SUPPLEMENT TO EXPOSURE DRAFT, PROPOSED IES 2 (REVISED): MAPPING & TRACKED CHANGES DOCUMENT

This supplement to the International Accounting Education Standards Board (IAESB) Exposure Draft, Proposed IES 2 (Revised), "*Initial Professional Development—Technical Competence,*" has been prepared by IAESB staff to demonstrate how the text of extant IES 2 maps to the text of the proposed IES 2 (Revised). The highlighted text identifies material that has been deleted. An explanation of the proposed deletion and other comments are provided, where appropriate.

The material included is provided only to assist readers of the Exposure Draft of Proposed IES 2 (Revised). It is for information purposes only and does not form part of the Exposure Draft. The IAESB has not approved, disapproved, or otherwise acted upon this supplement. It is neither authoritative nor an official pronouncement nor statement of the IAESB.

Exhibit 1. Mapping Document

Note: Highlighting indicates material that has been deleted, unless otherwise noted.

Extant IES 2	**New Para Ref**	**Comment on proposed deletion of highlighted material, significant edits, and other notes**
Purpose and Scope of this Standard		
1. This Standard (IES) prescribes the knowledge content of professional accounting education programs that candidates need to acquire to qualify as professional accountants.	Para 1	Wording amended in Para.1 to reflect: the emphasis on the prescribed learning outcomes that develop technical competence; the IAESB Drafting Conventions; and the content of Framework document (2009).
2. The aim of this IES is to ensure that candidates for membership of an IFAC member body have enough advanced professional accountancy knowledge to enable them to function as competent professional accountants in an increasingly complex and changing environment. The issue of maintaining this competence is		Paragraph deleted; content does not align with the guidelines of the Drafting Conventions on what content should be included in the scope and objective.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
dealt with in IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*.		
3. The primary knowledge part of professional accounting education programs is shown under three major headings: (a) accounting, finance and related knowledge; (b) organizational and business knowledge; and (c) information technology knowledge and competences. The professional skills required and the content of general education, professional values, ethics and attitudes, and the requirements related to practical experience are set out in IES 3, *Professional Skills and General Education*, IES 4, *Professional Values, Ethics and Attitudes* and IES 5, *Practical Experience Requirements*.		Paragraph deleted; Some of the content captured in Para. 3, Table A of Para. 7 and Para. A5 when giving examples of competence areas.
Introduction		
4. Professional accounting education may take place in an academic environment or in the course of studying for a professional qualification but should be at least equivalent to degree level study. Candidates need to acquire the professional knowledge, professional skills, and professional values, ethics and attitudes, and need to be able to integrate these elements.		Paragraph deleted; The IAESB has decided to focus on professional accounting education programs to develop professional competence. This is explained in Para. A2 and Para. A5 explains the need for integration of technical competence with professional skills, and professional values, ethics, and attitudes..
5. The knowledge component of professional		Paragraph deleted; The

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
accounting education programs can also be used to develop professional skills. Current knowledge may be obsolete later in a career. Therefore, a surface approach to learning knowledge across a very broad range of subjects is not in the long-term interests of prospective professional accountants and the profession. The intellectual skills required include understanding, application, analysis and evaluation. Over a lifetime's career, professional skills, values, ethics and attitudes are more important than the professional knowledge base obtained at the point of qualification.		content of this paragragh does not: (1) support the requirements of IES 2 and (2) align with the IAESB Drafting Conventions on Scope.
6. Just as important is the development of skills to identify problems, and to know what knowledge is required to both identify and to solve problems. Instilling a commitment to lifelong learning is, in the long run, more important than any piece of knowledge. Lifelong learning is a skill that needs to be acquired, an attitude of mind that needs to be developed and a value that society endorses.		Paragraph deleted; The content of this paragragh does not: (1) support the requirements of IES 2 and (2) align with the IAESB Drafting Conventions on Scope.
7. The body of knowledge professional accountants need to acquire to function competently is constantly changing and expanding. Local conditions also call for variations in the knowledge base required. In addition, professional accountants will specialize during their careers. For these reasons, this IES sets out only broad subject headings on the premise that professional accountants will need to continually update their knowledge.		Paragraph deleted; the standard now addresses learning outcomes to develop technical competence rather than the body of knowledge needed by professional accountants.
8. While this IES focuses mainly on the professional knowledge required to function as a professional accountant, it also includes competences for the IT		Paragraph deleted; Some of the content is captured in Para. 7 which provides various comptence areas

