

Certified Credit
Professionals

CCP



**EXAMINATION
SYLLABUS**

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SUMMARY OF THE CERTIFIED CREDIT PROFESSIONALS (CCP) EXAMINATION REVISED SYLLABUS

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PART I

SECTION 1

PAPER NO. 1 CREDIT MANAGEMENT

GENERAL OBJECTIVE

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to apply the concepts, systems and techniques of credit management

1.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply the principles of credit in a business environment
- Analyse the effects of cost of credit to the business and economy as a whole
- Manage consumer, trade and export credit
- Manage debt collections

CONTENT

1.1 The nature of credit

- Credit as a product in its own right
- Costs of credit and calculations
- Consumer credit
- Trade credit
- Export credit

1.2 Managing a credit department

- Key features of a credit policy
- Objectives of a credit policy
- Organisational structure of a credit department
- Role of the credit department within an organisation
- Reporting lines of a credit department within an organisation
- Reporting performance of a credit department
- Forecasting and planning

1.3 The credit policy

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

1.4 Systems

- Systems and credit management
- Interpretation of the credit application in the system
- Generate reports to measure performance
- E-commerce

1.5 **Assessment of credit risks**

- Definition of credit risk
- Sequence of actions in risk assessment
- Organisational responsibilities for risk assessment
- Marketing and risk assessment
- Sources of information and their importance
- Key data obtained from a set of financial statements
- Application techniques to risk assessment

1.6 **Sales ledger administration**

- Importance and interpretation of a sales ledger
- Administration of a sales ledger
- Sales ledger format
- Statements
- Accounts queries
- Order vetting
- Sales ledger control

1.7 **Payment terms**

- Monthly account
- 30 days from invoice
- Stage payments
- Load over load
- Contra accounts
- Cash with order
- Cash on delivery
- Journey terms
- Settlement discounts
- Interest on late payments

1.8 **Payment methods**

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

1.9 **Credit Risk management**

- Non-financial factors affecting credit risk
- Behavioural scoring
- Overtrading
- Credit information
- Principles of reciprocity
- Predicting corporate failure
- Controlling the risks
- Hedging methods against credit risk

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1.10 **Credit insurance**

- Domestic and export credit insurance
- The credit insurance industry
- Importance of credit insurance
- Types of credit insurance policies
- Basic principles of domestic credit insurance
- Financing insurance premiums
- Protection offered

1.11 **Export credit and finance**

- Effective conditions of sale
- Agents, distributors and subsidiaries
- Export documents
- Counter trade
- Bonds and guarantee
- Evaluating customers credit risks
- Information on country risks
- Information on customers risks
- Financing export credit
- Exchange risks
- Hedging methods against risks

1.12 **Consumer credit**

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

1.13 **Collection practices and procedures**

- Collection methods in consumer, trade and export credit
- Identification and measures taken on an initial default
- Making contact with defaulters
- Structuring of offers
- Rules for effective collection practices
- Mistakes made during collection
- Reasons for delays in payments
- Collection through alternative dispute resolutions(ADR)

1.14 **Legal process for debt recovery**

- Pre-requisites before legal action
- Making decision to sue
- Letters of demand
- Language used in litigation
- Commencing legal action
- Litigation
- Evidence
- Enforcement and execution

1.15 **Emerging issues and trends**

PAPER NO.2 COMMERCIAL LAW

GENERAL OBJECTIVE

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

2.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

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

CONTENT

2.1 Introduction to Law

2.1.1 Nature, purpose and classification of law

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

2.1.2 Sources of law

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

2.1.3 Administrative law

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

- Structure, composition and jurisdiction of courts
- Magistrate courts
- Courts martial
- Kadhis courts
- Tribunals
- The High Court
- Environment and Land Court

- Industrial Court
- Court of Appeal
- Supreme Court

2.1.5 **Law of persons**

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

2.2 **Law of tort**

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

2.3 **Law of contract**

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

2.4 **Sale of goods**

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

2.5 **General principles of consumer credit**

- Nature of the hire purchase contract

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

2.6 Indemnity and Guarantees

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

2.7 Partnership

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

2.8 Insurance

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

2.9 Agency

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

2.10 Negotiable instruments

- Nature and characteristics
- Negotiability and transferability
- Types: cheques, promissory notes, bills of exchange
- Rights and obligations of the parties

2.11 The law of property

- Definition of property
- Classification of property (real and personal, movable and immovable, tangible and intangible)
- Property in land: Private, Public and Community land
- Interests in land: estates, servitudes and encumbrances

- Intellectual property: plant breeder's patents, trademarks, copyrights and industrial designs

2.12 Resolving commercial disputes

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

2.13 Emerging issues and trends

PAPER NO.3 ENTREPRENEURSHIP AND COMMUNICATION

GENERAL OBJECTIVE

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

3.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

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

CONTENT

3.1 Introduction to entrepreneurship

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

3.2 Entrepreneurship orientation

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

3.3 Entrepreneurial opportunity and development

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

3.4 Business plan

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

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

- Role of the secretary
- Conduct of meetings
- Minutes

3.11 Information technology and communication

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

3.12 Ethics and integrity in business communication

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

3.13 Emerging issues and trends

SECTION 2

PAPER NO. 4 ECONOMICS

GENERAL OBJECTIVE

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

4.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply basic mathematical and graphical techniques to analyse economic relationships and interpret the results
- Apply the knowledge of economics in decision making
- Analyse economic problems and suggest possible policy related recommendations
- Apply knowledge of economics in international trade and finance
- Apply economic principles in the development and implementation of policies in agriculture and industry
- Demonstrate an understanding of emerging economic issues.

