CIMA

Certificate in Business Accounting

2017 Syllabus

Foreword

Better skills. Better business.

I am delighted to introduce the revised Certificate in Business Accounting to all our stakeholders.

In 2015, we introduced our revised Professional Qualification. This competency-based syllabus ensures CGMA candidates and members have the skills and competencies employers require in business today. The Certificate in Business Accounting continues this theme, elevating people and businesses to success by developing skills and unlocking talent.

The Certificate in Business Accounting offers an entry route to the Professional Qualification, and has direct links to the three learning pillars on which the 2015 Professional syllabus is based. Additionally, the Certificate in Business Accounting can be completed as a stand-alone qualification, giving candidates a recognised certification in the fundamentals of accounting, economics, ethics, corporate governance and law.

The updated content and weightings reflect the emerging issues that business and financial communities are increasingly facing. They also include a greater emphasis on professionalism, information and decision-making, an introduction to integrated reporting and the need for increased ethical awareness and corporate governance.

The Certificate in Business Accounting will continue to be examined via computer-based assessment, using a range of objective test questions.

I commend the updated Certificate in Business Accounting to you.

Noel Tagoe, Ph.D., FCMA, CGMA
Executive Director, CIMA Education

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The Certificate in Business Accounting elevates people and businesses to success by developing skills and unlocking talent in business.

COMPETENCY LEARNING FRAMEWORK

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

SYLLABUS

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

LEARNING

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

EXAMINATIONS

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

The Certificate in Business Accounting

The revised Certificate in Business Accounting has two purposes: to serve as an entry route to the Professional Qualification; and to provide a stand-alone qualification for those who require a foundation in the essential elements of accounting and business.

The qualification has been revised with closer linking to the three learning pillars of the Professional Qualification – Enterprise, Performance and Financial. A fourth subject, Fundamentals of Ethics, Corporate Governance and Business Law underpins both the Certificate in Business Accounting and CIMA's entire Qualification Framework. The content has been updated following feedback from employers, educators and other key stakeholders, with some topics new or introduced for the first time at the Certificate level.

Topics previously covered in a separate Business Mathematics subject have been integrated into the relevant subjects, where they will be studied in context.

Eligibility for the qualification

The Certificate in Business Accounting does not require formal entry qualifications. As such it provides open access to a stand-alone business and accounting qualification and a springboard to the Professional Qualification for those without a relevant degree or other accounting qualification. Candidates are expected to have a good level of mathematics and English language to successfully gain the qualification. To complete the Certificate in Business Accounting, an applicant must:

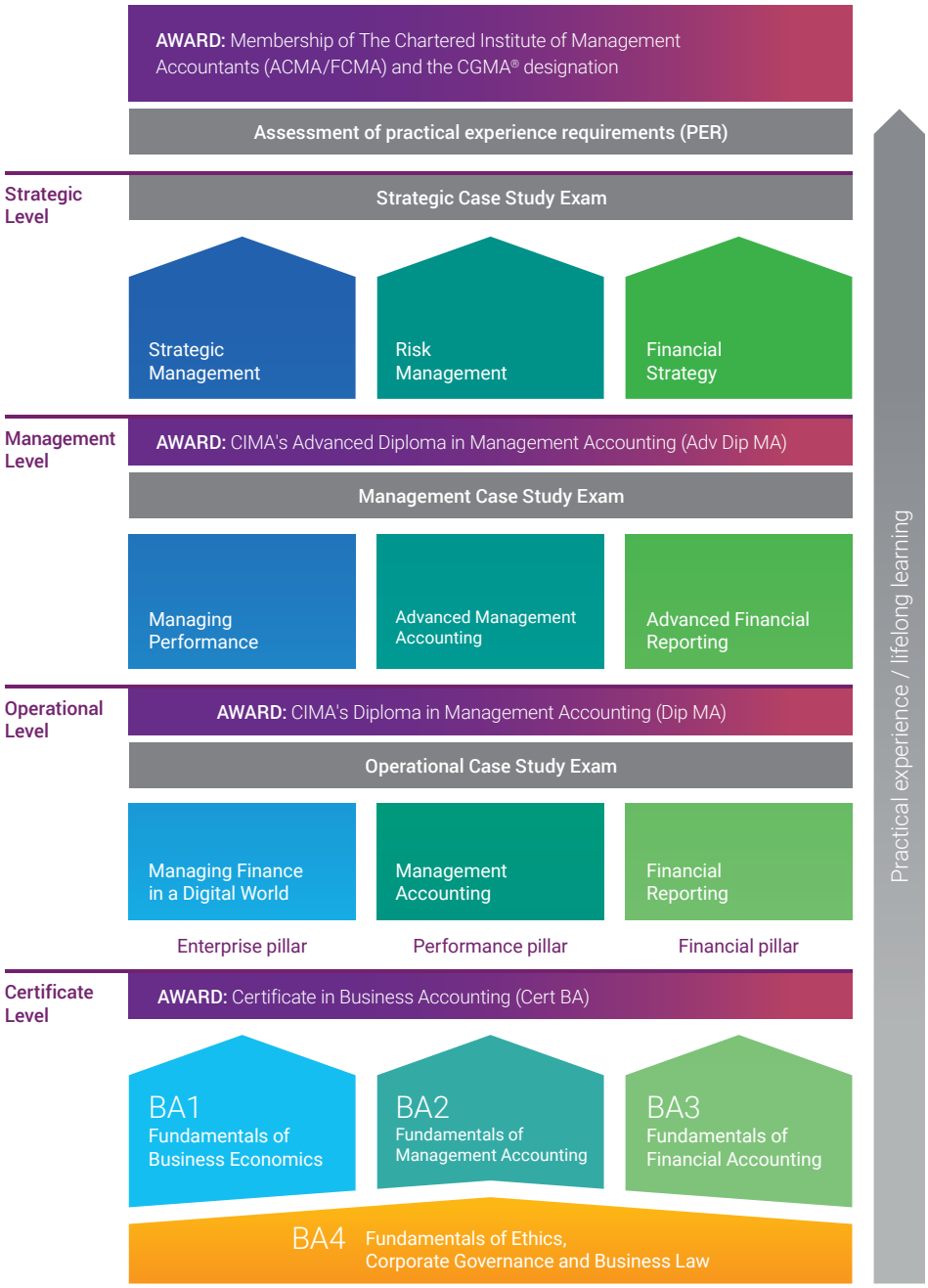
- register as a candidate with CIMA®;
- study for, sit and pass four computer-based assessments, as defined within the syllabus.

Where an applicant holds a prior relevant qualification, they may be able to apply for an exemption from one or more of the four examinations. For more information please visit: cimaglobal.com/study-with-us/exemptions.

The Certificate In Business Accounting

The Qualification Framework

The diagram below shows the CGMA Qualification Framework. This includes: the Certificate in Business Accounting; the Professional Qualification; Assessment of Practical Experience and Continuing Professional Development (CPD) in the form of lifelong learning.



The CGMA Competency Framework

Expensive research with employers, members, candidates and wider finance community to discover the skills and competencies finance professionals require, allowed us to further develop the CGMA Competency Framework. By embedding the Framework in the CGMA Professional Qualification, candidates can demonstrate the knowledge, skills, competencies and mindsets that employers seek. The CGMA Competency Framework can also be linked to the Certificate in Business Accounting, where the initial skills and competencies can be developed to meet employers' needs and the candidate's career aspirations for the future.

The framework is composed of knowledge areas, and each of these includes a series of competencies that are defined at four proficiency levels: Foundational, Intermediate, Advanced and Expert. Each competency prescribes a series of skill sets to assist in the candidate's Professional Development.

Knowledge areas: The five different but interdependent areas defined by the research as essential to the finance professional.

