

**CFRR»**

Centre for Financial  
Reporting Reform



WORLD BANK GROUP

# COMMON STAREP CORE ACCOUNTING SYLLABUS FOR UNIVERSITIES

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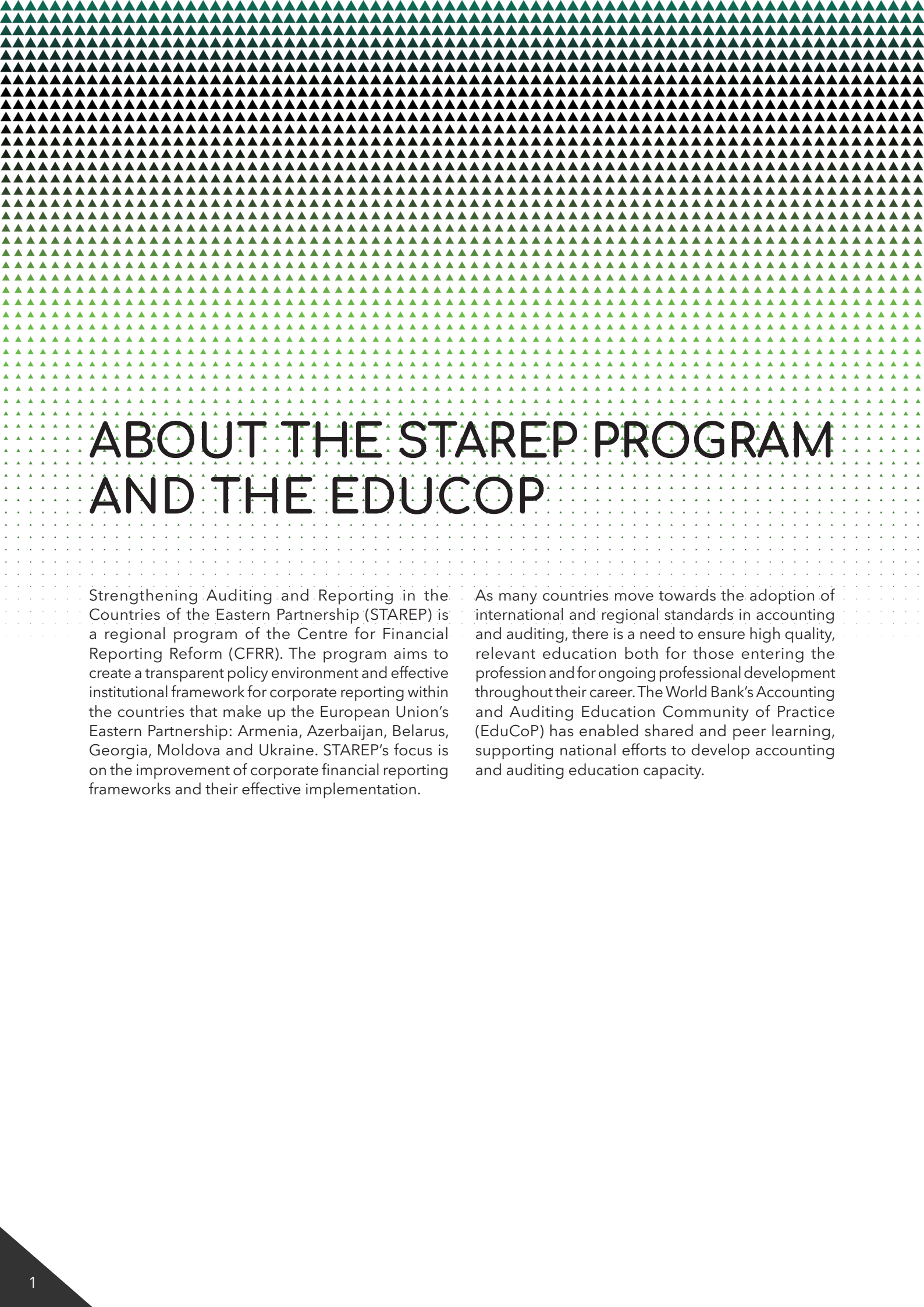
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# ABOUT THE STAREP PROGRAM AND THE EDUCOP

Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP) is a regional program of the Centre for Financial Reporting Reform (CFRR). The program aims to create a transparent policy environment and effective institutional framework for corporate reporting within the countries that make up the European Union's Eastern Partnership: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. STAREP's focus is on the improvement of corporate financial reporting frameworks and their effective implementation.

As many countries move towards the adoption of international and regional standards in accounting and auditing, there is a need to ensure high quality, relevant education both for those entering the profession and for ongoing professional development throughout their career. The World Bank's Accounting and Auditing Education Community of Practice (EduCoP) has enabled shared and peer learning, supporting national efforts to develop accounting and auditing education capacity.



# WHAT IS THE COMMON CORE?

Working with the EduCoP, the CFRR has developed a profiling tool that allows universities to assess and develop the content of their bachelor's programs in accounting. The profiling tool has enabled a sample of universities in the STAREP region to assess how their existing syllabus compares to internationally recognised benchmarks. Curriculum strengthening and reform has already materialised in several universities involved. Additional exemptions for graduates entering internationally recognised professional accountancy programs provide tangible evidence of these reforms.

Another important outcome of the EduCoP which was driven by its members has been the development of a "Regional Curriculum" (also known as "Common Core") which would establish a solid platform for all accounting degree programmes offered by universities in the STAREP Region. The Common Core was derived from the profiling tool and includes a subset of learning objectives to be included in STAREP country undergraduate degree programs with a major in accounting. Learning objectives define the desired knowledge, understanding, or demonstrable skill required for a specified competence area.

The learning objectives of the Common Core were divided into six areas of competence:

- Management and Management Accounting
- Financial Accounting and Reporting
- Audit and Assurance
- Financial Management
- Business and Commercial Law
- Taxation

# HOW WAS THE COMMON CORE DEVELOPED?

The Common Core was developed through a broad consultation process with EduCoP participants, including representatives from ministries of finance, universities, and professional accountancy organisations (PAOs) from its six member countries, who provided fundamental input to define the common learning outcomes to be included.

The Common Core is based on International Education Standards (IES) issued by the International Accounting Education Standards Board (IAESB). The IAESB is an independent standard-setting body that develops education standards, implementation support materials, and application guidance for use by stakeholders in the delivery of professional accounting.

Adaption of the Common Core represents a “condensed approach” to establishing a core competency framework, whereby a pre-existing set of competency statements is adapted to local needs. More information on the condensed approach may be found in the recently released *Guide to the Implementation of Competency-Based Accounting Education, Training and Certification* (World Bank, 2018).

# HOW CAN THE COMMON CORE BE USED?

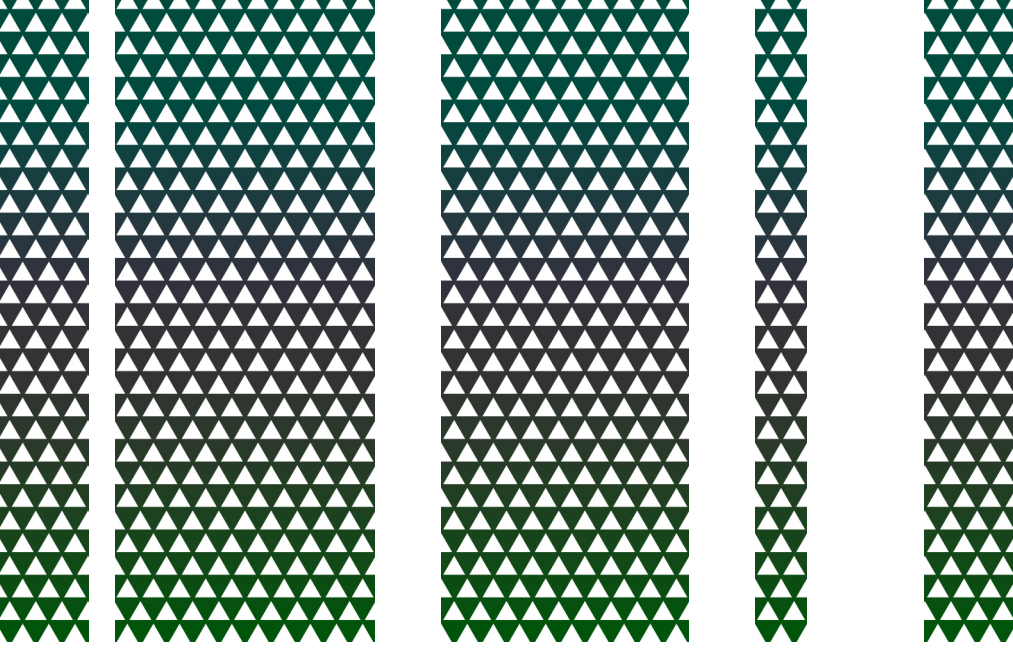
In addition to helping universities in STAREP countries update the curriculum of their undergraduate degree programs, the Common Core will provide a basis for cooperation and exchange:

- Amongst universities within the Region, and beyond
- Between universities and PAOs
- With other stakeholders in each country, such as Ministry of Education and other regulatory agencies

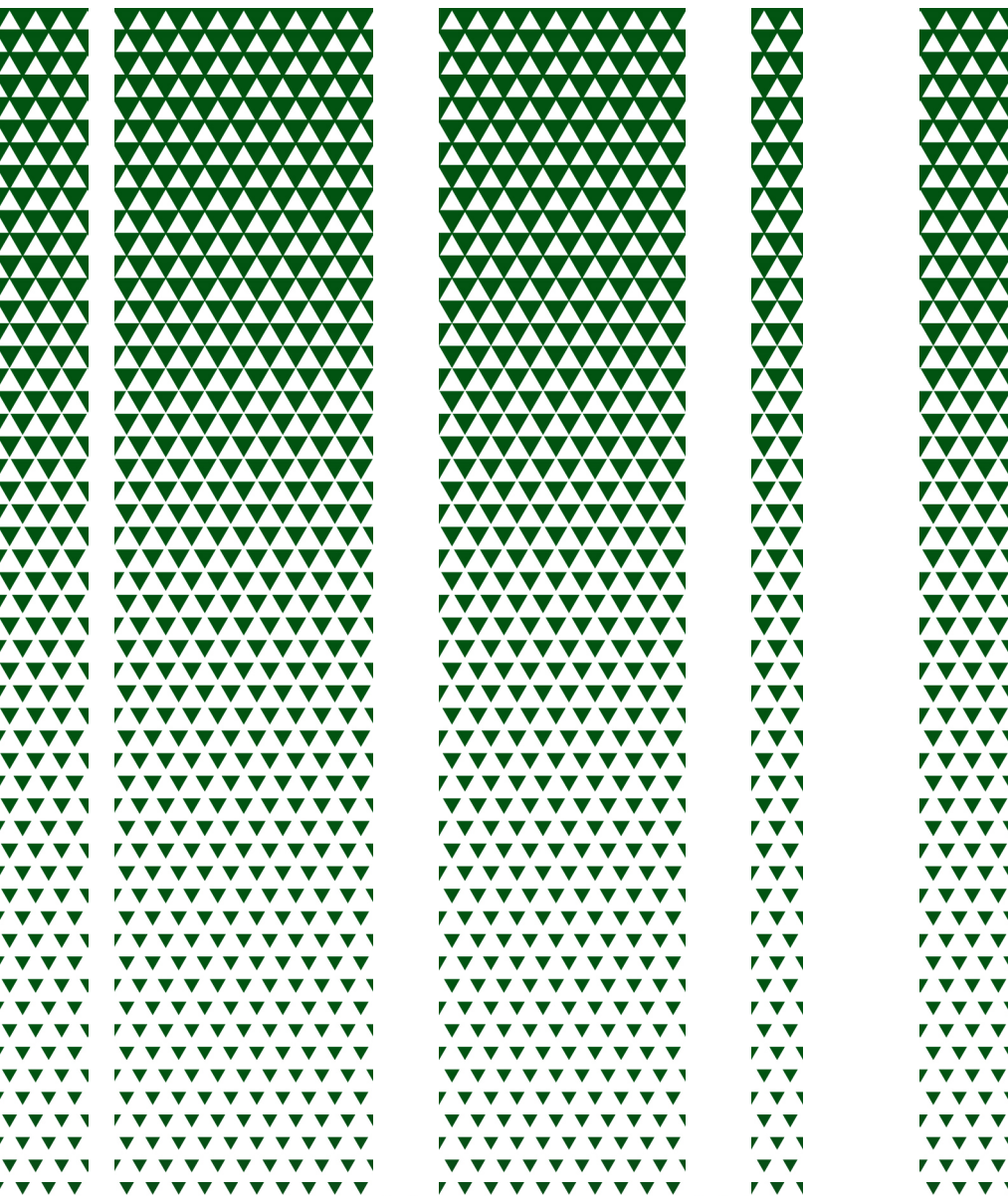
The Common Core can also be referenced in master's level programs and to facilitate the mapping of undergraduate and postgraduate degree program learning outcomes.

The Common Core should be revised every few years, to ensure its content remains relevant and up to date with developments in accounting and auditing practices, and well as the latest developments in commerce and industry.





# MANAGEMENT AND MANAGEMENT ACCOUNTING



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



A1.

Understand the purpose and types of businesses and how they interact with key stakeholders and the external environment.

1. The purpose and types of business organisation
  - a. Define 'business organisations' and explain why they are formed
  - b. Describe common features of business organisations
  - c. Outline how business organisations differ
  - d. List the industrial and commercial sectors in which business organisations operate
  - e. Identify the different types of business organisations and their main characteristics:
    - e1. Commercial
    - e2. Not-for-profit
    - e3. Public sector
    - e4. Non-governmental organisations
    - e5. Cooperatives
2. Stakeholders in business organisations
  - a. Define stakeholders and explain the agency relationship in business and how it may vary in different types of business organisations
  - b. Define internal, connected and external stakeholders and explain their impact on the organisation
  - c. Identify the main stakeholder groups and the objectives of each group
  - d. Explain how the different stakeholder groups interact and how their objectives may conflict with one another
  - e. Compare the power and influence of various stakeholder groups and how their needs should be accounted for, such as under the Mendelow framework

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



A1.

Understand the purpose and types of businesses and how they interact with key stakeholders and the external environment.

### 3. Political and legal factors affecting business

- a. Explain how the political system and government policy affect the organisation
- b. Describe the sources of legal authority, including supra-national bodies, national and regional governments
- c. Explain how the law protects the employee and the implications of employment legislation for the manager and the organisation
- d. Identify the principles of data protection and security
- e. Explain how the law promotes and protects health and safety in the workplace
- f. Recognise the responsibility of the individual and organisation for compliance with laws on data protection, security and health and safety
- g. Outline principles of consumer protection such as sale of goods and simple contract

### 4. Macro-economic factors

- a. Define macro-economic policy and explain its objectives
- b. Explain the main determinants of the level of business activity in the economy and how variations in the level of business activity affect individuals, households and businesses
- c. Explain the impact of economic issues on the individual, the household and the business:
  - c1. Inflation
  - c2. Unemployment
  - c3. Stagnation
  - c4. International payments disequilibrium
- d. Describe the main types of economic policy that may be implemented by government and supra-national bodies to maximise economic welfare
- e. Recognise the impact of fiscal and monetary policy measures on the individual, the household and businesses



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



A1.

