CPA Preparatory Courses

Syllabus
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<tr>
<th>CPA provincial/regional bodies</th>
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GUIDE TO THE SYLLABUS

Purpose
The purpose of the Syllabus is to provide detailed information on the content of the CPA preparatory courses. This document has been produced for education administrators, course authors, course examiners, committee members, and resource people in the CPA education system; current and potential students and those who advise them; and others in the professional, academic, and general community.

Contents
The remaining sections of this introduction provide background information on the major features of the CPA preparatory courses. Note: Five of the preparatory core courses have been redesigned, with the rest being redesigned by the end of 2022. Therefore, the course details for Financial Reporting 1, Financial Reporting 2, Taxation, Audit and Assurance, and Information Technology are accessible as separate documents here.

The main part of the Syllabus comprises the course descriptions and outlines of the course content, in the following subject areas:

- financial accounting
- management accounting
- finance
- auditing
- taxation
- performance management
- economics
- statistics
- business law
- information technology

Students are not required to complete all courses, just the ones in which they lack subject area coverage.

The amount of information provided for each course in this edition of the Syllabus depends on its status; courses under review or development may have only a provisional description.
OVERVIEW OF THE CPA PREPARATORY COURSES

Mission
The CPA preparatory courses are high-quality educational courses accessible for students wanting to complete the prerequisite education required to enter the CPA Professional Education Program (CPA PEP).

Features
The CPA preparatory courses meet the standards of education and examination required for individuals to enter the CPA PEP. The CPA profession is recognized internationally as a leading developer and provider of competency-based professional accounting education.

Competencies
The CPA preparatory courses are competency-based, emphasizing development of the key areas of knowledge and enabling competencies required of accountants and senior financial managers, including:

- professional expertise in accounting and related areas
- interpretive, judgmental, and analytical skills
- management of change in the technologies, processes, and structures of organizations
- use of complex information systems in decision-making

The CPA profession is committed to the concept of lifelong learning. Its competency-based approach is maintained in professional development courses and career development following certification.

Structure
The structure of the CPA preparatory courses is as follows:

Non-core courses
- Introductory Financial Accounting
- Introductory Management Accounting
- Economics
- Statistics
- Business Law

Core courses

CPA CHARTERED PROFESSIONAL ACCOUNTANTS

CPA COMPTABLES PROFESSIONNELS AGREES

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• Intermediate Financial Reporting 1
• Intermediate Financial Reporting 2
• Advanced Financial Reporting
• Corporate Finance
• Audit and Assurance
• Taxation
• Intermediate Management Accounting
• Performance Management
• Information Technology

**Admission requirements**

To be admitted into a CPA preparatory course, applicants require:

- 30 credit-hours or equivalent of education at a post-secondary institution (30 credit-hours1/academic year)
- good character

To be admitted to the CPA PEP, applicants require:

- an undergraduate degree or master’s degree
- completion of prerequisite learning
- 120 credit-hours or equivalent of education (30 credit-hours1/academic year)
- good character

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1 Credit-hour is an input measure meant to reflect student time required to earn credit for the course. Generally, a three-credit course requires 33 hours of contact time (lecture, and so on) or 132 hours of student engagement time (lectures, tutorial, practice activities, testing or assessment, or preparation).
Course descriptions and outlines

The pages that follow contain the descriptions (including prerequisites) and outlines for each of the CPA preparatory courses.

Some courses may still be under development; consequently, this information may change. CPA Canada reserves the right to make changes to the Syllabus without prior notice.

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<td>FINANCIAL ACCOUNTING COURSES</td>
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INTRODUCTORY FINANCIAL ACCOUNTING
Non-core course

Prerequisites
None

Course description
Introductory Financial Accounting is the first financial accounting course in CPA preparatory courses. This course is an integrated introduction to accounting principles and practices. It is designed to help you begin to understand accounting information and help you gain an appreciation for its uses and limitations.

Resources

Select required and optional readings from the CPA Canada Learning Library Financial Reporting volume.

Grading and examination format
The grade for this course is based 100% on the final examination. The total mark needed to pass the course is 50%. Please refer to the Preparatory Courses Exam Blueprint for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.

Course outline

*Financial Accounting, Chapter 1: The Financial Statements*
Optional CPA Canada Learning Library Financial Reporting chapters:
- Chapter 1: The History of Accounting
- Chapter 2: Accounting Today
- Chapter 3: Accounting Principles, Assumptions, and Concepts
- Chapter 7: Ethics and Financial Reporting

*Financial Accounting, Chapter 2: Recording Business Transactions*
Optional CPA Canada Learning Library Financial Reporting chapters:
- Chapter 8: The Accounting Equation
- Chapter 9: The Accounting Cycle
Financial Accounting, Chapter 3: Accrual Accounting and the Financial Statements

Optional CPA Canada Learning Library Financial Reporting chapters:
- Chapter 10: Financial Statements and Disclosures — Introduction
- Chapter 11: Financial Statements and Disclosures — Statement of Financial Position
- Chapter 12: Financial Statements and Disclosures — Statement of Profit or Loss and Other Comprehensive Income
- Chapter 13: Financial Statements and Disclosures — Statement of Changes in Equity

Financial Accounting, Chapter 4: Cash and Receivables

Optional CPA Canada Learning Library Financial Reporting chapters:
- Chapter 20: Cash and Cash Equivalents
- Chapter 21: Internal Controls and Cash

Financial Accounting, Chapter 5: Inventory and Cost of Goods Sold

Optional CPA Canada Learning Library Financial Reporting chapters:
- Chapter 22: Trade Receivables
- Chapter 23: Notes Receivable
- Chapter 24: Inventory Accounting Systems
- Chapter 26: Inventory

Financial Accounting, Chapter 6: Property, Plant and Equipment, and Intangible Assets

Optional CPA-Canada Learning Library Financial Reporting chapters:
- Chapter 29: Property, Plant, and Equipment

Financial Accounting, Appendix B: Investments and the Time Value of Money

Financial Accounting, Chapter 7: Liabilities

Financial Accounting, Chapter 8: Shareholders’ Equity

Required CPA-Canada Learning Library Financial Reporting chapters:
- Chapter 27: Understanding Investments
• Chapter 36: Current Liabilities
• Chapter 46: Current Income Taxes
• Chapter 69: Information Technology in Accounting — Overview
INTERMEDIATE FINANCIAL REPORTING 1
Details can be found in the Intermediate Financial Reporting 1 syllabus.

