

IMPLEMENTATION SUPPORT MATERIALS

Proposed Professional Accountants in Business Non-Authoritative Detailed Learning Outcomes

This non-authoritative document supports users of International Education Standard (IES) 2, *Initial Professional Development – Technical Competence*. It is grounded in the Learning Outcomes approach which “embodies the idea that learning and development experiences are most effective when based on what the individual needs to demonstrate” (as per the IAESB Guiding Principles for Implementing a Learning Outcomes Approach). This non-authoritative document aims to illustrate how IES 2 may be implemented in a manner that is most relevant to Professional Accountants in Business (PAIB). Linked to IES 2, it provides users with an opportunity to reference how a principles-based learning outcome can be viewed using a PAIB lens, or for certain Non-Authoritative Detailed Learning Outcomes (NDLOs) more broadly, provide a menu of learning outcomes that the user may want to incorporate into their program, or provide ideas or considerations when users are developing their own learning outcomes.

While these NDLOs are all linked to IES 2, which sets forth requirements for Initial Professional Development (IPD), they are equally relevant to Continuous Professional Development (CPD) considerations of the professional accountant as described in IES 7, *Continuing Professional Development (Revised)*.

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
(a) Financial accounting and reporting (Intermediate)	(i) Apply accounting principles to transactions and other events.	<ul style="list-style-type: none"> Identify appropriate data to be used in inventory valuation, including which goods to include, what costs to include, and which cost assumption to use.
		<ul style="list-style-type: none"> Explain the matching principle with respect to revenues and expenses, and apply it to a specific situation.
		<ul style="list-style-type: none"> Explain the conservatism / prudence principle, and when it is appropriate to apply it.
		<ul style="list-style-type: none"> Explain the materiality principle, and the judgments to be made in applying it to a specific item or situation.
		<ul style="list-style-type: none"> Explain the principle of accrual accounting, and apply it to specific situations.
		<ul style="list-style-type: none"> Explain the full disclosure principle and considerations to be made in practically applying this principle, in order to balance the needs of shareholders and financial statement readers with commercial sensitivity and proprietary concerns.

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
	(ii) Apply International Financial Reporting Standards (IFRSs) or other relevant standards to transactions and other events.	<ul style="list-style-type: none"> Identify accounting implications arising from business transactions or events, and the applicable accounting and financial reporting standards related to a given transaction or event.
		<ul style="list-style-type: none"> Document the accounting and financial reporting standards that are applicable to a transaction or event and the resulting accounting treatment.
		<ul style="list-style-type: none"> Assess the financial and operational impacts of adopting new accounting and financial reporting standards.
		<ul style="list-style-type: none"> Implement new accounting and financial reporting standards.
	(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements.	<ul style="list-style-type: none"> Evaluate the inventory method and cost flow assumption that should be used for a given a set of facts.
		<ul style="list-style-type: none"> Discuss general issues and concerns that have been identified with respect to revenue recognition practices.
		<ul style="list-style-type: none"> Evaluate whether an entity’s revenue recognition policy adequately and appropriately addresses issues such as sales with buyback agreements, sales when right of return exists, and trade loading.
	(iv) Prepare financial statements, including consolidated financial statements, in accordance with IFRSs or other relevant standards.	<ul style="list-style-type: none"> Apply consolidation principles in order to properly aggregate subsidiary ledger balances and eliminate inter-company amounts.
		<ul style="list-style-type: none"> Demonstrate understanding of the relationships and interdependencies between the Balance Sheet, Income Statement, and Statement of Cash Flows.
		<ul style="list-style-type: none"> Identify appropriate data sources (including sub-ledgers, other systems, databases, non-accounting information, etc.) to support footnote disclosures.
<ul style="list-style-type: none"> Prepare financial statement footnote disclosures. 		

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
	(v) Interpret financial statements and related disclosures.	<ul style="list-style-type: none"> • Interpret financial statements using financial and non-financial ratio analysis. • Interpret the meaning and limitations of financial ratios in the context of the current operations of a business, and as compared to its historical results and industry peers. • Assess the potential behavioral impact to personnel within an organization of using certain financial ratios as performance metrics, and their effectiveness for creating long term economic value. • Assess loan covenant compliance through understanding loan covenant requirements and computing required ratios and figures from financial statements.
(b) Management accounting (Intermediate)	(i) Apply techniques to support management decision making, including product costing, variance analysis, inventory management, and budgeting and forecasting.	<ul style="list-style-type: none"> • Describe decision support principles, including the principles of causality. • Create a process map of an operational process and causally assign costs to the process. • Explain how to collect and structure costs to reflect an operational model of resources and processes. • Explain the principles of capacity management. • Apply various techniques for analyzing and forecasting revenue including market demand forecasting, customer value, and statistical analysis. • Apply various costing methods including standard, marginal, absorption, activity-based, and throughput methods. • Discuss implications of various cost management techniques including target costing, value analysis, and life cycle.