Technical skills

Financial accounting and reporting, Cost accounting and management, Business planning, Management reporting and analysis, Corporate finance and treasury management, Risk management and internal control, Accounting information systems, Tax strategy, planning and compliance

Business skills

Strategy, Business models, Market and regulatory environment, Process management, Business relations, Business ecosystems management, Project management, Macroeconomic analysis

People skills

Influence ,Negotiation and decision-making, Communication, Collaboration and partnering

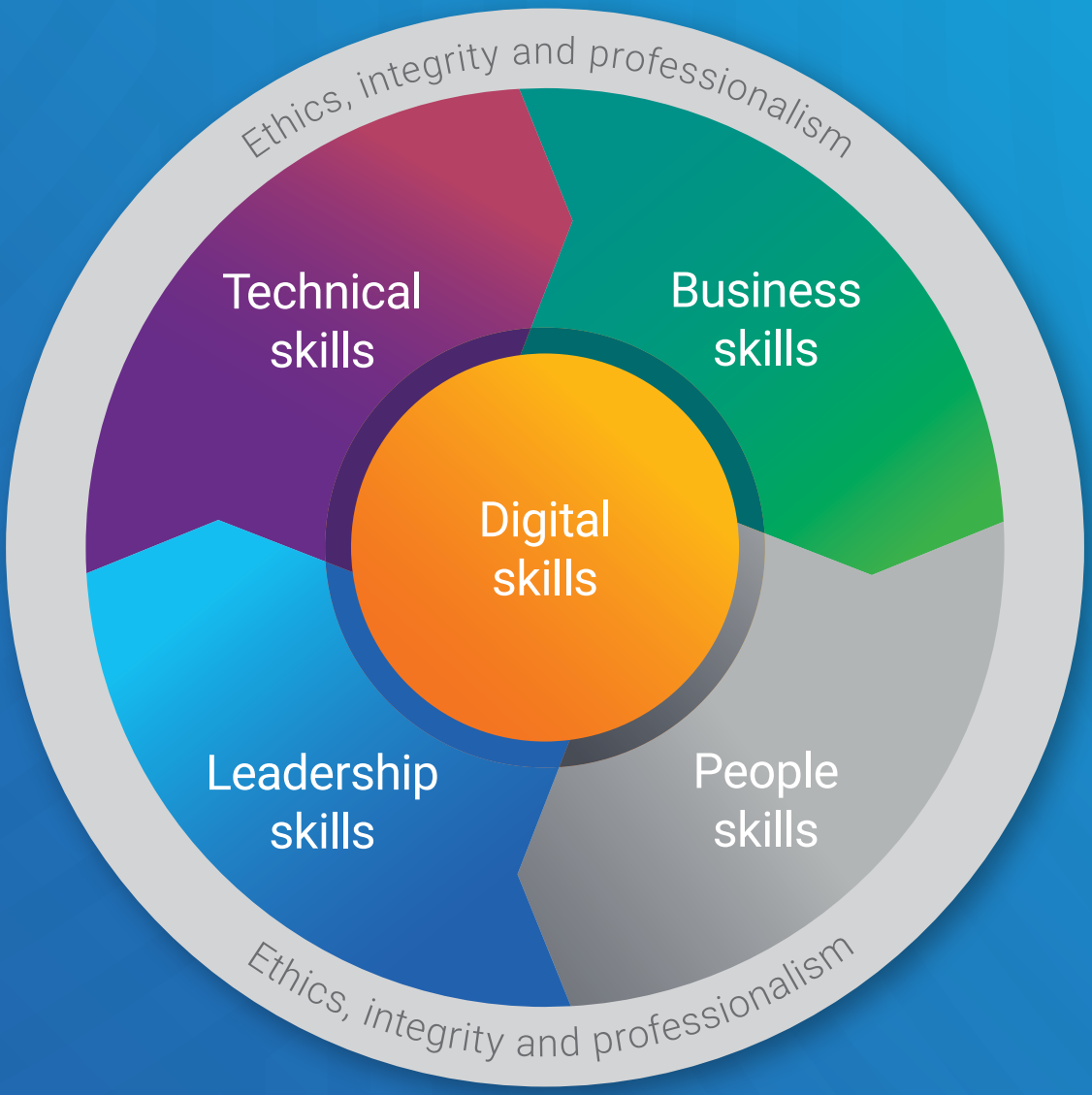
Leadership

Team building , Coaching and mentoring, Driving performance, Motivating and inspiring, Change management

Digital skills

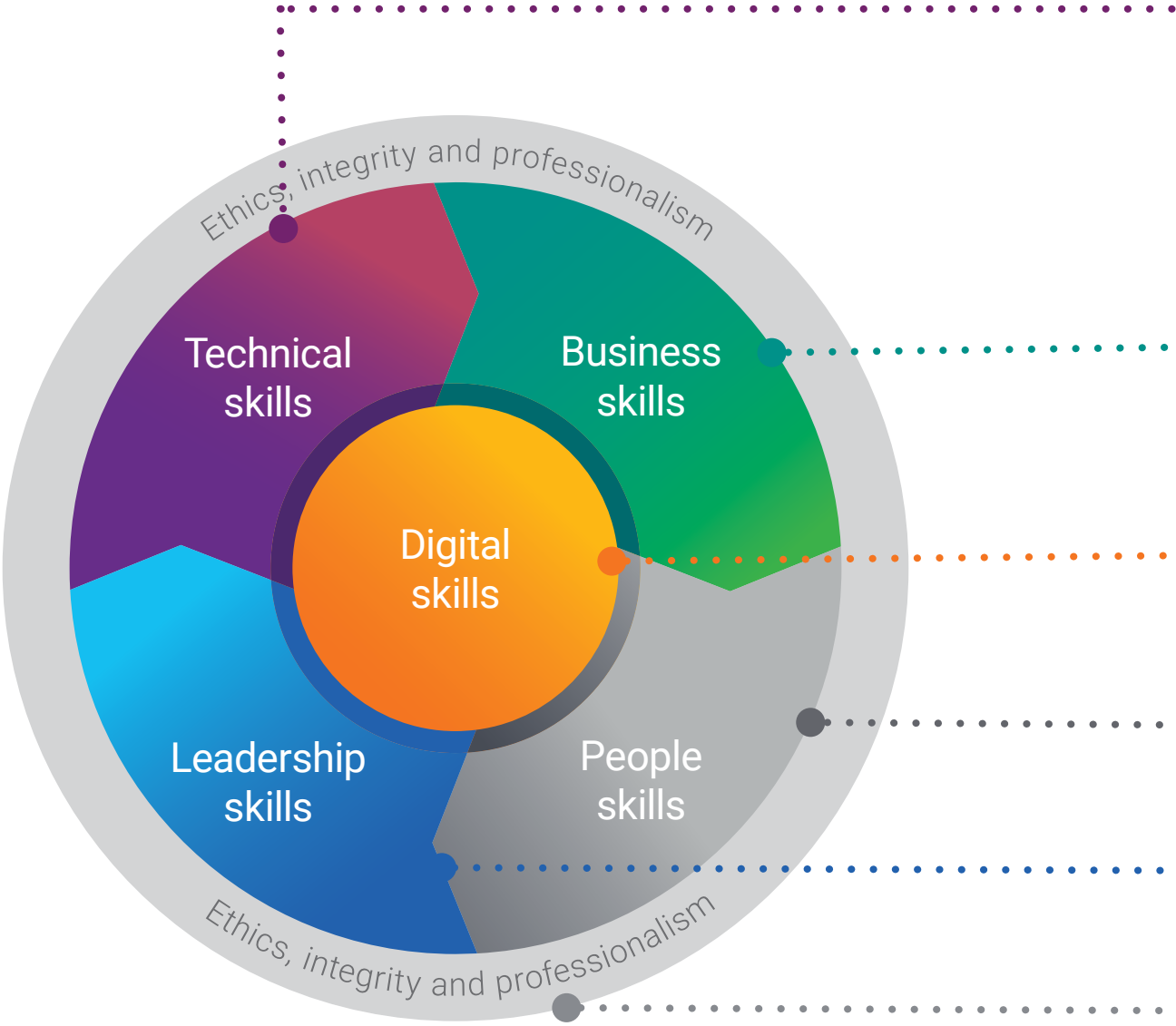
Information and digital literacy, Digital content creation, Problem-solving, Data strategy and planning, Data analytics, Data visualisation.

All these are underpinned by **Ethics**, **Integrity** and **Professionalism**.


