

CIMA Professional Gateway Assessment (CPGA)

Introduction

This syllabus has been designed to fulfil the assessment requirements of the Memorandum of Understanding between CIMA and the ICWAI. It represents an alternative route for ICWAI Members and 'Passed Finalists' into CIMA's strategic level examinations and is based on the premise that much of the content has already been covered in the ICWAI professional examinations. The normal 'accreditation' route into CIMA's professional examinations remains an option for ICWAI Members and Passed Finalists should they not wish to embark on this 'Professional Gateway Route'.

Learning and study Preparation for the CIMA Professional Gateway Assessment

Participants are highly recommended to use as the basis of their study programme for the CPGA one or a combination of the following:

1. All three cimastudy.com courses in Decision Management; Integrated Management and Financial Analysis. These are available at thecimapublishing.com website and are sold at a discounted price if all three are purchased as a 'bundle';
2. All three copies of CIMA Learning Systems in Decision Management; Integrated Management and Financial Analysis. These are available at thecimapublishing.com website and are sold at a discounted price if all three are purchased as a 'bundle';

Assessment

The CPGA will comprise a three hour written examination (with 20 minutes of reading time allocated prior to the start of the paper). The pass mark is 50%. All CPGAs will have the following structure:

SECTION A – ALL THREE QUESTIONS MUST BE ATTEMPTED

Question 1	Consolidated Accounting Statements (IFRS compliant)	25 marks
Question 2	Cost Planning and Analysis	25 marks
Question 3	Project Management	25 marks

SECTION B OBJECTIVE TEST QUESTIONS

Objective test questions selected from all other areas of the syllabus not covered in SECTION A	25 marks
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TOTAL MARKS	100 marks
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CPGA - LEARNING OUTCOMES AND SYLLABUS CONTENT

(A)	Cost Planning and Analysis for Competitive Advantage	(25%)
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Learning outcomes:

On completion of their studies students should be able to:

- (i) compare and contrast value analysis and functional cost analysis;
- (ii) evaluate the impacts of just-in-time production, the theory of constraints and total quality management on efficiency, inventory and cost;
- (iii) explain the concepts of continuous improvement and Kaizen costing that are central to total quality management and prepare cost of quality reports;
- (iv) explain and apply learning and experience curves to estimate time and cost for new products and services;
- (v) apply the techniques of activity-based management in identifying cost drivers/activities and explain how process re-engineering can be used to eliminate non-value adding activities and reduce activity costs;
- (vi) explain how target costs can be derived from target prices and describe the relationship between target costs and standard costs;
- (vii) explain the concept of life cycle costing and how life cycle costs interact with marketing strategies at each stage of the life cycle.
- (viii) explain the concept of the value chain and discuss the management of contribution/profit generated throughout the chain;
- (ix) discuss gain sharing arrangements whereby contractors and customers benefit if contract targets for cost, delivery etc. are beaten;
- (x) apply activity-based costing ideas to analyse 'direct customer profitability and extend this analysis to distribution channel profitability;
- (xi) apply Pareto analysis as a convenient technique for identifying key elements of data and in presenting the results of other analyses, such as activity-based profitability calculations.

Syllabus content

- Value analysis and quality function deployment.
- The benefits of just-in-time production, total quality management and theory of constraints and the implications of these methods for decision-making in the 'new manufacturing environment'.
- Kaizen costing, continuous improvement and cost of quality reporting.
- Learning curves and their use in predicting product/service costs, including derivation of the learning rate and the learning index.
- Activity-based management in the analysis of overhead and its use in improving the efficiency of repetitive overhead activities.
- Target costing.
- Life cycle costing and implications for marketing strategies.
- The value chain and supply chain management, including the trend to outsource manufacturing operations to Eastern Europe and the Far East.
- Gain sharing arrangements in situations where, because of the size of the project, a limited number of contractors or security issues (e.g. in defence work), normal competitive pressures do not apply.
- The use of direct and activity-based cost methods in tracing costs to 'cost objects', such as customers or distribution channels, and the comparison of such costs with appropriate revenues to establish 'tiered' contribution levels, as in the activity-based cost hierarchy.
- Pareto analysis.

