with the audit and review of accounting estimates.
- e. Describe why smaller entities may have different control environments and describe the types of evidence likely to be available in smaller entities.

- f. Explain the auditors responsibilities and describe procedures to be applied in relation to opening balances and comparative information.
3. The audit of specific items
  - a. Receivables:
    - i. direct confirmation of accounts receivable
    - ii. other evidence in relation to receivables and prepayments, and
    - iii. the related income statement entries.
  - b. Inventory
    - i. inventory counting procedures in relation to year-end and continuous inventory systems
    - ii. cut-off
    - iii. auditor's attendance at inventory counting
    - iv. direct confirmation of inventory held by third parties,
    - v. other evidence in relation to inventory.
  - c. Payables, accruals, provisions and contingencies
    - i. supplier statement reconciliations and direct confirmation of accounts payable
    - ii. obtain evidence in relation to payables and accruals, and
    - iii. the related income statement entries.
  - d. Bank and cash
    - i. bank confirmation reports used in obtaining evidence in relation to bank and cash
    - ii. other evidence, in relation to bank and cash, and
    - iii. the related income statement entries
  - e. Tangible non-current assets and non-current liabilities
    - i. evidence in relation to non-current assets and
    - ii. non-current liabilities and
    - iii. the related income statement entries
  - f. Share capital, reserves and directors' emoluments
    - i. evidence in relation to share capital, reserves and directors' emoluments, and
    - ii. the *related income statement entries*
4. Audit sampling and other means of testing
  - a. Define audit sampling and explain the need for sampling
  - b. identify and discuss the differences between statistical and non-statistical sampling
  - c. Discuss and provide relevant examples of, the application of the basic principles of statistical sampling and other selective testing procedures
  - d. Discuss the results of statistical sampling, including consideration of whether additional testing is required
5. Computer-assisted audit techniques
  - a. Explain the use of computer-assisted audit techniques in the context of an audit
  - b. Discuss and provide relevant, examples of the use of test data and audit software for the transaction cycles and balances mentioned in sub-capability.
6. The work of others
  - a. Discuss the extent to which auditors are able to rely on the work of experts
  - b. Discuss the extent to which external auditors are able to rely on the work of internal audit
  - c. Discuss the audit considerations relating to entities using service organisations
  - d. Discuss why auditors rely on the work of others
  - e. Explain the extent to which reference to the work of others can be made in audit reports
7. Not-for-profit organisations
  - a. Apply audit techniques to not-for-profit organisations

- b. Explain how the audit of not-for-profit organisations differs from the audit of for-profit organisations

## **F. Review**

1. Subsequent events
  - a. Explain the purpose of a subsequent events review
  - b. Discuss the procedures to be undertaken in performing a Subsequent events review
2. Going concern
  - a. Define and discuss the significance of the concept of going concern
  - b. Explain the importance of and the need for going concern reviews.
  - c. Explain the respective responsibilities of auditors and management regarding going concern
  - d. Discuss the procedures to be applied in performing going concern reviews
  - e. Discuss the disclosure requirements in relation to going concern issues.
  - f. Discuss the reporting implications of the findings of going concern reviews.
3. Written representations
  - a. Explain the purpose of and procedure for obtaining written representations
  - b. Discuss the quality and reliability of written representations as audit evidence
  - c. Discuss the circumstances where written representations are necessary and the matters on which representations are commonly obtained.
4. Audit finalization and the final review
  - a. Discuss the importance of the overall review of evidence obtained
  - b. Explain the significance of uncorrect misstatements
  - c. Evaluate the effect of dealing with uncorrected misstatements

## **G. REPORTING**

1. Audit reports
  - a. Describe and analyse the format and content of unmodified audit reports.
  - b. Describe and analyse the format and content of modified audit reports.
2. Reports to management
  - a. Identify and analyse internal control and system deficiencies and significant deficiencies and their potential effects, and make appropriate recommendations to management.
3. Internal audit reports
  - a. Describe and explain the format and content of internal audit review reports and other reports dealing with the enhancement of performance.
  - b. Explain the process for producing an internal audit report.

## **COST & MANAGEMENT ACCOUNTING – I**

### *Syllabus and Study Guide*

#### **1. AIM**

To develop knowledge and understanding of the application of management accounting techniques to support the management processes of planning, control, decision making and performance measurement.

#### **2. OBJECTIVES**

On completion of this paper candidates should be able to:

- explain the role of management accounting within an organisation and the requirement for management information
- identify valid, relevant data from internal and external sources
- describe costs by classification and purpose
- identify appropriate material, labour and expense costs
- understand the principles of costing and apply them in straightforward scenarios
- understand and demonstrate the cost factors affecting production and pricing decisions
- understand the basic principles of performance management
- identify and discuss appropriate costing systems and techniques
- prepare budgets and use them to control and evaluate organizational performance
- understand the basic principles of performance management
- present cost information using appropriate methods
- prepare forecasts of income and expenditure
- monitor and analyse actual costs against forecasts and trends compare actual costs with standard costs and analyse and explain any variances
- prepare draft budget proposals
- prepare and present reports comparing actual performance with planned performance for the organisation or for responsibility
- centres and analyse any variances for management control purposes
- prepare and monitor relevant performance indicators, interpret the results and recommend how to reduce costs and enhance value
- make short-term decisions to enhance business performance.
- demonstrate the skills expected in Part 1 of CPA

#### **3. POSITION OF THE PAPER IN THE OVERALL SYLLABUS**

Some prior knowledge and understanding of the accounting principles and practices from degree level is required and basic competence in numeracy is assumed. This paper provides the basic techniques required to enable the candidates to develop the various methods into more complex problems at later parts. Candidates will, therefore, need a sound understanding of the methods and techniques encountered in this paper to ensure that they can take them further in subsequent papers at the CPA final part examination.

#### **4. KEY TOPICS**

<b>Serial</b>	<b>Description</b>
<b>1</b>	<b>Basic Principles, Nature and Purposes of Cost and Management Accounting</b>
<b>2</b>	<b>Management Information Systems</b>
<b>3</b>	<b>Classification and grouping of costs for Various Purpose</b>
<b>4</b>	<b>Elements of Costs</b>
<b>5</b>	<b>Costing Systems, Costing Methods and techniques</b>

6	<b>Forecasting, and Budgeting and Budgetary Control Techniques – Basic Level</b>
7	<b>Standard Costing and Variance Analysis and Reporting to Management</b>
8	<b>Short-term Decision Making and Relevant Costing</b>
9	<b>Current Issues in relation with Cost Management</b>
10	<b>Pricing Methods</b>
11	<b>Performance Measurement –Principles and practices</b>

## 5. APPROACH TO EXAMINING THE SYLLABUS

The examination is a three-hour written paper. The paper consists of five compulsory questions.

Question 1	40	marks
Questions 2 to 5(15 marks each)	60	marks
Total	100	marks
Pass	50	marks

## 6. RECOMMENDED TEXTS

- (i) **Foulks Lynch – Financial Information for Management;**  
Website: [www.foulkslynch.com](http://www.foulkslynch.com)
- (ii) **BPP – Planning, Control and Performance Management**  
Website: [www.bpp.com](http://www.bpp.com)
- (iii) **The Financial Training Company –Financial Information for Management**  
Website: [www.financial-training.com](http://www.financial-training.com)
- (iv) G Bancroft, G O’ Sullivan **Quantitative Methods for Accounting and Business Studies** (3rd Edition) McGraw Hill  
ISBN 0077077318
- (v) C Drury **Management and Cost Accounting** (5th Edition) International Thomson Business Press  
ISBN 1861525362.
- (vi) Weetman, P. **Management Accounting – An Introduction** (Prentice Hall)
- (vii) Dodge, R. **Foundations of Cost and Management Accounting**  
(International Thomson Business Press)  
ISBN: 041258820X
- (viii) Lucey, T. **Costing** (DP Publications: 5th Edition) ISBN: 0826455107
- (ix) Pizzey, A. **Cost and Management Accounting** (Paul Chapman: 3<sup>rd</sup> Edition)  
ISBN: 1853960497

## 7. DETAILED SYLLABUS DESCRIPTION

### 1 Accounting for management

- (a) The nature, purpose, scope and interrelations of functions carried out by management in relation to resources, costs, operations, performance
  - (i) setting objectives (long and short-term, strategic and operational, corporate and personal)
  - (ii) planning to meet objectives
  - (iii) implementing objectives
  - (iv) monitoring and controlling against objectives and plans
- (b) Nature of internal reporting
  - (i) financial and non-financial information for managers
  - (ii) cost centres, revenue centres, profit centres and investment centres and the impact of these on management information.
- (c) Management information requirements
  - (i) importance and definition of good information
  - (ii) presentation of information

- (iii) role of accountants and accounting information
- (iv) role of IT.
- (d) Maintaining and improving an appropriate system
  - (i) cost units
  - (ii) cost/profit/responsibility centres
  - (iii) methods for recording relevant information
  - (iv) sources of information and recording/processing information
  - (v) computer based information, storage and processing
  - (vi) analysis of output information and its dissemination to relevant individuals/departments.

