

BCS Professional Certificate in Business Finance Syllabus

Version 2.0

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This professional certification is not regulated by the following United Kingdom Regulators
– Ofqual, Qualification in Wales CCEA or SQA.

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Change History

Any changes made to the syllabus shall be clearly documented with a change history log. This shall include the latest version number, date of the amendment and changes made. The purpose is to identify quickly what changes have been made.

Version Number	Changes Made
Version 2.0	Syllabus updated
Version 1.2 December 2016	Strapline regarding regulated statement has been added
Version 1.1 July 2016	Pass mark updated
Version 1.0 October 2015	Syllabus created

Introduction

The BCS Professional Certificate in Business Finance assesses competence with regard to the concepts and techniques applied in financial management and reporting. This syllabus includes some topics that are introduced in the BCS Foundation Certificate in Commercial Awareness. Their inclusion in this professional certification is to ensure there is complete coverage of the subjects that are fundamental to an understanding of business finance. However, the examination leading to the BCS Professional Certificate in Business Finance will assess candidates using complex multiple-choice questions that require a deeper level of understanding and a demonstrable ability to apply the concepts and techniques to a given scenario.

Assessment Objectives

The examination leading to the BCS Professional Certificate in Business Finance has the following assessment objectives.

Candidates must be able to demonstrate that they can:

- Explain sources of finance and financial vocabulary
- Interpret financial documents: statement of financial position, income statement, statement of cash flows
- Explain the difference between cash and profit
- Construct and interpret a cash flow forecast
- Define the contents of a business case
- Classify costs and benefits for inclusion in a business case
- Explain and analyse payback calculations
- Interpret NPV and IRR and compare investment appraisal techniques
- Explain the characteristics and concepts of budgeting
- Calculate a flexed budget
- State the different categories of cost: fixed and variable, direct and indirect
- Understand the principles of different costing calculations: marginal costing, full costing; job costing; activity-based costing
- Conduct breakeven analysis
- Calculate and interpret financial ratios
- Explain the depreciation of assets
- Explain the differences between financing and leasing
- Define the financial characteristics of outsourcing
- State the contents of an outsourcing financial case

Target Audience

This certification is relevant for anyone wishing to further their understanding of business finance. The module takes a wide-ranging, holistic view of finance and considers how it applies within a business change project context. The certification will be of benefit to business analysts, project managers and business architects.

Eligibility for the Examination

There are no pre-requisites for sitting this examination although candidates should be prepared to be assessed in line with the objectives listed in the previous section. While not compulsory, it is recommended that candidates attend a BCS accredited training course.

Duration and Format of the Exam

Type	40 multiple choice questions
Duration	1 Hour and 30 Minutes. Candidates are entitled to an additional 23 minutes if they are sitting an examination in a language that is not their native/official language.
Example Question	<p>A company currently has \$6m of equity and \$2m of debt. The 'cost of equity' is 12%. The company uses a discount rate of 10% for its investment appraisals, which represents its weighted average cost of capital.</p> <p>The discount rate of 10% represents the weighted average cost of capital. What is the company's percentage cost of debt?</p> <p>A. 8% B. 6% C. 4% D. 2%</p>
Pre-requisites	Accredited training is strongly recommended but is not a pre-requisite
Supervised	Yes
Open Book	No
Pass Mark	26/40 (65%)
Distinction Mark	None
Calculators	Calculators may be used during this examination
Delivery	Online examination

Additional time for candidates requiring Reasonable Adjustments

Candidates may request additional time if they require reasonable adjustments. Please refer to the [reasonable adjustments policy](#) for detailed information on how and when to apply.

Additional time for candidates whose native language is not that of the examination

If the examination is taken in a language that is not the candidate's native / official language then they are entitled to 25% extra time.

If the examination is taken in a language that is not the candidate's native / official language then they are entitled to use their own paper language dictionary (whose purpose is translation between the examination language and another national language) during the examination. Electronic versions of dictionaries will not be allowed into the examination room.

Syllabus

For each top-level area of the syllabus a percentage and K level is identified. The percentage is the exam coverage of that area, and the K level identifies the maximum level of knowledge that may be examined for that area.