CONTENT

4.1 Microeconomics

4.1.1 Introduction to economics

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

4.1.2 Demand, supply and determination of equilibrium

4.1.2.1 Demand analysis

- Definition
- Individual demand versus market demand
- Factors influencing demand
- Exceptional demand curves
- Types of demand
- Movement along and shifts of demand curves
- Elasticity of demand
- Types of elasticity: price, income and cross elasticity
- Measurement of elasticity; point and arc elasticity
- Factors influencing elasticity of demand
- Application of elasticity of demand in management and economic policy decision making

4.1.2.2 Supply analysis

- Definition
- Individual versus market supply
- Factors influencing supply
- Movements along and shifts of supply curves

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- Definition of elasticity of supply
- Price elasticity of supply
- Factors influencing elasticity of supply
- Application of elasticity of supply in management and economic policy decision making

4.1.2.3 **Determination of equilibrium**

- Interaction of supply and demand, equilibrium price and quantity
- Mathematical approach to equilibrium analysis
- Stable versus unstable equilibrium
- Effects of shifts in demand and supply on market equilibrium
- Price controls
- Reasons for price fluctuations in agriculture

4.1.3 **The theory of consumer behaviour**

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

4.1.4 **The theory of a firm**

4.1.4.1 **The theory of production**

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

4.1.4.2 **The theory of costs**

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

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4.1.5 **Market structures**

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

4.2 **Macroeconomics**

4.2.1 **National income**

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

4.2.2 **Economic growth, economic development and economic planning**

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

4.2.3 **Money and banking**

4.2.3.1 **Money**

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

4.2.3.2 **The banking system**

- Definition of commercial banks
- The role of commercial banks and non-banking financial institutions in the economy
- Credit creation
- Definition of central bank

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

4.2.4 **Inflation and unemployment**

4.2.4.1 **Inflation**

- Definition and types of inflation
- Causes of inflation: cost push and demand pull
- Effects of inflation
- Measures to control inflation

4.2.4.2 **Unemployment**

- Definition of unemployment
- Types and causes of unemployment
- Control measures of unemployment
- Relationship between unemployment and inflation: the Phillips curve

4.2.5 **International trade and finance**

- Definition of International trade
- Theory of absolute advantage and comparative advantage
- World trade organisation (WTO) and concerns of developing countries
- Protection in international trade
- Regional integration organisations, commodity agreements and the relevance to less developed countries (LDCs)
- Terms of trade, balance of trade, balance of payments (causes and methods of correcting deficits in balance of payments), exchange rates, types of foreign exchange regimes, factors influencing exchange rates, foreign exchange reserves
- International financial institutions: International Monetary Fund (IMF) and World Bank
- National debt management: causes and interventions
- Structural Adjustment Programmes (SAPs) and their impacts on the LDCs

4.2.6 **Current developments**

- Factors affecting economic development: Informal credit markets, development index, growth of market structures, voting behaviour, technology transfer, democracy and development, environmental concerns.

4.2.7 **Emerging issues and trends**

PAPER NO. 5 PRINCIPLES OF ACCOUNTING

GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to prepare financial statements for different entities including non-complex group structures

5.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

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

CONTENT

5.1 Introduction to Accounting

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

5.2 Recording transactions

- Source documents (quotations, purchases order, statement of account, remittance advice, receipts, petty cash vouchers, sales and purchase invoices, credit notes and debit notes, bank statements)
- Books of original entry; sales journal, purchases journal, returns inward, returns outward journal, cashbook, petty cashbook and general journal
- Double entry and the ledger; general ledger, sales ledger, purchases ledger
- The trial balance
- Computerised accounting systems- Role of computers, application and accounting softwares in the accounting process, benefits and challenges of operating computerised accounting systems

5.3 Accounting for assets and liabilities

5.3.1 Assets

- Property, plant and equipment – recognition, capital and revenue expenditure, measurement (depreciation and revaluation), disposal and disclosures – property, plant and equipment schedule
- Intangible assets – recognition, measurement (amortisation, impairment and revaluation), disposals and disclosures.

- Inventory – recognition, measurement and valuation using specific cost method (FIFO and weighted average cost)
- Trade receivables – bad debts and allowance for doubtful debts and receivables control accounts
- Accrued income and prepaid expenses
- Cash at bank – cashbook and bank reconciliation statement
- Cash in hand – cash book and petty cash book

5.3.2 Liabilities

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

5.4 Correction of errors and suspense account

5.5 Financial statements of a sole trader

- Income statement
- Statement of financial position

5.6 Financial statements of a partnership

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

5.7 Financial statements of a company

- Types of share capital – ordinary shares and preference shares
- Issue of shares (exclude issue by instalment and forfeiture)
- Types of reserves – share premium, revaluation reserve, general reserves and retained profits
- Income tax -Accounting treatment and presentation (exclude computation)
- Financial statements – Income statement and statement of financial position
- Published financial statements –description of a complete set of published financial statements only

5.8 Financial statements of a manufacturing entity

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

5.9 Financial statements of a not- for- profit organisation

- Features
- Types of funds and their accounting treatment
- Income and expenditure account
- Statement of financial position

5.10 **Group accounts**

- Consolidated income statement and consolidated statement of financial position (simple group structures comprising a holding company and one subsidiary company and/or one associate company)
- Consolidated statement of cash flow

5.11 **Analysing financial statements**

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

5.12 **Financial statements of public sector entities**

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

5.13 **Emerging issues and trends**

PAPER NO.6 PUBLIC FINANCE AND TAXATION

GENERAL OBJECTIVE

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

6.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

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

CONTENT

6.1 Introduction to Public Financial Management Legal Framework

- General overview of Public Financial Management as envisaged by the Constitution
- Overview of the Public Financial Management Act
- Financial regulations
- Treasury Circulars; meaning and application
- Process of developing county government finance bills

6.2 The operations of the national and county governments on management and control of public finance

- Establishment of National and County Treasuries
- Responsibility of National and County Treasuries with respect to public funds
- Establishment, purpose and composition of intergovernmental budget and economic council
- The Process of sharing revenue
- The role of the Commission on Revenue on Allocation (COR)
- The role of the Council of Governors in County financial management

6.3 Establishment of public funds in the public sector

- Provision of establishing public funds
- Rationale of creation of public funds
- The Consolidated Fund
- The establishment and administration of contingency funds
- The establishment and administration of equalization funds

6.4 Supply chain management in public entities

- Definitions and terminologies
- General overview of Public Procurement and Disposal (PPD) Act
- Procurement guidelines as envisaged by PPD Act
- Committees responsible for procurement
- Procurement process by National, County and other Public entities
- Tendering process and selection of Suppliers in public sector
- Concept of E-procurement