Understand the purpose and types of businesses and how they interact with key stakeholders and the external environment.

5. Micro-economic factors
  - a. Define the concept of demand and supply for goods and services
  - b. Explain elasticity of demand and the impact of substitute and complementary goods
  - c. Explain the economic behaviour of costs in the short and long term
  - d. Define perfect, competition, oligopoly, monopolistic competition and monopoly
6. Social and demographic factors
  - a. Explain the medium and long-term effects of social and demographic trends on business outcomes and the economy
  - b. Describe the impact of changes in social structure, values, attitudes and tastes on the organisation
  - c. Identify and explain the measures that governments may take in response to the medium and long-term impact of demographic change
7. Technological factors
  - a. Explain the potential effects of technological change on the organisation structure and strategy:
    - a1. Downsizing
    - a2. Delaying
    - a3. Outsourcing
  - b. Describe the impact of information technology and information systems development on business processes

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A1.**

**Understand the purpose and types of businesses and how they interact with key stakeholders and the external environment.**

8. Environmental factors
  - a. List ways in which the businesses can affect or be affected by their physical environment
  - b. Define sustainability
  - c. Explain the needs expectations of key stakeholders
  - d. Identify the benefits of economic sustainability to stakeholders
  - e. Describe ways in which businesses can operate more efficiently and effectively to limit damage to the environment
9. Competitive factors
  - a. Identify a business's strengths, weaknesses, opportunities and threats (SWOT) in a market and the main sources of competitive advantage
  - b. Identify the main elements within Porter's value chain and explain the meaning of a "value network"
  - c. Explain the factors or forces that influence the level of competitiveness in an industry or sector using Porter's five forces model
  - d. Describe the activities of an organisation that affect its competitiveness:
    - d1. Purchasing
    - d2. Production
    - d3. Marketing
    - d4. Service

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

**A2.**

**Understand business organisation structure, functions and the role of corporate governance**

1. The formal and informal business organisation
  - a. Explain the informal organisation and its relationship with the formal organisation
  - b. Describe the impact of the informal organisation on the business
2. Business organisation structure and design
  - a. Describe the different ways in which formal organisations may be structured:
    - a1. Entrepreneurial
    - a2. Functional
    - a3. Matrix
    - a4. Divisional: (geographical, by product, or by customer type)
    - a5. Boundaryless: (virtual, hollow or modular)
  - b. Explain basic organisational structure concepts:
    - b1. Separation of ownership and management
    - b2. Separation of direction and management
    - b3. Span of control and scalar chain
    - b4. Tall and flat organisations
    - b5. Outsourcing and offshoring
    - b6. Shared services approach
  - c. Explain the characteristics of the strategic, tactical and operational levels in the organisation in the context of the Anthony hierarchy
  - d. Explain centralisation and decentralisation and list their advantages and disadvantages



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A2.**

**Understand business organisation structure, functions and the role of corporate governance**

**e. Describe the roles and functions of the main departments in a business organisation:**

**e1. Research and development**

**e2. Purchasing**

**e3. Production**

**e4. Direct service provision**

**e5. Marketing**

**e6. Administration**

**e7. Finance**

**f. Explain the role of marketing in an organisation:**

**f1. Definition of marketing**

**f2. Marketing mix**

**f3. Relationship of the marketing plan to the strategic plan**

**3. Organisational culture in business**

**a. Define organisational culture**

**b. Describe the factors that shape the culture of the organisation**

**c. Explain the contribution made by writers on culture**

**c1. Schein – determinants of organisational culture**

**c2. Handy – four cultural stereotypes**

**c3. Hofstede – international perspectives on culture**

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**A2.**

**Understand business organisation structure, functions and the role of corporate governance**

4. Committees in business organisations
  - a. Explain the purposes of committees
  - b. Describe the types of committee used by business organisations
  - c. List the advantages and disadvantages of committees
  - d. Explain the roles of the Chair and Secretary of a committee
5. Governance and social responsibility in business
  - a. Explain the agency concept in relation to corporate governance
  - b. Define corporate governance and social responsibility and explain their importance in contemporary organisations
  - c. Explain the responsibility of organisations to maintain appropriate standards of corporate governance and corporate social responsibility
  - d. Briefly explain the main recommendations of best practice in effective corporate governance
    - d1. Executive and non-executive directors
    - d2. Remuneration committees
    - d3. Audit committees
    - d4. Public oversight
  - e. Explain how organisations take account of their social responsibility objectives through analysis of the needs of internal, connected and external stakeholders
  - f. Identify the social and environmental responsibilities of business organisations to internal, connected and external stakeholders

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A3.**

**Recognise the function of accountancy and audit in communicating, reporting and assuring financial information and in effective financial control and compliance**

1. The relationship between accounting and other business functions
  - a. Explain the relationship between accounting and other key functions within the business such as procurement, production and marketing
  - b. Explain financial considerations in production and production planning
  - c. Identify the financial issues associated with marketing
  - d. Identify the financial costs and benefits of effective service provision
2. Accounting and finance functions within business
  - a. Describe the structure and role of the accounting profession within society
  - b. Explain the contribution of the accounting function to the formulation, implementation, and control of the organisation's policies, procedures, and performance
  - c. Identify and describe the main financial accounting functions in business:
    - c1. Recording financial information
    - c2. Codifying and processing financial information
    - c3. Preparing financial statements
  - d. Identify and describe the main management accounting and performance management functions in business:
    - d1. Recording and analysing costs and revenues
    - d2. Providing management accounting information for decision-making
    - d3. Planning and preparing budgets and exercising budgetary control
    - d4. Explain the relationship between management and financial accounting



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A3.**

**Recognise the function of accountancy and audit in communicating, reporting and assuring financial information and in effective financial control and compliance**

**e.** Identify and describe the main finance and treasury function:

**e1.** Calculating and mitigating business tax liabilities

**e2.** Evaluating and obtaining finance

**e3.** Managing working capital

**e4.** Treasury and risk management

**f.** Identify and describe the main audit and assurance roles in business:

**f1.** Internal audit

**f2.** External audit

**f3.** Explain the main functions of the internal auditor and the external auditor and how they differ

**3.** Principles of law and regulation governing accounting and audit

**a.** Explain basic legal requirements in relation to retaining and submitting proper records and preparing and auditing financial reports

**b.** Explain the broad consequences of failing to comply with the legal requirements for maintaining and filing accounting records

**c.** Explain how the international accountancy profession regulates itself through the establishment of reporting standards and their monitoring

**4.** The sources and purpose of internal and external financial information, provided by business

**a.** Explain the various business purposes for which the following financial information is required:

**a1.** The statement of profit or loss

**a2.** The statement of financial position

**a3.** The statement of cash flows

**a4.** Sustainability and integrated reports

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A3.**

Recognise the function of accountancy and audit in communicating, reporting and assuring financial information and in effective financial control and compliance

**b.** Describe the main purposes of the following types of management accounting reports:

**b1.** Cost schedules

**b2.** Budgets

**b3.** Variance reports

**5.** Financial systems, procedures and related IT applications

**a.** Identify an organisation's system requirements in relation to the objectives and policies of the organisation

**b.** Describe the main financial systems used within an organisation:

**b1.** Purchases and sales invoicing

**b2.** Payroll

**b3.** Credit control

**b4.** Cash and working capital management.

**c.** Explain why it is important to adhere to policies and procedures for handling clients' money

**d.** Identify weaknesses, potential for error and inefficiencies in accounting systems

**e.** Recommend improvements to accounting systems to prevent error and fraud and to improve overall efficiency

**f.** Explain why appropriate controls are necessary in relation to business and IT systems and procedures

**g.** Identify business uses of computers and IT software applications:

**g1.** Spreadsheet applications

**g2.** Database systems

**g3.** Accounting packages

**h.** Describe and compare the relative benefits and limitations of manual and automated financial systems that may be used in an organisation

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A3.**

Recognise the function of accountancy and audit in communicating, reporting and assuring financial information and in effective financial control and compliance

6. Internal controls, authorisation, security and compliance within business

a. Explain internal control and internal check

b. Explain the importance of internal financial controls in an organisation

c. Describe the responsibilities of management for internal financial control

d. Describe the features of effective internal financial control procedures in an organisation, including authorisation

e. Identify and describe the types of information technology and information systems used by the business organisation for internal control

f. Identify and describe features for protecting the security of IT systems and software within business

g. Describe general and application systems controls in business

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A3.**

**Recognise the function of accountancy and audit in communicating, reporting and assuring financial information and in effective financial control and compliance**

### 7. Fraud and fraudulent behaviour and their prevention in business

a. Understand the relationship between laws, codes and standards

b. Explain the circumstances under which fraud is likely to arise

c. Identify different types of fraud in the organisation

d. Explain the implications of fraud for the organisation

e. Explain the role and duties of individual managers in the fraud detection and prevention process

f. Outline the possible responses to fraudulent behaviour

g. Outline the possible responses to to alleged acts of bribery and corruption

h. Define the term "money laundering"

i. Give examples of recognised offences under typical money laundering regulations

j. Identify methods for detecting and preventing money laundering

k. Explain how suspicions of money laundering should be reported to the appropriate authorities

l. Describe the main considerations underlying compliance with internal and external whistle blowing procedures

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A4.**

**Explain the nature, source and purpose of management information**

### 1. Accounting for management

- a. Describe the purpose and role of cost and management accounting within an organisation
- b. Compare and contrast financial accounting with cost and management accounting
- c. Explain the provider enabler split
- d. Outline the managerial processes of planning, decision-making and control
- e. Explain the difference between strategic, tactical and operational planning
- f. Discuss the role of the strategic management accountant
- g. Distinguish between data and information
- h. Identify and explain the attributes of good information
- i. Explain the limitations of management information in providing guidance for managerial decision-making

### 2. Sources of data

- a. Describe sources of information from within and outside the organisation (including government statistics, financial press, professional or trade associations, quotations and price list)
- b. Explain the uses and limitations of published information/data (including information from the internet)
- c. Describe the impact of general economic environment on costs/revenue
- d. Explain sampling techniques (random, systematic, stratified, multistage, cluster and quota)
- e. Choose an appropriate sampling method in a specific situation

### 3. Cost classification

- a. Explain and illustrate production and nonproduction costs



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**A4.**

**Explain the nature, source and purpose of management information**

**b.** Describe the different elements of non-production costs - administrative, selling, distribution and finance

**c.** Describe the different elements of production cost - materials, labour and overheads

**d.** Explain the importance of the distinction between production and non-production costs when valuing output and inventories

**e.** Explain and illustrate with examples classifications used in the analysis of the product/service costs including by function: direct and indirect, fixed and variable, stepped-fixed and semi-variable costs

**f.** Explain and illustrate the use of codes in categorising transactions

**g.** Describe and illustrate, graphically, different types of cost behaviour

**h.** Use high/low analysis to separate the fixed and variable elements of total costs including situations involving semi-variable and stepped-fixed costs and changes in the variable cost per unit

**i.** Explain the structure of linear functions and equations

**j.** Explain and illustrate the concept of cost objects, cost units and cost centres

**k.** Distinguish between cost, profit, investment and revenue centres

**l.** Describe the differing needs for information of cost, profit, investment and revenue centre managers

**4.** Presenting information

**a.** Prepare written reports representing management information in suitable formats according to purpose

**b.** Present information using tables, charts and graphs (bar charts, line graphs, pie charts and scatter graphs)

**c.** Interpret information (including the above tables, charts and graphs) presented in management reports

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL



B1.

Explain and apply cost accounting techniques

1. Accounting for material, labour and overheads
  - a. Explain the concept of full-cost accounting for materials:
    - a1. Describe the different procedures and documents necessary for the ordering, receiving and issuing of materials from inventory
    - a2. Describe the control procedures used to monitor physical and 'book' inventory and to minimise discrepancies and losses
    - a3. Interpret the entries and balances in the material inventory account
    - a4. Identify, explain and calculate the costs of ordering and holding inventory (including buffer inventory)
    - a5. Calculate and interpret optimal reorder quantities
    - a6. Calculate and interpret optimal reorder quantities when discounts apply
    - a7. Produce calculations to minimise inventory costs when inventory is gradually replenished
    - a8. Describe and apply appropriate methods for establishing reorder levels where demand in the lead time is constant
    - a9. Calculate the value of closing inventory and material issues using LIFO, FIFO and average methods
  - b. Explain the concept of full-cost accounting for labour
    - b1. Calculate direct and indirect costs of labour
    - b2. Explain the methods used to relate input labour costs to work done
    - b3. Prepare the journal and ledger entries to record labour cost inputs and outputs

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME


ELECTIVE

LEVEL

B1.

Explain and apply cost accounting techniques

- b4. Describe different remuneration methods: time-based systems, piecework systems and individual and group incentive schemes
- b5. Calculate the level, and analyse the costs and causes of labour turnover
- b6. Explain and calculate labour efficiency, capacity and production volume ratios
- b7. Interpret the entries in the labour account
- c. Explain the concept of full-cost accounting for overheads:
  - c1. Explain the different treatments of direct and indirect expenses
  - c2. Describe the procedures involved in determining production overhead absorption rates
  - c3. Allocate and apportion production overheads to cost centres using an appropriate basis
  - c4. Reapportion service cost centre costs to production cost centres (including using the reciprocal method where service cost centres work for each other)
  - c5. Select, apply and discuss appropriate bases for absorption rates
  - c6. Prepare journal and ledger entries for manufacturing overheads incurred and absorbed
  - c7. Calculate and explain the under and over absorption of overheads

LEARNING OBJECTIVE/MAIN CAPABILITIES	COURSE / MODULE NAME	ELECTIVE	LEVEL
<div>  <b>B1.</b>  <b>Explain and apply cost accounting techniques</b> </div>			
<b>2. Absorption and marginal costing</b>  <b>a.</b> Explain the importance of, and apply, the concept of contribution  <b>b.</b> Demonstrate and discuss the effect of absorption and marginal costing on inventory valuation and profit determination  <b>c.</b> Apply absorption and marginal costing and calculate profit or loss under each  <b>d.</b> Reconcile the profits or losses calculated under absorption and marginal costing  <b>e.</b> Describe the advantages and disadvantages of absorption and marginal costing			
<b>3. Cost accounting methods</b>  <b>a. Job and batch costing:</b>  <b>a1.</b> Describe the characteristics of job and batch costing  <b>a2.</b> Describe the situations where the use of job or batch costing would be appropriate  <b>a3.</b> Prepare cost records and accounts in job and batch costing situations  <b>a4.</b> Establish job and batch costs from given information  <b>b. Process costing:</b>  <b>b1.</b> Describe the characteristics of process costing  <b>b2.</b> Describe the situations where the use of process costing would be appropriate  <b>b3.</b> Explain the concepts of normal and abnormal losses and abnormal gains  <b>b4.</b> Calculate the cost per unit of process outputs  <b>b5.</b> Prepare process accounts involving normal and abnormal losses and abnormal gains			

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL

**B1.**

**Explain and apply cost accounting techniques**

**b6.** Calculate and explain the concept of equivalent units

**b7.** Apportion process costs between work remaining in process and transfers out of a process using the weighted average and FIFO methods

**b8.** Prepare process accounts in situations where work remains incomplete

**b9.** Prepare process accounts where losses and gains are identified at different stages of the process

**b10.** Distinguish between by-products and joint products

**b11.** Value by-products and joint products at the point of separation

**b12.** Prepare process accounts in situations where by-products and/or joint products occur

**c.** Service/operation costing:

**c1.** Identify situations where the use of service/operation costing is appropriate

**c2.** Illustrate suitable unit cost measures that may be used in different service/operation situations

**c3.** Carry out service cost analysis in simple service industry situations



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

B2.