## **2 Management Information Systems**

- (a) Explain what is meant by a management information system
- (b) Explain the role of accountants and accounting information within a management information system
- (c) Describe the purpose and role of cost and management accounting within management information system
- (d) Compare and contrast financial and cost and management accounting
- (e) Outline the managerial processes of planning, decision-making and control
- (f) Discuss the management of both financial and non-financial information requirements
- (g) Describe the various types of responsibility centres and the impact of these on management information.

## **3 Classification and Analysis of Costs**

- (a) Cost accounting versus management accounting
  - (i) purposes of cost and management accounting and financial accounting
  - (ii) role of cost accounting in a management information system
  - (iii) non-financial information.
- (b) Nature and purpose of cost classification and definitions.
- (c) Explain and illustrate classifications used in the analysis of product/ service costs including by function, direct and indirect, product and period, fixed and variable, avoidable and unavoidable, controllable and uncontrollable
- (d) Explain and illustrate the concept of cost objects, cost units, cost centres, revenue centres, profit centres and investment centres
- (e) Describe briefly the process of accounting for input costs and relating them to work done
- (f) Describe briefly the different methods of costing final outputs and their appropriateness to different types of business organisation/ situation
- (g) Describe the nature of control achieved through the comparison of actual costs against plan.

## **4 Cost Behaviour**

- (a) Explain the importance of cost behaviour in relation to business decision-making
- (b) Describe factors which influence cost behaviour
- (c) Explain how the terms linear, curvilinear and step functions applicable to costs
- (d) Identify, describe and illustrate graphically different types of cost behaviour
- (e) Explain the structure of linear functions and equations
- (f) Provide examples of costs which contain both fixed and variable elements
- (g) Use high/low analysis to separate the fixed and variable elements of such costs
- (h) Construct a scatter graph to establish whether a linear function would be appropriate
- (i) Establish a linear function using regression analysis and interpret the results

## **5 Material Costs**

- (a) Describe the different procedures and documents necessary for ordering, receiving and issuing materials from stock
- (b) Describe the control procedures used to monitor physical and 'book' stock and to minimise discrepancies and losses

- (c) Calculate, explain and evaluate the value of closing stock and material issues using LIFO, FIFO and average methods (weighted and periodic)
- (d) Calculate the standard cost of stocks from given information
- (e) Prepare ledger entries to record material cost inputs and outputs
- (f) Interpret the entries and balances in the material stock account.
- (g) Explain the reasons for holding stock
- (h) Identify and explain the costs of having stock
- (i) Calculate and interpret optimal reorder quantities (EOQ)
- (j) Calculate and interpret optimal reorder quantities when discounts apply
- (k) Explain concept of just-in-time ordering and purchasing system
- (l) Produce and interpret calculations to minimise stock costs when stock is gradually replenished
- (m) Describe appropriate methods for establishing reorder levels.

### **6 Labour Costs**

- (a) Explain the difference between, and calculate, direct and indirect labour costs
- (b) Explain the methods used to relate input labour costs to work done
- (c) Prepare journal and ledger entries to record labour cost inputs and outputs
- (d) Describe and illustrate different remuneration methods and incentive schemes
- (e) Calculate the level, and analyse the costs and causes of, labour turnover
- (f) Describe and illustrate measures of labour efficiency and utilisation
- (g) Interpret the entries and balances in the labour account.

### **7 Overheads**

- (a) Explain the difference between the treatment of direct and indirect expenses
- (b) Describe and justify the process of apportioning manufacturing overhead costs incurred to production
- (c) Allocate and apportion factory overheads using an appropriate basis
- (d) Re-apportion service centre costs including the use of the reciprocal method
- (e) Comment on the use of blanket, department, cost driver, actual and pre-determined absorption rates
- (f) Identify, calculate and discuss the appropriate absorption rates using relevant bases.
- (h) Prepare journal and ledger entries for manufacturing overheads incurred and absorbed
- (i) Calculate, explain and account for under – and over – absorbed overheads
- (j) Calculate and explain fixed overhead expenditure, volume and, where appropriate, efficiency and capacity variances
- (k) Describe and evaluate methods of attributing non-manufacturing overhead costs to units of output
- (l) Perform process cost accounting transactions for selling, distribution and administration overhead in a given business context
- (m) Describe how the cost structure of a business has changed over time and the implication of this with regard to overhead analysis.

### **8 Marginal and Absorption Costing**

- (a) Explain the concept of contribution
- (b) Demonstrate and discuss the impact of absorption and marginal costing on stock valuation and profit measurement
- (c) Establish the standard cost per unit from given data under absorption and marginal costing
- (d) Produce profit and loss accounts using absorption and marginal costing
- (e) Reconcile the profits reported under the two methods
- (f) Discuss the advantages and disadvantages of absorption and marginal costing.

### **9 Activity based costing**

- (a) Explain the reasons for the development of activity based costing
- (b) Select appropriate cost pools and cost drivers

- (c) Calculate product costs using activity based costing
- (d) Apply activity based costing principles in a job, contract, batch, service, or process costing context
- (e) Evaluate the use of activity based costing in specific situations
- (f) Compare and contrast the use of absorption, marginal and activity based costing

### **10 Job, Batch and Contract Costing**

- (a) Describe the characteristics of job, batch and contract costing
- (b) Describe the situations where the use of job or batch or contract costing would be appropriate
- (c) Discuss, and illustrate, the treatment of direct, indirect and abnormal costs
- (d) Complete cost records and accounts in job, batch and contract cost accounting situations
- (e) Estimate job and contract costs from given information.
- (f) Explain concepts of composite/ hybrid costing. (Job, Batch, Process, Operation Costing)

### **11 Process Costing – 1**

- (a) Describe the characteristics of process costing
- (b) Describe situations where the use of process costing is appropriate
- (c) Describe the key areas of complexity in process costing
- (d) Define 'normal' losses and 'abnormal' gains and losses
- (e) State and justify the treatment of normal losses and abnormal gains and losses in process accounts
- (f) Account for process scrap
- (g) Calculate the cost per unit of process outputs, and prepare simple process accounts, in absorption and marginal costing systems.

### **12 Process Costing –2**

- (a) Calculate and explain the concept of equivalent units
- (b) Allocate process costs between work remaining in process and transfers out of a process using the weighted average cost and FIFO methods
- (c) Prepare process accounts in situations where work remains incomplete
- (d) Prepare process accounts in situations where losses and gains are identified at different stages of the process
- (e) Distinguish between by-products and joint products
- (f) Valuation of by-products and joint products at the point of separation
- (g) Prepare process accounts in situations where by-products and/or joint products occur.

### **13 Operation/Service Costing**

- (a) Describe situations where the use of operation/service costing is appropriate
- (b) Illustrate suitable unit cost measures that may be used in a variety of different operations and services
- (c) Carry out service cost analysis in internal service situations
- (d) Carry out service cost analysis in service industry situations.

### **14 Cost-Volume-Profit (CVP) Analysis –**

- (a) Explain the objective of CVP analysis
- (b) Explain the concept of break-even
- (c) Calculate and explain the break-even point and revenue, target profit, contribution to sales ratio and margin of safety.
- (d) Construct break-even, contribution, and profit/volume charts from given data
- (e) Apply the CVP model in multi product situations.

### **15 Limiting Factors**

- (a) Explain and recognise what causes optimisation problems
- (b) Identify, formulate and determine the optimal solution when there is a single limiting factor.

**16 Linear programming**

- (a) Formulate a linear programming problem involving two variables
- (b) Determine the optimal solution to a linear programming problem using a graph
- (c) Determine the optimal solution to a linear programming problem using equations
- (d) Explain the methods available for dealing with optimisation problems ( minimisation and maximisation) with more than two variables
- (e) Formulate, but do not solve, a linear programming problem involving more than two variables
- (f) Explain shadow prices (calculations not examinable).