1. Finance in the project lifecycle (10%, K4)

- 1.1 The project lifecycle – a financial perspective
- 1.2 The purpose of business: trading status, sources of finance and financial vocabulary
- 1.3 The statement of financial position (balance sheet)
- 1.4 The effect of transactions and adjustments on the financial position (balance sheet)
- 1.5 The income statement (profit and loss account)
- 1.6 Published regulatory accounts
- 1.7 Statement of cash flows
- 1.8 The distinction between cash and profit
- 1.9 Cash flow forecasting

2. Developing the business case (10%, K4)

- 2.1 The business case in the business change lifecycle
- 2.2 The contents of a business case
- 2.3 Options in a business case; benefits, costs, risks and impacts
- 2.4 Categories of costs and benefits in a business case

3. Constructing the financial case (20%, K4)

- 3.1 Cash flow and payback for a project
- 3.2 Payback and risk
- 3.3 Advantages and disadvantages of payback as a method of investment appraisal
- 3.4 The cost of capital
- 3.5 The concept of present values
- 3.6 Interpreting Net Present Value (NPV) of a project
- 3.7 Interpreting the Internal Rate of Return (IRR) of a project
- 3.8 NPV, IRR, systematic risk and project risk
- 3.9 Return on investment (ROI)
- 3.10 Comparing Payback, NPV, IRR, and ROI

4. Budgets and budgeting (10%, K4)

- 4.1 Budgeting, long-term plans and corporate objectives
- 4.2 The characteristics, purpose and uses of budgeting
- 4.3 Cost centres, profit centres and charge-out
- 4.4 Responsibility accounting
- 4.5 Capital and revenue expenditure
- 4.6 Actual versus budget
- 4.7 Flexing the budget
- 4.8 Making budgetary control effective
- 4.9 Behavioural aspects of budgetary control

5. Costs and cost behaviour (20%, K4)

- 5.1 Fixed and variable costs

- 5.2 Contribution
- 5.3 Breakeven analysis
- 5.4 Margin of safety
- 5.5 Price/volume calculations and charts
- 5.6 Weaknesses of breakeven analysis
- 5.7 Marginal analysis: outsourcing, a make or buy decision
- 5.8 The principles marginal costing, full (absorption) costing, job costing, activity-based costing
- 5.9 Direct and indirect costs
- 5.10 Assigning overhead costs

6. Evaluating supplier financial stability (20%, K4)

- 6.1 Financial analysis and the calculation of ratios
- 6.2 Rational for using ratios
- 6.3 Calculating and interpreting profitability ratios; gross margin, operating margin, return on capital employed (ROCE)
- 6.4 Calculating and interpreting activity ratios; receivable days, payable days
- 6.5 Calculating and interpreting liquidity ratios; current ratio, acid test ratio
- 6.6 Calculating and interpreting the gearing; gearing (debt/equity) ratio, interest cover ratio

7. Financing service delivery (10%, K4)

- 7.1 Depreciation of assets: straight-line and reducing balance
- 7.2 Depreciation of assets: disposal and upgrade issues
- 7.3 Financing investments: the relationship between financing and leasing
- 7.4 Financing investments: the distinction between finance and operating leases
- 7.5 Evaluating make or buy decisions
- 7.6 Outsourcing: financial characteristics
- 7.7 Outsourcing: building an outsourcing financial case

Levels of knowledge/SFIA Levels/Blooms

This award provides candidates with the level of knowledge highlighted within the table, enabling candidates to develop the skills to operate successfully at the levels of responsibility indicated.

Level	Levels of Knowledge	Levels of Skill and Responsibility (SFIA)
K7		Set strategy, inspire and mobilise
K6	Evaluate	Initiate and influence
K5	Synthesise	Ensure and advise
K4	Analyse	Enable
K3	Apply	Apply
K2	Understand	Assist
K1	Remember	Follow

Further detail around the SFIA Levels can be found at www.bcs.org/levels.

Question Weighting

Each major subject heading in this syllabus is assigned a percentage weighting. The purpose of this is:

- 1) Guidance on the proportion of content allocated to each topic area of an accredited course.
- 2) Guidance on the proportion of questions in the exam.

Syllabus Area	Target number of questions
1 – Finance in Project Lifecycle	4 (10%)
2 – Developing the Business Case	4 (10%)
3 – Constructing the Financial Case	8 (20%)
4 – Budgets and Budgeting	4 (10%)
5 – Costs and Cost Behaviour	8 (20%)
6 – Evaluating Supplier Financial Stability	8 (20%)
7 – Financing Service Delivery	4 (10%)
Total	40 Questions

Recommended Reading

Title [Finance for IT Decision Makers \(3rd Edition\)](#)
Author Blackstaff, Michael.
Publisher BCS, Learning and Development Limited
Publication Date 2012

Title [Accounting and Finance for non-specialists \(9th Edition\)](#)
Author Atrill, Peter and Laney, Eddie.
Publisher Prentice Hall
Publication Date 2014