What is the Center of Excellence (COE) about?

We attract, inspire and engage the next generation of CIMA members and CGMAs by increasing awareness among academics and university students through identification of best practices, training, resources and communications, working in partnership with the regions.

- Establish consistent global strategy & performance for academic relations that compliments country efforts
- Provide partnership & support
- Develop best practices & tools
- Align priorities & interests
- Develop operational efficiency

Global CGMA University and Academic COE
Summary of the Performance pillar - 2019 syllabus

P3: Risk Management
- A: Enterprise risk
- B: Strategic risk
- C: Internal controls
- D: Cyber risks

P2: Advanced Management Accounting
- A: Managing the costs of creating value
- B: Capital investment decision making
- C: Managing and controlling the performance of organisational units
- D: Risk and control

P1: Management Accounting
- A: Cost accounting for decision and control
- B: Budgeting and budgetary control
- C: Short term commercial decision making
- D: Risk and uncertainty in the short term

What is this pillar about?
- Make the vision a reality
- How do we use costing and budgeting for short-term decision-making?
- How do we monitor and control activity to ensure performance?
- How do we identify, mitigate against and manage risks to the organisation?

Download Syllabus Here
P2 Management Accounting
What changed in P2?

2015 syllabus
P2: Advanced Management Accounting
A: Cost planning and systems
B: Performance management of responsibility centres
C: Long term decision making
D: Management control and risk

2019 syllabus
P2: Advanced Management Accounting
A: Managing the costs of creating value
B: Capital investment decision making
C: Managing performance of organisational units
D: Risk and control

New:
Digital issues in management accounting
The competency framework reflects our findings on how finance professionals are expected to apply accounting and finance skills within the context of the business/organisations in which they operate.

It also reflects for the first time how technology and a digital mindset will be required to affect and influence their own decisions, actions and behaviours and those of their colleagues within the wider organisation.
Managing costs using costing and cost driver analysis

Capital investment decisions to acquire the capacity to create value

Managing and controlling the performance of organisational units

Risk and control in the medium term

Exam weighting: 20%
Exam weighting: 35%
Exam weighting: 30%
Exam weighting: 15%
Exam blueprint
The P2 exam blueprint

• For the first time, under the updated 2019 CIMA Professional Qualification, CIMA is publishing examination blueprints based on the syllabus which set out in detail what is examinable in each of the nine Objective Tests and three Case Study examinations.

• The blueprints will be published annually, and provide information about the format, structure and weightings of the assessments.

• The blueprints will only be applicable to exams scheduled under the 2019 Professional Qualification.
Key features of the blueprints

• Updated annually
• 3 documents, one per level
• 4 sections
  – Overview
  – Case study exam business simulation
  – Objective test representative tasks
  – Appendices (formulas etc.)

Download Exam Blueprint Here
P2 exam dates

Scheduling of P2 exam under the 2019 PQ will open

P2 exams under the updated Professional Qualification will commence

1 Aug 2019

4 Nov 2019

Link To Timeline
Exam overview

Skill level
- Remembering
- Understanding
- Application
- Analysis

Exam format
- Objective test
- On-demand
- Computerised
- 60 questions
- 90 minutes

CIMA will publish updated objective test pass rates every quarter following the release of pass rates for case study exams.

View Pass Rates
Examination purpose

• The Objective Tests assure that learners have acquired the fundamental knowledge, skills and techniques for the role that will be simulated in the culminating Case Study Examination.

• The Objective Tests will cover all areas of the syllabus and will ensure that learning has taken place across the breadth of the syllabus.

• The Objective Tests at the management level are weighted towards remembering, understanding and application with analysis and evaluation in highly structured scenarios.
“I can” statements

• In the exam blueprint, you will find representative task statements.

• Each statement is a plain English description of what a CIMA finance professional should know and be able to do i.e. “I can…. “

• The content and skill level determine the language and verbs used in the representative task.

• CIMA will test up to the level of the task statement in the objective test (an objective test question on a particular topic could be set at a lower level than the task statement in the blueprint).

• The task statements in the blueprint are representative and are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested on the Examination. It also should be noted that the number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the test.
### A snapshot of the P2 exam blueprint

**P2A: Managing the costs of creating value**

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Remembering and understanding</th>
<th>Application</th>
<th>Analysis</th>
<th>Evaluation</th>
<th>Representative task statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cost management and cost transformation methodology to manage costs and improve profitability</td>
<td>Activity-based management (ABM) methodology</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td>Understand how activity-based management uses activity-based costing (ABC) to drive profitability and customer satisfaction.</td>
</tr>
</tbody>
</table>

The slides below will list some of these representative task statements.
Topic A – Managing the costs of creating value

P2 Advanced Management Accounting
Summary

• Cost management and transformation are priorities for organisations facing intense competition.

