

03 The full syllabus – operational level

This section sets out the specific syllabus for each of the three papers at the operational level of the qualification. However, it is implicit in each case, that material included in the syllabus for any of the papers within the CIMA Certificate in Business Accounting qualification, may also be relevant for the purposes of assessment, in related subjects. The syllabus for the CIMA Certificate in Business Accounting qualification can be viewed on the CIMA website.

PAPER E1 ENTERPRISE OPERATIONS

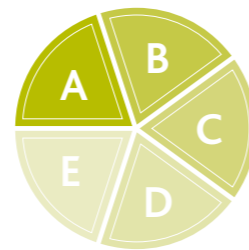
Syllabus overview

This paper addresses several functional areas of business, as well as introducing candidates to the economic, social and political context of international business. For each of the sections dealing with information systems, operations, marketing and managing human capital, the learning requirements alert students to major developments in the field as well as tools and techniques important to each functional area.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	The Global Business Environment	20%
B	Information Systems	20%
C	Operations Management	20%
D	Marketing	20%
E	Managing Human Capital	20%



Assessment strategy

There will be a written examination paper of three hours, plus 20 minutes of pre-examination question paper reading time. The examination paper will have the following sections:

Section A – 20 marks

A variety of compulsory objective test questions, each worth between two and four marks. Mini scenarios may be given, to which a group of questions relate.

Section B – 30 marks

Six compulsory short answer questions, each worth five marks. A short scenario may be given, to which some or all questions relate.

Section C – 50 marks

One or two compulsory questions. Short scenarios may be given, to which questions relate.

E1 – A. THE GLOBAL BUSINESS ENVIRONMENT (20%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain the social, political and economic context of business.	(a) explain the emergence of major economies in Asia and Latin America; (b) explain the emergence and importance of outsourcing and offshoring; (c) explain the impact of international macroeconomic developments (e.g. long-term shifts in trade balances), on the organisation's competitive environment.	<ul style="list-style-type: none"> • Cross-cultural management and different forms of business organisation. • Emerging market multinationals. • Liberalisation and economic nationalism. • Outsourcing and offshoring. • Major economic systems including US, European and transition economies. • National account balances (especially from international trade), monetary policy and their impact on markets.
2. analyse the relationship between the internal governance of the firm and external sources of governance and regulation.	(a) explain the principles and purpose of corporate social responsibility and the principles of good corporate governance in an international context; (b) analyse relationships among business, society and government in national and regional contexts; (c) apply tools of country and political risk analysis; (d) discuss the nature of regulation and its impact on the firm.	<ul style="list-style-type: none"> • Corporate governance, including stakeholders and the role of government. • Principles of corporate social responsibility and the scope for international variation, e.g. between developed and developing economies. • Business-government relations in developed and developing economies. • Regulation in the national and international context and its impact on the firm. • Role of institutions and governance in economic growth. • Corporate political activity in developed and developing markets. • Country and political risk.

E1 – B. INFORMATION SYSTEMS (20%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. discuss the wider business context within which information systems operate.	(a) identify the value of information and information systems organisations; (b) discuss the reasons for organisations' increased dependence on information systems; (c) discuss the transformation of organisations through technology.	<ul style="list-style-type: none"> The role of information systems in organisations. Emerging information system trends in organisations (e.g. Enterprise-wide systems; knowledge management systems; customer relationship management systems, e.g. E-business, Web 2.0 tools). Information technology enabled transformation; the emergence of new forms of organisation. Geographically dispersed (virtual) teams; role of information systems in virtual teams and challenges for virtual collaboration.
2. analyse how information systems can be implemented in support of the organisation's strategy.	(a) discuss ways for overcoming problems in information system implementation; (b) discuss ways of organising and managing information system activities in the context of the wider organisation.	<ul style="list-style-type: none"> Assessing the costs and benefits of information systems; criteria for evaluating information systems. Privacy and security. System changeover methods (i.e. direct, parallel, pilot and phased). Information system implementation as a change management process; avoiding problems of non-usage and resistance. Information system outsourcing (different types of sourcing strategies; client-vendor relationships). Aligning information systems with business strategy (e.g. strategic importance of information systems; information systems for competitive advantage; information systems for competitive necessity).

