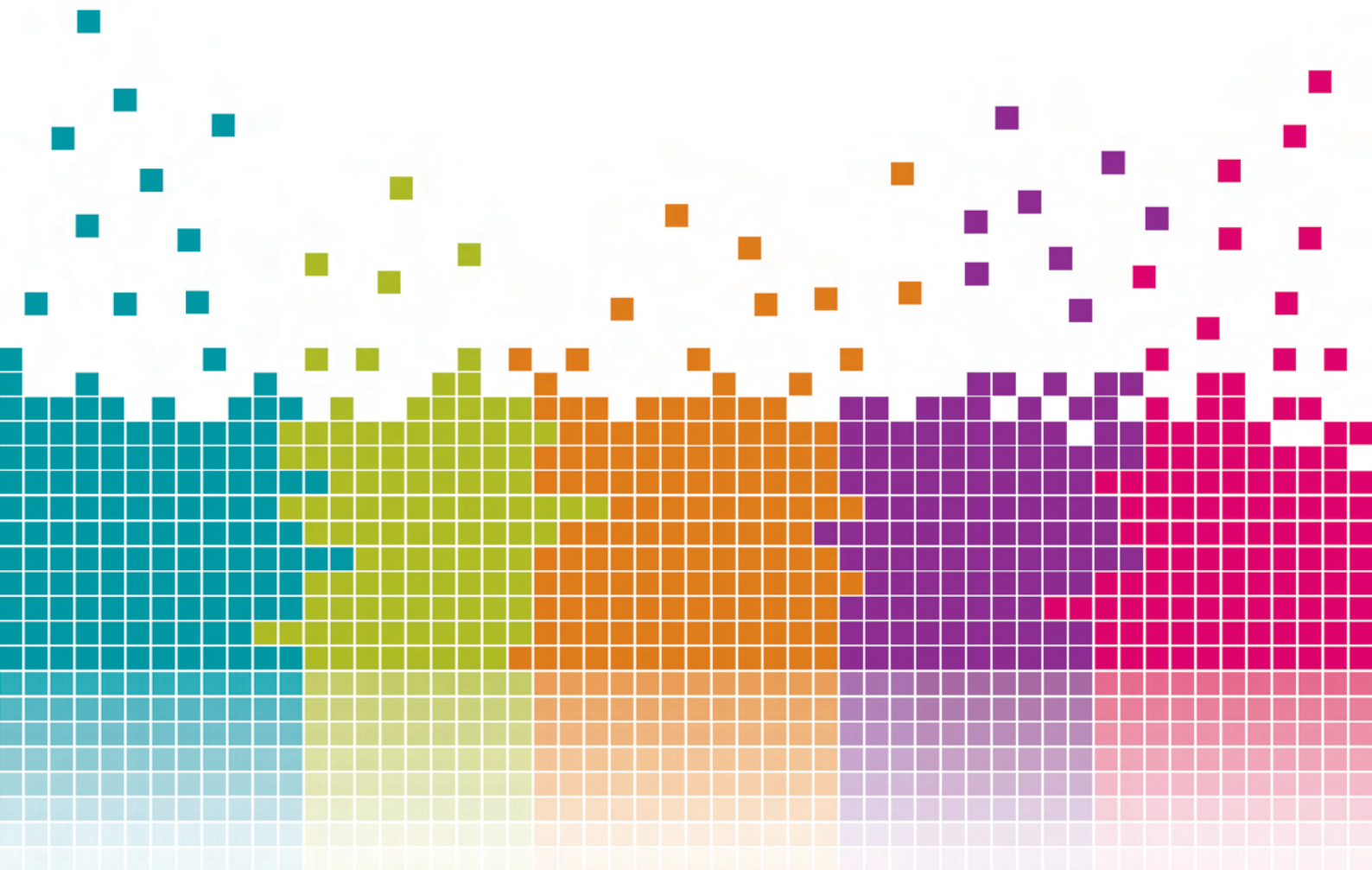


Qualification structure and syllabus

CIMA Certificate in Business Accounting from 2011



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CIMA Certificate in Business Accounting qualification 2011

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March 2011

I am pleased to introduce the 2011 CIMA Certificate in Business Accounting to all of our stakeholders.

This revised syllabus achieves three important goals. First, it provides a closer fit with CIMA's highly regarded chartered management accounting qualification which was launched in 2010.

Second, the content has been updated and weighted to reflect significant emerging issues facing the business and financial communities such as the 2008 banking crisis and credit crunch. This demonstrates CIMA's commitment to making its qualifications relevant to current and future business concerns.

Finally, the syllabus uses a new format which links the lead aims, learning outcomes and syllabus content more directly and explicitly. This should enhance the learning experience of students and, as a result, improve their chances of success in the examinations.

I commend this new CIMA certificate to you.

A handwritten signature in black ink, reading "Robert G. Jolly". The signature is fluid and cursive, with the first name "Robert" and last name "Jolly" clearly legible, and "G." as a middle initial.

Executive Director, CIMA Education

01 Structure of the CIMA Certificate in Business Accounting qualification

A How to obtain the qualification

To obtain the CIMA Certificate in Business Accounting qualification, an applicant must:

- register as a student with CIMA
- study for, sit and pass five computer based examinations, as defined within the syllabus.

Note: applicants who hold other qualifications may be able to apply for an exemption from one or more of the five examinations. For more information please visit: www.cimaglobal.com/exemptions

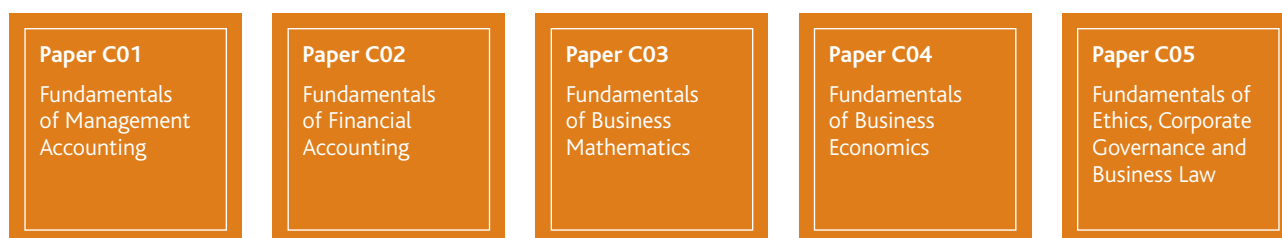
C Progression through the qualification

The five subject examinations may be taken in any order and in any combination of subjects i.e. subjects may be studied either sequentially or concurrently. All subject examinations are sat at CIMA approved assessment centres using computer based assessment (CBA) methodology. Students may sit the examinations at any time of the year. The pass mark for each of the five examinations is 50% and permanent credit is awarded for any subject in which the candidate scores 50% or more.

On successful completion of the five subject examinations, students are awarded the CIMA Certificate in Business Accounting.

B Structure of the qualification

The structure of the qualification and syllabus subjects is shown on the following diagram.



02 Syllabus guidance

A Aims of the syllabus

The aim of the syllabus for the CIMA Certificate in Business Accounting qualification 2011 are:

- to enable the institute to examine whether students have an adequate knowledge, understanding and mastery of the stated body of knowledge and skills
- to complement the institute's work based practical experience and skills development objectives.

B Structure of the syllabus

The syllabus comprises five subjects:

- C01 Fundamentals of Management Accounting
- C02 Fundamentals of Financial Accounting
- C03 Fundamentals of Business Mathematics
- C04 Fundamentals of Business Economics
- C05 Fundamentals of Ethics, Corporate Governance and Business Law

C Structure of subjects and learning outcomes

Each subject within the syllabus is divided into a number of broad syllabus topics. The topics contain one or more lead learning outcomes, related component learning outcomes and indicative knowledge content.

A learning outcome has two main purposes:

- (a) to define the skill or ability that a well prepared candidate should be able to exhibit in the examination
- (b) to demonstrate the approach likely to be taken in examination questions.

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

Calculate the break-even point, profit target, margin of safety and profit/volume ratio for a single product or service.

The verb '**calculate**' indicates a level three learning objective. The following table lists the learning objectives and the verbs that appear in the syllabus learning outcomes and examination questions.

