AIA Certificate in Business Finance Syllabus

Examinable from May 2027

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1.0 Syllabus

This information includes the syllabuses for the components within the composite unit for the Certificate in Business Finance.

1.1 Composite unit

The Certificate in Business Finance is designed to provide students with a strong foundation in business, finance and accounting. Through the study of integrated business and finance topics, students develop the knowledge and skills needed to understand how organisations operate, how financial information is used to support decision-making, and how governance and ethical principles contribute to organisational success.

The qualification prepares students to apply their learning in a range of workplace settings by developing their ability to analyse business information, understand financial performance, support planning and decision-making processes, and appreciate the wider business environment in which organisations operate.

Learning is developed through the application of principles, concepts and techniques to practical business scenarios, enabling students to build confidence in applying their knowledge to real-world situations.

In addition to developing workplace-relevant knowledge and skills, this qualification provides a valuable progression route for students wishing to pursue a career in accountancy and finance. Students who successfully achieve an overall pass mark of 60% or above will be eligible to progress to the AIA Professional Qualification, building on the knowledge and competencies gained through their studies. As such, the qualification not only supports immediate workplace development but also provides a strong foundation for ongoing professional education, career advancement, and future achievement within the accounting and finance profession.

1.1.1 Aims

The aim of this qualification is to develop and examine the candidate's knowledge and understanding of:

1. The theory of accounting and its application to the practical situations indicated in the syllabus.
2. The fundamental elements of corporate governance and audit and the inter-relationship between these areas.
3. The fundamentals of management and cost accounting and their application in cost ascertainment, the control of operations, and the provision of information to assist management decision-making and policy formulation.
4. Business management and the role of the manager in modern business organisations.

1.1.2 Learning Outcomes

To successfully complete this qualification candidates will demonstrate that they are able to:

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Financial Accounting

1. Explain and identify accounting concepts and the regulatory purpose of accounting standards and sustainability standards
2. Describe, prepare and summarise basic accounting records
3. Identify accounting concepts in presenting financial statements for sole traders and limited companies
4. Describe and explain the financial position and performance of an organisation

Corporate Governance and Audit

5. Identify and explain the purpose of corporate governance and auditing
6. Explain the inter-relationship between corporate governance and auditing
7. Relate the contribution of corporate governance and auditing to the safeguarding of capital markets

Management Accounting

8. Explain the role of management and cost accounting within an organisation
9. Describe the nature of costs and how and why they are classified in different ways for different purposes
10. Calculate material, labour, expense and overhead costs for products, processes, services and functions
11. Identify and discuss appropriate principles and techniques to advise managers on short-term and long-run decision-making

Business Management

12. Describe the major schools of management thought, their development and their implications
13. Explain the key aspects of organisational structure and design
14. Identify the nature and importance of managerial control, including the main elements and types of control in the business organisation and the role and importance of management information in the control process
15. Describe the use of information technology in modern business management

1.1.3 Structure of Paper

Assessment is by a three-hour examination with an additional 15 minute reading time consisting of 100 questions. There are 25 objective test style questions in the form of multiple-choice questions covering each component area of the syllabus. All questions are compulsory.

The assessment covers the learning outcomes for each of the four component areas of study in the syllabus.

The coverage of questions will reflect the weighting of different areas of syllabus content as specified in the examination syllabus, but the format of questions associated with each area of study may vary between sittings of the examination.

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2.0 Syllabus Components

The Certificate in Business Finance is made up of four components: Financial Accounting, Corporate Governance and Audit, Management Accounting and Business Management.

2.1.1 Section A: Financial Accounting

A1: Accounting Theory and The Role of Accounting Standards (Learning Outcome 1)

Topic weighting 10%

The conceptual basis of financial accounting, including:

- The objective of financial reporting
- The qualitative characteristics of useful financial information
- The definition, recognition and measurement of the elements from which financial statements are constructed
- The function of financial accounts and management accounts
- The role of financial reporting standards, sustainability standards and standard setting bodies including the IASB and the ISSB.

A2: Accounting Records and Procedures (Learning Outcome 2)

Topic weighting 25%

- The accounting equation
- Double entry bookkeeping
- The accounting cycle
- The trial balance
- Control accounts
- Approach to incomplete records

A3: Practical Application of Accounting Theory (Learning Outcomes 1 And 2)

Topic weighting 25%

- Valuation of current assets
- Valuation of non-current assets, including depreciation and impairment:
    - tangible non-current assets
    - intangible non-current assets
    - disposal and depreciation - methods of calculation and accounting

A4: Financial Reporting by Limited Companies and Sole Traders (Learning Outcome 3)

Topic weighting 25%

- The distinction between a sole trader and a limited company
- An outline of the basic features of limited companies

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- The presentation of financial statements for sole trader and limited company
- Statement of profit or loss and other comprehensive income (income and expenditure accounts)
- Statement of financial position (balance sheet)
- Statement of cash flows

A5: Use of Ratios in Analysis of Financial Statements (Learning Outcome 4)

Topic weighting 15%

- The calculation and interpretation of ratios for:
    - Profitability - ratios such as return on capital employed
    - Cash flow and liquidity – ratios such as the current ratio
    - Capital structure – ratios such as the gearing ratio

Note: In examination, the following three titles will be assigned the meanings shown:

The title 'statement of profit or loss and other comprehensive income' will refer to the single statement format by IFRS 18 Presentation and Disclosure in Financial Statements.