Ethics, integrity and professionalism
Technical skills
Business skills
Digital skills
Leadership skills
People skills
Ethics, integrity and professionalism

Linking the Certificate in Business Accounting to the CGMA Competency Framework

Whilst the focus on the certificate level is on delivering the necessary technical and business skills, candidates are also introduced to the people and leadership skills, which will be further developed in the Professional Qualification. Find out more about the CGMA competency framework here.



The syllabus provides an introduction to business structures, operations and finanancial performance. This includes foundational-level financial and management accounting. It enables the collection, storing and analysis of information to be shared with various stakeholders. The formats include both external and internal reports.

Financial Accounting and Reporting
BA3 A | BA3 B | BA3 C

Cost Accounting and Management
BA1 C | BA2 B | BA2 C

Business Planning
BA2 D

Management and Reporting Analysis
BA1 D | BA2 C | BA2 D | BA3 D

Accounting Information Systems
BA2 C

Tax Accounting
BA3 B

The syllabus provides an introduction to external and internal factors that may affect the organisation; the various interests and profiles of key stakeholders; and the legal context in which organisations operate.

Market and Regulatory Environment
BA1 A | BA1 B | BA1 D

Business Relations
BA1 B | BA4 C

Macroeconomic Analysis
BA1 A

Digital skills are essential for finance professionals, from basic digital literacy through to a deeper expertise in cloud computing, cyber security and data analytics. As well as being a standalone knowledge area, digital skills permeate throughout the other knowledge areas in the Professional Qualification as well as referenced in the Certificate in Business Accounting .

Communication
The syllabus provides an introduction to the ability of translating and conveying financial and non-financial information effectively within the organisation.

Negotiation and decision-making
BA4 A

Driving Performance
The syllabus provides an introduction to understanding the performance management process.

The CGMA Competency Framework is underpinned by **ethics, integrity and professionalism**. This is explicitly covered in BA4, where candidates cover business ethics and ethical dilemmas, the CIMA Code of Ethics, corporate governance and corporate social responsibility; and is inferred when the principles and regulatory standards covering management and financial accounting are covered in BA2 and BA3.

Progression through the Certificate Qualification

The four subject examinations may be taken in any order and in any combination, meaning they can be studied either sequentially or concurrently. All examinations are sat by computer-based assessment at Pearson VUE test centres. Candidates may sit the examinations at any time of year, and will receive a permanent credit for any subject in which they achieve a pass. Candidates aiming to progress to the Professional qualification must fully complete the Certificate prior to sitting any Professional assessments.

On successful completion of the four subject examinations, candidates are awarded the Certificate in Business Accounting.

Syllabus guidance

Aims of the syllabus

The aims of the syllabus for the Certificate in Business Accounting are to:

- complement CGMA's work-based objectives for practical experience and skills development;
- enable candidates to acquire an appropriate level of knowledge, understanding and mastery of the skills and competencies required at this level.

Structure of subjects and learning outcomes

Each subject within the syllabus is divided into four broad syllabus topic areas containing one or more lead learning outcomes, related component learning outcomes and indicative syllabus content.

Each lead learning outcome:

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

Learning objectives and verbs hierarchy

The learning outcomes are part of a hierarchy of learning objectives. The verbs used within the learning outcome relate to a specific learning objective, as in the following example:

- 'Calculate variances for materials, labour, variable overheads, sales prices and sales volume.'
- The verb 'calculate' indicates a Level-3 learning objective. The following table lists the learning objectives and the verbs that appear in the syllabus learning outcomes

Learning objectives and verbs hierarchy

Level		Verbs used	Definition
3	Learning objective **Application** How you are expected to apply your knowledge	**Apply**	Put to practical use
		Calculate	Ascertain or reckon mathematically
		Demonstrate	Exhibit by practical means
		Prepare	Make or get ready for use
		Reconcile	Make or prove consistent/compatible
		Solve	Find an answer to prove with certainty
		Tabulate	Arrange in a table
2	Learning objective **Comprehension** What you are expected to understand	**Describe**	Communicate the key features of
		Distinguish	Highlight the differences between
		Explain	Make clear or intelligible/state the meaning or purpose of
		Identify	Recognise, establish or select after consideration
		Illustrate	Use an example to describe or explain something
1	Learning objective **Knowledge** What you are expected to know	**List**	Make a list of
		State	Express, fully or clearly, the details/facts of
		Define	Give the exact meaning of

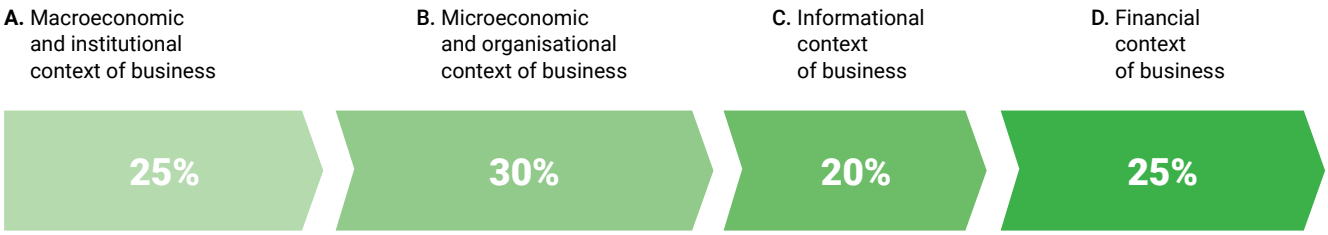
Note: the hierarchy of learning objectives used by CIMA within certain qualifications has two levels higher than shown above: Level 4 – ANALYSIS; and Level 5 – EVALUATION. The verbs used at the beginning of learning outcomes for subjects in the Certificate in Business Accounting are all at Levels 1 to 3. Verbs at Levels 4 and 5 are not used in this qualification.

Syllabus weightings

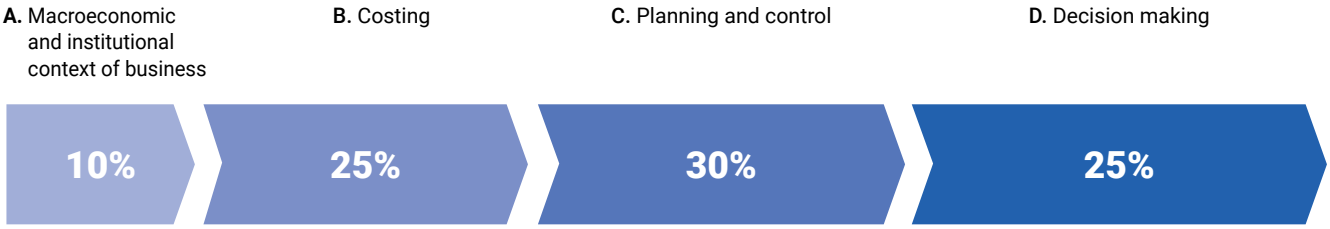
Within a syllabus subject, a percentage weighting is shown against each topic. It is important to study all areas, as all syllabus topics will be examined.

Summary of the syllabus

BA1
Fundamentals of Business Economics

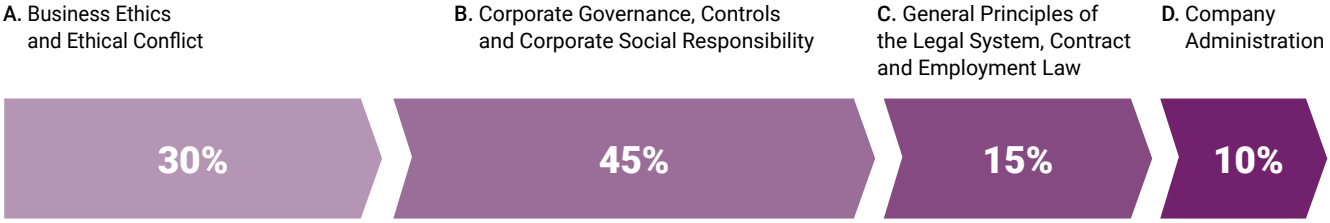


BA2
Fundamentals of Management Accounting



BA3
Fundamentals of Financial Accounting

BA4
Fundamentals of Ethics, Corporate Governance and Business Law



Syllabus routes and assessments

As stated previously, the Certificate in Business Accounting examinations are sat using computer-based assessment. The number, sequence and grouping of the subjects studied are completely flexible. Candidates may choose any combination of subjects to fit with their chosen method of study, work and personal commitments.