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

Note: the hierarchy of learning objectives used by CIMA within certain qualifications has two higher levels than that shown above:

Level 4 – ANALYSIS

Level 5 – EVALUATION

The verbs used at the beginning of learning outcomes for subjects in the CIMA Certificate in Business Accounting qualification 2011 are all at levels 1 to 3. Verbs at levels 4 and 5 are not used in this qualification.

It is important to note that the verbs used within the learning outcomes indicate the highest level at which a topic may be examined. The CIMA computer based assessment system, used to examine all subjects in the CIMA Certificate in Business Accounting 2011, is continuously being developed and enhanced. The verbs used within the learning outcomes therefore indicate either the current or future level at which questions may be asked.

02 Syllabus guidance continued

D Study weightings

Within a syllabus subject, a percentage weighting is shown against each section topic. This is provided as a guide to the proportion of study time each topic requires. The study weightings also indicate the approximate proportional distribution of marks that will be allocated to topics in any single computer based examination.

It is essential that all topics in the syllabus are studied, since any single examination question may examine more than one topic.

E Summary of the syllabus

C01 Fundamentals of Management Accounting

A	The context of management accounting	10%
B	Cost identification and behaviour	25%
C	Planning within organisations	30%
D	Accounting control systems	20%
E	Decision making	15%

C02 Fundamentals of Financial Accounting

A	Conceptual and regulatory framework	20%
B	Accounting systems	20%
C	Preparation of accounts for single entities	45%
D	Control of accounting systems	15%

C03 Fundamentals of Business Mathematics

A	Basic mathematics	15%
B	Probability	15%
C	Summarising and analysing data	15%
D	Relationships between variables	15%
E	Forecasting	15%
F	Financial mathematics	15%
G	Spreadsheets	10%

C04 Fundamentals of Business Economics

A	The macroeconomic context of organisations	25%
B	The goals and decisions of organisations	25%
C	The market system and the competitive process	25%
D	The financial system	25%

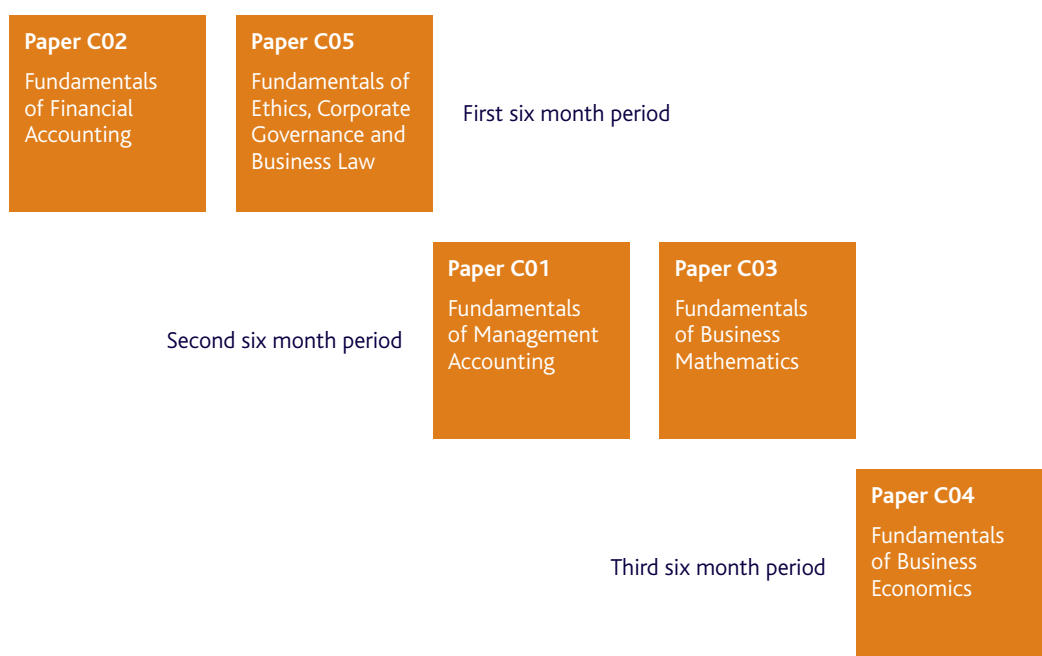
C05 Fundamentals of Ethics, Corporate Governance and Business Law

A	Ethics and business	15%
B	Ethical conflict	10%
C	Corporate governance	10%
D	Comparison of English law with alternative legal systems	10%
E	The law of contract	20%
F	The law of employment	10%
G	Company administration and finance	25%

F Study routes

The number, sequence and grouping of papers studied, is completely flexible. Students may choose any combination of papers to suit their own study requirements.

For example, a student may choose to study and sit assessments for two papers every six months, as shown below:



Depending on prior studies, students may find it advantageous to study Paper C03 Fundamentals of Business Mathematics, with Paper C01 Fundamentals of Management Accounting.

G Exam information

Examination notices

Students are advised to refer to the examination notices published regularly in CIMA's magazine (*Financial Management*), the student e-newsletter (*Velocity*) and on the CIMA website, to ensure they are up-to-date.

Time management in examinations

Students are advised to manage their time strictly when answering questions in examinations. The time allocated to read, answer and review the answer to a question, should be proportional to the maximum marks available for that question. For example, a question worth 4 marks, within a two hour examination, where a total of 100 marks are available, should be allocated a maximum of 4.8 minutes (approximately five minutes).

H Mathematical tables and formulae

Relevant mathematical tables and formulae will be provided for use during the examinations. They are also available on the CIMA website.

03 The full syllabus

This section sets out the specific syllabus for each of the five papers within the CIMA Certificate in Business Accounting qualification 2011.

PAPER C01

FUNDAMENTALS OF MANAGEMENT ACCOUNTING

Syllabus overview

This paper deals with the basic techniques for the identification and control of costs and cost management. It introduces the context of management accounting in commercial and public sector bodies and its wider role in society. It identifies the position of the management accountant within organisations and the role of CIMA.

Classification of costs and cost behaviour provides a basis for understanding the various tools available for planning, control and decision making. Budgetary control requires the setting of targets and standards while the analysis of variances demonstrates the levels of performance within organisations. Accounting control mechanisms are identified and applied to provide information to managers to achieve operational efficiency. Investment appraisal, break-even analysis and profit maximising are used to aid both long and short-term decision making.

C01 – A. The context of management accounting (10%)

Learning outcomes

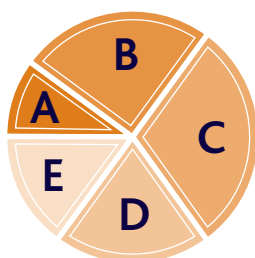
On completion of their studies students should be able to:

Lead	Component	Level	
1. explain the purpose of management accounting.	(a) define management accounting; (b) explain the importance of cost control and planning within organisations; (c) describe how information can be used to identify performance within an organisation; (d) explain the differences between financial information requirements for companies, public bodies and society.	1 2 2 2	
2. explain the role of the management accountant.	(a) explain the role of the management accountant and activities undertaken; (b) explain the relationship between the management accountant and the managers being served; (c) explain the difference between placing management accounting within the finance function and a business partnering role within an organisation.	2 2 2	
3. explain the role of CIMA as a professional body for management accountants.	(a) explain the background to the formation of CIMA; (b) explain the role of CIMA in developing the practice of management accounting.	2 2	

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	The context of management accounting	10%
B	Cost identification and behaviour	25%
C	Planning within organisations	30%
D	Accounting control systems	20%
E	Decision making	15%



Assessment strategy

There will be a two hour computer based assessment, comprising 50 compulsory questions, each with one or more parts.

A variety of objective test question styles and types will be used within the assessment.

Indicative syllabus content

- The CIMA definition of management accounting.
- The IFAC definition of the domain of the professional accountant in business.
- Characteristics of financial information for operational, management and strategic levels within organisations.
- Cost object, concepts of target setting and responsibility accounting.
- Performance measurement and performance management using actual v budget comparisons, profitability and return on capital.
- Financial information requirements for companies, public bodies and society, including concepts of shareholder value, meeting society's needs and environmental costing.
- The CIMA definition of the role of the management accountant.
- The IFAC definition of the role of the professional accountant in business.
- The nature of relationships between advisers and managers.
- The positioning of management accounting within the organisation.
- The need for a professional body in management accounting – CIMA.
- CIMA's role in relation to its members, students, the profession of management accounting and society.