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
component of the program		including Information Technology.
9. Definitions and explanations of the key terms used in the IESs are set out in the *Framework for International Education Pronouncements*.	Para. 4	Paragraph amended; Para. 4 refers to IAESB *Glossary of Terms* and Framework (2009) document to provide reference material for definitions and explanations of key terms
Effective Date		
10. This IES is effective from January 1, 2005.	Para 5	Date amended in Para 5 to reflect new effective date.
Content of Professional Accounting Education Programs		
11. **Professional accounting study should be a part of the pre-qualification program. This study should be long enough and intensive enough to permit candidates to gain the professional knowledge required for professional competence.**		Paragraph deleted; Para. A9 indicates that learning outcomes to develop technical competence are to be achieved by the end of initial professional development to provide the base to enable professional accountants to develop specializtions different accounting roles.
12. The professional accountancy knowledge component of pre-qualification education should consist of at least two years of full-time study (or the part-time equivalent).		Paragraph deleted; The IAESB prefers to use a learning outcome approach to develop technical competences rather than to identify time requirements for full or part-time study.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
13. **Students should pursue a degree in accounting, or a professional qualification, to gain this knowledge.**		Paragraph deleted; Some of the content is captured in Para. A2 when discussing how professional competence can be developed through professional accounting education programs and workplace training.
14. The content of professional accounting education should consist of: • **accounting, finance and related knowledge;** • **organizational and business knowledge; and** • **information technology knowledge and competences.**		Paragraph deleted; Some of the content appears in Para. 7 which describes the minimum learning outcomes for the development of technical competence.
15. The professional knowledge component complements the non-professional knowledge, and the intellectual, personal, interpersonal, communication, and organizational and management skills developed in general education.		Paragraph deleted; Standard now focuses on development of professional competence which requires the integration of technical competene and professional skills.
16. The subjects discussed in this IES are not necessarily intended to be completed in the order shown. For example, professional accounting education may be gained alongside general education, while pursuing a university degree, or it may be obtained in advanced study after completing another program of study at university degree level. Students may take non-accounting degrees, or no degrees at		Paragraph deleted; Standard does not emphasize subject content, but technical competence.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
all, and then acquire the necessary knowledge of professional accountancy subjects through studying for the examinations of a professional body. In this case, the syllabus of the professional body needs to cover all the subject content listed here. In addition, the subjects and elements of the program may be integrated, for example, incorporating aspects of IT knowledge in specific accounting courses. This may assist the learning process and help candidates understand how the individual components are interrelated.		
17. The professional accountancy knowledge component is only part of the pre-qualification education program. It may or may not be acquired in an academic environment. Some degree programs may, in addition to requiring up to two years of general studies, devote at least another two years to accounting studies. More specialist accounting degrees may incorporate general studies within a three-year program. The exact combination of general studies, accounting studies and practical experience may differ from one program to another as long as the equivalent professional competences are achieved		Paragraph deleted; Standard prescribes learning outcomes to develop technical competence.
18. Accounting, finance and related knowledge provide the core technical foundation essential to a successful career as a professional accountant. The mix of topics may differ according to the sectors or locations in which individuals work. The accounting curriculum is itself changing and will continue to change in response to rapidly changing market demands. New topics are entering the curriculum and the relative emphasis among topics is altering. Member bodies may wish to add topics, or alter the balance of their programs, to meet the needs of their particular environments.		Paragraph deleted; Standard prescribes learning outcomes in competence areas to develop technical competence rather than knowledge areas in accounting and finance.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
19. Organizational and business knowledge provides the context in which professional accountants work. A broad knowledge of business, government and not-for-profit organizations is essential for professional accountants. Organizational and business knowledge includes: how businesses are organized, financed and managed, and the global environment in which business operates.		Paragraph deleted; Standard prescribes learning outcomes in competence areas to develop technical competence rather than knowledge areas in organizationaland business.
20. Information technology has transformed the role of the professional accountant. The professional accountant not only uses information systems and exercises IT controls skills, but also plays an important role as part of a team in the evaluation, design and management of such systems.		Paragraph deleted; Standard prescribes learning outcomes in competence areas to develop technical competence rather than knowledge areas in information technology.
21. The weighting of subjects can vary from one program to another. The three knowledge areas are not set out to indicate relative importance or order. A competency study is a useful way of deciding the relative weighting of subjects.		Paragraph deleted; Standard prescribes learning outcomes to develop technical competence rather than knowledge areas.
22. The subjects listed below represent the minimum subject areas in professional accounting education programs. However, the relative depth and weighting of coverage will depend on the needs of individual IFAC member bodies and any restrictions placed on them by statutory authorities.		Paragraph deleted; Standard prescibes learning outcome rather than a list of subject areas.
23. **The accounting, finance and related knowledge component should include the following subject areas:** • **financial accounting and reporting;** • **management accounting and**		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies various