• This section examines how to use cost management, quality and process management, and value management to transform the cost structures and drivers to provide organisations with cost advantage.
# P2A: Managing the costs of creating value

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
</table>
| 1. Apply cost management and cost transformation methodology to manage costs and improve profitability | Apply the following to manage costs and improve profitability | • Engendering a cost conscious culture  
• Logic of ABC as the foundation or managing costs  
• ABM to transform efficiency of repetitive overhead activities  
• ABM to analyse and improve customer profitability  
• ABM to analyse and improve channel performance | • One of the reasons for calculating costs is to enable organisation to manage and possibly transform their costs.  
• ABM is a key technique that is used to achieve this objective because of its link to ABC.  
• This revolves around the logic of ABC that links costs to resource consumption and levels of activity and is related to the business model framework.  
• Customer and channel analysis have become very important in the digital world – particularly as customers shift from products and services to experience.  
• How profitable are the segments and channels they use? |
## P2A: Managing the costs of creating value (cont’d)

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
</table>
| 2. Compare and contrast different quality management methodologies | Compare and contrast | • Impact of JIT and Quality Management on efficiency, inventory and costs  
  a. Just-In-Time (JIT)  
  b. Quality Management  
  c. Kaizen  
  d. Process re-engineering | • Quality management is an important part of managing and transforming costs.  
  • What are the key methodologies?  
  • How do they impact the costs of products, services and the channels that are used to deliver them? |
|  |  | • Benefits of JIT and TQM  
  • Kaizen, continuous improvement and cost of quality reporting  
  • Elimination of non-value adding activities and the reduction of costs using process re-engineering | |
| 3. Apply value management techniques to manage costs and improve value creation | Apply the following to manage costs and value creation: | • Determination of target costs from target prices  
  • Components of the value chain  
  • Profitability along the value chain  
  • Life cycle costing and its implication for market strategies | • Cost transformation must always be linked to the value that organisations create.  
  • This part provides the link between costs and value. |
|  | a. Target costing  
  b. Value chain analysis  
  c. Life cycle costing | | |
Example of representative task from exam blueprint

I can analyse activity-based cost methods in tracing costs to ‘cost objects’, such as customers or distribution channels and the comparison of such costs with appropriate revenues to establish ‘tiered’ contribution levels, as in the activity-based cost hierarchy.

I can analyse customer profitability and channel performance using activity based management to identify areas for improvement.

I can analyse the value chain and management of contribution/profit generated throughout the chain.

Download Exam Blueprint Here
Resource list
Cost management systems

Modernising cost management systems in emerging economies
To reach their full potential, small and medium-sized companies in emerging countries must pay special attention to modernising their cost management.

By Anil Kshatriya, ACMA, CGMA
1 December 2017
Performance management, Costing

ACTIVITY-BASED COSTING (ABC)
Activity Based Costing (ABC)

Activity based costing made easy

Overview:

There is nothing difficult or mystical about Activity Based Costing - on the contrary, it is based on simple, common sense concepts and practical methods. It seeks to drive much greater cost understanding across all of an organisation’s operations, enabling management to take smarter decisions driving real business benefits through to the bottom line. Yet many who tried lost focus, introducing impractical complexity along with time and cost, into implementations - making them largely unworkable and unsustainable. This course gets back to the basics of ABC principles and demonstrates how it can be practically adopted with a minimum of pain and fuss.

Take Online Course Here
Cost transformation model

The CGMA cost transformation model is designed to help businesses to achieve and maintain cost competitiveness. It serves as a practical and logical planning and control framework for transforming and managing a business' cost-competitiveness.

The model consists of a set of six co-dependent areas.
Quality management

CIMA Sector Report:
The global manufacturing sector: current issues

Case study on Toyota

Read Quick Facts

Download

Read Case Study and Report
More on quality management

Bob Goodwin, MSc (TQM), CQP, MCQI, takes a look at what businesses need in order to develop a quality culture, and how quality professionals can drive this improvement beyond what is required by ISO standards.
Topic B: Capital investment decision making
Summary

• Organisations have to allocate resources and key strategic initiatives to ensure that their strategies are properly implemented.

• Capital investment decision-making is the primary means by which such resources are allocated between competing needs.

• This section covers the criteria, process and techniques that are used to decide which projects to undertake.