Learning outcomes

On completion of their studies students should be able to:

- (i) identify a project and its attributes;
- (ii) apply suitable structures and frameworks to projects to identify common management issues;
- (iii) produce a basic outline of the process of project management;
- (iv) identify the characteristics of each phase in the project process;
- (v) demonstrate the role of key stakeholders in the project;
- (vi) distinguish the key tools and techniques that would need to be applied in the project process, including the evaluation of proposals;
- (vii) identify methodologies and systems used by professional project managers;
- (viii) Identify the strategy and scope for a project;
- (ix) identify stakeholder groups and recommend basic strategies for the management of their perceptions and expectations;
- (x) produce a basic project plan, recognising the effects of uncertainty and recommending strategies for dealing with this uncertainty, in the context of a simple project;
- (xi) identify structural and leadership issues that will be faced in managing a project team;
- (xii) recommend appropriate project control systems;
- (xiii) evaluate through selected review and audit, the learning outcomes from a project;
- (xiv) apply a process of continuous improvement to projects.

Syllabus content

- The definition of a project, project management, and the contrast with repetitive operations and line management;
- 4-D and 7-S models to provide an overview of the project process, and the nine key process areas (PMI) to show what happens during each part of the process;
- Stakeholders (both process and outcome) and their needs;
- Roles of project sponsors, boards, champions, managers and clients;
- Key tools for project managers (e.g. Work Breakdown Structure, network diagrams (Critical Path Analysis), Gantt charts, resource histograms, establishment of gates and milestones);
- Evaluation of plans for projects;
- The key processes of PRINCE2 and their implications for project staff;
- The role of determining trade-offs between key project objectives of time, cost and quality;
- Managing scope at the outset of a project and providing systems for configuration management/change control;
- The production of basic plans for time, cost and quality;
- Scenario planning and buffering to make provision for uncertainty in projects, and the interface with the risk management process;
- Organisational structures, including the role of the project and matrix organisations, and their impact on project achievement;
- Teamwork, including recognising the life-cycle of teams, team/group behaviour and selection;
- Control of time, cost and quality through performance and conformance management systems;
- Project completion, documentation, stakeholder marketing, completion reports and system close-down;
- The use of post-completion audit and review activities and the justification of their costs.

Learning outcomes

On completion of their studies students should be able to:

- (i) explain the conditions required for an undertaking to be a subsidiary or an associate of another company;
- (ii) explain and apply the rules for the exclusion of subsidiaries from consolidation;
- (iii) prepare a consolidated income statement, balance sheet and cash flow statement for a group of companies;
- (iv) explain and apply the concepts of fair value at the point of acquisition and impairment of goodwill;
- (v) identify the impact on group financial statements when a subsidiary is acquired or disposed of part way through an accounting period (to include the effective date of acquisition and dividends out of pre-acquisition profits) and where shareholdings, or control, are acquired in stages;
- (vi) explain the concept of an associate and a joint venture, and the principles of how they are accounted for;
- (vii) explain the pooling of interests method of consolidation;
- (viii) compare and contrast pooling of interests, acquisition and equity methods of accounting;
- (ix) explain the principles of accounting for a capital reconstruction scheme or a demerger;
- (x) explain foreign currency translation principles, including the difference between the closing rate/net investment method and the historical rate method;
- (xi) explain the correct treatment for foreign loans financing foreign equity investments.

Syllabus content

- Relationships between investors and investees, and the exclusion of subsidiaries from consolidation with reference to dominant influence, participating interest, management on a unified basis and significant influence.
- The preparation of consolidated financial statements (including the group cash flow statement) involving one or more subsidiaries, sub-subsidiaries and associates, under the acquisition and pooling of interests methods (IAS 7, 22 & 27).
- The treatment in consolidated financial statements of minority interests, pre- and post-acquisition reserves, goodwill (including its impairment), fair value adjustments, intra-group transactions and dividends, piece-meal and mid-year acquisitions, and disposals to include sub-subsidiaries and mixed groups.
- The accounting treatment of associates and joint ventures (IAS 28 & 31) using the equity method and proportional consolidation method.
- The accounting entries for mergers, demergers and capital reconstruction schemes.
- Foreign currency translation (IAS 21) to include overseas transactions and investments in overseas subsidiaries.

