



**ICMA**  
Pakistan

# GLOCALISING SKILLS

FOR THE COMPETITIVE ADVANTAGE



FOR  
FELLOW  
MEMBERS  
OF ACCA

## MEMBERSHIP PATHWAY PROGRAMME



[www.icmap.com.pk](http://www.icmap.com.pk)



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## 1. INTRODUCTION TO ICMA PAKISTAN

Institute of Cost and Management Accountants of Pakistan is one of the leading professional accounting organizations, established in 1951 and granted statutory status in 1966 under an Act of Parliament for the regulation of the profession of Cost and Management Accountants in Pakistan. Currently, the Institute has approx. 7,000 members within Pakistan and abroad and more than 15,000 students. The Institute is a founding member of International Federation of Accountants (IFAC) since 1977, Confederation of Asian and Pacific Accountants (CAPA) since 1980, South Asian Federation of Accountants (SAFA) since 1984 and the only current participant of International Integrated Reporting Council (IIRC) in Pakistan

## 2. INTRODUCTION TO STRATEGIC PARTNERSHIP AGREEMENT

Institute of Cost Management Accountants of Pakistan (ICMA Pakistan) and ACCA (the Association of Chartered Certified Accountants) have entered a strategic partnership agreement on the 10th March, 2020, focusing on greater collaboration between both the accounting bodies and creating new opportunities for their members, partners and the country.

The agreement will allow both the organisations to collaborate on delivering inclusive, integrated thinking by globalising the governance processes, creating new membership pathways, benefitting from their global and local knowledge, experience and reach

## 3. INTRODUCTION TO THE MEMBERSHIP PATHWAY PROGRAMME

Membership Pathway Programme for Fellow Members of ACCA (FCCAs) has been launched in 2020 providing an opportunity to FCCAs to acquire Associate Membership of ICMA Pakistan (ACMA). FCCAs may apply for ICMA Pakistan Membership by completing the below mentioned requirements:

- ◆ Successful completion of Membership Pathway Exam (MPE)
- ◆ Successful completion of Legal Module (for practicing license); and
- ◆ Completion and verification of relevant practical experience in the industry or a firm. (Existing experience will count)

The next few sections include details of the Membership Pathway Exam (MPE), successful completion of which is the first requirement for ICMA Pakistan Membership for FCCAs.

## 4. MEMBERSHIP PATHWAY EXAM (MPE) SYLLABUS

PART	SYLLABUS CONTENT AREA	WEIGHTAGE
<b>A</b>	<b>STRATEGIC MANAGEMENT ACCOUNTING</b> 1 Cost Management Techniques 2 Externally Oriented Cost Management Techniques 3 Short-term decisions 4 Multi-product breakeven analysis 5 Pricing decisions and pricing strategies	<b>50%</b>
<b>B</b>	<b>STRATEGIC FINANCIAL MANAGEMENT</b> 6 The cost of capital 7 Investment appraisal techniques	<b>25%</b>
<b>C</b>	<b>STRATEGIC MANAGEMENT</b> 8 Strategic decision making 9 Change Management	<b>25%</b>
	<b>TOTAL</b>	<b>100%</b>



## STRATEGIC MANAGEMENT ACCOUNTING

### 1. COST MANAGEMENT TECHNIQUES

#### I. TRADITIONAL VS MODERN MANUFACTURING PHILOSOPHY

#### II. JUST-IN-TIME (JIT)

- Elimination of nonvalue added activities (waste)
- Total quality control
- Batch sizes
- Setup reduction
- Demand driven concept
- Benefits of JIT

#### III. KAIZEN COSTING

#### IV. TOTAL QUALITY MANAGEMENT

- Basic principles of TQM
- The costs of quality
- Importance of quality
- Commitment to quality
- Quality chains
- Successful implementation of TQM

#### V. BUSINESS PROCESS RE-ENGINEERING

- Process identification
- Process rationalisation
- Process redesign
- Process reassembly