Exam information

Exams	Availability	Type of assessment	Length of assessment
Objective tests			
BA1 BA2 BA3 BA4	On-demand (Year round)	Computerised objective tests	2 hours

Examination notices

Candidates should regularly visit The CGMA Study Hub, *Financial Management (FM)* magazine and the e-newsletter, Velocity, for up-to-date exam information.

Mathematical tables and formulae

Relevant mathematical tables and formulae will be provided for use during the appropriate assessments. They are also available on the CGMA Study Hub.

Structure of the CIMA assessments

The Certificate in Business Accounting will be assessed by four objective tests, one for each of the four subjects. The objective tests will ensure that the learning outcomes tested will demonstrate knowledge, skill and abilities with a focus on practical application relevant to employers and businesses today.

The objective tests will test levels one, two and three of the hierarchy of learning objectives. Candidates can expect to be tested on knowledge, comprehension and application. Short scenarios may be given to which one or more questions will relate.

The results will be available shortly after sitting an objective test, and will provide candidates with specific feedback. Where a candidate has not passed, this feedback will provide information to help guide them in revising, prior to re-sitting.

Candidates must have completed all four objective tests to achieve the Certificate in Business Accounting.

Test centres – pearson vue

CIMA is working in partnership with Pearson VUE, who have over 20 years of experience in offering electronic testing and run computer based assessments for all levels of CIMA qualifications. There are over 5,000 Pearson VUE test centres in 178 countries. Locations of Pearson VUE test centres can be found on the website.

BA1

Fundamentals of Business Economics

Syllabus overview

This subject primarily covers the economic and operating context of business and how the factors of competition, the behaviour of financial markets and government economic policy can influence an organisation. It also deals with the information available to assist management in evaluating and forecasting the behaviour of consumers, markets and the economy in general.

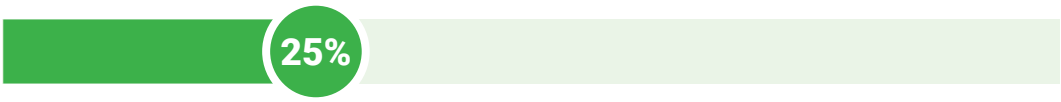
The focus of this syllabus is on providing candidates with an understanding of the areas of economic activity relevant to an organisation's decisions and, within this context, the numerical techniques to support such decisions.

Assessment strategy

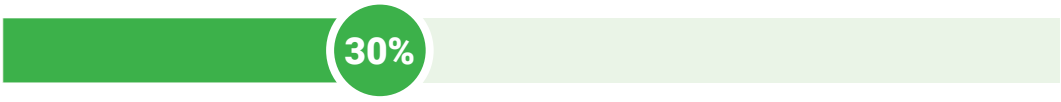
There will be a two-hour, computer-based assessment, comprising 60 compulsory objective test questions.

Syllabus structure

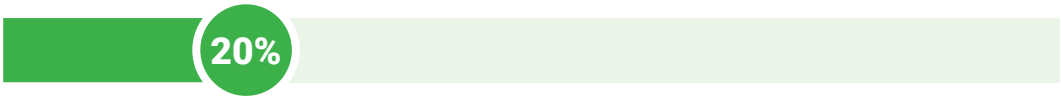
The syllabus comprises the following topics and weightings:



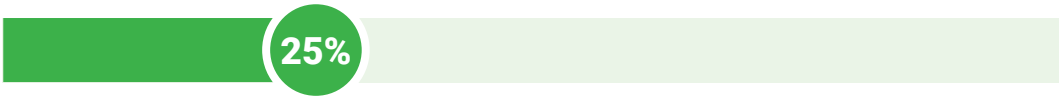
A. Macroeconomic and Institutional Context of Business



B. Microeconomic and Organisational Context of Business



C. Informational Context of Business



D. Financial Context of Business

Learning outcomes and indicative syllabus content

BA1 – A. Macroeconomic and institutional context of business. (25%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the principal factors that affect the level of a country's national income and the impact of changing economic growth rates and prices on business.	(a) Explain determination of macroeconomic phenomena, including equilibrium national income, growth in national income, price inflation, unemployment, and trade deficits and surpluses.	2	• The causes of changes to the equilibrium level of national income using an aggregate demand and supply analysis and the elements in the circular flow of income
	(b) Explain the stages of the trade cycle and the consequences of each stage for the policy choices of government.	2	• The trade cycle and the implications for unemployment, inflation and trade balance of each stage and government policy for each stage
	(c) Explain the main principles of public finance (i.e., deficit financing, forms of taxation) and macroeconomic policy.	2	• The main principles of public finance: the central government budget and forms of direct and indirect taxation
	(d) Describe the impacts on business of potential policy responses of government, to each stage of the trade cycle.	2	• The effects on business of changes in the economic growth rate, interest rates, government expenditure and taxation
	(e) Calculate indices for price inflation and national income growth using either base or current weights and use indices to deflate a series.	3	• Index numbers

Lead	Component	Level	Indicative syllabus content
2. Explain the factors affecting the trade of a country with the rest of the World and its impact on business.	(a) Explain the concept of the balance of payments and its implications for government policy.	2	• The causes and effects of fundamental imbalances in the balance of payments
	(b) Identify the main elements of national policy with respect to trade.	2	• Policies to encourage free trade and protectionist instruments
	(c) Explain the impacts of exchange rate policies on business.	2	• The effect of changing exchange rates on the profits of business and international competitiveness
3. Explain the influences on economic development of countries and the effects of globalisation on business.	(a) Explain the concept of globalisation and the consequences for businesses and national economies.	2	• Nature of globalisation and factors driving it (improved communications, political realignments, growth of global industries and institutions, cost differentials) • Impacts of globalisation on business including off-shoring, industrial relocation, emergence of growth markets, and enhanced competition
	(b) Explain the role of major institutions promoting global trade and development.	2	• Main trade agreements and trading blocks. • Principal institutions encouraging international trade
	(c) Identify the impacts of economic and institutional factors using the PESTEL framework.	2	• The PESTEL framework (Political, Economic, Social, Technological, Environmental/Ecological, Legal)

BA1 – B. Microeconomic and organisational context of business (30%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Distinguish between the economic goals of various stakeholders and organisations.	(a) Distinguish between the goals of profit seeking organisations, not-for-profit organisations and governmental organisations.	2	• Types of public, private and mutually owned organisations and their objectives • Types of not-for-profit organisations and their objectives
	(b) Explain shareholder wealth, the variables affecting shareholder wealth, and its application in management decision-making.	2	• Concepts of returns to shareholder investment in the short run and long run (and the cost of capital)
	(c) Distinguish between the potential objectives of management, shareholders, and other stakeholders and the effects of these on the behaviour of the firm.	2	• The principal-agent problem, its impact on the decisions of organisations.
2. Demonstrate the determination of prices by market forces and the impact of price changes on revenue from sales.	(a) Identify the equilibrium price in product or factor markets.	2	• The price mechanism: determinants of supply and demand and their interaction to form and change equilibrium price
	(b) Calculate the price elasticity of demand and the price elasticity of supply.	3	• The price elasticity of demand and supply
	(c) Explain the determinants of the price elasticities of demand and supply.	2	• Influences on the price elasticities of demand and supply
	(d) Calculate the effects of price elasticity of demand on a firm's total revenue curve.	3	• Consequences of different price elasticities of demand for total revenue
3. Explain the influence of economic and social considerations on the structure of the organisation and the regulation of markets.	(a) Identify the influence of costs on the size and structure of the organisation.	2	• Sources of internal and external economies of scale and their influence on market concentration
	(b) Explain the sources of market failures and the policies available to deal with them.	2	• Impacts of changing transactions costs on the decision to outsource aspects of a business (including network organisations, shared service centres, and flexible staffing) • Positive and negative externalities in goods markets and government responses to them including indirect taxes, subsidies, polluter pays policies, regulation and direct provision • Impact of minimum price (minimum wages) and maximum price policies in goods and factor markets