• Of particular interest is the financial appraisal of digital transformation projects.
## P2B: Capital investment decision-making

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Apply the data required for decision making</td>
<td>Apply the following for decision making:</td>
<td>• Incremental cash flows</td>
<td>• The quality of decisions depends on the quality and type of data that is available to decision makers.</td>
</tr>
<tr>
<td></td>
<td>a. Relevant cash flows</td>
<td>• Tax, inflation and other factors</td>
<td>• What type of data do decision makers need for medium term decisions?</td>
</tr>
<tr>
<td></td>
<td>b. Non-financial information</td>
<td>• Perpetuities</td>
<td>• Where do they get this data?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Qualitative issues</td>
<td>• In a digital world this would come from data lakes through to data warehouses and business intelligence systems.</td>
</tr>
</tbody>
</table>
## P2B: Capital investment decision-making (cont’d)

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Explain the steps and pertinent issues in the decision making process</td>
<td>Explain:</td>
<td>• Origination of proposals, creation of capital budgets, go/no go decisions</td>
<td>• What are the steps in the investment decision process for simple as well as complex decisions?</td>
</tr>
<tr>
<td></td>
<td>a. Investment decision making process</td>
<td>• Time value of money</td>
<td>• What key concepts underpin the techniques that are used?</td>
</tr>
<tr>
<td></td>
<td>b. Discounting</td>
<td>• Comparing annuities</td>
<td>• What are the criteria for accepting projects?</td>
</tr>
<tr>
<td></td>
<td>c. Capital investments as real options</td>
<td>• Profitability index for capital rationing</td>
<td>• How is uncertainty dealt with?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decision to make follow on investment, abandon or wait (capex as real options)</td>
<td></td>
</tr>
<tr>
<td>3. Apply investment appraisal techniques to evaluate different projects</td>
<td>Apply the following to evaluate projects:</td>
<td>• Process and calculation</td>
<td>• This part covers a straight-forward application of the techniques used to appraise projects.</td>
</tr>
<tr>
<td></td>
<td>a. Payback</td>
<td>• Strengths and weaknesses</td>
<td>• These should be extended to deal with the evaluation of digital transformation projects which do not have the same profile as other capital projects.</td>
</tr>
<tr>
<td></td>
<td>b. Accounting rate of return</td>
<td>• Appropriate usage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. IRR</td>
<td>• Use in prioritisation of mutually exclusive projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. NPV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example of representative task from exam blueprint

I can analyse the relative strengths and weaknesses of ARR, payback, NPV, IRR, modified IRR (based on a project’s terminal value).

I can use investment appraisal techniques for prioritisation of projects that are mutually exclusive.

I can analyse pricing strategies and the financial consequences of market skimming, premium pricing, penetration pricing, loss leaders product bundling/operational extras and product differentiation to appeal to different market segments.

Download Exam Blueprint Here
Resource list
Data analytics and cost transformation

3 cases were presented by PwC where data analytics enabled companies to reshape their operations and accelerate their business results.

• **Case 1**: Life insurance – Big Data can see tomorrow today

• **Case 2**: Standard Insurance – Data appliance selection

• **Case 3**: Health Insurance – Fraud identification
Data for decision making

- AI's expanding role in financial services
  (Case study: Isbank)
  April 2019

- Making faster decisions with AI
  (Case study: Apex Parks Group)
  February 2019

- 4 best ways to use advanced analytics
  (Best Practices)
  August 2017

- Enhancing Performance Management
  2017
  Financial Executives Research Foundation

Read

Read Summary

Read Research
Relevant cash flows

Smoothing capital expenditure in Excel
This spreadsheet technique accommodates cyclical, multyear capital spending, allowing for an accurate year-to-year calculation of cash flows.

By Liam Bastick, FCMA, CGMA
14 May 2019

Technology and analytics, Excel, Performance management

Calculating pre-tax cost of equity in Excel
This spreadsheet technique could prove helpful when determining the value of an asset.

By Liam Bastick, FCMA, CGMA
16 April 2019

Technology and analytics, Excel
Evaluating digital transformation projects

8 questions to evaluate the resiliency of a digital transformation program

CIO | 2018

7 secrets for getting digital transformation right

CIO | 2017

This report present a selection of thinking on how companies can carry out successful digital reinventions.

Read

Read

Read
Investment appraisal and decision making

Investment appraisal (part one)
CIMA 2015

Using big data to reduce uncertainty in decision making
CIMA December 2015

CONTENTS
1. Introduction
2. Dimensional analysis
3. Real-world analytics – case studies
4. Challenges in working with data
5. Implications for management accountants
6. Business Analytics – Lessons learned
7. Conclusion
8. References

Read
Read
Read
Topic C: Managing and controlling the performance of organisational units
Summary

• The structure and strategies of organisations should align with each other to ensure effective strategy implementation.