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
control; • **taxation;** • **business and commercial law;** • **audit and assurance;** • **finance and financial management; and** • **professional values and ethics.**		competence areas including many of the subjet areas identified for the accounting and finance knowledge area.
17. The accounting, finance and related knowledge part further develops and integrates the knowledge, skills and professional values, ethics and attitudes from elsewhere into the subject areas all professional accountants need to study. It gives students the necessary theoretical and technical accounting knowledge and intellectual skills, including an understanding of professional values and ethics. This part needs to be delivered at least at the level of an accounting degree. This part includes: (a) history of the accountancy profession and accounting thought; (b) content, concepts, structure and meaning of reporting for organizational operations, both for internal and external use, including the information needs of financial decision makers and a critical assessment of the role of accounting information in satisfying those needs; (c) national and international accounting and auditing standards; (d) the regulation of accounting; (e) management accounting, including planning and budgeting, cost management, quality control, performance measurement, and benchmarking; (f) the concepts, methods and processes of control that provide for the accuracy and integrity of financial data and safeguarding of business assets;		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies the learning outcomes and minimum proficiency levels for competence areas in accounting, finance, and related areas in education.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
(g) taxation and its impact on financial and managerial decisions; (h) a knowledge of the business legal environment, including securities and companies law, appropriate for the role of the profession in the particular country; (i) the nature of auditing and other assurance services, including risk assessment and fraud detection, and the intellectual and procedural bases for performing them; (j) a knowledge of finance and financial management, including financial statement analysis, financial instruments, capital markets – both domestic and international – and managing resources; (k) ethical and professional responsibilities of a professional accountant in relation to both the professional and wider public environment (see also IES 4, *Professional Values, Ethics and Attitudes)*; (l) governmental and not-for-profit accounting issues; and (m) the use of non-financial performance measures in business.		
25. **The organizational and business knowledge component should include the following subject areas:** • **economics;** • **business environment;** • **corporate governance;** • **business ethics;** • **financial markets;** • **quantitative methods;** • **organizational behavior;** • **management and strategic decision making;** • **marketing; and**		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies various competence areas including many of the subjet areas identified for the organizational and business knowledge area.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
• **international business and globalization.**		
18. Organizational and business education equips prospective professional accountants with knowledge of the environment in which employers and clients operate. It also provides the context for the application of all the professional skills acquired during the pre-qualification process. Being able to understand is different from having the ability and experience to undertake, participate in and contribute to organizational and business management.		Paragraph deleted. Content does not support a learning outcome approach.
27. Organizational and business education provides: (a) a knowledge of macro- and micro-economics; (b) a knowledge of business and financial markets and how they operate; (c) the application of quantitative methods and statistics to business problems; (d) an understanding of the role of the professional accountant in corporate governance and business ethics; (e) an understanding of organizations and of the environments in which they operate, including the major economic, legal, political, social, technical, international and cultural forces and their influences and values; (f) an understanding of environmental issues and sustainable development; (g) an understanding of interpersonal and group dynamics in organizations, including the methods for creating and managing change in organizations; (h) an understanding of personnel and		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies the learning outcomes and minimum proficiency levels for competence areas in organizational and business education.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
human resource issues, managing people, project management, and marketing; (i) an understanding of decision support and strategy, including business advice, strategic management and general management; (j) an understanding of organizational and operational risk; (k) a basic knowledge of international trade and finance and the ways in which international business is conducted, as well as the processes of globalization; and (l) an ability to integrate the above components in accomplishing strategic objectives.		
28. **The information technology component should include the following subject areas and competences:** **general knowledge of IT;** **IT control knowledge;** **IT control competences;** **IT user competences; and** **one of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems.**		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies various competence areas including many of the subjet areas identified for the information technology area.
29. As part of their pre-qualification education, all professional accountants are expected to participate in at least one of the roles of manager, designer or evaluator of information systems, or, a cluster of these roles.		Paragraph deleted. Content does not support the specified learning outcomes in the competence area of information technology.
30. At the point of qualification, candidates are expected to have a knowledge and understanding of the competency		

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes
elements in at least one of these roles. This may be evidenced by the ability to describe or explain the significance of the issues related to the listed competences in a relevant business setting. A candidate needs to be able to participate effectively in the activities listed in this section as part of a team or under supervision, but would not to be expected to demonstrate proficiency in all the competences.		
31. Users of the various information technologies employ information systems tools and techniques to help them meet their own objectives and to help others meet their objectives. The following broad areas of competency relate to the user role: (a) apply appropriate IT systems and tools to business and accounting problems; (b) demonstrate an understanding of business and accounting systems; and (c) apply controls to personal systems.		Paragraph deleted; Some of the content appears in Table A of Para. 7 which specifies the learning outcomes and minimum proficiency levels for information technology.
32. The information technology knowledge component may be provided in a variety of ways, perhaps as separate courses or by integrating the subject into the organizational and business knowledge component or into the accounting and accounting-related knowledge component. Competence may also be acquired through work experience in addition to the IT knowledge component. For the formal IT education component, case studies, interactions with experienced professionals and similar techniques should be used to enhance the presentation of subject matter and to help students develop practical skills, in combination with relevant IT work experience.		Paragraph deleted. Some of the content is captured in Para. A14 which recognizes the importance of work experience and case studdies in developing competence of the aspiring professional accountant.