### 2. EXTERNALLY ORIENTED COST MANAGEMENT TECHNIQUES

#### II. THE VALUE CHAIN

- Porter's value chain
- Types of value
- Method of value analysis

#### II. SUPPLY CHAIN MANAGEMENT

- Purchasing
- Stocks
- Customer ordering
- Delivery and logistics

#### III. OUTSOURCING

#### IV. PARTNERING, INCENTIVES AND GAIN-SHARING ARRANGEMENTS

### 3. SHORT-TERM DECISIONS

#### **I. RELEVANT COSTS**

- Relevant Costs and Revenues
- Opportunity Cost

#### **II. PRESENTATION GUIDELINES**

#### **III. ACCEPTANCE/REJECTION OF CONTRACTS**

#### **IV. MINIMUM PRICING**

#### **V. EXTRA SHIFT DECISIONS AND OVERTIME**

#### **VI. MAKE OR BUY DECISIONS**

#### **VII. EITHER/OR PROBLEMS**

#### **VIII. SHUTDOWN PROBLEMS**

#### **IX. CHOOSING BETWEEN OPTIONS**

#### **X. ALLOCATION OF JOINT COSTS**

- Joint products and byproducts
- Accounting for byproducts
- Accounting for joint products
- Valuation of joint product stocks
- Problems of common costs and joint costs
- Joint products and further process in decisions

### 4. MULTI-PRODUCT BREAK-EVEN ANALYSIS

#### **I. DRAWING A BASIC BREAK-EVEN CHART**

#### **II. BREAK-EVEN POINT FOR MULTIPLE PRODUCTS**

#### **III. CONTRIBUTION TO SALES (C/S) RATIO FOR MULTIPLE PRODUCTS**

#### **IV. SALES/PRODUCT MIX DECISIONS**

#### **V. TARGET PROFITS FOR MULTIPLE PRODUCTS**

#### **VI. MARGIN OF SAFETY FOR MULTIPLE PRODUCTS**

#### **VII. MULTI-PRODUCT BREAK-EVEN CHARTS**

#### **VIII. ADVANTAGES OF BREAK – EVEN ANALYSIS**

#### **IX. FURTHER ASPECTS OF BREAK-EVEN ANALYSIS**



## 5. PRICING DECISIONS AND PRICING STRATEGIES

### I. DEMAND BASED PRICING

### II. OTHER ISSUES THAT INFLUENCE PRICING DECISIONS

### III. DERIVING THE DEMAND CURVE

### IV. PROFIT MAXIMIZING PRICE

### V. FULL COST PRICING

### VI. MARGINAL COST-PLUS/MARK-UP PRICING

### VII. PRICING BASED ON MARK-UP PER UNIT OF LIMITING FACTOR

### VIII. PRICING STRATEGIES FOR NEW PRODUCTS

- Penetration pricing
- Average or going rate pricing
- Discount pricing
- Premium pricing
- Product life cycle

### IX. OTHER PRICING STRATEGIES

- Product bundling
- Loss leaders
- Pricing in service companies

## PART B

## STRATEGIC FINANCIAL MANAGEMENT

## 6. THE COST OF CAPITAL

### I. INVESTMENT DECISIONS

### II. FINANCING AND THE COST OF CAPITAL

### III. COST OF EQUITY,

### IV. COST OF DEBT

- Irredeemable debt
- Redeemable debt
- Convertible debt
- Preference shares
- Bank debt

### V. WEIGHTED AVERAGE COST OF CAPITAL (WACC)

### VI. DIVIDEND VALUATION MODEL

- Dividend valuation method with constant growth
- Gordon's Growth Model
- Value of share with multiple dividend growth rates