C01 – B. Cost identification and behaviour (25%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. apply methods for identifying cost.	(a) explain the concept of a direct cost and an indirect cost;	2	
	(b) explain why the concept of 'cost' needs to be defined, in order to be meaningful;	2	
	(c) distinguish between the historical cost of an asset and the economic value of an asset to an organisation;	2	
	(d) prepare cost statements for allocation and apportionment of overheads, including reciprocal service departments;	3	
	(e) calculate direct, variable and full costs of products, services and activities using overhead absorption rates to trace indirect costs to cost units;	3	
	(f) apply cost information in pricing decisions.	3	
2. demonstrate cost behaviour.	(a) explain how costs behave as product, service or activity levels increase or decrease;	2	
	(b) distinguish between fixed, variable and semi-variable costs;	2	
	(c) explain step costs and the importance of timescales in their treatment as either variable or fixed;	2	
	(d) calculate the fixed and variable elements of a semi-variable cost.	3	

C01 – C. Planning within organisations (30%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. prepare budgetary control statements.	(a) explain why organisations set out financial plans in the form of budgets, typically for a financial year;	2	
	(b) prepare functional budgets and budgets for capital expenditure and depreciation;	3	
	(c) prepare a master budget based on functional budgets;	3	
	(d) explain budget statements;	2	
	(e) identify the impact of budgeted cash surpluses and shortfalls on business operations;	2	
	(f) prepare a flexible budget;	3	
	(g) calculate budget variances;	3	
	(h) distinguish between fixed and flexible budgets;	2	
	(i) prepare a statement that reconciles budgeted contribution with actual contribution.	3	
2. prepare statements of variance analysis.	(a) explain the difference between ascertaining costs after the event and establishing standard costs in advance;	2	
	(b) explain why planned standard costs, prices and volumes are useful in setting a benchmark;	2	
	(c) calculate standard costs for the material, labour and variable overhead elements of the cost of a product or service;	3	
	(d) calculate variances for materials, labour, variable overhead, sales prices and sales volumes;	3	
	(e) prepare a statement that reconciles budgeted contribution with actual contribution;	3	
	(f) prepare variance statements.	3	

Indicative syllabus content

- Classification of costs.
- The treatment of direct costs (specifically attributable to a cost object) and indirect costs (not specifically attributable) in ascertaining the cost of a 'cost object' e.g. a product, service, activity, customer.
- Cost measurement: historical versus economic costs.
- Overhead costs: allocation, apportionment, re-apportionment and absorption of overhead costs. Note: the repeated distribution method only will be used for reciprocal service department costs.
- Direct, variable and full costs of products, services and activities.
- Marginal cost pricing and full cost pricing to achieve specified return on sales or return on investment, mark-up and margins. Note: students are not expected to have a detailed knowledge of activity based costing (ABC).
- Cost behaviour and activity levels.
- Fixed, variable and semi-variable costs.
- Step costs and the importance of timescale in analysing cost behaviour.
- High-low and graphical methods to establish fixed and variable elements of a semi-variable cost. Note: regression analysis is not required.

Indicative syllabus content

- Budgeting for planning and control.
- Functional budgets including materials, labour and overheads; capital expenditure and depreciation budgets.
- Master budget, including income statement, statement of financial position and statement of cash flow.
- Reporting of actual outcomes against budget.
- Fixed and flexible budgeting.
- Budget variances.
- Interpretation and use of budget statements and budget variances.
- Principles of standard costing.
- Preparation of standards for the variable elements of cost: material, labour, variable overhead.
- Variances: materials – total, price and usage; labour – total, rate and efficiency; variable overhead – total, expenditure and efficiency; sales – sales price and sales volume contribution. Note: students will be expected to calculate the sales volume contribution variance.
- Reconciliation of budget and actual contribution showing variances for variable costs, sales prices and sales volumes, including possible inter-relations between cost variances, sales price and volume variances, and cost and sales variances.

C01 – D. Accounting control systems (20%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. prepare integrated accounts in a costing environment.	(a) explain the principles of manufacturing accounts and the integration of the cost accounts with the financial accounting system;	2	
	(b) prepare a set of integrated accounts, showing standard cost variances;	3	
	(c) explain job, batch, and process costing;	2	
	(d) prepare ledger accounts for job, batch and process costing systems.	3	
2. prepare financial statements for managers.	(a) prepare financial statements that inform management;	3	
	(b) distinguish between managerial reports in a range of organisations, including commercial enterprises, charities and public sector undertakings.	2	

C01 – E. Decision making (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. demonstrate the use of break-even analysis in making short-term decisions.	(a) explain the contribution concept and its use in cost-volume-profit (CVP) analysis;	2	
	(b) calculate the break-even point, profit target, margin of safety and profit/volume ratio for a single product or service;	3	
	(c) prepare break-even charts and profit/volume graphs for a single product or service.	3	
2. apply basic approaches for use in decision making.	(a) explain relevant costs and cash flows;	2	
	(b) explain make or buy decisions;	2	
	(c) calculate the profit maximising product sales mix using limiting factor analysis.	3	
3. demonstrate the use of investment appraisal techniques in making long-term decisions.	(a) explain the process of valuing long-term investments;	2	
	(b) calculate the net present value, internal rate of return and payback for an investment.	3	

Indicative syllabus content

- Manufacturing accounts including raw material, work in progress, finished goods and manufacturing overhead control accounts.
- Integrated ledgers including accounting for over and under absorption of production overhead.
- The treatment of variances as period entries in integrated ledger systems.
- Job, batch and process costing. Note: only the average cost method will be examined for process costing but students must be able to deal with differing degrees of completion of opening and closing stocks, normal losses and abnormal gains and losses, and the treatment of scrap value.
- Cost accounting statements for management information in production companies, service companies and not-for-profit organisations. Showing gross revenue, value-added, contribution, gross margin, marketing expense, general and administration expenses.

Indicative syllabus content

- Contribution concept and CVP analysis.
- Break-even charts, profit volume graphs, break-even point, profit target, margin of safety, contribution/sales ratio.
- Relevant costs and cash flows.
- Make or buy decisions.
- Limiting factor analysis for a multi-product company that has limited demand for each product and one other constraint or limiting factor.
- Net present value, internal rate of return and payback methods.

03 The full syllabus continued

PAPER C02 FUNDAMENTALS OF FINANCIAL ACCOUNTING

Syllabus overview

The main objective of this paper is the preparation of financial statements for single entities. These statements are constructed within a conceptual and regulatory framework requiring an understanding of the various valuation alternatives, the role of legislation and of accounting standards. Being able to apply accounting techniques and systems enables the preparation of accounts for different types of operations and for specific transactions. There is an introduction to measuring financial performance with the calculation of basic ratios. The need to understand and apply necessary controls for accounting systems, looking at internal control and the nature of errors and fraud, is also covered.

Note: students are required to be aware of the format and content of published accounts but are not required to prepare them. No 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 of how they influence the presentation of financial statements. IAS 1 and IAS 7 formats will form the basis of those statements. The terminology used for all entities will be that seen in the International Financial Reporting Standards. This will enable students to use a consistent set of accounting terms throughout their studies.

Also note that IAS1 allows the presentation of income in the form of a single statement of comprehensive income or as two separate statements, an income statement and a statement of comprehensive income. Because of the nature of the material dealt with at this level, the majority of questions on this topic will ask for income statement format. However students must be aware of the layout of the single statement of comprehensive income and be able to use it if required.

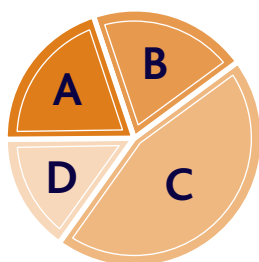
C02 – A. Conceptual and regulatory framework (20%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the concepts of financial accounting.	(a) explain the need for accounting records;	2	
	(b) identify user groups and the characteristics of financial statements;	2	
	(c) distinguish between financial and management accounts;	2	
	(d) identify the underlying assumptions, policies and changes in accounting estimates;	2	
	(e) explain capital and revenue, cash and profit, income and expenditure, assets and liabilities;	2	
	(f) distinguish between tangible and intangible assets;	2	
	(g) explain the historical cost convention;	2	
	(h) identify alternative methods of valuing assets, and their impact on profit measures and statement of financial position values.	2	
2. explain the regulatory and legal framework for financial accounting.	(a) explain the influence of legislation on published accounting information for organisations;	2	
	(b) explain the role of accounting standards in preparing financial statements;	2	
	(c) explain approaches to creating accounting standards.	2	

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Conceptual and regulatory framework	20%
B	Accounting systems	20%
C	Preparation of accounts for single entities	45%
D	Control of accounting systems	15%



Assessment strategy

There will be a two hour computer based assessment, comprising 50 compulsory questions, each with one or more parts.