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
		<ul style="list-style-type: none"> Apply various cost management techniques such as target costing, value analysis, and life cycle.
		<ul style="list-style-type: none"> Explain the difference between absorption costing and variable costing.
		<ul style="list-style-type: none"> Discuss the implications for internal decision making of using costing information prepared to meet external financial reporting requirements.
	(ii) Apply appropriate quantitative techniques to analyze cost behavior and the drivers of costs.	<ul style="list-style-type: none"> Describe the operations and resources of the organization and develop a cost model based on causal relationships and reflection of resource and process characteristics.
		<ul style="list-style-type: none"> Apply causal modeling to analyze the business model and how the business operates, in order to drive insight.
		<ul style="list-style-type: none"> Identify and model causal relationships between revenues and other costs.
		<ul style="list-style-type: none"> Explain how to initiate an investigation for cost reduction opportunities in organizational processes, resources, products / services, and customers.
	(iii) Analyze data to provide meaningful information to support management decision making.	<ul style="list-style-type: none"> Analyze data for decisions such as make or buy, lease or own, and sell or process further.
		<ul style="list-style-type: none"> Analyze non-routine projects (e.g., special orders, outsourcing, and business segments).
		<ul style="list-style-type: none"> Identify the key criteria to use when evaluating alternatives to ensure alignment with an organization’s strategic goals.
		<ul style="list-style-type: none"> Assess the type of data needed for a decision and determine if financial accounting and reporting data is appropriate or whether other causal data more accurately reflects the economic impact of the decision.
	(iv) Prepare information to support management decision making, including planning and budgeting, cost management,	<ul style="list-style-type: none"> Analyze costs across the value chain to support product and service sourcing decisions.

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
	quality control, performance measurement, and comparative analysis.	<ul style="list-style-type: none"> • Prepare cost-volume-profit (breakeven) analysis to support product and service decisions.
		<ul style="list-style-type: none"> • Apply value chain analysis to identify cost and differentiation advantages.
		<ul style="list-style-type: none"> • Explain interrelationships between various budget lines (e.g. correlation between sales and commissions), and perform appropriate planning.
		<ul style="list-style-type: none"> • Demonstrate an understanding of capacity management and capacity costing.
		<ul style="list-style-type: none"> • Compare and contrast the advantages and disadvantages of various planning and budgeting approaches such as rolling forecasts, flexible budgets, and static budgets.
		<ul style="list-style-type: none"> • Create various plans and budgets such as rolling forecasts, flexible budgets, and static budgets.
		<ul style="list-style-type: none"> • Discuss various approaches to defining fixed and proportional / variable costs and the implications on management decisions.
		<ul style="list-style-type: none"> • Discuss the implications of allocating costs compared to causal assignment.
		<ul style="list-style-type: none"> • Discuss various ways of handling non-causal costs and their impact on decision making.
		(c) Finance and financial

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
management (Intermediate)	financing, financial instruments, and bond, equity and treasury markets.	<ul style="list-style-type: none"> Apply quantitative techniques such as a discounted cash flow (DCF) analysis to model and evaluate financing options and alternative funding vehicles.
	(ii) Analyze an organization's cash flow and working capital requirements.	<ul style="list-style-type: none"> Demonstrate an understanding of the difference between short-term and long-term financing needs.
		<ul style="list-style-type: none"> Prepare a forecast of cash requirements for a given time period and given set of assumptions.
	(iii) Analyze the current and future financial position of an organization, using techniques including ratio analysis, trend analysis, and cash flow analysis.	<ul style="list-style-type: none"> Prepare economic value added (EVA) analysis.
		<ul style="list-style-type: none"> Interpret models and analyses to determine the financial and accounting implications.
		<ul style="list-style-type: none"> Evaluate the impact of an organization's social and environmental performance on its future financial position.
		<ul style="list-style-type: none"> Interpret models and analyses to determine the implications on the long-term value creation capability of the organization including its human, social, and environmental capital.
	(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital.	<ul style="list-style-type: none"> Evaluate reasonableness of capital assumptions and capital structure (i.e. relative weighting for debt vs. equity) for given situation or transaction.
		<ul style="list-style-type: none"> Assess reasonableness of the rates used as inputs for a cost of capital calculation.
	(v) Apply capital budgeting techniques in the evaluation of capital investment decisions.	<ul style="list-style-type: none"> Prepare lease versus buy analysis.
<ul style="list-style-type: none"> Use quantitative investment appraisal techniques such as NPV and IRR to evaluate potential capital investments. 		

Competence Area	Learning Outcome	Non-authoritative Detailed Learning Outcomes (NDLOs)
		<ul style="list-style-type: none"> Analyze performance of capital investments using ratios such as return on investment / return on capital and evaluate the long-term implications of the assumptions inherent in these ratios.
(d) Taxation (Intermediate)	(i) Explain national taxation compliance and filing requirements.	<ul style="list-style-type: none"> Explain business taxation concepts and principles. Identify book vs. tax differences in financial statements and the appropriate treatment based on timing (current / temporary / permanent).
	(ii) Prepare direct and indirect tax calculations for individuals and organizations.	<ul style="list-style-type: none"> Explain the interrelationship of various tax schedules to each other and to the overall tax filing. Identify data sources and information needed in order to prepare tax calculations and filings.