Extant IES 2	New Para Ref	Comment on proposed deletion of highlighted material, significant edits, and other notes

Exhibit 2. Tracked Changes Document

PROPOSED INTERNATIONAL EDUCATION STANDARD 2

INITIAL PROFESSIONAL DEVELOPMENT – TECHNICAL COMPETENCE (REVISED)

CONTENTS

Introduction

~~Purpose and Scope of this Standard~~

~~1. This Standard (IES) prescribes the knowledge content of professional accounting education programs that candidates need to acquire to qualify as professional accountants.~~

~~2. The aim of this IES is to ensure that candidates for membership of an IFAC member body have enough advanced professional accountancy knowledge to enable them to function as competent professional accountants in an increasingly complex and changing environment. The issue of maintaining this competence is dealt with in IES 7, *Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence*.~~

~~3. The primary knowledge part of professional accounting education programs is shown under three major headings:~~

~~(a) accounting, finance and related knowledge;~~

~~(b) organizational and business knowledge; and~~

~~(c) information technology knowledge and competences.~~

~~The professional skills required and the content of general education, professional values, ethics and attitudes, and the requirements related to practical experience are set out in IES 3, *Professional Skills and General Education*, IES 4, *Professional Values, Ethics and Attitudes* and IES 5, *Practical Experience Requirements*.~~

~~4. Professional accounting education may take place in an academic environment or in the course of studying for a professional qualification but should be at least equivalent to degree level study. Candidates need to acquire the professional knowledge, professional skills, and professional values, ethics and attitudes, and need to be able to integrate these elements.~~

~~5. The knowledge component of professional accounting education programs can also be used to develop professional skills. Current knowledge may be obsolete later in a career. Therefore, a surface approach to learning knowledge across a very broad range of subjects is not in the long term interests of prospective professional accountants and the profession. The intellectual skills required include understanding, application, analysis and evaluation. Over a lifetime's career, professional skills, values, ethics and attitudes are more important than the professional knowledge base obtained at the point of qualification.~~

~~6. Just as important is the development of skills to identify problems, and to know what knowledge is required to both identify and to solve problems. Instilling a commitment to lifelong learning is, in the long run, more important than any piece of knowledge. Lifelong learning is a skill that needs to be acquired, an attitude of mind that needs to be developed and a value that society endorses.~~

~~7. The body of knowledge professional accountants need to acquire to function competently is constantly changing and expanding. Local conditions also call for variations in the knowledge base required. In addition, professional accountants will specialize during their careers. For these reasons, this IES sets out only broad subject headings on the premise that professional accountants will need to continually update their knowledge.~~

~~8. While this IES focuses mainly on the professional knowledge required to function as a professional accountant, it also includes competences for the IT component of the program.~~

~~9.~~ Scope of this Standard (Ref: A1-A6)

1. This International Education Standard (IES) prescribes the learning outcomes that demonstrate the technical competence required of aspiring professional accountants by the end of Initial Professional Development (IPD).

2. This IES is addressed to International Federation of Accountants (IFAC) member bodies. IFAC member bodies have responsibility for ensuring that IPD meet the requirements of this IES. In addition, this IES will be helpful to educational organizations, employers,

regulators, government authorities, and any other stakeholders who support learning and development of technical competence of aspiring professional accountants.

3. This IES specifies the learning outcomes that demonstrate technical competence required of aspiring professional accountants by the end of IPD, while *IES 3: Initial Professional Development—Professional Skills*, and *IES 4: Initial Professional Development—Professional Values, Ethics and Attitudes*, specify other learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the learning outcomes that demonstrate the professional competence required of aspiring professional accountants by the end of IPD.

~~1.~~4. Definitions and explanations of the key terms used in the IESs ~~are set out in~~and the *Framework for International Education* ~~*Pronouncements*~~.*Standards for Professional Accountants* are set out in the International Accounting Education Standards Board *(IAESB) Glossary of Terms*.

Effective Date

~~2.~~5. ~~10.~~ This IES is effective from ~~January 1, 2005.~~[a date to be determined by the IAESB but not before TBC].

~~**Content of Professional Accounting Education Programs**~~

~~11. **Professional accounting study should be a part of the pre-qualification program. This study should be long enough and intensive enough to permit candidates to gain the professional knowledge required for professional competence.**~~

~~12. **The professional accountancy knowledge component of pre-qualification education should consist of at least two years of full-time study (or the part-time equivalent).**~~

~~13. **Students should pursue a degree in accounting, or a professional qualification, to gain this knowledge.**~~

~~14. **The content of professional accounting education should consist of:**~~

- ~~**accounting, finance and related knowledge;**~~
- ~~**organizational and business knowledge; and**~~
- ~~**information technology knowledge and competences.**~~