A variety of objective test question styles and types will be used within the assessment.

Indicative syllabus content

- Accounting records.
- Users of accounts and the objectives and the qualitative characteristics of financial statements.
- Functions of financial and management accounts; purpose of accounting statements; stewardship; the accounting equation.
- Underlying assumptions, policies, changes in accounting estimates; capital and revenue; cash and profit; income, expenditure, assets and liabilities.
- Tangible and intangible assets.
- Historical cost convention.
- Asset valuation including current cost, fair value and value in use bases and their implications for profit measurement and the statement of financial position.
- Regulatory influence of company law (e.g. Companies Acts, EC directives); items in formats for published accounts.
- Role of accounting standards in financial statements.
- Principles and rules based approaches to creating accounting standards.

C02 – B. Accounting systems (20%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. prepare ledger accounts and supporting documents.	(a) explain the principles of double-entry bookkeeping;	2	
	(b) prepare cash and bank accounts, and bank reconciliation statements;	3	
	(c) prepare petty cash statements under an imprest system;	3	
	(d) prepare accounts for sales and purchases, including personal accounts and control accounts;	3	
	(e) prepare nominal ledger accounts, journal entries and a trial balance;	3	
	(f) prepare accounts for indirect taxes;	3	
	(g) prepare accounts for payroll;	3	
	(h) prepare a non-current asset register.	3	
2. explain the use of codes in accounting systems.	(a) explain the need for accounting codes;	2	
	(b) illustrate the use of simple coding systems.	2	

C02 – C. Preparation of accounts for single entities (45%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. prepare accounts for transactions.	(a) prepare accounts using accruals and prepayments;	3	
	(b) prepare accounts for bad debts and allowances for receivables;	3	
	(c) prepare accounts using different methods of calculating depreciation and for impairment values;	3	
	(d) prepare accounts for inventories;	3	
	(e) prepare manufacturing accounts;	3	
	(f) prepare income and expenditure accounts;	3	
	(g) prepare accounts from incomplete records;	3	
	(h) prepare accounts for the issue and redemption of shares and debentures.	3	
2. prepare financial statements for a single entity.	(a) prepare financial statements from trial balance;	3	
	(b) prepare a statement of cash flows.	3	
3. demonstrate the use of basic ratios in financial performance.	(a) calculate basic ratios.	3	

Indicative syllabus content

- Ledger accounts; double-entry bookkeeping.
- Accounts for cash and bank, bank reconciliations, imprest system for petty cash.
- Accounts for sales and purchases, including personal accounts and control accounts.
- Nominal ledger accounts and journal entries.
- Trial balance.
- Accounts for indirect taxes e.g. value added tax, sales tax.
- Accounts for payroll.
- Non-current asset register.

- Accounting codes and their uses.

Indicative syllabus content

- Adjustments to the trial balance, accruals and prepayments.
- Bad debts and allowances for receivables.
- Accounting treatment for depreciation (straight line, reducing balance and revaluation methods) and impairment.
- Accounts for inventories (excluding construction contracts); methods of inventory measurement (FIFO, LIFO and average cost).
- Manufacturing accounts.
- Income and expenditure accounts.
- Accounting statements from incomplete data.
- Accounts for the issue and redemption of shares and debentures.

- Income statement, statement of comprehensive income and statement of financial position; statement of changes in equity.
- Statement of cash flows.

- Ratios: return on capital employed; gross and net profit margins; asset turnover; trade receivables collection period and trade payables payment period; current and quick ratios; inventory turnover; gearing.

C02 – D. Control of accounting systems (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the need for external controls on a business.	(a) identify the requirements for external audit and the basic processes undertaken; (b) explain the meaning of fair presentation; (c) distinguish between external and internal audit.	2 2 2	
2. explain internal control techniques.	(a) explain the purpose and basic procedures of internal audit; (b) explain the need for financial controls; (c) explain the purpose of audit checks and audit trails.	2 2 2	
3. demonstrate how accounting errors are corrected.	(a) explain the nature of accounting errors; (b) prepare accounting entries for the correction of errors.	2 3	
4. explain the nature of fraud.	(a) explain the nature of fraud; (b) explain the basic methods of fraud prevention and detection.	2 2	

Indicative syllabus content

- External audit.
 - Fair presentation.
 - Distinction between external and internal audit.
- Internal audit.
 - Financial controls, audit checks and audit trails.
- Errors including those of principle, omission, and commission.
 - Journal entries and suspense accounts.
- Types of fraud.
 - 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.

03 The full syllabus continued

PAPER C03 FUNDAMENTALS OF BUSINESS MATHEMATICS

Syllabus overview

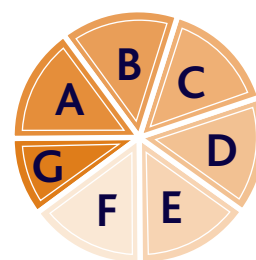
This paper primarily deals with the tools and techniques to understand the mathematics associated with managing business operations. Probability and risk play an important role in developing business strategy. Preparing forecasts and establishing the relationships between variables are an integral part of budgeting and planning.

Financial mathematics provides an introduction to interest rates and annuities and to investment appraisal for projects. Preparing graphs and tables in summarised formats and using spreadsheets are important in both the calculation of data and the presentation of information to users.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Basic mathematics	15%
B	Probability	15%
C	Summarising and analysing data	15%
D	Relationships between variables	15%
E	Forecasting	15%
F	Financial mathematics	15%
G	Spreadsheets	10%



C03 – A. Basic mathematics (15%)

Learning outcomes

On completion of their studies students should be able to:

Lead	Component	Level	
1. demonstrate the use of basic mathematics.	(a) calculate answers using formulae; (b) calculate percentages and proportions; (c) calculate answers to appropriate decimal places or significant figures.	3 3 3	
2. solve equations and inequalities.	(a) solve simple equations, including two variable simultaneous equations and quadratic equations; (b) prepare graphs of linear and quadratic equations; (c) solve simple inequalities.	3 3 3	

Assessment strategy

There will be a two hour computer based assessment, comprising 45 compulsory questions, each with one or more parts.

A variety of objective test question styles and types will be used within the assessment.

Indicative syllabus content

- Use of formulae, including negative powers as in the formula for the learning curve.
 - Order of operations in formulae, including brackets, powers and roots.
 - Percentages and ratios.
 - Rounding of numbers.
-
- Basic algebraic techniques and solution of equations, including simultaneous equations and quadratic equations.
 - Graphs of linear and quadratic equations.
 - Manipulation of inequalities.

C03 – B. Probability (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. calculate probability.	(a) calculate simple probability;	3	
	(b) demonstrate the addition and multiplication rules of probability;	3	
	(c) calculate a simple conditional probability.	3	
2. demonstrate the use of probability where risk and uncertainty exists.	(a) calculate an expected value;	3	
	(b) demonstrate the use of expected value tables in decision making;	3	
	(c) explain the limitations of expected values;	2	
	(d) explain the concepts of risk and uncertainty.	2	

C03 – C. Summarising and analysing data (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. apply techniques for summarising data.	(a) explain the difference between data and information;	2	
	(b) identify the characteristics of good information;	2	
	(c) tabulate data;	3	
	(d) prepare graphs, charts and diagrams;	3	
	(e) calculate for both ungrouped and grouped data: arithmetic mean, median, mode, range, variance, standard deviation and coefficient of variation;	3	
	(f) explain the concept of frequency distribution;	2	
	(g) prepare graphs/diagrams of normal distribution;	3	
	(h) explain the properties of normal distribution;	2	
	(i) demonstrate the use of normal distribution tables.	3	
2. apply techniques for analysing data.	(a) apply the Pareto distribution and the '80:20' rule;	3	
	(b) explain how and why indices are used;	2	
	(c) calculate indices using either base or current weights;	3	
	(d) apply indices to deflate a series.	3	

Indicative syllabus content

- Probability and its relationship with proportion and percent.
- Addition and multiplication rules of probability theory.
- Venn diagrams.