### VII. CAPITAL ASSETS PRICING MODEL (CAPM)

### VIII. ARBITRAGE PRICING THEORY (APT)

### IX. BOND'S RETURN ANALYSIS - YIELD TO MATURITY OR YIELD TO CALL ETC.

## 7. INVESTMENT APPRAISAL TECHNIQUES

### **A) CAPITAL INVESTMENT APPRAISAL**

I. INTRODUCTION TO INVESTMENT APPRAISAL

II. INVESTMENT APPRAISAL DATA REQUIREMENTS AND METHODS

III. PROFITABILITY INDEX AND PAYBACK PERIOD

IV. ACCOUNTING RATE OF RETURN (ARR)

V. DISCOUNTED CASH FLOW (DCF) INVESTMENT APPRAISAL METHODS

VI. NET PRESENT VALUE (NPV)

VII. IDENTIFICATION OF A PROJECT'S RELEVANT COSTS AND BENEFITS

VIII. THE INTERNAL RATE OF RETURN (IRR) AND MODIFIED INTERNAL RATE OF RETURN (MIRR)

IX. THE IMPACT OF TAXATION AND INFLATION OF PROJECT ANALYSIS.

X. CONSIDERATION OF INVESTMENT APPRAISAL FOR STAKEHOLDERS AND MAXIMIZING SHAREHOLDER WEALTH

### **B) RISK AND UNCERTAINTY**

I. RISK AND UNCERTAINTY IN DECISION MAKING

II. PROBABILITY ANALYSIS AND EXPECTED VALUES

III. DATA TABLES

IV. USING THE STANDARD DEVIATION TO MEASURE RISK

V. DECISION TREES

VI. THE VALUE OF INFORMATION  
VII. SENSITIVITY ANALYSIS

VIII. SIMULATION MODELS

- Steps in simulation
- Advantages of simulation
- Drawbacks of simulation



## STRATEGIC MANAGEMENT

### 8. STRATEGIC DECISION MAKING

#### **A) BUSINESS STRATEGY AND STRATEGY DEVELOPMENT**

##### **I. STRATEGIC PLANNING**

##### **II. STRATEGIC PLANNING: THE RATIONAL MODEL**

##### **III. LESS FORMAL STRATEGIC PLANNING**

##### **IV. STRATEGY LENSES**

##### **V. ENVIRONMENTAL COMPLEXITY AND ORGANIZATIONS**

- The importance of the business environment
- Environmental segmentation
- A model of the organisation in its environment
- Process of understanding environment
- Causes of environmental uncertainty
- Impact of uncertainty

##### **VI. RESOURCE-BASED STRATEGY**

##### **VII. MANAGEMENT ACCOUNTING AND BUSINESS STRATEGY**

##### **VIII. DIRECTOR TRATEGIC ROLES AND RESPONSIBILITIES**

#### **B) STRATEGIC DECISION ANALYSIS:**

##### **I. RELATING THE ORGANIZATION TO ITS ENVIRONMENT**

##### **II. ENVIRONMENTAL INFORMATION AND ANALYSIS**

##### **III. GAP ANALYSIS**

- Definition
- Using gap analysis

##### **IV. FORECASTING**

- Statistical models
- System modelling
- Intuitive forecasting methods

##### **V. SCENARIO PLANNING**

- Steps involve in scenario planning
- Planning Scenarios
- Constructing Scenarios
- Using scenarios in strategy formulation
- Advantages of scenario planning

##### **VI. FORESIGHT**

##### **VII. GAME THEORY**

##### **VIII. STRATEGIC INTELLIGENCE**

## 9. CHANGE MANAGEMENT

### A) ORGANIZATIONAL CHANGE

#### I. INTRODUCTION TO CHANGE MANAGEMENT

#### II. TRIGGERS FOR ORGANIZATIONAL CHANGE

- External change triggers
- Internal change triggers

#### III. STAGE MODELS OF CHANGE

#### IV. OTHER MODELS OF MANAGING CHANGE

#### V. FORCE FIELD ANALYSIS

#### VI. MANAGING RESISTANCE TO CHANGE

- Attitudes to change
- Reasons for resisting change
- Overcoming resistance to change

### B) IMPLEMENTING CHANGE

#### I. TYPES OF CHANGE

- Planned or emergent change
- Incremental change
- Step change
- Transformational change

#### II. THE CONTEXT OF CHANGE

- The participative style
- The interventionist style
- The autocratic style.
- The educational style



## 5. MEMBERSHIP PATHWAY EXAM (MPE) STRUCTURE

Membership Pathway Exam (MPE) is a computer based examination, comprising of 60% Objectives and 40% Descriptive/Case study type questions. Descriptive/ Case Study Questions may include definitions, concepts, principles, cases/ scenarios, analysis, interpretation, reports, and application etc. Descriptive questions may also include some basic calculations.