INTERMEDIATE FINANCIAL REPORTING 2
Details can be found in the Intermediate Financial Reporting 2 syllabus.
ADVANCED FINANCIAL REPORTING
Core course

Prerequisites
Intermediate Financial Reporting 2

Course description
This six-week course deals with financial accounting topics such as consolidations, foreign currency, and not-for-profit accounting.

As you progress through this course, you can expect to develop and strengthen both technical and enabling competencies. Your main focus will be on the technical competencies found in the financial reporting section of The CPA Competency Map; you will develop these competencies at A, B, and C levels in preparation for your entry into the CPA PEP. Mastering these competencies will give you a solid foundation for entry into the CPA PEP.

Resources
Students will be given access to Knotia, which contains a collection of standards, rules, and guidelines published by CPA Canada. Students are encouraged to start becoming familiar with the standards as currently provided through the CPA Canada Handbook. In Canada, practitioners follow the standards in the CPA Canada Handbook – Accounting.

Grading and examination format

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Students must have a minimum of 50% on the exam with an overall mark on the course of 60% or higher. Please refer to the Preparatory Courses Exam Blueprint for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.

Course outline
PREREQUISITE KNOWLEDGE

STRUCTURE OF COURSE MATERIAL
TOPIC 1.1: GOVERNING STANDARDS

TOPIC 1.2: OVERVIEW OF STRATEGIC INVESTMENTS IN FINANCIAL ASSETS
  1.2-1 Strategic versus non-strategic investments

TOPIC 1.3: THE EQUITY METHOD

TOPIC 1.4: INVESTMENTS IN ASSOCIATES
  1.4-1 Initial measurement and the acquisition differential
  1.4-2 Subsequent measurement: Statement of comprehensive income (SCI)
  1.4-3 Subsequent measurement: Statement of financial position (SFP)
  1.4-4 Change in ownership interest, including derecognition
  1.4-5 Different period ends
  1.4-6 Presentation
  1.4-7 Disclosure

TOPIC 1.5: BUSINESS COMBINATIONS (SUBSIDIARIES)
  1.5-1 Forms of business combinations

TOPIC 1.6: BUSINESS COMBINATIONS BY WAY OF PURCHASE OF NET ASSETS
  1.6-1 Initial measurement
  1.6-2 Subsequent measurement and derecognition

TOPIC 1.7: BUSINESS COMBINATIONS BY WAY OF CONTRACTUAL AGREEMENT

TOPIC 1.8: BUSINESS COMBINATIONS BY WAY OF SHARE ACQUISITION
  1.8-1 Initial measurement

TOPIC 1.9: OVERVIEW OF CONSOLIDATION PROCEDURES
  1.9-1 Consolidation framework

TOPIC 1.10: ALLOCATING THE AD
  1.10-1 Identifying the acquirer
  1.10-2 Determining the acquisition date
1.10-3 Initial measurement of the INA acquired
1.10-4 Recognition and initial measurement of NCI and goodwill

TOPIC 1.11: AD AMORTIZATION AND IMPAIRMENT SCHEDULES

TOPIC 1.12: CONSOLIDATED SFP AT ACQUISITION DATE

TOPIC 2.1: OVERVIEW — SUBSEQUENT MEASUREMENT OF CONTROL INVESTMENTS

2.1-1 Simplifying assumptions

TOPIC 2.2: ACQUISITION DIFFERENTIAL AMORTIZATION AND IMPAIRMENT SCHEDULE

TOPIC 2.3: CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — 100% OWNERSHIP

2.3-1 Verification of consolidated net income

TOPIC 2.4: CONSOLIDATED STATEMENT OF RETAINED EARNINGS

TOPIC 2.5: CONSOLIDATED STATEMENT OF FINANCIAL POSITION — 100% OWNERSHIP

TOPIC 2.6: CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — LESS THAN 100% OWNERSHIP

TOPIC 2.7: SUBSEQUENT MEASUREMENT FOR A NON-CONTROLLING INTEREST

TOPIC 2.8: CONSOLIDATED STATEMENT OF FINANCIAL POSITION — LESS THAN 100% OWNERSHIP

TOPIC 2.9: PREPARING CONSOLIDATED FINANCIAL STATEMENTS — OTHER FACTORS

2.9-1 Net method versus gross method for reporting fixed assets
2.9-2 Uniform accounting policies
2.9-3 Acquisition of a subsidiary at other than its year end
2.9-4 Changes in the level of share ownership

APPENDIX: THE WORKSHEET APPROACH
TOPIC 3.1: INTRODUCTION — INTERCOMPANY BALANCES AND TRANSACTIONS

TOPIC 3.2: INTERCOMPANY BALANCES

TOPIC 3.3: INTERCOMPANY REVENUES AND EXPENSES
  3.3-1 Intercompany items — working paper schedules

TOPIC 3.4: UNREALIZED PROFITS ON THE INTERCOMPANY SALE OF NON-DEPRECIABLE ASSETS, INCLUDING LAND
  3.4-1 Non-depreciable assets — adjustments in year of intercompany sale
  3.4-2 Non-depreciable assets — adjustments in intervening years
  3.4-3 Non-depreciable assets — adjustments in year of sale to an outside party
  3.4-4 Non-depreciable assets — downstream versus upstream sales

TOPIC 3.5: UNREALIZED PROFITS ON THE INTERCOMPANY SALE OF DEPRECIABLE ASSETS
  3.5-1 Depreciable assets — adjustments in year of intercompany sale
  3.5-2 Depreciable assets — adjustments in subsequent years
  3.5-3 Depreciable assets — adjustments in the year of sale to an outside party
  3.5-4 Depreciable assets — downstream versus upstream sales