**17 Relevant Costing and Decision Making**

- (a) Explain the concept of relevant costing
- (b) Explain the relevance of such terms as opportunity and sunk costs, avoidable and unavoidable costs, fixed and variable costs, historical and replacement costs, controllable and uncontrollable costs, discretionary, policy and engineered costs to decision making
- (c) Calculate the relevant costs for materials and labour
- (d) Calculate and explain the deprival value of an asset
- (e) Construct a relevant cost statement and explain the results for such situations as make or buy decisions, shut down decisions and one-off contracts, etc;

**18 Budgetary planning**

- (a) Link between planning cycles, budgets and forecasts
  - (i) describe the planning and control cycle in an organisation
  - (ii) explain how the design of the planning and control system will be affected by organisational structure, business objectives, the organisation's administrative procedures and the nature of the product/service market
  - (iii) compare short-term and long-term business plans and explain how they are related
- (b) Principal budget factors (demand, capacity and resource)
  - (i) explain the importance of the principal budget factor in constructing a budget
  - (ii) describe principal budget factors (demand, capacity and resource)
  - (iii) identify the principal budget factor in a specific situation

**19 Budgetary planning - preparation, co-ordination and revisions**

- (a) Sequence of budget preparation
  - (i) describe the sequence of budget construction relating to a specific limiting factor
  - (ii) prepare functional and departmental and master budgets in an appropriate order in a given situation
- (b) Coordination of sub-budgets
  - (i) explain the budget preparation timetable
  - (ii) describe relevant documentation produced and the management accountant's role in its production
  - (iii) describe the involvement of staff at all levels in the organisation in the budget preparation process and the effect on employee motivation of the approach adopted
  - (iv) describe the sources of information required for budget preparation and their likely limitations
- (c) Revisions for limiting factors
  - (i) use contribution per unit of the limiting factor to allocate scarce resources Planning, Control and Performance Management
  - (ii) explain how management might plan for variations in capacity levels
  - (iii) prepare budgets under varying capacity levels

**20 Budgetary planning- different types of budgets**

- (a) Prepare sales budgets
- (b) Prepare functional budgets (production, raw materials usage and purchases, labour, fixed overheads)
- (c) Discuss the preparation of discretionary expense budgets

- (d) Prepare capital budgets
- (e) Prepare cash budgets
- (f) Prepare master budgets (profit and loss account and balance sheet)

### **21 Budgetary control - fixed and flexible budgets**

- (a) Fixed versus flexible budgets
  - (i) explain the importance of flexible budgets in control
  - (ii) explain the disadvantages of fixed budgets in control
  - (iii) identify situations where fixed or flexible budgetary control would be appropriate
- (b) Preparation
  - (i) flex a budget to a given level of volume
  - (ii) prepare formulae appropriate for flexing a budget
- (c) Impact of capacity variations
  - (i) prepare flexed budgets at various output levels
  - (ii) estimate profit at various output levels

### **22 Standard Costing and Variance Analysis**

- (a) Explain the purpose of standard costing
- (b) Establish the standard cost per unit from given data under absorption and marginal costing
- (c) Explain the purpose of the following variances:
  - (i) Materials price and usage
  - (ii) Labour rate, idle time and efficiency
  - (iii) Variable overhead expenditure and efficiency
  - (iv) Fixed overhead expenditure, volume and, where appropriate, efficiency and capacity
  - (v) Sales volume and price.
- (d) Calculate and interpret the above variances, using the appropriate costing method
- (e) Present Variance Reports by using Standard Marginal and Standard Absorption Costing
- (f) Prepare operating statements to reconcile budgeted to actual profit
- (g) Discuss the implications of the results of variance analysis for management.

### **23 Pricing Methods**

- (a) Explain the factors that influence the price of a product
- (b) Establish the price/demand relationship of a product
- (c) Establish the optimum price/output level when considering profit maximisation and maximisation of revenue
- (d) Calculate prices using full cost and marginal cost as the pricing base
- (e) Discuss the advantages and disadvantages of these pricing bases
- (f) Discuss pricing policy in the context of price skimming, penetration pricing, premium pricing and discriminatory pricing policy.

### **24 Performance measurement**

- (a) Measurement of productivity, activity, profitability and quality of service
- (b) Relationship of measure to type of entity and range of measures, both monetary and non-monetary
- (c) Indices to allow for price and performance changes through time
- (d) Evaluating performance against objectives and plans, and identifying areas of concern from the information produced
- (e) The impact of cost centres, revenue centres, profit centres and investment centres on management appraisal
- (f) Difference between business performance and management performance
- (g) Benchmarking
- (h) Use of performance indicators to measure:
  - (i) perspectives of the balanced scorecard
  - (ii) economy, effectiveness and efficiency
  - (iii) unit costs

- (iv) resource utilisation
- (v) profitability
- (vi) quality of service
- (i) Control ratios
  - (i) efficiency
  - (ii) capacity and volume

## **25 Cost management**

- (a) Total Quality Management
  - (i) explain in general terms the costs of quality (prevention, appraisal, internal failure and external failure)
  - (ii) establish measures of the cost of quality in specific situations
  - (iii) calculation of the costs and benefits of quality initiatives
  - (iv) concept of 7  $\sigma$  (sigma)
- (b) Cost reduction and value enhancement recommendations
  - (i) compare cost control and cost reduction
  - (ii) describe and evaluate cost reduction methods
  - (iii) describe and evaluate value analysis Planning, Control and Performance Management
- (c) Life cycle costing
  - (i) describe life cycle costing
  - (ii) discuss the benefits of life cycle costing in a specific situation
- (d) Target costing
  - (i) describe target costing
  - (ii) discuss the link between target costing and pricing
  - (iii) discuss the role of value engineering in target costing Planning, Control and Performance Management
- (e) Throughput accounting
- (f) Back-flush accounting

## **26. Cost Accounting Systems**

- (a) Types of Cost book-keeping systems
- (b) Explanation of integrated and non-integrated systems
- (c) Book-keeping entries for integrated and non-integrated systems
- (d) Preparation of Income statements under two cost accounting systems
- (e) Reconciliation of financial ledger profit and cost ledger profit calculated under the non-integrated system.
- (f) Discussion on environmental and technological impacts on the choice of two costing systems

## **BUSINESS MATHEMATICS AND STATISTICS**

The aim of this subject is to ensure that students acquire, understand and apply quantitative techniques that are used in business decision-making. They develop the ability to interpret the information obtained and present this information in a manner appropriate to a business environment.

### **A. Business Mathematics**

Matrix Algebra: vectors, elementary operations with vectors, linear dependency, convex set; matrices, sub-matrices, elementary, operations, matrix inversion and system of linear equations with their solutions. Linear Programming: simplex method; duality applications such as the transportation problem, production scheduling and inventory control problems, inter industry problems. Parametric programming. Application of Mathematical

Methods to Accounting problems including decision theory, markov change, simulation and queue. Mathematics of Finance: interest, annuities; actuarial tables including life tables, insurance problems, replacement problems.

### **B. Statistics**

Role of statistics in business analysis and decision-making. Data description: measure of central tendency {mean, median and mode (raw, ungrouped and grouped data), midrange and weighted mean), measure of variation {range, standard deviation (raw, ungrouped and grouped data), coefficient of variation) and measure of position {percentile, quartile and deciles, Chebyshev's Theorem and The Empirical (Normal Rule) .Exploratory data analysis {The five-number summary and box plots) .

Regression and correlation {Assumption of least square method, goodness-of-fit test, testing of the regression coefficient and regression model, use of linear regression equation in forecasting). Time series: economic forecasting method and use of time series in economic forecasting . Probability: meaning of probability, nature of probability distributions, discrete and continuous variables, expected values and application of probability distributions. Sampling and sampling theory: sampling methods- simple random, stratified, cluster, systematic sampling.

#### **Prescribed Text:**

- 1 Anderson, D.R., D.J. Sweeney, and T.A. William. (1994) ' Statistics for Business and Economics ', West Publishing company, Singapore.
- 2 Williams, W.E. and James H. Reed. (1990) Fundamentals of Business Mathematics', **5th** Edition, W. C. Brown Publishers.

#### **Recommended reading**

- 1 Blurnan, A.G. (2006) 'Elementary Statistics', 3rd-Edition, McGraw-Hill.
- 2 Freund, E.J. and A.J. Simon. (1997) 'Modern Elementary Statistics', Prentice-Hall. Mason, R.D., D.A. Lind, and W.G. Marchal, (2004) 'Statistical Techniques in Business and Economics', 12<sup>th</sup>- Edition, McGraw-Hill.

## **COMMERCIAL AND INDUSTRIAL LAWS**

### **(A).The Law of Contract**

Communication. Acceptance and Revocation of proposals.

Violable contracts and void agreements. Contingent contracts. Performance. Certain relations resembling those created by contract. Consequences of breach of contract. Indemnity and guarantee. Bailment. Quasi-Contract. Discharge of Contract.