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6.5 Oversight function in public finance management

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

6.6 Introduction to taxation

- History and purposes of taxation
- Principles of an optimal tax system
- Single versus multiple tax systems
- Classification of taxes and tax rates
- Impact incidence and tax shifting, tax shifting theories
- Taxable capacity
- Budgetary and fiscal policy tools: General definition of budgets terms ,Budget surplus and deficits
- Role of budget officers in budget preparation and execution
- Responsibilities of the national and county treasury in relation to budget preparation
- Budget process for both national, county and Public entities
- Revenue Authority – History, structure and mandate

6.7 Taxation of income of persons

- Taxable and non taxable persons
- Sources of taxable incomes
- Employment income:
 - Taxable and non taxable benefits
 - Allowable and non allowable deductions
 - Tax credits (Withholding tax, personal and insurance relief etc)
 - Pension Income
- Business income:
 - Sole proprietorship
 - Partnerships (excluding conversions)
 - Incorporated entities (excluding specialised institutions)
 - Turnover tax
- Income from use of property- rent and royalties
- Farming income
- Investment income
- **Capital gains tax**

6.8 Capital deductions

- Rationale for capital deductions
- Investment deductions: ordinary manufacturers
- Industrial building deductions
- Wear and tear allowances
- Farm works deductions
- Mining allowance
- Shipping investment deduction
- Other deductions

6.9 Administration of income tax

- Overview of the income tax act
- Identification of new tax payers
- Assessments and returns
- Operations of PAYE systems: Preparation of PAYE returns, categories of employees
- Notices, objections, appeals and relief of mistake
- Appellant bodies
- Collection, recovery and refund of taxes
- Offences, fines, penalties and interest
- Application of ICT in taxation: iTax, Simba system

6.10 Administration of value added tax

- Introduction and development of VAT
- Registration and deregistration of businesses for VAT
- Taxable and non taxable supplies
- Privileged persons and institutions
- VAT rates
- VAT records
- Value for VAT, tax point
- Accounting for VAT
- VAT returns
- Remission, rebate and refund of VAT
- Rights and obligations of VAT registered person
- Offences fines, penalties and interest
- Enforcement
- Objection and appeals: Requirements and procedure
- Challenges in administration of VAT

6.11 Customs taxes and excise taxes

- Customs procedure
- Import and export duties
- Prohibitions and restriction measures
- Transit goods and bond securities
- Excisable goods and services
- Purposes of customs and excise duties
- Goods subject to customs control
- Import declaration form, pre-shipment inspection, clean report of findings
- Other revenue sources

6.12 Emerging issues and trends

**PART II
SECTION 3**

PAPER NO.7 COMPANY LAW

GENERAL OBJECTIVES

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply the provisions of company law in the formation, composition, operations and dissolution of a company

7.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply legal principles relating to formation of companies
- Evaluate the rights and obligations of members and shareholders
- Comply with the legal principles governing corporate insolvency and restructuring
- Comply with the legal principles relating to companies incorporated outside Kenya
- Ensure books of account are prepared in compliance with the law

CONTENT

7.1 Nature and classification of companies

- Types of companies
- Nature and characteristics of a company
- Classification of companies
- Principle of legal personality and veil of incorporation
- Distinction between companies and other forms of business associations

7.2 Formation of companies

- Promoters and pre-incorporation contracts
- Process of forming a company
- Memorandum and articles of association
- Certificate of incorporations
- Legal consequences of incorporation

7.3 Membership of a company

- Acquisition of membership
- Register of members
- Rights and liabilities of members
- Cessation of membership

7.4 Shares

- Classes of shares
- Variation of class rights
- Share warrants and certificates

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- Issue and allotment
- Transfer and transmission
- Mortgaging and charging of shares

7.5 Share capital

- Meaning and types of share capital
- Raising of share capital
- Prospectus/Information memorandum
- Maintenance and Alteration of capital
- The purchase by a company of its own shares
- Financial assistance by a company for purchase of its shares
- Dividends

7.6 Debt capital

- Borrowing powers of a company
- Debentures
- Charges
- Registration of charges
- Remedies for debenture holders

7.7 Company meetings

- Nature and classification of company meetings
- Essentials of meetings
- Proceedings at meetings
- Voting
- Resolutions
- Minutes

7.8 Directors

- Qualification and disqualification
- Appointment of directors
- Powers and duties of directors
- Removal and vacation of office
- Register of directors
- Loans to directors
- Compensation for loss of office
- Disclosure of director's interest in contracts
- The rule in Turquand's case/Indoor Management rule
- Insider dealing

7.9 The company secretary

- Qualification, appointment and removal
- Powers and duties of the company secretary
- Liability of the company secretary
- Register of secretaries

7.10 **Auditors**

- Qualification, appointment and removal
- Remuneration of auditors
- Powers and duties
- Rights and liabilities

7.11 **Company accounts, audit and inspection**

- Books of accounts
- Form and content of accounts
- Group accounts
- Director's report
- Auditor's report
- Investigation of company affairs
- Appointment and powers of inspectors
- Inspector's report
- Annual returns

7.12 **Corporate Restructuring**

- Need for restructuring
- Mergers, Take-overs and Acquisition
- Post Merger Reorganisation
- Schemes of Arrangement and Compromises
- Reconstruction

7.13 **Corporate insolvency**

- Meaning of Insolvency
- Types of winding up
- Appointment, powers and duties of liquidators
- Release of liquidators
- Rights of parties in winding up
- Distribution of assets
- Offences relating to liquidation

7.14 **Companies incorporated outside Kenya**

- Process of registering a company in Kenya
- Certificate of registration
- Power to hold land
- Registration of charges
- Accounts of foreign companies
- Service of process and notices on foreign companies
- Returns
- Cessation of business
- Penalties

7.15 **Emerging issues and trends**

PAPER NO. 8 FINANCIAL MANAGEMENT

GENERAL OBJECTIVES

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

8.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Analyse the sources of finance for an organisation
- Evaluate various investment decision scenarios available to an organisation
- Appraise the performance of a business using financial tools
- Evaluate the current developments in business financing strategies
- Formulate the capital structure for a firm
- Determine the future value of a firm

CONTENT

8.1 Overview of financial management

- Nature and scope of finance
- Role of finance manager.
- Finance functions
- Goals of the firm
- Agency theory concept, conflicts and resolutions
- Measuring managerial performance, compensation and incentives

8.2 Source of funds

- Factors to consider when selecting source of funds
- Long term and short term sources of funds
- External and internal sources of funds.
- Sources of funds for small business enterprises.