BA1 – C. Informational context of business (20%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Apply techniques to communicate business data as information to business stakeholders.	(a) Explain the difference between data and information and the characteristics of good information.	2	• Data and information
	(b) Identify relevant data from graphs, charts and diagrams.	2	• Graphs, charts and diagrams: scatter diagrams, histograms, bar charts and ogives
2. Demonstrate the uses of big data and analytics for understanding the business context.	(a) Describe the principal business applications of big data and analytics.	3	• Use of big data and analytics to identify customer value, customer behaviour, cost behaviour and to assist with logistics decisions
	(b) Demonstrate the relationship between data variables.	3	• Cross-sectional and time-series analysis • The correlation coefficient and the coefficient of determination between two variables • Correlation coefficient: Spearman's rank correlation coefficient and Pearson's correlation coefficien.
	(c) Demonstrate trends and patterns using an appropriate technique.	3	• Time series analysis – graphical analysis • Seasonal factors for both additive and multiplicative models • Predicted values given a time series model • Seasonal variations using both additive and multiplicative models
	(d) Prepare a trend equation using either graphical means or regression analysis.	3	• Trends in time series – graphs, moving averages and linear regressions • The regression equation to predict the dependent variable, given a value of the independent variable
	(e) Identify the limitations of forecasting models.	2	• Forecasting and its limitations

BA1 – D. The financial context of business (25%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the functions of the main financial markets and institutions in facilitating commerce and development.	(a) Explain the role of various financial assets, markets and institutions in assisting organisations to manage their liquidity position and to provide an economic return to providers of liquidity.	2	• Role and functions of financial intermediaries • Role of financial assets, markets and institutions in helping institutions regulate their liquidity position
	(b) Explain the role of commercial banks in the process of credit creation and in determining the structure of interest rates and the roles of the 'central bank' in ensuring liquidity.	2	• Role and influence of commercial banks in credit creation • Role and common functions of central banks including their influence on yield rates and policies of quantitative easing
	(c) Explain the role of the foreign exchange market in facilitating trade and in setting exchange rates.	2	• Role of foreign exchange markets in facilitating international trade and in determining the exchange rate • Governmental and international policies on exchange rates (exchange rate management, fixed and floating rate systems, single currency zones.
2. Apply financial mathematical techniques in a business decision-making context.	(a) Calculate future values of an investment using both simple and compound interest.	3	• Simple and compound interest. • Calculate an annual percentage rate of interest given a monthly or quarterly rate
	(b) Calculate the present value of a future cash sum, an annuity and a perpetuity.	3	• Annuities and perpetuities. • Discounting to find net present value (NPV) and internal rate of return (IRR)

Lead	Component	Level	Indicative syllabus content
3. Demonstrate the impact of changes in interest and exchange rates on controlling and measuring business performance.	(a) Describe the impact of interest rate changes on market demand and the costs of finance.	2	• The impact of interest rates on discretionary spending, borrowing, saving, capital investment, and government borrowing and expenditure
	(b) Calculate the impact of exchange rate changes on export and import prices and the value of the assets and liabilities of the business.	3	• The impact of a change in the exchange rate on assets and liabilities denominated in a foreign currency • The effect changing exchange rates has on measures of the economic performance of the business (costs, revenues, profits and asset values)
	(c) Explain the role of hedging and derivative contracts in managing the impact of changes in interest and exchange rates.	2	• Forward contracts, futures and options as ways to manage the impact of changes

BA2

Fundamentals of Management Accounting

Syllabus overview

This subject deals with the fundamental knowledge and techniques that underpin management accounting. It identifies the position of the management accountant within organisations and the role of CIMA. The subject portrays the role of management accounting in the contexts of commercial and public sector bodies and its wider role in society.

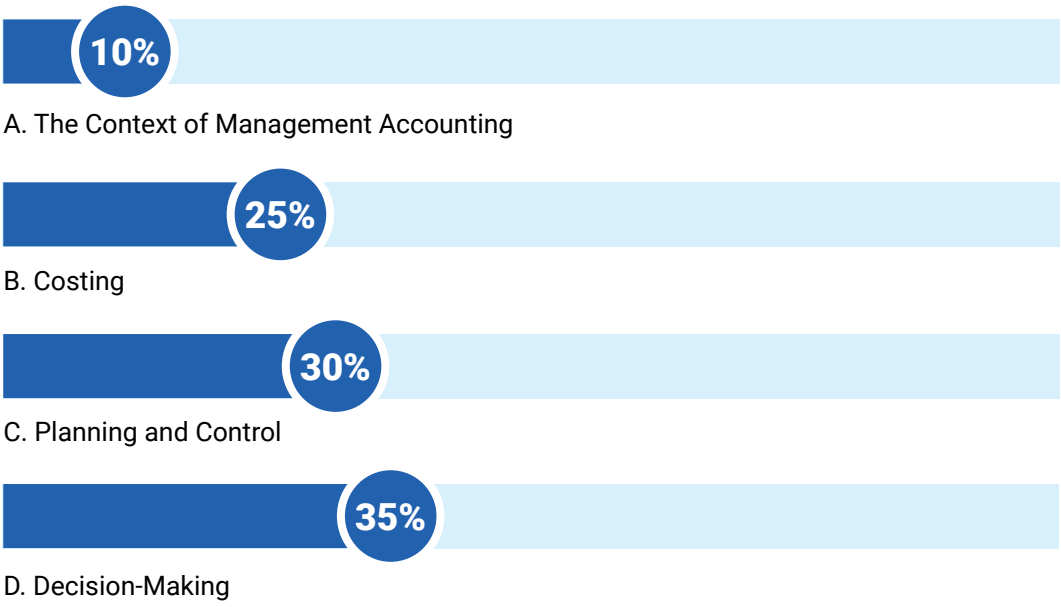
The identification and classification of costs and their behaviour provides the basis for understanding and applying the tools and techniques needed to plan, control and make decisions. Budgetary control requires the setting of targets and standards which then allow the performance of organisations to be reported and analysed by the calculation of variances. Investment appraisal, break-even analysis and profit maximisation are used to inform both long and short-term decision-making.

Assessment strategy

There will be a two-hour, computer-based assessment, comprising 60 compulsory objective test questions. Short scenarios may be given to which one or more objective test questions relate.

Syllabus structure

The syllabus comprises the following topics and weightings:



Learning outcomes and indicative syllabus content

BA2 – A. THE CONTEXT OF MANAGEMENT ACCOUNTING (10%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the purpose of management accounting and the role of the Management Accountant.	(a) Explain the need for management accounting.	2	• The Global Management Accounting Principles
	(b) Explain the characteristics of financial information for operational, managerial and strategic levels within organisations.	2	• Characteristics of financial information
	(c) Explain the role of the management accountant.	2	• The CIMA definition of the role of the management accountant
	(d) Explain the relationships between the management accountant and the organisation's managers.	2	• The IFAC definition of the domain of the professional accountant in business • The positioning of management accounting within the organisation
2. Explain the role of CIMA as a professional body for Management Accountants.	(a) Explain the role of CIMA in developing the practice of management accounting.	2	• The need for a professional body in management accounting • CIMA's role in relation to its members, candidates, the profession of management accounting and society

BA2 – B. COSTING (25%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Demonstrate cost identification and classification.	(a) Explain the classification of costs in relation to output.	2	• Direct and indirect costs
	(b) Explain the classification of costs in relation to activity level.	2	• Variable, semi-variable, stepped and fixed costs
	(c) Calculate appropriate costs having identified cost behaviour.	3	• The use of 'high-low', graphical and regression analysis methods to establish and predict total cost
	(d) Explain the classification of costs in relation to decisions.	2	• Relevant and irrelevant costs
2. Apply absorption costing and marginal costing.	(a) Prepare overhead cost statements.	3	• Overhead cost statements: allocation, apportionment and reciprocal servicing **Note:** The repeated distribution and simultaneous equations methods will be used for reciprocal servicing.
	(b) Calculate the full cost of products, services and activities.	3	• The treatment of direct and indirect costs in ascertaining the full cost of a "cost object" e.g. a product, service, activity, customer • Overhead absorption rates • Under or over absorbed overheads
	(c) Calculate the marginal cost of products, services and activities.	3	• The treatment of direct and indirect costs in ascertaining the marginal cost of a "cost object" e.g. a product, service, activity, customer
	(d) Reconcile the differences between profits calculated using absorption costing and those calculated using marginal costing.	3	• The difference between marginal and absorption profits
	(e) Apply cost information in pricing decisions.	2	• Marginal cost pricing and full-cost pricing to achieve specified targets (return on sales, return on investment, mark-up and margins) **Note:** Candidates are not expected to have a detailed knowledge of activity-based costing (ABC).

