

# 2015 CIMA PROFESSIONAL QUALIFICATION SYLLABUS

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*This updated syllabus and assessment bridges the skills gaps of newly qualified finance professionals worldwide, meeting the employability needs of both business and people.*

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## FOREWORD

I am pleased to introduce the 2015 CIMA Professional Qualification Syllabus, which is designed to address the employability needs of both business and people.

The increasing complexity, uncertainty and ambiguity in the operating environments of organisations make it difficult for their leaders and employees to create and preserve sustainable value. Finance professionals with high quality technical skills, deep understanding of their organisations, and the ability to influence and lead people can provide the insight those organisations need to craft and successfully execute their strategies.

The 2015 CIMA Professional Qualification Syllabus has been designed to enable this. The updated syllabus and assessment bridges skills gaps of newly qualified finance professionals worldwide, meeting the employability needs of both business and people. In designing the qualification we set out to enhance the *relevance* of the syllabus to employers; ensure the *rigour* of the related examinations so that they can differentiate between competent and non-competent candidates; and align the learning experience of candidates to the *real* world of business.

The changes to the content of the qualification are evolutionary rather than revolutionary. New material such as 'Big Data', sustainability, integrated reporting and finance function transformation has been added. Existing themes on costing, cost management and risk management have been strengthened. The qualification is more consistent across levels and pillars, and is more coherent.

Major changes have been made to the assessment of candidates in line with developments in the use of technology in education and industry. The structure, type, technology and frequency of assessments have changed. A two-tier structure has been introduced, comprising objective tests for each subject and an integrated case study at each level. These assessments are computer based and can be taken on demand (for objective tests) and four times a year (for integrated case studies). The first examinations will take place in the first quarter of 2015.

The changes are based on robust and comprehensive research, including face-to-face meetings with organisations in four major countries; roundtable discussions in 13 countries in Asia, Africa, Europe and North America; and a global online question survey involving over 3,000 participants. In all these, our objective is **to produce competent and confident management accounting professionals who can guide and lead their organisations to sustainable success.**

I urge you to take the time to read this document and recommend the CIMA Professional Qualification Syllabus to you without reservation.



Noel Tagoe PhD, FCMA, CGMA  
Executive Director – Education

## CIMA 2015 syllabus and assessment

*To produce competent and confident management accounting professionals who can guide and lead their organisations to sustainable success.*

### COMPETENCY FRAMEWORK

Employers define the competencies accounting and finance staff need to drive successful businesses.

### SYLLABUS

CIMA develops the competency-based syllabus to define learning outcomes in terms of the skills, knowledge and abilities that will be tested in examinations.

### LEARNING

CIMA and its education partners provide learning materials and student support to facilitate student learning.

### EXAMINATIONS

CIMA designs and administers exams that demonstrate successful candidates are competent and business ready.

# THE CIMA PROFESSIONAL QUALIFICATION

The CIMA professional qualification comprises three pillars of domain knowledge divided into three levels of achievement. The pillars are enterprise, performance and financial. The levels are operational, management and strategic. When combined with the required practical experience, the CIMA qualification ensures that members are business ready. The syllabus and related assessment will ensure that CIMA qualified finance professionals are competent in their accounting, finance and other skills, and confident in using them to add value to the many organisations in which they work.

To complete the CIMA qualification, and be able to use the Chartered Global Management Accountant™ (CGMA®) designation, students need to:

- meet the entry requirements of the professional level qualification
- study for and complete the relevant professional level assessments, culminating in the Strategic Case Study Exam
- complete three years of relevant practical experience, which can be gained before, during and/or after studies.

**CIMA** AWARD / Membership of the Chartered Institute of Management Accountants and the **CGMA**® designation  
Chartered Global Management Accountant

Assessment of practical experience

STRATEGIC LEVEL

Strategic Case Study Exam

**E3**  
Strategic Management

**P3**  
Risk Management

**F3**  
Financial Strategy

MANAGEMENT LEVEL

AWARD / CIMA Advanced Diploma in Management Accounting

Management Case Study Exam

**E2**  
Project and Relationship Management

**P2**  
Advanced Management Accounting

**F2**  
Advanced Financial Reporting

OPERATIONAL LEVEL

AWARD / CIMA Diploma in Management Accounting

Operational Case Study Exam

**E1**  
Organisational Management

**P1**  
Management Accounting

**F1**  
Financial Reporting and Taxation

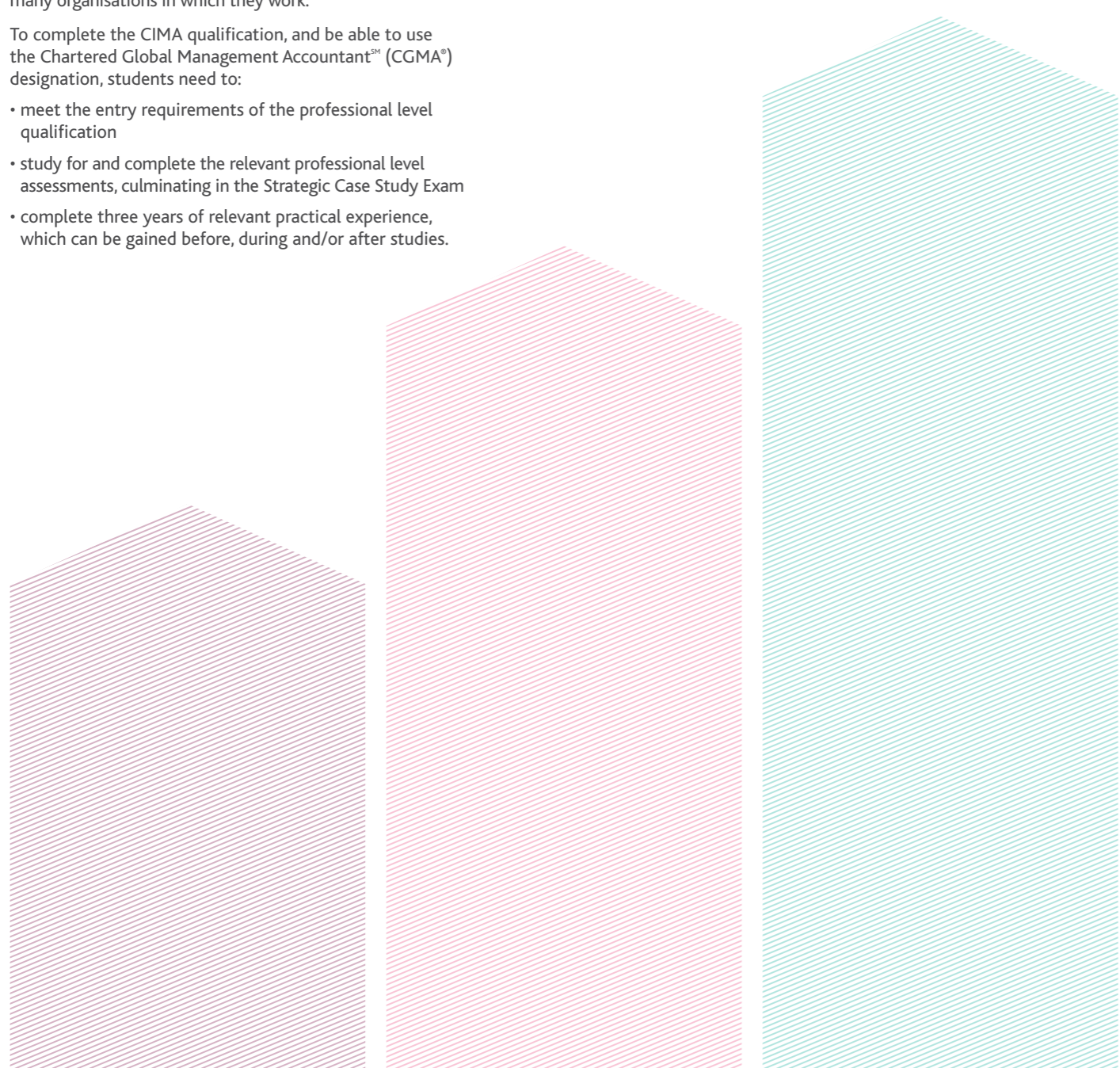
ENTERPRISE PILLAR

PERFORMANCE PILLAR

FINANCIAL PILLAR

Practical experience / lifelong learning

Pre-requisite entry requirements (e.g. CIMA Certificate in Business Accounting, degrees in business or accounting or AAT Technician/Diploma level [level 4]).



# CIMA'S COMPETENCY FRAMEWORK

Following comprehensive global research with organisations of various sizes in different sectors, CIMA developed a framework which shows the skills, abilities and competencies that finance professionals need to help drive the success of their organisations.

The competency framework is based on what organisations expect finance professionals to do. Finance professionals are expected to perform accounting and finance activities within the context of the business/organisations in which they operate. They are expected to influence the decisions, actions and behaviours of their colleagues within their organisation and outside it, and to provide leadership at all levels. To do this, they need accounting and finance skills, business acumen, people skills and leadership skills.

Here are the skills and abilities of the CIMA competency framework in more detail:

#### Core accounting and finance skills

Financial accounting and reporting, cost accounting and management, planning and control, management reporting and analysis, corporate finance and treasury management, risk management and internal control, taxation and accounting information systems.

#### Business acumen

Strategy, analysis of market and macro-economic environments, process management, business relations, project management and awareness of the regulatory environment.

#### People skills

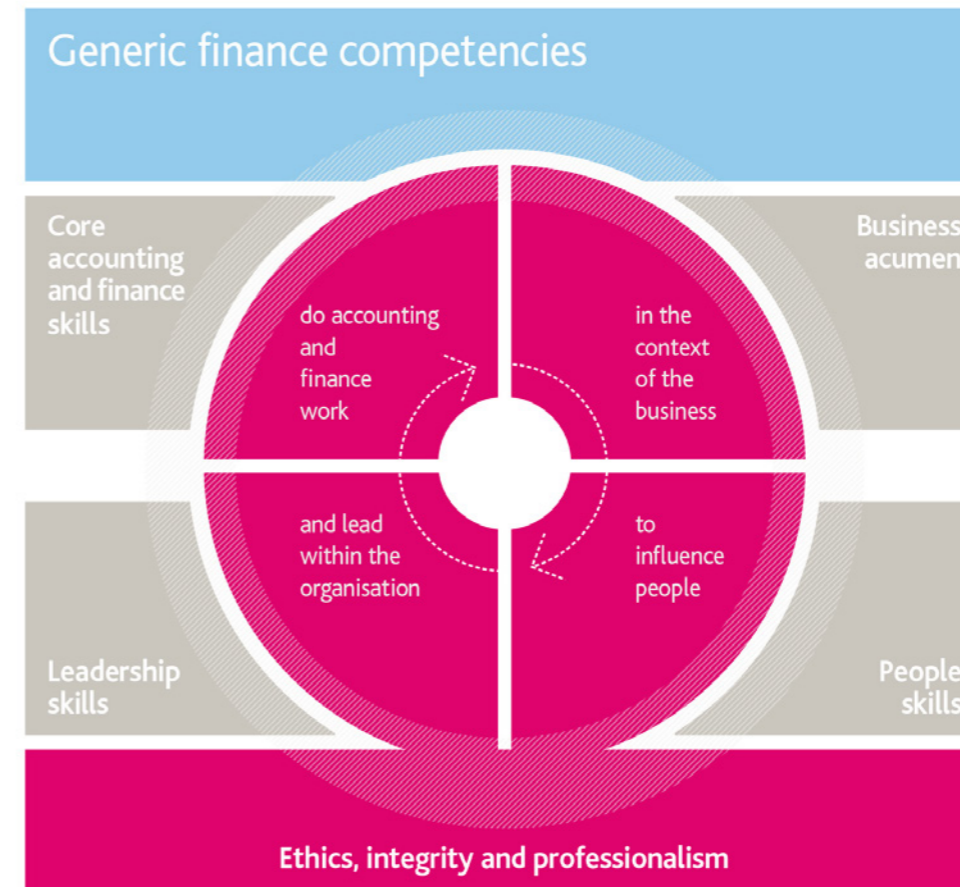
Ability to influence, negotiation skills, decision-making, collaborative working and communication.

#### Leadership skills

Team building, coaching and mentoring, driving performance, change management, and ability to motivate and inspire.

All these are underpinned by **ethics, integrity** and **professionalism**.

The competency framework provides the foundation for CIMA's 2015 syllabus and assessment strategy and methods. Later in this document, there will be more about the competency framework, and how it links to specific areas of the syllabus.



# STRUCTURE OF THE CIMA SYLLABUS

The CIMA syllabus comprises nine separate subjects that are organised in three pillars and three levels.

## The pillars

The three pillars represent specific areas of knowledge. The content of each pillar develops as students move up the qualification. The three pillars are interlinked to provide a coherent body of knowledge that will equip successful students with the competencies they require.

**The enterprise pillar** deals with the formulation of strategy, as well as its effective implementation. It emphasises how change management, project management, relationship management and the structuring of organisations can help to successfully implement strategy.

**The performance pillar** uses the tools and techniques of management accounting and risk management to ensure that strategy is realistic and to monitor its implementation. It shows students how to use their understanding of costs to construct budgets, make decisions about prices and capital expenditure, manage costs and manage performance. It develops the ability of students to progressively identify, classify, evaluate and manage risk.

**The financial pillar** focus is the financial accounting and reporting obligations of the organisation. This includes an understanding of the regulatory framework and external reporting requirements, and the ability to construct and evaluate complex financial statements to show the financial position and performance of the organisation. The fundamentals of business tax are covered, as are the tax implications of financing decisions. It also looks at formulating financial strategy, which is linked to the formulation of organisational strategy in the enterprise pillar and assessing risk in the performance pillar.

The subjects in each learning pillar are designed to be sequential, from operational to strategic level, encouraging the progressive development of knowledge, techniques and skills.

## The levels

The syllabus is also divided into three levels of achievement. Students progress from the operational level to the management level and finally to the strategic level. At each level students study subjects across the three pillars.

**The operational level** covers the implementation of strategy, as well as reporting on the implementation of strategy. Its focus is the short-term.

**The management level** translates the strategy decided at higher levels, and communicates it to lower levels for implementation. It monitors and reports on the implementation of strategy, and ensures corrective action is taken when required. It has a medium-term focus.

**The strategic level** concentrates on making strategic decisions and providing the context for which those decisions will be implemented. Its focus is the long-term.

## Syllabus topic weightings

Each subject is divided into a number of broad syllabus topics. A percentage weighting is shown against each syllabus topic and is intended as a guide to the proportion of study time each topic requires.

It is essential that all topics in the syllabus are studied, as all topics will be examined. The weightings do not specify the number of marks that will be allocated to topics in the examination.

## STRATEGIC (DECIDE)

MAKE STRATEGIC DECISIONS  
PROVIDE OVERALL CONTEXT FOR EFFECTIVE IMPLEMENTATION OF STRATEGY

E3 Strategic Management	
A Interacting with the organisation's environment	20%
B Evaluating strategic position and strategic options	30%
C Leading change	20%
D Implementing strategy	15%
E The role of information systems in organisational strategy	15%

P3 Risk Management	
A Identification, classification and evaluation of risk	20%
B Responses to strategic risk	20%
C Internal controls to manage risk	20%
D Managing risks associated with cash flows	20%
E Managing risks associated with capital investment decisions	20%

F3 Financial Strategy	
A Formulation of financial strategy	25%
B Financing and dividend decisions	35%
C Corporate finance	40%

## MANAGEMENT (MONITOR)

MONITOR IMPLEMENTATION OF STRATEGY  
ENSURE CORRECTIVE ACTION IS TAKEN

E2 Project and Relationship Management	
A Introduction to strategic management and assessing the global environment	30%
B The human aspects of the organisation	20%
C Managing relationships	20%
D Managing change through projects	30%

P2 Advanced Management Accounting	
A Cost planning and analysis for competitive advantage	25%
B Control and performance management of responsibility centres	30%
C Long-term decision making	30%
D Management control and risk	15%

F2 Advanced Financial Reporting	
A Sources of long-term finance	15%
B Financial reporting	60%
C Analysis of financial performance and position	25%

## OPERATIONAL (IMPLEMENT)

IMPLEMENT STRATEGY  
REPORT ON IMPLEMENTATION OF STRATEGY

E1 Organisational Management	
A Introduction to organisations	25%
B Managing the finance function	15%
C Managing technology and information	15%
D Operations management	15%
E Marketing	15%
F Managing human resources	15%

P1 Management Accounting	
A Cost accounting systems	30%
B Budgeting	25%
C Short-term decision making	30%
D Dealing with risk and uncertainty	15%

F1 Financial Reporting and Taxation	
A Regulatory environment for financial reporting and corporate governance	10%
B Financial accounting and reporting	45%
C Management of working capital, cash and sources of short-term finance	20%
D Fundamentals of business taxation	25%

## ENTERPRISE PILLAR

Articulate a vision

*How do we develop strategy?  
How do we plan for its effective implementation?*

## PERFORMANCE PILLAR

Ground the vision in reality

*How do we ensure our strategy is realistic?  
How do we monitor activity to ensure strategy is being implemented effectively?*

## FINANCIAL PILLAR

Report attainment of the vision

*How do we prepare financial statements?  
How do we interpret financial statements to understand our performance and to help us make decisions?*

# LEAD LEARNING OUTCOMES

Each syllabus topic contains one or more lead learning outcomes, related component learning outcomes and indicative syllabus content.