8.3 Financial markets

- Nature and role of financial markets
- Classifications of financial markets :primary markets and secondary markets; Money market and capital market
- The stock exchange listing and cross listing
- Market efficiency: Efficient market hypothesis
- Stock market indices
- The financial institutions and intermediaries
- The role of capital market authority
- The central depository system (CDS)

8.4 Time value of money

- Concept of time value of money
- Compounding techniques
- Discounting techniques
- Loan amortisation schedule

8.5 **Valuation concepts in finance**

- Concept of value: Market value, book value, replacement value, intrinsic value
- Valuation of fixed income securities
- Valuation of shares
- Valuation of companies
- Valuation of unit trusts
- Valuation of mutual funds

8.6 **Cost of capital**

- The concept and significance of cost of capital
- Factors influencing cost of capital
- Components costs of capital
- Weighted average cost of capital (WACC)
- Marginal cost of capital(MCC)
- Capital structure and financial risk
- Factors influencing capital structure decisions

8.7 **Capital investment decisions under certainty**

- Nature of capital investment decisions
- Categories of capital projects
- Capital budgeting techniques under certainty : Non discounted cash flow techniques(Accounting rate of return(ARR) ,payback period,);discounted cash flow techniques(net present value (NPV), internal rate of return (IRR), discounted payback period, and profitability index (PI) ; NPV profile; comparison of the NPV and IRR methods when evaluating independent and mutually exclusive projects; problems associated with each of the evaluation methods
- Expected relations among an investment's NPV, company value, and share price
- Determination of cash flows for investment decision
- Incremental approach for cash flows estimation
- Capital rationing :evaluation of capital projects and determination of the optimal capital project in situations of capital rationing for a single period rationing

8.8 **Measuring business performance**

- Users of financial statements and their informational needs.
- Nature of financial ratio analysis
- Types of financial ratios
- Limitations of ratios analysis
- Common size statements
- Financial planning and forecasting

8.9 **Working capital management**

- Introduction to working capital management
- Importance of working capital management

- Factors affecting working capital needs
- The working capital cycle.
- Working capital policies
- Management of cash, inventory, debtors and creditors.

8.10 Dividend policy

- Forms of dividends
- Dividend policies and factors influencing dividend policies
- Dividend theories

8.11 Islamic finance

- Justification for Islamic Finance; history of Islamic finance; capitalism; halal; haram; riba;gharar; usury
- Principles underlying Islamic finance : principle of not paying or charging interest, principle of not investing in forbidden items e.g. alcohol, pork, gambling or pornography; ethical investing; moral purchases
- The concept of interest (riba) and how returns are made by Islamic financial securities
- Sources of finance in Islamic financing: muhabaha, sukuk, musharaka, mudaraba
- Types of Islamic financial products: -sharia-compliant products: Islamic investment funds; *takaful* the Islamic version of insurance Islamic mortgage ,murabahah, ; Leasing- ijara; safekeeping-Wadiah; sukuk-islamic bonds and securitisation; sovereign sukuk; Islamic investment funds;Joint venture - Musharaka, Islamic banking, Islamic contracts, Islamic treasury products and hedging products, Islamic equity funds; Islamic derivatives
- International standardisation/regulations of Islamic Finance: Case for standardisation using religious and prudential guidance ,National regulators, Islamic Financial Services Board

8.12 Emerging issues and trends

PAPER NO.9 MARKETING AND PUBLIC RELATIONS

Certified Credit Professionals (CCP) Examination Syllabus

GENERAL OBJECTIVE

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

9.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply marketing principles in credit management
- Analyse the relationship between marketing and credit management
- Use marketing principles to generate sales
- Manage public relations
- Apply ethical codes and legal principles in marketing and public relations

CONTENT

9.1 Introduction to marketing

- Definition of marketing
- Importance of marketing
- Core concepts of marketing
- Marketing philosophies
- Elements of marketing
- Marketing environment

9.2 Marketing segmentation, targeting and positioning strategies

- Purpose of segmentation
- Types of segmentation
- Targeting strategies
- Positioning strategies

9.3 Product decisions

- Product classifications
- Levels of products
- New product development
- Product life cycle

9.4 Pricing decisions

- Pricing objectives
- Pricing methods
- Pricing strategies
- Buyer and competitors reactions

9.5 Place decisions

- Types of marketing channels
- Physical distribution
- Functions of marketing channels
- Marketing channels decisions
- Channel management

9.6 Promotion decisions

- Promotion objectives

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- Elements of promotion mix
- Developing promotion strategies
- Integrated marketing communication

9.7 **Marketing ethics**

- Social responsibility as a marketing tool
- Legal framework in marketing ethics
- Ethical issues in marketing

9.8 **Introduction to public relations**

- Definition of public relations
- History of public relations
- Distinction of public relations from marketing
- Steps to successful public relations
- Theories and philosophies behind public relations
- Roles and importance of public relations
- Organisational publics: (internal and external)

9.9 **Public relations techniques**

- Internal public relations techniques
- Objectives of employee communication
- Communications crisis management
- Surveys
- Sponsorships
- Press releases
- Print media

9.10 **Public relations skills/ Competences**

- Writing
- Designing
- Negotiation
- Photography
- Video recording

9.11 **Media regulation in public relations**

- Creating good media relations
- Meaning and role of media relations
- Psychological perspectives on corporate advertising
- Writing a press release
- Media interview techniques

9.12 **Media law**

- Laws affecting public relations practice
- Professional bodies in public relations
- Government activities and lobbying from the public relations perspective