**Compare actual costs with standard costs and analyse any variances**

### 1. Standard costing systems

- a. Explain the purpose and principles of standard costing
- b. Explain and illustrate the difference between standard, marginal and absorption costing
- c. Establish the standard cost per unit under absorption and marginal costing

### 2. Variance calculations and analysis

- a. Calculate sales price and volume variance
- b. Calculate materials total, price and usage variance
- c. Calculate labour total, rate and efficiency variance
- d. Calculate variable overhead total, expenditure and efficiency variance
- e. Calculate fixed overhead total, expenditure and, where appropriate, volume, capacity and efficiency variance
- f. Interpret the variances
- g. Explain factors to consider before investigating variances, explain possible causes of the variances and recommend control action
- h. Explain the interrelationships between the variances
- i. Calculate actual or standard figures where the variances are given

### 3. Reconciliation of budgeted and actual profit

- a. Reconcile budgeted profit with actual profit under standard absorption costing
- b. Reconcile budgeted profit or contribution with actual profit or contribution under standard marginal costing

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**B3.**

### Prepare budgets for planning and control

1. Nature and purpose of budgeting
  - a. Explain why organisations use budgeting
  - b. Describe the planning and control cycle in an organisation
  - c. Explain the administrative procedures used in the budgeting process
  - d. Describe the stages in the budgeting process (including sources of relevant data, planning and agreeing draft budgets and purpose of forecasts and how they link to budgeting)
  - e. Define and describe the principles of budgetary control in the public sector
2. Statistical techniques
  - a. Explain the advantages and disadvantages of using high-low method to estimate the fixed and variable element of costing
  - b. Construct scatter diagrams and lines of best fit
  - c. Analysis of cost data:
    - c1. Explain the concept of correlation coefficient and coefficient of determination
    - c2. Calculate and interpret correlation coefficient and coefficient of determination
    - c3. Establish a linear function using regression analysis and interpret the results
  - d. Use linear regression coefficients to make forecasts of costs and revenues
  - e. Adjust historical and forecast data for price movements
  - f. Explain the advantages and disadvantages of linear regression analysis
  - g. Describe the product life cycle and explain its importance in forecasting
  - h. Explain the principles of time series analysis (cyclical, trend, seasonal variation and random elements)

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**B3.**

### Prepare budgets for planning and control

- i. Calculation of moving averages
- j. Calculation of trend, including the use of regression coefficients
- k. Use trend and seasonal variation (additive and multiplicative) to make budget forecasts
- l. Explain the advantages and disadvantages of time series analysis
- m. Explain the purpose of index numbers
- n. Calculate simple index numbers for one or more variables
- o. Explain the role and features of a computer spreadsheet system
- p. Identify applications for computer spreadsheets and their use in cost and management accounting

### 3. Budget preparation

- a. Explain the importance of principal budget factor in constructing the budget
- b. Prepare sales budgets
- c. Prepare functional budgets (production, raw materials usage and purchases, labour, variable and fixed overheads)
- d. Prepare cash budgets
- e. Prepare master budgets (statement of profit or loss and statement of financial position)
- f. Explain the key features of profiling budgets
- g. Prepare profiled budgets
- h. Prepare service budgets
- i. Explain and illustrate 'what if' analysis and scenario planning

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL

B3.

## Prepare budgets for planning and control

4. Flexible budgets
  - a. Explain the importance of flexible budgets in control
  - b. Explain the disadvantages of fixed budgets in control
  - c. Identify situations where fixed or flexible budgetary control would be appropriate
  - d. Flex a budget to a given level of volume
5. Capital budgeting and discounted cash flows
  - a. Discuss the importance of capital investment planning and control
  - b. Define and distinguish between capital and revenue expenditure
  - c. Outline the issues to consider and the steps involved in the preparation of a capital expenditure budget
  - d. Explain and illustrate the difference between simple and compound interest, and between nominal and effective interest rates
  - e. Explain and illustrate compounding and discounting
  - f. Explain the distinction between cash flow and profit and the relevance of cash flow to capital investment appraisal
  - g. Identify and evaluate relevant cash flows for individual investment decisions
  - h. Explain and illustrate the net present value (NPV) and internal rate of return (IRR) methods of discounted cash flow
  - i. Calculate present value using annuity and perpetuity formulae
  - j. Calculate NPV, IRR and payback (discounted and non-discounted)
  - k. Interpret the results of NPV, IRR and payback calculations of investment viability

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

B3.

### Prepare budgets for planning and control

6. Budgetary control and reporting
  - a. Calculate simple variances between flexed budget, fixed budget and actual sales, costs and profits
  - b. Discuss the relative significance of variances
  - c. Explain potential action to eliminate variances
  - d. Define the concept of responsibility accounting and its significance in control
  - e. Explain the concept of controllable and uncontrollable costs
  - f. Explain the concept of virements
  - g. Prepare control reports suitable for presentation to management (to include recommendation of appropriate control action)
7. Behavioural aspects of budgeting
  - a. Explain the importance of motivation in performance management
  - b. Identify factors in a budgetary planning and control system that influence motivation
  - c. Explain the impact of targets upon motivation
  - d. Discuss managerial incentive schemes
  - e. Discuss the advantages and disadvantages of a participative approach to budgeting
  - f. Explain top-down, bottom-up approaches to budgeting
  - g. Explain constructive and destructive behaviour within the context of budgetary control



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

### B4.

Identify and apply appropriate budgeting techniques and methods (including standard costing) for planning and control and identify remedial action

1. Budgetary systems
  - a. Explain how budgetary systems fit within the performance hierarchy
  - b. Select and explain appropriate budgetary systems for an organisation, including top-down, bottom-up, rolling, zero-base, activity-base, incremental and feed-forward control
  - c. Describe the information used in budget systems and the sources of the information needed
  - d. Explain the difficulties of changing a budgetary system
  - e. Explain how budget systems can deal with uncertainty in the environment
2. Quantitative analysis in budgeting
  - a. Analyse fixed and variable cost elements from total cost data using high/low method
  - b. Estimate the learning rate and learning effect
  - c. Apply the learning curve to a budgetary problem, including calculations on steady states
  - d. Discuss the reservations with the learning curve
  - e. Apply expected values and explain the problems and benefits
  - f. Explain the benefits and dangers inherent in using spreadsheets in budgeting
3. Standard costing
  - a. Explain the use of standard costs
  - b. Outline the methods used to derive standard costs and discuss the different types of costs possible
  - c. Explain and illustrate the importance of flexing budgets in performance management
  - d. Explain and apply the principle of controllability in the performance management system

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**B4.**

Identify and apply appropriate budgeting techniques and methods (including standard costing) for planning and control and identify remedial action

4. Material mix and yield variances
  - a. Calculate, identify the cause of, and explain material mix and yield variances
  - b. Explain the wider issues involved in changing material mix e.g. cost, quality and performance measurement issues
  - c. Identify and explain the relationship of the material usage variance with the material mix and yield variances
  - d. Suggest and justify alternative methods of controlling production processes
5. Sales mix and quantity variances
  - a. Calculate, identify the cause of, and explain mix and quantity variances
  - b. Identify and explain the relationship of the sales volume variances with the sales mix and quantity variances

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**C1.**

**Recognise the principles of authority and leadership and how teams and individuals are recruited, managed, motivated and developed**

### 1. Leadership, management and supervision

**a.** Define leadership, management and supervision and explain the distinction between these terms

**b.** Explain the nature of management:

**b1.** Scientific/classical theories of management - Fayol, Taylor

**b2.** The human relations school - Mayo

**b3.** The functions of a manager - Mintzberg, Drucker

**c.** Explain the areas of managerial authority and responsibility

**d.** Explain the situational, functional and contingency approaches to leadership with reference to the theories of Adair, Fiedler, Bennis, Kotter and Heifetz

**e.** Describe leadership styles and contexts using the models of Ashridge, and Blake and Mouton

### 2. Learning and training at work

**a.** Explain the importance of learning and development in the workplace

**b.** Describe the learning process: Honey and Mumford, Kolb

**c.** Describe the role of the human resources department and individual managers in the learning process

**d.** Describe the training and development process: identifying needs, setting objectives, programme design, delivery and validation

**e.** Explain the terms 'training', 'development' and 'education' and the characteristics of each

**f.** List the benefits of effective training and development in the workplace

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



C2.

Understand the importance of personal effectiveness as the basis for effective team and organisational behaviour

### 1. Competence frameworks and personal development

a. Describe the features of a "competence framework"

b. Explain how a competence framework underpins professional development needs

c. Explain how personal and continuous professional development can increase personal effectiveness at work

d. Explain the purpose and benefits of coaching, mentoring and counselling in promoting employee effectiveness

e. Describe how a personal development plan should be formulated, implemented, monitored and reviewed by the individual

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**C3.**

Recognise that all aspects of business and finance should be conducted in a manner which complies with and is in the spirit of accepted professional ethics and professional values

### 1. Fundamental principles of ethical behaviour

a. Define business ethics and explain the importance of ethics to the organisation and to the individual

b. Describe and demonstrate the following principles from the IFAC (IESBA) code of ethics, using examples:

b1. Integrity

b2. Objectivity

b3. Professional competence

b4. Confidentiality

b5. Professional behaviour

c. Describe organisational values which promote ethical behaviour using examples:

c1. Openness

c2. Trust

c3. Honesty

c4. Respect


c5. Empowerment

c6. Accountability

d. Explain the concept of acting in the public interest

e. Describe and discuss the key aspects of the Standard of Professional Practice on Ethics



LEARNING OBJECTIVE/MAIN CAPABILITIES	COURSE / MODULE NAME	ELECTIVE	LEVEL
 <b>C3.</b> <b>Recognise that all aspects of business and finance should be conducted in a manner which complies with and is in the spirit of accepted professional ethics and professional values</b>			
<b>2.</b> The role of regulatory and professional bodies in promoting ethical and professional standards in the accountancy profession			
<b>a.</b> Recognise the purpose of international and organisational codes of ethics and codes of conduct, e.g. IFAC (IESBA)			
<b>b.</b> Describe how professional bodies and regulators promote ethical awareness and prevent or punish illegal or unethical behaviour			
<b>c.</b> Identify the factors that distinguish a profession from other types of occupation			
<b>d.</b> Explain the role of the accountant in promoting ethical behaviour			
<b>e.</b> Recognise when and to whom illegal or unethical conduct by anyone within or connected to the organisation should be reported			
<b>3.</b> Corporate codes of ethics			
<b>a.</b> Define corporate codes of ethics			
<b>b.</b> Describe the typical contents of a corporate code of ethics			
<b>c.</b> Explain the benefits of a corporate code of ethics to the organisation and its employees			
<b>4.</b> Ethical conflicts and dilemmas			
<b>a.</b> Describe situations where ethical conflicts can arise			
<b>b.</b> Identify the main threats to ethical behaviour			
<b>c.</b> Outline situations at work where ethical dilemmas may be faced			
<b>d.</b> List the main safeguards against ethical threats and dilemmas			
<b>e.</b> Discuss private and public sector accounting failures and their effects			

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**D1.**

**Explain and apply performance measurements and monitor business performance**

### 1. Performance measurement overview

- a. Discuss the purpose of mission statements and their role in performance measurement
- b. Discuss the purpose of strategic and operational and tactical objectives and their role in performance measurement
- c. Discuss the impact of economic and market conditions on performance measurement
- d. Explain the impact of government regulation on performance measurement

### 2. Performance measurement application

- a. Discuss and calculate measures of financial performance (profitability, liquidity, activity and gearing) and non financial measures
- b. Perspectives of the balanced scorecard
  - b1. Discuss the advantages and limitations of the balanced scorecard
  - b2. Describe performance indicators for financial success, customer satisfaction, process efficiency and growth
  - b3. Discuss critical success factors and key performance indicators and their link to objectives and mission statements
  - b4. Establish critical success factors and key performance indicators in a specific situations
- c. Economy, efficiency and effectiveness
  - c1. Explain the concepts of economy, efficiency and effectiveness
  - c2. Describe performance indicators for financial success, customer satisfaction, process efficiency and growth
  - c3. Establish performance indicators for economy, efficiency and effectiveness in a specific situation

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**D1.**

Explain and apply performance measurements and monitor business performance

**c4.** Discuss the meaning of each of the efficiency, capacity and activity ratios

**c5.** Calculate the efficiency, capacity and activity ratios in a specific situation

**d.** Unit costs

**d1.** Describe performance measures which would be suitable in contract and process costing environments

**e.** Resource utilisation

**e1.** Describe measures of performance utilisation in service and manufacturing environments

**e2.** Establish measures of resource utilisation in a specific situation

**f.** Profitability

**f1.** Calculate return on investment and residual income

**f2.** Explain the advantages and limitations of return on investment and residual income

**g.** Quality of service

**g1.** Distinguish performance measurement issues in service and manufacturing industries

**g2.** Describe performance measures appropriate for service industries

**3.** Cost reductions and value enhancement

**a.** Compare cost control and cost reduction

**b.** Describe and evaluate cost reduction methods

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



D1.

Explain and apply performance measurements and monitor business performance

4. Monitoring performance and reporting
  - a. Discuss the importance of non-financial performance measures
  - b. Discuss the relationship between short-term and long-term performance
  - c. Discuss the measurement of performance in service industry situations
  - d. Discuss the measurement of performance in non-profit seeking and public sector organisations
  - e. Discuss measures that may be used to assess managerial performance and the practical problems involved
  - f. Discuss the role of benchmarking in performance measurement
  - g. Produce reports highlighting key areas for management attention and recommendations for improvements

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

D2.

Identify and discuss performance management information and measurement systems and assess the performance of an organisation from both a financial and non-financial viewpoint, appreciating the problems of controlling divisionalised businesses and the importance of allowing for external aspects

1. Performance management information systems
  - a. Identify the accounting information requirements and describe the different types of information systems used for strategic planning, management control and decision-making
  - b. Define and identify the main characteristics of transaction processing systems; management information systems; executive information systems; and enterprise resource planning systems
  - c. Define and discuss the merits of, and potential problems with, open and closed systems with regard to the needs of performance management
2. Sources of management information
  - a. Identify the principal internal and external sources of management accounting information
  - b. Demonstrate how these principal sources of management information might be used for control purposes
  - c. Identify and discuss the direct data capture and process costs of management accounting information
  - d. Identify and discuss the indirect costs of producing information
  - e. Discuss the limitations of using externally generated information
3. Management reports
  - a. Discuss the principal controls required in generating and distributing internal information
  - b. Discuss the procedures that may be necessary to ensure security of highly confidential information that is not for external consumption

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

D2.