Each lead learning outcome:

- defines the skill or ability that a well-prepared candidate should be able to exhibit in an examination
- is examinable and demonstrates the approach likely to be taken in examination questions.

The lead learning outcomes are part of a hierarchy of learning objectives. The verbs used at the beginning of each learning outcome relate to a specific learning objective e.g.

**Evaluate** performance using fixed and flexible budget reports.

The verb '**evaluate**' indicates a high-level learning objective (level 5). Because learning objectives are hierarchical, it is expected that at this level, students will have knowledge of fixed and flexible budget techniques, be able to apply them and assess performance using relevant reports.

The table lists the learning objectives and the verbs that appear in the syllabus learning outcomes and examination questions.

Levels	Learning objective	Verbs used	Definition
5	<b>EVALUATION</b> How you are expected to use your learning to evaluate, make decisions or recommendations.	Advise Evaluate Recommend	Counsel, inform or notify. Appraise or assess the value of. Propose a course of action.
4	<b>ANALYSIS</b> How you are expected to analyse the detail of what you have learned.	Analyse Categorise Compare and contrast Construct Discuss Interpret Prioritise Produce	Examine in detail the structure of. Place into a defined class or division. Show the similarities and/or differences between. Build up or compile. Examine in detail by argument. Translate into intelligible or familiar terms. Place in order of priority or sequence for action. Create or bring into existence.
3	<b>APPLICATION</b> How you are expected to apply your knowledge.	Apply Calculate Demonstrate Prepare Reconcile Solve Tabulate	Put to practical use. Ascertain or reckon mathematically. Exhibit by practical means. Make or get ready for use. Make or prove consistent/compatible. Find an answer to/prove with certainty. Arrange in a table.
2	<b>COMPREHENSION</b> What you are expected to understand.	Describe Distinguish Explain Identify Illustrate	Communicate the key features of. Highlight the differences between. Make clear or intelligible/state the meaning or purpose of. Recognise, establish or select after consideration. Use an example to describe or explain something.
1	<b>KNOWLEDGE</b> What you are expected to know.	List State Define	Make a list of. Express, fully or clearly, the details/facts of. Give the exact meaning of.

# STRUCTURE OF THE CIMA ASSESSMENTS

CIMA's computerised assessments support the competency-based syllabus and respond to the changing needs of students and employers. The move away from paper-based examinations reflects the wider use of technology, both within education, and in the workplace. These methods of assessment also ensure the learning outcomes tested will be those that demonstrate the knowledge, skill and abilities required for businesses today.

Two types of examinations will be used for the CIMA Professional Qualification – nine objective tests and three integrated case studies. Each of the nine subjects will be assessed by an objective test.

Three case study exams will be used for each level of the CIMA syllabus (operational, management and strategic) integrating knowledge across the three pillars.

The diagram shows how the objective tests and integrated case studies are structured at each level.

## Objective tests

The objective tests will focus on levels one, two and three of the CIMA hierarchy of verbs. However, they will also test levels four and five, especially at the management and strategic levels. Therefore, candidates can expect to be tested on knowledge, comprehension, application, analysis and evaluation, in these examinations.

The results will be available shortly after sitting an objective test, and will provide candidates with specific feedback. Where a student has not passed, this feedback will provide information to help guide them in revising, prior to re-sitting. Within each level, candidates are able to sit the objective tests in any order. However, they must complete (or receive an exemption from) the three objective tests at each level, prior to attempting that level's integrated case study.

## Integrated case study exams

The integrated case study exams combine the knowledge and learning across the three pillars, and are set within a simulated business context relating to one or more fictionalised organisations – based on a real business or industry. Examples of these are provided on page 93, as well as on the CIMA website.

The integrated case studies are three hours long. They include both pre-seen material (and a database of related information), and unseen material, made available during the assessment. The case studies incorporate calculations, short answers and essays. Their focus is on: application, analysis and evaluation which are levels three, four and five of the CIMA hierarchy of verbs. They will be marked by examiners.

Simulated business issues in the integrated case studies provide candidates with the opportunity to demonstrate their familiarity with the context and interrelationships of that level's subjects. This reflects the cross-functional working required in the workplace. Skills will include research and analysis, presentation of both financial and non-financial information, and communication skills.

As with the objective tests, feedback will be provided to candidates with their results. Exam sittings for the case study exams will occur every three months. Candidates must have completed (or have been exempt from) the three objective tests at a particular level, before attempting that level's integrated case study.

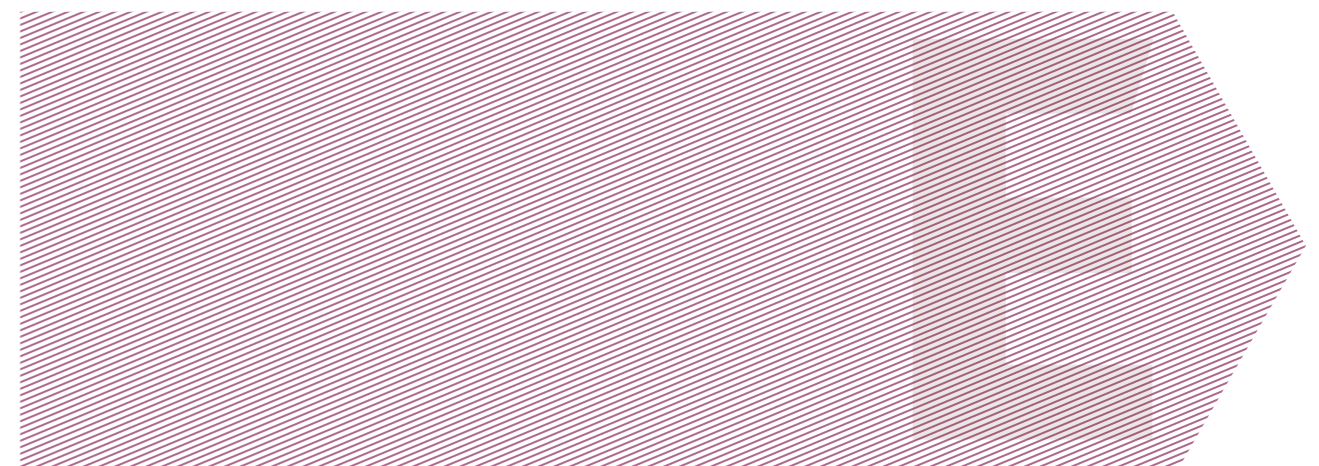
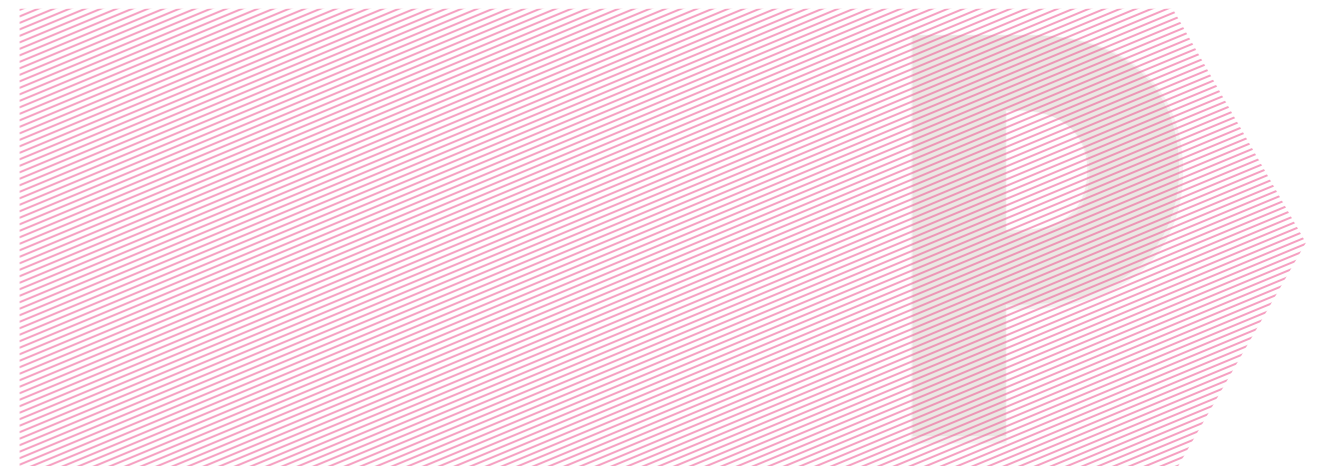
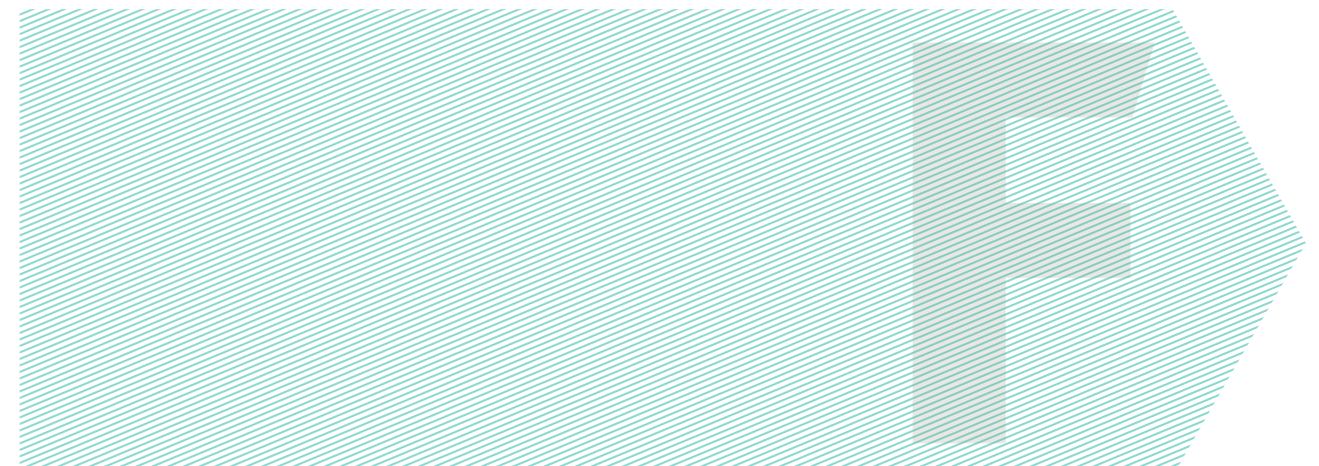
## Test centres – Pearson VUE

CIMA is working in partnership with Pearson VUE, who have over 20 years of experience in offering electronic testing and already run computer based assessments for the CIMA Certificate in Business Accounting. There are currently over 4,000 Pearson VUE test centres in 178 countries. Locations of Pearson VUE test centres can be found on the CIMA website.



# SUMMARY OF THE PILLARS

LEVEL	SUBJECT	SYLLABUS TOPIC	
<b>FINANCIAL PILLAR</b>			
STRATEGIC	F3 Financial Strategy	A Formulation of financial strategy	25%
		B Financing and dividend decisions	35%
		C Corporate finance	40%
MANAGEMENT	F2 Advanced Financial Reporting	A Sources of long-term finance	15%
		B Financial reporting	60%
		C Analysis of financial performance and position	25%
OPERATIONAL	F1 Financial Reporting and Taxation	A Regulatory environment for financial reporting and corporate governance	10%
		B Financial accounting and reporting	45%
		C Management of working capital, cash and sources of short-term finance	20%
		D Fundamentals of business taxation	25%
<b>PERFORMANCE PILLAR</b>			
STRATEGIC	P3 Risk Management	A Identification, classification and evaluation of risk	20%
		B Responses to strategic risk	20%
		C Internal controls to manage risk	20%
		D Managing risks associated with cash flows	20%
		E Managing risks associated with capital investment decisions	20%
MANAGEMENT	P2 Advanced Management Accounting	A Cost planning and analysis for competitive advantage	25%
		B Control and performance management of responsibility centres	30%
		C Long-term decision making	30%
		D Management control and risk	15%
OPERATIONAL	P1 Management Accounting	A Cost accounting systems	30%
		B Budgeting	25%
		C Short-term decision making	30%
		D Dealing with risk and uncertainty	15%
<b>ENTERPRISE PILLAR</b>			
STRATEGIC	E3 Strategic Management	A Interacting with the organisation's environment	20%
		B Evaluating strategic position and strategic options	30%
		C Leading change	20%
		D Implementing strategy	15%
		E The role of information systems in organisational strategy	15%
MANAGEMENT	E2 Project and Relationship Management	A Introduction to strategic management and assessing the global environment	30%
		B The human aspects of the organisation	20%
		C Managing relationships	20%
		D Managing change through projects	30%
OPERATIONAL	E1 Organisational Management	A Introduction to organisations	25%
		B Managing the finance function	15%
		C Managing technology and information	15%
		D Operations management	15%
		E Marketing	15%
		F Managing human resources	15%







# *The full syllabus operational level*

TO THE NEXT LEVEL

This section sets out the specific content for each of the subjects at the operational level. The focus is on the implementation of strategy in the short term. E1 looks at the structuring of organisations and how the interrelated parts of the organisation work together to execute strategy. In P1, students learn how to implement strategy by constructing budgets and making pricing/volume decisions. The ability

to do these is enhanced by an understanding of costs and how to manage short-term risks. F1 teaches students how to manage cash and working capital in support of the organisation's activities. Students also learn how to prepare financial statements and the principles and application of business taxation. The subjects will be examined by individual objective tests and an integrated case study.

# THE FULL SYLLABUS OPERATIONAL LEVEL

## E1

### ORGANISATIONAL MANAGEMENT Syllabus overview

E1 focuses on the structuring of organisations. It covers the structure and principles underpinning the operational functions of the organisation, their efficient management and effective interaction in enabling the organisation to achieve its strategic objectives. It lays the foundation for gaining further insight into both the immediate operating environment and long-term strategic future of organisations, which are covered in E2 and E3.

### Summary of syllabus

Weight	Syllabus topic
25%	A. Introduction to organisations
15%	B. Managing the finance function
15%	C. Managing technology and information
15%	D. Operations management
15%	E. Marketing
15%	F. Managing human resources

### E1 – A. INTRODUCTION TO ORGANISATIONS (25%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component		
1. discuss the different types of structure that an organisation may adopt.	(a) discuss the different purposes of organisations	<ul style="list-style-type: none"> <li>Ownership:                             <ul style="list-style-type: none"> <li>- private sector, public sector.</li> </ul> </li> <li>Motive:                             <ul style="list-style-type: none"> <li>- for-profit, non-profit.</li> </ul> </li> <li>Mission and vision:                             <ul style="list-style-type: none"> <li>- shared values and beliefs.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Creating value for stakeholders:                             <ul style="list-style-type: none"> <li>- control and coordination of resources to achieve goals and outcomes</li> <li>- efficient production of goods and services</li> <li>- facilitating innovation.</li> </ul> </li> </ul>
	(b) explain the different structures organisations may adopt	<ul style="list-style-type: none"> <li>Organisational configuration (Mintzberg):                             <ul style="list-style-type: none"> <li>- technical core</li> <li>- technical support</li> <li>- administrative support</li> <li>- top and middle management.</li> </ul> </li> <li>Organisational configuration, contextual dimensions, the effect of:                             <ul style="list-style-type: none"> <li>- technology</li> <li>- environment</li> <li>- culture.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Structural dimensions, influence of:                             <ul style="list-style-type: none"> <li>- size</li> <li>- formalisation</li> <li>- specialisation</li> <li>- organisation type e.g. sole-trader, partnership, company, multinational.</li> </ul> </li> <li>Structural organisation:                             <ul style="list-style-type: none"> <li>- functional</li> <li>- divisional</li> <li>- matrix</li> <li>- geographical.</li> </ul> </li> </ul>
	(c) explain the various forms and functional boundaries of the organisation including externalisation, shared service centres (SSC) and business process outsourcing (BPO).	<ul style="list-style-type: none"> <li>Closed and open systems.</li> <li>Vertical and horizontal structures.</li> <li>Outsourcing.</li> </ul>	<ul style="list-style-type: none"> <li>Alliances.</li> <li>Virtual network structure.</li> </ul>
2. discuss relationships between internal and external sources of governance, regulation and professional behaviour.	(a) discuss the purpose and principles of good corporate governance, the ethical responsibilities of the organisation and individuals, and ways of achieving corporate social responsibility.	<ul style="list-style-type: none"> <li>Corporate governance, including expectations of stakeholders and the role of government.</li> <li>Creating an ethical organisation.</li> <li>Principles of corporate social responsibility (CSR).</li> <li>Developing business-government relations.</li> </ul>	<ul style="list-style-type: none"> <li>The impact of regulation on the organisation.</li> <li>Role of institutions and governance in economic growth.</li> <li>Personal business ethics and the fundamental principles (Part A) of the CIMA Code of Ethics for Professional Accountants.</li> </ul>