9.13 **Ethics and corporate social responsibility**

- The role of ethics in public relations
- Conduct of public relations
- Conduct towards training of employees and clients
- Ethical implications: short and long-term
- Community and environment responsibilities
- Ethics in soliciting for clients and advertising

9.14 **Emerging issues and trends**

SECTION 4

PAPER NO.10 LAW GOVERNING CREDIT PRACTICE

GENERAL OBJECTIVE

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

10.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Identify the securities available in lending
- Comply with the procedures and methods of creation of securities
- Identify the rights and duties of lenders and borrowers
- Demonstrate knowledge of Bankruptcy and Insolvency Law

CONTENT

10.1 Introduction to securities

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

10.2 Land as Security

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

10.3 Chattel mortgages

- Meaning of a chattel
- Parties to a contract of chattel mortgage
- Rights and duties of the parties
- Discharge

10.4 Guarantees and Indemnities

- Meaning and Characteristics
- Formation
- Rights and duties of the parties
- Common clauses in guarantee and indemnity
- Termination of guarantees
- Advantages and disadvantages of guarantees

10.5 Bailment, pledge and lien

- Meaning and Characteristics
- Bailment
- Pledge
- Lien

10.6 Corporate Securities

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- Meaning and Characteristics
- Debentures
- Charges
- Remedies of a debenture holder
- Corporate Bonds
- Common clauses in corporate bonds

10.7 Government Borrowing

- Treasury Bills
- Treasury Bonds
- Borrowing by County Government

10.8 Regulatory Framework for lending institutions (excluding banks)

- Co-operative societies
- Savings and credit cooperative societies (Sacco's)
- Micro finance institutions
- Prudential Guidelines for lending Institutions

10.9 Corporate governance

- Meaning of corporate governance
- Best practice in corporate governance
- Role of Stakeholders (Shareholders, Board of Directors, Government)
- Conflict of Interest
- Investor education and protection of shareholders

10.10 Consumer Protection in Credit Agreements

- Disclosure
- Unauthorised charges
- Insurance
- Correcting of Errors
- Deferral of payments
- Default charges
- Prepayment

10.11 Emerging issues and trends

PAPER NO. 11 MANAGEMENT INFORMATION SYSTEMS

GENERAL OBJECTIVE

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

11.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Effectively use ICT facilities in an organisation
- Apply the knowledge of ICT strategy and its role in facilitating competitive advantage in business
- Use data communication networks, the Internet and e-commerce in optimising business opportunities
- Implement information systems' security, controls and social ethical issues required in a business environment
- Implement ICT governance and risk management principles in business

CONTENT

11.1 Introduction to information communication technology (ICT)

- Overview of computer systems
- Computer hardware
- Computer software
- Programming languages
- ICT personnel and information communication technology hierarchy
- Role of ICT in business environments
- Information centres
- Factors that impact on ICT

11.2 ICT governance

- Corporate governance and ICT governance
- Monitoring of controls and risks
- Policies and procedures
- ICT management practices
- Impact on ICT compliance with professional standards and codes

11.3 Systems development

- General systems theory
- Role of management in systems development
- Systems development approaches
- Systems development life cycle
- Rapid applications development
- Business process re-engineering
- Systems development constraints
- Acquisition of ICT assets

11.4 Information systems in an enterprise

- Components of an information system
- Types of information systems
- Systems in a functional perspective
- Enterprise applications and the business process integration
- Outcome measurement of ICT infrastructure

Certified Credit Professionals (CCP) Examination Syllabus

11.5 **Information systems architecture**

- Nature and types of information
- Attributes of information
- Files and file structure
- File organisation methods
- Database management systems
- Characteristics, importance and limitations of database systems
- Data warehousing
- Transaction processing phases in business systems
- File processing modes

11.6 **Data communication and computer networks**

- Principles of data communication and computer networks
- Data communication devices
- Data transmission characteristics
- Types of networks
- Network topologies
- Network/internet protocols
- Benefits and challenges of networks in an organisation
- Limitations of networks in an organisation
- Cloud computing
- Internet of things

11.7 **e-Commerce**

- Impact of the internet on business
- Models of e-commerce
- E-commerce enabling software
- Business opportunities in e-commerce
- Challenges of e-commerce
- Mobile computing

11.8 **Information systems strategy**

- Overview of business strategy hierarchy
- The strategic process and information systems planning
- Development of information systems strategy
- Aligning information systems to the organisation's corporate strategy
- Managing information systems strategy
- Information systems for competitive advantage

11.9 **ICT Risk management**

- Risk management overview
- Risk assessment and analysis methodologies
- Controls and countermeasures
- Risk monitoring and communication
- Disaster recovery and business continuity planning
- Information systems security management

11.10 **Legal, ethical and social issues in management information systems**

- Management information systems ethical and social concerns
- The moral dimension of management information systems
- The legal issues in management information systems

11.11 **Emerging issues and standards**

PAPER NO.12 QUANTITATIVE ANALYSIS

GENERAL OBJECTIVE

Certified Credit Professionals (CCP) Examination Syllabus

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to use quantitative analysis tools in business operations and decision making

12.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Use mathematical techniques in solving business problems
- Apply set theory in business decision making
- Apply operation research techniques in decision making
- Apply simulation techniques in analysing business situations.