### **(B) The Law of Agency (The Contract Act. )**

Appointment of authority of agents. Sub-Agents; Ratification. Revocation of authority. Agent's duty to principal. Principal's duty to agent. Effect of agency on contract with third persons. The Powers of Attorney Act.

### **(C) The Law Relating to Partnership.**

The nature of partnership. Relations of partners to one another. Relations of partners to third parties. Incoming and Outgoing partners. Dissolution of a firm. Registration of firms. Supplemental.

### **(D) The Law Relation to Sale of Goods.**

Elements of the Sales of Goods.

Formation. Effects of the Sales ( on buyer / seller ). Performance. Rights of unpaid seller against the goods. Suits for breach of the contract and remedies.

Miscellaneous.

### **(E). The Law Relation to Negotiable Instruments.**

Notes, bills and cheques. Parties to notes, bills and cheques. Negotiation. Presentment. Payment and interest. Discharge from liability on notes, bills and cheques. Notice of dishonor. Noting and protest. Reasonable time. Acceptance and payment for honor and reasonable time and reference in case of need. Compensation. Special rules of evidence; crossed- cheques. Bills in sets. International Law. Notaries Publics.

### **(F). The Law Relation to Carriage of Goods by Land, Sea and Air.**

The Myanmar Carriage of goods by Sea Act. The Myanmar Carriage of Goods by Air Act. The Carriers Act. The Bills of Lading Act.

### **(G). The Property Law**

The Law Relation to Mortgages, Bailment, Pledge and Lien, etc.

The Registration Act. The Myanmar Stamp Act. The Law on Insolvency Act. The Burma Insolvency Act. The Myanmar Arbitration Act. The Trust Act (Elementary principles only).

### **(H). The Myanmar Companies Acts.**

Types and Incorporation, Memo and Articles of Association, Shares, Dividends and Share - Warrants. Directors (Appointment, duties, qualification). Meeting and resolutions./ Liquidation, liquidator(Appointment, duties). Audit and inspections. Special Companies Acts.

### **(I) Myanmar Foreign Investment Law. State-owned Enterprise Law. Commercial Tax Law. People's workers Right and Duties defining Law (Rules Prescribed under Section 12 ).**

### **(J) Law relating to business, banking and financial institution in Myanmar.**

## **FINANCIAL AND SERVICES REGULATIONS**

### **(A) Financial Regulations**

General Structure of Financial Administration. Preparation, scrutiny, approval and execution of Budget. Receipt of Government Moneys. Withdrawal of Government Moneys. Expenditure from withdrawal. Pay and Allowances. Travelling Allowances. Contingencies. Deposits. Powers of Sanctions. Defalcation and Losses.

### **(B). Services Regulations.**

Emoluments of a government employee; different kinds of pay; compensatory allowances including additional allowance; leave salary; subsistence grant; honorarium; pension; gratuity. Classes of posts and methods of appointment-permanent, temporary, tenure, part-time, full-time (substantive, temporary, officiating, probationary) fixed pay and time scale pay. Fixation of pay in posts on time-scale of pay. Accrual of increments. Suspension. Admission of subsistence grant while under suspension. Re-instatement. Compulsory date of retirement: extension of service: re-employment. Joining time. Various kinds of leave including leave & Holiday Act and leave granting procedure. Pension Rules (including procedure rules).

**Certified Public Accountant**  
**CPA Part II**  
**Syllabus of Examination**

SR	SUBJECTS	HOURS		
		Lecture	Tutorial	Total
1	<b>Advanced Accounting &amp; Financial Reporting II</b>	120	80	200
2	<b>Practical Auditing II</b>	90		90
3	<b>Strategic Management Accounting</b>	120	50	170
4	<b>Business Analysis and Strategic Information System</b>	100		100
5	<b>Financial Knowledge and Current Economic Affairs</b>	50		50
6	<b>Taxation</b>	50		50
		530	130	660

## **ADVANCED ACCOUNTING & FINANCIAL REPORTING II**

### **A. GENERAL ACCOUNTING**

- Preparation and presentation of annual financial statements
  - Design and contents
  - Standards of disclosure
  - Accounting policy and disclosure notes
- Leases, Hire purchase and instalment purchase accounts. Mine rents , royalties, insurance claims for stocks, consequential loss of profits and compensation, container accounts, investment ledgers.
- Accounting for new projects and construction contracts, research and development expenditures.
- Accounting or price level changes
  - Historical Cost Accounting ( HCA )
  - Current Cost Accounting ( CCA )
  - Current Purchasing Power Accounting ( CPP )
  - Replacement Cost Accounting ( RCA )

### **B. SPECIALISED ACCOUNTING**

- Financial Organizations : Banks, Insurance and others
- Extracting Industries : Minerals, gems , jades stones and oil
- Agriculture : Timber, plantations, poultry, animal breeding, farming, fisheries
- Transports : Railways, Airways, Road, Waterways, Shipping
- Services : Ports, Electricity, Cinemas, Hospitals, Hotels, Professional firms, etc
- Dockyards : Construction undertakings
- Others : Charities, Education institutions, Research Organisations

### **C. NOT-FOR-PROFIT AND PUBLIC SECTOR ENTITIES:**

- General principles of accounting and budgeting
- Relevant standards
- Preparation of budgets and revisions

### **D. FINANCIAL REPORTING**

- International Financial Reporting Regulatory regime .
- The Professional and ethical duty of accountant

- Professional behaviour and compliance with accounting and reporting standards
- Ethical requirements of corporate reporting and the consequences of unethical behaviour
- Social responsibility and public interest
- Critical evaluation of principles and practices
  - Revenue recognition
  - Substance over form issues, etc:
- Reporting the financial Performance of entities
  - Financial instruments : presentation , recognition, measurement
  - Leases : finance leases , and operating leases
  - Segment reporting
  - Employee benefits
  - Income Taxes
  - Related parties
  - Share-based payment
  - Service concession arrangements
- Financial Statements
  - Complex groups
  - Associates
  - Joint ventures
  - Group statement of cash flows
- Continuing and discontinued interests
  - Mid year acquisitions
  - Disposals
  - Piece meal acquisitions
- Foreign transactions and entities
  - Foreign currency transactions and translation
  - Hedge accounting
  - Foreign subsidiaries

## **PRACTICAL AUDITING II SYLLABUS (HEADINGS)**

**NOTE - In addition to the Part I Syllabus, the followings are prescribed:-**

### **A. REGULATORY ENVIRONMENT**

- 1. Myanmar/International regulatory frameworks for audit and assurance services**
- 2. Money laundering**
- 3. Laws and regulations**

### **B PROFESSIONAL AND ETHICAL CONSIDERATIONS**

- 1. Code of Ethics for Professional Accountants**
  - 1. Fraud and error**
  - 3. Professional liability**

### **C PRACTICE MANAGEMENT**

- 1. Quality control**
- 2. Advertising, publicity, obtaining professional work and fees**
- 3. Tendering**
- 4. Professional appointments**

### **D AUDIT OF HISTORICAL FINANCIAL INFORMATION**

- 1. (i) Planning, materiality and assessing the risk of misstatement**
  - (ii) Evidence**
  - (iii) Evaluation and review**
- 2. Group audits**

### **E OTHER ASSIGNMENTS**

- 1. Auditor-related services**
- 2. Assurance services**
- 3. Prospective financial information**
- 4. Forensic audits**
- 5. Internal audit**
- 6. Outsourcing**

**F REPORTING**

- 1 Auditor's reports**
- 2. Reports to those charged with governance and management**
- 3. Other reports**

**G CURRENT ISSUES AND DEVELOPMENTS**

- 1. Professional and ethical**
- 2. Information technology**
- 3. Transnational audits**
- 4. Social and environmental auditing**
- 5. Other current issues**

**A. REGULATORY ENVIRONMENT****2. Myanmar/International regulatory frameworks for audit and assurance services**

- a. Explain the need for laws, regulations, standards and other guidance related services.
- b. Outline and explain the need for legal and professional framework including
  - i. public oversight to an audit and assurance practice.
  - ii. the role of audit committees and impact on audit and assurance practice.

**2. Money laundering**

- a. Define money laundering.
- b. Explain how international efforts seek to combat money laundering.
- c. Explain the scope of criminal offences of money laundering and how professional accountants may be protected from criminal and civil liability.
- d. Explain the need for ethical guidance in this area.
- e. Describe how accountants meet their obligations to help prevent and detect money laundering including record keeping and reporting of suspicion to the appropriate regulatory body.
- f. Explain the importance of customer due diligence (CDD).
- g. Recognize potentially suspicious transactions and assess their impact on reporting duties.
- h. Describe, with reasons, the basic elements of an anti-money laundering program.