**E1 – B. MANAGING THE FINANCE FUNCTION (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. discuss the purpose of the finance function and its relationships with other parts of the organisation.</b>	(a) demonstrate the contribution the finance function makes to the sustainable delivery of the organisation's strategies in a range of contexts	<ul style="list-style-type: none"> <li>• Stewardship and control of physical and financial resources within the organisation.</li> <li>• Interpreting and reporting the financial position of the organisation for external stakeholders (including statutory requirements) and internal management.</li> <li>• Collating and providing information to enable efficient asset management and cost effective operation of the organisation.</li> <li>• Comparing the current position with forecast/budget expectations and indicating where and how differences have occurred. Providing this in a timely and accurate manner.</li> <li>• Assisting and interacting with other functions in providing solutions to variances.</li> </ul>
	(b) analyse the components of the finance function (financial and management accounting, treasury, company secretarial and internal audit)	<ul style="list-style-type: none"> <li>• Financial accounting – ensuring accurate asset values, efficient working capital management, statutory reporting.</li> <li>• Management accounting – operational reporting (profit and loss) cost control, variance analysis.</li> <li>• Treasury management – sourcing finance, currency management, effective taxation administration.</li> <li>• Company secretarial.</li> <li>• Internal audit – ensuring compliance, fraud detection and avoidance.</li> </ul>
	(c) discuss the potential for conflict within the role of the finance function.	<ul style="list-style-type: none"> <li>• Potential conflicts:               <ul style="list-style-type: none"> <li>- interdependence/independence.</li> <li>- short-term/long-term.</li> <li>- capital/revenue.</li> </ul> </li> </ul>
<b>2. explain how the finance function supports the organisation's strategies and operations.</b>	(a) explain the activities fundamental to the role of the finance function (accounting operations, analysis, planning, decision making and control)	<ul style="list-style-type: none"> <li>• Preparation of statutory reports.</li> <li>• Preparation of plans, forecasts, budgets.</li> <li>• Working capital reporting and control, inventories, receivables, payables, cash.</li> <li>• Provision of analysis to support decisions.</li> <li>• Performance reporting, budget/actuals.</li> <li>• Cost reporting, product/process.</li> <li>• Ensuring systems in place to provide timely and accurate control information.</li> </ul>
	(b) explain the contemporary transformation of the finance function.	<ul style="list-style-type: none"> <li>• Reconfiguration:               <ul style="list-style-type: none"> <li>- bureaucratic to market oriented.</li> </ul> </li> <li>• Shared services:               <ul style="list-style-type: none"> <li>- outsourced market orientation.</li> </ul> </li> <li>• Business Process Re-engineering:               <ul style="list-style-type: none"> <li>- roles of process working.</li> </ul> </li> <li>• Relocation:               <ul style="list-style-type: none"> <li>- retained/near-shore/off-shore.</li> </ul> </li> <li>• Segregation of the finance function:               <ul style="list-style-type: none"> <li>- transactional/transformational activities.</li> </ul> </li> <li>• Business partners:               <ul style="list-style-type: none"> <li>- support involvement.</li> </ul> </li> </ul>

**E1 – C. MANAGING TECHNOLOGY AND INFORMATION (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. demonstrate the purpose of the technology and information function and its relationships with other parts of the organisation.</b>	(a) demonstrate the value of information systems in organisations	<ul style="list-style-type: none"> <li>• The role of information systems in organisations.</li> <li>• Emerging information system trends in organisations. The networked enterprise, organisational benefits, customer relationship management systems.</li> </ul>
	(b) demonstrate ways of organising and managing information systems in the context of the wider organisation.	<ul style="list-style-type: none"> <li>• Information technology – enabling transformation; the emergence of new, more virtual forms of organisation, technology infrastructure.</li> <li>• Geographically dispersed (virtual) teams; role of information systems in virtual teams and challenges for virtual collaboration.</li> <li>• Managing knowledge, enhancing internal and external relationships.</li> <li>• Ethical and social issues associated with information systems.</li> </ul>
<b>2. explain how information systems support the organisation's strategies and operations.</b>	(a) explain the technical components and options for information technology system design	<ul style="list-style-type: none"> <li>• Evaluating costs and benefits of information systems.</li> <li>• The internet, intranet, wireless technology, cloud technologies.</li> <li>• Privacy and security.</li> <li>• Overview of systems architecture and data flows.</li> <li>• Big Data information management:               <ul style="list-style-type: none"> <li>- large volumes of data</li> <li>- complexity and variety of data</li> <li>- velocity, real time data.</li> </ul> </li> </ul>
	(b) explain the role of emerging technologies e.g. Big Data, digitisation and their uses.	<ul style="list-style-type: none"> <li>• Enhancing decision making support using Big Data and analytics:               <ul style="list-style-type: none"> <li>- identifying business value</li> <li>- relating to customer requirements</li> <li>- developing organisational blueprint</li> <li>- building capabilities on business priorities</li> <li>- ensuring measurable outcomes.</li> </ul> </li> <li>• Information system implementation as a change management process; avoiding problems of non-usage and resistance.</li> <li>• System changeover methods (i.e. direct, parallel, pilot and phased).</li> <li>• Information system outsourcing (different types of sourcing strategies; client-vendor relationships).</li> <li>• E-commerce, digital markets, social media, digital goods.</li> <li>• Remote working, hot desking.</li> <li>• Big Data and digitisation:               <ul style="list-style-type: none"> <li>- addressing customer needs</li> <li>- effective and speedy decisions.</li> </ul> </li> </ul>

**E1 – D. OPERATIONS MANAGEMENT (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. demonstrate the purpose of the operations function and its relationships with other parts of the organisation.</b>	(a) demonstrate the contribution of operations management to the efficient production and delivery of fit-for-purpose goods and services	<ul style="list-style-type: none"> <li>• Overview of operations strategy and its importance to the firm.</li> </ul>
	(b) demonstrate how supply chains can be established and managed.	<ul style="list-style-type: none"> <li>• Procurement as a strategic process in supply chain management.</li> <li>• Development of relationships with suppliers, including the use of supply portfolios.</li> <li>• Supply chains in competition with each other; role of supply networks; demand networks as an evolution of supply chains.</li> <li>• Design of products/services and processes and how this relates to operations and supply.</li> <li>• The concept of CSR and sustainability in operations management.</li> </ul>
<b>2. apply tools and techniques of operations management.</b>	(a) apply the tools and concepts of operations management to deliver sustainable performance	<ul style="list-style-type: none"> <li>• Process design.</li> <li>• Product and service design.</li> <li>• Supply network design.</li> <li>• Forecasting.</li> <li>• Layout and flow.</li> <li>• Process technology:               <ul style="list-style-type: none"> <li>- CNC, Robots, AGV, FMS, CIM</li> <li>- decision support systems</li> <li>- expert systems.</li> </ul> </li> <li>• Work study.</li> <li>• Capacity planning and control, inventory control.</li> </ul>
	(b) explain how relationships within the supply chain can be managed.	<ul style="list-style-type: none"> <li>• Supply chain planning and control:               <ul style="list-style-type: none"> <li>- lean synchronisation</li> <li>- contractual/relational approaches</li> <li>- material requirement planning</li> <li>- quality planning and control</li> <li>- statistical process control</li> <li>- operational improvement, total quality management (TQM), Kaizen, Six Sigma, Lean thinking</li> <li>- reverse logistics.</li> </ul> </li> </ul>

**E1 – E. MARKETING (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
1. demonstrate the purpose of the marketing function and its relationships with other parts of the organisation.	(a) apply the marketing concept and principles in a range of organisational contexts	<ul style="list-style-type: none"> <li>• The marketing concept as a business philosophy.</li> <li>• The marketing environment, including societal, economic, technological, political and legal factors affecting marketing (PESTEL).</li> <li>• The role of marketing in the business plan of the organisation.</li> <li>• Marketing in public sector and not-for-profit organisations e.g. charities, non-governmental organisations, etc.</li> </ul>
	(b) apply the elements of the marketing mix.	<ul style="list-style-type: none"> <li>• The 7 Ps: <ul style="list-style-type: none"> <li>- product</li> <li>- place</li> <li>- price</li> <li>- promotion</li> <li>- processes</li> <li>- people</li> <li>- physical evidence.</li> </ul> </li> <li>• Theories of consumer behaviour (e.g. social interaction theory), as well as factors affecting buying decisions, types of buying behaviour and stages in the buying process.</li> <li>• Social marketing and CSR.</li> <li>• Social media and its effect on the organisation.</li> </ul>
2. apply tools and techniques to formulate the organisation's marketing strategies, including the collection, analysis and application of Big Data.	(a) apply the main techniques of marketing	<ul style="list-style-type: none"> <li>• Market research, including data gathering techniques and methods of analysis.</li> <li>• Segmentation and targeting of markets, and positioning of products within markets.</li> <li>• How business to business (B2B) and business to government (B2G) marketing differs from business to consumer (B2C) marketing in its different forms: <ul style="list-style-type: none"> <li>- consumer marketing</li> <li>- services marketing</li> <li>- direct marketing</li> <li>- interactive marketing</li> <li>- E-marketing</li> <li>- internal marketing.</li> </ul> </li> <li>• Promotional tools and the promotion mix.</li> <li>• The 'service extension' to the marketing mix.</li> <li>• Devising and implementing a pricing strategy.</li> <li>• Internal marketing as the process of training and motivating employees to support the firm's external marketing activities.</li> <li>• Relationship marketing.</li> <li>• Not-for-profit marketing.</li> <li>• Experiential marketing.</li> <li>• Postmodern marketing.</li> </ul>
	(b) explain the role of emerging technologies and media in marketing.	<ul style="list-style-type: none"> <li>• Big Data analytics and its use in the marketing process: <ul style="list-style-type: none"> <li>- predicting customer demand</li> <li>- improving the customer experience</li> <li>- monitoring multi-channel transactions</li> <li>- identifying customer preferences.</li> </ul> </li> <li>• Marketing communications, including viral, guerrilla and other indirect forms of marketing.</li> <li>• Distribution channels and methods for marketing campaigns, including digital marketing.</li> <li>• Brand image and brand value.</li> <li>• Product development and product/service life-cycles.</li> <li>• The differences and similarities in the marketing of products, services and experiences.</li> <li>• Product portfolios and the product mix.</li> <li>• Marketing sustainability and ethics.</li> </ul>

**E1 – F. MANAGING HUMAN RESOURCES (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. demonstrate the purpose of the HR function and its relationships with other parts of the organisation.</b>	(a) explain the contribution of HR to the sustainable delivery of the organisation's strategies	<ul style="list-style-type: none"> <li>• The concept of HRM and its influence on organisational processes and performance.</li> <li>• The psychological contract and its importance to retention.</li> <li>• The relationship of the employee to other elements of the business.</li> <li>• HR in different organisational forms, project based, virtual or networked firms and different organisational contexts.</li> </ul>
	(b) apply the elements of the HR cycle.	<ul style="list-style-type: none"> <li>• Acquisition:               <ul style="list-style-type: none"> <li>- identify staffing requirement</li> <li>- recruitment</li> <li>- selection.</li> </ul> </li> <li>• Development:               <ul style="list-style-type: none"> <li>- training</li> <li>- evaluation</li> <li>- progression.</li> </ul> </li> <li>• Maintenance:               <ul style="list-style-type: none"> <li>- monetary and non-monetary benefits.</li> </ul> </li> <li>• Separation:               <ul style="list-style-type: none"> <li>- voluntary and involuntary.</li> </ul> </li> </ul>
<b>2. apply the tools and techniques of HRM.</b>	(a) demonstrate the HR activities associated with developing employees	<ul style="list-style-type: none"> <li>• Practices associated with recruiting and developing appropriate abilities including recruitment and selection of staff using different recruitment channels:               <ul style="list-style-type: none"> <li>- interviews</li> <li>- assessment centres, intelligence tests, aptitude tests</li> <li>- psychometric tests</li> <li>- competency frameworks.</li> </ul> </li> <li>• Issues relating to fair and legal employment practices (e.g. recruitment, dismissal, redundancy, and ways of managing these).</li> <li>• The distinction between training and development, and the tools available to develop and train staff.</li> <li>• The design and implementation of induction programmes.</li> <li>• Practices related to motivation including issues in the design of reward systems:               <ul style="list-style-type: none"> <li>- the role of incentives</li> <li>- the utility of performance-related pay</li> <li>- arrangements for knowledge workers</li> <li>- flexible work arrangements.</li> </ul> </li> </ul>
	(b) demonstrate the role of the line manager in the implementation of HR practices.	<ul style="list-style-type: none"> <li>• The importance of appraisals, their conduct and their relationship to the reward system.</li> <li>• Practices related to the creation of opportunities for employees to contribute to the organisation including; job design, communications, involvement procedures and principles of negotiation.</li> <li>• Problems in implementing HR plans appropriate to a team and ways to manage this.</li> <li>• Preparation of an HR plan. Forecasting personnel requirements: retention, absence and leave, employee turnover.</li> <li>• Ethical code and the interface with HR practice.</li> </ul>

# THE FULL SYLLABUS OPERATIONAL LEVEL

## P1

### MANAGEMENT ACCOUNTING Syllabus overview

P1 stresses the importance of costs and the drivers of costs in the production, analysis and use of information for decision making in organisations. The time focus of P1 is the short term. It covers budgeting as a means of short-term planning to execute the strategy of organisations. In addition it provides competencies on how to analyse information on costs, volumes and prices to take short-term decisions on products and services and to develop an understanding on the impact of risk to these decisions. P1 provides the foundation for cost management and the long-term decisions covered in P2.

### Summary of syllabus

Weight	Syllabus topic
30%	A. Cost accounting systems
25%	B. Budgeting
30%	C. Short-term decision making
15%	D. Dealing with risk and uncertainty

## P1 – A. COST ACCOUNTING SYSTEMS (30%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	Indicative syllabus content
<b>1. discuss costing methods and their results.</b>	(a) apply marginal (or variable) throughput and absorption accounting methods in respect of profit reporting and inventory valuation	<ul style="list-style-type: none"> <li>Marginal (or variable) throughput and absorption accounting systems of profit reporting and inventory valuation, including the reconciliation of budget and actual profit using absorption and/or marginal costing principles.</li> </ul>
	(b) compare and contrast activity-based costing with traditional marginal and absorption costing methods	<ul style="list-style-type: none"> <li>Product and service costing using an activity-based costing system.</li> <li>The advantages and disadvantages of activity-based costing compared with traditional costing systems.</li> </ul>
	(c) apply standard costing methods including the reconciliation of budgeted and actual profit margins, distinguishing between planning and operational variances	<ul style="list-style-type: none"> <li>Manufacturing standards for material, labour, variable overhead and fixed overhead.</li> <li>Standards and variances in service industries, public services (e.g. health and law enforcement), and the professions (e.g. labour mix variances in consultancies).</li> <li>Price/rate and usage/efficiency variances for materials, labour and variable overhead.</li> <li>Subdivision of total usage/efficiency variances into mix and yield variances.</li> <li><i>Note: The calculation of mix variances on both individual and average valuation bases is required.</i></li> <li>Fixed overhead expenditure and volume variances.</li> <li>Subdivision of the fixed overhead volume variance into capacity and efficiency variances.</li> <li>Sales price and sales volume variances (calculation of the latter on a unit basis related to revenue, gross profit and contribution).</li> <li>Sales mix and sales quantity variances. Application of these variances to all sectors including professional services and retail.</li> <li>Planning and operational variances.</li> <li>Variance analysis in an activity-based costing system.</li> </ul>
	(d) interpret material, labour, variable overhead, fixed overhead and sales variances	<ul style="list-style-type: none"> <li>Interpretation of variances.</li> <li>The interrelationship between variances.</li> </ul>
	(e) explain the advantages and disadvantages of standard costing in various sectors and its appropriateness in the contemporary business environment	<ul style="list-style-type: none"> <li>Criticisms of standard costing including its use in the contemporary business environment.</li> </ul>
	(f) explain the impact of JIT manufacturing methods on cost accounting methods.	<ul style="list-style-type: none"> <li>The impact of JIT production on cost accounting and performance measurement systems.</li> </ul>
<b>2. discuss the role of quality costing.</b>	(a) discuss the role of quality costing as part of a total quality management (TQM) system.	<ul style="list-style-type: none"> <li>The preparation of cost of quality reports including the classification of quality costs into prevention costs, appraisal costs, internal failure costs and external failure costs.</li> <li>The use of quality costing as part of a TQM system.</li> </ul>
<b>3. explain the role of environmental costing.</b>	(a) explain the role of environmental costing as part of an environmental management system.	<ul style="list-style-type: none"> <li>The classification of environmental costs using the quality costing framework.</li> <li>Linking environmental costs to activities and outputs and their implication for decision making.</li> <li>The difficulties in measuring environmental costs and their impact on the external environment.</li> <li>The contribution of environmental costing to improved environmental and financial performance.</li> </ul>