Learning outcomes

On completion of their studies students should be able to:

- explain the particular issues that arise in pricing decisions and the conflict between 'marginal cost' principles and the need for full recovery of all costs incurred;
- apply an approach to pricing based on profit maximisation in imperfect markets and evaluate the financial consequences of alternative pricing strategies;
- apply variable/fixed cost analysis in multiple product contexts to break-even analysis and product mix decision making, including circumstances where there are multiple constraints and linear programming methods are needed to reach 'optimal' solutions;
- calculate and interpret a full range of accounting ratios;
- analyse financial statements (in the context of information provided in the accounts and corporate report) to comment on performance and position;
- explain the concepts of power, bureaucracy, authority, responsibility, leadership and delegation;
- analyse the relationship between managers and their subordinates;
- explain how groups form within organisations and how this affects performance;
- recommend ways to deal effectively with discipline problems;
- discuss the importance of national cultures on management style;
- explain the importance of business ethics and corporate governance to the organisation and its stakeholders;

Syllabus content

- Relevant cash flows and their use in short-term decisions, typically concerning acceptance/rejection of contracts, pricing and cost/benefit comparisons.
- Pricing decisions for profit maximising in imperfect markets. (Note: tabular methods of solution are acceptable).
- Pricing strategies and the financial consequences of market skimming, premium pricing, penetration pricing, loss leaders, product bundling/optional extras and product differentiation to appeal to different market segments.
- The allocation of joint costs and decisions concerning process and product viability based on relevant costs and revenues.
- Multi-product break-even analysis, including break-even and profit/volume charts, contribution/sales ratio, margin of safety etc.
- Simple product mix analysis in situations where there are limitations on product/service demand and one other production constraint.
- Linear programming for more complex situations involving multiple constraints. Solution by graphical methods of two variable problems, together with understanding of the mechanics of simplex solution, shadow prices etc. (Note: questions requiring the full application of the simplex algorithm will not be set although candidates should be able to formulate an initial tableau, interpret a final simplex tableau and apply the information it contained in a final tableau.)
- Ratios in the areas of performance, profitability, financial adaptability, liquidity, activity, shareholder investment and financing, and their interpretation.
- Calculation of Earnings per Share under IAS 33, to include the effect of bonus issues, rights issues and convertible stock.
- Interpretation of financial statements via the analysis of the accounts and corporate reports.
- The identification of information required to assess financial performance and the extent to which financial statements fail to provide such information.
- Interpretation of financial obligations included in financial accounts (e.g. redeemable debt, earn-out arrangements, contingent liabilities).

- The effect of short-term debt on the measurement of gearing.
- The need to be aware of aggressive or unusual accounting policies ("creative accounting"), (e.g. in the areas of cost capitalisation and revenue recognition).
- The concepts of power, authority, bureaucracy, leadership, responsibility and delegation and their application to relationship within an organisation and outside it.
- The characteristics of leaders, managers and entrepreneurs.
- Management-style theories (e.g. Likert, Tannenbaum and Schmidt, Blake and Mouton).
- The use of systems of control within the organisation (e.g. employment contracts, performance appraisal, reporting structures).
- Theories of control within firms and types of organisational structure (e.g. matrix, divisional, network).
- The advantages and disadvantages of different styles of management.
- Managing in different countries and cultures.
- Personal time management.
- The sources of conflict in organisations and the ways in which conflict can be managed to ensure that working relationships are productive and effective.
- Communication skills (i.e. types of communication tools and their use, as well as the utility and conduct of meetings) and ways of managing communication problems.
- Negotiation skills.
- Creativity and idea generation.
- Information gathering techniques (e.g. interviews, questionnaires).
- Introduction to corporate governance, including business ethics and the role, obligations and expectations of a manager.