**3. Laws and regulations**

- a. Compare and contrast the respective responsibilities of management and auditors concerning compliance with laws and regulations in an audit of financial statements.
- b. Describe the auditors considerations of compliance with laws and regulations and plan audit procedures when possible non-compliance is discovered.
- c. Discuss how and to whom non-compliance should be reported.
- d. Recognize when withdrawal from an engagement is necessary.

## **B PROFESSIONAL AND ETHICAL CONSIDERATIONS**

### **1. Code of Ethics for Professional Accountants**

- a. Explain the fundamental principles and the conceptual framework approach.
- b. Identify, evaluate and respond to threats to compliance with the fundamental principles.
- c. Discuss and evaluate the effectiveness of available safeguards.
- d. Recognize and advise on conflicts in the application of fundamental principles.

### **3. Fraud and error**

- a. Define and clearly distinguish between the terms ‘error’, ‘irregularity’, ‘fraud’ and ‘misstatement’.
- b. Compare and contrast the respective responsibilities of management and auditors for fraud and error.
- c. Describe the matters to be considered and procedures to be carried out to investigate actual and/or potential misstatements in a given situation.
- d. Explain how, why, when and to whom fraud and error should be reported and the circumstances in which an auditor should withdraw from an engagement.
- e. Discuss the current and possible future role of auditors in preventing, detecting and reporting error and fraud.

### **3. Professional liability**

- a. Recognize circumstances in which professional accountants may have legal liability.
- b. Describe the factors to determine whether or not an auditor is negligent in given situations.
- c. Explain the other criteria for legal liability to be recognised (including ‘due professional care’ and ‘proximity’) and apply them to given situations.
- d. Compare and contrast liability to client with liability to third parties.
- e. Evaluate the practicability and effectiveness of ways in which liability may be restricted.
- f. Discuss liability limitation agreements.
- g. Discuss and appraise the principal causes of audit failure and other factors that contribute to the ‘expectation gap’ (e.g. responsibilities for fraud and error).
- h. Recommend ways in which the expectation gap might be bridged.

## **C PRACTICE MANAGEMENT**

### **1. Quality control**

- a. Explain the principles and purpose of quality control of audit and other assurance engagements.
- b. Describe the elements of a system of quality control relevant to a given firm.
- c. Select and justify quality control procedures that are applicable to a given audit engagement.
- d. Assess whether an engagement has been planned and performed in accordance with professional standards and whether reports issued are appropriate in the circumstances.

### **2. Advertising, publicity, obtaining professional work and fees**

- a. Recognize situations in which specified advertisements are acceptable.
- b. Discuss the restrictions on practice descriptions, the use of the ACCA logo and the names of practising firms.
- c. Discuss the extent to which reference to fees may be made in promotional material.
- d. Outline the determinants of fee-setting and justify the bases on which fees and commissions may and may not be charged for services.
- . Discuss the ethical and other professional problems, for example, lowballing, involved in establishing and negotiating fees for a specified assignment.

### **3. Tendering**

- a. Discuss the reasons why entities change their auditors/professional accountants.
- b. Recognize and explain the matters to be considered when a firm is invited to submit a proposal or fee quote for an audit or other professional engagement.
- c. Identify the information to be included in a proposal.

### **4. Professional appointments**

- a. Explain the matters to be considered and the procedures that an audit firm/professional accountant should carry out before accepting a specified new client/engagement including:
  - i) client acceptance
  - ii) engagement acceptance
  - iii) establish whether the preconditions for an audit are present
  - iv) agreeing the terms of engagement.
- b. Recognise the key issues that underlie the agreement of the scope and terms of an engagement with a client.

**D AUDIT OF HISTORICAL FINANCIAL INFORMATION****1(i) Planning, materiality and assessing the risk of misstatement**

- a. Define materiality and performance materiality and demonstrate how it should be applied in financial reporting and auditing.
- b. Identify and explain business risks for a given assignment.
- c. Identify and explain audit risks for a given assignment.
- d. Identify and explain financial statement risks for a given assignment.
- e. Discuss and demonstrate the use of analytical procedures in the planning of an assignment.
- f. Explain how the result of planning procedures determines the relevant audit strategy.

**1(ii) Evidence**

- a. Identify and describe audit procedures to obtain sufficient audit evidence from identified sources.
- b. Identify and evaluate the audit evidence expected to be available to
  - i) support the financial statement assertions and accounting treatments (including fair values).
  - ii) support disclosures made in the notes to the financial statements.
- c. Apply analytical procedures to financial and non-financial data.
- d. Explain the specific audit problems and procedures concerning related parties and related party transactions.
- e. Recognize circumstances that may indicate the existence of unidentified related parties and select appropriate audit procedures.
- f. Evaluate the use of written management representations to support other audit evidence.
- g. Recognize when it is justifiable to place reliance on the work of an expert (e.g. a surveyor employed by the audit client).
- h. Assess the appropriateness and sufficiency of the work of internal auditors and the extent to which reliance can be placed on it.
- i. Audit work papers and documentation

**1(iii) Evaluation and review**

- a. Evaluate the matters (e.g. materiality, risk, relevant accounting standards, audit evidence) relating to:
  - i) inventory and construction contracts
  - ii) standard costing systems
  - iii) statement of cash flows

- iv) changes in accounting policy
  - v) taxation (including deferred tax)
  - vi) segmental reporting
  - vii) non-current assets
  - viii) fair value
  - ix) leases
  - x) revenue recognition
  - xi) employee benefits
  - xii) government grants
  - xiii) related parties
  - xiv) earnings per share
  - xv) impairment
  - xvi) provisions, contingent liabilities and contingent assets
  - xvii) intangible assets
  - xviii) financial instruments
  - xix) investment properties
  - xx) share-based payment transactions
  - xxi) business combinations
  - xxii) assets held for sale and discontinued operations
  - xxiii) events after the end of the reporting period
  - xxiv) the effects of foreign exchange rates
  - xxv) borrowing costs.
- b. Explain the use of analytical procedures in evaluation and review.
  - c. Explain how the auditor's responsibilities for corresponding figures, comparative financial statements, and 'other information', are discharged.
  - d. Apply the further considerations and audit procedures relevant to initial engagements.
  - e. Discuss the courses of action available to an auditor if an inconsistency or misstatement of fact exists in relation to other information.
  - f. Specify audit procedures designed to identify subsequent events that may require adjustment to, or disclosure in, the financial statements of a given entity.

- g. Identify and explain indicators that the going concern basis may be in doubt and recognize mitigating factors.
- h. Recommend audit procedures, or evaluate the evidence that might be expected to be available and assess the appropriateness of the going concern basis in given situations.
- i. Assess the adequacy of disclosures in financial statements relating to going concern and explain the implications for the auditor's report with regard to the going concern basis.

## **2. Group audits**

- a. Recognize the specific matters to be considered before accepting appointment as principal auditor to a group in a given situation.
- b. Justify the situations where a joint audit would be appropriate.
- c. Recognize the audit problems and describe audit procedures specific to a business combination, including goodwill, accounting policies, inter-company trading, the classification of investments, equity accounting for associates, and accounting for a foreign subsidiary.
- d. Identify and explain the audit risks, and necessary audit procedures relevant to the consolidation process
- e. Identify and describe the matters to be considered and the procedures to be performed at the planning stage, when a principal auditor considers the use of the work of component auditors.
- f. Consider how the principal auditor should evaluate the audit work performed by a component auditor.
- g. Explain the implications for the auditor's report on the financial statements of an entity where the opinion on a component is qualified or otherwise modified in a given situation.

## **E OTHER ASSIGNMENTS**

### **3. Auditor-related services**

- a. Describe the nature of audit-related services, the circumstances in which they might be required and the comparative levels of assurance provided by professional accountants and distinguish between:
  - i) audit-related services and an audit of historical financial statements
  - ii) an attestation engagement and a direct reporting engagement
- b. Plan review engagements, for example:
  - i) a review of interim financial information

- ii) a 'due diligence' assignment (when acquiring a company, business or other assets).
- c. Explain the importance of enquiry and analytical procedures in review engagements and apply these procedures.

#### **4. Assurance services**

- a. Describe the main categories of assurance services that audit firms can provide and assess the benefits of providing these services to management and external users.
- b. Justify a level of assurance (reasonable, high, moderate, limited, negative) for an engagement depending on the subject matter evaluated, the criteria used, the procedures applied and the quality and quantity of evidence obtained.
- c. Recognize the ways in which different types of risk (e.g. strategic, operating, information) may be identified and analysed and assess how management should respond to risk.