**P1 – B. BUDGETING (25%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. explain the purposes of forecasts, plans and budgets.</b>	(a) explain the purposes of budgets, including planning, communication, coordination, motivation, authorisation, control and evaluation, and how these may conflict.	<ul style="list-style-type: none"> <li>• The role of forecasts and plans in resource allocation, performance evaluation and control.</li> <li>• The purposes of budgets, the budgeting process and conflicts that can arise.</li> </ul>
<b>2. prepare forecasts of financial results.</b>	(a) calculate projected product/service volumes, revenue and costs employing appropriate forecasting techniques and taking account of cost structures.	<ul style="list-style-type: none"> <li>• Time series analysis including moving totals and averages, treatment of seasonality, trend analysis using regression analysis and the application of these techniques in forecasting product and service volumes.</li> </ul>
<b>3. discuss budgets based on forecasts.</b>	(a) prepare a budget for any account in the master budget, based on projections/forecasts and managerial targets	<ul style="list-style-type: none"> <li>• The budget setting process, limiting factors, the interaction between component budgets and the master budget.</li> </ul>
	(b) discuss alternative approaches to budgeting.	<ul style="list-style-type: none"> <li>• Alternative approaches to budget creation, including incremental approaches, zero-based budgeting and activity-based budgets.</li> </ul>
<b>4. discuss the principles that underlie the use of budgets for control.</b>	(a) discuss the concept of the budget as a control system and the use of responsibility accounting and its importance in the construction of functional budgets that support the overall master budget.	<ul style="list-style-type: none"> <li>• The use of budgets in planning and control e.g. rolling budgets and flexed budgets.</li> <li>• The concepts of feedback and feed-forward control.</li> <li>• Responsibility accounting and the link to controllable and uncontrollable costs.</li> </ul>
<b>5. analyse performance using budgets, recognising alternative approaches and sensitivity to variable factors.</b>	(a) analyse the consequences of 'what if' scenarios.	<ul style="list-style-type: none"> <li>• 'What if' analysis based on alternate projections of volumes, prices and cost structures.</li> <li>• The evaluation of out-turn performance using variances based on 'fixed' and 'flexed' budgets.</li> </ul>

**P1 – C. SHORT-TERM DECISION MAKING (30%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. explain concepts of cost and revenue relevant to pricing and product decisions.</b>	(a) explain the principles of decision making, including the identification and use of relevant cash flows and qualitative factors	<ul style="list-style-type: none"> <li>• Relevant cash flows and their use in short-term decision making.</li> <li>• Consideration of the strategic implications of short-term decisions.</li> </ul>
	(b) explain the conflicts between cost accounting for profit reporting and inventory valuation, and information required for decision making	<ul style="list-style-type: none"> <li>• Relevant costs and revenues in decision making and their relation to accounting concepts.</li> </ul>
	(c) explain the issues that arise in pricing decisions and the conflict between 'marginal cost' principles, and the need for full recovery of all costs incurred.	<ul style="list-style-type: none"> <li>• Marginal and full cost recovery as bases for pricing decisions in the short and long-term.</li> </ul>
<b>2. analyse short-term pricing and product decisions.</b>	(a) apply relevant cost analysis to various types of short-term decisions	<ul style="list-style-type: none"> <li>• The application of relevant cost analysis to short-term decisions, including special selling price decisions, make or buy decisions, discontinuation decisions and further processing decisions.</li> </ul>
	(b) apply break-even analysis in multiple product contexts	<ul style="list-style-type: none"> <li>• Multi-product break-even analysis, including break-even and profit/volume charts, contribution/sales ratio, margin of safety etc.</li> </ul>
	(c) analyse product mix decisions, including circumstances where linear programming methods are needed to identify 'optimal' solutions	<ul style="list-style-type: none"> <li>• Simple product mix analysis in situations where there are limitations on product/service demand and one other production constraint.</li> <li>• Linear programming for situations involving multiple constraints.</li> <li>• Solution by graphical methods and simultaneous equations of two variable problems, and the meaning of 'optimal' solutions.</li> </ul>
	(d) explain why joint costs must be allocated to final products for financial reporting purposes but why this is unhelpful when decisions concerning process and product viability have to be taken.	<ul style="list-style-type: none"> <li>• The allocation of joint costs and decisions concerning process and product viability based on relevant costs and revenues.</li> </ul>

## P1 – D. DEALING WITH RISK AND UNCERTAINTY (15%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	
1. analyse information to assess risk and its impact on short-term decisions.	(a) discuss the nature of risk and uncertainty and the attitudes to risk by decision makers	<ul style="list-style-type: none"> <li>• The nature of risk and uncertainty.</li> <li>• The effect of risk attitudes of individuals on decisions.</li> </ul>
	(b) analyse risk using sensitivity analysis, expected values, standard deviations and probability tables	<ul style="list-style-type: none"> <li>• Sensitivity analysis in decision modelling and the use of 'what if' analysis to identify variables that might have significant impacts on project outcomes.</li> <li>• Assignment of probabilities to key variables in decision models.</li> <li>• Analysis of probability distributions of project outcomes.</li> <li>• Standard deviations.</li> <li>• Expected value tables and the value of perfect and imperfect information.</li> <li>• Decision trees for multi-stage decision problems.</li> </ul>
	(c) apply decision models to deal with uncertainty in decision making.	<ul style="list-style-type: none"> <li>• Maximin, maximax and minimax regret criteria.</li> <li>• Payoff tables.</li> </ul>

# THE FULL SYLLABUS OPERATIONAL LEVEL

## F1

FINANCIAL REPORTING AND TAXATION  
Syllabus overview

F1 covers the regulation and preparation of financial statements and how the information contained in them can be used. It provides the competencies required to produce financial statements for both individual entities and groups using appropriate international financial reporting standards. It also gives insight into how to effectively source and manage cash and working capital, which are essential for both the survival and success of organisations. The final part focuses on the basic principles and application of business taxation. The competencies gained from F1 form the basis for developing further insights into producing and analysing complex group accounts (covered in F2) and formulating and implementing financial strategy (covered in F3).

### Summary of syllabus

Weight	Syllabus topic
10%	A. Regulatory environment for financial reporting and corporate governance
45%	B. Financial accounting and reporting
20%	C. Management of working capital, cash and sources of short-term finance
25%	D. Fundamentals of business taxation

### F1 – A. REGULATORY ENVIRONMENT FOR FINANCIAL REPORTING AND CORPORATE GOVERNANCE (10%)

**Learning outcomes** On completion of their studies, students should be able to:

#### Indicative syllabus content

Lead	Component		
1. explain the need for and the process of regulating the financial reporting information of incorporated entities.	(a) explain the need for the regulation of the financial reporting information of incorporated entities and the key elements of an ethical regulatory environment for such information	<ul style="list-style-type: none"> <li>The need for the regulation of financial reporting information.</li> <li>Key elements of the regulatory environment for financial reporting including local corporate law, local and international conceptual frameworks, local and international financial reporting standards and other regulatory bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Sources of professional codes of ethics.</li> <li>Provisions of the CIMA Code of Ethics for Professional Accountants of particular relevance to the preparation of financial reporting information.</li> <li>Rules-based versus principles-based approaches to accounting regulation.</li> </ul>
	(b) explain the roles and structures of the key bodies involved in the regulation of financial reporting information	<b>Role and structure of:</b> <ul style="list-style-type: none"> <li>The IFRS Foundation.</li> <li>The International Accounting Standards Board (IASB).</li> </ul>	<ul style="list-style-type: none"> <li>IFRS Advisory Council.</li> <li>IFRS Interpretations Committee.</li> <li>International Organisation of Securities Commissions (IOSCO).</li> </ul>
	(c) explain the scope of IFRS and how they are developed	<ul style="list-style-type: none"> <li>Interaction of local GAAP bodies with the IASB.</li> <li>Scope of specific standards in specialised circumstances – IAS 26 Accounting and Reporting by Retirement Benefit Plans, IAS 41 Agriculture, IFRS 4 Insurance Contracts, IFRS 6 Exploration for and Evaluation of Mineral Resources and IFRS for SMEs (specific knowledge of these standards will not be tested).</li> </ul>	<ul style="list-style-type: none"> <li>The standard setting process for IFRS.</li> </ul>
	(d) describe the role of the external auditor in the context of the financial reporting information of incorporated entities and the content and significance of the audit report.	<ul style="list-style-type: none"> <li>Powers and duties of external auditors.</li> <li>Content of the audit report.</li> </ul>	<ul style="list-style-type: none"> <li>Types of audit report.</li> <li>Significance of the audit report.</li> </ul>
2. discuss the need for and key principles of corporate governance regulation.	(a) discuss the need for and scope of corporate governance regulation	<ul style="list-style-type: none"> <li>The need for corporate governance regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Scope of corporate governance regulation.</li> </ul>
	(b) compare and contrast the approach to corporate governance in different markets.	<ul style="list-style-type: none"> <li>Approach to corporate governance regulations in primary markets around the world, in particular the US and UK.</li> </ul>	<ul style="list-style-type: none"> <li>Key differences in approach across these markets.</li> </ul>

## F1 – B. FINANCIAL ACCOUNTING AND REPORTING (45%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component	Indicative syllabus content
1. explain the main elements of and key principles underpinning financial statements prepared in accordance with international financial reporting standards.	(a) describe the main elements of financial statements prepared in accordance with IFRS	<ul style="list-style-type: none"> <li>Content of financial statements as specified in:               <ul style="list-style-type: none"> <li>- <i>preface to IFRS</i></li> <li>- <i>IAS 1 Presentation of Financial Reporting</i></li> <li>- <i>IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</i></li> <li>- <i>IAS 34 Interim Financial Reporting</i></li> <li>- <i>IFRS 8 Operating Segments</i>.</li> </ul> </li> </ul>
	(b) explain the key principles contained within the IASB's Conceptual Framework for Financial Reporting.	<ul style="list-style-type: none"> <li>Key principles of the <i>Conceptual Framework for Financial Reporting</i>.</li> <li>Broad principles of accounting for fair values (contained in <i>IFRS 13 Fair Value Measurement</i>).</li> </ul>
2. produce the primary financial statements of an individual entity incorporating accounting transactions and adjustments, in accordance with relevant international financial reporting standards, in an ethical manner.	(a) produce the primary financial statements from trial balance for an individual entity in accordance with IFRS	<ul style="list-style-type: none"> <li>Production of the:               <ul style="list-style-type: none"> <li>- statement of financial position</li> <li>- statement of comprehensive income</li> <li>- statement of changes in equity</li> <li>- statement of cash flows</li> <li>- for a single incorporated entity in accordance with <i>IAS 1 Presentation of Financial Reporting</i> and <i>IAS 7 Statement of Cash Flows</i>.</li> </ul> </li> </ul>
	(b) apply the rules contained in IFRS to generate appropriate accounting entries in respect of reporting performance, accounting for taxation, employee benefits, non-current assets, accounting for government grants, impairment, inventories and events after the reporting period	<ul style="list-style-type: none"> <li>Reporting performance – <i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</i> and <i>IAS 21 The Effects of Changes in Foreign Exchange Rates</i> (individual transactions only).</li> <li>Accounting for taxation – <i>IAS 12 Income Taxes</i> (not deferred tax).</li> <li>Employee benefits – <i>IAS 19 Employee Benefits</i>.</li> <li>Non-current assets – <i>IAS 16 Property, Plant and Equipment</i>, <i>IAS 23 Borrowing Costs</i>, <i>IAS 38 Intangible Assets</i>, <i>IAS 40 Investment Property</i>, and <i>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</i>.</li> <li>Accounting for government grants – <i>IAS 20 Accounting for Government Grants and Disclosure of Government Assistance</i>.</li> <li>Impairment – <i>IAS 36 Impairment of Assets</i>.</li> <li>Inventories – <i>IAS 2 Inventories</i>.</li> <li>Events after the reporting period – <i>IAS 10 Events after the Reporting Period</i>.</li> </ul>
	(c) discuss the ethical selection and adoption of relevant accounting policies and accounting estimates.	<ul style="list-style-type: none"> <li>Ethics in financial reporting in respect of selection and adoption of accounting policies and estimates.</li> </ul>
3. produce the consolidated statement of financial position and consolidated statement of comprehensive income in accordance with relevant international financial reporting standards, in an ethical manner.	(a) explain whether an investment in another entity constitutes a subsidiary or an associate relationship in accordance with relevant international financial reporting standards	<ul style="list-style-type: none"> <li>Provisions of <i>IFRS 10 Consolidated Financial Statements</i> and <i>IAS 28 Investments in Associates</i> in respect of power to control and significant influence.</li> </ul>
	(b) explain situations where a parent entity is exempt from preparing consolidated financial statements	<ul style="list-style-type: none"> <li>Exemptions from preparing consolidated financial statements, in accordance with <i>IFRS 10 Consolidated Financial Statements</i> and the requirements of <i>IAS 27 Separate Financial Statements</i>.</li> </ul>
	(c) produce the consolidated statement of financial position and statement of comprehensive income in accordance with relevant IFRS for a group comprising of one or more subsidiaries (being either wholly or partially directly owned) or associates, including interests acquired part way through an accounting period.	<ul style="list-style-type: none"> <li>Principles of full consolidation and equity accounting in accordance with <i>IFRS 3 Business Combinations</i> and <i>IAS 28 Investments in Associates</i>.</li> <li>Production of:               <ul style="list-style-type: none"> <li>- consolidated statement of financial position</li> <li>- consolidated statement of comprehensive income.</li> </ul> </li> <li>Including the adoption of both full consolidation and the principles of equity accounting, in accordance with the provisions of <i>IAS 1 Presentation of Financial Statements</i>, <i>IAS 28 Investments in Associates</i>, <i>IFRS 3 Business Combinations</i> and <i>IFRS 10 Consolidated Financial Statements</i>. <i>Note: fair value adjustments in respect of assets and liabilities at acquisition will not be tested, however non-controlling interests at either fair value or share of net assets will be tested.</i></li> </ul>

## F1 – C. MANAGEMENT OF WORKING CAPITAL, CASH AND SOURCES OF SHORT-TERM FINANCE (20%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	
1. describe the sources of short-term finance and cash investment.	(a) describe the sources of short-term finance and methods of short-term cash investment available to an entity.	<ul style="list-style-type: none"> <li>• Types of short-term finance including trade payables, overdrafts, short-term loans and debt factoring.</li> <li>• Types of cash investment including interest-bearing deposits, short-term treasury bills and other securities.</li> </ul>
2. evaluate the working capital position of an entity.	(a) analyse trade receivables, trade payables and inventory ratios	<ul style="list-style-type: none"> <li>• Calculation of trade receivable, trade payable and inventory days.</li> <li>• Interpretation of the ratios either in comparison to prior periods, competitors or to the industry as a whole, taking into account the nature of the industry.</li> </ul>
	(b) discuss policies for the management of the total level of investment in working capital and for the individual elements of working capital	<ul style="list-style-type: none"> <li>• Working capital cycle.</li> <li>• Policies for the management of the total level of investment in working capital – aggressive, moderate and conservative.</li> <li>• Methods of trade receivables management, including credit control procedures.</li> <li>• Methods of trade payables management and significance of trade payables as a source of finance and how this affects the relationship with suppliers.</li> <li>• Methods of inventory management, including calculations of the economic order quantity (EOQ).</li> </ul>
	(c) evaluate working capital policies	<ul style="list-style-type: none"> <li>• Financial impact of changing working capital policies.</li> <li>• Impact and risks of overtrading.</li> <li>• Identification of areas for improvement.</li> </ul>
	(d) discuss approaches to the financing of working capital investment levels.	<ul style="list-style-type: none"> <li>• Approaches to the financing of the investment in working capital – aggressive, moderate and conservative.</li> </ul>
3. analyse the short-term cash position of an entity.	(a) discuss measures to manage the short-term cash position of an entity.	<ul style="list-style-type: none"> <li>• Preparation of short-term cash flow forecasts.</li> <li>• Identification of surpluses or deficits from cash flow forecasts.</li> <li>• Selection of appropriate short-term solutions.</li> <li>• Principles of investing short term including maturity, return, security and liquidity.</li> </ul>