- Expected values and expected value tables.
- Risk and uncertainty.

Indicative syllabus content

- Data and information.
- Tabulation of data.
- Graphs, charts and diagrams: scatter diagrams, histograms, bar charts and ogives.
- Summary measures of central tendency and dispersion for both grouped and ungrouped data.
- Frequency distributions.
- Normal distribution.

- Pareto distribution and the '80:20 rule'.
- Index numbers.

C03 – D. Relationships between variables (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. calculate correlation coefficient for bivariate data.	(a) prepare a scatter diagram;	3	
	(b) calculate the correlation coefficient and the coefficient of determination between two variables.	3	
2. apply techniques of simple regression.	(a) calculate the regression equation between two variables;	3	
	(b) apply the regression equation to predict the dependent variable, given a value of the independent variable.	3	

C03 – E. Forecasting (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. demonstrate techniques used for forecasting.	(a) prepare a time series graph;	3	
	(b) identify trends and patterns using an appropriate moving average;	2	
	(c) identify the components of a time series model;	2	
	(d) prepare a trend equation using either graphical means or regression analysis.	3	
2. prepare forecasts.	(a) calculate seasonal factors for both additive and multiplicative models;	3	
	(b) explain when each of the additive or multiplicative models is appropriate;	2	
	(c) calculate predicted values given a time series model;	3	
	(d) identify the limitations of forecasting models.	2	

Indicative syllabus content

- Scatter diagrams.
 - Correlation coefficient: Spearman's rank correlation coefficient and Pearson's correlation coefficient.
-
- Simple linear regression.

Indicative syllabus content

- Time series analysis – graphical analysis.
 - Trends in time series – graphs, moving averages and linear regressions.
-
- Seasonal variations using both additive and multiplicative models.
 - Forecasting and its limitations.

C03 – F. Financial mathematics (15%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. calculate present and future values of cash flows.	(a) calculate future values of an investment using both simple and compound interest;	3	
	(b) calculate an annual percentage rate of interest given a monthly or quarterly rate;	3	
	(c) calculate the present value of a future cash sum;	3	
	(d) calculate the present value of an annuity and a perpetuity.	3	
2. apply financial mathematical techniques.	(a) calculate loan/mortgage repayments and the value of the loan/mortgage outstanding;	3	
	(b) calculate the future value of regular savings and/or the regular investment needed to generate a required future sum;	3	
	(c) calculate the net present value (NPV) and the internal rate of return (IRR) of a project;	3	
	(d) explain whether and why a project should be accepted or rejected.	2	

C03 – G. Spreadsheets (10%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. apply spreadsheets to calculate and present data.	(a) explain the features and functions of spreadsheet software;	2	
	(b) explain the use and limitations of spreadsheet software in business;	2	
	(c) apply spreadsheet software to the normal work of a Chartered Management Accountant.	3	

Indicative syllabus content

- Simple and compound interest.
- Present value (including using formulae and CIMA tables).
- Annuities and perpetuities.

- Loans and mortgages.
- Sinking funds and savings funds (including using formulae for the sum of a geometric progression).
- Discounting to find net present value (NPV) and internal rate of return (IRR).
- The concept of shareholder value.
- Interpretation of NPV and IRR.

Indicative syllabus content

- Features and functions of commonly used spreadsheet software: workbook, worksheet, rows, columns, cells, data, text, formulae, formatting, printing, graphics and macros.
Note: knowledge of Microsoft Excel type spreadsheet vocabulary/formulae syntax is required. Formulae tested will be that which is constructed by users rather than pre-programmed formulae.
- Advantages and disadvantages of spreadsheet software, when compared to manual analysis and other types of software application packages.
- Use of spreadsheet software in the day-to-day work of the Chartered Management Accountant: budgeting, forecasting, reporting performance, variance analysis, what-if analysis, discounted cash flow calculations.

03 The full syllabus continued

PAPER C04 FUNDAMENTALS OF BUSINESS ECONOMICS

Syllabus overview

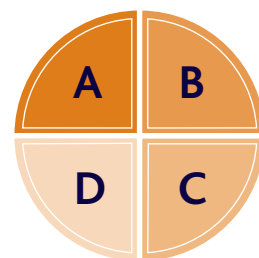
This paper primarily deals with the economic context of business and how competition, the behaviour of financial markets, and government economic policy can influence an organisation. It also provides the key microeconomic techniques underlying price determination and profit maximisation decisions.

The focus of this syllabus is on providing candidates with an understanding of the areas of economic activity relevant to an organisation's decisions.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	The macroeconomic context of organisations	25%
B	The goals and decisions of organisations	25%
C	The market system and the competitive process	25%
D	The financial system	25%



C04 – A. The macroeconomic context of organisations (25%)

Learning outcomes

On completion of their studies students should be able to:

Lead	Component	Level	
1. explain the factors affecting the level of a country's national income and the impact of changing growth rates on organisations.	(a) explain the determination of macroeconomic phenomena, including equilibrium national income, growth in national income, price inflation, unemployment, and trade deficits and surpluses;	2	
	(b) explain the stages of the trade cycle, its causes and consequences for the policy choices of government;	2	
	(c) explain the consequences of the trade cycle for organisations;	2	
	(d) explain the main principles of public finance (i.e. deficit financing, forms of taxation) and macroeconomic policy;	2	
	(e) describe the impacts on organisations of potential policy responses of government, to each stage of the trade cycle.	2	
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	
	(b) identify the main elements of national policy with respect to trade;	2	
	(c) explain the impacts of exchange rate policies on business.	2	

Assessment strategy

There will be a two hour computer based assessment, comprising 75 compulsory questions, each with one or more parts.

A variety of objective test question styles and types will be used within the assessment.

Indicative syllabus content

- Changes to equilibrium level of national income using an aggregate demand and supply analysis.
 - Types and consequences of unemployment, inflation and balance of payments deficits.
 - The circular flow of income, the main injections and withdrawals and their determinants.
 - The trade cycle and the implications for unemployment, inflation and trade balance of each stage (recession, depression, recovery, boom).
 - Government macroeconomic policy goals: low unemployment, inflation, external equilibrium and growth.
 - Government policy for each stage of the trade cycle.
 - Impacts of recession and boom on forecast sales of capital and consumption goods, industry profitability and employment levels in the firm.
 - The main principles of public finance: the central government budget and forms of direct and indirect taxation, incidence of taxation (progressive, regressive) and potential impact of high taxation on incentives and avoidance.
 - The main principles of public finance: fiscal, monetary and supply side policies, including relative merits of each.
 - The effects on organisations of changes to interest rates, government expenditure and taxation.
 - The effects on organisations of direct government macroeconomic policies including prices and income policies, labour market regulation, regulation on trade and policies to encourage investment.
-
- The main flows measured in the balance of payments accounts and the causes and effects of fundamental imbalances in the balance of payments.
 - Arguments for and against free trade and policies to encourage free trade (e.g. bi-lateral trade agreements, multi-lateral agreements, free trade areas, economic communities and economic unions) and protectionist instruments (tariffs, quotas, administrative controls, embargoes).
 - The effect of changing exchange rates on the profits of firms and international competitiveness of national industry.

Continued on next page

C04 – A. The macroeconomic context of organisations. (25%) continued

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
3. explain the influences on economic development of countries and its effect on business.	(a) explain the concept of globalisation and the consequences for businesses and national economies;	2	
	(b) explain the role of major institutions promoting global trade and development.	2	

C04 – B. The goals and decisions of organisations (25%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. distinguish between the economic goals of various stakeholders and organisations.	(a) distinguish between the goals of profit seeking organisations, not-for-profit organisations (NPOs) and governmental organisations;	2	
	(b) explain shareholder wealth, the variables affecting shareholder wealth and its application in management decision making;	2	
	(c) identify stakeholders and their likely impact on the goals of organisations and the decisions of management;	2	
	(d) distinguish between the potential objectives of management and those of shareholders, and the effects of this principal-agent problem on decisions concerning price, output and growth of the firm.	2	
2. describe the behaviour of the costs of a product and service provider as volume changes and the implications for prices, competition and industry structure.	(a) distinguish between the likely behaviour of a firm's unit costs in the short run and long run;	2	
	(b) illustrate the potential effects of long run cost behaviour on prices, the size of the organisation and the number of competitors in the industry;	2	
	(c) illustrate the potential impact on prices and competition of e-business and globalisation.	2	
3. calculate the level of output and price to maximise profits.	(a) demonstrate the point of profit maximisation graphically using total cost and total revenue curves;	3	
	(b) calculate the point of profit maximisation for a single product firm in the short run using data.	3	

Indicative syllabus content

- The nature of globalisation and factors driving it (improved communications, political realignments, growth of global industries and institutions, cost differentials).
- The main trade agreements and trading blocks.
- The social and political impacts of globalisation (e.g. widening economic divisions between countries) and its influence on business (e.g. off-shoring), industrial relocation, emergence of growth markets, enhanced competition, cross-national business alliances and mergers).
- The impacts of modern information and communication technologies on international trade and patterns of development.
- The principal institutions encouraging international trade (e.g. WTO/GATT, EU, G8).