The title 'statement of profit or loss' will refer to that part of the 'statement of profit or loss and other comprehensive income' which excludes other comprehensive income, i.e. it refers to that part from revenue (or sales or turnover) down to profit or loss for the year.

The title 'other comprehensive income' refers to that part of 'the statement of profit or loss and other comprehensive income' which excludes the calculation of profit for the year.

2.1.2 Section B: Corporate Governance and Audit

B1: The Foundations of Governance (Learning Outcomes 5 and 7)

Topic weighting 60%

- The agency problem and agency theory
- Stakeholder theory, the main stakeholder groups and their objectives
- Sustainability, corporate social responsibility and its importance
- The meaning of corporate governance, its scope and its development
- Different approaches to corporate governance
- The development of corporate governance codes both in UK and worldwide
- Characteristics of effective boards
- The board of directors and the importance of the non-executive director
- The function and purpose of the sub-committees of the board
- Introduction to alternative board structures
- The relationship between corporate governance and sustainability
- Risk and its management

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B2: The Foundations of Auditing (Learning Outcome 5, 6 and 7)

Topic weighting 40%

- Overview of the role and purpose of auditing and assurance
- Different types of audits and assurance
- The scope of the financial statement audit function
- Audit regulation
- Basic concepts of auditing
- The audit process
- The audit approach
- The audit evidence
- Audit risk and assessment
- Audit and internal control
- Sustainability assurance
- The interrelationship between auditing, governance and sustainability

2.1.3 Section C: Management Accounting

C1: Introduction to the Role and Nature of Management Accounting (Learning Outcome 8)

Topic Weighting 10%

- The role of management accounting and management accountants within the overall accounting function and its contribution to the management processes of planning, controlling and decision making.
- The nature of costs, cost classifications, cost units and cost centres, cost behaviour (fixed costs, variable costs and semi-variable costs, and linear approximations).
- The need to understand business models and underlying business transactions; and the role of management accounting information in the modern business organisation.
- The role of artificial intelligence and data analytics in management accounting, including their use in planning, control and decision-making, and the importance of data quality, professional judgement and governance.

C2: Cost Identification and Measuring Costs for Management Purposes (Learning Outcomes 9, 10)

Topic Weighting 20%

The process of incurring costs and the need for cost management; the cost constituents of products in both traditional and modern products.

Materials:

- Procurement (ordering procedure, purchase requisition, purchase invoice)
- Receipt (goods receiving procedure, goods received note, inspection)
- Custody (store keeping principles, centralised, decentralised and sub-stores, bin cards)

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- Issue, control (two bin system, periodic review system, ABC inventory analysis)
- Inventory levels (maximum, minimum, reorder levels and quantities, just-in-time and material requirements planning)
- Utilisation, pricing receipts and issues (FIFO, LIFO, weighted average and standard prices)
- Valuation of inventories (application of IAS 2)
- Material cost control
- Materials cost in relation to the environment

Labour:

- Time recording analysis
- Remuneration systems (timework, piecework, incentive schemes, premium bonus plans, measured day work, share and group schemes, techniques for incentive schemes)
- Payroll preparation
- Wages
- Office procedure
- Treatment of overtime and idle time
- Productivity
- Labour cost control

Overhead:

- Nature
- Methods and purpose of charging overheads to products, services and departments
- Traditional and activity-based costing approaches
- Classification, allocation, apportionment and absorption
- Treatment of under-and-over-absorbed overhead
- Treatment of depreciation
- Interest on capital and notional costs
- Overhead cost control
- Environmental and social cost allocation to products and services

C3: Introduction to Costing Systems (Learning Outcomes 9 and 10)

Topic Weighting 20%

The cost information needs of the business firm today

Job costing:

- Job cost sheet
- Direct and indirect costs
- Reconciling job costs with profit and loss account

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- Order, batch and contract costing

Unit costing:

- Output costing
- Process costing
- Normal/abnormal losses and gains
- Equivalent units
- Work-in-process valuation
- Inter-process profits
- Joint and by-products
- Operations and service costing

Absorption and marginal costing:

- Relative benefits and problems.

C4: Information for Planning and Performance Management (Learning Outcome 11)

Topic Weighting 25%

Cost control:

- Nature and purpose
- Techniques
- Uniform costing systems
- Traditional costing system
- Activity based costing system
- Standard costing
- Types of standard
- Procedures and systems
- Variances e.g. cost and sales variance
- Investigation of variances
- Inter-dependence of variances.