CONTENT

12.1 Basic mathematical techniques

12.1.1 Functions

- Functions, equations and graphs: Linear, quadratic, cubic, exponential and logarithmic
- Application of mathematical functions in solving business problems

12.1.2 Matrix algebra

- Types and operations (addition, subtraction, multiplication, transposition, and inversion)
- Application of matrices: statistical modelling, Markov analysis, input-output analysis and general applications

12.1.3 Calculus

- **Differentiation**
 - Rules of differentiation (general rule, chain, product, quotient)
 - Differentiation of exponential and logarithmic functions
 - Higher order derivatives: Turning points (maxima and minima)
 - Ordinary derivatives and their applications
 - Partial derivatives and their applications
- **Integration**
 - Rules of integration
 - Applications of integration to business problems

12.2 Probability

12.2.1 Set theory

- Types of sets
- Set description: Enumeration and descriptive properties of sets
- Operations of sets: Union, intersection, complement and difference
- Venn diagrams

12.2.2 Probability theory and distribution

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Probability theory

- Definitions: Event, outcome, experiment, sample space
- Types of events: Elementary, compound, dependent, independent, mutually exclusive, exhaustive, mutually inclusive
- Laws of probability: Additive and multiplicative rules
- Baye's Theorem
- Probability trees
- Expected value, variance, standard deviation and coefficient of variation using frequency and probability

Probability distributions

- Discrete and continuous probability distributions (uniform, normal, binomial, poisson and exponential)
- Application of probability to business problems

12.3 Hypothesis testing and estimation

- Hypothesis tests on the mean (when population standard deviation is unknown)
- Hypothesis tests on proportions
- Hypothesis tests on the difference between means (independent samples)
- Hypothesis tests on the difference between means (matched pairs)
- Hypothesis tests on the difference between two proportions

12.4 Correlation and regression analysis

Correlation analysis

- Scatter diagrams
- Measures of correlation –product moment and rank correlation coefficients (Pearson and Spearman)

Regression analysis

- Simple and multiple linear regression analysis
- Assumptions of linear regression analysis
- Coefficient of determination, standard error of the estimate, standard error of the slope, t and F statistics
- Computer output of linear regression
- T-ratios and confidence interval of the coefficients
- Analysis of Variances (ANOVA)

12.5 Time series

- Definition of time series
- Components of time series (circular, seasonal, cyclical, irregular/random, trend)
- Application of time series
- Methods of fitting trend: free hand, semi-averages, moving averages, least squares methods
- Models- additive and multiplicative models
- Measurement of seasonal variation using additive and multiplicative models

- Forecasting time series value using moving averages, ordinary least squares method and exponential smoothing
 - Comparison and application of forecasts for different techniques
- 12.6 Linear programming**
- Definition of decision variables, objective function and constraints
 - Assumptions of linear programming
 - Solving linear programming using graphical method
 - Solving linear programming using simplex method
 - Sensitivity analysis and economic meaning of shadow prices in business situations
 - Interpretation of computer assisted solutions
 - Transportation and assignment problems
- 12.7 Decision theory**
- Decision process
 - Decision making environment – deterministic situation (certainty), analytical hierarchical approach (AHA), risk and uncertainty, stochastic situations (risk), situations of uncertainty
 - Decision making under uncertainty - maximin, maximax, minimax regret, Hurwicz decision rule, Laplace decision rule
 - Decision making under risk - expected monetary value, expected opportunity loss, minimising risk using coefficient of variation, expected value of perfect information
 - Decision trees - sequential decision, expected value of sample information
 - Limitations of expected monetary value criteria
- 12.8 Game theory**
- Assumptions of game theory
 - Zero sum games
 - Pure strategy games (saddle point)
 - Mixed strategy games (joint probability approach)
 - Dominance, graphical reduction of a game
 - Value of the game
 - Non zero sum games
 - Limitations of game theory
- 12.9 Network planning and analysis**
- Basic concepts – network, activity, event
 - Activity sequencing and network diagram
 - Critical path analysis (CPA)
 - Float and its importance
 - Crashing of activity/project completion time
 - Project evaluation and review technique (PERT)
 - Resource scheduling (levelling) and Gantt charts
 - Limitations and advantages of CPA and PERT
- 12.10 Queuing theory**

- Components/elements of a queue: arrival rate, service rate, departure, customer behaviour, service discipline, finite and infinite queues, traffic intensity
- Elementary single server queuing systems
- Finite capacity queuing systems
- Multiple server queues

12.11 **Simulation**

- Types of simulation
- Variables in a simulation model
- Construction of a simulation model
- Monte Carlo simulation
- Random numbers selection
- Simple queuing simulation: Single server, single channel “first come first served” (FCFS) model
- Application of simulation models

12.12 **Current developments**

Role of advancement in information technology in solving quantitative analysis problems

12.13 **Emerging issues and trends**

**PART III
SECTION 5**

PAPER NO. 13 STRATEGY, GOVERNANCE AND ETHICS

GENERAL OBJECTIVE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to formulate and implement strategies and demonstrate good governance and ethical practices

13.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Analyse the environment and its impact on strategic decision making
- Formulate and implement a strategic plan
- Practice the tenets and principles of good governance
- Comply with ethical principles in an organisation

CONTENT

13.1 Overview of management

- Importance of management
- Principles of management
- Management as a science, an art or a profession
- Functions and roles of management
- Levels of management and managerial skills
- Management and administration

13.2 Development of management thought

- Pre-industrial revolution management theories
- Classical theories, neo-classical theories
- Contemporary theories

13.3 Overview of management functions

- Planning
- Organising
- Staffing
- Directing
- Controlling

13.4 Overview of corporate strategy and governance

- Meaning of strategy, management and strategic management
- Scope of strategic management
- Levels of strategic management
- Benefits of strategic management
- Limitations of strategic management
- Strategic management process
- Meaning and importance of governance
- Principles of corporate governance
- Best practice in corporate governance
- Codes of corporate practices and conduct in public and private sectors
- Corporate Governance theories

13.5 Environmental analysis

- Purpose of environmental analysis
- Internal environment analysis
- External environment analysis

- 13.6 Strategy formulation**
- Organisational vision and mission
 - Organisational goals and objectives
 - Development of corporate strategy and business strategy
 - Strategic options
 - Strategy formulation constraints
 - Competitive advantage
- 13.7 Strategy implementation**
- Organisation structure
 - Resource allocation
 - Organisational culture
 - Role of leadership on strategy implementation
 - Innovation and knowledge management
 - Constraints to strategy implementation
- 13.8 Strategic monitoring and evaluation**
- Purpose and role of strategic monitoring and evaluation
 - Process of strategic monitoring and evaluation
 - Tools of strategic monitoring and evaluation
 - Role of management information systems
 - Performance measurement; balance scorecard and benchmarking
 - Features of good strategic monitoring and evaluation systems
 - Review and feedback
 - Continuous improvement
- 13.9 Management of Strategic change**
- Strategic leadership
 - Implementing change
 - Managing organisation power and politics
 - Business excellence model
 - Learning organisation
 - Lean and quality management
- 13.10 Promoting good corporate governance**
- Rights of shareholders and responsibilities to stakeholders
 - The chairman, board of directors and management
 - The secretary
 - Duties and responsibilities of auditors
 - Investor education
 - Internal and external corporate governance controls
- 13.11 Composition, appointment and duties of directors**
- Mix of skills and competencies of directors
 - Executive and non-executive directors
 - Qualification, appointment, removal, retirement and reappointment
 - Director's remuneration
 - Directors training and development
 - Directors' liabilities and insurance indemnity
 - Framework for performance evaluation of the board of directors
 - Statutory and fiduciary duties of directors
 - Directors as agents of shareholders
 - Matters reserved to the board of directors