TOPIC 3.6: UNREALIZED PROFITS ON THE INTERCOMPANY SALE OF INVENTORY
  3.6-1 Inventory — adjustments in year of intercompany sale
  3.6-2 Inventory — adjustments in year of sale to an outside party
  3.6-3 Inventory — downstream versus upstream sales
  3.6-4 Summary of required adjustments for intercompany sales of inventory

TOPIC 3.7: SUMMARY OF EFFECTS OF INTERCOMPANY TRANSACTIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

TOPIC 3.8: COMPREHENSIVE EXAMPLE

TOPIC 4.1: SUBSIDIARY WITH PREFERENCE SHARES OUTSTANDING
TOPIC 4.2: INDIRECT SHAREHOLDINGS
TOPIC 4.3: DEFERRED TAXES ARISING ON ACQUISITION
TOPIC 4.4: CONSOLIDATED STATEMENT OF CASH FLOWS
TOPIC 4.5: OPERATING SEGMENTS
  4.5-1 Reportable segments
  4.5-2 Required disclosure for reportable segments
TOPIC 4.6: JOINT ARRANGEMENTS
  4.6-1 Joint operation versus joint venture
  4.6-2 Accounting for joint ventures
  4.6-3 Accounting for joint operations
TOPIC 4.7: ASPE REPORTING FOR STRATEGIC INVESTMENTS
  4.7-1 Subsidiaries
  4.7-2 Associates
  4.7-3 Joint arrangements
TOPIC 4.8: FINANCIAL STATEMENT PRESENTATION AND DISCLOSURE
  4.8-1 Presentation of consolidated financial statements
  4.8-2 Disclosure requirements for business combinations
  4.8-3 Disclosure of interests in other entities
TOPIC 5.1: GOVERNING STANDARDS
TOPIC 5.2: FOREIGN CURRENCY TRANSACTIONS
  5.2-1 Initial measurement — monetary and non-monetary items
  5.2-2 Subsequent measurement — monetary and non-monetary items
  5.2-3 Derecognition
  5.2-4 Current trends and issues in exchange rates: Cryptocurrency
TOPIC 5.3: HEDGING FOREIGN CURRENCY EXPOSURE
5.3-1 Accounting for hedging instruments of foreign currency exposure when hedge accounting is not adopted
5.3-2 Gross method versus net method

TOPIC 5.4: HEDGE ACCOUNTING

5.4-1 Types of hedges
5.4-2 Qualifying criteria for hedge accounting
5.4-3 Accounting for fair value hedges
5.4-4 Accounting for cash flow hedges
5.4-5 Comparison of journal entries: hedge accounting not adopted, fair value hedge, and cash flow hedge

TOPIC 5.5: TRANSLATION AND CONSOLIDATION OF FOREIGN SUBSIDIARIES

5.5-1 Determining the entity’s functional currency
5.5-2 Translation methods
5.5-3 Allocating and amortizing the acquisition differential
5.5-4 Integrated operation (temporal method)
5.5-5 Self-sustaining foreign operation (current rate method)

APPENDIX A: POWER BI AND DASHBOARDS

POWER BI ILLUSTRATION

APPENDIX B: GLOSSARY OF TERMS
TOPIC 6.1: GOVERNING STANDARDS

6.1-1 Governing standards for private sector NFPOs
6.1-2 Governing standards for the public sector

TOPIC 6.2: ACCOUNTING FOR NFPOS

6.2-1 Required financial statements
6.2-2 Fund accounting
6.2-3 Types of contributions to NFPOs
6.2-4 Revenue recognition of contributions to NFPOs
6.2-5 Accounting for NFPOs: Other considerations
6.2-6 Encumbrance accounting
6.2-7 Presentation and disclosure
6.2-8 NFPO example: CPA Canada’s financial statements

TOPIC 6.3: ACCOUNTING FOR GOVERNMENTS

6.3-1 The Public Sector Accounting Board (PSAB)
6.3-2 Objectives of government financial reporting
6.3-3 Limitations of government financial reporting
6.3-4 Internal and external users of government accounting information
6.3-5 Required government financial statements

APPENDIX: GLOSSARY OF TERMS
INTRODUCTORY MANAGEMENT ACCOUNTING
Non-core course

Prerequisites
None

Co-requisites
Introductory Financial Accounting

Course description
Introductory Management Accounting examines how organizations use accounting information to plan, monitor, and control. Managers in all functional areas deal with the management accounting system of the organization they work for. The purpose of this course is to ensure that you have a basic understanding of how such systems operate, the language they use, and their limitations.

Resources
Braun, Tietz, Beaubien, Managerial Accounting, fourth Canadian Edition (Pearson, 2021)

Grading and examination format
The grade for this course is based 100% on the final examination. The total mark needed to pass the course is 50%. Please refer to the Preparatory Courses Exam Blueprint for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.
Course outline

Chapter 1 — Introduction to Managerial Accounting
What is managerial accounting?
What role do management accountants play?
What regulatory and business issues affect today’s management accountants?
How do companies compete in today’s global marketplace?
How do managers improve quality?

Chapter 2 — Building Blocks of Managerial Accounting
What are the most common business sectors and their activities?
How do companies define cost?
How are inventoriable product costs and period costs shown in the financial statements?
Other cost terms used by managers

Chapter 3 — Cost Behaviour
Cost behaviours: How do changes in volume affect costs?
Determining cost behaviour (except regression analysis)
The contribution margin income statement
Appendix 3A: How does variable costing differ from absorption costing?

Chapter 4 — Cost-Volume-Profit Analysis
Cost-volume-profit analysis
CVP and the break-even point
Calculating the volume needed to earn a target profit
The CVP as a tool to plan for changing business conditions
Common indicators of risk

Chapter 5 — Job Costing
What methods are used to determine the cost of manufacturing a product?
How do manufacturers determine a job’s cost?
How do managers deal with underallocated or overallocated manufacturing overhead?
How do manufacturers treat nonmanufacturing costs?
What journal entries are needed in a manufacturer’s job costing system?
Appendix 5A: How do service firms use job costing to determine the amount to bill clients?