Indicative syllabus content

- The forms of public, private and mutual ownership of organisations and their goals.
 - Concept of returns to shareholder investment in the short run (ROCE and EPS) and long run (NPV of free cash flows) and the need for firms to provide rates of return to shareholders at least equal to the firm's cost of capital.
 - Impact on share price of changes to a company's forecast cash flows or its required rate using perpetual annuity valuations with constant annual free cash flows, or NPV calculations with variable cash flows over three years.
 - Role of stakeholders in setting goals and influencing decisions in organisations.
 - Types of not-for-profit organisations.
 - The status of economic considerations as constraints rather than primary objectives of not-for-profit organisations.
 - The potential difference in objectives between management and shareholders.
 - The principal-agent problem, its likely effect on decision making in profit seeking organisations.
-
- Changing efficiency in the short run (eventually diminishing marginal returns) and the long run (increasing and diminishing returns to scale).
 - Graphical treatment of short run cost and revenue behaviour as output increases using curvilinear and total cost curves.
 - Long run cost behaviour and the long run average cost curve.
 - Increased competition and lower prices from the impact of e-business on costs of information search and by enabling low or zero variable cost.
 - Impact on competition of the ability of business to source products and services from low cost emerging economies.
-
- Short-run profit maximisation using graphical techniques.
 - Profit maximising output using data on price, quantity and unit costs .

C04 – C. The market system and the competitive process (25%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. demonstrate the determination of prices by market forces and the impact of price changes on revenue from sales.	(a) identify the equilibrium price in a product or factor markets likely to result from specified changes in conditions of demand or supply;	2	
	(b) calculate the price elasticity of demand and the price elasticity of supply;	3	
	(c) explain the determinants of the price elasticities of demand and supply;	2	
	(d) identify the effects of price elasticity of demand on a firm's revenues following a change in prices.	2	
2. explain the reasons for and effects of government intervention to stabilise prices.	(a) identify causes of instability of prices in markets for primary goods;	2	
	(b) explain the impact of instability of prices on incomes of producers and the stability of the industry;	2	
	(c) explain the effects on prices, producer revenues and market equilibrium, of government policies to influence prices in markets;	2	
	(d) illustrate the impacts of price regulation in goods and factor markets.	2	
3. explain the main sources of market failures and the policies available to deal with them.	(a) explain market concentration and the factors giving rise to differing levels of concentration between markets, including acquisitions and combinations;	2	
	(b) identify the impacts of the different forms of competition on prices, output and profitability;	2	
	(c) explain the main policies to prevent abuses of monopoly power by firms;	2	
	(d) explain market failures and their effects on prices, efficiency of market operation and economic welfare;	2	
	(e) explain the likely responses of government to market failures.	2	

Indicative syllabus content

- The price mechanism, determinants of supply and demand and their interaction to form and change equilibrium price.
 - The price elasticity of demand and supply. Note: calculate using arc and point methods.
 - Influences on the price elasticities of demand and supply.
 - Consequences of different price elasticities of demand for total revenue, following price changes.
-
- Impact of periodic variations in output, short run inelasticity of supply, inelastic demand and the cobweb (or hog cycle) on price stability in primary markets.
 - Implications of price fluctuations for producer incomes, industry stability and supply.
 - Government price stabilisation policies, deficiency payments, set-aside, subsidies.
 - Impact of employment costs.
 - Impact of minimum price (minimum wage) and maximum price policies in goods and factor markets.
-
- Measures of market concentration and the impacts of market concentration on efficiency, innovation and competitive behaviour.
 - Business integration including mergers, vertical integration and conglomerates.
 - Effect of monopolies and collusive practices on prices and output, and profitability.
 - Competition policy and fair trading regulations.
 - Positive and negative externalities in goods markets, merit goods and demerit goods.
 - Government response to market failure: indirect taxes, subsidies, polluter pays policies and regulation.
 - Government response to market failure: public assurance of access to public goods, healthcare, education and housing.
 - Government response to market failure: public versus private provision of services (nationalisation, privatisation, contracting out, public private partnerships).

C04 – D. The financial system (25%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the causes of demand for finance and the assets used for borrowing.	(a) identify the factors leading to liquidity surpluses and deficits in the short, medium and long run in households, firms and governments;	2	
	(b) 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 holders of liquidity.	2	
2. explain the functions of the main financial markets and institutions in facilitating commerce and development.	(a) explain the financial and economic functions of financial intermediaries;	2	
	(b) explain the role of commercial banks in the process of credit creation and in determining the structure of interest rates;	2	
	(c) explain the role of the 'central bank' in ensuring liquidity and in prudential regulation;	2	
	(d) explain the origins of the 2008 banking crisis and credit crunch;	2	
	(e) explain the role of the foreign exchange market and the factors influencing it, in setting exchange rates;	2	
	(f) explain the role of national and international governmental organisations in regulating and influencing the financial system;	2	
	(g) explain the role of supra-national financial institutions in stabilising economies and encouraging growth.	2	

Indicative syllabus content

- Finance for households: month to month cash flow management; short-term saving and borrowing; home buying; pension provision.
 - Finance for firms: cash flow management; finance of working capital and short-term assets; long-term permanent capital.
 - Finance for government: cash flow management; finance of public projects; long-term management of the national debt.
 - Role of financial assets, markets and institutions: credit agreements, mortgages, bills of exchange, bonds, certificates of deposit, equities.
-
- Role and functions of financial intermediaries: maturity transformation, risk management, aggregation, matching borrowers and lenders.
 - Role and influence of commercial banks on the supply of liquidity to the financial system through their activities in credit creation.
 - Yield on financial instruments (i.e. bill rate, running yield on bonds, net dividend yield on equity), relation between rates, role of risk, the yield curve.
 - Role and common functions of central banks: banker to government, banker to banks, lender of last resort, prudential regulation.
 - Influence of central banks on yield rates through market activity and as providers of liquidity to the financial system as lenders of last resort, including by quantitative easing.
 - The 2008 banking crisis and credit crunch: exposure to sub-prime debt, poor regulation, excessive lending.
 - Role of foreign exchange markets in facilitating international trade and in determining the exchange rate.
 - Influences on exchange rates: interest rates, inflation rates, trade balance, currency speculation.
 - Governmental and international policies on exchange rates (exchange rate management, fixed and floating rate systems, single currency zones).
 - Role of major institutions (e.g. World Bank Group, International Monetary Fund, European Central Bank) in fostering international development and economic stabilisation.

03 The full syllabus continued

PAPER C05 FUNDAMENTALS OF ETHICS, CORPORATE GOVERNANCE AND BUSINESS LAW

Syllabus overview

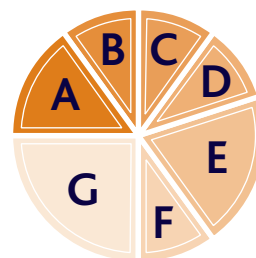
The learning outcomes in this paper reflect the legal framework for business and provide the underpinning for commercial activity. It includes the areas of contract law, employment law, financing, administration and management of companies. The globalisation of business is recognised by the inclusion of alternative legal systems, as well as the English legal system. Judicial precedent is included in relation to professional negligence.

Wherever business is conducted, the highest professional standards must be demonstrated for the benefit of all stakeholders. With this in mind, the place of ethics and ethical conflict is considered, as well as the role of corporate governance and its increasing impact in the management of organisations.