~~15. The professional knowledge component complements the non-professional knowledge, and the intellectual, personal, interpersonal, communication, and organizational and management skills developed in general education.~~

~~16. The subjects discussed in this IES are not necessarily intended to be completed in the order shown. For example, professional accounting education may be gained alongside general education, while pursuing a university degree, or it may be obtained in advanced study after completing another program of study at university degree level. Students may take non-accounting degrees, or no degrees at all, and then acquire the necessary knowledge of professional accountancy subjects through studying for the examinations of a professional body. In this case, the syllabus of the professional body needs to cover all the subject content listed here. In addition, the subjects and elements of the program may be integrated, for example, incorporating aspects of IT knowledge in specific accounting courses. This may assist the learning process and help candidates understand how the individual components are interrelated.~~

~~17. The professional accountancy knowledge component is only part of the pre-qualification education program. It may or may not be acquired in an academic environment. Some degree programs may, in addition to requiring up to two years of general studies, devote at least another two years to accounting~~

studies. More specialist accounting degrees may incorporate general studies within a three year program. The exact combination of general studies, accounting studies and practical experience may differ from one program to another as long as the equivalent professional competences are achieved.

18. Accounting, finance and related knowledge provide the core technical foundation essential to a successful career as a professional accountant. The mix of topics may differ according to the sectors or locations in which individuals work. The accounting curriculum is itself changing and will continue to change in response to rapidly changing market demands. New topics are entering the curriculum and the relative emphasis among topics is altering. Member bodies may wish to add topics, or alter the balance of their programs, to meet the needs of their particular environments.

19. Organizational and business knowledge provides the context in which professional accountants work. A broad knowledge of business, government and not for profit organizations is essential for professional accountants. Organizational and business knowledge includes: how businesses are organized, financed and managed, and the global environment in which business operates.

20. Information technology has transformed the role of the professional accountant. The professional accountant not only uses information systems and exercises IT controls skills, but also plays an important role as part of a team in the evaluation, design and management of such systems.

21. The weighting of subjects can vary from one program to another. The three knowledge areas are not set out to indicate relative importance or order. A competency study is a useful way of deciding the relative weighting of subjects.

22. The subjects listed below represent the minimum subject areas in professional accounting education programs. However, the relative depth and weighting of coverage will depend on the needs of individual IFAC member bodies and any restrictions placed on them by statutory authorities.

23. **The accounting, finance and related knowledge component should include the following subject areas:**

- **financial accounting and reporting;**
- **management accounting and control;**
- **taxation;**
- **business and commercial law;**
- **audit and assurance;**
- **finance and financial management; and**
- **professional values and ethics.**

24. The accounting, finance and related knowledge part further develops and integrates the knowledge, skills and professional values, ethics and attitudes from elsewhere into the subject areas all professional accountants need to study. It gives students the necessary theoretical and technical accounting knowledge and intellectual skills, including an understanding of professional values and ethics. This part needs to be delivered at least at the level of an accounting degree. This part includes:

(a) history of the accountancy profession and accounting thought;

(b) content, concepts, structure and meaning of reporting for organizational operations, both for internal and external use, including the information needs of financial decision makers and a critical assessment of the role of accounting information in satisfying those needs;

(c) national and international accounting and auditing standards;

(d) the regulation of accounting;

(e) management accounting, including planning and budgeting, cost management, quality control, performance measurement, and benchmarking;

(f) the concepts, methods and processes of control that provide for the accuracy and integrity of financial data and safeguarding of business assets;

(g) taxation and its impact on financial and managerial decisions;

(h) a knowledge of the business legal environment, including securities and companies law, appropriate for the role of the profession in the particular country;

(i) the nature of auditing and other assurance services, including risk assessment and fraud detection, and the intellectual and procedural bases for performing them;

(j) a knowledge of finance and financial management, including financial statement analysis, financial instruments, capital markets – both domestic and international – and managing resources;

(k) ethical and professional responsibilities of a professional accountant in relation to both the professional and wider public environment (see also IES 4, *Professional Values, Ethics and Attitudes)*;

(l) governmental and not-for-profit accounting issues; and

(m) the use of non-financial performance measures in business.

25. **The organizational and business knowledge component should include the following subject areas:**

- **economics;**
- **business environment;**
- **corporate governance;**
- **business ethics;**
- **financial markets;**
- **quantitative methods;**
- **organizational behavior;**
- **management and strategic decision making;**
- **marketing; and**
- **international business and globalization.**

26. Organizational and business education equips prospective professional accountants with knowledge of the environment in which employers and clients operate. It also provides the context for the application of all the professional skills acquired during the pre-qualification process. Being able to understand is different from having the ability and experience to undertake, participate in and contribute to organizational and business management.