• Responsibility centres are the organisational units that are allocated resources and charged with implementing organisational strategy.

• This section shows how to manage the performance of these organisational units to ensure that they achieve the strategic and other organisational objectives.

• Key concepts, techniques and issues are explored and examined.
P2C: Managing and controlling the performance of organisational units

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
</table>
| 1. Analyse the performance of responsibility centres and prepare reports | a. Analyse performance of cost centres, revenue centres, profit centres, and investment centres | • Objectives of each responsibility centre  
• Controllable and uncontrollable costs and revenue  
• Costs variability, attributable costs and revenue and identification of appropriate measures of performance  
• Use of data analytics in performance management of responsibility centres | • What are responsibility centres and how should they be matched to the strategy of organisations?  
• What are the KPIs of each type of responsibility centre, how are their performance evaluated and why?  
• What types of reports are prepared for responsibility centre managers?  
• How do they use analytics, visualisation and self-service technologies to enhance the performance management of responsibility centres? |
| | b. Prepare reports for decision making | | |
| 2. Discuss various approaches to the performance and control of organisations | a. Discuss budgets and performance evaluation | • Key performance indicators e.g. profitability, liquidity, asset turnover, return on investment, economic value  
• Benchmarking (internal and external)  
• Non-financial performance indicators  
• Balanced scorecard | • How are budgets used to evaluate the performance of responsibility centres?  
• What is best practice in this area?  
• How are other methodologies like the balanced scorecard useful in managing performance? |
| | b. Discuss other approaches to performance evaluation | | |
P2C: Managing and controlling the performance of organisational units (cont’d)

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Explain the behavioural and transfer pricing issues related to the management of responsibility centres</td>
<td>Explain a. Behavioural issues b. Use and ethics of transfer pricing</td>
<td>• Internal competition • Internal trading • Transfer pricing for intermediate goods where markets exist and where no markets exist • Types of transfer prices and when to use them • Effect of transfer pricing on autonomy, and motivation of managers of responsibility centre • Effect of transfer pricing on responsibility centre and group profitability</td>
<td>• What are the behavioural issues in responsibility centre performance management – in particular as they affect controllable and non-controllable costs and revenue? • How should they be managed so that responsibility centres work effectively with each other to maximise performance of the whole organisation rather than each responsibility centre? • What role can transfer pricing play in this area?</td>
</tr>
</tbody>
</table>
Example of representative task from exam blueprint

I can analyse responsibility centres and responsibility accounting and the relationship to an organisation’s strategy (e.g., cost, revenue, profit and investment centres).

I can analyse key KPIs for each type of responsibility centre.

I can analyse the effects of transfer pricing on divisional and group profitability.

Download Exam Blueprint Here
Resource list
Streamlining the budget process

Myriam Madden, FCMA, CGMA, describes how she created a leaner and more effective budgeting process at Historic Scotland.

She realised that the twice-a-year re-budgeting exercise was counterproductive, so she looked to make more targeted changes.

Watch Video
Financial planning and analysis

By 2020, at least 25% of large enterprises will increase planning accuracy by integrating operational planning and FP&A efforts, according to research by consultant Gartner in its report *The Future of Financial Planning and Analysis.*
Case study – Apex Parks Group

Like many midsize, privately owned businesses, Apex Parks Group, which owns 16 amusement and water parks and family entertainment centres across the US, generates an abundance of financial and operational data that readily tell how the company is doing. What's more difficult to figure out is why the company is performing the way it is.

Read Case Study
Classroom business game

Situated on the French Riviera, ‘Paradise Park’ is one of Europe’s biggest Theme Parks. As a Management Accountant, you have been appointed to the park’s decision making panel to agree the design and build of a new ride. The new ride could be anything you like, but you must agree with your colleagues on what the new ride will be and come up with an initial design on the flip-chart provided.
Transfer pricing strategies

Why multi-national transfer pricing is debilitating Australian business

Business Acumen Magazine
2017

Featured cases:
• AMEX
• Uber

Avoiding a transfer-pricing audit: 3 best practices for multinationals

Tax Insider
2018

Figuring out transfer pricing: How to set terms of negotiation between departments

Journal of Accountancy
2017
More on transfer pricing strategies

OECD proposes to allow hindsight in evaluating transfer pricing of intangibles
2017

Create value through smarter pricing in a competitive interest rate environment
McKinsey 2016

Who should pay for support functions?
McKinsey 2017

Taxpayer Succeeds in Landmark Transfer Pricing Appeal
Baker McKenzie 2019
Topic D: Risk and control

P2 Advanced Management Accounting
Summary

• Risk is inherent in the operations of all organisations.