E1 – C. OPERATIONS MANAGEMENT (20%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. explain the relationship of operations management to other aspects of the organisation's operations.	(a) explain the shift from price-based to relational procurement and operations; (b) explain the relationship of operations and supply management to the competitiveness of the firm; (c) explain the particular issues surrounding operations management in services; (d) explain the importance of sustainability in operations management.	<ul style="list-style-type: none"> Supply chain management as a strategic process. An overview of operations strategy and its importance to the firm. Supply chains in competition with each other; role of supply networks; demand networks as an evolution of supply chains. Design of products/services and processes and how this relates to operations and supply. The concept of sustainability in operations management.
2. apply tools and techniques of operations management.	(a) apply contemporary thinking in quality management; (b) explain process design; (c) apply tools and concepts of lean management; (d) illustrate a plan for the implementation of a quality programme; (e) describe ways to manage relationships with suppliers.	<ul style="list-style-type: none"> Different methods of quality measurement (e.g. Servqual). Approaches to quality management, including Total Quality Management (TQM), various British and European Union systems as well as statistical control processes. External quality standards. Systems used in operations management: Manufacturing Resource Planning II (MRPII); Optimized Production Techniques (OPT) and Enterprise Resource Planning (ERP). Use of process maps to present the flow of information and product across supply chains and networks. Methods for managing inventory, including continuous inventory systems (e.g. Economic Order Quantity, EOQ), periodic inventory systems and the ABC system (Note: ABC is not an acronym; A refers to high value, B to medium and C to low value inventory). Methods of managing operational capacity in product and service delivery (e.g. use of queuing theory, forecasting, flexible manufacturing systems). Application of lean techniques to services. Practices of continuous improvement (e.g. Quality circles, Kaizen, 5S, 6 Sigma). The characteristics of lean production. Criticisms and limitations of lean production. Developing relationships with suppliers, including the use of supply portfolios.

E1 – D. MARKETING (20%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain developments in marketing.	(a) explain the marketing concept, and the alternatives to it; (b) describe the marketing environment of a range of organisations; (c) explain marketing in a not-for-profit context; (d) explain the social context of marketing behaviour; (e) describe theories of consumer behaviour.	<ul style="list-style-type: none"> The marketing concept as a business philosophy. The marketing environment, including societal, economic, technological, political and legal factors affecting marketing. Marketing in not-for-profit organisations (i.e. charities, non-governmental organisations; the public sector). Theories of consumer behaviour (e.g. social interaction theory), as well as factors affecting buying decisions, types of buying behaviour and stages in the buying process. Social marketing and corporate social responsibility.
2. apply tools and techniques used in support of the organisation's marketing.	(a) explain the relationships between market research, market segmentation, targeting and positioning; (b) apply tools within each area of the marketing mix; (c) describe the business contexts within which marketing principles can be applied; (d) describe the market planning process; (e) explain the role of branding and brand equity.	<ul style="list-style-type: none"> Market research, including data gathering techniques and methods of analysis. Segmentation and targeting of markets, and positioning of products within markets. How business to business (B2B) marketing differs from business to consumer (B2C) marketing in its different forms (i.e. consumer marketing, services marketing, direct marketing, interactive marketing, e-marketing, internal marketing). Promotional tools and the promotion mix. The 'service extension' to the marketing mix. Devising and implementing a pricing strategy. Experiential marketing. Marketing communications, including viral, guerrilla and other indirect forms of marketing. Distribution channels and methods for marketing campaigns. The role of marketing in the business plan of the organisation. Brand image and brand value. Product development and product/service life-cycles. Internal marketing as the process of training and motivating employees so as to support the organisation's external marketing activities. The differences and similarities in the marketing of products, services and experiences. Product portfolios and the product mix.