BA2 – C. PLANNING AND CONTROL (30%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Prepare budgets for planning and control.	(a) Explain why organisations prepare forecasts and plans.	2	• Budgeting for planning and control
	(b) Budgeting for planning and control.	3	• Budgeting for planning and control
	(c) Explain budget statements.	2	• Master budget, including statements of profit and loss, financial position and cash flow
	(d) Identify the impact of budgeted cash surpluses and shortfalls on business operations.	2	• The importance of cash budgets
	(e) Prepare a flexible budget.	3	• Fixed and flexible budgeting
	(f) Calculate budget variances.	3	• Budget variances
2. Apply variance analysis to reconcile budgeted and actual profits in a marginal format.	(a) Explain why planned standard costs, prices and volumes are useful.	2	• Principles of standard costing
	(b) Calculate variances for materials, labour, variable overheads, sales prices and sales volumes.	3	• Annuities and perpetuities • Discounting to find net present value (NPV) and internal rate of return (IRR)
	(c) Prepare a statement that reconciles budgeted profit with actual profit calculated using marginal costing.	3	• The use of variances to reconcile the budgeted and actual profits that have been calculated using marginal costing
	(d) Explain why variances could have arisen and the inter-relationships between variances.	2	• Interpretation of variances
3. Calculate appropriate financial and non-financial performance measures.	(a) Explain the need for appropriate performance measures.	2	• Characteristics of service industries • Responsibility accounting (authority, responsibility and controllability)
	(b) Calculate appropriate financial and nonfinancial performance measures in a variety of contexts.	3	• The use of appropriate financial and non financial performance measures in a variety of contexts (e.g. manufacturing and service sectors) **Note:** detailed knowledge of the balanced scorecard is not required.

Lead	Component	Level	Indicative syllabus content
4. Prepare accounts and reports for managers.	(a) Explain the integration of the cost accounts with the financial accounting system.	2	• Manufacturing accounts including raw material, work-in-progress, finished goods and manufacturing overhead control accounts
	(b) Prepare a set of integrated accounts, showing standard cost variances.	3	• Integrated ledgers including accounting for over and under absorption of production overhead • The treatment of variances in integrated ledger systems
	(c) Prepare appropriate accounts for job and batch costing.	3	• Job and batch costing
	(d) Prepare reports in a range of organisations.	3	• Cost accounting statements for management information in manufacturing, service and not-for-profit organisations

BA2 – D. DECISION-MAKING (35%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Demonstrate the impact of risk.	(a) Explain the concepts of risk and uncertainty.	2	• Risk and uncertainty
	(b) Demonstrate the use of expected values and joint probabilities in decision-making.	3	• Probability and its relationship with proportions and percentages • Expected values and expected values tables • Limitations of expected values
	(c) Calculate summary measures of central tendency and dispersion for both grouped and ungrouped data.	3	• Arithmetic mean, median, mode, range, variance, standard deviation and coefficient of variation for both ungrouped and grouped data
	(d) Demonstrate the use of the normal distribution.	3	• Graphs/diagrams and use of normal distribution tables **Note:** candidates will not be asked to apply techniques to deal with uncertainty.
2. Demonstrate the use of appropriate techniques for short-term decision-making.	(a) Apply breakeven analysis.	3	• Breakeven charts, profit volume graphs, breakeven point, target profit, margin of safety
	(b) Demonstrate make or buy decisions.	3	• Make or buy decisions
	(c) Calculate the profit maximising sales mix after using limiting factor analysis.	3	• Limiting factor analysis for a multiproduct company that has one scarce resource
3. Demonstrate the use of appropriate techniques for long-term decision-making.	(a) Explain the time value of money.	2	• The time value of money
	(b) Apply financial mathematics.	3	• Discounting, compounding, annuities and perpetuities
	(c) Calculate the net present value, internal rate of return and payback for an investment or project.	3	• Net present value, internal rate of return and payback

BA3

Fundamentals of Financial Accounting

Syllabus overview

The main objective of this subject is to obtain a practical understanding of financial accounting and the process behind the preparation of financial statements for single entities.

These statements are prepared within a conceptual and regulatory framework requiring an understanding of the role of legislation and of accounting standards. The need to understand and apply necessary controls for accounting systems, and the nature of errors is also covered. There is an introduction to measuring financial performance with the calculation of basic ratios.

Note: Candidates are required to be aware of the format and content of published accounts but are not required to prepare them. No detailed knowledge of any specific accounting treatment contained in the International Financial Reporting Standards (IFRSs) – including the International Accounting Standards (IASs) – is necessary, except in terms IAS 2 and the treatment of inventory, IAS 16 and IAS 38 for basic non-current asset transactions.

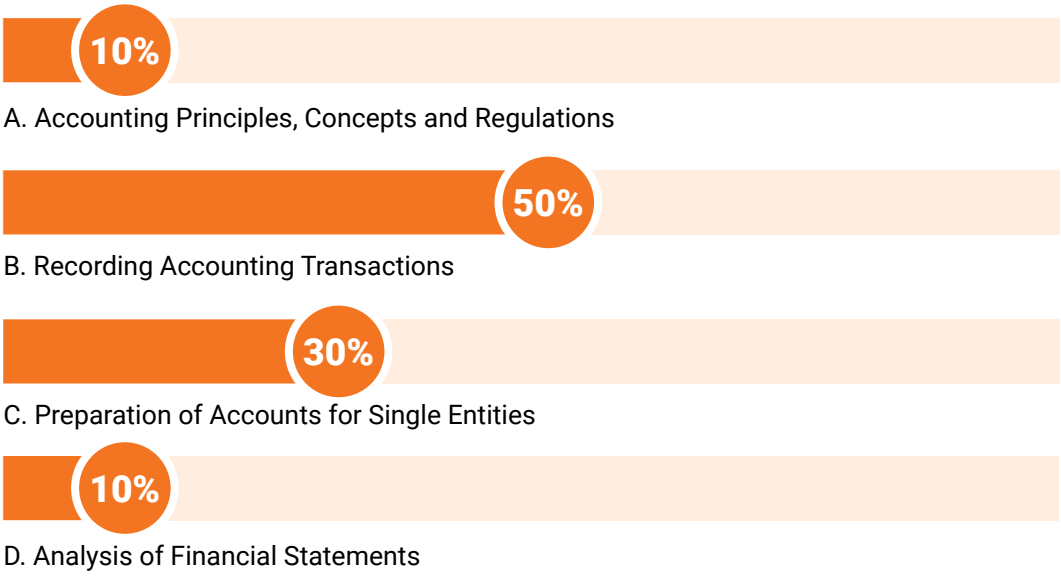
IAS 1 and IAS 7 formats will form the basis of the financial statements. The terminology used for all entities will be that of International Financial Reporting Standards. This will enable candidates to use a consistent set of accounting terms throughout their studies.

Assessment strategy

There will be a two-hour computer-based assessment, comprising 60 compulsory objective test questions. Short scenarios may be given to which one or more objective test questions relate.