## F1 – D. FUNDAMENTALS OF BUSINESS TAXATION (25%)

**Learning outcomes** On completion of their studies, students should be able to:

**Indicative syllabus content**

Lead	Component	
1. discuss the types of taxation that typically apply to an incorporated entity and the regulatory environment for taxation.	(a) discuss the features of the types of indirect and direct taxation that typically apply to an incorporated entity	<ul style="list-style-type: none"> <li>• Definitions of direct taxation, indirect taxation, taxable person, incidence and competent jurisdiction.</li> <li>• Types of taxation – progressive, proportional and regressive.</li> <li>• Features of the following types of indirect taxation:               <ul style="list-style-type: none"> <li>- unit taxes</li> <li>- ad valorem taxes</li> <li>- excise duties</li> <li>- property and wealth taxes</li> <li>- consumption taxes</li> <li>- mechanism of value added tax in the context of an incorporated entity.</li> </ul> </li> <li>• Features of the following types of direct taxation:               <ul style="list-style-type: none"> <li>- tax on trading income</li> <li>- capital taxes.</li> </ul> </li> <li>• Impact of employee taxation.</li> </ul>
	(b) discuss the regulatory environment for taxation, including the distinction between tax evasion and tax avoidance.	<ul style="list-style-type: none"> <li>• Sources of taxation rules such as domestic legislation, court rulings, domestic interpretations and guidelines, EU guidelines and taxation agreements between different countries.</li> <li>• Administration of taxation including the principles of record keeping, deadlines and penalties.</li> <li>• Powers of taxation authorities.</li> <li>• Distinction between tax evasion and tax avoidance and the ethical considerations faced by an entity in respect of tax avoidance.</li> </ul>
2. explain the taxation issues that may apply to an incorporated entity that operates internationally.	(a) explain the taxation issues that may apply to an incorporated entity that operates internationally.	<ul style="list-style-type: none"> <li>• International taxation issues:               <ul style="list-style-type: none"> <li>- the concept of corporate residence and the key bases of determining residence</li> <li>- types of overseas operations: subsidiary or branch and the implications of each on taxation</li> <li>- issue of double taxation and the methods of gaining relief</li> <li>- types of foreign taxation and the distinction between withholding tax and underlying tax (calculations will not be tested)</li> <li>- transfer pricing and related, ethical and taxation issues.</li> </ul> </li> </ul>
3. produce computations for corporate income tax and capital tax.	(a) produce corporate income tax computations from a given set of rules	<ul style="list-style-type: none"> <li>• Distinction between accounting profit and taxable profit and the reconciliation between them. This will include (based upon a set of rules given in the examination):               <ul style="list-style-type: none"> <li>- identification and treatment of exempt income or income taxed under different rules</li> <li>- identification and treatment of disallowable expenditure</li> <li>- replacement of accounting depreciation with tax depreciation</li> <li>- calculation of tax depreciation allowances</li> <li>- calculation of corporate income tax liability</li> <li>- relief for trading losses.</li> </ul> </li> </ul>
	(b) produce capital tax computations from a given set of rules.	<ul style="list-style-type: none"> <li>• Principle of a capital tax computation on the sale of an asset.</li> <li>• Allowable costs.</li> <li>• Methods of relieving capital losses.</li> <li>• Concept of rollover relief.</li> </ul>



TO THE NEXT LEVEL

## *The full syllabus management level*

This section sets out the specific syllabus for each of the subjects at the management level. Together they deal with monitoring the implementation of strategy. E2 focuses on how strategy can be implemented through people, processes, projects and relationships. P2 teaches students how to use their understanding of costs to manage costs and to make long-term decisions about capital investments. It also looks at how to manage the performance of various units of the

organisation in line with short-term budgets and long-term strategy. In F2, students learn how to prepare and analyse more complex financial statements to provide insight into the organisation's performance. They also learn how to source long-term finance to fund the capital investment decisions. The subjects will be examined by individual objective tests and an integrated case study.



# THE FULL SYLLABUS MANAGEMENT LEVEL

## E2

### PROJECT AND RELATIONSHIP MANAGEMENT Syllabus overview

E2 emphasises a holistic, integrated approach to managing organisations, from external and internal perspectives. It builds on the understanding of organisational structuring gained from E1 and is centred on the concept of strategy and how organisational strategy can be implemented through people, projects, processes and relationships. It provides the basis for developing further insights into how to formulate and implement organisational strategy, which is covered in E3.

#### Summary of syllabus

Weight	Syllabus topic
30%	A. Introduction to strategic management and assessing the global environment
20%	B. The human aspects of the organisation
20%	C. Managing relationships
30%	D. Managing change through projects

### E2 – A. INTRODUCTION TO STRATEGIC MANAGEMENT AND ASSESSING THE GLOBAL ENVIRONMENT (30%)

**Learning outcomes** On completion of their studies, students should be able to:

#### Indicative syllabus content

Lead	Component	Indicative syllabus content	
1. discuss developments in strategic management.	(a) discuss the concept of strategy and the rational/formal approach to strategy development	<ul style="list-style-type: none"> <li>Defining strategy and strategic management.</li> <li>Core areas of strategic management.</li> </ul>	<ul style="list-style-type: none"> <li>Levels of strategy within organisations.</li> <li>Stages in the rational approach to strategy developments.</li> </ul>
	(b) compare and contrast alternative approaches to strategy development	<ul style="list-style-type: none"> <li>Intended, emergent, logical incrementalism, and political approaches.</li> <li>Resource-based view – resources and competencies, internal value and dynamic capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Strategy development in different contexts, e.g. SMEs, public sector, not-for-profit.</li> <li>Strategy and structure.</li> </ul>
	(c) explain the approaches to achieving sustainable competitive advantage.	<ul style="list-style-type: none"> <li>The concept of competitive advantage.</li> <li>Generic competitive strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Value, rarity, inimitability, non-substitutability as bases of competitive advantage.</li> <li>Achieving sustainable competitive advantage.</li> </ul>
2. analyse the relationship between different aspects of the global business environment.	(a) distinguish between different aspects of the global business environment, including the competitive environment	<ul style="list-style-type: none"> <li>The macro and micro environments.</li> <li>LoNGPEST analysis and its derivatives.</li> <li>Globalisation.</li> <li>Country and political risk factors.</li> </ul>	<ul style="list-style-type: none"> <li>Emerging markets.</li> <li>Porter’s Diamond and its use for assessing the competitive advantage of nations.</li> <li>Porter’s Five Forces model and its use for analysing the external environment.</li> </ul>
	(b) discuss the approaches to competitor analysis including the collection and interpretation of trend data.	<ul style="list-style-type: none"> <li>Key concepts in competitor analysis.</li> <li>The role of competitor analysis.</li> <li>Approaches to collecting competitor information.</li> </ul>	<ul style="list-style-type: none"> <li>Sources, types and quality of competitor data.</li> <li>Analysing and interpreting competitor data.</li> <li>The application of Big Data to competitor analysis.</li> </ul>

**E2 – B. THE HUMAN ASPECTS OF THE ORGANISATION (20%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
1. discuss the concepts associated with managing through people.	(a) discuss the concepts of leadership and management	<ul style="list-style-type: none"> <li>• Fundamental and contemporary concepts in management.</li> <li>• The concepts of power, authority, delegation and empowerment.</li> <li>• Different approaches to leadership, including personality/traits, style, contingency/situation, transactional/transformational, distributive.</li> <li>• Leadership in different contexts.</li> </ul>
	(b) discuss HRM approaches for managing and controlling individuals' performance.	<ul style="list-style-type: none"> <li>• HR policies and procedures.</li> <li>• Different approaches to employee performance appraisals.</li> <li>• The contribution of coaching and mentoring in enhancing individual and organisational performance.</li> <li>• Equality and diversity practices.</li> <li>• Disciplinary and grievance procedures in resolving poor performance.</li> <li>• Dismissal and redundancy.</li> <li>• Employer and employee responsibilities in managing the work environment (e.g. health and safety).</li> </ul>
2. discuss the hard and soft aspects of people and organisational performance.	(a) discuss behavioural aspects of management control	<ul style="list-style-type: none"> <li>• Theories of behavioural aspects of control.</li> <li>• Performance management and measurement frameworks, e.g.               <ul style="list-style-type: none"> <li>- target setting</li> <li>- management by objectives</li> <li>- the Balanced Scorecard (BSC).</li> </ul> </li> <li>• Trust and control.</li> </ul>
	(b) explain the importance of organisational culture.	<ul style="list-style-type: none"> <li>• Explaining the concept and importance of culture.</li> <li>• Levels of culture.</li> <li>• Influences on culture.</li> <li>• Analysing organisational culture – the cultural web framework.</li> <li>• Models for categorising culture.</li> <li>• National cultures and managing in different cultures.</li> </ul>

**E2 – C. MANAGING RELATIONSHIPS (20%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. discuss the effectiveness of organisational relationships.</b>	(a) evaluate the issues associated with building, leading and managing effective teams	<ul style="list-style-type: none"> <li>• Building effective and high-performing teams.</li> <li>• Leading and managing teams.</li> <li>• Factors associated with effective team work.</li> <li>• Motivating team members.</li> <li>• Resolving problems and conflict in teams.</li> </ul>
	(b) discuss the effectiveness of handling relationships between the finance function and other parts of the organisation and the supply chain	<ul style="list-style-type: none"> <li>• Management of relationships between the finance function and other parts of the organisation (internal).</li> <li>• The concept of the Chartered Management Accountant as a business partner in creating value.</li> <li>• Transaction cost theory in the context of shared service centres and outsourcing, including contractual relationship, SLAs (service level agreements), bounded rationality and co-creation with customers.</li> </ul>
	(c) discuss the effectiveness of handling relationships between the finance function and external experts and stakeholders.	<ul style="list-style-type: none"> <li>• Management of relationships with professional advisors (external) e.g. accounting, tax and legal, auditors and financial stakeholders such as shareholders and other investors to meet organisational objectives and governance responsibilities.</li> </ul>
<b>2. discuss management tools and techniques in managing organisational relationships.</b>	(a) discuss the roles of communication, negotiation, influence and persuasion in the management process	<ul style="list-style-type: none"> <li>• The communication process, types of communication tools and their use, ways of managing communication problems.</li> <li>• The importance of effective communication skills for the Chartered Management Accountant.</li> <li>• The importance of non-verbal communication and feedback.</li> <li>• Developing effective strategies for influence/persuasion/negotiation.</li> <li>• The process of negotiation.</li> <li>• Negotiation skills.</li> </ul>
	(b) discuss approaches to managing conflict.	<ul style="list-style-type: none"> <li>• The sources and causes of conflict in organisations.</li> <li>• The different forms and types of conflict.</li> <li>• Strategies for managing conflict to ensure working relationships are productive and effective.</li> </ul>

**E2 – D. MANAGING CHANGE THROUGH PROJECTS (30%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. advise on important elements in the change process.</b>	(a) discuss the concept of organisational change	<ul style="list-style-type: none"> <li>• Types of change.</li> <li>• External and internal triggers for change.</li> <li>• Stage model of change management.</li> <li>• Principles of change management.</li> </ul>
	(b) recommend techniques to manage resistance to change.	<ul style="list-style-type: none"> <li>• Problem identification as a precursor to change.</li> <li>• Reasons for resistance to change.</li> <li>• Approaches to managing resistance to change.</li> </ul>
<b>2. discuss the concepts involved in managing projects.</b>	(a) discuss the characteristics of the different phases of a project	<ul style="list-style-type: none"> <li>• Definition of project attributes.</li> <li>• Time, cost and quality project objectives.</li> <li>• The purpose and activities associated with the key stages in the project lifecycle.</li> <li>• Examples of the role of project management methodologies in project control (e.g. PRINCE2, PMI).</li> </ul>
	(b) apply tools and techniques for project managers	<ul style="list-style-type: none"> <li>• Key tools for project management, including work breakdown schedule (WBS), Gantt Charts, and Network analysis.</li> <li>• Managing project risk.</li> <li>• PERT charts.</li> <li>• Scenario planning and buffering.</li> <li>• The contribution of project management software.</li> </ul>
	(c) discuss management and leadership issues associated with projects, including the roles of key players in projects.	<ul style="list-style-type: none"> <li>• Project structures, including matrix structure and their impact on project achievement.</li> <li>• The role and attributes of an effective project manager.</li> <li>• The role of the Chartered Management Accountant in projects.</li> <li>• The role of other key players in a project.</li> <li>• Managing key project stakeholders.</li> <li>• The lifecycle of project teams.</li> <li>• Leading and motivating project teams.</li> </ul>

# THE FULL SYLLABUS MANAGEMENT LEVEL

## P2

### ADVANCED MANAGEMENT ACCOUNTING Syllabus overview

Focusing primarily on the long term, P2 builds on the insights about costs and their drivers (from P1) to provide the competencies needed to analyse, plan and manage costs to support the implementation of the organisation's strategy. It shows how to manage and control the performance of various units of the organisation in line with both short-term budgets and long-term strategy. Finally, P2 covers investment decision making and the risks associated with such decisions. It provides the basis for developing deeper understanding of various types of risk affecting the strategy and operations of organisations (covered in P3).

### P2 – A. COST PLANNING AND ANALYSIS FOR COMPETITIVE ADVANTAGE (25%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component
1. evaluate techniques for analysing and managing costs for competitive advantage.	(a) evaluate activity-based management
	(b) evaluate total quality management (TQM) techniques
	(c) discuss techniques for enhancing long-term profits
	(d) apply learning curves to estimate time and cost for activities, products and services.

### Summary of syllabus

Weight	Syllabus topic
25%	A. Cost planning and analysis for competitive advantage
30%	B. Control and performance management of responsibility centres
30%	C. Long-term decision making
15%	D. Management control and risk

### Indicative syllabus content

<ul style="list-style-type: none"> <li>Activity-based costing to derive 'long-run' costs appropriate for use in decision making.</li> <li>Activity-based management and its use in improving the efficiency of repetitive overhead activities.</li> </ul>	<ul style="list-style-type: none"> <li>Direct and activity-based cost methods in tracing costs to 'cost objects', such as customers or distribution channels, and the comparison of such costs with appropriate revenues to establish 'tiered' contribution levels, as in the activity-based cost hierarchy.</li> <li>Direct customer profitability and distribution channel profitability.</li> </ul>
<ul style="list-style-type: none"> <li>The impacts of just-in-time (JIT) production, the theory of constraints and total quality management on efficiency, inventory and cost.</li> <li>The benefits of JIT production, total quality management and theory of constraints and the implications of these methods for decision making in the contemporary manufacturing environment.</li> </ul>	<ul style="list-style-type: none"> <li>Kaizen costing, continuous improvement and cost of quality reporting.</li> <li>Process re-engineering and the elimination of non-value adding activities and reduction of activity costs.</li> </ul>
<ul style="list-style-type: none"> <li>Target costing and the determination of target costs from target prices.</li> <li>Value analysis and quality function deployment.</li> </ul>	<ul style="list-style-type: none"> <li>The Value Chain and the management of contribution/profit generated throughout the chain.</li> <li>Life cycle costing and its implications for marketing strategies.</li> </ul>
<ul style="list-style-type: none"> <li>Learning curves and their use in predicting product/service costs, including derivation of the learning rate and the learning index.</li> </ul>	

## P2 – B. CONTROL AND PERFORMANCE MANAGEMENT OF RESPONSIBILITY CENTRES (30%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	
1. discuss decision making in responsibility centres.	(a) discuss the information needed for decision making in different organisational structures	<ul style="list-style-type: none"> <li>Relevant cost information for cost centre managers: controllable and uncontrollable costs and budget flexing.</li> <li>Relevant revenue and cost information for profit and investment centre managers: cost variability, attributable costs, controllable costs and identification of appropriate measures of profit centre 'contribution'.</li> <li>Alternative measures of performance for responsibility centres.</li> </ul>
	(b) prepare reports to inform decisions.	<ul style="list-style-type: none"> <li>Performance reports: recognising issues of controllable/uncontrollable costs, variable/fixed costs and tracing revenues and costs to particular cost objects.</li> </ul>
2. discuss issues arising from the use of performance measures and budgets for control.	(a) prepare performance reports for the evaluation of projected and actual performance	<ul style="list-style-type: none"> <li>Key metrics for the assessment of financial consequences including profitability, liquidity and asset turnover ratios, return on investment, residual income and economic value.</li> <li>Benchmarking.</li> <li>Analysis of reporting by dimension (e.g. segment, product, channel).</li> </ul>
	(b) discuss traditional and non-traditional approaches to performance measurement	<ul style="list-style-type: none"> <li>Non-financial performance indicators.</li> <li>Balanced Scorecards (BSC).</li> </ul>
	(c) discuss the criticisms and behavioural aspects of budgeting in responsibility centres.	<ul style="list-style-type: none"> <li>Behavioural issues in budgeting: participation in budgeting and its possible beneficial consequences for ownership and motivation; participation in budgeting and its possible adverse consequences for 'budget padding' and manipulation; setting budget targets for motivation; implications of setting standard costs etc.</li> <li>Criticisms of budgeting and the arguments for and against 'beyond budgeting'.</li> </ul>
3. evaluate issues arising from the division of the organisation into responsibility centres.	(a) discuss the likely behavioural consequences of performance measurement within an organisation	<ul style="list-style-type: none"> <li>The behavioural consequences of performance management and control in responsibility centres.</li> <li>The behavioural consequences arising from divisional structures: internal competition and internal trading.</li> </ul>
	(b) discuss transfer pricing systems	<ul style="list-style-type: none"> <li>The theory of transfer pricing, including perfect, imperfect and no market for the intermediate good.</li> <li>Negotiated, market, cost-plus and variable cost-based transfer prices. Dual transfer prices and lump sum payments as means of addressing some of the issues that arise.</li> </ul>
	(c) evaluate the effects of transfer prices.	<ul style="list-style-type: none"> <li>The motivation of divisional management.</li> <li>Divisional and group profitability.</li> <li>The autonomy of individual divisions.</li> </ul>

