



ICPAR
Unlimited possibilities



Strategic Level

Advanced Financial Management (FM3.7) Syllabus

CPA
RWANDA

Institute of Certified Public Accountants of Rwanda
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1. Welcome and foreword

Welcome to the ICPAR CPA qualification syllabus for Advanced Financial Management. This syllabus is part of the ICPAR CPA qualification program. CPA qualification seeks to boost and increase national skilled as per the National Strategy for Transformation 2 (NST2) and it answers global skills needs as well. This qualification is therefore locally relevant and internationally benchmarked to ensure global recognition and marketability of CPA (R) qualification holders.

The new CPA (R) Qualification generally has been developed to respond to local needs and emerging initiatives in the country and to allow mobility of our Professionals, international accounting standards and benchmarking of foreign qualifications were considered.

This syllabus is a product of research and careful benchmarking against globally recognized qualifications. The International Federation of Accountants (IFAC) International Accounting Education Standards (IESs) were considered during the development of this syllabus. Different stakeholders within and outside the country played a leading role in the development of this syllabus.

Establishing this qualification not only enables us to meet the national goal stated above but it will provide opportunity for us to fulfil the ICPAR legal mandates as outlined in the Accountants Law Number 11 of 2008. I wish to note that consistent with our strategic vision and mission, this syllabus will serve as an important instrument for meeting the goals we have set out to fulfil.

The syllabus is a key document showing exactly what needs to be learned to pass the exam. This document will also show how the syllabus is examined and where this syllabus sits within the overall qualification structure.

I sincerely thank the Government of Rwanda and the development partners who contribute to the PFM Basket Fund for funding this program. I'm truly grateful to all who contributed towards making this process a success. This is just the beginning of a long journey. We look forward to your continued active participation in the development and growth of the accountancy profession in Rwanda and beyond.

FCPA Obadiah R. Biraro

President

December 2025

2. Introduction to the CPA Qualification

The Institute has developed a CPA qualification to meet its strategic objective of strengthening its qualification framework with the aim of providing the competencies that the graduates require to be at the service of the economy. The objective of CPA qualification is to enhance the learning and the employability of students. It intends to create a learning system that enables learners to acquire skills and competencies which are locally relevant and internationally recognized that are in high demand by employers all over the world. This has never been more important with the pace of change increasing and traditional roles being redefined by technology and digital advances.

This CPA Qualification was a result of a national needs assessment exercise that was carried out and aligns with global accountancy needs for professional accountants. In addition to this syllabus, students are also encouraged to use other documents for the qualification such as the Learning and Assessment strategies that show students how to approach the learning materials and exams in bid to ensure that they have a thorough understanding of what is required for them to pass their exams.

Other important documents for the qualification include: Transition Rules that shows how existing students will transition from old to the new CPA qualification; New Exemption Policy for the CPA Qualification; Benchmarking Report that shows how the New CPA compares with other local and international accountancy qualifications and the Practical Experience Requirements (PER), which details the pathway to ICPAR membership. The new CPA (R) also introduced two pathways of business and public sector and it presents opportunities of dual/multiple membership.

3. Intellectual level and learning hours

Intellectual level

The syllabus is designed to progressively broaden and deepen the knowledge, skills and professional values demonstrated by the student on their way through the qualification.

The specific competencies within the detailed syllabuses and study guides are assessed at one of three intellectual or cognitive levels:

ICPAR Qualification Level	Description	Rwandan Qualification Framework
CPA Technical Level	Knowledge and comprehension	Level 6 – Diploma in HE
CPA Operational Level	Application and analysis	Level 8 – Bachelor Degree with Honours
CPA Strategic Level	Synthesis and evaluation	Level 9 – Masters

Very broadly, these intellectual levels relate to the three cognitive levels at which the CPA Technical Level, the Operational Level and the Strategic Level exams are assessed.

Learning hours

The CPA qualification can be achieved via self-study and by tuition, either full time or part time, and is open to a wide range of candidates with differing educational and professional backgrounds. Taking into account the diverse backgrounds and learning delivery for candidates on the CPA qualification, learning hours are set as a guide to recommend how long an average candidate would take to complete the learning involved in the syllabus.

For Advanced Financial Management it is recommended that a candidate will take approximately 120 hours to learn the content and successfully pass the assessment.

4. Structure of the CPA Qualification

Advanced Financial Management is one of five exam subjects required to be passed at the Strategic Level of the ICPAR CPA Qualification and is one of the two exams in the optional business pathway. The full structure of the ICPAR CPA Qualification is shown below.

Technical Level	Operational Level	Strategic Level	Professional Level
<ul style="list-style-type: none"> Financial Accounting Management Accounting Taxation Audit and Assurance 	<ul style="list-style-type: none"> Ethics, Law and Governance Digital Finance Financial Management Financial Reporting Advanced Taxation 	<ul style="list-style-type: none"> Advanced Audit and Assurance Strategic Management Advanced Financial Reporting 	<ul style="list-style-type: none"> Test of Professional Competence for Public Sector Pathway Test of Professional Competence for Business
		<p>Optional pathway 1: Public Sector</p> <ul style="list-style-type: none"> Advanced Public Financial Management Managing Performance in Public Sector 	
		<p>Optional pathway 2: Business</p> <ul style="list-style-type: none"> Managing Business Performance Advanced Financial Management 	

The table below shows the links between this exam and other exams preceding or following it:

Technical Level	Operational Level	Strategic Level
Management Accounting	Financial Management	Strategic Management Advanced Financial Management

5. Structure of the assessments

The syllabus is assessed by a three-hour paper based examination.