Syllabus structure

The syllabus comprises the following topics and study weightings:

A	Ethics and business	15%
B	Ethical conflict	10%
C	Corporate governance	10%
D	Comparison of English law with alternative legal systems	10%
E	The law of contract	20%
F	The law of employment	10%
G	Company administration and finance	25%



C05 – A. Ethics and business (15%)

Learning outcomes

On completion of their studies students should be able to:

Lead	Component	Level	
1. demonstrate an understanding of the importance of ethics to business generally and to the professional accountant.	(a) apply the values and attitudes that provide professional accountants with a commitment to act in the public interest and with social responsibility; (b) explain the need for a framework of laws, regulations and standards in business and their application; (c) explain the nature of ethics and its application to business and the accountancy profession; (d) distinguish between detailed rules based and framework approaches to ethics.	3 2 2 2	
2. explain the need for CIMA members to adopt the highest standards of ethical behaviour.	(a) explain the need for continual personal improvement and lifelong learning; (b) explain the need to develop the virtues of reliability, responsibility, timeliness, courtesy and respect; (c) explain the ethical principles of integrity, objectivity, professional competence, due care and confidentiality; (d) identify concepts of independence, scepticism, accountability and social responsibility; (e) explain the reasons why CIMA and IFAC each have a 'Code of Ethics for Professional Accountants'.	2 2 2 2 2	

Assessment strategy

There will be a two hour computer based assessment, comprising 75 compulsory questions, each with one or more parts.

A variety of objective test question styles and types will be used within the assessment.

Indicative syllabus content

- The importance of ethics.
 - Values and attitudes for professional accountants.
 - 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.
 - The nature of ethics and its relevance to business and the accountancy profession.
 - Rules based and framework approaches to ethics.
 - The 'Seven Principles of Public Life' – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
-
- Personal development and lifelong learning.
 - The personal qualities of reliability, responsibility, timeliness, courtesy and respect.
 - The ethical principles of integrity and objectivity.
 - Professional competence, due care and confidentiality.
 - Disclosure required by law.
 - The concepts of independence, scepticism, accountability and social responsibility.
 - The CIMA and IFAC 'Code of Ethics for Professional Accountants'.

C05 – B. Ethical conflict (10%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the various means of regulating ethical behaviour.	(a) explain the relationship between ethics, governance, the law and social responsibility;	2	
	(b) describe the consequences of unethical behaviour to the individual, the profession and society.	2	
2. explain how ethical dilemmas and conflicts of interest arise and may be resolved.	(a) identify situations where ethical dilemmas and conflicts of interest occur;	2	
	(b) explain how ethical dilemmas and conflicts of interest can be resolved.	2	

C05 – C. Corporate governance (10%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the development of corporate governance to meet public concern in relation to the management of companies.	(a) define corporate governance;	1	
	(b) explain the interaction of corporate governance with business ethics and company law;	2	
	(c) describe the history of corporate governance internationally;	2	
	(d) distinguish between detailed rules based and principles based approaches to governance.	2	
2. explain the impact of corporate governance on the directors and management structure of public limited companies and how this benefits stakeholders.	(a) explain the effects of corporate governance on directors' powers and duties;	2	
	(b) describe different board structures, the role of the board and corporate social responsibility;	2	
	(c) describe the types of policies and procedures that constitute 'best practice';	2	
	(d) explain the regulatory governance framework for companies and benefits to stakeholders.	2	

Indicative syllabus content

- The relationship between ethics and the law.
- The distinction between ethical codes and contracts.
- Corporate governance and social responsibility.
- Unethical behaviour.
- The consequences of unethical behaviour.

- The nature of ethical dilemmas.
- Conflicts of interest and how they arise.
- Ethical conflict resolution.
- The CIMA Code of Ethics for Professional Accountants – 'Fundamental Principles'.

Indicative syllabus content

- The role and key objectives of corporate governance.
- The interaction of corporate governance, ethics and the law.
- The development of corporate governance internationally e.g. in the UK, Europe, South Africa and the USA.
- Rules and principles based approaches to governance.

- The impact of corporate governance on directors' powers and duties.
- Types of board structures, the role of the board and corporate social responsibility (CSR).
- The role of the board in establishing corporate governance standards.
- Corporate governance codes e.g. The UK Corporate Governance Code.
- Policies and procedures for 'best practice' companies.
- The regulatory governance framework for companies.
- Stakeholder benefits.

C05 – D. Comparison of English law with alternative legal systems (10%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the essential elements of the English legal system and the tort of negligence.	(a) explain the manner in which behaviour within society is regulated by the civil and the criminal law;	2	
	(b) explain the sources of English law;	2	
	(c) illustrate the operation of the doctrine of precedent by reference to the essential elements of the tort of negligence and its application to professional advisers.	2	
2. describe the essential elements of alternative legal systems.	(a) describe the characteristics of the legal systems found in other countries;	2	
	(b) describe elements of Shari'ah law;	2	
	(c) describe the role of international regulations.	2	

C05 – E. The law of contract (20%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
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 simple contract and situations where the law requires the contract to be in a particular form;	2	
	(b) explain how the law determines whether negotiating parties have reached agreement and the role of consideration in making that agreement enforceable;	2	
	(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	
	(d) explain how the terms of a contract are established and their status determined;	2	
	(e) describe the effect of terms implied into contracts by sale of goods and supply of goods and services legislation;	2	
	(f) describe how the law controls the use of excluding, limiting and unfair terms.	2	
2. explain when the law regards a contract as discharged and the remedies available for breach and non-performance.	(a) describe the factors which cause a contract to be discharged;	2	
	(b) explain how the law of frustration provides an excuse for non-performance of the contract;	2	
	(c) explain the remedies which are available for serious and minor breaches of contract.	2	

Indicative syllabus content

- The purpose of the civil and criminal law.
- The sources of English law: custom, case law, statute, European law and other sources.
- The distinction between the common law and equity.
- The system of judicial precedent.
- The essential elements of the tort of negligence, including duty, breach and damage/loss/injury and the liability of professionals in respect of negligent advice.
- Alternative legal systems, including codified (civil law) systems.
- The general characteristics of the legal systems of France, Germany, Poland, Italy, Denmark, Greece and Cyprus.
- The general characteristics of the legal systems of the USA, Malaysia, China and Sri Lanka.
- Elements of Shari'ah law including sources of Shari'ah law and the Five Pillars of Islam.
- The benefits of international regulations for commerce and professional practice through the work of key bodies e.g. IFAC, ISO, FEE.

Indicative syllabus content

- The essential elements of a valid simple contract.
- 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.
- The principles for establishing that the parties intend their agreement to have contractual force and how a contract is affected by a misrepresentation.
- Incorporation of express and implied terms, conditions and warranties.
- The main provisions of the Sale of Goods Act 1979 and the Supply of Goods and Services Act 1982.
- Excluding and limiting terms; the Unfair Contract Terms Act 1977 and the Unfair Terms in Consumer Contracts Regulations.
- Discharge of a contract by performance, agreement and breach.
- The law relating to frustration.
- The law relating to damages.
- The remedies of specific performance, injunction, rescission, and requiring a contract party to pay the agreed price.

C05 – F. The law of employment (10%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
1. explain the essential elements of an employment contract and the remedies available following termination of the contract.	(a) explain the differences between employees and independent contractors;	2	
	(b) explain how the contents of a contract of employment are established;	2	
	(c) explain the distinction between unfair and wrongful dismissal.	2	
2. explain the impact of health and safety law on employers and employees.	(a) explain how employers and employees are affected by health and safety legislation;	2	
	(b) describe the consequences of a failure to comply with health and safety legislation.	2	

C05 – G. Company administration and finance (25%)

Learning outcomes On completion of their studies students should be able to:			
Lead	Component	Level	
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	
	(b) explain the differences between public and private companies and establishing a company by registration or purchasing 'off the shelf';	2	
	(c) explain the purpose and legal status of the articles of association;	2	
	(d) explain the ability of a company to contract;	2	
	(e) explain the main advantages and disadvantages of carrying on business through the medium of a company limited by shares;	2	
	(f) explain the use and procedure of board meetings and general meetings of shareholders;	2	
	(g) explain the voting rights of directors and shareholders;	2	
	(h) identify the various types of shareholder resolutions.	2	
2. explain the law relating to the financing and management of companies limited by shares.	(a) explain the nature of different types of shares, the procedure for their issue and acceptable forms of payment;	2	
	(b) explain the maintenance of capital principle and the reduction of share capital;	2	
	(c) explain the ability of a company to take secured and unsecured loans, the different types of security and the registration procedure;	2	
	(d) explain the procedure for the appointment, retirement, disqualification and removal of directors;	2	
	(e) explain the powers and duties of directors when in office;	2	
	(f) explain the rules dealing with the possible imposition of personal liability upon the directors of insolvent companies;	2	
	(g) explain the rights of majority and minority shareholders;	2	
	(h) explain the division of powers between the board of a company and the shareholders;	2	
	(i) explain the qualifications, powers and duties of the company secretary.	2	

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Indicative syllabus content

- The tests used to distinguish an employee from an independent contractor.
 - The express and implied terms of a contract of employment.
 - The rights and duties of employers and employees.
 - Notice and dismissal.
 - Unfair and wrongful dismissal.
-
- The main rules relating to health and safety at work, sanctions on employers for non-compliance, and remedies for employees.
 - Social security compensation.
 - Civil liability for occupational injuries.