**P2 – C. LONG-TERM DECISION MAKING (30%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. evaluate information to support project appraisal.</b>	(a) analyse information for use in long-term decision making (including consideration of tax, inflation and other factors)	<ul style="list-style-type: none"> <li>Relevant cash flows taking account of tax, inflation and other factors, and the use of perpetuities to derive 'final' project value where appropriate.</li> <li>The identification and integration of non-financial factors in long-term decisions.</li> </ul>
	(b) discuss the financial consequences of dealing with long-run projects, in particular the importance of accounting for the 'time value of money'	<ul style="list-style-type: none"> <li>The process of investment decision making, including origination of proposals, creation of capital budgets, go/no go decisions on individual projects (where judgements on qualitative issues interact with financial analysis).</li> <li>Discounting, including the use of annuities in comparing projects with unequal lives and the profitability index in capital rationing situations.</li> <li>Capital investment real options (i.e. to make follow-on investment, abandon or wait).</li> </ul>
	(c) evaluate investment appraisal techniques and explain their results.	<ul style="list-style-type: none"> <li>The strengths and weaknesses of: payback, discounted payback, accounting rate of return (ARR), net present value (NPV), internal rate of return (IRR) and modified internal rate of return (based on a project's terminal value).</li> <li>Prioritisation of projects that are mutually exclusive, and/or are subject to single-period capital rationing, and/or have unequal lives.</li> </ul>
<b>2. discuss pricing strategies and their consequences.</b>	(a) discuss pricing strategies and their consequences.	<ul style="list-style-type: none"> <li>Pricing decisions for profit maximising in imperfect markets. <i>Note: tabular methods of solution are acceptable.</i></li> <li>Pricing strategies and the financial consequences of market skimming, premium pricing, penetration pricing, loss leaders, product bundling/optional extras and product differentiation to appeal to different market segments.</li> </ul>

**P2 – D. MANAGEMENT CONTROL AND RISK (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. analyse information to assess its impact on long-term decisions.</b>	(a) apply sensitivity analysis	<ul style="list-style-type: none"> <li>Sensitivity analysis to identify the input variables that most affect the chosen measure of project worth (payback, ARR, NPV or IRR).</li> </ul>
	(b) analyse risk and uncertainty.	<ul style="list-style-type: none"> <li>Quantification of risk.</li> <li>Probabilistic models and interpretation of distribution of project outcomes.</li> <li>Decision trees.</li> <li>Bayes Theorem.</li> <li>Decision making in conditions of uncertainty.</li> </ul>
<b>2. discuss management's responsibilities with regard to risk.</b>	(a) discuss risk management	<ul style="list-style-type: none"> <li>Upside and downside risk.</li> <li>The TARA framework – transfer, avoid, reduce, accept.</li> <li>Business risks.</li> <li>Ethical implications and the public interest.</li> </ul>
	(b) discuss the risks associated with the collection and use of information.	<ul style="list-style-type: none"> <li>Costs and benefits associated with investing in information systems.</li> <li>Big Data.</li> </ul>

# THE FULL SYLLABUS MANAGEMENT LEVEL

## F2

ADVANCED FINANCIAL REPORTING  
Syllabus overview

F2 builds on the competencies gained from F1. It covers how to effectively source the long-term finance required to fund the operations of organisations, particularly their capital investments. It also deepens the coverage of financial reporting to more complex aspects of group accounting and analyses the rules governing the recognition and measurement of various elements of the financial statements. Finally it shows how to analyse financial statements to provide insights about the financial performance and position of the organisation over time and in comparison with others.

### Summary of syllabus

Weight	Syllabus topic
15%	A. Sources of long-term finance
60%	B. Financial reporting
25%	C. Analysis of financial performance and position

### F2 – A. SOURCES OF LONG-TERM FINANCE (15%)

**Learning outcomes** On completion of their studies, students should be able to:

#### Indicative syllabus content

Lead	Component	
1. discuss types and sources of long-term finance for an incorporated entity.	(a) discuss the characteristics of different types of long-term debt and equity finance	• Characteristics of ordinary and preference shares and different types of long-term debt.
	(b) discuss the markets for and methods of raising long-term finance.	• Operation of the stock and bond markets. • Share and bond issues. • Role of advisors.
2. calculate a weighted average cost of capital (WACC) for an incorporated entity.	(a) calculate the cost of equity for an incorporated entity using the dividend valuation model	• Cost of equity using the dividend valuation model, with and without growth in dividends.
	(b) calculate the post-tax cost of debt for an incorporated entity	• Post-tax cost of bank borrowings. • Yield to maturity of bonds and post-tax cost of bonds. • Post-tax cost of convertible bonds up to and including conversion.
	(c) calculate the weighted average cost of capital (WACC) for an incorporated entity.	• WACC and its use.



## F2 – B. FINANCIAL REPORTING (60%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component	Indicative syllabus content
<b>1. produce consolidated primary financial statements, incorporating accounting transactions and adjustments, in accordance with relevant international accounting standards, in an ethical manner.</b>	(a) produce primary financial statements for a group of entities in accordance with relevant international accounting standards	<ul style="list-style-type: none"> <li>Production of:               <ul style="list-style-type: none"> <li>consolidated statement of comprehensive income</li> <li>consolidated statement of financial position</li> <li>consolidated statement of changes in equity</li> <li>consolidated statement of cash flows</li> </ul> </li> <li>including the adoption of both full consolidation and the principles of equity accounting, in accordance with the provisions of IAS 1, IAS 27, IAS 28, IFRS 3, IFRS 10 and IFRS 11.</li> </ul>
	(b) discuss the need for and nature of disclosure of interests in other entities	<ul style="list-style-type: none"> <li>The need for and nature of disclosure of interests in other entities, in accordance with IFRS 12.</li> </ul>
	(c) discuss the provisions of relevant international accounting standards in respect of the recognition and measurement of revenue, leases, financial instruments, provisions, share-based payments and deferred taxation	<ul style="list-style-type: none"> <li>The need for and nature of disclosures of contingent assets and liabilities, in accordance with IAS 37.</li> <li>Recognition and measurement of:               <ul style="list-style-type: none"> <li>revenue, in accordance with IAS 18 and the provisions of the framework</li> <li>operating and finance leases, in accordance with IAS 17</li> <li>financial instruments, in accordance with IAS 32 and IAS 39 (excluding hedge accounting)</li> <li>provisions, in accordance with IAS 37</li> <li>share-based payments, in accordance with IFRS 2</li> <li>provision for deferred taxation, in accordance with IAS 12.</li> </ul> </li> </ul>
	(d) produce the accounting entries, in accordance with relevant international accounting standards	<ul style="list-style-type: none"> <li>Ethics in financial reporting.</li> </ul>
	(e) discuss the ethical selection and adoption of relevant accounting policies and accounting estimates.	
<b>2. demonstrate the impact on the preparation of the consolidated financial statements of certain complex group scenarios.</b>	(a) demonstrate the impact on the group financial statements of: <ol style="list-style-type: none"> <li>acquiring additional shareholdings in the period</li> <li>disposing of all or part of a shareholding in the period</li> </ol>	<ul style="list-style-type: none"> <li>Additional acquisition in the period resulting in a simple investment becoming a controlling interest, in accordance with the provisions of IFRS 3.</li> <li>Calculation of the gain/loss on the disposal of a controlling interest in a subsidiary in the year, in accordance with the provisions of IFRS 3.</li> <li>Adjustment to parent's equity resulting from acquiring or disposing of shares in a subsidiary, in accordance with the provisions of IFRS 3.</li> </ul>
	(b) demonstrate the impact on the group financial statements of consolidating a foreign subsidiary	<ul style="list-style-type: none"> <li>Provisions of IAS 21 in respect of consolidating a foreign subsidiary and the calculation of the foreign exchange gains and losses in the period.</li> </ul>
	(c) demonstrate the impact on the group financial statements of acquiring indirect control of a subsidiary.	<ul style="list-style-type: none"> <li>Impact of indirect effective holdings on the preparation of group financial statements.</li> </ul>
<b>3. discuss the need for and nature of disclosure of transactions between related parties.</b>	(a) discuss the need for and nature of disclosure of transactions between related parties.	<ul style="list-style-type: none"> <li>The need for and nature of disclosure of related party transactions, in accordance with IAS 2.</li> </ul>
<b>4. produce the disclosures for earnings per share.</b>	(a) produce the disclosures for earnings per share.	<ul style="list-style-type: none"> <li>Calculate basic and diluted earnings per share, in accordance with IAS 33.</li> </ul>

## F2 – C. ANALYSIS OF FINANCIAL PERFORMANCE AND POSITION (25%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	
1. evaluate the financial performance, financial position and financial adaptability of an incorporated entity.	(a) calculate ratios relevant for the assessment of an entity's profitability, financial performance, financial position and financial adaptability	• Ratios for profitability, performance, efficiency, activity, liquidity and gearing.
	(b) evaluate the financial performance, financial position and financial adaptability of an entity based on the information contained in the financial statements provided	• Interpretation of the primary financial statements and any additional information provided.
	(c) advise on action that could be taken to improve an entity's financial performance and financial position.	• Action that could be realistically taken by the entity's management to improve financial performance and strengthen financial position, taking into account ethical considerations and internal and external constraints.
2. discuss the limitations of ratio analysis.	(a) discuss the limitations of ratio analysis based on financial statements that can be caused by internal and external factors.	<ul style="list-style-type: none"> <li>• Inter-segment comparisons.</li> <li>• International comparisons.</li> </ul>

# *The full syllabus strategic level*

TO THE NEXT LEVEL

This section sets out the specific content for each of the subjects at the strategic level. The focus is on making strategic decisions for the long term. E3 teaches students how to formulate strategy and provide the overall context, for its effective implementation. In P3, students learn how to identify, classify, evaluate and manage the risks that could

impede the implementation of strategy. F3 covers how to evaluate and source the financing required to implement strategy and considers the sources from which such financing could be obtained. The subjects will be examined by individual objective tests and an integrated case study.

# THE FULL SYLLABUS STRATEGIC LEVEL

## E3

### STRATEGIC MANAGEMENT Syllabus overview

E3 builds on the insights gained from E1 and E2 about how organisations effectively implement their strategies by aligning their structures, people, process, projects and relationships. E3 aims to develop the skills and abilities of the strategic leaders of organisations, enabling them to create the vision and direction for the growth and long-term sustainable success of the organisation. This involves successfully managing and leading change within the process of strategy formulation and implementation.

### Summary of syllabus

Weight	Syllabus topic
20%	A. Interacting with the organisation's environment
30%	B. Evaluating strategic position and strategic options
20%	C. Leading change
15%	D. Implementing strategy
15%	E. The role of information systems in organisational strategy

### E3 – A. INTERACTING WITH THE ORGANISATION'S ENVIRONMENT (20%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	Indicative syllabus content
1. evaluate the influence of key external factors on an organisation's strategy.	(a) evaluate the influence and impact of the external environment on an organisation and its strategy	<ul style="list-style-type: none"> <li>Different organisation environments (including profit and not-for-profit organisations).</li> <li>The key environmental drivers of organisational change and their prioritisation. <i>Note: The emphasis should be on the evaluation and prioritisation of the environmental drivers specific to the organisation and not upon the production of a generic PEST analysis.</i></li> </ul>
	(b) recommend approaches to business/government relations and to relations with society	<ul style="list-style-type: none"> <li>Non-market strategy and forms of corporate political activity.</li> </ul>
	(c) discuss the drivers of external demands for environmental sustainability and corporate social responsibility and the organisation's response	<ul style="list-style-type: none"> <li>External demands for sustainability and responsible business practices and ways to respond to these.</li> </ul>
	(d) recommend how to build and manage strategic relationships with stakeholders (including suppliers, customers, owners, government and the wider society).	<ul style="list-style-type: none"> <li>Stakeholder management (stakeholders to include internal stakeholders, government and regulatory agencies, non-governmental organisations and civil society, industry associations, customers and suppliers).</li> <li>Building strategic alliances with stakeholders.</li> <li>The customer portfolio: customer analysis and behaviour, including the marketing audit and customer profitability analysis as well as customer retention, relationship management and loyalty.</li> <li>Strategic supply chain management.</li> <li>Implications of interactions with the external environment for Chartered Management Accountants.</li> </ul>
2. evaluate ethical issues arising from the organisation's interaction with its environment.	(a) evaluate ethical issues and their resolution within a range of organisational contexts.	<ul style="list-style-type: none"> <li>Business ethics and the CIMA Code of Ethics for Professional Accountants (Parts A and B) in the context of the implementation of strategic plans.</li> </ul>

**E3 – B. EVALUATING STRATEGIC POSITION AND STRATEGIC OPTIONS (30%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	Indicative syllabus content	
<b>1. evaluate the process of strategy formulation.</b>	(a) evaluate the processes of strategic analysis and strategic options generation	<ul style="list-style-type: none"> <li>• Vision and mission statements and their use in orientating the organisation's strategy.</li> <li>• The process of strategy formulation.</li> <li>• Strategic options generation (e.g. using Ansoff's product/market matrix and Porter's generic strategies).</li> <li>• Scenario planning and long-range planning as tools in strategic decision making.</li> </ul>	<ul style="list-style-type: none"> <li>• Value drivers (including intangibles) of business and the data needed to describe and measure them.</li> <li>• Game theory approaches to strategic planning and decision making. <i>Note: Complex numerical questions will not be set.</i></li> <li>• Real Options as a tool for strategic analysis. <i>Note: Complex numerical questions will not be set.</i></li> <li>• Acquisition, divestment, rationalisation and relocation strategies in the context of strategic planning.</li> </ul>
	(b) recommend strategic options	<ul style="list-style-type: none"> <li>• The identification and evaluation of strategic options, including the application of the suitability, acceptability and feasibility framework.</li> </ul>	
	(c) discuss the role and responsibilities of directors in the strategy formulation and implementation process.	<ul style="list-style-type: none"> <li>• The role and responsibilities of the board of directors and senior managers in making strategic decisions (including issues of due diligence, fiduciary responsibilities and corporate social responsibility).</li> </ul>	<ul style="list-style-type: none"> <li>• The role of the Chartered Management Accountant in the strategy development process.</li> </ul>
<b>2. evaluate tools and techniques used in strategy formulation.</b>	(a) evaluate strategic analysis tools	<ul style="list-style-type: none"> <li>• Audit of key resources and capabilities needed for strategy implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• Forecasting and the various techniques used: trend analysis, system modelling, in-depth consultation with experts (e.g. the Delphi method).</li> </ul>
	(b) recommend how to manage the product portfolio of an organisation to support the organisation's strategic goals	<ul style="list-style-type: none"> <li>• Management of the product portfolio.</li> </ul>	
	(c) produce an organisation's Value Chain.	<ul style="list-style-type: none"> <li>• Value Chain Analysis.</li> </ul>	

**E3 – C. LEADING CHANGE (20%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	Indicative syllabus content	
<b>1. advise on the important aspects of organisational change.</b>	(a) evaluate the key impacts of organisational change on organisations	<ul style="list-style-type: none"> <li>• The impact of change on organisational culture (including the cultural web and McKinsey's 7s model).</li> </ul>	
	(b) evaluate the role of leadership in managing the change process and building and managing effective teams.	<ul style="list-style-type: none"> <li>• Team building, collaboration, group formation and shared knowledge and accountability.</li> </ul>	
<b>2. evaluate tools and methods for successfully implementing a change programme.</b>	(a) evaluate tools, techniques and strategies for managing and leading the change process.	<ul style="list-style-type: none"> <li>• The importance of managing critical periods of adaptive, evolutionary, reconstructive and revolutionary change.</li> <li>• Tools, techniques and models associated with organisational change.</li> <li>• Approaches, styles and strategies of change management.</li> </ul>	
<b>3. recommend change leadership processes in support of strategy implementation.</b>	(a) evaluate the role of the change leader in supporting strategy implementation	<ul style="list-style-type: none"> <li>• Change leadership and its role in the successful implementation of strategy.</li> <li>• The role of the change leader in effective strategic communication.</li> </ul>	
	(b) recommend appropriate leadership styles within a range of organisational change contexts.	<ul style="list-style-type: none"> <li>• The advantages and disadvantages of management styles on the successful implementation of strategy.</li> <li>• Executive mentoring and coaching to promote effective change leadership.</li> </ul>	

**E3 – D. IMPLEMENTING STRATEGY (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. evaluate the tools and techniques of strategy implementation.</b>	(a) evaluate alternative models of strategic performance measurement in a range of business contexts	<ul style="list-style-type: none"> <li>Alternative strategic business unit (SBU) performance measures, including shareholder value added (SVA) and economic value added (EVA).</li> <li>Alternative models of measuring strategic performance (e.g. the Balanced Scorecard (BSC) and the performance pyramid as strategic evaluation tools).</li> </ul>
	(b) recommend solutions to problems in strategic performance measurement.	<ul style="list-style-type: none"> <li>Setting appropriate strategic targets through the use of a range of non-financial measures of strategic performance and their interaction with financial ones.</li> <li>Evaluation of strategic targets through the development of critical success factors (CSFs).</li> <li>Linking CSFs to Key Performance Indicators (KPIs) and corporate strategy, and their use as a basis for defining an organisation's information needs.</li> <li>Effective communication of strategic performance targets, including the need to drive strategic performance through stretch targets and promotion of exceptional performance.</li> <li>The role of the Chartered Management Accountant in the process of strategic performance evaluation.</li> </ul>

**E3 – E. THE ROLE OF INFORMATION SYSTEMS IN ORGANISATIONAL STRATEGY (15%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. evaluate the information systems requirements for successful strategic implementation.</b>	(a) evaluate the information systems required to sustain the organisation	<ul style="list-style-type: none"> <li>The purpose and contents of information systems strategies.</li> <li>The classifications of knowledge.</li> <li>Learning organisations.</li> </ul>
	(b) advise managers on the development of strategies for knowledge management.	<ul style="list-style-type: none"> <li>Knowledge management systems and knowledge-based organisations.</li> <li>The need for information systems strategy to be complementary to the corporate and individual business unit strategies.</li> </ul>
<b>2. evaluate the opportunities for the use of IT and IS for the organisation, including Big Data.</b>	(a) evaluate the impact of IT/IS on an organisation and its strategy	<ul style="list-style-type: none"> <li>The impact of IT, including the internet, on an organisation (utilising frameworks such as Porter's Five Forces and the Value Chain).</li> </ul>
	(b) evaluate the strategic and competitive impact of information systems, including the potential contribution of Big Data.	<ul style="list-style-type: none"> <li>Competing through exploiting information, rather than technology (e.g. use of databases to identify potential customers or market segments, and the collection, analysis, storage and management of data).</li> <li>Aligning information systems with business strategy (e.g. strategic importance of information systems; information systems for competitive advantage; information systems for competitive necessity).</li> <li>Contemporary developments in the commercial use of the internet (e.g. e-business, virtual organisations and Web 2.0, Big Data, social and other forms of digital marketing).</li> <li>The role of Big Data and Digitisation in knowledge-based organisations.</li> </ul>

# THE FULL SYLLABUS STRATEGIC LEVEL

## P3

### RISK MANAGEMENT Syllabus overview

P3 shows how to identify, evaluate and manage various risks that could adversely affect the implementation of the organisation’s strategy. It provides the competencies required to analyse, evaluate and apply the techniques, processes and internal control systems required to manage risk. This insight is then used to manage the risks associated with both cash flows and capital investment decisions – two important areas of organisational life for which the finance function is responsible.