Chapter 7 — Activity-Based Costing
Simple cost systems and the potential for distortion (except ABC in The Service Industry)
Chapter 8 — Short-term Business Decisions
How do managers make decisions?
Regular-pricing decisions
How do managers make special business decisions? (except transfer pricing decisions)

Chapter 9 — The Master Budget and Responsibility Accounting
How and why do managers use budgets?
How are the operating budgets prepared?
How are financial budgets prepared?
What is responsibility accounting?
Appendix 9A: The master budget for service and merchandising companies

Chapter 10 — Flexible Budgets and Standard Costs
How do managers use flexible budgets and variances?
What are standard costs?
How do managers use standard costs to analyze direct material and direct labour variances?
How do managers use standard costs to analyze manufacturing overhead variances?
How do managers compute the sales volume variance and flexible budget variance?
Appendix 10A: Standard cost accounting systems

Chapter 11 — Performance Evaluation and the Balanced Scorecard
Why do companies decentralize operations?
Performance evaluation systems
Evaluating the financial performance of cost, revenue, and profit centres
Evaluating the financial performance of investment centres
Appendix 11A: Allocating service department costs

Chapter 12 — Capital Investment Decisions and the Time Value of Money
What is capital budgeting?
Computing the time value of money
Calculating the net present value and internal rate of return
Capital budgeting methods in comparison
Appendix 12A: Present value and future value tables
INTERMEDIATE MANAGEMENT ACCOUNTING
Core course

Prerequisites
Introductory Financial Accounting
Introductory Management Accounting
Corporate Finance

Course description
This course is six weeks long and covers a variety of intermediate management accounting topics.

The objective of Intermediate Management Accounting is to assist you to develop the professional competence and skills that will enable you to understand the requirements of management reporting. This course will also help to develop your ability to assess a situation, identify issues and alternatives, and formulate recommendations using professional judgment.

You will develop and strengthen your:
• technical knowledge of issues in management accounting and reporting
• ability as a professional to focus clearly on the concerns of management
• application of a systematic methodology in solving a range of problems

Grading and examination format

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Course outline

WEEK 1: OVERVIEW

TOPIC 1.1: ROLE OF THE MANAGEMENT ACCOUNTANT

1.1-1 Management accounting versus financial accounting
1.1-2 The evolving roles of management accounting and the management accountant
1.1-3 Management accounting and cost accounting
1.1-4 Role of management accounting in management of the organization
1.1-5 Role of information in management accounting decision-making

TOPIC 1.2: COST CLASSIFICATIONS

1.2-1 Cost distinctions important to financial accounting
1.2-2 Costing terms critical in costing system design
1.2-3 Costing system architecture
1.2-4 Cost terms used to describe and predict cost behaviour
1.2-5 Cost terms used in manufacturing costing systems
1.2-6 Cost terms used in planning and control
1.2-7 Cost terms used in decision-making

TOPIC 1.3: COST ESTIMATION

1.3-1 Judgment approaches
1.3-2 Data approaches

TOPIC 1.4: COST-VOLUME-PROFIT ANALYSIS

1.4-1 The cost-volume-profit-model
1.4-2 Using the cost-volume-profit units model
1.4-3 Sensitivity analysis for CVP
1.4-4 Developing and using the revenue CVP model
1.4-5 The CVP chart
1.4-6 Taxes and the CVP equations
1.4-7 Using the profit equation for what-if analysis
1.4-8 Multi-product CVP analysis
1.4-9 Spreadsheets
1.4-10 Scenario planning
1.4-11 Descriptive, predictive, and prescriptive data analytics

WEEK 1 SUMMARY

WEEK 2: OVERVIEW

TOPIC 2.1: CAPACITY

TOPIC 2.2: SERVICE DEPARTMENT COST ALLOCATION

2.2-1 Support and production departments
2.2-2 Methods of allocating support department costs
2.2-3 Direct method of support department cost allocation
2.2-4 Step method of support department cost allocation
2.2-5 Reciprocal method of support department cost allocation
2.2-6 Support department allocations — variable and fixed costs

TOPIC 2.3: JOB ORDER COSTING

2.3-1 Overview of job order costing
2.3-2 Components of a job order costing system
2.3-3 Job order costing steps
2.3-4 Actual and normal overhead rates
2.3-5 Choosing the denominator activity and its level
2.3-6 Analysis of activity level choices for the cost driver
2.3-7 Multiple overhead cost pools and system design
2.3-8 Recording manufacturing overhead
2.3-9  Dealing with over- and underapplied overhead
2.3-10  Highlighting idle capacity costs
2.3-11  Variable manufacturing overhead
2.3-12  The accounting entries underlying job order costing
2.3-13  Spoilage, reworked units, and scrap

TOPIC 2.4: JOINT AND BYPRODUCT COSTING
2.4-1  Joint costs, joint products, and byproducts
2.4-2  Why allocate joint costs?
2.4-3  Joint cost allocation methods
2.4-4  Physical output method
2.4-5  Sales value at split-off method
2.4-6  Net realizable value method
2.4-7  Constant gross margin percentage method
2.4-8  Byproducts
2.4-9  Advantages and disadvantages of the joint costing approaches

WEEK 2 SUMMARY
WEEK 3: OVERVIEW

TOPIC 3.1: PROCESS COSTING
3.1-1  Process costing systems
3.1-2  Process costing steps: Establishing physical flow and equivalent units
3.1-3  Process costing approaches
3.1-4  Weighted average cost flow assumption
3.1-5  Spoilage
3.1-6  Transferred-in costs
3.1-7  First in, first out (FIFO) cost flow assumption
3.1-8 Hybrid and operations costing systems

TOPIC 3.2: INDIRECT COST ALLOCATION SYSTEMS

3.2-1 Indirect cost allocation systems design
3.2-2 Objective in indirect cost allocation system design
3.2-3 Cost allocation system improvement