E1 – E. MANAGING HUMAN CAPITAL (20%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain the relationship of Human Resources (HR) to the organisation's operations.	(a) explain how HR theories and activities can contribute to the success of the organisation; (b) explain the importance of ethical behaviour in business generally and for the line manager and their activities.	<ul style="list-style-type: none"> Theories of Human Resource Management relating to ability, motivation and opportunity. The psychological contract and its importance to retention. The relationship of the employee to other elements of the business. Personal business ethics and the fundamental principles (Part A) of the CIMA Code of Ethics for Professional Accountants.
2. discuss the activities associated with the management of human capital.	(a) explain the HR activities associated with developing the ability of employees; (b) discuss the HR activities associated with the motivation of employees; (c) describe the HR activities associated with improving the opportunities for employees to contribute to the firm; (d) discuss the importance of the line manager in the implementation of HR practices; (e) prepare an HR plan appropriate to a team.	<ul style="list-style-type: none"> Practices associated with recruiting and developing appropriate abilities including recruitment and selection of staff using different recruitment channels (i.e. interviews, assessment centres, intelligence tests, aptitude tests, psychometric tests). Issues relating to fair and legal employment practices (e.g. recruitment, dismissal, redundancy, and ways of managing these). The distinction between development and training and the tools available to develop and train staff. The design and implementation of induction programmes. Practices related to motivation including Issues in the design of reward systems (e.g. the role of incentives, the utility of performance-related pay, arrangements for knowledge workers, flexible work arrangements). The importance of appraisals, their conduct and their relationship to the reward system. Practices related to the creation of opportunities for employees to contribute to the organisation including job design, communications, involvement procedures and appropriate elements of negotiating and bargaining. Problems in implementing an HR plan appropriate to a team and ways to manage this. HR in different organisational forms (e.g. project based, virtual or networked firms) and different organisational contexts. Preparation of an HR plan (e.g. Forecasting personnel requirements; retention, absence and leave, wastage).

03 The full syllabus – operational level continued

PAPER P1 PERFORMANCE OPERATIONS

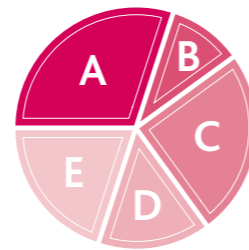
Syllabus overview

This paper primarily deals with the tools and techniques that generate information needed to evaluate and control present and projected performance. Thus, forecasting key variables, recognising uncertainties attached to future events, is a basis for budget construction; the budget is then used with costing systems to evaluate actual performance. Project appraisal relies similarly on future financial projections to provide the information on which managers can evaluate expected performance and actual outcomes. Both budgeting and project appraisal emphasise the critical importance of optimising cash flow and the final section of the paper continues this theme from the perspective of managing working capital.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Cost Accounting Systems	30%
B	Forecasting and Budgeting Techniques	10%
C	Project Appraisal	25%
D	Dealing with Uncertainty in Analysis	15%
E	Managing Short Term Finance	20%



Assessment strategy

There will be a written examination paper of three hours, plus 20 minutes of pre-examination question paper reading time. The examination paper will have the following sections:

Section A – 20 marks

A variety of compulsory objective test questions, each worth between two and four marks. Mini scenarios may be given, to which a group of questions relate.

Section B – 30 marks

Six compulsory short answer questions, each worth five marks. A short scenario may be given, to which some or all questions relate.

Section C – 50 marks

One or two compulsory questions. Short scenarios may be given, to which questions relate.