- Conflict of interest and disclosure
- Code of good boardroom practice

13.12 **Enterprise Risk Management (ERM)**

- The ERM Framework: Risk management philosophy, risk appetite, control
- Categories of risk
- Managing risk: financial and operational; risk management process
- Role of the Board in ERM
- Risk responses: avoidance, acceptance, reduction and sharing

13.13 **Professional values and ethical principles**

- Professional judgment
- Confidentiality
- Ethics: definition, theories and principles on ethics
- Ethical norms, morality and values
- Code of ethics
- Standards of conduct and personal integrity
- Ethics in business
- Corporate Social responsibility

13.14 **Conflict of interest and insider trading**

- Conflict of interest and market manipulation
- Disclosure of interest
- Communication of the conflict of interest
- Insider trading
- Whistle blowing
- Conflict of interest register
- Dispute resolution mechanism

13.15 **Case studies in strategy, governance and ethics**

13.16 **Emerging issues and trends**

PAPER NO.14 BANKING LAW AND PRACTICE

GENERAL OBJECTIVE

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

14.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply regulations and guidelines in the banking sector in credit
- Assess compliance with licensing requirements for banks
- Provide relevant information for inspection in the context of credit in banks
- Evaluate the impact of global financial issues on credit management

CONTENT

14.1 Introduction to regulations in the banking sector

- The role of regulation
- Regulatory models and strategies
- Regulatory authorities
- Forms of control

14.2 The Central Bank

- Establishment of Bank and legal status
- Principal object of the Bank
- Other objects of the Bank
- Monetary policy statements
- Consultations on monetary policy
- Monetary Policy Advisory Committee
- Central bank independence
- Credit control
- Lender of last resort

14.3 Licensing of institutions

- Application for licence.
- Licensing of institutions.
- Revocation of licence.
- Minimum capital requirements.
- Location of places of business.
- Branches and subsidiaries.
- Amalgamations and transfers of assets and liabilities.
- Requirements for Directors, Chief Executive Officers and significant shareholders
- Prohibited business
- Capital adequacy Basel II and III
- Regulation of large and complex financial institutions

14.4 Reserves, dividends, accounts and audit

- Ratio between core capital and deposits.
- Ratio between capital and assets.
- Minimum liquid assets.

- Restrictions on dividends.
- Form of accounts.
- Accounts to be exhibited.
- Submission of accounts to the Central Bank.
- Appointment of auditors
- Change of auditors
- Auditor's duty of confidence.

14.5 **Inspection and control of Institutions**

- Inspection of institutions
- Vetting of officials
- Powers of Central Bank to advise and direct
- Powers upon audit or inspection report
- Examination and control of groups
- Powers of Central Bank to intervene in management
- Voluntary liquidation
- Liquidation of institutions by Central Bank

14.6 **The bank and credit**

- Different types of bank credit products
- Credit facilities for different customers and their requirements.
- Different credit facilities for different customer needs
- Explain the different types of security and the perfection procedures.
- 5Cs, CCCPARTS and PARSER
- Monitoring and control of credit facilities
- Recovery procedures

14.7 **Consumer protection**

- Consumer protection and access to financial services sector
- Banker/customer relationship and duties
- Prudential controls
- Deposit Protection Fund

14.8 **Global financial markets issues**

- Prevention and Control of money laundering
- Know your Customer principle

14.9 **Emerging issues and trends**

PAPER NO. 15 CREDIT MANAGEMENT IN THE FINANCIAL SECTOR

GENERAL OBJECTIVE

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

15.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Analyse different credit applications.
- Extend different credit facilities for different customers.
- Apply credit management skills in the context of asset financing
- Assess the impact of microfinance in promoting small and micro enterprises in the economy
- Undertake credit management activities in the co-operative sector.

CONTENT

15.1 Credit card risk management

- Parties to credit card transactions
- Importance of credit cards
- Types of credit cards
- Main features of credit cards
- Assessment and appraisal of credit card applications
- Managing credit cards fraud
- Credit card risk management
- Delinquency management

15.2 Securities

- Definitions
- Types of securities
- Secured debt
- Unsecured debt
- General principles of good lending
- Features of good securities
- Taking/perfection of securities
- Documentation of securities
- Lodging in securities
- Discharging/releasing of securities

15.3 Asset finance

- Overview of asset finance
- Types of asset finance
- Assessment of asset finance risks
- Asset finance risk management
- Choosing the right type of asset finance
- Definition of leasing
- Types of leasing
- Advantages and disadvantages of leasing
- Leasing process
- Assessment and appraisal of a leasing loan application
- Marketing and leasing
- Risk management

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- Nature of hire purchase
- Formation of a hire purchase contract
- Duties of the parties
- Termination of hire purchase contract
- Advertising for hire purchase
- Risk management

15.4 **Microfinance**

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

15.5 **Types and products of mortgage**

- Introduction to mortgage
- Types of mortgages
- Parties to a mortgage transaction
- Products offered under mortgage
- Target customers and mortgage financiers
- Credit appraisals
- Types of documents and registration process
- Risk management and recovery
- Deposit taking microfinance(DTM)
- Difference between microfinance and microcredit

15.6 **Co-operative societies**

- Nature of co-operatives
- Co-operative principles and practice
- Co-operative credit programmes and policies
- Co-operative structure
- Savings and lending processes
- Risk management
- Delinquency management
- The future of co-operatives
- Role of regulatory authorities

15.7 **Emerging issues and trends**

SECTION 6

PAPER NO.16 DEBT RECOVERY

GENERAL OBJECTIVE

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to undertake debt recovery procedures in accordance with the law

16.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Evaluate the viability of recovering debts through legal proceedings
- Comply with the procedures for recovery of debts through courts
- Analyse the alternative models of debt recovery
- Comply with the legal principles governing bankruptcy and insolvency proceedings.