Identify and discuss performance management information and measurement systems and assess the performance of an organisation from both a financial and non-financial viewpoint, appreciating the problems of controlling divisionalised businesses and the importance of allowing for external aspects

### 4. Performance analysis in private sector organisations

a. Describe, calculate and interpret financial performance indicators (FPIs) for profitability, liquidity and risk in both manufacturing and service businesses. Suggest methods to improve these measures

b. Describe, calculate and interpret non-financial performance indicators (NFPIs) and suggest methods to improve the performance indicated

c. Analyse past performance and suggest ways for improving financial and non-financial performance

d. Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long-term view

e. Explain and interpret the Balanced Scorecard, and the Building Block model proposed by Fitzgerald and Moon

f. Discuss the difficulties of target-setting in qualitative areas

g. Explain and apply Benchmarking

h. Explain and apply the Business Excellence Model

### 5. Divisional performance and transfer pricing

a. Explain and illustrate the basis for setting a transfer price using variable cost, full cost and the principles behind allowing for intermediate markets

b. Explain how transfer prices can distort the performance assessment of divisions and decisions made

c. Explain the meaning of, and calculate, Return on Investment (ROI) and Residual Income (RI), and discuss their shortcomings

d. Compare divisional performance and recognise the problems of doing so

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

D2.

Identify and discuss performance management information and measurement systems and assess the performance of an organisation from both a financial and non-financial viewpoint, appreciating the problems of controlling divisionalised businesses and the importance of allowing for external aspects

### 6. Performance analysis in not-for-profit organisations and the public sector

a. Comment on the problems of having nonquantifiable objectives in performance management

b. Explain how performance could be measured in this sector

c. Comment on the problems of having multiple objectives in this sector

d. Outline Value for Money (VFM) as a public sector objective

### 7. External considerations and behavioural aspects

a. Explain the need to allow for external considerations in performance management, including stakeholders, market conditions and allowance for competitors

b. Suggest ways in which external considerations could be allowed for in performance management

c. Interpret performance in the light of external considerations

d. Identify and explain the behaviour aspects of performance management



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**D3.**

Select and appropriately apply decision-making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks

### 1. Relevant cost analysis


- a. Explain the concept of relevant costing
- b. Identify and calculate relevant costs for a specific decision situation from given data
- c. Explain and apply the concept of opportunity costs

### 2. Cost volume profit analysis

- a. Explain the nature of CVP analysis
- b. Calculate and interpret break even point and margin of safety
- c. Calculate the contribution to sales ratio, in single and multi-product situations, and demonstrate an understanding of its use
- d. Calculate target profit or revenue in single and multi-product situations, and demonstrate an understanding of its use
- e. Prepare break even charts and profit volume charts and interpret the information contained within each, including multi-product situations
- f. Discuss the limitations of CVP analysis for planning and decision making

### 3. Limiting factors

- a. Identify limiting factors in a scarce resource situation and select an appropriate technique
- b. Determine the optimal production plan where an organisation is restricted by a single limiting factor, including within the context of "make" or "buy" decisions
- c. Formulate and solve multiple scarce resource problems both graphically and using simultaneous equations as appropriate

LEARNING OBJECTIVE/MAIN CAPABILITIES		COURSE / MODULE NAME	ELECTIVE	LEVEL
<div> <b>D3.</b></div> <p>Select and appropriately apply decision-making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks</p>				
d. Explain and calculate shadow prices (dual prices) and discuss their implications on decision-making and performance management				
e. Calculate slack and explain the implications of the existence of slack for decision-making and performance management (excluding simplex and sensitivity to changes in objective functions)				
4. Pricing decisions				
a. Explain the factors that influence the pricing of a product or service				
b. Explain the price elasticity of demand				
c. Derive and manipulate a straight line demand equation. Derive an equation for the total cost fuction (including volume-based discounts)				
d. Calculate the optimum selling price and quantity for an organisation, equating marginal cost and marginal revenue				
e. Evaluate a decision to increase production and sales levels, considering incremental costs, incremental revenues and other factors				
f. Determine prices and output levels for profit maximisation using the demand based approach to pricing (both tabular and algebraic methods)				
g. Explain different price strategies				
h. Calculate a price from a given strategy using cost-plus and relevant cost				
i. Describe the influence of the following on price setting for public services:				
i1. The political, legislative and economic climate				
i2. Funding levels				
i3. Organisational costs				
i4. Alternative service providers				

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

D3.

Select and appropriately apply decision-making techniques to facilitate business decisions and promote efficient and effective use of scarce business resources, appreciating the risks and uncertainty inherent in business and controlling those risks

i5. Stakeholders' expectations

i6. Benchmarking processes

i7. Competitive tendering

5. Make-or-buy and other short-term decisions

a. Discuss the suitability of various techniques to short-term decision-making

b. Explain the issues surrounding make vs. buy and outsourcing decisions

c. Calculate and compare "make" costs with "buy-in" costs

d. Compare in-house costs and outsource costs of completing tasks and consider other issues surrounding this decision

e. Apply relevant costing principles in situations involving shut down, one-off contracts and the further processing of joint products

f. Discuss the importance of non-financial issues in decision-making

6. Dealing with risk and uncertainty in decision-making

a. Suggest research techniques to reduce uncertainty e.g. Focus groups, market research

b. Explain the use of simulation, expected values and sensitivity

c. Apply expected values and sensitivity to decision-making problems

d. Apply the techniques of maximax, maximin, and minimax regret to decision-making problems including the production of profit tables

e. Draw a decision tree and use it to solve a multi-stage decision problem

f. Calculate the value of perfect and imperfect information



# FINANCIAL ACCOUNTING AND REPORTING



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**E1.**

**Explain the context and purpose of financial reporting**

**1. The scope and purpose of financial statements for external reporting**

**a. Define financial reporting - recording, analysing, and summarising financial data**

**b. Identify and define types of business entity - sole trader, partnership, limited liability company**

**c. Recognise the legal differences between a sole trader, partnership and a limited liability company**

**d. Identify the advantages and disadvantages of operating as a limited liability company, sole trader or partnership**

**e. Understand the nature, principles and scope of financial reporting**

**f. Explain the differences between financial and management accounting**

**g. Describe the roles of the accountant, auditor and financial manager**

**2. Users' and stakeholders' needs**

**a. Identify the users of financial statements and state and differentiate between their information needs**

**3. The main elements of financial reports**

**a. Understand and identify the purpose of each of the main financial statements**

**b. Define and identify assets, liabilities, equity, revenue and expenses**

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

E1.

**Explain the context and purpose of financial reporting**

4. The regulatory framework (legislation and regulation, reasons and limitations, relevance of accounting standards)

a. Understand the role of the regulatory system including the roles of the IFRS Foundation (IFRSF), the International Accounting Standards Board (IASB), the IFRS Advisory Council (IFRS AC) and the IFRS Interpretations Committee (IFRSIC)

b. Understand the role of International Financial Reporting Standards

c. Understand the need for harmonised accounting standards in the context of globalisation

5. Duties and responsibilities of those charged with governance

a. Explain what is meant by governance specifically in the context of the preparation of financial statements

b. Describe the duties and responsibilities of directors and other parties covering the preparation of the financial statements

c. Describe the main considerations underlying the maintenance of financial statements in relation to:

c1. Issues of data protection

c2. Freedom of information

c3. Copyright

c4. Use of IT

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**E2.**

**Define the qualitative characteristics of financial information**

1. The qualitative characteristics of financial information

a. Define, understand and apply qualitative characteristics:

a1. Relevance

a2. Faithful representation

a3. Comparability

a4. Verifiability

a5. Timeliness

a6. Understandability

b. Define, understand and apply accounting concepts:

b1. Materiality

b2. Substance over form

b3. Going concern

b4. Business entity concept

b5. Accruals

b6. Fair presentation

b7. Consistency

c. Explain the assertions made in financial statements with regard to:

c1. Existence

c2. Completeness

c3. Valuation

c4. Rights and obligations

c5. Presentation and disclosure

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**E3.**

**Discuss and apply the conceptual and regulatory frameworks for financial reporting**

**1.** The need for a conceptual framework and the characteristics of useful information

**a.** Describe what is meant by a conceptual framework of accounting

**b.** Discuss whether a conceptual framework is necessary and what an alternative system might be

**c.** Discuss what is meant by relevance and faithful representation and describe the qualities that enhance these characteristics

**d.** Discuss whether faithful representation constitutes more than compliance with accounting standards

**e.** Discuss what is meant by understandability and verifiability in relation to the provision of financial information

**f.** Discuss the importance of comparability and timeliness to users of financial statements

**g.** Discuss the principle of comparability in accounting for changes its accounting policies

**2.** Recognition and measurement

**a.** Define what is meant by 'recognition' in financial statements and discuss the recognition criteria

**b.** Apply the recognition criteria to:

**b1.** Assets and liabilities

**b2.** Income and expenses

**c.** Explain the following measures and compute amounts using:

**c1.** Historical cost

**c2.** Fair value/current cost

**c3.** Net realisable value

**c4.** Present value of future cash flows



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**E3.**

**Discuss and apply the conceptual and regulatory frameworks for financial reporting**

**d.** Discuss the advantages and disadvantages of the use of historical cost accounting

**e.** Discuss whether the use of current value accounting overcomes the problems of historical cost accounting

**f.** Describe the concept of financial and physical capital maintenance and how this affects the determination of profits

**3.** Specialised, not-for-profit and public sector entities

**a.** Distinguish between the primary aims of not-for-profit and public sector entities and those of profit oriented entities

**b.** Discuss the extent to which International Financial Reporting Standards (IFRSs) are relevant to specialised, not-for-profit and public sector entities

**4.** Regulatory framework

**a.** Explain why a regulatory framework is needed also including the advantages and disadvantages of IFRS over a national regulatory framework

**b.** Explain why accounting standards on their own are not a complete regulatory framework

**c.** Distinguish between a principles-based and a rules-based framework and discuss whether they can be complementary

**d.** Describe the IASB's standard-setting process including revisions to and interpretations of standards

**e.** Explain the relationship of national standard setters to the IASB in respect of the standard-setting process

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**E3.**

**Discuss and apply the conceptual and regulatory frameworks for financial reporting**

5. The concepts and principles of groups and consolidated financial statements

a. Describe the concept of a group as a single economic unit

b. Explain and apply the definition of a subsidiary within relevant accounting standards

c. Identify and outline using accounting standards the circumstances in which a group is required to prepare consolidated financial statements as required by applicable accounting standards and other regulation

d. Describe the circumstances when a group may claim exemption from the preparation of consolidated financial statements

e. Explain why directors may not wish to consolidate a subsidiary and when this is permitted by accounting standards and other applicable regulation

f. Explain the need for using coterminous year ends and uniform accounting policies when preparing consolidated financial statements

g. Explain why it is necessary to eliminate intra-group transactions

h. Explain the objective of consolidated financial statements

i. Explain why it is necessary to use fair values for the consideration for an investment in a subsidiary together with the fair values of a subsidiary's identifiable assets and liabilities when preparing consolidated financial statements

j. Define an associate and explain the principles and reasoning for the use of equity accounting

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**F1.**

**Demonstrate the use of double entry and accounting systems**

1. Double-entry book-keeping principles including the maintenance of accounting records and sources of accounting information
  - a. Identify and explain the function of the main data sources in an accounting system
  - b. Outline the contents and purpose of different types of business documentation, including: quotation, sales order, purchase order, goods received note, goods dispatched note, invoice, statement, credit note, debit note, remittance advice, receipt
  - c. Understand and apply the concept of double-entry accounting and the duality concept
  - d. Understand and apply the accounting equation
  - e. Understand how the accounting system contributes to providing useful accounting information and complies with organisational policies and deadlines
  - f. Identify the main types of business transactions e.g. sales, purchases, payments, receipts
2. Ledger accounts, books of prime entry, and journals
  - a. Identify the main types of ledger accounts and books of prime entry, and understand their nature and function
  - b. Understand and illustrate the uses of journals and the posting of journal entries into ledger accounts
  - c. Identify correct journals from given narrative
  - d. Illustrate how to balance and close a ledger account
  - e. Explain the nature of an audit trail

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

**F2.**

### Record transactions and events

1. Sales and purchases
  - a. Record sale and purchase transactions in ledger accounts
  - b. Understand and record sales and purchase returns
  - c. Understand the general principles of the operation of a sales tax
  - d. Calculate sales tax on transactions and record the consequent accounting entries
  - e. Account for discounts allowed and discounts received
2. Cash
  - a. Record cash transactions in ledger accounts
  - b. Understand the need for a record of petty cash transactions
3. Inventory
  - a. Recognise the need for adjustments for inventory in preparing financial statements
  - b. Record opening and closing inventory
  - c. Identify the alternative methods of valuing inventory
  - d. Understand and apply the IASB requirements for valuing inventories
  - e. Recognise which costs should be included in valuing inventories
  - f. Understand the use of continuous and period end inventory records
  - g. Calculate the value of closing inventory using FIFO (first in, first out) and AVCO (average cost)
  - h. Understand the impact of accounting concepts on the valuation of inventory
  - i. Identify the impact of inventory valuation methods on profit and on assets

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**F2.**

### Record transactions and events

4. Tangible non-current assets
  - a. Define non-current assets
  - b. Recognise the difference between current and non-current assets
  - c. Explain the difference between capital and revenue items
  - d. Classify expenditure as capital or revenue expenditure
  - e. Prepare ledger entries to record the acquisition and disposal of non-current assets
  - f. Calculate and record profits or losses on disposal of non-current assets in the statement of profit or loss including part exchange transactions
  - g. Record the revaluation of a non-current asset in ledger accounts, the statement of profit or loss and other comprehensive income and in the statement of financial position
  - h. Calculate the profit or loss on disposal of a revalued asset
  - i. Illustrate how non-current asset balances and movements are disclosed in financial statements
  - j. Explain the purpose and function of an asset register
5. Depreciation
  - a. Understand and explain the purpose of depreciation
  - b. Calculate the charge for depreciation using straight line and reducing balance methods
  - c. Identify the circumstances where different methods of depreciation would be appropriate
  - d. Illustrate how depreciation expense and accumulated depreciation are recorded in ledger accounts

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**F2.**

### Record transactions and events

e. Calculate depreciation on a revalued noncurrent asset including the transfer of excess depreciation between the revaluation reserve and retained earnings

f. Calculate the adjustments to depreciation necessary if changes are made in the estimated useful life and/or residual value of a non-current asset

g. Record depreciation in the statement of profit or loss and statement of financial position

### 6. Intangible non-current assets and amortisation

a. Recognise the difference between tangible and intangible non-current assets

b. Identify types of intangible assets

c. Identify the definition and treatment of "research costs" and "development costs" in accordance with International Financial Reporting Standards

d. Calculate amounts to be capitalised as development expenditure or to be expensed from given information

e. Explain the purpose of amortisation

f. Calculate and account for the charge for amortisation

### 7. Accruals and prepayments

a. Understand how the matching concept applies to accruals and prepayments

b. Identify and calculate the adjustments needed for accruals and prepayments in preparing financial statements

c. Illustrate the process of adjusting for accruals and prepayments in preparing financial statements

d. Prepare the journal entries and ledger entries for the creation of an accrual or prepayment

e. Understand and identify the impact on profit and net assets of accruals and prepayments

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

F2.