TOPIC 3.3: ACTIVITY-BASED COSTING SYSTEMS

3.3-1 Activity-based costing systems design
3.3-2 The ABC cost hierarchy
3.3-3 Differences between ABC and traditional costing
3.3-4 Activity-based management
3.3-5 Costs and benefits of ABC and ABM

TOPIC 3.4: OTHER METHODS FOR DETERMINING AND CONTROLLING COSTS

3.4-1 Kaizen costing
3.4-2 Product life cycle costing

TOPIC 3.5: SUPPLY CHAINS AND THE STRATEGIC USE OF COSTING SYSTEMS

3.5-1 What is a supply chain?
3.5-2 The extended supply chain and supply-chain partners
3.5-3 Using IT tools for supply-chain management

WEEK 3 SUMMARY

WEEK 4: OVERVIEW

TOPIC 4.1: VARIABLE (DIRECT) ABSORPTION (FULL) AND THROUGHPUT COSTING

4.1-1 Financial reporting differences between variable and absorption costing
4.1-2 Objections to absorption costing
4.1-3 Absorption and variable costing and cost-volume-profit (CVP) analysis
4.1-4 Throughput costing
TOPIC 4.2: BUDGETING

4.2-1 Definition and objectives
4.2-2 The budgeting process
4.2-3 The budget period
4.2-4 Budget participants
4.2-5 Budget data
4.2-6 Budget terms — budgets, forecasts, and pro forma financial statements
4.2-7 The master budget
4.2-8 The recursive nature of master budget development
4.2-9 Master budget components and illustration
4.2-10 Sales (revenue) budget
4.2-11 Production budget (purchases budget — merchandiser)
4.2-12 Direct materials purchases budget
4.2-13 Direct labour budget
4.2-14 Manufacturing overhead budget
4.2-15 Ending inventory budget
4.2-16 Cost of goods sold budget
4.2-17 Selling and administrative expenses budget
4.2-18 Capital budget
4.2-19 Cash budget
4.2-20 Budgeted income statement
4.2-21 Budgeted balance sheet
4.2-22 Activity-based budgeting
4.2-23 Zero-based budgeting
4.2-24 Budgeting and information systems
4-2-25 Data visualization and variance analysis

TOPIC 4.3: PRICING

4.3-1 The role of cost information in pricing
4.3-2 Cost information and short- and long-term pricing
4.3-3 Varying demand and varying prices
4.3-4 The management accountant's role in supporting revenue control
4.3-5 The management accountant's role in assessing revenue control
4.3-6 Contractual settings where cost information determines price
4.3-7 Cost-plus contracts
4.3-8 Insurance claims
4.3-9 Legal settings
4.3-10 Bidding

WEEK 4 SUMMARY

WEEK 5: OVERVIEW

TOPIC 5.1: STANDARD COSTS AND COST VARIANCES

5.1-1 Standard costs
5.1-2 Static budgets and variances
5.1-3 Flexible budgets and cost variances
5.1-4 Sales price variance
5.1-5 Manufacturing cost variances
5.1-6 Variance analysis with substitutable inputs
5.1-7 Standard (budgeted rate) absorption costing and standard variable costing
5.1-8 Investigating variances
5.1-9 Variance investigation and dashboards
5.1-10 Standard costing and journal entries
5.1-11 Variances and presentation of net income

TOPIC 5.2: REVENUE VARIANCES
5.2-1 Revenue–related variances

TOPIC 5.3: SUMMARY OF VARIANCE ANALYSIS

APPENDIX 1: COST VARIANCE FORMULAS
APPENDIX 2: REVENUE VARIANCE FORMULAS

WEEK 5 SUMMARY

WEEK 6: OVERVIEW

TOPIC 6.1: UNCERTAINTY
6.1-1 Decision-making under uncertainty
6.1-2 The elements of decision-making under uncertainty
6.1-3 Probability forms
6.1-4 Payoff tables
6.1-5 Modelling uncertainty in cost-volume-profit (CVP) analysis
6.1-6 Contracts and bidding under uncertainty
6.1-7 Decision analysis approach to investigating a variance
6.1-8 Big Data and uncertainty
6.1-9 Conclusion

TOPIC 6.2: RELEVANT COSTS
6.2-1 The sunk cost effect
6.2-2 Importance of both quantitative and qualitative analysis
6.2-3 Relevant cost applications
6.2-4 Make-or-buy decisions (outsourcing)
6.2-5 Add-or-drop decisions
6.2-6 Special order decisions
6.2-7  Sell-or-process-further decisions  
6.2-8  Scarce resource allocation decisions  
6.2-9  Theory of constraints  
6.2-10 Problems with relevant costing  
6.2-11 Conclusion  

TOPIC 6.3:  LINEAR PROGRAMMING  
6.3-1 Linear programming and business decision-making  
6.3-2 Linear programming components  
6.3-3 The product mix problem  
6.3-4 Building the linear program  
6.3-5 Conclusion  

TOPIC 6.4:  TRANSFER PRICING  
6.4-1 Potential interpersonal conflicts in transfer pricing  
6.4-2 Approaches to setting the transfer price  
6.4-3 Market price–based approaches  
6.4-4 Cost-based approaches  
6.4-5 Negotiated transfer prices  
6.4-6 Other transfer prices  
6.4-7 A general transfer pricing model  
6.4-8 International transfer pricing  

WEEK 6 SUMMARY
CORPORATE FINANCE
Core course

Prerequisites
Introductory Financial Accounting
Introductory Management Accounting

Course description
This six-week course introduces you to finance concepts and provides you with essential knowledge of various tools used in corporate finance. You will examine the corporate financial environment and its impact on decision-making, introductory finance concepts (including the time value of money, investing and risk management) and distribution of earnings. In addition, you will look at capital budgeting techniques and short-, medium-, and long-term financing decisions.