P1 – A. COST ACCOUNTING SYSTEMS (30%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. discuss costing methods and their results.	(a) compare and contrast marginal (or variable), throughput and absorption accounting methods in respect of profit reporting and stock valuation; (b) discuss a report which reconciles budget and actual profit using absorption and/or marginal costing principles; (c) discuss activity-based costing as compared with traditional marginal and absorption costing methods, including its relative advantages and disadvantages as a system of cost accounting; (d) apply standard costing methods, within costing systems, including the reconciliation of budgeted and actual profit margins; (e) explain why and how standards are set in manufacturing and in service industries with particular reference to the maximisation of efficiency and minimisation of waste; (f) interpret material, labour, variable overhead, fixed overhead and sales variances, distinguishing between planning and operational variances; (g) prepare reports using a range of internal and external benchmarks and interpret the results; (h) explain the impact of just-in-time manufacturing methods on cost accounting and the use of 'back-flush accounting' when work-in-progress stock is minimal.	<ul style="list-style-type: none"> Marginal (or variable), throughput and absorption accounting systems of profit reporting and stock valuation. Activity-based costing as a system of profit reporting and stock valuation. Criticisms of standard costing in general and in advanced manufacturing environments in particular. Integration of standard costing with marginal cost accounting, absorption cost accounting and throughput accounting. Manufacturing standards for material, labour, variable overhead and fixed overhead. Price/rate and usage/efficiency variances for materials, labour and variable overhead. Further subdivision of total usage/efficiency variances into mix and yield components. (Note: The calculation of mix variances on both individual and average valuation bases is required). Fixed overhead expenditure and volume variances. (Note: the subdivision of fixed overhead volume variance into capacity and efficiency elements will not be examined). Planning and operational variances. Standards and variances in service industries (including the phenomenon of 'McDonaldization'), public services (e.g. Health), (including the use of 'diagnostic related' or 'reference' groups), and the professions (e.g. labour mix variances in audit work). Sales price and sales revenue/margin volume variances (calculation of the latter on a unit basis related to revenue, gross margin and contribution margin). Application of these variances to all sectors, including professional services and retail analysis. Interpretation of variances: interrelationship, significance. Benchmarking. Back-flush accounting in just-in-time production environments. The benefits of just-in-time production, total quality management and theory of constraints and the possible impacts of these methods on cost accounting and performance measurement.

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

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
2. explain the role of MRP and ERP systems.	(a) explain the role of MRP and ERP systems in supporting standard costing systems, calculating variances and facilitating the posting of ledger entries.	<ul style="list-style-type: none"> MRP and ERP systems for resource planning and the integration of accounting functions with other systems, such as purchase ordering and production planning.
3. apply principles of environmental costing.	(a) apply principles of environmental costing in identifying relevant internalised costs and externalised environmental impacts of the organisation's activities.	<ul style="list-style-type: none"> Types of internalised costs relating to the environment (e.g. emissions permits, taxes, waste disposal costs) and key externalised environmental impacts, especially carbon, energy and water usage. Principles for associating such costs and impacts with activities and output.

P1 – B. FORECASTING AND BUDGETING TECHNIQUES (10%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain the purposes of forecasts, plans and budgets.	(a) explain why organisations prepare forecasts and plans; (b) explain the purposes of budgets, including planning, communication, co-ordination, motivation, authorisation, control and evaluation, and how these may conflict.	<ul style="list-style-type: none"> The role of forecasts and plans in resource allocation, performance evaluation and control. The purposes of budgets and the budgeting process, and conflicts that can arise (e.g. between budgets for realistic planning and budgets based on 'hard to achieve' targets for motivation).
2. prepare forecasts of financial results.	(a) calculate projected product/service volumes employing appropriate forecasting techniques; (b) calculate projected revenues and costs based on product/service volumes, pricing strategies and cost structures.	<ul style="list-style-type: none"> Time series analysis including moving totals and averages, treatment of seasonality, trend analysis using regression analysis and the application of these techniques in forecasting product and service volumes. Fixed, variable, semi-variable and activity-based categorisations of cost and their application in projecting financial results.
3. prepare budgets based on forecasts.	(a) prepare a budget for any account in the master budget, based on projections/forecasts and managerial targets; (b) apply alternative approaches to budgeting.	<ul style="list-style-type: none"> Mechanics of budget construction: limiting factors, component budgets and the master budget, and their interaction. Alternative approaches to budget creation, including incremental approaches, zero-based budgeting and activity-based budgets.