### Summary of syllabus

Weight	Syllabus topic
20%	A. Identification, classification and evaluation of risk
20%	B. Responses to strategic risk
20%	C. Internal controls to manage risk
20%	D. Managing risks associated with cash flows
20%	E. Managing risks associated with capital investment decisions

### P3 – A. IDENTIFICATION, CLASSIFICATION AND EVALUATION OF RISK (20%)

**Learning outcomes** On completion of their studies, students should be able to:

#### Indicative syllabus content

Lead	Component	
1. evaluate the types of risk facing an organisation and recommend appropriate responses.	(a) identify the types of risk facing an organisation	<ul style="list-style-type: none"> <li>Upside and downside risks arising from internal and external sources and from different managerial decisions.</li> <li>Risks arising from international operations, such as cultural differences and differences between legal systems <i>Note: No specific real country will be tested.</i></li> <li>Strategic and operational risks.</li> </ul>
	(b) evaluate the organisation’s ability to bear identified risks	<ul style="list-style-type: none"> <li>Quantification of risk exposures (impact if an adverse event occurs) and their expected values, taking account of likelihood.</li> <li>Risk map representation of risk exposures as a basis for reporting and analysing risks.</li> </ul>
	(c) recommend responses to identified risks.	<ul style="list-style-type: none"> <li>Enterprise Risk Management and its components.</li> <li>Risk mitigation including TARA – transfer, avoid, reduce, accept.</li> <li>Gross and net risks.</li> <li>Assurance mapping and similar techniques for describing risks and their associated responses.</li> </ul>
2. evaluate senior management’s responsibility for the implementation of risk management strategies and internal controls.	(a) recommend techniques that will enable the board to discharge its responsibilities with respect to managing risks	<ul style="list-style-type: none"> <li>The control environment.</li> <li>Internal control.</li> <li>Risk register.</li> </ul>
	(b) advise the board on its responsibilities for reporting risks to shareholders and other stakeholders.	<ul style="list-style-type: none"> <li>Risk reports and stakeholder responses.</li> </ul>
3. evaluate the ethical impact of risk.	(a) evaluate ethical, social and environmental issues arising from risk management.	<ul style="list-style-type: none"> <li>The identification of ethical dilemmas associated with risk management.</li> <li>Reputational risks associated with social and environmental impacts.</li> </ul>

**P3 – B. RESPONSES TO STRATEGIC RISK (20%)****Learning outcomes** On completion of their studies, students should be able to:**Indicative syllabus content**

Lead	Component	
<b>1. evaluate the tools and processes required for strategy implementation.</b>	(a) recommend appropriate measures for the strategic control and direction of various types of organisations	<ul style="list-style-type: none"> <li>• Business unit performance and appraisal, including transfer pricing and taxation, reward systems and incentives.</li> <li>• Non-financial measures and their interaction with financial measures.</li> <li>• Risks of performance measurement, including the Balanced Scorecard (BSC).</li> <li>• Lean systems.</li> <li>• Cost of quality.</li> <li>• Big Data as a strategic resource.</li> </ul>
	(b) recommend solutions for the risks of dysfunctional behaviour arising from the associated models of performance measurement	<ul style="list-style-type: none"> <li>• Dysfunctional behaviour associated with measures of control and direction.</li> </ul>
	(c) advise managers of the risks in the development of strategies for information systems that support the organisation's strategic requirements.	<ul style="list-style-type: none"> <li>• The purpose and contents of information systems strategies, and the need for strategy complementary to the corporate and individual business strategies.</li> </ul>
<b>2. evaluate ethical issues facing an organisation and its employees.</b>	(a) evaluate the risks of unethical behaviour.	<ul style="list-style-type: none"> <li>• Ethical issues identified in the CIMA Code of Ethics for Professional Accountants.</li> <li>• Application of the CIMA Code of Ethics for Professional Accountants.</li> <li>• The board's responsibilities for the management of stakeholders' interests.</li> </ul>
<b>3. evaluate the risks associated with corporate governance.</b>	(a) evaluate the risks associated with poor governance structures.	<ul style="list-style-type: none"> <li>• The separation of the roles of CEO and chairman.</li> <li>• The role of non-executive directors.</li> <li>• The roles of audit committee, remuneration committee, risk committee and nominations committee.</li> <li>• Directors' remuneration.</li> <li>• The agency implications of salaries, bonuses, performance-related pay, executive share options and benefits in kind.</li> </ul>



### P3 – C. INTERNAL CONTROLS TO MANAGE RISK (20%)

**Learning outcomes** On completion of their studies, students should be able to:

#### Indicative syllabus content

Lead	Component	
1. evaluate control systems for organisational activities and resources.	(a) evaluate the appropriateness of control systems for the management of an organisation.	<ul style="list-style-type: none"> <li>• Application of control systems and related theory to the design of management accounting control systems and information systems in general.</li> <li>• Control systems within functional areas of a business including HR, sales, purchases, treasury, distribution, IT.</li> <li>• Identification of appropriate responsibility and control centres within the organisation.</li> <li>• Performance target setting.</li> <li>• Performance appraisal and feedback.</li> <li>• Cost of quality applied to the management accounting function and 'getting things right first time'.</li> <li>• Responses to risks in control systems for management.</li> </ul>
2. evaluate risk management strategies and internal controls.	(a) evaluate the essential features of internal control systems for identifying, assessing and managing risks.	<ul style="list-style-type: none"> <li>• Minimising the risk of fraud: fraud policy statements, effective recruitment policies and good internal controls, such as approval procedures and separation of functions.</li> <li>• The risk manager role as distinct from that of internal auditor.</li> <li>• Purposes of internal control: the achievement of an entity's objectives, effectiveness and efficiency of operations.</li> <li>• Identifying and evaluating control weaknesses.</li> <li>• Identifying and evaluating compliance failures.</li> <li>• Operational features of internal control systems, including embedding such systems in a company's operations, responsiveness to evolving risks and timely reporting to management.</li> <li>• The pervasive nature of internal control and the need for employee training.</li> <li>• Costs and benefits of maintaining the internal control system.</li> <li>• Disaster recovery.</li> </ul>
3. evaluate the purposes and process of audit in the context of internal control systems.	(a) evaluate the effective planning and management of internal audit and internal audit investigations.	<ul style="list-style-type: none"> <li>• Forms of internal audit: compliance audit, fraud investigation, value for money audit/management audit, social and environmental audit.</li> <li>• Operation of internal audit, the assessment of audit risk and the process of analytical review, including different types of benchmarking, their use and limitations.</li> <li>• Effective internal audit: independence, staffing and resourcing, organisational remit.</li> <li>• The preparation and interpretation of the internal audit report.</li> </ul>

### P3 – D. MANAGING RISKS ASSOCIATED WITH CASH FLOWS (20%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component	Indicative syllabus content
1. evaluate financial risks facing an organisation.	(a) evaluate financial risks facing an organisation.	<ul style="list-style-type: none"> <li>• Sources of financial risk associated with international operations.</li> <li>• Transaction, translation, economic and political risk.</li> <li>• Quantification of risk exposures, their sensitivities to changes in external conditions and their expected values.</li> <li>• Exposure to interest rate risks.</li> </ul>
2. evaluate alternative risk management tools.	(a) advise on the effects of economic factors that affect future cash flows from international operations	<ul style="list-style-type: none"> <li>• Exchange rate theory and the impact of differential inflation rates on forecast exchange rates.</li> <li>• Theory and forecasting of exchange rates (e.g. interest rate parity, purchasing power parity and the Fisher effect).</li> <li>• Value at risk.</li> </ul>
	(b) evaluate appropriate methods for the identification and management of financial risks associated with international operations	<ul style="list-style-type: none"> <li>• Minimising political risk.</li> <li>• Responses to economic transaction and translation risks.</li> <li>• Operation and features of the more common instruments for managing interest rate risk: swaps, forward rate agreements, futures and options.</li> <li>• Techniques for combining options in order to achieve a specific risk profile: caps, collars and floors.</li> <li>• Internal hedging techniques.</li> </ul>
	(c) evaluate appropriate methods for the identification and management of financial risks associated with debt finance.	<ul style="list-style-type: none"> <li>• Operation and features of the more common instruments for managing currency risk: swaps, forward contracts, money market hedges, futures and options.</li> </ul> <p><i>Note: The Black Scholes option pricing model will not be tested numerically. However, an understanding of the variables which will influence the value of an option will be assumed.</i></p>

### P3 – E. MANAGING RISKS ASSOCIATED WITH CAPITAL INVESTMENT DECISIONS (20%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component	Indicative syllabus content
1. evaluate the risks arising from changes in the environment for capital investment appraisal.	(a) evaluate investment projects	<ul style="list-style-type: none"> <li>• Cost of capital and risk.</li> <li>• Recognising risk using the certainty equivalent method (when given a risk free rate and certainty equivalent values).</li> <li>• Adjusted present value.</li> </ul> <p><i>Note: The two step method may be tested for debt introduced permanently and debt in place for the duration of the project.</i></p>
	(b) evaluate conflicts that may arise from capital investment decisions	<ul style="list-style-type: none"> <li>• Managing conflicts between different stakeholder groups (profit maximisation versus wealth maximisation).</li> <li>• Managing conflicts arising from performance indicators.</li> </ul>
	(c) evaluate the outcomes of projects post implementation and post completion.	<ul style="list-style-type: none"> <li>• Monitoring the implementation of plans.</li> <li>• Post completion audit.</li> </ul>

# THE FULL SYLLABUS STRATEGIC LEVEL

## F3

### FINANCIAL STRATEGY Syllabus overview

F3 focuses on the formulation and implementation of financial strategy to support the overall strategy of the organisation. Using insights gained from F1 and F2, it provides the competencies to evaluate the financing requirements of organisations and the relative merits of alternative sources of finance to meet these requirements. Finally, it develops the competencies required to value investment opportunities including the valuation of corporate entities for mergers, acquisitions and divestments.

### Summary of syllabus

Weight	Syllabus topic
25%	A. Formulation of financial strategy
35%	B. Financing and dividend decisions
40%	C. Corporate finance

### F3 – A. FORMULATION OF FINANCIAL STRATEGY (25%)

**Learning outcomes** On completion of their studies, students should be able to:

### Indicative syllabus content

Lead	Component	Indicative syllabus content	
1. evaluate strategic financial and non-financial objectives of different types of entities.	(a) advise on the overall strategic financial and non-financial objectives of different types of entities	<ul style="list-style-type: none"> <li>Overall strategic financial objectives (e.g. value for money, maximising shareholder wealth, providing a surplus) of different types of entities (e.g. incorporated, unincorporated, quoted, unquoted, private sector, public sector, for-profit and not-for-profit).</li> </ul>	<ul style="list-style-type: none"> <li>Non-financial objectives (e.g. human, intellectual, natural, and social and relationship).</li> <li>Financial strategy in the context of international operations.</li> </ul>
	(b) evaluate financial objectives of for-profit entities	<ul style="list-style-type: none"> <li>Financial objectives (e.g. earnings growth, dividend growth, gearing) and assessment of attainment.</li> </ul>	<ul style="list-style-type: none"> <li>Sensitivity of the attainment of financial objectives to changes in underlying economic (e.g. interest rates, exchange rates, inflation) and business variables (e.g. margins, volumes).</li> </ul>
	(c) advise on the use of sustainability and integrated reporting to inform stakeholders of relevant information concerning the interaction of a business with society and the natural environment.	<ul style="list-style-type: none"> <li>Limitations of financial statements for incorporated entities, prepared in accordance with International Accounting Standards (IAS), to reflect the value and stewardship of the non-financial capital base.</li> </ul>	<ul style="list-style-type: none"> <li>Principles and scope of reporting social and environmental issues (e.g. Global Reporting Initiative's Sustainability Reporting Framework and International Integrated Reporting Council guidance).</li> </ul>
2. evaluate strategic financial management policy decisions.	(a) evaluate the interrelationship between investment, financing and dividend decisions for an incorporated entity	<ul style="list-style-type: none"> <li>Investment, financing and dividend decisions and the interrelationship between them in meeting the cash needs of the entity.</li> <li>Sensitivity of forecast financial statements and future cash position to investment, financing and dividend decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of the interests of shareholders and other stakeholders in investment, financing and dividend decisions (e.g. impact on investor and lender ratios, compliance with debt covenants and attainment of financial objectives).</li> <li>Determine financing requirements and cash available for payment of dividends based on the overall consideration of the forecast future cash flows arising from investment decisions, business strategy and forecast business and economic variables.</li> </ul>
	(b) advise on the development of financial strategy for an entity taking into account taxation and other external influences	<ul style="list-style-type: none"> <li>Lenders' assessment of creditworthiness (e.g. business plans, liquidity ratios, cash forecasts, credit rating, quality of management).</li> <li>Financial strategy in the context of regulatory requirements (e.g. price and service controls exercised by industry regulators).</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of taxation regulations (domestic and international) in setting financial strategy.</li> </ul>
	(c) evaluate the impact of the adoption of hedge accounting and disclosure of financial risk on financial statements and stakeholder assessment.	<ul style="list-style-type: none"> <li>The accounting treatment of hedge accounting (cash flow, fair value and net investment), IFRS 9 (or IAS 39, before effective date for IFRS 9).</li> <li>Impact of adoption of hedge accounting on financial statements and on stakeholder assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of financial risk, including policies for managing such risk (IFRS 7, <i>Financial Instruments: Disclosures</i>).</li> </ul>

## F3 – B. FINANCING AND DIVIDEND DECISIONS (35%)

**Learning outcomes** On completion of their studies, students should be able to:

Lead	Component	Indicative syllabus content
<b>1. evaluate the financing requirements of an entity and recommend a strategy for meeting those requirements.</b>	(a) evaluate the impact of changes in capital structure for an incorporated entity on shareholders and other stakeholders	<ul style="list-style-type: none"> <li>• Capital structure theories (traditional theory, Modigliani and Miller's (MM) theories with and without tax and practical considerations and calculations using MM formulae).</li> <li>• Calculation of cost of equity or weighted average cost of capital (WACC) to reflect a change in capital structure.</li> <li>• Modelling impact of choice of capital structure on financial statements and key performance measures (e.g. ratios of interest to investors and lenders and compliance with debt covenants).</li> <li>• Structuring the debt/equity profile of group companies, including tax implications and thin capitalisation rules.</li> </ul>
	(b) evaluate and compare alternative methods of raising long-term debt finance	<ul style="list-style-type: none"> <li>• Criteria for selecting appropriate debt instruments (e.g. bank borrowings, bonds, convertible bonds, commercial paper).</li> <li>• Target debt profile (e.g. interest, currency and maturity profile) to manage interest, currency and refinancing risk.</li> <li>• Use of cross-currency swaps and interest rate swaps to change the currency or interest rate profile of debt.</li> <li>• Tax considerations in the selection of debt instruments.</li> <li>• Procedures for issuing debt securities (private placement and capital market issues, role of advisers and underwriters).</li> <li>• Debt covenants (e.g. interest cover, net debt/EBITDA, debt/debt and equity).</li> <li>• The lease or buy decision (for both operating and finance leases).</li> </ul>
	(c) evaluate and compare alternative methods of raising equity finance.	<ul style="list-style-type: none"> <li>• Methods of flotation and implications for the management of the entity and for its stakeholders.</li> <li>• Use of rights issues, including choice of discount rate, impact on shareholder wealth and calculation of the theoretical ex-rights price (TERP) and yield-adjusted TERP.</li> </ul>
<b>2. evaluate dividend policies for an incorporated entity that meet the needs and expectations of shareholders.</b>	(a) evaluate alternatives to cash dividends and their impact on shareholder wealth and entity performance measures	<ul style="list-style-type: none"> <li>• Impact of scrip dividends on shareholder value and entity value/financial statements/performance measures.</li> <li>• Impact of share repurchase programmes on shareholder value and entity value/financial statements/performance measures.</li> </ul>
	(b) recommend appropriate dividend policies, including consideration of shareholder expectations and the cash needs of the entity.	<ul style="list-style-type: none"> <li>• Implications for shareholder value of alternative dividend policies including MM theory of dividend irrelevancy.</li> <li>• Development of appropriate dividend policy, taking into account the interests of shareholders and the cash needs of the entity.</li> </ul>