27. Organizational and business education provides:

(a) a knowledge of macro- and micro-economics;

(b) a knowledge of business and financial markets and how they operate;

(c) the application of quantitative methods and statistics to business problems;

(d) an understanding of the role of the professional accountant in corporate governance and business ethics;

(e) an understanding of organizations and of the environments in which they operate, including the major economic, legal, political, social, technical, international and cultural forces and their influences and values;

(f) an understanding of environmental issues and sustainable development;

(g) an understanding of interpersonal and group dynamics in organizations, including the methods for creating and managing change in organizations;

(h) an understanding of personnel and human resource issues, managing people, project management, and marketing;

(i) an understanding of decision support and strategy, including business advice, strategic management and general management;

(j) an understanding of organizational and operational risk;

(k) a basic knowledge of international trade and finance and the ways in which international business is conducted, as well as the processes of globalization; and

(l) an ability to integrate the above components in accomplishing strategic objectives.

28. **The information technology component should include the following subject areas and competences:**

- **general knowledge of IT;**
- **IT control knowledge;**
- **IT control competences;**
- **IT user competences; and**
- **one of, or a mixture of, the competences of, the roles of manager, evaluator or designer of information systems.**

29. As part of their pre-qualification education, all professional accountants are expected to participate in at least one of the roles of manager, designer or evaluator of information systems, or, a cluster of these roles.

30. At the point of qualification, candidates are expected to have a knowledge and understanding of the competency elements in at least one of these roles. This may be evidenced by the ability to describe or explain the significance of the issues related to the listed competences in a relevant business setting. A candidate needs to be able to participate effectively in the activities listed in this section as part of a team or under supervision, but would not to be expected to demonstrate proficiency in all the competences.

31. Users of the various information technologies employ information systems tools and techniques to help them meet their own objectives and to help others meet their objectives. The following broad areas of competency relate to the user role:

(a) apply appropriate IT systems and tools to business and accounting problems;

(b) demonstrate an understanding of business and accounting systems; and

(c) apply controls to personal systems.

32. The information technology knowledge component may be provided in a variety of ways, perhaps as separate courses or by integrating the subject into the organizational and business knowledge component or into the accounting and accounting related knowledge component. Competence may also be acquired through work experience in addition to the IT knowledge component. For the formal IT education component, case studies, interactions with experienced professionals and similar techniques should be used to enhance the presentation of subject matter and to help students develop practical skills, in combination with relevant IT work experience.

Objective (Ref: A7)

6. The objective of an IFAC member body is to provide aspiring professional accountants with the technical competence required to perform a role of a professional accountant.

Requirements

Learning outcomes (Ref: A8-A11)

7. IFAC member bodies shall prescribe the learning outcomes that demonstrate the professional competence required of aspiring professional accountants by the end of IPD. For technical competence, these learning outcomes shall include, at a minimum, those listed in Table A.

Table A – Learning Outcomes for Technical Competence

Competence area	Learning outcomes	Minimum level of proficiency
(a) Financial accounting and reporting	(i) Apply accounting principles to transactions and other events	Advanced
	(ii) Apply IFRS or other relevant standards to a range of transactions and other events	
	(iii) Classify financial data appropriately in financial statements	
	(iv) Prepare primary financial statements, including consolidated financial statements, in accordance with laws and regulations	
	(v) Evaluate the appropriateness of accounting policies used to prepare financial statements	
	(vi) Interpret specialized reports including sustainability reports and integrated reports	
(b) Management accounting	(i) Apply techniques such as product costing, variance analysis, inventory management, and budgeting and forecasting to improve the performance of an organization	Intermediate

Competence area	Learning outcomes	Minimum level of proficiency
	(ii) Analyze and integrate financial and nonfinancial data to provide relevant information for managerial decision making	
	(iii) Prepare reports to support managerial decision making, including reports that focus on planning and budgeting, cost management, quality control, performance measurement, and benchmarking	
	(iv) Compare and evaluate the performance of products and business segments	
(c) Finance and financial management	(i) Compare the various sources of finance available to an organization, including banking finance, financial instruments, and different capital markets	Intermediate
	(ii) Analyze an organization's cash flow and working capital requirements	
	(iii) Analyze the current and future financial position of an organization, using techniques such as ratio analysis, trend analysis, and cash flow analysis	
	(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital	

Competence area	Learning outcomes	Minimum level of proficiency
	(v) Apply appropriate capital budgeting techniques to the evaluation of capital investment decisions	
(d) Taxation	(i) Explain domestic taxation compliance and filing requirements	Intermediate
	(ii) Prepare tax calculations for direct and indirect taxes for individuals and organizations	
	(iii) Analyze the taxation issues associated with non-complex international transactions	
	(iv) Explain the difference between tax planning, tax avoidance, and tax evasion	
	(v) Identify when it is appropriate to refer matters to taxation specialists	
(e) Audit and assurance	(i) Analyze the risk profile of an entity to identify the components of audit risk	Intermediate
	(ii) Describe the objectives of an audit of financial statements	
	(iii) Describe the activities involved in performing an audit of financial statements	
	(iv) Identify applicable auditing standards (e.g., ISAs), laws and regulations relevant to an audit engagement	

