

# DipFM syllabus and study guide

The syllabus for ACCA's Diploma in Financial Management outlines the content of each paper and how that content is examined. The study guide is designed to help you plan your studies and to provide a more detailed interpretation of the syllabus.

## **PAPER 1 - INTERPRETATION OF FINANCIAL STATEMENTS**

## **PAPER 2 - PERFORMANCE MANAGEMENT**

## **PAPER 3 - FINANCIAL STRATEGY**

## **PAPER 4 - RISK MANAGEMENT**

### **Syllabus and Study Guide**

The study guide takes the syllabus content and expands it into study sessions of similar length. These sessions indicate what the examiner expects of you for each part of the syllabus, and therefore gives you guidance in the skills that you are expected to demonstrate in the exams. The time to complete each session will vary according to your individual capabilities and the time you have available to study. However, repeated coverage of the material is vital to ensure your understanding and recall of the subject. Be sure to practise questions from your textbooks or past exam papers to consolidate your knowledge.

*For detailed syllabus content and study guide please refer to each individual papers:*

Paper 1 & 2 - [http://www.accaglobal.com/students/study\\_exams/qualifications/diploma\\_fm/module\\_a/paper\\_da1/syllabus](http://www.accaglobal.com/students/study_exams/qualifications/diploma_fm/module_a/paper_da1/syllabus)

Paper 3 & 4 - [http://www.accaglobal.com/students/study\\_exams/qualifications/diploma\\_fm/module\\_a/paper\\_da1/syllabus](http://www.accaglobal.com/students/study_exams/qualifications/diploma_fm/module_a/paper_da1/syllabus)

## **PAPER 1**

### **Interpretation of Financial Statements**

#### **AIM**

The overall aim of this paper is that candidates should be able to understand and interpret the financial statements produced by organisations for external users. Candidates should develop an understanding of the regulatory framework in which these statements are prepared and of the principles and methods which underlie their preparation.

#### **OBJECTIVES**

On completion of this paper candidates should be able to:

- describe the role and function of external financial reports and identify their users and the regulatory framework in which they are prepared
- explain the accounting concepts and conventions present in generally accepted accounting practice
- explain, supported by simple computations, the presentation, measurement and meaning of the primary financial statements and their contents
- describe the informational role of the constituent parts of a corporate annual report usually presented in addition to the primary financial statements
- compute, interpret and appraise financial performance, financial position and adaptability as revealed by financial statement analysis, in particular by the use of financial and accounting ratios.

#### **KEY AREAS OF THE SYLLABUS**

The key topics are:

- The regulatory framework
- The principles underlying financial statements
- The structure and content of the primary financial statements
- Financial statement analysis.

## **PAPER 2**

### Performance Management

#### **AIM**

To develop a good understanding of knowledge required and techniques available to enable managers to measure and manage business performance within their organisation. Both financial and nonfinancial measures of performance are included in this paper.

#### **OBJECTIVES**

On completion of this paper candidates should be able to:

- understand how performance measures should be linked to overall organisation strategy
- prepare budgets and use them to control and evaluate organisational performance
- identify and apply techniques that aid decision making
- identify and implement appropriate costing systems and business control systems
- identify and apply techniques to evaluate decisions in relation to: costing, pricing, product range, marketing strategy, purchasing and production strategies
- identify and apply non-financial performance measures, and understand the inter-relationships between different performance measures
- explain the behavioural and organisational consequences of using performance measurement and performance management techniques
- identify and apply techniques for evaluating the performance of divisions
- identify and explain issues that may cause performance not to meet expectations.
- demonstrate the ability to communicate in a range of formats.

#### **KEY AREAS OF THE SYLLABUS**

The key topics include:

- Decision making techniques to enable managers to maximise performance
- Budgeting and standard costing techniques to assess performance
- Costing systems and use of the data produced, including activity-based costing
- Techniques to aid performance evaluation of divisions
- Techniques to manage the performance of purchasing, production and sales functions
- Behavioural and organisational consequences of performance measurement
- Practical issues that affect a firms ability to manage performance effectively
- Non-financial performance indicators.

### **PAPER 3**

Financial Strategy

#### **AIM**

To develop an understanding of the role of financial strategy in the investing, financing and resource allocation decisions within an organisation.

#### **OBJECTIVES**

On completion of this paper, candidates should be able to:

- Explain the role and nature of financial strategy and its relationship to shareholder value
- Identify the main elements of investment appraisal
- Evaluate long-term decision opportunities through the use of appropriate techniques
- Identify and evaluate the major sources of finance available to an organisation
- Explain the role of capital markets in raising finance
- Discuss the main methods of managing working capital and analyse working capital policies
- Evaluate the motives for, and financial implications of, mergers and acquisitions
- Discuss the impact of taxation and inflation on financial strategy decisions.

#### **KEY AREAS OF THE SYLLABUS**

The key topics are:

- Investment decision making
- Raising finance
- Capital markets
- Working capital management
- Mergers and acquisitions
- Share valuation.

## **PAPER 4**

### Risk Management

#### **AIMS**

The aims of this syllabus are:

- To develop an understanding of the main frameworks and techniques concerning the management of financial risk and operating risk;
- To achieve a sound appreciation of the theory and practical aspects of corporate governance;
- To develop an understanding of the key issues surrounding the capital structure and dividend policies of businesses.

#### **OBJECTIVES**

On completion of this syllabus, candidates should be able to:

- Explain the nature of risk and the benefits of risk management;
- Identify the main processes of risk management;
- Explain the importance of aligning risk management processes to the culture and values of a business;
- Identify the main forms of both financial and operating risk and describe the techniques that may be used to manage exposure to these types of risk;
- Discuss the frameworks of corporate governance

#### **KEY AREAS OF THE SYLLABUS**

- Risk planning and the processes for managing risks, including financial and operational risk
- Key factors and characteristics driving an organisation's attitude towards, and propensity for, accepting risk
- The framework for corporate governance including the role and nature of regulatory and voluntary codes, including corporate governance processes and constitution
- The nature of corporate citizenship and corporate social responsibility
- Dividend policy and the impact of the cost of capital and capital structure on corporate value