Syllabus structure

The syllabus comprises the following topics and weightings:



Learning outcomes and indicative syllabus content

BA3 – A. Accounting principles, concepts and regulations (10%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the principles and concepts of financial accounting.	(a) Explain the need for accounting records.	2	• Accounting records to be kept and their uses; concept of stewardship
	(b) Identify the needs of different user groups.	2	• Users of accounts and their information needs
	(c) Distinguish between the purposes of financial and management accounts.	2	• Functions of financial and management accounts; purpose of accounting statements
	(d) Explain capital and revenue, cash and profit, income and expenditure, assets and liabilities.	2	• Capital and revenue; cash and profit; income, expenditure, assets and liabilities
	(e) Explain the underlying assumptions, policies and accounting estimates.	2	• Underlying assumptions, policies, accounting estimates; historical cost convention; qualitative characteristics of the Framework, elements of financial statements
	(f) Identify the need for and information to be included in an integrated report.	2	• The principles and elements of the Framework for integrated reporting
	(g) Describe the accounting equation.	2	• The accounting equation formula.
	h) Explain the need for accounting codes.	2	• Use of coding in record keeping
2. Explain the impact of the regulatory framework on financial accounting.	(a) Explain the influence of legislation and accounting standards on published accounting information.	2	• Regulatory influence of company law; role of accounting standards; IASs and IFRSs; formats for published accounts

BA3 – B. Recording accounting transactions (50%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Prepare accounting records.	(a) Prepare the books of prime entry.	3	• Record sales, purchase, income and expense transactions in the sales day book, purchase day book, cash book, returns books, and sales/purchase ledger
	(b) Apply the principles of double- entry bookkeeping.	3	• The accounting equation; double-entry bookkeeping rules; journal entries
	(c) Prepare nominal ledger accounts.	3	• Record all types of business transactions in nominal ledger accounts
	(d) Prepare the trial balance.	3	• Completing the trial balance from given ledger account balances
	(e) Explain the nature of accounting errors.	2	• Errors including those of principle, omission, and commission
	(f) Prepare accounting entries for the correction of errors.	3	• Journal entries and suspense accounts
	(g) Prepare accounting entries for noncurrent assets.	3	• In accordance with IAS 16 – acquisition, depreciation (straight line, reducing balance), revaluation, impairment and disposal of tangibles • In accordance with IAS 38 – intangibles and amortisation
	(h) Prepare a non-current asset register.	3	• Information to be recorded in a noncurrent asset register
2. Prepare accounting reconciliations.	(a) Prepare bank reconciliation statements.	3	• Reconciliation of the cashbook to the bank statement
	(b) Prepare petty cash statements under an imprest system.	3	• Using the imprest system for petty cash
	(c) Prepare sales and purchase ledger control account reconciliations.	3	• Reconciliation of sales and purchase ledger control accounts to sales and purchase ledgers

BA3 – B. Recording accounting transactions (50%) (continued)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
2. Explain the impact of the regulatory framework on financial accounting.	(a) Calculate sales tax.	3	• Calculation of sales tax on all business transactions
	(b) Prepare accounting entries for sales tax.	3	• Accounting entries for sales tax **Note:** No knowledge of any specific tax systems/rules/rates will be required.
	(c) Prepare accounting entries for payroll.	3	• Accounting entries for basic payroll information **Note:** No knowledge of any specific income tax rules will be required.
	(d) Prepare accounting entries for the issue of shares.	3	• Issue at full market price, rights issue and bonus issue

BA3 – C. Preparation of accounts for single entities (30%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Prepare accounting records.	(a) Prepare accounting entries for accruals and prepayments.	3	• Calculations and journals for accruals and prepayments (income and expenses)
	(b) Prepare accounting entries for irrecoverable debts and allowances for receivables.	3	• Prepare journals for irrecoverable debts and allowances for receivables from given information
	(c) Prepare accounting entries for inventories.	3	• In accordance with IAS 2 – calculation of the figure for closing inventory for inclusion in the financial statements (FIFO, LIFO and average cost) and the journal entry to record it
2. Prepare manufacturing accounts.	(a) Prepare basic manufacturing accounts.	3	• Manufacturing accounts produced from given information **Note:** No calculation of overheads and inventory balances is required.
3. Prepare financial statements for a single entity.	(a) Prepare financial statements from a trial balance.	3	• In accordance with IAS 1 – Statement of profit or loss and other comprehensive income; statement of financial position; statement of changes in equity
	(b) Prepare financial statements from incomplete records.	3	• Calculate missing numbers using the accounting equation, profit margins and mark-ups, receivables and payables ledgers, and cash and bank ledgers
	(c) Prepare a statement of cash flows.	3	• In accordance with IAS 7 – operating, investing and financing sections

BA3 – D. ANALYSIS OF FINANCIAL STATEMENTS (10%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Identify information provided by accounting ratios.	(a) Identify the information provided by the calculation of accounting ratios.	2	• Information provided by accounting ratios
	(b) Identify reasons for the changes in accounting ratios.	2	• Reasons for the changes in accounting ratios
2. Calculate basic accounting ratios.	(a) Calculation of profitability ratios.	3	• Ratios: return on capital employed; gross, operating and net profit margins; non-current asset turnover
	(b) Calculation of liquidity ratios.	3	• Trade receivables collection period and trade payables payment period; current and quick ratios; inventory turnover
	(c) Calculation of risk ratios.	3	• Gearing and interest cover

BA4 Fundamentals of Ethics, Corporate Governance and Business Law

Syllabus overview

The learning outcomes in this subject reflect the professional standards to be demonstrated for the benefit of all stakeholders. With this in mind, the place of ethics and ethical conflict is an essential underpinning for commercial activity. Ethics is more than just knowing the rules around confidentiality, integrity and objectivity. It's about identifying ethical dilemmas, understanding the implications and behaving appropriately. It includes the role of corporate governance, corporate social responsibility and audit; and their increasing impact in the management of organisations.

Wherever business is conducted the legal and administrative framework underpins commercial activity. With this in mind the areas of contract law, employment law, administration and management of companies is considered.

Assessment strategy

There will be a two-hour computer-based assessment, comprising 85 compulsory objective test questions.

Syllabus structure

The syllabus comprises the following topics and weightings:

A. Business Ethics and Ethical Conflict

B. Corporate Governance, Controls and Corporate Social Responsibility

C. General Principles of the Legal System, Contract and Employment Law

D. Company Administration

Learning outcomes and indicative syllabus content

BA4 – A. BUSINESS ETHICS AND ETHICAL CONFLICT (30%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Demonstrate an understanding of the importance of ethics to society, business and the professional accountant.	(a) Explain the nature of ethics and its application to society, business and the accountancy profession.	2	• The importance of ethics • The nature of ethics and its relevance to society, business and the accountancy profession
	(b) Apply the values and attitudes that provide professional accountants with a commitment to act in the public interest and with social responsibility.	3	• Values and attitudes for professional accountants
	(c) Explain the need for a framework of laws, regulations and standards in business and their application and why CIMA and IFAC each have ethical codes.	2	• Legal frameworks, regulations and standards for business • The role of national 'Professional Oversight Boards for Accountancy' and 'Auditing Practices Boards' • The role of international accounting bodies e.g. IFAC
	(d) Distinguish between detailed rules-based and framework/principles approaches to ethics.	2	• Rules-based and framework approaches to ethics
	(e) Identify the ethical issues significant to organisations and how CIMA partners with strategic bodies to assist its members with ethical tensions/synergies.	2	• Managing responsible businesses
	(f) Describe how personal and organisational policies and values promote behaviour.	2	• Organisational and personal values
2. Explain the need and requirements for candidates and members in adopting the highest standards of ethical behaviour.	(a) Explain the need to develop the virtues of reliability, responsibility, timeliness, courtesy and respect.	2	• The personal qualities of reliability, responsibility, timeliness, courtesy and respect

Lead	Component	Level	Indicative syllabus content
2. Explain the need and requirements for candidates and members in adopting the highest standards of ethical behaviour.	(b) Explain the fundamental ethical principles.	2	• The fundamental ethical principles, and examples of their use for professional accountants in practice and professional accountants in business • Continual Professional Development (CPD), personal development and lifelong learning • Disclosure required by law (confidentiality)
	(c) Identify concepts of independence, scepticism, accountability and social responsibility.	2	• The concepts of independence, scepticism, accountability and social responsibility
	(d) Illustrate the threats and safeguards to the fundamental ethical principles.	2	• The threats and safeguards approach to resolving ethical issues, including whistle-blowing, grievance, regulations and laws
3. Explain the various means of regulating ethical behaviour, recognising different parties' perspectives towards ethical dilemmas.	(a) Explain the relationship between the CIMA Code of Ethics and the law.	2	• The relationship between the CIMA Code of Ethics and the law • The distinction between CIMA's Code of Ethics, contracts, and the responsibilities of candidates and members when they conflict
	(b) Describe the consequences of ethical behaviour to society, business, the profession and the professional accountant.	2	• The consequences of unethical behaviour: reputation, financial, legal and regulatory; and the benefits of good ethical behaviour
	(c) Identify conflicting perspectives of interest when dealing with stakeholders in society, business and the values of professional accountants.	2	• The concepts of corporate and personal ethical stances, in relation to multiple stakeholders
4. Identify ethical dilemmas and how they may be resolved.	(a) Identify situations where ethical dilemmas and conflicts of interest occur, based on CIMA's ethical checklist.	2	• The nature of ethical dilemmas, tensions and synergies • Conflicts of interest and how they arise • Issues of corporate confidentiality • CIMA's Ethical Checklist