Competence area	Learning outcomes	Minimum level of proficiency
	(v) Understand the key elements of assurance service engagements	
(f) Governance, risk management and internal control	(i) Explain the principles of good governance, including the rights and responsibilities of owners, and the role of stakeholders in governance, disclosure, and transparency requirements	Intermediate
	(ii) Analyze the components of an organization's governance structure	
	(iii) Analyze an organization's risks and opportunities within a risk management framework	
	(iv) Analyze the components of internal control	
(g) Business laws and regulations	(i) Explain the laws and regulations that are relevant to the environment in which professional accountants operate	Foundation
	(ii) Explain different legal forms of businesses and the legislation and regulations that govern each form	
	(iii) Identify when it is appropriate to refer matters to legal specialists for help	
(h) Information technology	(i) Describe the basic hardware and software components of information systems	Intermediate

Competence area	Learning outcomes	Minimum level of proficiency
	(ii) Identify general computer controls and application controls required for effective accounting information systems	
	(iii) Analyze the adequacy of controls for relevant application systems	
	(iv) Explain the components of an information systems continuity plan	
(i) Business and organizational environment	(i) Describe the environment in which an organization operates, including the main economic, legal, political, social, technical, international, and cultural forces and their influences and values	Intermediate
	(ii) Analyze key features in the global environment that affect international trade and finance	
	(iii) Explain the impact of legal, political, cultural, and technological contexts on the processes of internationalization of an organization	
	(iv) Identify the characteristic features of globalization, including the role of multinationals, e-commerce and emerging markets	
(j) Economics	(i) Describe the fundamental principles of microeconomics and macroeconomics	Foundation

Competence area	Learning outcomes	Minimum level of proficiency
	(ii) Interpret the effect of movements in key indicators of microeconomic and macroeconomic activity	
	(iii) Explain the competitive environment facing organizations under different types of market structures, including competitive markets, monopoly, monopolistic competition, and oligopoly	
(k) Business management	(i) Explain the various ways that organizations may be designed and structured	Intermediate
	(ii) Explain the purpose and importance of functional areas, such as human resource management, project management, procurement, technology management, and marketing	
	(iii) Explain the external and internal factors that may influence the formulation of an organization's strategy	
	(iv) Analyze relevant factors in the internal and external business environment that impact on managerial work and organizational performance	
	(v) Compare how various theories of organizational behavior may be used to enhance the performance of the individual, teams, and the organization	

Review of professional accounting education programs (Ref: Para A12)

8. IFAC member bodies shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in this IES.

Assessment of Technical Competence (Ref: Para A13 and A14)

9. IFAC member bodies shall establish appropriate assessment activities to assess the achievement of the technical competence of aspiring professional accountants.

Explanatory Material

Scope of this Standard (Ref: Para 1 to 5)

A1. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. The inclusion of technical competence in IPD lays the base for the ongoing development of technical competence throughout the professional accountant's career.

A2. Professional accounting education programs are designed to support aspiring professional accountants develop the appropriate professional competence by the end of IPD. They may consist of formal education delivered through degrees and courses offered by universities, other higher education providers, IFAC member bodies, and employers, as well as workplace training. The design of the professional accounting education programs during IPD may therefore involve substantive input from stakeholders other than IFAC member bodies.

A3. There are many different ways to describe and categorize professional competence. Within these IESs, professional competence is the ability to perform a role to a defined standard. Professional competence consists of technical competence, professional skills, and professional values, ethics, and attitudes. Each area of professional competence is further described by a set of learning outcomes in the relevant IES.

A4. The aspiring professional accountant achieves professional competence through the integration of technical competence with professional skills, and professional values, ethics, and attitudes.

A5. Technical competence is defined as the ability to apply professional knowledge to perform a role to a defined standard. For a professional accountant, the professional knowledge relates to a range of competence areas, including financial accounting and reporting, audit and assurance, taxation, governance, and risk management and economics.

A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation and economics; competence areas within professional skills include intellectual skills and organizational skills; and competence areas within professional values, ethics, and attitudes include ethical principles and professional skepticism and professional judgment.

Objective (Ref: Para 6)

A7. Requiring aspiring professional accountants to achieve learning outcomes that demonstrate appropriate technical competence serves several purposes. First, the public interest is protected, and the credibility of the profession is enhanced when only those who meet the profession's competence requirements are permitted to be professional accountants. Second, IFAC member bodies and regulatory authorities have a responsibility to ensure that professional accountants have the competence expected of them by the public, employers, and clients. Third, professional accountants have a continuing duty to maintain professional competence to ensure that clients, employers and relevant stakeholders, receive competent professional service[1].

Learning outcomes (Ref: Para 7)

A8. The requirements for technical competence are set out as learning outcomes that establish the content and the depth of knowledge, understanding, and application required for each specified competence area.