P1 – C. PROJECT APPRAISAL (25%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. prepare information to support project appraisal.	(a) explain the processes involved in making long-term decisions; (b) apply the principles of relevant cash flow analysis to long-run projects that continue for several years; (c) calculate project cash flows, accounting for tax and inflation, and apply perpetuities to derive 'end of project' value where appropriate; (d) apply activity-based costing techniques to derive approximate 'long-run' product or service costs appropriate for use in strategic decision making; (e) explain the financial consequences of dealing with long-run projects, in particular the importance of accounting for the 'time value of money'; (f) apply sensitivity analysis to cash flow parameters to identify those to which net present value is particularly sensitive; (g) prepare decision support information for management, integrating financial and non-financial considerations.	<ul style="list-style-type: none"> The process of investment decision making, including origination of proposals, creation of capital budgets, go/no go decisions on individual projects (where judgements on qualitative issues interact with financial analysis), and post audit of completed projects. Identification and calculation of relevant project cash flows taking account of inflation, tax, and 'final' project value where appropriate. Activity-based costing to derive approximate 'long-run' costs appropriate for use in strategic decision making. Need for and method of discounting. Sensitivity analysis to identify the input variables that most affect the chosen measure of project worth (payback, ARR, NPV or IRR). Identifying and integrating non-financial factors in long-term decisions. Methods of dealing with particular problems: the use of annuities in comparing projects with unequal lives and the profitability index in capital rationing situations.
2. evaluate project proposals.	(a) evaluate project proposals using the techniques of investment appraisal; (b) compare and contrast the alternative techniques of investment appraisal; (c) prioritise projects that are mutually exclusive, involve unequal lives and/or are subject to capital rationing.	<ul style="list-style-type: none"> The techniques of investment appraisal: payback, discounted payback, accounting rate of return, net present value and internal rate of return. Application of the techniques of investment appraisal to project cash flows and evaluation of the strengths and weaknesses of the techniques.

P1 – D. DEALING WITH UNCERTAINTY IN ANALYSIS (15%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. analyse information to assess the impact on decisions of variables with uncertain values.	(a) analyse the impact of uncertainty and risk on decision models that may be based on relevant cash flows, learning curves, discounting techniques etc; (b) apply sensitivity analysis to both short and long-run decision models to identify variables that might have significant impacts on project outcomes; (c) analyse risk and uncertainty by calculating expected values and standard deviations together with probability tables and histograms; (d) prepare expected value tables; (e) calculate the value of information; (f) apply decision trees.	<ul style="list-style-type: none"> The nature of risk and uncertainty. Sensitivity analysis in decision modelling and the use of computer software for "what if" analysis. Assignment of probabilities to key variables in decision models. Analysis of probabilistic models and interpretation of distributions of project outcomes. Expected value tables and the value of information. Decision trees for multi-stage decision problems.

P1 – E. MANAGING SHORT TERM FINANCE (20%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. analyse the working capital position and identify areas for improvement.	(a) explain the importance of cash flow and working capital management; (b) interpret working capital ratios for business sectors; (c) analyse cash-flow forecasts over a twelve-month period; (d) discuss measures to improve a cash forecast situation; (e) analyse trade debtor and creditor information; (f) analyse the impacts of alternative debtor and creditor policies; (g) analyse the impacts of alternative policies for stock management.	<ul style="list-style-type: none"> • The link between cash, profit and the balance sheet. • The credit cycle from receipt of customer order to cash receipt and the payment cycle from agreeing the order to making payment. • Working capital ratios (e.g. debtor days, stock days, creditor days, current ratio, quick ratio) and the working capital cycle. • Working capital characteristics of different businesses (e.g. supermarkets being heavily funded by creditors) and the importance of industry comparisons. • Cash-flow forecasts, use of spreadsheets to assist in this in terms of changing variables (e.g. interest rates, inflation) and in consolidating forecasts. • Variables that are most easily changed, delayed or brought forward in a forecast. • Methods for evaluating payment terms and settlement discounts. • Preparation and interpretation of age analyses of debtors and creditors. • Establishing collection targets on an appropriate basis (e.g. motivational issues in managing credit control). • Centralised versus decentralised purchasing. • The relationship between purchasing and stock control. • Principles of the economic order quantity (EOQ) model and criticisms thereof.
2. identify short-term funding and investment opportunities.	(a) identify sources of short-term funding; (b) identify alternatives for investment of short-term cash surpluses; (c) identify appropriate methods of finance for trading internationally; (d) illustrate numerically the financial impact of short-term funding and investment methods.	<ul style="list-style-type: none"> • Use and abuse of trade creditors as a source of finance. • Types and features of short-term finance: trade creditors, overdrafts, short-term loans and debt factoring. • The principles of investing short term (i.e. maturity, return, security, liquidity and diversification). • Types of investments (e.g. interest-bearing bank accounts, negotiable instruments including certificates of deposit, short-term treasury bills, and securities). • The difference between the coupon on debt and the yield to maturity. • Export finance (e.g. documentary credits, bills of exchange, export factoring, forfeiting).