### Record transactions and events

8. Receivables and payables
  - a. Explain and identify examples of receivables and payables
  - b. Identify the benefits and costs of offering credit facilities to customers
  - c. Understand the purpose of an aged receivables analysis
  - d. Understand the purpose of credit limits
  - e. Prepare the bookkeeping entries to write off an irrecoverable debt
  - f. Record an irrecoverable debt recovered
  - g. Identify the impact of irrecoverable debts on the statement of profit or loss and on the statement of financial position
  - h. Prepare the bookkeeping entries to create and adjust an allowance for receivables
  - i. Illustrate how to include movements in the allowance for receivables in the statement of profit or loss and how the closing balance of the allowance should appear in the statement of financial position
  - j. Account for contras between trade receivables and payables
  - k. Prepare, reconcile and understand the purpose of supplier statements
  - l. Classify items as current or non-current liabilities in the statement of financial position
9. Provisions and contingencies
  - a. Understand the definition of "provision", "contingent liability" and "contingent asset"
  - b. Distinguish between and classify items as provisions, contingent liabilities or contingent assets

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

F2.

### Record transactions and events

- c. Identify and illustrate the different methods of accounting for provisions, contingent liabilities and contingent assets
- d. Calculate provisions and changes in provisions
- e. Account for the movement in provisions
- f. Report provisions in the final accounts

### 10. Capital structure and finance costs

- a. Understand the capital structure of a limited liability company including:
  - a1. Ordinary shares
  - a2. Preference shares (redeemable and irredeemable)
  - a3. Loan notes
- b. Record movements in the share capital and share premium accounts
- c. Identify and record the other reserves which may appear in the company statement of financial position
- d. Define a bonus (capitalisation) issue and its advantages and disadvantages
- e. Define a rights issue and its advantages and disadvantages
- f. Record and show the effects of a bonus (capitalisation) issue in the statement of financial position
- g. Record and show the effects of a rights issue in the statement of financial position
- h. Record dividends in ledger accounts and the financial statements
- i. Calculate and record finance costs in ledger accounts and the financial statements
- j. Identify the components of the statement of changes in equity



# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL

F3.

## Account for transactions in accordance with IFRS

1. Tangible non-current assets
  - a. Define and compute the initial measurement of a non-current (including a self-constructed and borrowing costs) asset
  - b. Identify subsequent expenditure that may be capitalised, distinguishing between capital and revenue items
  - c. Discuss the requirements of relevant accounting standards in relation to the revaluation of non-current assets
  - d. Account for revaluation and disposal gains and losses for non-current assets
  - e. Compute depreciation based on the cost and revaluation models and on assets that have two or more significant parts (complex assets)
  - f. Discuss why the treatment of investment properties should differ from other properties
  - g. Apply the requirements of relevant accounting standards for investment property
2. Intangible non-current assets
  - a. Discuss the nature and accounting treatment of internally generated and purchased intangibles
  - b. Distinguish between goodwill and other intangible assets
  - c. Describe the criteria for the initial recognition and measurement of intangible assets
  - d. Describe the subsequent accounting treatment, including the principle of impairment tests in relation to goodwill
  - e. Indicate why the value of purchase consideration for an investment may be less than the value of the acquired identifiable net assets and how the difference should be accounted for
  - f. Describe and apply the requirements of relevant accounting standards to research and development expenditure

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

F3.

Account for transactions in accordance with IFRS

## 3. Impairment of assets

a. Define an impairment loss

b. Identify the circumstances that may indicate impairments to assets

c. Describe what is meant by a cash-generating unit

d. State the basis on which impairment losses should be allocated, and allocate an impairment loss to the assets of a cash-generating unit

## 4. Inventory and biological assets

a. Describe and apply the principles of inventory valuation

b. Apply the requirements of relevant accounting standards for biological assets

## 5. Leasing

a. Account for right of use assets and lease liabilities in the records of the lessee

b. Explain the exemption from the recognition criteria for leases in the records of the lessee

c. Account for sale and leaseback agreements

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**F3.**

**Account for transactions in accordance with IFRS**

6. Provisions and events after the reporting period
  - a. Explain why an accounting standard on provisions is necessary
  - b. Distinguish between legal and constructive obligations
  - c. State when provisions may and may not be made and demonstrate how they should be accounted for
  - d. Explain how provisions should be measured
  - e. Define contingent assets and liabilities and describe their accounting treatment
  - f. Identify and account for:
    - f1. Warranties/guarantees
    - f2. Onerous contracts
    - f3. Environmental and similar provisions
    - f4. Provisions for future repairs or refurbishments
  - g. Events after the reporting period
    - g1. Distinguish between and account for adjusting and non-adjusting events after the reporting period
    - g2. Identify items requiring separate disclosure, including their accounting treatment and required disclosures
7. Taxation
  - a. Account for current taxation in accordance with relevant accounting standards
  - b. Explain the effect of taxable temporary differences on accounting and taxable profits
  - c. Compute and record deferred tax amounts in the financial statements

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**F3.**

**Account for transactions in accordance with IFRS**

### 8. Reporting financial performance

- a. Discuss the importance of identifying and reporting the results of discontinued operations
- b. Define and account for non-current assets held for sale and discontinued operations
- c. Indicate the circumstances where separate disclosure of material items of income and expense is required
- d. Account for changes in accounting estimates, changes in accounting policy and correction of prior period errors
- e. Earnings per share (eps)
  - e1. Calculate the eps in accordance with relevant accounting standards (dealing with bonus issues, full market value issues and rights issues)
  - e2. Explain the relevance of the diluted eps and calculate the diluted eps involving convertible debt and share options (warrants)

LEARNING OBJECTIVE/MAIN CAPABILITIES

COURSE / MODULE NAME

ELECTIVE

LEVEL

F3.

Account for transactions in accordance with IFRS

9. Revenue

a. Explain and apply the principles of recognition of revenue:

a1. Identification of contracts

a2. Identification of performance obligations

a3. Determination of transaction price

a4. Allocation of the price to performance obligations

a5. Recognition of revenue when/as performance obligations are satisfied.

b. Explain and apply the criteria for recognising revenue generated from contracts where performance obligations are satisfied over time or at a point in time

c. Describe the acceptable methods for measuring progress towards complete satisfaction of a performance obligation

d. Explain and apply the criteria for the recognition of contract costs

e. Apply the principles of recognition of revenue, and specifically account for the following types of transaction:

e1. principal versus agent

e2. repurchase agreements

e3. bill and hold arrangements

e4. consignments

f. Prepare financial statement extracts for contracts where performance obligations are satisfied over time

10. Government grants

a. Apply the provisions of relevant accounting standards in relation to accounting for government grants

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL



**G1.**

### Prepare a trial balance

1. Trial balance
  - a. Identify the purpose of a trial balance
  - b. Extract ledger balances into a trial balance
  - c. Prepare extracts of an opening trial balance
  - d. Identify and understand the limitations of a trial balance
2. Correction of errors
  - a. Identify the types of error which may occur in bookkeeping systems
  - b. Identify errors which would be highlighted by the extraction of a trial balance
  - c. Prepare journal entries to correct errors
  - d. Calculate and understand the impact of errors on the statement of profit or loss and other comprehensive income and statement of financial position
3. Control accounts and reconciliations
  - a. Understand the purpose of control accounts for accounts receivable and accounts payable
  - b. Understand how control accounts relate to the double-entry system
  - c. Prepare ledger control accounts from given information
  - d. Perform control account reconciliations for accounts receivable and accounts payable
  - e. Identify errors which would be highlighted by performing a control account reconciliation
  - f. Identify and correct errors in control accounts and ledger accounts

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL



G1.

Prepare a trial balance

4. Bank reconciliations
  - a. Understand the purpose of bank reconciliations
  - b. Identify the main reasons for differences between the cash book and the bank statement
  - c. Correct cash book errors and/or omissions
  - d. Prepare bank reconciliation statements
  - e. Derive bank statement and cash book balances from given information
  - f. Identify the bank balance to be reported in the final accounts
5. Suspense accounts
  - a. Understand the purpose of a suspense account
  - b. Identify errors leading to the creation of a suspense account
  - c. Record entries in a suspense account
  - d. Make journal entries to clear a suspense account

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**G2.**

**Prepare basic financial statements for incorporated and unincorporated entities**

1. Statements of financial position
  - a. Recognise how the accounting equation, accounting treatments as stipulated under recording transactions and preparing a trial balance combine with the business entity convention underlie the statement of financial position
  - b. Understand the nature of reserves
  - c. Identify and report reserves in a company statement of financial position
  - d. Prepare a statement of financial position or extracts as applicable from given information using accounting treatments as stipulated under Learning Outcomes G2 and G3
  - e. Understand why the heading retained earnings appears in a company statement of financial position
2. Statements of profit or loss and other comprehensive income
  - a. Prepare a statement of profit or loss and other comprehensive income or extracts as applicable from given information using accounting treatments as stipulated under recording transactions and preparing a trial balance
  - b. Understand how accounting concepts apply to revenue and expenses
  - c. Calculate revenue, cost of sales, gross profit, profit for the year, and total comprehensive income from given information
  - d. Disclose items of income and expenditure in the statement of profit or loss
  - e. Record income tax in the statement of profit or loss of a company including the under and overprovision of tax in the prior year
  - f. Understand the interrelationship between the statement of financial position and the statement of profit or loss and other comprehensive income
  - g. Identify items requiring separate disclosure on the face of the statement of profit or loss



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**G2.**

**Prepare basic financial statements for incorporated and unincorporated entities**

3. Disclosure notes
  - a. Explain the purpose of disclosure notes
  - b. Draft the following disclosure notes
    - b1. Non current assets including tangible and intangible assets
    - b2. Provisions
    - b3. Events after the reporting period
    - b4. Inventory
4. Events after the reporting period
  - a. Define an event after the reporting period in accordance with IFRS
  - b. Classify events as adjusting or non-adjusting
  - c. Distinguish between how adjusting and non-adjusting events are reported in the financial statements

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



G2.

**Prepare basic financial statements for incorporated and unincorporated entities**

5. Statements of cash flows
  - a. Differentiate between profit and cash flow
  - b. Understand the need for management to control cash flow
  - c. Recognise the benefits and drawbacks to users of the financial statements of a statement of cash flows
  - d. Classify the effect of transactions on cash flows
  - e. Calculate the figures needed for the statement of cash flows including:
    - e1. Cash flows from operating activities
    - e2. Cash flows from investing activities
    - e3. Cash flows from financing activities
  - f. Calculate the cash flow from operating activities using the indirect and direct method
  - g. Prepare statements of cash flows and extracts from statements of cash flows from given information
  - h. Identify the treatment of given transactions in a company's statement of cash flows
6. Incomplete records
  - a. Understand and apply techniques used in incomplete record situations:
    - a1. Use of accounting equation
    - a2. Use of ledger accounts to calculate missing figures
    - a3. Use of cash and/or bank summaries
    - a4. Use of profit percentages to calculate missing figures

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL



G3.

## Prepare simple consolidated financial statements

1. Subsidiaries
  - a. Define and describe the following terms in the context of group accounting:
    - a1. Parent
    - a2. Subsidiary
    - a3. Control
    - a4. Consolidated or group financial statements
    - a5. Non-controlling interest
    - a6. Trade / simple investment
  - b. Identify subsidiaries within a group structure
  - c. Describe the components of and prepare a consolidated statement of financial position or extracts thereof including:
    - c1. Fair value adjustments at acquisition on land and buildings (excluding depreciation adjustments)
    - c2. Fair value of consideration transferred from cash and shares (excluding deferred and contingent consideration)
    - c3. Elimination of inter-company trading balances (excluding cash and goods in transit)
    - c4. Removal of unrealised profit arising on inter-company trading
    - c5. Acquisition of subsidiaries part way through the financial year
  - d. Calculate goodwill (excluding impairment of goodwill) using the full goodwill method only

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**G3.**

### Prepare simple consolidated financial statements

**e.** Describe the components of and prepare a consolidated statement of profit or loss and other comprehensive income or extracts thereof including:

**e1.** Elimination of inter-company trading balances (excluding cash and goods in transit)

**e2.** Removal of unrealised profit arising on inter-company trading

**e3.** Acquisition of subsidiaries part way through the financial year

## 2. Associates

**a.** Define and identify an associate and significant influence and identify the situations where significant influence or participating interest exists

**b.** Describe the key features of a parent-associate relationship and be able to identify an associate within a group structure

**c.** Describe the principle of equity accounting

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**G4.**

**Prepare and Present financial statements for single entities and business combinations in accordance with IFRS**

1. Preparation of single entity financial statements
  - a. Prepare an entity's statement of financial position and statement of profit or loss and other comprehensive income in accordance with the structure and content prescribed within IFRS
  - b. Prepare and explain the contents and purpose of the statement of changes in equity
  - c. Prepare a statement of cash flows for a single entity (not a group) in accordance with relevant accounting standards using the direct and the indirect method

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

H1.