Grading and examination format

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Course outline
TOPIC 1.1: INTRODUCTION

1.1-1 Investment (capital budgeting)
1.1-2 Financing
1.1-3 Management of daily financial activities
1.1-4 Finance perspective on the financial statement
TOPIC 1.2: FINANCIAL MARKETS

1.2-1 Primary and secondary markets
1.2-2 Market efficiency and the efficient market hypothesis
1.2-3 Ethical use of non-traditional data

TOPIC 1.3: MAJOR FINANCIAL SECURITIES

1.3-1 Short-term securities
1.3-2 Long-term securities (bonds and debentures)
1.3-3 Equity securities (preferred and common shares)
1.3-4 Other equity securities
1.3-5 Advantages and disadvantages of debt versus equity securities

TOPIC 1.4: INTEREST RATES

1.4-1 Overview
1.4-2 The short-term risk-free real interest rate
1.4-3 Expected inflation
1.4-4 The term structure of interest rates
1.4-5 The risk premium

TOPIC 1.5: MATHEMATICS OF FINANCE — THE TIME VALUE OF MONEY

1.5-1 Interest
1.5-2 Annuities
1.5-3 Effective annual rate of interest

WEEK 1 SUMMARY

SUMMARY OF FORMULAS

TOPIC 2.1: INTRODUCTION

1.2-1 Overview
1.2-2 Required rate of return
1.2-3 Taxes and flotation costs

TOPIC 2.2: LONG-TERM DEBT
2.2-1 Pricing of long-term debt
2.2-2 Cost of long-term debt

TOPIC 2.3: PREFERRED SHARES
2.3-1 Pricing preferred shares
2.3-2 Cost of preferred shares

TOPIC 2.4: COMMON EQUITY
2.4-1 Pricing common equity
2.4-2 Cost of common equity

TOPIC 2.5: WEIGHTED AVERAGE COST OF CAPITAL

TOPIC 2.6: CAPITAL STRUCTURE CHOICE
2.6-1 Overview
2.6-2 Operating and financial leverage and business risk
2.6-3 Increased financial leverage and WACC
2.6-4 Determining the optimal capital structure

TOPIC 2.7: DIVIDENDS
2.7-1 The dividends process
2.7-2 Dividend policies
2.7-3 Share repurchase, stock dividends, and stock splits

APPENDIX: CONCEPTUAL METHOD FOR CALCULATING THE COST OF DEBT

WEEK 2 SUMMARY

SUMMARY OF FORMULAS
TOPIC 3.1: THE CAPITAL-BUDGETING PROCESS
  3.1-1 Overview
  3.1-2 Capital-budgeting analysis

TOPIC 3.2: ESTIMATING A PROJECT’S CASH FLOWS

TOPIC 3.3: CAPITAL COST ALLOWANCE

TOPIC 3.4: NET PRESENT VALUE METHOD

TOPIC 3.5: PAYBACK PERIOD METHOD

TOPIC 3.6: INTERNAL RATE OF RETURN METHOD

TOPIC 3.7: COMPARING THE THREE CAPITAL-BUDGETING METHODS

TOPIC 3.8: WORKED EXAMPLES

WEEK 3 SUMMARY

SUMMARY OF FORMULAS

TOPIC 4.1: CAPITAL BUDGETING — AN OVERVIEW

TOPIC 4.2: NET PRESENT VALUE ILLUSTRATED

TOPIC 4.3: LEASE FINANCING
  4.3-1 Overview
  4.3-2 Advantages of leasing
  4.3-3 The net value to leasing calculation

TOPIC 4.4: CAPITAL BUDGETING WITH MULTIPLE PROJECTS
  4.4-1 Capital rationing
  4.4-2 Independent, mutually exclusive, and interdependent projects

TOPIC 4.5: CAPITAL BUDGETING FOR INFORMATION TECHNOLOGY PROJECTS
TOPIC 4.6: CAPITAL BUDGETING AND PROJECT RISK

4.6-1 Overview
4.6-2 Weighted average cost of capital
4.6-3 Risk-adjusted discount rates

TOPIC 4.7: INTERNATIONAL CONSIDERATIONS

WEEK 4 SUMMARY
SUMMARY OF FORMULAS

TOPIC 5.1: INTRODUCTION

TOPIC 5.2: THE MANAGEMENT OF CASH AND MARKETABLE SECURITIES

TOPIC 5.3: THE MANAGEMENT OF ACCOUNTS RECEIVABLE, INVENTORY AND ACCOUNTS PAYABLE

5.3-1 Overview
5.3-2 The management of accounts receivable
5.3-3 Inventory management
5.3-4 The management of accounts payable

TOPIC 5.4: CASH CONVERSION CYCLE

TOPIC 5.5: FINANCING

5.5-1 The need for financing
5.5-2 Basic principles of financing
5.5-3 Cyclical patterns and strategies for working capital management

TOPIC 5.6: FINANCIAL PLANNING AND FORECASTING

5.6-1 Goal of financial planning and forecasting
5.6-2 Cash flow projections
5.6-3 Profit and loss projections

WEEK 5 SUMMARY
SUMMARY OF FORMULAS
TOPIC 6.1: OVERVIEW

TOPIC 6.2: FINANCIAL ANALYSIS
   6.2-1 Overview
   6.2-2 Financial ratios
   6.2-3 Vertical and horizontal analysis
   6.2-4 Advantages and disadvantages of financial statement analysis
   6.2-5 Comprehensive example
   6.2-6 Visualization of ratio analysis using Power BI

TOPIC 6.3: VALUATION
   6.3-1 Overview
   6.3-2 Valuation approaches for businesses (and equity securities)

TOPIC 6.4: CORPORATE FINANCE TRANSACTIONS
   6.4-1 Overview
   6.4-2 Expansion
   6.4-3 Divestiture
   6.4-4 Taking the firm private
   6.4-5 International considerations

TOPIC 6.5: TREASURY RISK MANAGEMENT
   6.5-1 Introduction
   6.5-2 Derivative financial securities
   6.5-3 Forward and futures contracts
   6.5-4 Options
   6.5-5 Swaps
   6.5-6 Securitization
WEEK 6 SUMMARY

SUMMARY OF FORMULAS
AUDIT AND ASSURANCE
Details can be found in the Audit and Assurance syllabus.