03 The full syllabus – operational level continued

PAPER F1 FINANCIAL OPERATIONS

Syllabus overview

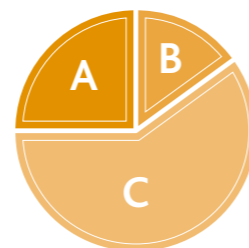
The core objectives of Paper F1 are the preparation of the full financial statements for a single company and the principal consolidated financial statements for a simple group. Coverage of a wide range of international standards is implicit in these objectives, as specified in the paper's content.

Similarly, understanding the regulatory and ethical context of financial reporting, covered in the paper, is vital to ensuring that financial statements meet users' needs. Principles of taxation are included, not only to support accounting for taxes in financial statements, but also as a basis for examining the role of tax in financial analysis and decision-making within subsequent papers (Paper F2 Financial Management and Paper F3 Financial Strategy).

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Principles of Business Taxation	25%
B	Regulation and Ethics of Financial Reporting	15%
C	Financial Accounting and Reporting	60%



Assessment strategy

There will be a written examination paper of three hours, plus 20 minutes of pre-examination question paper reading time. The examination paper will have the following sections:

Section A – 20 marks

A variety of compulsory objective test questions, each worth between two and four marks. Mini scenarios may be given, to which a group of questions relate.

Section B – 30 marks

Six compulsory short answer questions, each worth five marks. A short scenario may be given, to which some or all questions relate.

Section C – 50 marks

One or two compulsory questions. Short scenarios may be given, to which questions relate.

F1 – A. PRINCIPLES OF BUSINESS TAXATION (25%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain the types of tax that can apply to incorporated businesses, their principles and potential administrative requirements.	(a) identify the principal types of taxation likely to be of relevance to an incorporated business in a particular country; (b) describe the features of the principal types of taxation likely to be of relevance to an incorporated business in a particular country; (c) explain key administrative requirements and the possible enquiry and investigation powers of taxing authorities associated with the principal types of taxation likely to be of relevance to an incorporated business; (d) explain the difference in principle between tax avoidance and tax evasion; (e) illustrate numerically the principles of different types of tax based on provided information.	<ul style="list-style-type: none"> • Concepts of direct versus indirect taxes, taxable person and competent jurisdiction. • Types of taxation, including direct tax on the company's trading profits and capital gains, indirect taxes collected by the company, employee taxation and withholding taxes on international payments, and their features (e.g. in terms of who ultimately bears the tax cost, withholding responsibilities, principles of calculating the tax base). • Sources of tax rules (e.g. domestic primary legislation and court rulings, practice of the relevant taxing authority, supranational bodies, such as the EU in the case of value added/sales tax, and international tax treaties). • Indirect taxes collected by the company: <ul style="list-style-type: none"> – in the context of indirect taxes, the distinction between unit taxes (e.g. excise duties based on physical measures) and ad valorem taxes (e.g. sales tax based on value); – the mechanism of value added/sales taxes, in which businesses are liable for tax on their outputs less credits for tax paid on their inputs, including the concepts of exemption and variation in tax rates depending on the type of output and disallowance of input credits for exempt outputs. • Employee taxation: <ul style="list-style-type: none"> – the employee as a separate taxable person subject to a personal income tax regime; – use of employer reporting and withholding to ensure compliance and assist tax collection. • The need for record-keeping and record retention that may be additional to that required for financial accounting purposes. • The need for deadlines for reporting (filing returns) and tax payments. • Types of powers of tax authorities to ensure compliance with tax rules: <ul style="list-style-type: none"> – power to review and query filed returns; – power to request special reports or returns; – power to examine records (generally extending back some years); – powers of entry and search; – exchange of information with tax authorities in other jurisdictions. • The distinction between tax avoidance and tax evasion, and how these vary among jurisdictions (including the difference between the use of statutory general anti-avoidance provisions and case law based regimes).