### Interpretation of financial statements

1. Importance and purpose of analysis of financial statements
  - a. Describe how the interpretation and analysis of financial statements is used in a business environment
  - b. Explain the purpose of interpretation of ratios
2. Calculation of ratios
  - a. Calculate key accounting ratios:
    - a1. Profitability
    - a2. Liquidity
    - a3. Efficiency
    - a4. Position
  - b. Explain the interrelationships between ratios
3. Analysis of financial statements
  - a. Calculate and interpret the relationship between the elements of the financial statements with regard to profitability, liquidity, efficient use of resources and financial position
  - b. Draw valid conclusions from the information contained within the financial statements and present these to the appropriate user of the financial statements

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

### H2.

#### Analyse and interpret financial statements

1. Limitations of financial statements
  - a. Indicate the problems of using historic information to predict future performance and trends
  - b. Discuss how financial statements may be manipulated to produce a desired effect (creative accounting, window dressing)
  - c. Explain why figures in a statement of financial position may not be representative of average values throughout the period for example, due to:
    - c1. Seasonal trading
    - c2. Major asset acquisitions near the end of the accounting period
2. Calculation and interpretation of accounting ratios and trends to address users' and stakeholders' needs
  - a. Define and compute relevant financial ratios
  - b. Explain what aspects of performance specific ratios are intended to assess
  - c. Analyse and interpret ratios to give an assessment of an entity's performance and financial position in comparison with:
    - c1. An entity's previous period's financial statements
    - c2. Another similar entity for the same reporting period
    - c3. Industry average ratios
  - d. Interpret an entity's financial statements to give advice from the perspectives of different stakeholders
  - e. Discuss how the interpretation of current value based financial statements would differ from those using historical cost-based accounts

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

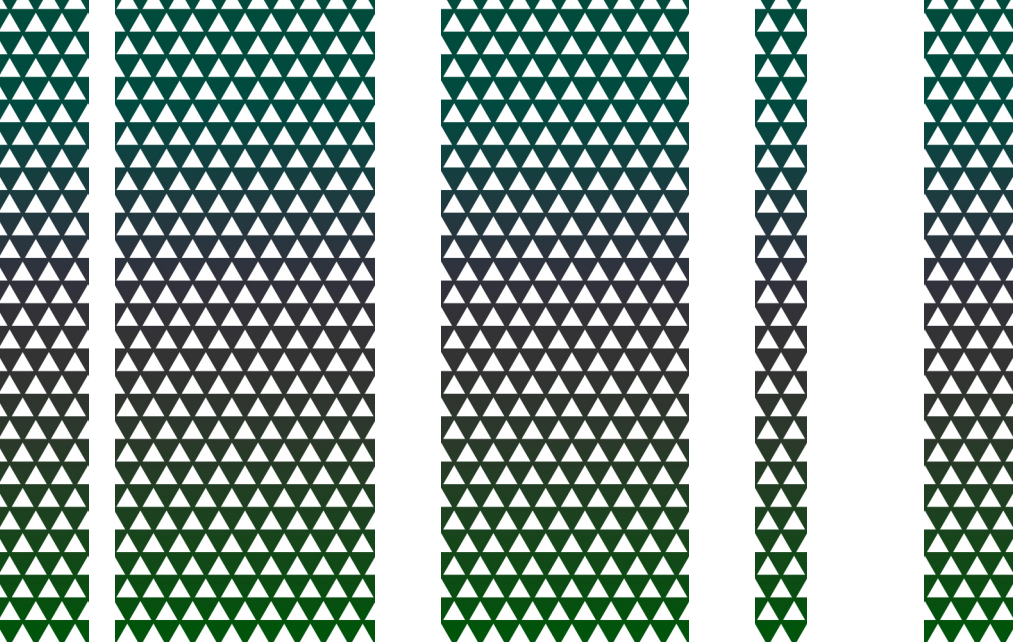
LEVEL

H2.

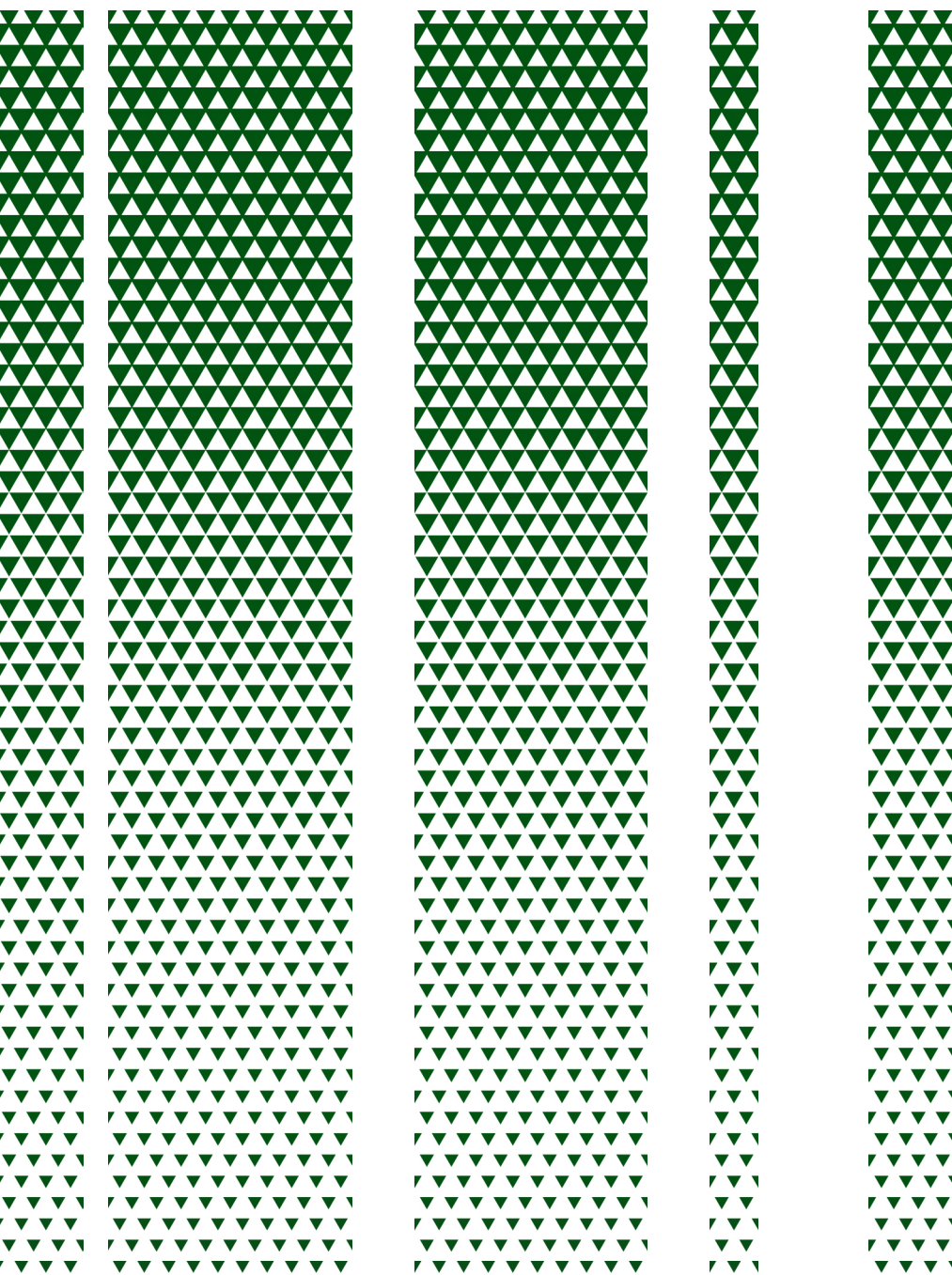
### Analyse and interpret financial statements

3. Limitations of interpretation techniques
  - a. Discuss the limitations in the use of ratio analysis for assessing corporate performance
  - b. Discuss the effect that changes in accounting policies or the use of different accounting policies between entities can have on the ability to interpret performance
  - c. Indicate other information, including non-financial information, that may be of relevance to the assessment of an entity's performance
  - d. Compare the usefulness of cash flow information with that of a statement of profit or loss and other comprehensive income
  - e. Interpret a statement of cash flows (together with other financial information) to assess the performance and financial position of an entity
  - f. Earning per share:
    - f1. Explain why the trend of eps may be a more accurate indicator of performance than a company's profit trend and the importance of eps as a stock market indicator
    - f2. Discuss the limitations of using eps as a performance measure
4. Specialised, not-for-profit and public sector entities
  - a. Discuss the different approaches that may be required when assessing the performance of specialised, not-for-profit and public sector organisations





# AUDIT AND ASSURANCE



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

11.

Explain the concept of audit and assurance and the functions of audit, corporate governance, including ethics and professional conduct, describing the scope and distinguishing between the functions of internal and external audit

### 1. The concept of audit and other assurance engagements

a. Identify and describe the objective and general principles of external audit engagements

b. Explain the nature and development of audit and other assurance engagements

c. Discuss the concepts of accountability, stewardship and agency

d. Define and provide the objectives of an assurance engagement

e. Explain the five elements of an assurance engagement

f. Describe the types of assurance engagement

g. Explain the level of assurance provided by an external audit and other review engagements and the concept of true and fair presentation

### 2. External audits

a. Describe the regulatory environment within which external audits take place

b. Discuss the reasons and mechanisms for the regulation of auditors

c. Explain the statutory regulations governing the appointment, rights, removal and resignation of auditors

d. Explain the regulations governing the rights and duties of auditors

e. Describe the limitations of external audits

f. Explain auditor's liability including criminal liability and liability to third parties

g. Explain the development and status of International Standards on Auditing (ISAs)

h. Explain the relationship between ISAs and national standards

i. Explain the role of the International Organization of Supreme Audit Institutions (INTOSAI)

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

11.

Explain the concept of audit and assurance and the functions of audit, corporate governance, including ethics and professional conduct, describing the scope and distinguishing between the functions of internal and external audit

### 3. Corporate governance

- a. Discuss the objectives, relevance and importance of corporate governance
- b. Discuss the provisions of international codes of corporate governance (such as OECD) that are most relevant to auditors
- c. Describe good corporate governance requirements relating to directors' responsibilities (e.g. for risk management and internal control) and the reporting responsibilities of auditors
- d. Analyse the structure and roles of audit committees and discuss their benefits and limitations
- e. Explain the importance of internal control and risk management
- f. Discuss the need for auditors to communicate with those charged with governance
- g. Explain the role of the Auditor General within the corporate governance of public sector organisations

### 4. Professional ethics

- a. Define and apply the fundamental principles of professional ethics of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour
- b. Define and apply the conceptual framework, including the threats to the fundamental principles of self-interest, self-review, advocacy, familiarity, and intimidation
- c. Discuss the safeguards to offset the threats to the fundamental principles
- d. Describe the auditor's responsibility with regard to auditor independence, conflicts of interest and confidentiality

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

11.

Explain the concept of audit and assurance and the functions of audit, corporate governance, including ethics and professional conduct, describing the scope and distinguishing between the functions of internal and external audit

5. Internal audit and governance, and the differences between external audit and internal audit

a. Discuss the factors to be taken into account when assessing the need for internal audit

b. Discuss the elements of best practice in the structure and operations of internal audit with reference to appropriate international codes of corporate governance

c. Compare and contrast the role of external and internal audit

6. The scope of the internal audit function, outsourcing and internal audit assignments

a. Discuss the scope of internal audit and the limitations of the internal audit function

b. Explain outsourcing

c. Explain the advantages and disadvantages of outsourcing the internal audit function

d. Discuss the nature and purpose of internal audit assignments including value for money, IT, financial, regulatory compliance, fraud investigations and customer experience

e. Discuss the nature and purpose of operational internal audit assignments

f. Discuss the difference between the power and authority available to internal and external auditors

g. Describe the format and content of audit review reports and make appropriate recommendations to management and those charged with governance

# LEARNING OBJECTIVE/MAIN CAPABILITIES

# COURSE / MODULE NAME

ELECTIVE

LEVEL

J1.

Describe and evaluate internal controls, techniques and audit tests, including IT systems to identify and communicate control risks and their potential consequences, making appropriate recommendations

## 1. Internal control systems

a. Explain why an auditor needs to obtain an understanding of internal control relevant to the audit

b. Describe and explain the five components of internal control

b1. The control environment

b2. The entity's risk assessment process

b3. The information system, including the related business processes, relevant to financial reporting, and communication

b4. Control activities relevant to the audit

b5. Monitoring of controls

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

a. Explain how auditors record internal control systems including the use of narrative notes, flowcharts, internal control questionnaires and internal control evaluation questionnaires

b. Evaluate internal control components, including deficiencies and significant deficiencies in internal control

c. Discuss the limitations of internal control components

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

J1.

Describe and evaluate internal controls, techniques and audit tests, including IT systems to identify and communicate control risks and their potential consequences, making appropriate recommendations

### 3. Tests of control

a. Describe computer systems controls including general IT controls and application controls

b. Describe control objectives, control procedures, activities and tests of control in relation to:

b1. The sales system

b2. The purchases system

b3. The payroll system

b4. The inventory system

b5. The cash system

b6. Non-current assets

### 4. Communication on internal control

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

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

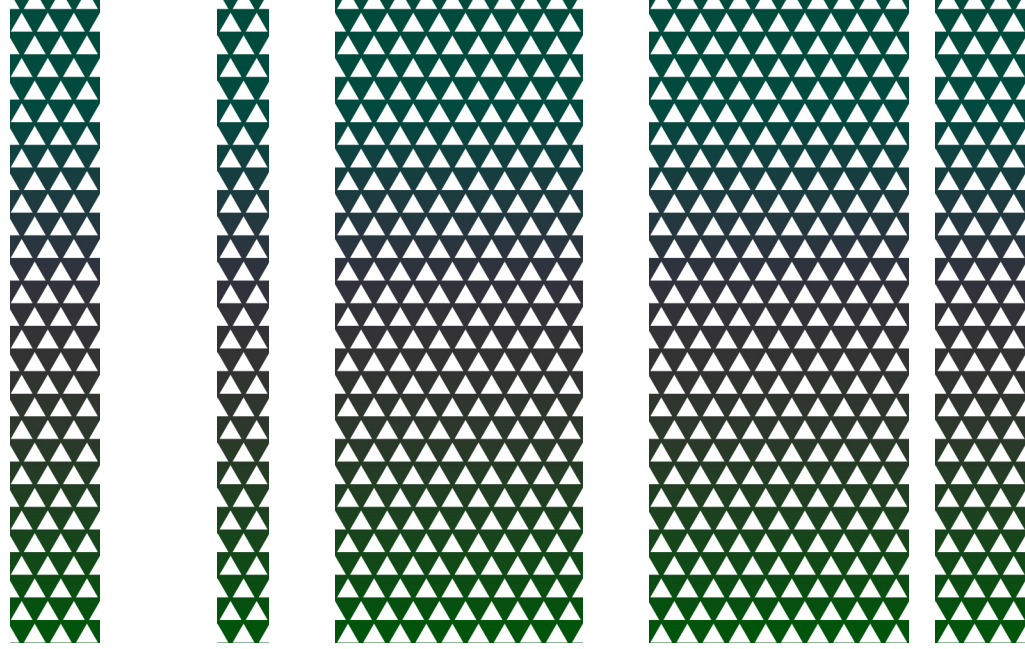
J2.