TAXATION
Details can be found in the Taxation syllabus.
PERFORMANCE MANAGEMENT
Core course

Prerequisites
Introductory Financial Accounting
Introductory Management Accounting
Intermediate Management Accounting

Course description
This six-week course serves as an introductory performance management course in a business context. You examine the importance of governance and corporate social responsibility and the pivotal roles they play in strategy formulation and execution through the development, formulation, and implementation stages of strategy. The strategy-development stage takes the student through the process of environmental scanning and industry analysis and the development of corporate mission, vision, and values, while strategy formulation looks at types of strategies and the evaluation of strategic alternatives as well as the measurement of their performance. Finally, the strategy-implementation stage explores company characteristics and other factors that can positively or adversely affect the implementation of a strategy, including the management of change.

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Course outline

TOPIC 1.1: GOVERNANCE ROLES AND RESPONSIBILITIES

1.1-1 Governance in different types of organizations
1.1-2 Governance structure
TOPIC 1.2: THE ROLE OF GOVERNANCE IN MITIGATING THE PRINCIPAL-AGENT PROBLEM

1.2-1 Agency theory in a governance context
1.2-2 Incentives and monitoring
1.2-3 Government oversight and regulation
1.2-4 External auditors’ role in governance
1.2-5 Boards of directors — challenges and solutions
1.2-6 Board of directors — self-evaluation and renewal
1.2-7 Ethics and good governance

TOPIC 1.3: CORPORATE SOCIAL RESPONSIBILITY

1.3-1 The stakeholder model
1.3-2 Sustainable organizations — creating sustainable stakeholder value
1.3-3 Justifying CSR
1.3-4 Reporting on CSR compliance and risks
1.3-5 Incentives and monitoring of CSR reporting
1.3-6 Environmental management and reporting

CONCLUSION

TOPIC 2.1: SETTING THE MISSION, VISION, VALUES, AND STRATEGIC OBJECTIVES

2.1-1 Nature, role, and characteristics of statements
2.1-2 Developing the mission, vision, and values statements
2.1-3 Developing goals and strategic objectives

TOPIC 2.2: ENVIRONMENTAL SCANNING AND INDUSTRY ANALYSIS

2.2-1 Environmental scanning
2.2-2 The broader social environment — macro forces affecting organizations
2.2-3 Industry analysis
2.2-4 Internal analysis
2.2-5 Stakeholder analysis
2.2-6 Big data

TOPIC 2.3: TOOLS FOR ENVIRONMENTAL SCANNING AND INDUSTRY ANALYSIS

2.3-1 PESTEL
2.3-2 Industry and product life cycles
2.3-3 Porter's Five Forces
2.3-4 Value-chain analysis
2.3-5 Profit-pool analysis
2.3-6 Resources, capabilities, and core competency analysis
2.3-7 SWOT analysis

CONCLUSION

TOPIC 3.1: STRATEGY FORMULATION

3.1-1 Nature and benefits of strategic management
3.1-2 Levels of strategy in an organization
3.1-3 Strategies that support a customer value proposition
3.1-4 Strategic vehicles
3.1-5 Business strategies at different stages of an industry’s life cycle
3.1-6 Alternative approaches to growth
3.1-7 Internationalism

TOPIC 3.2: STRATEGY IMPLEMENTATION

3.2-1 Implementing strategy
3.2-2 Organizational structures
3.2-3 Critical elements in successful strategy implementation
TOPIC 3.3: STRATEGY EVALUATION

3.3-1 Process and framework for strategy evaluation
3.3-2 Monitoring and evaluating the competitive environment
3.3-3 Strategic control
3.3-4 Using data analytics for external monitoring

CONCLUSION

TOPIC 4.1: STRATEGIC CONTROL AND PERFORMANCE MEASUREMENT

4.1-1 Strategic control
4.1-2 Design of a performance-measurement system
4.1-3 Motivating, evaluating, and rewarding individual performance
4.1-4 Policies, procedures, and codes of conduct
4.1-5 Role of corporate governance

TOPIC 4.2: MANAGING RISK

4.2-1 Risk-management process
4.2-2 Types of enterprise risk
4.2-3 Techniques for risk measurement and evaluation
4.2-4 Risk-response alternatives
4.2-5 Contingency planning

TOPIC 4.3: MANAGEMENT REPORTING NEEDS AND SYSTEMS

4.3-1 Governance over information systems
4.3-2 Systems design, acquisition, and development
4.3-3 Systems development methodologies
4.3-4 Systems acquisition processes
4.3-5 Project management principles for systems development projects

CONCLUSION
TOPIC 5.1: TOOLS FOR STRATEGIC COST AND CAPACITY MANAGEMENT

5.1-1 Target costing
5.1-2 Capacity resource planning
5.1-3 Outsourcing as a means to increase capacity and reduce costs

TOPIC 5.2: IMPROVING EFFICIENCY AND EFFECTIVENESS

5.2-1 Business process management
5.2-2 Business process re-engineering
5.2-3 Just-in-time production
5.2-4 Lean management
5.2-5 Customer relationship management
5.2-6 Enterprise resource planning

TOPIC 5.3: QUALITY MANAGEMENT

5.3-1 Quality control and quality assurance
5.3-2 Total quality management
5.3-3 Cost of quality
5.3-4 Quality measurement systems

CONCLUSION

TOPIC 6.1: MONITORING TOOLS

6.1-1 Management by objectives
6.1-2 Activity-based costing and activity-based management
6.1-3 Balanced scorecard
6.1-4 Strategy maps and executive dashboards

TOPIC 6.2: RESPONSIBILITY ACCOUNTING

6.2-1 Responsibility centres and controllability
6.2-2 Types of responsibility centres and performance reporting
TOPIC 6.3: RESPONSIBILITY ACCOUNTING AND PERFORMANCE IN NOT-FOR-PROFIT AND GOVERNMENT ORGANIZATIONS

6.3-1 Characteristics of NFPOs

6.3-2 A management control framework in NFPOs

CONCLUSION
ECONOMICS
Non-core course

Prerequisites
None

Course description
Both microeconomics and macroeconomics play a role in business decisions and strategy formulation. Whether formulating strategy at the functional, business or corporate level, professional accountants must have a basic understanding of economics and the impact it has on business.