#### **3. Prospective financial information**

- a. Define 'prospective financial information' (PFI) and distinguish between a 'forecast', a 'projection', a 'hypothetical illustration' and a 'target'.
- b. Explain the principles of useful PFI.
- c. Identify and describe the matters to be considered before accepting a specified engagement to report on PFI.
- d. Discuss the level of assurance that the auditor may provide and explain the other factors to be considered in determining the nature, timing and extent of examination procedures.
- e. Describe examination procedures to verify forecasts and projections.
- f. Compare the content of a report on an examination of PFI with reports made in providing audit-related services.

#### **4. Forensic audits**

- a. Define the terms 'forensic accounting', 'forensic investigation' and 'forensic audit'.
- b. Describe the major applications of forensic auditing (e.g. fraud, negligence, insurance claims) and analyses the role of the forensic auditor as an expert witness.
- c. Apply the fundamental ethical principles to professional accountants engaged in forensic audit assignments.
- d. Plan a forensic audit engagement.
- e. Select investigative procedures and evaluate evidence appropriate to determining the loss in a given situation.

**5. Internal audit**

- a. Evaluate the potential impact of an internal audit department on the planning and performance of the external audit.
- b. Explain the benefits and potential drawbacks of outsourcing internal audit.
- c. Consider the ethical implications of the external auditor providing an internal audit service to a client.

**6. Outsourcing**

- a. Explain the different approaches to 'outsourcing' and compare with 'insourcing'.
- b. Discuss and conclude on the advantages and disadvantages of outsourcing finance and accounting functions.
- c. Recognize and evaluate the impact of outsourced functions on the conduct of an audit.

**F REPORTING****1 Auditor's reports**

- a. Critically appraise the form and content of a standard unmodified auditor's report.
- b. Recognise and evaluate the factors to be taken into account when forming an audit opinion in a given situation and justify audit opinions that are consistent with the results of audit procedures.
- c. Assess whether or not a proposed audit opinion is appropriate.
- d. Recognise when the use of an emphasis of matter paragraph and other matter paragraph would be appropriate.

**2. Reports to those charged with governance and management**

- a. Critically assess the quality of a report to those charged with governance and management.
- b. Advise on the content of reports to those charged with governance and management in a given situation.

**3. Other reports**

- a. Analyse the form and content of the professional accountant's report for an assurance engagement as compared with an auditor's report.
- b. Discuss the content of a report on examination of prospective financial information.
- c. Discuss the effectiveness of the 'negative assurance' form of reporting and evaluate situations in which it may be appropriate to express a reservation or deny a conclusion.

## **G CURRENT ISSUES AND DEVELOPMENTS**

Discuss the relative merits and the consequences of different standpoints taken in current debates and express opinions supported by reasoned arguments

### **1. Professional and ethical**

- a. Discuss the relative advantages of an ethical framework and a rulebook.
- b. Identify and assess relevant to emerging ethical issues and evaluate the safeguards available.
- c. Discuss IFAC developments.

### **2. Information technology**

- a. Describe recent trends in IT and their current and potential impact on auditors (e.g. the audit implications of 'cyberincidents' and other risks).
- b. Explain how IT may be used to assist auditors and discuss the problems that may be encountered in automating the audit process.

### **3. Transnational audits**

- a. Define 'transnational audits' and explain the role of the Transnational Audit Committee (TAC) of IFAC.
- b. Discuss how transnational audits may differ from other audits of historical financial information (e.g. in terms of applicable financial reporting and auditing standards, listing requirements and corporate governance requirements).

### **4. Social and environmental auditing**

- a. Plan an engagement to provide assurance on performance measures and sustainability indicators.
- b. Describe the difficulties in measuring and reporting on economic, environmental and social performance and give examples of performance measures and sustainability indicators.
- c. Explain the auditor's main considerations in respect of social and environmental matters and how they impact on entities and their financial statements (e.g. impairment of assets, provisions and contingent liabilities).

- d. Describe substantive procedures to detect potential misstatements in respect of socio-environmental matters.
- e. Discuss the form and content of an independent verification statement (e.g. on an environmental management system (EMS) and a report to society).

**5. Other current issues**

- a. Explain current developments in auditing standards including the need for new and revised standards and evaluate their impact on the conduct of audits.
- b. Discuss other current legal, ethical, other professional and practical matters that affect accountants, auditors, their employers and the profession.

## **STRATEGIC MANAGEMENT ACCOUNTING**

### **1. AIM**

1. To develop and further improve knowledge and understanding which was previously acquired in Certified Public Accountant Part I Cost & Management Accounting subject
2. To apply advanced Management Accounting Techniques in order to provide valuable information to management for strategic planning, control, decision making and performance management
3. To acquire knowledge and apply techniques for Strategic Financial Management which are relevant to the current Myanmar Economic Environment

### **2. OBJECTIVES**

On completion of this paper candidates should be able to:

- understand the objectives of preparing management information and the need to adapt techniques in a changing
- economic and commercial environment which are particularly suitable to Myanmar Economic Environment
- identify the information needs of management and contribute to the development of appropriate management accounting systems
- critically assess the tools and techniques of financial management and control
- apply techniques to evaluate management decisions in relation to marketing strategy
- understand the basic principles of performance management
- evaluate the strategic performance of a business and recommend appropriate performance measures
- understand the significance of the relationship between financial and non-financial indicators of business performance
- apply advanced budgeting techniques to enable management to control the business
- apply advance standard costing and variance analysis techniques by differentiating planning and operational variances for the purpose of controlling and evaluating organizational performance
- evaluate the overall and constituent parts of working capital management
- appraise capital investment through the use of appropriate methods
- demonstrate knowledge, understanding, skills, abilities and critical evaluation expected in CPA Part 2.

### **3. POSITION OF THE PAPER IN THE OVERALL SYLLABUS**

Candidates will require a thorough understanding of the cost and management accounting techniques and practices form CPA part I Cost and Management Accounting subject.

Some prior knowledge and understanding of the accounting principles and practices from honors level is required. This paper provides the advanced techniques required to enable the candidates to develop the various methods into more complex problems at the practical business environment.

Candidates will, therefore, need a sound understanding of the methods and techniques encountered in this paper to ensure that they can apply what knowledge and practices they have acquired in this final part of CPA examinations to their practical working environment.

Candidates are expected not only to apply advanced management accounting techniques but also for understanding and interpretation of results produced by the use of techniques in their practical working environment.

#### 4. KEY TOPICS

Serial	Description
1	<b>Strategic Management Accounting – New perspectives 3.3-1,2</b>
2	<b>Alternative Techniques of Budgeting and Budgetary Control 2.4-7-10</b>
3	<b>Advanced Variance Analysis Techniques for strategic management 2.4-4-6</b>
4	<b>Financial and Non-financial indicators for performance management 3.3- 10-14</b>
5	<b>Divisional performance evaluation and transfer pricing 3.3-24</b>
6	<b>Advanced Decision Making Techniques incorporating Risks and Uncertainties 3.3 -19,20,23</b>
7	<b>Long Term Decision Making including Investment Appraisal Techniques 2.4-25-30</b>
8	<b>Working Capital Management other than cash management 2.4-18-20</b>
9	<b>Cash and Treasury Management 2.4-18-20</b>
10	<b>Practical Approach to Strategic Management Accounting - Case Study</b>

#### 5. THE EXAMINATION (FINAL PART OF CPA)

The examination is a three-hour written paper. The paper consists of five compulsory questions.

Question 1	30	marks
Question 2	25	marks
Question 3	20	marks
Question 4	15	marks
Question 5	<u>10</u>	marks
Overall	<u>100</u>	marks
Pass	50	marks

*Note: Format of question paper may be vary from series to series on the basis of examiner thinks more suitable and appropriate for the particular exam series.*

## 6. RECOMMENDED TEXTS

- (i) **Foulks Lynch – Financial Management and Control;**  
Website: [www.foulkslynch.com](http://www.foulkslynch.com)
- (ii) **BPP – Performance Management**  
Website: [www.bpp.com](http://www.bpp.com)
- (iii) **The Financial Training Company –Financial Management and Control**  
Website: [www.financial-training.com](http://www.financial-training.com)
- (iv) G Bancroft, G O’Sullivan **Quantitative Methods for Accounting and Business Studies** (3rd Edition) McGraw Hill  
ISBN 0077077318
- (v) C Drury **Management and Cost Accounting** (5th Edition) International Thomson Business Press ISBN 1861525362.
- (vi) Lucey, T. **Costing** (DP Publications: 5th Edition) ISBN: 0826455107
- (vii) Pizzey, A. **Cost and Management Accounting** (Paul Chapman: 3<sup>rd</sup> Edition)  
ISBN: 1853960497