Explain how consideration of subsequent events and the going concern principle can inform the conclusions from audit work and are reflected in different types of audit report, written representations and the final review and report

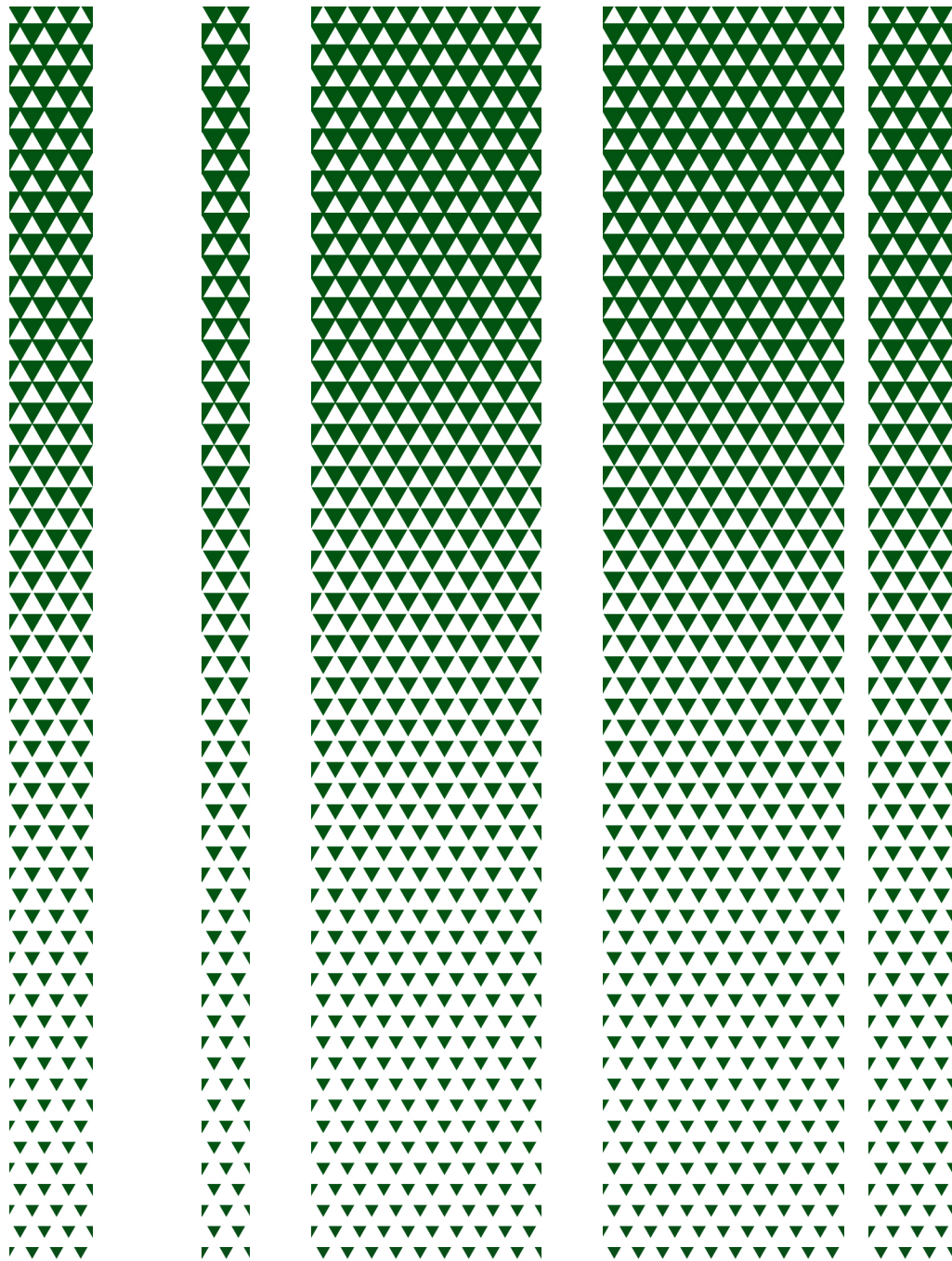
### 1. Audit reports

- a. Identify and describe the basic elements of the auditor's report
- b. Explain unmodified audit opinions in the auditor's report
- c. Describe the format and content of emphasis of matter and other matter paragraphs
- d. Explain best practice in the audit close down process with regard to communication within the audit function
- e. Explain best practice in the audit close down process with regard to forming the audit opinion





# FINANCIAL MANAGEMENT





## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**K1.**

**Discuss the role and purpose of the financial management function**

1. The nature and purpose of financial management
  - a. Explain the nature and purpose of financial management
  - b. Explain the relationship between financial management and financial and management accounting
  - c. Explain the link between budgeting and financial planning and mangment
2. Financial objectives and the relationship with corporate strategy
  - a. Discuss the relationship between financial objectives, corporate objectives and corporate strategy
  - b. Identify and describe a variety of financial objectives, including:
    - b1. Shareholder wealth maximisation
    - b2. Profit maximisation
    - b3. Earnings per share growth

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



**K1.**

**Discuss the role and purpose of the financial management function**

3. Stakeholders and impact on corporate objectives
  - a. Identify the range of stakeholders and their objectives
  - b. Discuss the possible conflict between stakeholder objectives
  - c. Discuss the role of management in meeting stakeholder objectives, including the application of agency theory
  - d. Describe and apply ways of measuring achievement of corporate objectives including:
    - d1. Ratio analysis, using appropriate ratios such as return on capital employed, return on equity, earnings per share and dividend per share
    - d2. Changes in dividends and share prices as part of total shareholder return
  - e. Explain ways to encourage the achievement of stakeholder objectives, including:
    - e1. Managerial reward schemes such as share options and performance-related pay
    - e2. Regulatory requirements such as corporate governance codes of best practice and stock exchange listing regulations
4. Financial and other objectives in not-for-profit organisations
  - a. Discuss the impact of not-for-profit status on financial and other objectives
  - b. Discuss the nature and importance of Value for Money as an objective in not-for-profit organisations
  - c. Discuss ways of measuring the achievement of objectives in not-for-profit organisations

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL



K2.

**Assess and discuss the impact of the economic environment on financial management**

1. The economic environment for business
  - a. Identify and explain the main macroeconomic policy targets
  - b. Define and discuss the role of fiscal, monetary, interest rate and exchange rate policies in achieving macroeconomic policy targets
  - c. Explain how government economic policy interacts with planning and decision-making in business
  - d. Explain the need for, and the interaction with, planning and decision-making in business of:
    - d1. Competition policy
    - d2. Government assistance for business
    - d3. Green policies
    - d4. Corporate governance regulation
2. The nature and role of financial markets and institutions
  - a. Identify the nature and role of money and capital markets, both nationally and internationally
  - b. Explain the role of financial intermediaries
  - c. Explain the functions of a stock market and a corporate bond market
  - d. Explain the nature and features of different securities in relation to the risk/return tradeoff

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

L1.

**Discuss and apply working capital management techniques**

1. The nature, elements and importance of working capital

a. Describe the nature of working capital and identify its elements

b. Identify the objectives of working capital management in terms of liquidity and profitability, and discuss the conflict between them

c. Discuss the central role of working capital management in financial management

2. Management of inventories, accounts receivable, accounts payable and cash

a. Explain the cash operating cycle and the role of accounts payable and accounts receivable

b. Explain and apply relevant accounting ratios, including:

b1. Current ratio and quick ratio

b2. Inventory turnover ratio, average collection period and average payable period

b3. Sales revenue/net working capital ratio

c. Discuss, apply and evaluate the use of relevant techniques in managing inventory, including the Economic Order Quantity model and Just-in-Time techniques

d. Discuss, apply and evaluate the use of relevant techniques in managing accounts receivable, including:

d1. Assessing creditworthiness

d2. Managing accounts receivable

d3. Collecting amounts owing

d4. Offering early settlement discounts

d5. Using factoring and invoice discounting

d6. Managing foreign accounts receivable

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

L1.

Discuss and apply working capital management techniques

e. Discuss and apply the use of relevant techniques in managing accounts payable, including:

e1. Using trade credit effectively

e2. Evaluating the benefits of discounts for early settlement and bulk purchase

e3. Managing foreign accounts payable

e4. Ethical supplier payment policies

e5. Late payment of commercial debt regulation and legislation

e6. Application of simple and compound interest

f. Explain the various reasons for holding cash, and discuss and apply the use of relevant techniques in managing cash, including:

f1. Preparing cash flow forecasts to determine future cash flows and cash balances

f2. Assessing the benefits of centralised treasury management and cash control

f3. Cash management models, such as the Baumol model and the Miller-Orr model

f4. Investing short-term

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

L1.

Discuss and apply working capital management techniques

3. Determining working capital needs and funding strategies
  - a. Calculate the level of working capital investment in current assets and discuss the key factors determining this level, including:
    - a1. The length of the working capital cycle and terms of trade
    - a2. An organisation's policy on the level of investment in current assets
    - a3. The industry in which the organisation operates
  - b. Describe and discuss the key factors in determining working capital funding strategies, including:
    - b1. The distinction between permanent and fluctuating current assets
    - b2. The relative cost and risk of short-term and long-term finance
    - b3. The matching principle
    - b4. The relative costs and benefits of aggressive, conservative and matching funding policies
    - b5. Management attitudes to risk, previous funding decisions and organisation size

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

L2.

### Carry out effective investment appraisal

1. Investment appraisal techniques
  - a. Identify and calculate relevant cash flows for investment projects
  - b. Calculate payback period and discuss the usefulness of payback as an investment appraisal method
  - c. Calculate discounted payback and discuss its usefulness as an investment appraisal method
  - d. Calculate return on capital employed (accounting rate of return) and discuss its usefulness as an investment appraisal method
  - e. Calculate net present value (NPV) and discuss its usefulness as an investment appraisal method
  - f. Calculate internal rate of return (IRR) and discuss its usefulness as an investment appraisal method
  - g. Discuss the superiority of discounted cash flow (DCF) methods over non-DCF methods
  - h. Discuss the relative merits of NPV and IRR
  - i. Discuss the impact of mutually exclusive projects
2. Allowing for inflation and taxation in DCF
  - a. Apply and discuss the real-terms and nominal terms approaches to investment appraisal
  - b. Calculate the taxation effects of relevant cash flows, including the tax benefits of capital allowances and the tax liabilities of taxable profit
  - c. Calculate and apply before- and after-tax discount rates

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

L2.

### Carry out effective investment appraisal

#### 3. Adjusting for risk and uncertainty in investment appraisal

a. Describe and discuss the difference between risk and uncertainty in relation to probabilities and increasing project life

b. Apply sensitivity analysis to investment projects and discuss the usefulness of sensitivity analysis in assisting investment decisions

c. Apply probability analysis to investment projects and discuss the usefulness of probability analysis in assisting investment decisions

d. Apply and discuss other techniques of adjusting for risk and uncertainty in investment appraisal, including:

d1. Simulation

d2. Adjusted payback

d3. Risk-adjusted discount rates

d4. Valuation of risk

d5. Optimism bias

#### 4. Specific investment decisions (Lease or buy; asset replacement; capital rationing)

a. Evaluate leasing and borrowing to buy using the before-and-after-tax costs of debt

b. Evaluate asset replacement decisions using equivalent annual cost

c. Evaluate investment decisions under single-period capital rationing, including:

c1. The calculation of profitability indexes for divisible investment projects

c2. The calculation of the NPV of combinations of non-divisible investment projects

c3. A discussion of the reasons for capital rationing



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**L3.**

**Identify and evaluate alternative sources of business finance**

### 1. Sources of and raising business finance

**a. Identify and discuss the range of short-term sources of finance available to businesses, including:**

**a1. Overdraft**

**a2. Short-term loan**

**a3. Trade credit**

**a4. Lease finance**

**b. Identify and discuss the range of long-term sources of finance available to businesses, including:**

**b1. Equity finance**

**b2. Debt finance**

**b3. Lease finance**

**b4. Venture capital**

**c. Identify and discuss methods of raising equity finance, including:**

**c1. Rights issue**

**c2. Placing**

**c3. Public offer**

**c4. Stock exchange listing**

**d. Identify and discuss internal sources of finance, including:**

**d1. Retained earnings**

**d2. Increasing working capital management efficiency**

**d3. The relationship between dividend policy and the financing decision**

**d4. The theoretical approaches to, and the practical influences on, the dividend decision, including legal constraints, liquidity, shareholding expectations and alternatives to cash dividends**

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL

L3.

Identify and evaluate alternative sources of business finance

2. Estimating the cost of capital
  - a. Estimate the cost of equity including:
    - a1. Application of the dividend growth model and discussion of its weaknesses
    - a2. Explanation and discussion of systematic and unsystematic risk
    - a3. Relationship between portfolio theory and the capital asset pricing model (CAPM)
    - a4. Application of the CAPM, its assumptions, advantages and disadvantages
  - b. Estimating the cost of debt
    - b1. Irredeemable debt
    - b2. Redeemable debt
    - b3. Convertible debt
    - b4. Preference shares
    - b5. Bank debt
  - c. Estimating the overall cost of capital including:
    - c1. Distinguishing between average and marginal cost of capital
    - c2. Calculating the weighted average cost of capital (WACC) using book value and market value weightings
  - d. Interpret other costs of capital, including
    - d1. Pre-determined or standard discount rates
    - d2. Social time preference rates

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME


ELECTIVE

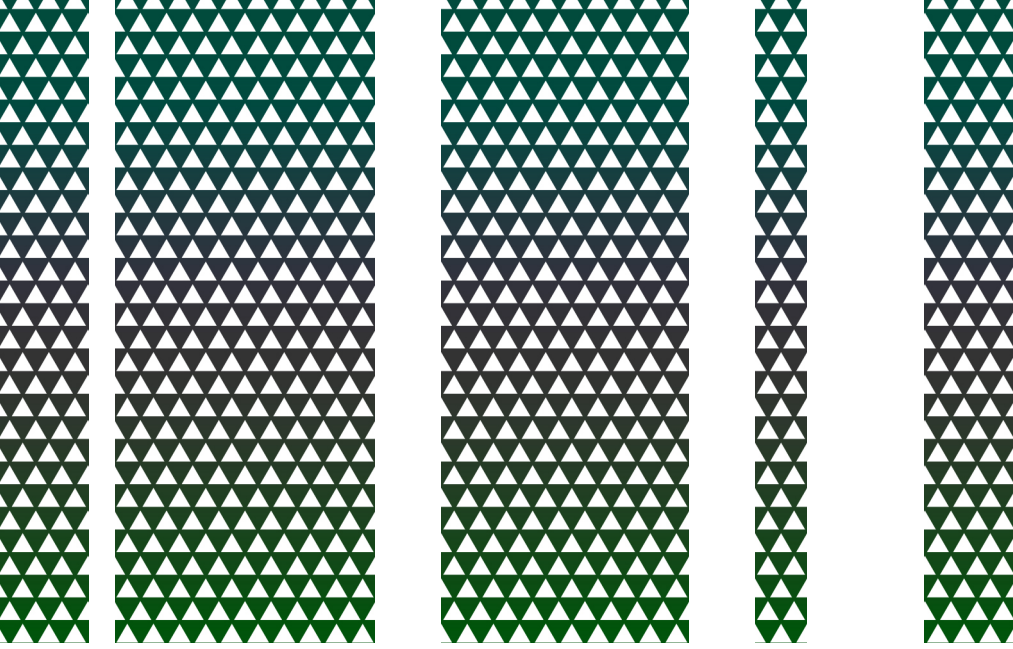
LEVEL

L3.

