

INTERNATIONAL EDUCATION STANDARD
IES 2
CONTENT OF PROFESSIONAL ACCOUNTING EDUCATION
PROGRAMS

CONTENTS

	Paragraph
Purpose and Scope of this Standard	1-3
Introduction	4-9
Effective Date	10
Content of Professional Accounting Education Programs	11-32

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*.

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.
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. Definitions and explanations of the key terms used in the IESs are set out in the *Framework for International Education Standards for Professional Accountants* and the *IAESB Glossary of Terms*.

Effective Date

10. This IES is effective from January 1, 2005.

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**
 - **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**
 - **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 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.