## F3 – C. CORPORATE FINANCE (40%)

**Learning outcomes** On completion of their studies, students should be able to:

**Indicative syllabus content**

Lead	Component	
<b>1. evaluate opportunities for acquisition, merger and divestment.</b>	(a) evaluate the financial and strategic implications of proposals for an acquisition, merger or divestment, including taxation implications.	<ul style="list-style-type: none"> <li>• Recognition of the interests of different stakeholder groups.</li> <li>• Reasons for and against acquisitions, mergers and divestments (e.g. strategic position, synergistic benefits, Big Data opportunities, risks and tax implications).</li> <li>• Taxation implications (group loss relief, differences in taxation rates, withholding tax, double tax treaties).</li> <li>• Process and implications of a management buy-out, including potential conflicts of interest.</li> <li>• Role/function/implications of acquisition by private equity or venture capitalist.</li> <li>• Role and scope of competition authorities in relation to mergers and acquisitions.</li> </ul>
<b>2. evaluate the value of entities.</b>	(a) calculate the value of a whole entity (quoted or unquoted), a subsidiary entity or division using a range of methods including taxation	<ul style="list-style-type: none"> <li>• Asset valuation (e.g. historic cost, replacement cost and realisable value).</li> <li>• Forms of intangible asset (including intellectual property rights, brands etc) and methods of valuation.</li> <li>• Share prices (quoted on stock market or private sale for non-quoted entities).</li> <li>• Earnings valuation (e.g. price/earnings multiples and earnings yield).</li> <li>• Dividend valuation (e.g. dividend growth model, including estimating growth from past or forecast figures and including non-constant growth assumptions).</li> <li>• Discounted free cash flow valuation (including taxation, risk-adjusted discount rate, foreign currency cash flows and sensitivity analysis).</li> <li>• Ideas of diversifiable risk (unsystematic risk) and systematic risk.</li> <li>• Capital asset pricing model (CAPM), including the meaning and derivation of the component, and the ability to gear and un-gear betas.</li> <li>• Calculation of an appropriate cost of capital for use in discounted cash flow analysis (e.g. cost of equity or WACC) by reference to the nature of the transaction (e.g. division or an entire entity), including use of CAPM, dividend valuation model and MM WACC formula.</li> <li>• Efficient market hypothesis and its relevance for the valuation of quoted entities.</li> <li>• Impact of government incentives on entity value (e.g. capital or revenue grants).</li> </ul>
	(b) evaluate the validity of the valuation methods used and the results obtained in the context of a given scenario.	<ul style="list-style-type: none"> <li>• Strengths and weaknesses of each valuation method.</li> <li>• Validity of the results for use in decision making according to the nature of the target entity (e.g. a division, a whole entity, quoted or unquoted).</li> </ul>
<b>3. evaluate pricing issues and post-transaction issues.</b>	(a) evaluate alternative pricing structures and bid process including taxation implications	<ul style="list-style-type: none"> <li>• Forms of consideration and terms for acquisitions (e.g. cash, shares, convertibles and earn-out arrangements), and their impact on shareholders, including taxation impact.</li> <li>• Treatment of target entity debt (settlement, refinancing).</li> <li>• Methods/implications of financing a cash offer and refinancing target entity debt.</li> <li>• Bid negotiation (e.g. managing a hostile bid) including agency issues.</li> </ul>
	(b) evaluate post-transaction issues.	<ul style="list-style-type: none"> <li>• Potential post-transaction value for both acquirer and seller (e.g. taking into account synergistic benefits, forecast performance and market response).</li> <li>• Integration of management/systems and effective realisation of synergistic benefits.</li> <li>• Types of exit strategies and their implications.</li> </ul>

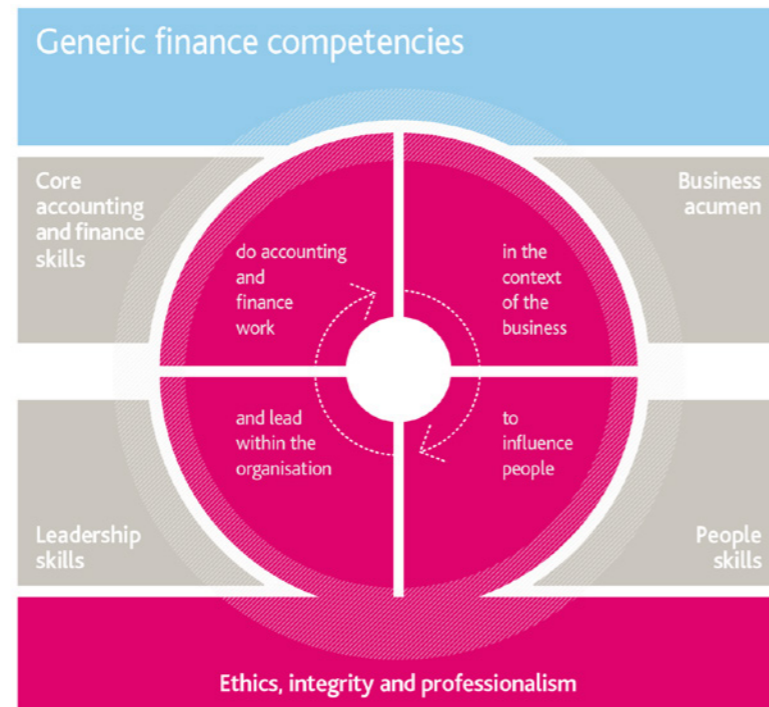
# LINKING CIMA'S COMPETENCY FRAMEWORK TO THE SYLLABUS AND ASSESSMENT

CIMA has developed a generic competency framework which details the skills, abilities and competencies that finance professionals need to help drive the success of their organisations. This competency framework is based on comprehensive research with finance professionals and employers across the globe.

The research shows that, though essential, the emphasis is shifting from the production of good accounting information to the application of financial disciplines in the management of a business. Having the technical skills relevant to each service area will not suffice. These skills have to be integrated, and applied in the context of an organisation's business, with finance professionals working alongside or leading others.

So, in addition to accounting and analytical skills, finance professionals must also have an understanding of the organisation, its business model, its strategic context and its competitive position. They also need the people and leadership skills necessary to ensure that the accounts, information, analysis and insights which they can supply to management are applied effectively.

The pillars of the CIMA syllabus have been developed to ensure that Chartered Management Accountants have the technical accounting and finance skills expected of a professionally qualified accountant supporting the management of a business. These range from record keeping to advanced financial reporting, developing a financial strategy and finance transformation. It also enables them to have a good understanding of how businesses operate, how they are managed and how strategy is formulated and executed. Furthermore, they learn the analytical skills required to monitor and help improve performance and manage risk.



CIMA research findings show that the competencies operate at four levels of proficiency. They are:

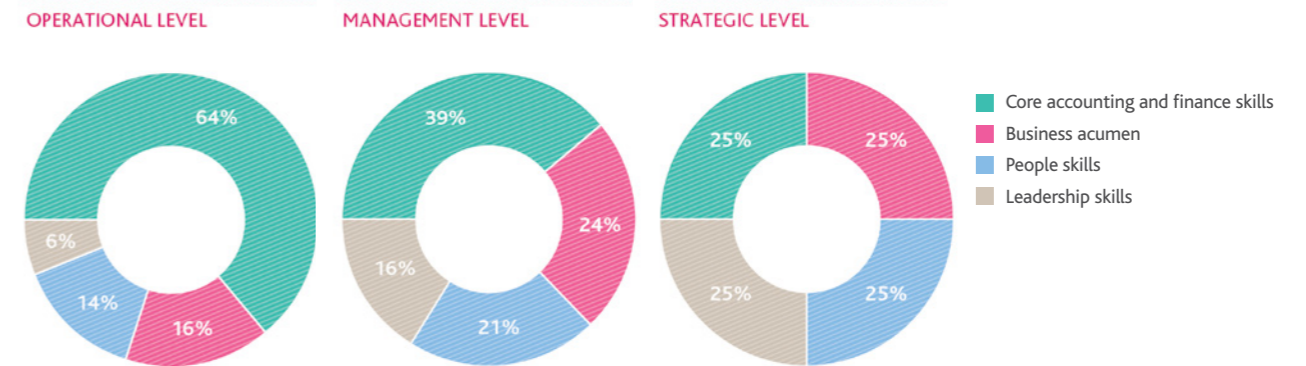
- entry level
- manager
- senior manager
- c-suite.

Entry level roles require more focus on core accounting and finance skills, and less focus on people skills and leadership skills. In more senior roles, there is less emphasis placed on the accounting and finance skills, and more on business acumen, people skills and leadership skills.

The structure of the CIMA syllabus has been developed to match this competency mix at different levels within organisations.

The operational level of the CIMA syllabus corresponds to *entry level*; management level to *manager level*; and strategic level to the early stages of *senior manager level*. The CIMA syllabus ends at this point, but support provided by continuing professional development (CPD) products allows members to further develop their skills.

The relative importance of the various competencies at the three levels of the CIMA syllabus are shown below.



The syllabus addresses the competencies required of a newly qualified management accountant by setting them out as learning outcomes. The assessment process ensures that management accountants can apply their technical knowledge in a business context and work with others to improve the business' performance. This provides a firm foundation for lifelong learning and career progression to a broad range of roles in finance or other areas of the business.

Employers can be confident that a Chartered Management Accountant will have the competencies they require. They also have the assurance that, as members of a professional body, management accountants abide by a code of ethics and undertake lifelong learning including continuing professional development.

In the following table, you can see how specific areas of the CIMA competency framework directly link to areas of the 2015 CIMA Professional Qualification Syllabus.

**CIMA COMPETENCY FRAMEWORK**

Competencies	Syllabus area								
	E1	P1	F1	E2	P2	F2	E3	P3	F3
<b>Core accounting and finance skills</b>									
Financial accounting and reporting			F1			F2			
Cost accounting and management		P1			P2				
Planning and control		P1			P2				
Management reporting and analysis		P1			P2		E3		
Corporate finance and treasury management									F3
Risk management and internal control		P1			P2			P3	
Taxation		P1	F1		P2	F2		P3	F3
Accounting information systems	E1	P1	F1		P2	F2		P3	
<b>Business acumen</b>									
Strategy				E2				E3	
Market environment	E1			E2				E3	
Process management	E1				P2			E3	
Business relations	E1			E2				E3	
Project management				E2	P2				
Regulatory environment			F1			F2			
Macro-economic analysis				E2			E3		F3
<b>People skills</b>									
Influence				E2					
Negotiation				E2					
Decision making		P1		E2	P2		E3	P3	F3
Communication	E1			E2				E3	
Collaboration and partnering	E1			E2					
<b>Leadership skills</b>									
Team building				E2				E3	
Coaching and mentoring				E2				E3	
Driving performance					P2			E3	
Motivating and inspiring				E2				E3	
Change management				E2				E3	
<b>Underpinned by ethics, integrity and professionalism</b>									

**AN EXAMPLE OF INTEGRATED CASE STUDY CONTENT**

The integrated case study exams combine the knowledge and learning across the three pillars, and are set within a simulated business context relating to one or more fictionalised organisations – based on a real business or industry.

LEVEL	YOUR ROLE	YOUR AUDIENCE	QUESTION TYPES	CASE STUDY FOCUS	
STRATEGIC	Senior manager	CFO and rest of senior management team	Long essays, supported by calculations and analysis	E3	Analysis of strategic options, leading to recommendations and justification.
				P3	Risks associated with this need to be scrutinised.
				F3	A financial strategy needs to be formulated, ensuring the strategy is adequately funded.
MANAGEMENT	Manager	CFO and senior business managers	Long and short essays, supported by calculations and analysis	E2	Consideration of key stakeholders, and implementation via projects.
				P2	Product and pricing decision, and/or the performance evaluation of division(s)/component parts.
				F2	Impact on the financial statements and the performance of the organisation.
OPERATIONAL	Finance officer	Manager and product owners	Short essays, supported by calculations and analysis	E1	Analysis of the structure of the organisation, as well as cross-functional communication.
				P1	A costing and/or budgeting issue.
				F1	Preparation of parts of or entire financial statements.

# EXAM INFORMATION AND TIMETABLE

Exams	Availability	Type of assessment	Length of assessment	Location
<b>Objective tests</b>				
E3 P3 F3 E2 P2 F2 E1 P1 F1	On-demand (Year round)	Computerised objective tests	90 minutes	Can be sat globally at Pearson VUE test centres.
<b>Integrated case studies</b>				
Strategic level Management level Operational level	Four sittings per year (February, May, August and November)	Computerised integrated case study	3 hours	Locations of Pearson VUE test centres can be found on the CIMA website.

Actual dates for the integrated case study exam sittings will be available on the CIMA website.

## International Accounting Standards and Exposure Drafts

The examinations will be set in accordance with relevant International Accounting Standards and International Financial Reporting Standards.

This also applies to material contained in Financial Reporting Exposure Drafts. Students are advised to refer to the notice of examinable legislation published regularly in CIMA's FM app, the student enewsletter (Velocity) and on the CIMA website, to ensure they are up to date.

## Mathematical tables and formulae

Relevant formulae will be included within the appropriate examination and mathematical tables relevant to the subject will be identified. These will be published on the CIMA website.

## Taxation

Data required for reference when answering examination questions involving calculations for taxation will be published on the CIMA website and regularly updated.

## Time management in examinations

Candidates are advised to manage their time strictly when answering questions in examinations. The time allocated to read, answer and review the answer to a question should be proportional to the maximum marks available for that question.

## Assessment of practical experience

To qualify as a Chartered Global Management Accountant (ACMA, CGMA), as well as completing all of the examinations, students must also demonstrate they have gained a minimum of three years relevant practical experience.

This experience can be gained before, during and/or after studies.

For the latest information on the requirements and how to submit work experience for assessment, please visit [www.cimaglobal.com/per](http://www.cimaglobal.com/per)

# TRANSITION ARRANGEMENTS FOR STUDENTS

## 2010 syllabus

## 2015 syllabus (objective tests)

### OPERATIONAL LEVEL

E1	Enterprise Operations	E1	Organisational Management
P1	Performance Operations	P1	Management Accounting
F1	Financial Operations	F1	Financial Reporting and Taxation

### MANAGEMENT LEVEL

E2	Enterprise Management	E2	Project and Relationship Management
P2	Performance Management	P2	Advanced Management Accounting
F2	Financial Management	F2	Advanced Financial Reporting

### STRATEGIC LEVEL

E3	Enterprise Strategy	E3	Strategic Management
P3	Performance Strategy	P3	Risk Management
F3	Financial Strategy	F3	Financial Strategy

## Transition from the 2010 qualification

Registered CIMA students who have passed examinations (or been awarded exemptions from examinations) in the CIMA 2010 syllabus will be given credits for objective tests in the CIMA 2015 syllabus, as shown in the table above.

Students who have completed the professional competence level Paper T4 - part B (2010 syllabus or equivalent), will be given a credit in the Strategic Case Study Exam.

Students who have completed the operational or management levels in the 2010 (or earlier) syllabus will progress to the next level. Students who are mid-way through a level, will need to complete any outstanding objective tests at that level, as well as the newly introduced integrated case study, at that level.

For example, if a student has completed (or received exemptions from) F2 and P2 at transition, they will need to complete the objective test for E2; and then complete the Management Case Study Exam. They will then be able to proceed to the strategic level.



# PROGRAMME DESIGN AND THE INTERNATIONAL EDUCATION STANDARDS

## NOTES

### International Education Standards

CIMA is a member of the International Federation of Accountants (IFAC) and supports the principles, standards and guidelines set out within the 'IFAC International Education Standards for Professional Accountants'.

### CIMA pre-qualification education programmes

Designers and deliverers of CIMA tuition programmes are requested to refer to the IFAC International Education Standards and reflect the contents when developing learning programmes for CIMA students.

### CIMA initial professional development – practical experience

Those responsible for managing, supervising and mentoring CIMA students as they acquire relevant practical experience are requested to refer to the IFAC International Education Standards and reflect the contents when developing work-based experience programmes.

# NOTES

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