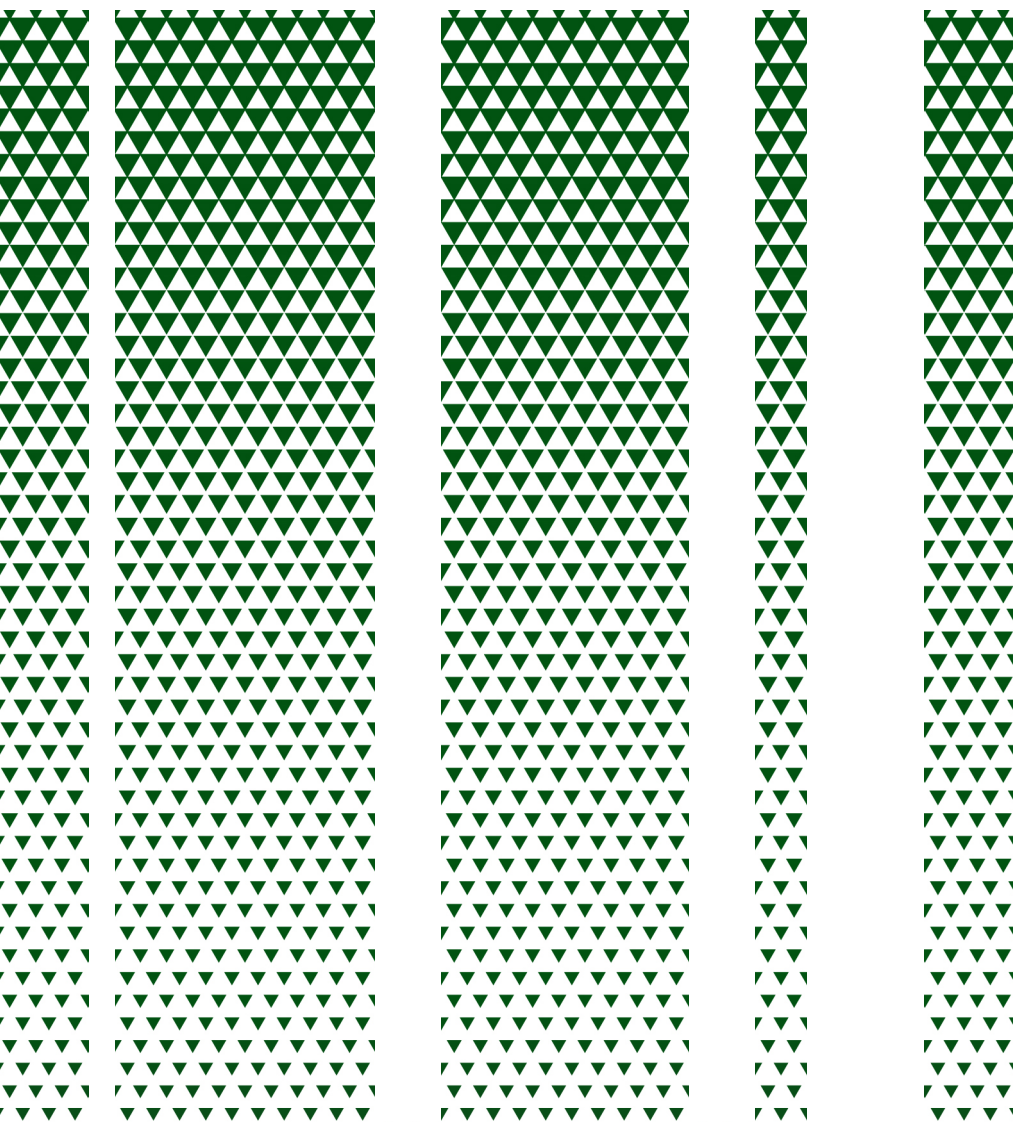
Identify and evaluate alternative sources of business finance




3. Sources of finance and their relative costs
  - a. Describe the relative risk-return relationship and the relative costs of equity and debt
  - b. Describe the creditor hierarchy and its connection with the relative costs of sources of finance
  - c. Identify and discuss the problem of high levels of gearing
  - d. Assess the impact of sources of finance on financial position, financial risk and shareholder wealth using appropriate measures, including:
    - d1. Ratio analysis using statement of financial position gearing, operational and financial gearing, interest coverage ratio and other relevant ratios
    - d2. Cash flow forecasting
    - d3. Leasing or borrowing to buy
  - e. Impact of cost of capital on investments including:
    - e1. The relationship between company value and cost of capital
    - e2. The circumstances under which WACC can be used in investment appraisal
    - e3. The advantages of the CAPM over WACC in determining a project-specific cost of capital
    - e4. Application of CAPM in calculating a project-specific discount rate

LEARNING OBJECTIVE/MAIN CAPABILITIES		COURSE / MODULE NAME	ELECTIVE	LEVEL
<div>  <b>L3.</b> </div> <b>Identify and evaluate alternative sources of business finance</b>				
4.	Capital structure theories and practical considerations			
	a. Describe the traditional view of capital structure and its assumptions			
	b. Describe the views of Miller and Modigliani on capital structure, both without and with corporate taxation, and their assumption			
	c. Identify a range of capital market imperfections and describe their impact on the views of Miller and Modigliani on capital structure			
	d. Explain the relevance of pecking order theory to the selection of sources of finance			
5.	Finance for small- and medium-sized entities (SMEs)			
	a. Describe the financing needs of small businesses			
	b. Describe the nature of the financing problem for small businesses in terms of the funding gap, the maturity gap and inadequate security			
	c. Explain measures that may be taken to ease the financing problems of SMEs, including the responses of government departments and financial institutions			
	d. Identify appropriate sources of finance for SMEs and evaluate the financial impact of different sources of finance on SMEs			



# BUSINESS AND COMMERCIAL LAW



LEARNING OBJECTIVE/MAIN CAPABILITIES		COURSE / MODULE NAME	ELECTIVE	LEVEL
 <b>M1.</b> Identify the essential elements of the legal system, including the main sources of law	1.	Sources of law		
	2.	Court structure		
	3.	Constitutional rights		
 <b>M2.</b> Recognise and apply the appropriate legal rules relating to the law of obligations	1.	Formation of contract		
	2.	Content of contracts		
	3.	Securing obligations		
	4.	Breach of contract and consequences		
	5.	Non-contractual obligations		
 <b>M3.</b> Explain and apply the law relating to employment relationships	1.	Labour agreements		
	2.	Dismissal and redundancy		

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**N1.**

**Distinguish between alternative forms and constitutions of business organisations**

1. Partnerships
2. Companies and legal personality
3. The formation and constitution of a company
4. Voluntary representation

**N2.**

**Recognise and compare types of capital and the financing of companies**

1. Share capital
2. Loan capital
3. Capital maintenance and dividend law

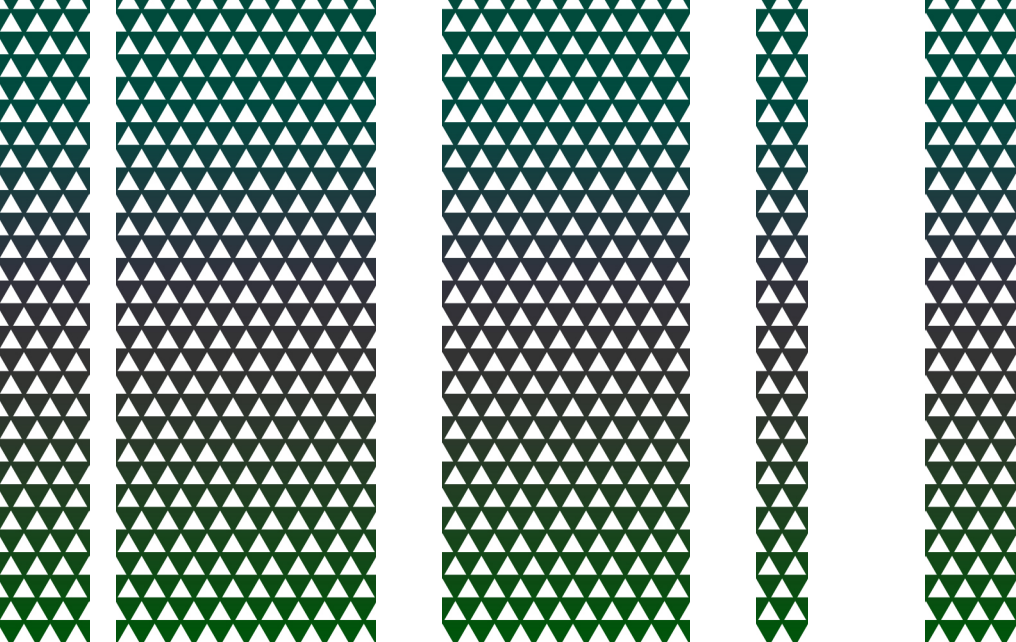
**N3.**

**Describe and explain how companies are managed and administered**

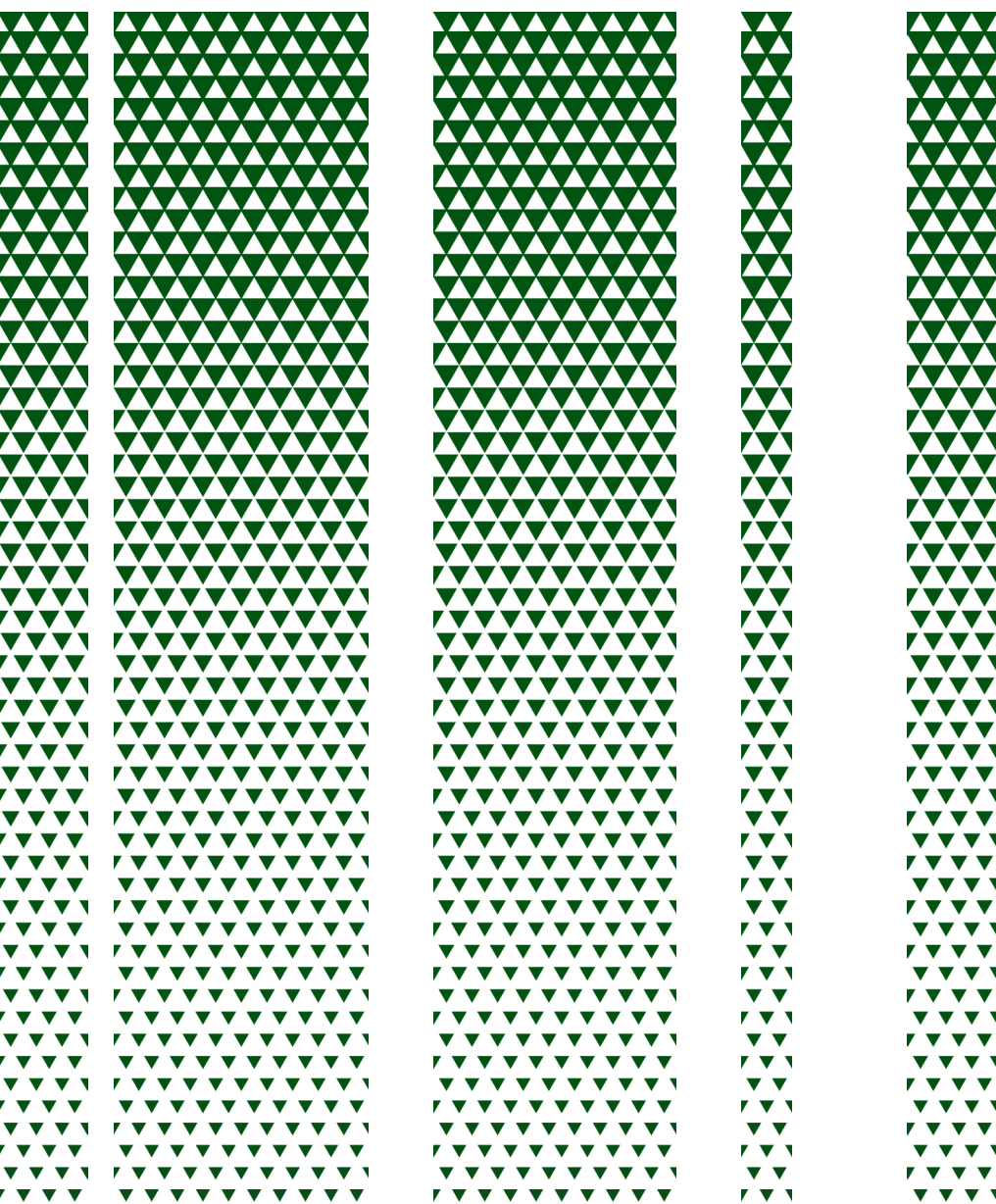
1. Company directors
2. Other management bodies
3. Company meetings and decision taking

LEARNING OBJECTIVE/MAIN CAPABILITIES		COURSE / MODULE NAME	ELECTIVE	LEVEL
1.	<div> <div></div> <div>N4.</div> <div>Recognise the legal implications relating to insolvency</div> </div>			
	Insolvency			
1.	<div> <div></div> <div>N5.</div> <div>Demonstrate an understanding of corporate fraudulent and criminal behaviour</div> </div>			
	Fraudulent and criminal behaviour			





# TAXATION



## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE  
LEVEL



**O1.**

**Explain the operation and scope of the domestic tax system**

1. The overall function and purpose of taxation in a modern economy
2. Different types of taxes
3. The tax regulatory framework



**O2.**

**Explain and compute the income tax liabilities of individuals in their capacity as individual entrepreneurs and employees**

1. The scope of individual income tax
2. Income from employment
3. Income earned by individual entrepreneurs
4. Dividend and other income
5. The comprehensive computation of taxable income and individual income tax liability
6. The use of exemptions and deductions in minimising individual income tax liabilities



**O3.**

**Explain and compute the corporate profits tax liabilities of legal entities**

1. The scope of corporate profits tax
2. Taxable income for corporate profits tax
3. Deductible expenses and tax allowances in deferring and minimising corporate profits tax liabilities
4. The comprehensive computation of corporate profits tax liability
5. Tax accounting for corporate profits tax

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

### O4.

Explain and compute the effects of value added tax on incorporated businesses

1. The scope of value added tax (VAT)
2. The computation of VAT liabilities
3. VAT payment and reporting

### O5.

Explain and compute the effect of social insurance contributions on employees, employers and individual entrepreneurs

1. The scope of social insurance contributions (SIC)
2. Contributions made by employers for employed persons
3. Contributions made by individual entrepreneurs
4. Social funds audits

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

O6.

**Explain and compute other tax liabilities of legal entities**

1. Explain and compute the corporate property tax liability of legal entities
  - a. The scope of corporate property tax
  - b. The computation of corporate property tax liabilities
  - c. Payments and reporting requirements
2. Explain and compute capital gains tax gains arising on companies and individuals
  - a. The scope of the taxation of capital gains
  - b. The basic principles of computing gains and losses
  - c. Gains and losses on the disposal of movable and immovable property
  - d. Gains and losses on the disposal of shares and securities
  - e. The computation of capital gains tax payable by individuals
  - f. The use of exemptions and reliefs in deferring and minimising tax liabilities arising on the disposal of capital assets
3. Explain and compute the inheritance tax liabilities of individuals
  - a. The scope of inheritance tax
  - b. The basic principles of computing transfers of value
  - c. The liabilities arising on chargeable lifetime transfers and on the death of an individual
  - d. The use of exemptions in deferring and minimising inheritance tax liabilities
  - e. Payment of inheritance tax

## LEARNING OBJECTIVE/MAIN CAPABILITIES

## COURSE / MODULE NAME

ELECTIVE

LEVEL

**O6.**

**Explain and compute other tax liabilities of legal entities**

4. Explain and compute the tax payable on company cars

a. The scope of company car tax

b. The computation of the tax liability under the company car tax regulation

5. Explain and compute the tax payable to local municipalities

a. The scope of tax payable to local municipalities

b. The computation of tax payable to local municipalities

c. The administration of tax payable to local municipalities

**O7.**

**Identify and explain the obligations of taxpayers and/or their agents and the implications of noncompliance**

1. The obligations of the taxpayer and/or their agents

2. The procedures relating to tax audit, appeals and disputes

3. The sanctions for tax violations, tax penalties and interest on late tax payments









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