BA4 – B. Corporate governance, controls and corporate social responsibility (45%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the role of corporate governance in meeting the concerns of society and investors over the management of corporations.	(a) Describe corporate governance.	2	• The role and key objectives of corporate governance, agency theory • Objectivity and independence.
	(b) Explain the interaction of corporate governance with business ethics and company law.	2	• The interaction of corporate governance, ethics and the law
	(c) Explain the purpose, definition of the Organisation for Economic Co-operation and Development (OECD) principles of Corporate Governance.	2	• The purpose, definition and status of the OECD Corporate Governance Code
	(d) Describe IFAC's main drivers of sustainable corporate success.	2	• IFAC's drivers for sustainable organisational success
	(e) Illustrate CIMA's practical proposals for better corporate governance.	2	• CIMA's proposals for better reporting of corporate governance
	(f) Distinguish between detailed rules-based and principles-based approaches to governance.	2	• Rules and principles based approaches to governance
2. Explain the impact of corporate governance on the directors and management structures of corporations.	(a) Describe the role of the board and different board structures.	2	• The role of the board in establishing corporate governance standards • Types of board structures and the role of the board as independent, objective, sceptical and resourceful
	(b) Explain the effects of corporate governance on directors' powers and duties.	2	• The impact of corporate governance on directors' powers and duties
	(c) Describe the types of policies and procedures that constitute 'best practice'.	2	• Policies and procedures for 'best practice' in companies
	(d) Describe the respective committees and their roles and responsibilities with regards monitoring and controlling the actions of the Executive.	2	• Audit committee – controls, monitoring and relationships • Appointments Committee • Remuneration Committee
3. Explain the role of external and internal audit.	(a) Identify the requirements for external audit and the basic processes undertaken.	2	• External audit
	(b) Explain the meaning of fair presentation.	2	• Fair presentation

Lead	Component	Level	Indicative syllabus content
3. Explain the role of external and internal audit.	(c) Distinguish between external and internal audit.	2	• Distinction between external and internal audit
	(d) Explain the purpose and basic procedures of internal audit; the need for financial controls and the purpose of audit checks and audit trails.	2	• Internal audit • Financial controls, audit checks and audit trails
	(e) Explain the role of internal audit in nonfinancial monitoring and control activities.	2	• The role of internal audit in providing a service to management
	(e) Explain the role of internal audit in nonfinancial monitoring and control activities.	2	• How internal audit plays an important and value-added service throughout the corporation both in financial and nonfinancial processes
4. Explain the nature of errors and frauds.	(a) Explain the nature of errors.	2	• Errors including those of principle, omission, and commission
	(b) Explain the nature of fraud.	2	• Types of fraud
	(c) Describe the different methods of fraud prevention and detection.	2	• Methods for prevention of fraud including levels of authorisation, documentation and staff organisation • Methods of detection of fraud including spot checks, comparison with external evidence, reconciliations and control accounts
5. Explain Corporate Social Responsibility (CSR) – a political and corporate perspective.	(a) Describe the OECD general policies.	2	• The OECD general policies
	(b) Explain the role of national and international laws and regulations.	2	• The role of international frameworks
	(c) Describe conflicting demands of stakeholders.	2	• The demands of stakeholders, maximising shareholder return and enhancing the supply chain
	(d) Identify issues with CSR and the supply chain.	2	• Issues within the supply chain
6. Explain the role of CSR within company reporting.	(a) Describe the guidelines of reporting CSR within annual reports.	2	• Disclosure guidelines and sources of best practice
	(b) Explain the role of national and international laws and regulations.	2	• The link between CSR and a company's brand

BA4 – C. General principles of the legal system, contract and employment law (15%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain how the law determines the point at which a contract is formed and the legal status of contractual terms.	(a) Identify the essential elements of a valid contract and situations where the law requires the contract to be in a particular form.	2	• The essential elements of a valid contract
	(b) Explain how the law determines whether negotiating parties have reached agreement and the role of consideration in making that agreement enforceable.	2	• The legal status of statements made by negotiating parties. Offers and acceptances and the application of the rules to standard form contracts using modern forms of communication
	(c) Explain when the parties will be regarded as intending the agreement to be legally binding and how an agreement may be avoided because of misrepresentations.	2	• The principles for establishing that the parties intend their agreement to have contractual force and how a contract is affected by a misrepresentation
	(d) Explain how the terms of a contract are established and their status determined.	2	• Incorporation of express and implied terms, conditions and warranties
	(e) Explain the ability of a company to contract.	2	• Corporate capacity to contract
2. Explain the essential elements of an employment contract and the remedies available following termination of the contract.	(a) Explain how the contents of a contract of employment are established.	2	• The express and implied terms of a contract of employment. • The rights and duties of employers and employees.
	(b) Explain what policies and procedures may be present in the workplace.	2	• Diversity, discrimination, anti-bribery, gifts, conflicts of interest, whistleblowing, money laundering, disciplinary, data protection, social media, health and safety
	(c) Explain the distinction between unfair and wrongful dismissal and the consequences.	2	• Notice and dismissal, redundancy • Unfair and wrongful dismissal

BA4 – D. COMPANY ADMINISTRATION (10%)

Learning Outcomes. On completion of their studies, candidates should be able to:

Lead	Component	Level	Indicative syllabus content
1. Explain the nature, legal status and administration of business organisations.	(a) Describe the essential characteristics of the different forms of business organisations and the implications of corporate personality.	2	• The essential characteristics of sole traders, partnerships, companies limited by shares and corporate personality • 'Lifting the corporate veil' both at common law and by statute
	(b) Explain the differences between public and private companies.	2	• The distinction between public and private companies • Company registration and the advantages of purchasing a company 'off the shelf'
	(c) Explain the purpose and legal status of the Articles of Association.	2	• The purpose and contents of the Articles of Association.
	(d) Explain the main advantages and disadvantages of carrying on business through the medium of a company limited by shares.	2	• The advantages and disadvantages of a company limited by shares

Transition arrangements for candidates studying the 2011 syllabus

Examinations based on the Certificate in Business Accounting (2011 syllabus) will be available at Pearson VUE test centres until 10 January 2017.

Examinations based on the Certificate in Business Accounting (updated syllabus) will be available at Pearson VUE test centres from 11 January 2017.

Some registered candidates will have passed examinations (or have been awarded exemptions from examinations) before 11 January 2017 based upon the Certificate in Business Accounting (2011 syllabus) or earlier.

They will be given credits for subjects within the Certificate in Business Accounting (updated syllabus), as shown in the following table:

Transition arrangement

C01 Fundamentals of Management Accounting	**BA2** Fundamentals of Management Accounting
C02 Fundamentals of Financial Accounting	**BA3** Fundamentals of Financial Accounting
C03 Fundamentals of Business Mathematics	No direct match
C04 Fundamentals of Business Economics	**BA1** Fundamentals of Business Economics
C05 Fundamentals of Ethics, Corporate Governance and Business Law	**BA4** Fundamentals of Ethics, Corporate Governance and Business Law

Notes

1. There will be no overlap in the assessment periods. The 2011 syllabus will cease being assessed on 10 January 2017, and the updated syllabus will start to be assessed on 11 January 2017.

2. Candidates will be able to schedule exams and begin studying for the updated Certificate in Business Accounting from October 2016.

Programme design and the international education standards

International education standards

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

Pre-Qualification Education programmes

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

CIMA Initial Professional Development

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

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Whilst CIMA allows the syllabus to be used to promote the Qualification Framework, no responsibility for loss occasioned to any person acting or refraining from action as a result of this document, can be accepted by CIMA.

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