This course introduces microeconomics and macroeconomics as the basis for making smart choices in life as consumers, businesspeople, investors, and informed citizens judging government policies.

Microeconomics focuses on a cost/benefit analysis of all decisions. Topics include gains from trade, how prices coordinate choices, the roles of competition and monopoly, efficiency/equity trade-offs, government versus market failures, environmental policies, and income/wealth distributions.

Macroeconomics focuses on the performance of market economies — measured by GDP growth, unemployment, and inflation — and appropriate roles for government monetary and fiscal policies. Topics include GDP, economic growth, business cycles, unemployment, inflation, money and the Bank of Canada, exchange rates, government deficits, the national debt, globalization, and trade policy.

Resources


Grading and examination format
The grade for this course is based 100% on the final examination. The total mark needed to pass the course is 50%. Please refer to the Preparatory Courses Exam Blueprint for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.
Course outline

*Microeconomics*

Chapter 1  What’s in Economics for You? Scarcity, Opportunity Cost, Trade, and Models
Chapter 2  Making Smart Choices: The Law of Demand
Chapter 3  Show Me the Money: The Law of Supply
Chapter 4  Coordinating Smart Choices: Demand and Supply
Chapter 5  Just How Badly Do You Want It? Elasticity
Chapter 6  What Gives When Prices Don’t? Government Policy Choices
Chapter 7  Finding the Bottom Line: Opportunity Costs, Economic Profits and Losses, and the Miracle of Markets
Chapter 8  Pricing Power: Monopoly to Competition and In Between
Chapter 9  Pricing for Profits: Marginal Revenue and Marginal Cost
Chapter 10  When Markets Fail: Natural Monopoly, Gaming, Competition, and Government
Chapter 11  Acid Rain on Others’ Parade: Externalities, Carbon Taxes, Free Riders, and Public Goods
Chapter 12  What Are You Worth? Inputs, Incomes, and Inequality

*Macroeconomics*

Chapter 5  Are Your Smart Choices Smart for All? Macroeconomics and Microeconomics
Chapter 6  Up Around the Circular Flow: GDP, Economic Growth, and Business Cycles
Chapter 7  Costs of (Not) Working and Living: Unemployment and Inflation
Chapter 8  Skating to Where the Puck is Going: Aggregate Supply and Aggregate Demand
Chapter 9  Money is for Lunatics: Demanders and Suppliers of Money
Chapter 10  Trading Dollars for Dollars? Exchange Rates and Payments with the Rest of the World
Chapter 11  Steering Blindly? Monetary Policy and the Bank of Canada
Chapter 12  Spending Other's Money: Fiscal Policy, Deficits, and National Debt
Chapter 13  Are Sweatshops All Bad? Globalization and Trade Policy
STATISTICS
Non-core course

Prerequisites
None

Course description
The object of this course is to give you an understanding of the role of statistics in business and commerce. It will become clear how pervasive the use of statistics has become and how essential the basic concepts are to modern business practice. You will learn thoroughly the basics of data analysis and the fundamental notion of statistical inference. The statistics learned in this course will provide the knowledge necessary for you to apply the basic techniques in a wide variety of circumstances and, perhaps more importantly, will enable you to assess the legitimacy and significance of the many and varied reports that you will come across during your career.

The course will enable you to understand and analyze the future impact of decisions throughout an organization. It will give you the necessary knowledge, tools, and skills to analyze problems logically, carry out mathematical operations, and investigate issues scientifically.

Resources

Grading and examination format
The grade for this course is based 100% on the final examination. The total mark needed to pass the course is 50%. Please refer to the [Preparatory Courses Exam Blueprint](#) for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.

Course outline
Chapter 1  Statistics, Data, and Statistical Thinking
Chapter 2  Methods for Describing Sets of Data
Chapter 3  Probability
Chapter 4  Random Variables and Probability Distributions
Chapter 5  Sampling Distributions
Chapter 6  Inferences Based on a Single Sample: Estimation with Confidence Intervals
Chapter 7  Inferences Based on a Single Sample: Tests of Hypotheses
Chapter 8  Inferences Based on Two Samples: Confidence Intervals and Tests of Hypotheses
Chapter 9  Design of Experiments and Analysis of Variance
Chapter 10 Categorical Data Analysis
Chapter 11 Simple Linear Regression
Chapter 12 Multiple Regression and Model Building
Chapter 13 Methods for Quality Improvement: Statistical Process Control
Chapter 14 Time Series: Descriptive Analyses, Models, and Forecasting (except Forecasting Trends: Simple Linear Regression, Seasonal Regression Models, and Autocorrelation and the Durbin-Watson Test)
BUSINESS LAW
Non-core course

Prerequisites
None

Course description
The purpose of this course is to furnish students with the necessary tools to avoid potential legal problems, to recognize those situations calling for legal expertise and to communicate more effectively with legal counsel. To that end, students are introduced to the Canadian legal system; tort law and professional liability; the principles of contract law; the law governing specific kinds of commercial contracts, including sales, insurance and employment; debtor and creditor relations; and forms of business organization — agency, sole proprietorship, partnership and incorporation.

Resources

Grading and examination format
The grade for this course is based 100% on the final examination. The total mark needed to pass the course is 50%. Please refer to the Preparatory Courses Exam Blueprint for details on the exam format and length. Note: an average of 65% across all core prerequisite courses is required for entry into the CPA PEP.

Course outline
The Canadian legal system
Tort law, professional liability, and insurance
Formation of the contractual relationship
Interpreting the contract and terminating the contractual relationship
Business organizations: Agency and partnership
Business organizations: Corporations
Business relationships: Employment
Property rights
Business relationships: Sales and consumer protection; debtor and creditor relations
INFORMATION TECHNOLOGY
Details can be found in the Information Technology syllabus.