F1 – A. PRINCIPLES OF BUSINESS TAXATION (25%) continued

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
2. explain fundamental concepts in international taxation of incorporated businesses.	(a) identify situations in which foreign tax obligations (reporting and liability) could arise and methods for relieving foreign tax; (b) explain sources of tax rules and the importance of jurisdiction.	<ul style="list-style-type: none"> International taxation: <ul style="list-style-type: none"> the concept of corporate residence and the variation in rules for its determination across jurisdictions (e.g. place of incorporation versus place of management); types of payments on which withholding tax may be required (especially interest, dividends, royalties and capital gains accruing to non-residents); means of establishing a taxable presence in another country (local company and branch); the effect of double tax treaties (based on the OECD Model Convention) on the above (e.g. reduction of withholding tax rates, provisions for defining a permanent establishment).
3. prepare corporate income tax calculations.	(a) prepare corporate income tax calculations based on a given simple set of rules.	<ul style="list-style-type: none"> Direct taxes on company profits and gains: <ul style="list-style-type: none"> the principle of non-deductibility of dividends and systems of taxation defined according to the treatment of dividends in the hands of the shareholder (e.g. classical, partial imputation and imputation); the distinction between accounting and taxable profits in absolute terms (e.g. disallowable expenditure on revenue account, such as entertaining, and on capital account, such as formation and acquisition costs) and in terms of timing (e.g. deduction on a paid basis); the concept of tax depreciation replacing book depreciation in the tax computation and its calculation based on the pooling of assets by their classes, including balancing adjustments on the disposal of assets; the nature of rules recharacterising interest payments as dividends (e.g. where interest is based on profitability); potential for variation in rules for calculating the tax base dependent on the nature or source of the income (scheduler systems); the need for rules dealing with the relief of losses; principles of relief for foreign taxes by exemption, deduction and credit. the concept of tax consolidation (e.g. for relief of losses and deferral of capital gains on asset transfers within a group).
4. apply the accounting rules for current and deferred taxation.	(a) apply the accounting rules for current and deferred taxation, including calculation of deferred tax based on a given set of rules.	<ul style="list-style-type: none"> Accounting treatment of taxation and disclosure requirements under IAS 12.

F1 – B. REGULATION AND ETHICS OF FINANCIAL REPORTING (15%)

Learning outcomes		Indicative syllabus content
On completion of their studies students should be able to:		
Lead	Component	
1. explain the need for and methods of regulating accounting and financial reporting.	(a) explain the need for regulation of published accounts and the concept that regulatory regimes vary from country to country; (b) explain potential elements that might be expected in a national regulatory framework for published accounts; (c) describe the role and structure of the International Accounting Standards Board (IASB) and the International Organisation of Securities Commissions (IOSCO); (d) explain the meaning of given features or parts of the IASB's Framework for the Presentation and Preparation of Financial Statements; (e) describe the process leading to the promulgation of an IFRS; (f) describe ways in which IFRSs can interact with local regulatory frameworks; (g) explain in general terms, the role of the external auditor, the elements of the audit report and types of qualification of that report.	<ul style="list-style-type: none"> The need for regulation of accounts. Elements in a regulatory framework for published accounts (e.g. company law, local GAAP, review of accounts by public bodies). GAAP based on prescriptive versus principles-based standards. The role and structure of the IASB and IOSCO. The IASB's Framework for the Presentation and Preparation of Financial Statements. The process leading to the promulgation of a standard practice. Ways in which IFRSs are used: adoption as local GAAP, model for local GAAP, persuasive influence in formulating local GAAP. The powers and duties of the external auditors, the audit report and its qualification for accounting statements not in accordance with best practice.