• This section analyses risks and uncertainties that organisations face in the medium term.

• The risks are mainly operational in nature.
## P2D: Risk and control

<table>
<thead>
<tr>
<th>Lead outcome</th>
<th>Component outcome</th>
<th>Topics to be covered</th>
<th>Explanatory notes</th>
</tr>
</thead>
</table>
| 1. Analyse risk and uncertainty associated with medium term decision making | Conduct | • Quantification of risk  
  a. Sensitivity analysis  
  b. Analysis of risk | • What risks do organisations face in relation to capital investment decision making and the implementation of those decisions?  
  • How are those risks incorporated in the decision making process and managed in the implementation of the decisions? |
| 2. Analyse types of risk in the medium term | a. Analyse types of risk  
  b. Manage risk | • Upside and downside risks  
  • TARA framework – transfer, avoid, reduce, accept  
  • Business risks  
  • Use of information systems and data in managing risks | |

**Topics to be covered**

- Conduct:
  - Sensitivity analysis
  - Analysis of risk
- Quantification of risk:
  - Use of probabilistic models to interpret distribution of project outcomes
  - Stress testing of projects
  - Decision trees
  - Decision making under uncertainty

**Explanatory notes**

- Conduct:
  - What risks do organisations face in relation to capital investment decision making and the implementation of those decisions?
  - How are those risks incorporated in the decision making process and managed in the implementation of the decisions?
Example of representative task from exam blueprint

I can use sensitivity analysis, expected values, standard deviations and probability tables to quantify and analyse risk.

I can use probabilistic models and interpretations of distribution of project outcomes for risk quantification.

I can determine the costs and benefits associated with investing in information systems and big data.

Download Exam Blueprint Here
Resource list
Stress testing

Stress-Test Your Strategy: The 7 Questions to Ask
Harvard Business Review
2010

Read Report

McKinsey&Company

Stress testing for nonfinancial companies
Assessing a company’s vulnerability to risk makes otherwise theoretical discussions of strategy more real.

Read Report

Read Report
Risk management in a digital era

Being a smarter risk taker through digital transformation
2019 Risk in Review Study

The benefits of a digitally fit risk function
Risk functions that are up to speed with organisations’ digital initiatives are better able to manage risks in a transformative time.

By Neil Amato
27 March 2019

Governance and risk, Risk management

How to mix innovation and risk management

By Neil Amato
12 April 2018

Governance and risk, Risk management, Strategy and innovation
Risk management

View Infographic

Uniting risk management with strategic planning
Risk management professionals must convince decision-makers to take action, particularly when the added value is intangible. Here’s how.

By Mike Skorupski, CPA, CGMA
1 August 2018

Governance and risk, Risk management, Strategy and Innovation

Read Article
Expanding the risk management landscape

Finance professionals will need to broaden their horizons as global risks become increasingly connected.

By Drew Adamek
5 April 2019

Governance and risk, Risk management
Enterprise Risk Management

The 2017 report summarises insights from 586 executives in organisations across the world and provides insights on the current state of enterprise-wide risk oversight, including identified similarities and differences in four global regions.

The 2019 report provides detailed insights about the maturity of various organisation’s current state of ERM practices based on survey responses from 445 business executives.
Risks

Re-thinking 'risk' from digital disruption
Business Acumen Magazine 2018

CSIRO app gives farmers ‘grain’ of truth
Business Acumen Magazine 2018

The future of intangible asset risk transfer is here
Strategic Risk Asia May 2019

Risk Culture
How To Get It Right

Read

Read

Read

Read Research
Quizzes and business games
Short term decision making

Quiz: Business analytics and decision-making
By James Hester
6 March 2018

Technology and analytics

Take Quiz Here
Classroom business game

A proposal has been prepared for the Kadgee Board to review for survival long-term and become more successful financially by undergoing transformational change. However, in order to allow the Kadgee Board time to agree on what direction it should take, you will need to make suggestions on short term measures to cut costs before presenting these to the board (your fellow students and academic staff).
Additional classroom business games

- Paradise Park  
- X-Max Systems  
- Aedis Homes
Contact:

Academic.Partners@aicpa-cima.com
Karen.Phang@aicpa-cima.com

Email Now
Thank you