A9. The learning outcomes are the minimum to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. The minimum learning outcomes are those that provide the base to enable professional accountants to develop specializations in different accounting roles, such as an audit engagement partner or taxation specialist.

A10. Each learning outcome has been assigned a minimum level of proficiency that aspiring professional accountants are expected to demonstrate by the end of IPD. There are many ways to classify and to describe proficiency levels of learning outcomes. The classification developed by the IAESB is described in Appendix 1.

A11. In professional accounting education programs, an IFAC member body may choose to increase the minimum level of proficiency for some learning outcomes, and may develop additional learning outcomes that are not specified in this IES. This may occur when an IFAC member body prepares professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant). The relative depth and weighting of the learning outcomes specified for any competence area may depend on the needs of individual IFAC member bodies and any requirements placed on them by regulatory authorities.

Review of professional accounting education programs (Ref: Para 8)

A12. The requirement to regularly review and update professional accounting education programs is a reflection of the rapidly changing complex environment within which professional accountants operate.

Assessment of technical competence (Ref: Para 9)

A13. IES 6: *Initial Professional Development—Assessment of Professional Competence*, provides the principles that apply to the design of assessment activities used to assess

[1] *Professional Code of Conduct, IESBA Handbook of the Code of Ethics for Professional Accountants, – 2012 Edition.*

technical competence. Assessment activities are defined as those activities designed to assess elements of professional competence.

A14. Various assessment activities can be used by IFAC member bodies and other stakeholders to assess the technical competence of aspiring professional accountants. Assessment activities appropriate for assessing technical competence may include written examinations consisting of short answer questions and case studies, written essays, objective testing, and workplace assessment of competence by employers.

Appendix 1
(Ref: Para A14)

Classification of Proficiency Levels for Learning Outcomes

The Classification of Proficiency Levels supports the IAESB's use of learning outcomes in its publications such as, International Education Standards (IESs) 2, 3, 4, and 8. The classification includes descriptors of four levels of proficiency for learning outcomes. These descriptors will help to set learning outcomes to demonstrate technical competence, professional skills, and professional values, ethics, and attitudes in a variety of professional accounting roles and specializations. Examples of indicative verbs are also included to assist those who wish to develop additional learning outcomes.

In the present suite of IESs none of the learning outcomes are classified at Mastery level, however, this level has been included in the Classification in order to demonstrate the relative positioning of the Foundation through Advanced levels.

Level of Proficiency	**Description**
Foundation	Learning outcomes focus on: • Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; • Performing assigned tasks by using the appropriate professional skills; • Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; • Solving problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and • Providing information and explaining ideas in a clear manner, using oral and written communications. Learning outcomes relate to work situations that are characterized by low levels of ambiguity, complexity and uncertainty. Indicative verbs used to construct learning outcomes typically include: define, describe, distinguish, explain, identify, illustrate, interpret, list, perform, recognize, solve, state, summarize.
Intermediate	Learning outcomes focus on: • Independently applying, comparing and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; • Combining technical competence and professional skills to complete work assignments; • Applying professional values, ethics, and attitudes to work assignments; • Assessing, researching, and resolving complex problems with limited

Level of Proficiency	**Description**
	supervision; and • Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. Learning outcomes relate to work situations that are characterized by moderate levels of ambiguity, complexity and uncertainty. In addition to those verbs used at the Foundation level, indicative verbs used to construct learning outcomes typically include: analyze, apply, calculate, classify, compare, consider, prepare, prioritize, produce, select.
Advanced	Learning outcomes focus on: • Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments and to make recommendations appropriate to stakeholder needs; • Integrating technical competence and professional skills to manage and lead projects and work assignments; • Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; • Anticipating, consulting appropriately and developing solutions to complex problems and issues; and • Consistently presenting and explaining relevant information in a persuasive manner to a wide-range of stakeholders Learning outcomes at the advanced level relate to work situations that are characterized by high levels of ambiguity, complexity and uncertainty. In addition to those verbs used at the Foundation and Intermediate levels, indicative verbs used to construct learning outcomes typically include: act, advise, anticipate, appraise, construct, design, develop, evaluate, integrate, lead, manage, negotiate, plan, recommend.
Mastery	Learning outcomes focus on: • Integrating technical competence, professional skills, and professional values, ethics and attitudes to lead complex projects, resolve complex problems and advise internal and external stakeholders; • Acting as a role model within the accounting profession by behaving in accordance with required professional values, ethics and attitude; • Providing thought leadership in areas requiring experience and expertise; and • Communicating with impact to guide and convince internal and external stakeholders at a senior level on vision and strategy of the organization or business. Learning outcomes at the mastery level relate to situations that are characterized by high levels of ambiguity, complexity and uncertainty. Indicative verbs include all those listed for Foundation, Intermediate and Advanced

Level of Proficiency	Description
	levels.