

# BA3

## FUNDAMENTALS OF FINANCIAL ACCOUNTING – 2017 SYLLABUS

The main objective of BA3 is to obtain practical understanding of financial accounting and the process behind the preparation of financial statements for single entities. Therefore, the key areas covered in BA3 are as follows.

- Conceptual and regulatory framework (legislation and accounting standards) required to prepare financial statements.
- Developing an understanding of double-entry bookkeeping.
- Knowledge, understanding and application of controls in accounting systems.
- Measurement of financial performance through basic ratios.

A two-hour computer based assessment, comprising 60 compulsory objective test questions will be used to assess candidates of BA3. Short scenarios may be given to which one or more objective test questions relate.

Refer page 27 of the 2017 Syllabus for the details in BA3, especially for the scope of knowledge and application of IFRSs and IASs.

This Transition Guide aims to answer questions such as:

- What in the BA3 syllabus mirrors that of in C02?
- What are the new topics in BA3?
- What topics remain the same (as in C02), but need a different approach in teaching (and learning)?
- What topics in C02 are no longer there in the BA3 syllabus?

### FROM C02 TO BA3

Paper C02 Fundamentals of Financial Accounting			BA3 Fundamentals of Financial Accounting		
A	Conceptual and Regulatory Framework	20%	→	A	Accounting Principles, concepts and regulations (reduced) 10%
B	Accounting Systems	20%	→	B	Recording Accounting Transactions (plus additional content) 50%
C	Preparation of Accounts for Single Entities	45%	→	C	Preparation of Accounts for Single Entities 30%
D	Control of Accounting Systems (part moved to BA4)	15%	→	D	Analysis of Financial Statements (plus part of C03 section A) 10%

- Greater emphasis on recording of accounting transactions, starting with source documents and the books of prime entry.
- Syllabus area B is the largest by study weighting, as it is fed into by areas of B, C and D of C02.

### WHAT'S STAYING THE SAME IN BA3?

The content around the preparation of accounts of single entries (prepare financial statements from trial balance, prepare financial statements from incomplete records, prepare a statement of cash flows) remains largely unchanged, with the exception of some changes in the wording of some learning outcomes.

## WHAT'S COMING IN TO BA3?

A Accounting Principles, concepts and regulations (syllabus weighting 10%)	B Recording Accounting Transactions (syllabus weighting 50%)
<p><b>BA3 – A1</b> f. identify the need for and information to be included in an integrated report</p> <p><b>BA3 – A1</b> g. describe the accounting equation</p> <p><b>BA3 – A1</b> h. explain the need for accounting codes (from C02, B)</p>	<p><b>BA3 – B1</b> a. Prepare the books of prime entry</p> <p><b>BA3 – B3</b> a. calculate sales tax b. prepare accounting entries for sales tax (from C02, B) c. prepare accounting entries for the issue of shares (from C02, C)</p>
C Preparation of Accounting for Single Entities (syllabus weighting 30%)	D Analysis of Financial Statements (syllabus weighting 10%)
None	<p><b>BA3 – D1</b> a. identify the information provided by the calculation of accounting ratios b. identify reasons for the changes in accounting ratios (Note: ratios were in C02, but in BA3 the application of ratios is emphasised)</p>

## WHAT IS UNCHANGED IN BA3 FROM C02 BUT WILL NEED A DIFFERENT APPROACH?

Component Learning Outcome			
	BA3 2017	C02 2011	Change
A1b	Identify the needs of different user groups	Identify user groups and characteristics of financial statements	Learning outcome reworded
A1c	Distinguish between the purposes of financial and management accounts	Distinguish between Financial and Management Accounts	Learning outcome reworded with an emphasis on "purpose"
A2a	Explain the influence of legislation and accounting standards on published accounting information	Explain the influence of legislation on published accounting information for organization	Learning outcome reworded (e.g. IASs, IFRSs)
B1b	Apply the principles of double- entry bookkeeping	Explain the purpose of double entry book keeping	Verb level changed from explain to apply
B1c	Prepare nominal ledger accounts	Prepare, nominal ledger accounts, journal entry and a trial balance	Learning outcome reworded
B1d	Prepare the trial balance	Prepare, nominal ledger accounts, journal entry and a trial balance	Learning outcome reworded
B3c	Prepare accounting entries for payroll	Prepare accounts for pay roll	Learning outcome reworded
C1a	Prepare accounting entries for accruals and prepayments	Prepare accounts using accruals and prepayments	Learning outcome reworded
C1b	Prepare accounting entries for irrecoverable debts and allowances for receivables	Prepare accounts for bad debts and allowances for receivables	Learning outcome reworded
C1c	Prepare accounting entries for inventories	Prepare accounts for inventories	Learning outcome reworded
C2a	Prepare basic manufacturing accounts	Prepare manufacturing accounts	Learning outcome reworded
C3b	Prepare financial statements from incomplete records	Prepare accounts for incomplete records	Learning outcome reworded

## WHAT'S COME OUT OF C02?

Topic	Where moved to
External Audit	BA4 Syllabus Area B
Internal Audit	BA4 Syllabus Area B
Nature of Fraud	BA4 Syllabus Area B

## WHAT'S THE KEY MESSAGE?

The purpose of this subject is to introduce financial accounting and the preparation of accounts. The regulatory framework and accounting standards are introduced, and a 'back to basics' approach is employed to ensure double-entry bookkeeping is understood.

## BA3 AND 2015 PROFESSIONAL LEVEL SYLLABUS

	Operational level	Management level	Strategic level
BA3A Accounting Principles Concepts and regulations	F1A Regulatory Environment for Financial Reporting		F3A Formulation of Financial Strategy
	F1B Financial Accounting and Reporting		
BA3B Recording Accounting Transactions	F1B Financial Accounting and Reporting		
BA3C Preparation of Accounts for Single Entities	F1B Financial Accounting and Reporting	F2B Financial Reporting	
BA3D Analysis of Financial Statements	F1C Management of Working Capital, Cash and Sources of Short-Term Finance	F2C Analysis of Financial Performance and Position	F3A Formulation of Financial Strategy



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