CONTENT

16.1 Preliminary considerations before initiating debt recovery

- Acknowledgement of debt
- Evidence of indebtedness
- Statute barred debts
- Viability of debt recovery
- Availability of the debtor

16.2 Debt management

- Rescheduling of debt
- Extension of time
- Foreclosure
- Conversion of debt to equity
- Payment of Interest first
- Suspended payments
- Surrender of securities
- Receivership

16.3 Debt recovery through civil suits

16.3.1 Institution of suit

- Locus standi
- Jurisdiction
- Pleadings
- Service of summons

16.3.2 Hearings

- Summary judgement
- Attachment before judgment
- Presentation of evidence

16.3.3 Judgment and decree

- Extraction of decree
- Execution of the decree
- Attachment and sale of property
- Attachment of debts
- Garnishee orders
- Committal to Civil jail

16.4 Alternative dispute resolution mechanisms

- Negotiation
- Conciliation
- Mediation
- Arbitration

16.5 Bankruptcy

- Meaning
- Acts of bankruptcy
- Bankruptcy proceedings
- Rights of creditors
- Consequences of bankruptcy
- Discharge of a bankrupt

16.6 Dissolution of partnerships

- Break-up of a partnership
- Effects of a break-up
- Restriction of ceasing to be a partner on or after break-up
- Protection for property acquired after break-up
- Winding up by partners
- Distribution of partner's assets on winding up
- Dissolution of partnership which has broken up
- Power of court to appoint administrator
- Order appointing provisional liquidator
- Power of court to fix remuneration of receivers and managers
- Appointment of liquidator as receiver
- Provisions relating to receiver or manager appointed

16.7 Insolvency law

- Meaning of Insolvency
- Receivership
- Types of winding up
- Official Receiver/Liquidator
- Committee of inspection
- Distribution of assets
- United Nations Commission on International Trade Law (UNCITRAL) legislative guide on Insolvency Law

- United Nations Commission on International Trade Law (UNCITRAL) on cross border listing
- World Bank Principles and Guidelines for Effective Insolvency and Creditor Rights Systems

16.8 **Emerging issues and trends**

PAPER NO.17 CORPORATE LENDING

GENERAL OBJECTIVE

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to manage the lending function

17.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Assess the creditworthiness of corporate customers
- Identify various risks associated with collateral
- Assess and manage credit risk
- Apply canons of lending in evaluating corporate customers
- Monitor and control lending
- Comply with professional ethics applicable in corporate lending

CONTENT

17.1 Types of corporate customers

- Classification of corporate customers
 - Companies
 - Multinational companies
 - Partnerships
 - Registered groups
 - Trusts
 - Not-for-profit organisations

17.2 Corporate strategy and lending

- Analytical models
- Analysis of corporate strategy in relation to lending
 - Financial strategy
 - Business strategy
 - Corporate goals
 - Competitive environment
 - Strategic alternatives

17.3 Canons of lending

- Attributes of good lending
- Approaches to assessing the viability of a lending proposition
- Borrowing requirements
- Credit risks associated with various types of customers
- Special considerations when lending to registered groups
- lending requirements

17.4 Financial statements- assessment and interpretation

- Comparison of trends in financial statements
- Projected profit and loss accounts
- Budgets: cash flow forecasts, cash-flow statements
- Monitoring actual performance with budgeted figures
- Ratio analysis and interpretation
- Comparison of trends
- Link financial assessment to lending proposition

- 17.5 **Alternative sources of finance**
- Term lending
 - Equity finance
 - Bonds
 - Franchising
 - Interest rate products
 - Currency products
- 17.6 **Principles of collateral awareness**
- Validity of collateral
 - Advantages and disadvantages of collateral
 - Value of collateral
 - Terms and conditions for lending
 - Periodic valuation and monitoring of collateral
 - Custody of assets, resources and proprietary information
- 17.7 **Monitoring and control of lending**
- Reviewing customers' accounts
 - Sources of information for review
 - 'Out of order' report
 - Warning signs of bad and doubtful debts
 - Cross referencing
 - Overtrading - emphasis on link to cash flow
 - Variance analysis
 - Control measures in lending
 - Interim management accounting information
 - Reporting defaulters to the National Credit Reference Bureaus (CRBs)
- 17.8 **Managing credit risk in lending**
- Risk posed by different types of corporate customers
 - Credit rating
 - Identification of interest and exchange rate risk posed by corporate customers
 - Techniques for managing risk -internal and external techniques
- 17.9 **Prudential guidelines in lending**
- Introduction
 - Reasons for prudential guidelines
 - Non-performing loans
 - Non-performing overdraft
 - Risk classification of debt
 - Management of non- performing debts
 - Provisioning requirements
 - Renegotiated substandard loans
 - Multiple facilities
 - Renegotiated doubtful loans
 - Write offs
 - Treatment of securities
 - Insider borrowing
- 17.10 **Credit crunch**
- Definition of credit crunch
 - Causes of credit crunch
 - Effects to the business environment and the economy
 - Managing risk under credit crunch
- 17.11 **Ethics in corporate lending**
- Standards of conduct and personal integrity
- 17.12 **Emerging issues and trends**

PAPER NO.18 CREDIT PRACTICE

GENERAL OBJECTIVE

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to link and apply the various credit management concepts in a practical scenario

18.0 LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate sound technical knowledge in credit management
- Demonstrate diverse knowledge clearly applied in an analytical and practical manner in solving the problems in a case study
- Present appropriate alternate solutions in credit management and make effective judgment in a logical and rational manner
- Communicate effectively with realistic recommendations in a concise and logical manner
- Prepare a comprehensive credit report.

CONTENT

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