It will be a closed book exam of 3 hours and 15 minutes. The extra 15 minutes are for candidates to get familiar with the examination software of ICMA Pakistan. There is no pre-seen information and all exam related material, including case information and exhibits will be available during the examination.

Candidates will be examined on concepts, theories, and principles from all areas of the syllabus as defined in section 4. Candidates should be capable of relating professional issues to relevant concepts and practical situations. Professional and ethical judgment will need to be exercised, together with the integration of technical knowledge when addressing issues in a business context.

Part/ Section	Weightage	Composition of Questions	Time Allocated	Marks Allocated	Total Time
Objective	60 %	30 Questions	2 hours	300	
Descriptive	40 %	2 Questions	1 hours	200	
Total	100 %	32	3 hours	500	
Passing %				50% in each section	3 hours

## 6. MAIN CAPABILITIES

On successful completion of Membership Pathway Exam (MPE), candidates will be able to:

- ◆ Evaluate and apply value management techniques to manage costs and improve value creation using Just-in-time (JIT), Kaizen Costing, Total Quality Management etc.
- ◆ Analyze appropriate techniques to support short-term decisions to achieve organizational objectives using efficient and effective use of scarce business resources
- ◆ Apply variable/ fixed cost analysis in multi-product breakeven and product mix decision making to reach 'optimal' solutions with limiting factors.
- ◆ Use various pricing strategies for profit maximization and to appeal different market segments and evaluate the financial consequences of alternative pricing strategies.
- ◆ Evaluate cost of the total funds used by the organization to fund its projects and how can the organization minimize the cost of funds whilst ensuring the availability of adequate funds at the right time and at the same time maintaining an appropriate risk profile.
- ◆ Apply investment appraisal criteria, process and techniques to evaluate different projects
- ◆ Identify what types of risks and uncertainties do organizations face in making short-term decisions and how are those risks and uncertainties identified, assessed and managed
- ◆ Apply Skills in the planning, implementation and evaluation of strategic options at various levels of the organization against the external environment and the available internal resources.
- ◆ Recommend change management techniques and methodologies and how does the organization drive these changes.



## 7. INTELLECTUAL LEVELS

### KNOWLEDGE

Testing your fundamental knowledge of concepts, models and theories through:

- List
- State
- Define

### UNDERSTANDING

Testing your understanding of concepts, models and theories through

- Explain
- Describe
- Differentiate

### APPLICATION/DEMONSTRATION

Testing your application and demonstration of concepts, models and theories through

- Apply
- Demonstrate
- Solve

### ANALYSE/INTERPRET

Testing your application and demonstration of concepts, models and theories through

- Analyse
- Interpret
- Discuss

### EVALUATION/DECISION MAKING

Testing your ability to make decisions based on your knowledge, understanding, application and analysis of concepts, models and theories through

- Evaluate
- Suggest/Recommend

## 8. LEARNING DELIVERY

ICMA Pakistan, from time to time will arrange online classes, crash courses for the candidates in order to equip candidates with the necessary knowledge and exam skills to qualify the MPE exam. Schedule of such classes can be viewed online.

## 9. LEGAL MODULE

Candidates who wish to apply for Practicing Certificate of ICMA Pakistan are required to qualify the Legal Module comprising of legal laws, tax laws and other relevant laws.



## 10. PRICE

**Membership Pathway Exam (MPE) Fee: PKR 59,000**

**Legal Module Fee: PKR 14,000**

On successful completion of Membership Pathway Exam (MPE), candidates will be required to pay the Membership Fee as applicable at the time of Membership application.

## 11. NEXT STEPS

To register as a candidate, please contact your nearest ICMA Pakistan campus at the details given below:

Islamabad: 0312-9650859  
+92-51-9265213

Quetta: 0300-8389748  
+92-81-2660900

Lahore: 0332-4455890  
+92-42-99214694-5

Multan: 0300-7304530  
+92-61-9330482

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