*Candidates may also find the following texts useful:*

- (i) D Ashton, T Hopper and R W Scapens  
**Issues in Management Accounting** (2<sup>nd</sup> Edition) Prentice Hall ISBN 0131892509
- (ii) C Emmanuel, D Otley **Accounting for Management Control** Chapman and Hall  
ISBN 1861522118
- (iii) J Hope, R Fraser **Beyond Budgeting** (1st Edition) Harvard Business School Press  
ISBN 1578518660
- (iv) M W E Glautier and B Underdown  
**Accounting Theory and Practice** Pitman  
ISBN 027362444X

## **7. DETAILED SYLLABUS**

### **1 Strategic Management Accounting – New perspectives**

1. Identify the areas of management accounting information which are of importance in strategic management
2. Select and analyse costs and revenues relevant to strategic planning and decision making in a range of situations
3. Identify the areas of management accounting information appropriate for short term decision making
4. Explain the significance of endogenous information sources in relation to short run decision making and control
5. Identify and discuss some recently adopted management accounting techniques
6. Explain how new techniques may be evaluated
7. Discuss the ways in which management accounting practitioners are made aware of new techniques
8. Illustrate how an organisation's structure, culture and strategy will influence the adoption of new methods and techniques
9. Assess the continuing effectiveness of traditional techniques within a rapidly changing business environment
10. Discuss the concept of business integration and the linkage between people, operations, strategy and technology
11. Explain and demonstrate activity based management

### **2 Alternative Techniques of Budgeting and Budgetary Control**

1. Identify quantitative aids which may be used in budgetary planning and control
2. Discuss and evaluate methods for the analysis of costs into fixed and variable components
3. Give examples to demonstrate the use of forecasting techniques in the budgetary planning process
4. Explain the use of forecasting techniques in the budgetary planning process

5. Describe the use of learning curve theory in budgetary planning and control
6. Implement learning curve theory
7. Identify factors which may cause uncertainty in the setting of budgets and in the budgetary control process
8. Identify the effects of flexible budgeting in reducing uncertainty in budgeting
9. Illustrate the use of probabilities in budgetary planning and comment on the relevance of the information thus obtained
10. Contrast the information used in the operation of zero based budgeting and incremental budgeting
11. Explain and illustrate the use of budgeting as a planning aid in the coordination of business activity
12. Explain and illustrate the relevance of budgeting in the coordination of business activities
13. Explain and quantify the application of positive and negative feedback in the operation of budgetary control
14. Explain and quantify the application of feed-forward control in the operation of budgeting
15. Enumerate and evaluate the strengths and weaknesses of alternative budget models such as fixed and flexible, rolling, activity based, zero based and incremental
16. Identify the factors which affect human behaviour in budgetary planning and control
17. Discuss the impact of political, social, economic and technological change on budgeting
18. Identify and appraise current developments in budgeting

### **3 Advanced Variance Analysis Techniques for strategic management**

1. Understanding on suitability and relevance of standard costing and variance analysis for modern business environment
2. Interpretation and relevance of variance calculations to business performance
3. Analysis of Planning and operational variances for strategic management purpose
4. Behavioural implications of standard costing and variance reporting.

### **4 Financial and Non-financial indicators for performance management**

1. Explain why the primary objective of financial performance should be concerned with the benefits of the
2. shareholders
3. Discuss the crucial objectives of survival and business growth
4. Discuss the appropriateness of differing measures of profitability e.g. ROCE, EPS, ROI, sales margin, EBITDA, Residual Income, NPV, IRR
5. Explain why indicators of liquidity and gearing need to be considered alongside profitability
6. Compare and contrast short and long run financial performance and the resulting management issues
7. Contrast the traditional relationship between profits and share value with the long term profit expectations of the stock market and recent financial performance of new technology/communication companies
8. Discuss the interaction of NFPI's with financial performance indicators
9. Discuss the implications of the growing emphasis on NFPI's
10. Identify and comment on the significance of NFPIs in relation to employees e.g. staff turnover, sickness rates
11. Identify and comment on the significance of NFPIs in relation to product/service quality e.g. customer satisfaction reports, repeat business ratings, customer loyalty, access and availability
12. Discuss the 'balanced scorecard' as a way in which to improve the range and linkage of performance measures
13. Discuss the difficulties in interpreting data on qualitative issues
14. Identify and explain ways in which performance may be judged in nonprofit seeking organisations
15. Comment on 'value for money' service as a not-for-profit sector goal

## **5 Divisional performance evaluation and transfer pricing**

1. Use of various performance measures (ROCE and RI) for divisional performance evaluation
2. Understanding on merits and limitation of ROCE and RI and comment on appropriateness of ROCE and RI for particular situations
3. Describe the organisation structure in which transfer pricing may be required
4. Explain divisional autonomy, divisional performance measurement and corporate profit maximisation and their link with transfer pricing
5. Formulate the “general rule” for transfer pricing and explain its application
6. Calculate an appropriate transfer price from given data by using various transfer pricing methods and comment on result achieved
7. Explain and demonstrate the issues that require consideration when setting transfer prices in multinational companies

## **6 Advanced Decision Making Techniques incorporating Risks and Uncertainties**

1. Define and distinguish between uncertainty and risk preference
2. Explain ways in which uncertainty may be allowed for by using conservatism and worst/most likely/ best outcome estimates
3. Explain the use of sensitivity analysis in decision situations
4. Explain the use of probability estimates and the calculation of expected value
5. Explain and illustrate the use of maximin, maximax and minimax regrets techniques in decision making
6. Describe the structure and use of decision trees
7. Apply joint probabilities in decision tree analysis
8. Illustrate the use of decision tree analysis in assessing the range of outcomes and the cumulative probabilities of each outcome

## **7 Long Term Decision Making including Investment Appraisal Techniques**

1. Define and distinguish between capital and revenue expenditure
2. Compare and contrast fixed asset investment and working capital investment
3. Describe the impact of investment projects on financial statements
4. Calculate ROCE and payback and assess its usefulness as a measure of investment worth
5. Explain what is meant by future values and calculate future values, including application of the annuity formula
6. Explain what is meant by discounting and calculate present values, including the application of the annuity and perpetuity formula, and the use of present value and annuity tables
7. Explain the importance of the time value of money and the role of the cost of capital and Weighted Average Cost of Capital (WACC)
8. Identify and evaluate relevant cash flows of potential investments
9. Calculate present values to derive the NPV and IRR measures of investment worth allowing taxation and inflation
10. Assess the merits of IRR and NPV
11. Distinguish between risk and uncertainty
12. Evaluate the sensitivity of project NPV to changes in key variables
13. Apply the probability approach to calculating expected NPV of a project and the associated standard deviation
14. Distinguish between hard and soft capital rationing
15. Apply profitability index (PI) techniques for single period divisible projects

## **8 Working Capital Management other than cash management**

1. Explain the nature and scope of working capital management
2. Distinguish between cash flow and profits

3. Explain the requirement for effective working capital management
4. Explain the relationship between working capital management and business solvency
5. Distinguish between the working capital needs of different types of business
6. Management of stock
7. Calculate and interpret stock ratios
8. Explain the role of stock in the working capital cycle
9. Apply the tools and techniques of stock management including the EOQ model
10. Analyse and evaluate the results of stock management techniques
11. Explain the role of creditors in the working capital cycle
12. Explain the availability of credit
13. Identify the risks of taking increased credit and buying under extended credit terms
14. Explain how methods of paying suppliers may influence cash flows of both parties
15. Calculate and interpret creditor ratios
16. Apply the tools and techniques of creditor management and evaluation on results
17. Explain the role of debtors in the working capital cycle
18. Explain how the creditworthiness of customers may be assessed
19. Evaluate the balance of risks and costs of customer default against the profitability of marginal business
20. Explain the role of factoring and invoice discounting
21. Explain the role of early settlement discounts
22. Calculate and interpret debtor ratios
23. Apply the tools and techniques of debtor management and evaluation on results

## **9 Cash and Treasury Management**

1. Explain the role of cash in the working capital cycle
2. Calculate optimal cash balances
3. Describe the functions of, and evaluate the benefits from, centralised cash control and Treasury Management
4. Calculate and interpret cash ratios
5. Apply the tools and techniques of cash management, including the Baumol model and the Miller-Orr Model
6. Analyse and evaluate the results of cash management techniques.

## **10 Practical Approach to Strategic Management Accounting - Case Study**

1. Use of Management Accounting Technique for a real-life case
2. Analysis, interpretation and reporting on results achieved

## **BUSINESS ANALYSIS AND STRATEGIC INFORMATION SYSTEM**

### **Paper background**

The aim of this paper is Business analysis, is to apply relevant knowledge and skills and to exercise professional judgement in assessing strategic position, determining strategic choice and implementing strategic action through beneficial business process and structural change; coordinating knowledge systems and information technology and by effectively managing quality processes, projects and people within financial and other resource constraints.