Indicative syllabus content

- The essential characteristics of sole traderships/practitionerhips, partnerships, companies limited by shares and corporate personality.
 - 'Lifting the corporate veil' both at common law and by statute.
 - The distinction between public and private companies.
 - Company registration and the advantages of purchasing a company 'off the shelf'.
 - The purpose and contents of the articles of association.
 - Corporate capacity to contract.
 - The advantages and disadvantages of the company limited by shares.
 - Board meetings: when used and the procedure at the meeting.
 - General Meetings of shareholders: when used and the procedure at the meeting.
 - The voting rights of directors and shareholders.
 - Ordinary, special and written resolutions and their uses.
-
- The rights attaching to different types of shares.
 - The procedures for issuing shares.
 - The issue of shares for an improper purpose.
 - Payment for shares.
 - The maintenance of capital principle: the purposes for which shares may be issued, redeemed or, purchased and the provision of financial assistance for the purchase of the company's own shares.
 - The reduction of capital.
 - The ability of a company to borrow money and the procedure to be followed.
 - Unsecured loans, and the nature and effect of fixed and floating charges.
 - The appointment, retirement and removal of directors and their powers and duties during office.
 - Fraudulent and wrongful trading, preferences and transactions at an under-value.
 - The rights of majority and minority shareholders.
 - The division of powers between the board and the shareholders.
 - The qualifications, powers and duties of the company secretary.

04 The examinations

All five subject examinations within the CIMA Certificate in Business Accounting qualification 2011 are sat at CIMA approved assessment centres using computer based assessment (CBA) methodology. Registered CIMA students may sit the examinations in any order and at any time of the year.

The pass mark for each of the five examinations is 50% and permanent credit is awarded for any subject in which the candidate scores 50% or more. Each subject examination will be two hours.

Examinations based on the CIMA Certificate in Business Accounting qualification 2011, will be available at CIMA approved assessment centres from 3 October 2011.

05 The transition arrangements for students

Transition from the CIMA Certificate in Business Accounting Qualification 2006

Registered CIMA students who have passed examinations (or been awarded exemptions from examinations) before 1 July 2012, based upon the CIMA Certificate in Business Accounting 2006 syllabus, will be given credits for subjects within the CIMA Certificate in Business Accounting 2011 syllabus, as shown in the following table.

2006 syllabus	2011 syllabus
Paper C01 Fundamentals of Management Accounting	Paper C01 Fundamentals of Management Accounting
Paper C02 Fundamentals of Financial Accounting	Paper C02 Fundamentals of Financial Accounting
Paper C03 Fundamentals of Business Mathematics	Paper C03 Fundamentals of Business Mathematics
Paper C04 Fundamentals of Business Economics	Paper C04 Fundamentals of Business Economics
Paper C05 Fundamentals of Ethics, Corporate Governance and Business Law	Paper C05 Fundamentals of Ethics, Corporate Governance and Business Law

Note

1. Examinations based on the CIMA Certificate in Business Accounting 2011 syllabus, will be available at CIMA approved assessment centres from 3 October 2011.
2. Examinations based on the CIMA Certificate in Business Accounting 2006 syllabus, will be available at CIMA approved assessment centres until 30 June 2012.
3. Examinations based on the 2006 and 2011 syllabus will be available concurrently between 3 October 2011 and 30 June 2012.

06 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 within the IFAC International Education Standards for Professional Accountants.

CIMA pre-qualification education programmes

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

CIMA initial professional development – work based practical experience

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

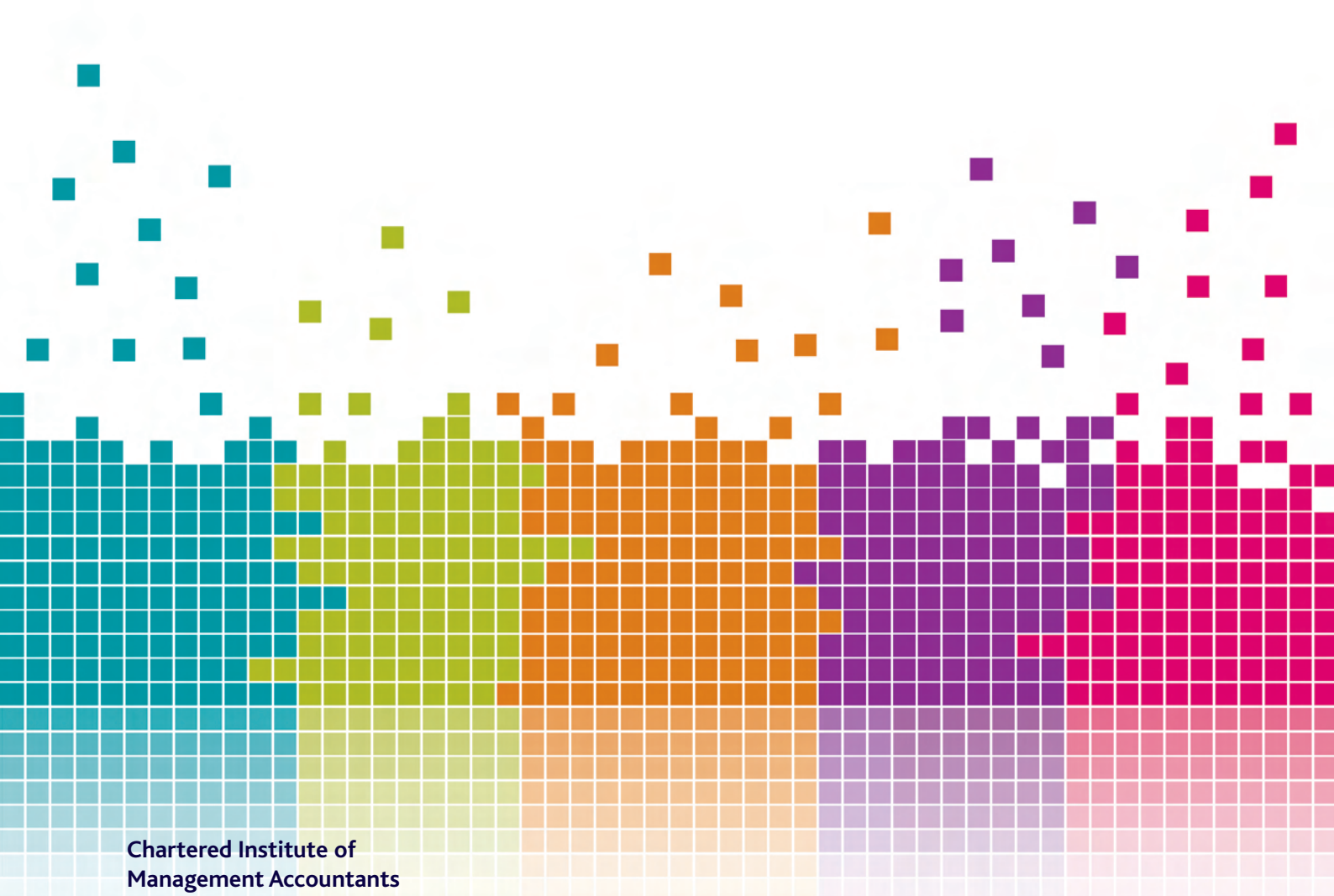
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