Budgetary control:

- Nature and purpose
- Organisation and structure and responsibility accounting
- Introduction to the behavioural aspect of budgeting
- Usefulness of budgeting for the modern business organisation
- Preparation of budgets
- Limiting factors

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- Flexible budgets, rolling budgets, zero based budgeting
- Reporting

C5: Information for Decision Making (Learning Outcome 11)

Topic weighting 25%

- The contribution approach, break-even and profit-volume charts
- Relevant costs
- Limiting factors
- Product mix and discontinuance
- Make or buy decisions (outsourcing)
- Quantitative and qualitative factors
- Environmental costs and management information for decision making
- The changing nature of costs in the modern business
- The application of the theory of constraints and activity-based costing
- Activity-based management and activity-based budgeting and the conditions for their success
- The use of activity-based costing for pricing and the application of "activity-based pricing"

2.1.4 Section D: Business Management

D1: Management: Nature Evolution and Approaches (Learning Outcome 12)

Topic weighting 20%

- The nature and process of management including what managers do, methods of management and the different roles and agendas of managers
- The levels and types of managers and the key management skills.
- The evolution of management theories including classical, behavioural, and contemporary theories of management

D2: Management Planning and Decision Making (Learning Outcome 14)

Topic weighting 30%

- The nature and scope of managerial decision making, including the elements and levels of planning, including strategic management and sustainability and environmental factors
- The nature of organisational goals and plans

Candidates should demonstrate an understanding of how to improve managerial decision making and some of the main inputs and aids to this process, including:

- Competitor, environmental and sustainability analysis
- Internal analysis including portfolio analysis and value chain analysis
- Forecasting, planning and control models
- Management by objectives, decision trees; and

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- Quantitative aids for decision making.

D3: Organisational Structures, Cultures and Systems (Learning Outcome 13)

Topic weighting 20%

The nature of organisational structure and the key decisions in organisational structures and systems, including:

- The design of organisational structures
- Job design
- Procedures for vertical and horizontal co-ordination

The meaning and implications of different organisational cultures and the relationship between strategy and structure in organisations

D4: Managerial Control: Managing Information Systems and Technology (Learning Outcome 15)

Topic weighting 30%

The nature and purpose of control as a management function, including an understanding of the main elements of the control process

The types of control and control systems including:

- The planning control lifecycle
- Budgetary and inventory control
- The balanced score-card
- Benchmarking and planning and control operations in services management

The nature, role and uses of management information and information systems and technology in the modern business organisation and developing technology in this area.

3.0 Recommended Reading Lists

AIA International Accountant Magazine
ISSN: 1465 5144

AIA Learning and Practice Workbooks – Foundation Unit (published by BPP Learning Media)

Four books one for each component:

Financial Accounting Book 1
ISBN: 9781035525737/ eISBN 9781035526017

Management Accounting Book 2
eISBN 9781035543533

Corporate Governance and Audit Book 3
eISBN 9781035543571

Business Management Book 4
eISBN 9781035525997

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Other recommended texts for each component

Financial Accounting (16th Edition 2025)
Business Accounting Volume 1
Author: Wood, F, Sangster, A and Gordon, L
Publisher: Pearson Education Limited
ISBN: 9781292727783**Free website providing comprehensive information about IFRS:**
www.iasplus.com

Corporate Governance: Principles Policies and Practices (5th Edition)
Author: Bob Tricker
Publisher: Oxford University Press
ISBN: 9780192885456

Corporate Governance and Accountability (5th Edition)
Author: Jill Solomon
Publisher: Wiley
ISBN: 9781119561200

Auditing (12th Edition)
Author: Millichamp, A and Taylor, R
Publisher: Cengage Learning EMEA
ISBN: 9781473778993

Modern Auditing (3rd Edition 2009)
Author: Cosserat, G Wand Rodda, N
Publisher: Wiley
ISBN: 9780470319734

The Audit Process: Principles practice and cases (8th Edition)
Author: Gray, L, Manson, S and Crawford, L
Publisher: Cengage Learning
ISBN: 9781473786929

Management and Cost Accounting (8th Edition 2019)
Author: Bhimani A., Horngren C.T., Datar S.M.,Rajan M.V
Publisher: Pearson
ISBN: 9781292436029

Management Accounting (UK Edition 2013)
Author: Burns, J., Quinn, M., Warren, L., Oliveira, J
Publisher: McGraw-Hill Education/Europe, Middle East & Africa
ISBN: 9780077121617

Management and Cost Accounting, (12th Edition 2023)
Author: Drury, C
Publisher: Cengage Learning EMEA
ISBN: 9781473791244

Management (1st International Edition 2016)
Author: Daft, R L and Benson, A
Publisher: Cengage Learning EMA
ISBN: 9781408063859

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Contemporary Management ISE (12th Edition 2021)
Author: Jones, G. and George, J
Publisher: McGraw-Hill
ISBN: 9781264972432

Management and Organisational Behaviour (13th Edition 2019)
Author: Mullins, L. J and Rees, G
Publisher: Pearson
ISBN: 9781292422381

Management (15th Edition 2020)
Author: Robbins, S. P. and Coulter, M
Publisher: Pearson
ISBN: 9781292340883

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