### **Course contents**

#### **(A) Business strategic basics**

- A stage model of business growth
- Motives and problems of growth
- Levels of strategy
- Strategy meanings
- Characteristics and functions of strategy
- Deliberate and emergent strategy
- Strategy lenses
- Overview of strategy processes

#### **(B) Strategic analysis**

- Vision, Mission and mission statements
- Objectives
- Stakeholders
- External analysis
- Internal analysis
- Positioning analysis
- The resource based model

**(C) Strategic choice**

- Where to compete ( Ansoff's product-market strategies )
- How to compete ( Porter's generic strategies)
- Means and methods
- Organic and acquisition
- Joint venture
- Franchising, licensing
- Vertical integration/outsourcing
- The networked firm ( alliances, virtual, etc.)
- Tests of strategy
- Ethical, Social and Environmental considerations

**(D) Strategy implementation**

- Why strategies fail
- Middle management
- Seven S model
- Managing change: the processes
- Managing change: change: structural issues
- Managing change: cultural issues

**(E) Corporate strategy**

- Characteristics & tests
- Styles
- Porter's principles
- Boston consulting group
- Core competencies
- Synergy

**(F) International Business**

- Multi-national versus International
- Variations

- Degrees of DFI
- Styles of DFI
- Benefits of DFI
- Country analysis
- Globalisation ( ethnocentrism, polycentrism, regiocentrism, globalcentrism)
- Ghemawat versus Friedman
- Competitive advantage model
- National diamond

**(G) Marketing**

- The marketing philosophy
- Customer relationship management
- Marketing strategy
- Marketing objectives
- Market segmentation
- Target marketing
- Marketing mix
- Marketing information
- Special topics:  
Marketing of services
- Industrial marketing
- E- Marketing

**(H) HRM**

- Personnel management
- Human resource Planning
- Downsizing
- Recruitment & selection
- HRD
- Appraisal
- Flexibility
- Pay and benefits
- Job design, Job descriptions
- Performance management

**(I) Project management**

- Characteristics of projects
- Stakeholders
- Success and failure
- Stages in project management
- Project Management Techniques
- Project Risks
- IS project management, Stages, Software quality
- Packages v Bespoke solutions
- Enterprise Resource planning

**(J) Process Redesign**

- Levels of business process
- A process maturity model
- Enterprise Resource Planning
- Redesign typology
- BPR
- Process redesign
- Benchmarking
- TQM and Six Sigma

**(K) E business & strategy**

- Internet as a disruptive technology
- Business drivers and inhibitors
- E-bullshit terminology
- Push and pull, Up-stream, Downstream
- E-business strategy issues

## **FINANCIAL KNOWLEDGE AND CURRENT ECONOMIC AFFAIRS**

### **(A) General Financial Knowledge**

#### **Money, Banking and Finance**

This course provides the students with a working knowledge of the behavior of the real world financial system. The focus of the course will be on the banking and financial intermediaries. The course is especially designed to give the students a feeling for the excitement and drama of financial intermediation and their importance to everyday life.

#### **Course Outline**

**Overview of Money and the Financial System:** Evolution of the payments system, measuring money, Overview of the financial system, financial institutions and market; **Economic Analysis of Financial Structure:** Role and types of finance, Financial intermediation, Finance and economic development, Financial crisis; **Regulation of the Financial System:** Reasons for regulation, Forms of regulation, Evolution of regulation,

Regulation and financial innovation; **Understanding Interest Rates:** Interest rate determination, Theory of portfolio choice, The level of interest rates, term structure of interest rates, Risk structure of interest rates; **Commercial Bank Operations:** Bank management, Banking activities; **Money Supply Process:** Deposit creation and the money multiplier, Functions of central banks, Factors affecting the money base, Factors affecting money supply.

#### **References**

1. Begg, D., S.Fischer and R. Dornbusch., Economics, Eighth Edition, McGraw-Hill, 2005.
2. Bodie, Z., A. Kane and A. Marcus, Investments, Sixth Edition, McGraw-Hill, 2005.
3. Mishkin, F.C., The Economics of Money, Banking and Financial markets English Edition, Pearson International Edition, 2007.
4. Ritter, L.S., et al., Principles of Money, Banking and Financial Markets, Eleventh Edition, Addison Wesley, 2004.

#### **International Finance**

This course intends to impart to students an understanding of the balance of payments problems and solving of the debt dilemma and also various stabilization and adjustment programs induced by the IMF.

## Course Outline

**Balance of Payments:** A hypothetical illustration of deficits and debts; **Financing and Reducing Payments Deficits:** Some initial policy issues, Recent trends in LDCs' balance of payments; **The Third World Debt Crisis:** Background and analysis; **Attempt at Alleviation of the LDCs' Debt Crisis:** IMF stabilization policy, Global dimension of the LDCs' debt problems; **International Flow of Financial Resource:** Private foreign direct and portfolio investment, Public and private development assistance, Private foreign direct investment and multinational corporations; **Private Portfolio Investment:** Foreign aid, The development assistance debate, Conceptual and measurement problems, Public and economic motivation;

**The Growing Role of NGOs:** The effectiveness of aid and case study; **Financial Systems and Monetary Policy:** Differences between MDCs and LDCs financial systems, The role of central bank in MDCs and LDCs; **The Emergence of Development Banking:** The role of informal finance for small scale enterprises; **Reforming Third World Financial System:** Financial liberalization, Real interest rate , Savings and investment, Financial policy and the role of the state; **Fiscal Policy and Development:** Macro-stability and resource mobilization, Taxation; **Financial Development in Public Organization:** Finance and state-owned enterprises, Improving the performance of SOEs and privatization and financial development and case studies.

## References

1. Salvatore, D., International Economics, Eighth Edition, John Wiley & Sons Inc., 2004.
2. Todaro, M.P., and S.C. Smith, Economic Development, Tenth Edition, Addison Wesley, 2009.
3. Nafziger, E. W., The Economics of Developing Countries, Prentice-Hall International, Inc., 1997.

## (B) Current Economic Affairs of Myanmar

This course covers the situation of Myanmar economy after independence towards the present period. It contains the initial policy reforms in important sectors, the development plans; GDP situation, the performance and development of various sectors of successive governments since independence. Emphasis will be given on the economic performance of the period after 1988.

## Course Outline

**Introduction:** A brief review on Myanmar economic performance before 1948,

**Myanmar Economy under Parliamentary Democracy Period (1948-62):** Policy changes and economic reforms undertaken by Parliamentary Democracy Government, Development plans implemented and performance of the Two-Year Plan, Eight-Year Plan, and Sectoral

Development in Myanmar; **Myanmar Economy under Socialist Period (1962-1988):** Policy changes and economic reforms undertaken by Socialist Government, Development Plans implemented and performance of the Twenty-Year Plan, and Sectoral Development; **Myanmar Economy under SLORCISPDC (1988 onwards):** Initial policy reforms in various sectors by the SLORC SPDC after 1988; **The Development Plans:** Annual Plans and Short-term plans and their performance; **Development of Economic Sectors: Agriculture Sector;** Reforms and modernization of the agriculture sector, Various measures by the government, Privatization measures, The role of Ministry of Agriculture and Irrigation, The objectives, strategies and targets, The importance of ten pillar crops; **External Sector:** The systems and trade conditions following trade liberalization, Myanmar Foreign Investment Law and its incentives; **Monetary and Fiscal Sectors:** Banking system, Monetary development, and fiscal development; **Livestock and Fishery Sector, Forestry, Mining, Energy, Electric Power Sectors Development:** Major objectives, reform measures, and performance; **Industrial Sector:** Industrial policies, Laws enacted, Privatization measures, The role of SMIs; **Infrastructure Development:** Development of infrastructure in agriculture, Energy, Transportation and communication sectors; **Social Sector Development:** Role of education and health sectors and their performance.

**TAXATION**

- (A) Let's talk about tax.
  - Definition, presentation of Tax purpose, type of tax and etc.
  
- (B) Tax Structure in Myanmar.
  
- (C) Detailed Study of the following and application of Tax Laws with computation of Assessment.
  - (1) Income Tax Laws, Rules, Regulations and Notifications
  - (2) Commercial Tax Laws, Regulations and Notifications
  - (3) Union Tax Laws ( Respective Year)
  - (4) Specific Goods Tax Laws ( Respective Year)
  
- (D) General Study of Tax Knowledge
  - (1) DTA
  - (2) Others