F1 – B. REGULATION AND ETHICS OF FINANCIAL REPORTING (15%) continued

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
2. apply the provisions of the CIMA Code of Ethics for Professional Accountants.	(a) explain the importance of the exercise of ethical principles in reporting and assessing information; (b) describe the sources of ethical codes for those involved in the reporting or taxation affairs of an organisation, including the external auditors; (c) apply the provisions of the CIMA Code of Ethics for Professional Accountants of particular relevance to the information reporting, assurance and tax-related activities of the accountant.	<ul style="list-style-type: none"> Ethical requirements of the professional accountant in reporting and assessing information (the fundamental principles). Sources of ethical codes (IFAC, professional bodies, employing organisations, social/religious/personal sources). Provisions of the CIMA Code of Ethics for Professional Accountants of particular relevance to information reporting, assurance and tax-related activities (especially section 220 and Part C).

F1 – C. FINANCIAL ACCOUNTING AND REPORTING (60%)

Learning outcomes		Indicative syllabus content
Lead	Component	
On completion of their studies students should be able to:		
1. prepare the full financial statements of a single company and the consolidated statements of financial position and comprehensive income for a group (in relatively straightforward circumstances).	(a) prepare a complete set of financial statements, in a form suitable for publication for a single company; (b) apply the conditions required for an undertaking to be a subsidiary or an associate of another company; (c) prepare the consolidated statement of financial position (balance sheet) and statement of comprehensive income for a group of companies in a form suitable for publication for a group of companies comprising directly held interests in one or more fully-controlled subsidiaries and associates (such interests having been acquired at the beginning of an accounting period); (d) apply the concepts of fair value at the point of acquisition, identifiability of assets and liabilities, and recognition of goodwill.	<ul style="list-style-type: none"> Preparation of the financial statements of a single company, as specified in IAS 1 (revised), including the statement of changes in equity. Preparation of the statement of cash flows (IAS 7). Preparation of the consolidated statement of financial position (balance sheet) and statement of comprehensive income where: interests are directly held by the acquirer (parent) company; any subsidiary is fully controlled; and all interests were acquired at the beginning of an accounting period. (IFRS 3 and IAS 27, to the extent that their provisions are relevant to the specified learning outcomes).
2. apply international standards dealing with a range of matters and items.	(a) apply the accounting rules contained in IFRSs and IASs dealing with reporting performance, non-current assets, including their impairment, inventories, disclosure of related parties to a business, construction contracts (and related financing costs), post-balance sheet events, provisions, contingencies, and leases (lessee only); (b) explain the accounting rules contained in IFRSs and IASs governing share capital transactions.	<ul style="list-style-type: none"> Reporting performance: recognition of revenue, measurement of profit or loss, prior period items, discontinuing operations and segment reporting (IAS 1(revised), 8 and 18, IFRS 5 and 8). Property, Plant and Equipment (IAS 16): the calculation of depreciation and the effect of revaluations, changes to economic useful life, repairs, improvements and disposals. Research and development costs (IAS 38): criteria for capitalisation. Intangible Assets (IAS 38) and goodwill: recognition, valuation, amortisation. Impairment of Assets (IAS 36) and Non-Current Assets Held for Sale (IFRS 5) and their effects on the above. Inventories (IAS 2). The disclosure of related parties to a business (IAS 24). Construction contracts and related financing costs (IAS 11 and 23): determination of cost, net realisable value, the inclusion of overheads and the measurement of profit on uncompleted contracts. Post-balance sheet events (IAS 10). Provisions and contingencies (IAS 37). Leases (IAS 17) – distinguishing operating from finance leases and the concept of substance over form (from the Framework); accounting for leases in the books of the lessee. Issue and redemption of shares, including treatment of share issue and redemption costs (IAS 32 and 39), the share premium account, the accounting for maintenance of capital arising from the purchase by a company of its own shares.