The examination comprises two sections. Both sections will include a mixture of computational and discursive questions. Candidates will be provided with a formulae sheet, statistical and discount tables for use where appropriate.

Section A

Section A comprises a compulsory Case Study, worth 50 marks. Candidates will take on the role of either the financial manager working within a company or a business consultant providing advice to a client. Candidates will be required to produce a business document such as a report or briefing paper covering a variety of issues, together with a recommendation for the board.

The Case Study comprises several sub requirements and includes reference to additional information which is provided within appendices. The additional information and requirements will vary with each examination sitting.

The Case Study is a mix of computational and discursive questions drawn from all areas of the syllabus.

Five professional marks will be available in Section A and will be awarded based on the level of professionalism with which a candidate's answer is presented, including the structure and clarity of the answer provided.

Total 50 marks

Section B

Section B contains three 25-mark questions, candidates are required to answer two of these questions. Each question is predominately based around a short scenario for a company. Questions will include a mix of computational and discursive elements drawn from all areas of the syllabus.

Total 50 marks.

Total 100 marks

6. Introduction to the syllabus

The syllabus aims to develop the understanding of financial management within a private sector organisation, building on the concepts introduced in the Operational level Financial Management paper.

The syllabus is broken down into six key areas:

1. Business valuations
2. Mergers and acquisitions
3. Risk management
4. Management of exchange rate risk and interest rate risk
5. Pricing strategies
6. Advanced investment appraisal

The syllabus starts by considering the different techniques that can be used to value a business, and the considerations involved in negotiating a final price for the subsequent sale or purchase. This area is then developed further to consider acquisitions and mergers, exploring the methods of acquisition and post-merger evaluation.

Risk management is a key aspect of managing a business and is considered fully in this paper. Firstly, the syllabus looks at the general approach to risk management, recognising good industry practice. Techniques to identify, evaluate, manage, and report on risks are covered.

Emerging risks such as cyber risk are considered alongside the core areas of exchange rate and interest rate risk. Techniques for managing exchange rate and interest rate risk are considered in detail including the use of financial derivative markets.

The syllabus then takes a change in direction and considers two key areas. Firstly, the pricing decision and different strategies available to management, including the challenge of setting internal transfer prices. Secondly, investment appraisal, which was first introduced within the Financial Management paper, is considered in further detail. Advanced considerations such as international investment and diversification are considered, alongside the implications of changes in capital structure if new finance is required for the project.

7. Key competencies

- A. Apply and evaluate the different techniques that can be used to value a business and be able to recommend a range of values to assist with final price negotiation.
- B. Explain the different ways to acquire or merge with another organization and to appraise the combined entity.
- C. Identify, assess and recommend ways to manage different risks within a business.
- D. Explain and evaluate different hedging strategies for exchange rate and interest rate risk, using a combination of methods including the use of derivative instruments.
- E. Critically evaluate external and internal pricing strategies and recommend a suitable approach.
- F. Apply advanced investment appraisal techniques to scenarios including international expansion, diversification and changes to capital structure.

8. Units

A Business valuation

1. Reasons for valuing a business (FM-P-2, -3, -4)
2. Valuation methods (FM-P-1, -2, -3, -4)
3. Price negotiation (FM-P-2, -3, -4)

B Mergers and acquisitions (FM-P-3, -4)

1. Reasons for business reorganization (FM-P-2, -7, TRM-P-1)
2. Legal and financial aspects
3. Defence strategies
4. Post-merger valuation (FM-P-2)
5. Financing mergers and acquisitions (FM-P-1, -2)
6. Post-merger integration (FM-P-1, -2, TRM-P-1)
7. Management buy-outs

C Risk management (GRM-P-5)

1. Risk management cycle (FM-P-5, -7, GRM-P-2, -3)
2. Types of risk (GRM-P-2, 3)
3. Cyber risk (GRM-P-2, -3)
4. Identifying risk (FM-P-5, -6, FM-T-3, GRM-P-3)
5. Assessing risk (FM-P-1, -5, GRM-P-3)
6. Strategies for managing risk (FM-P-1, -5, -6, GRM-P-2)

D Exchange rate risk management

1. Exchange rate and exchange rate risk management (FM-P-5, -6, FM-T-3, GRM-P-3)
2. Hedging (FM-P-5, -7, GRM-P-5)
3. Forward contracts (FM-P-5, FM-T-3, GRM-P-5)
4. Money market hedges (FM-P-5, FM-T-3, GRM-P-5)
5. Futures (FM-P-5, -6, FM-T-3, GRM-P-5)
6. Options (FM-P-5, -6, FM-T-3, GRM-P-5)

7. Option pricing model (FM-T-3)
8. Currency swaps (FMP-5, FM-T-3, GRM-P-5)

E Interest rate risk management (FM-P-5, FM-T-3)

1. Interest rate risk (GRM-P-3)
2. Forward rate agreements (GRM-P-5)
3. Futures (GRM-P-5)
4. Options (GRM-P-5)
5. Interest rate cap, floor, and collar (GRM-P-5)
6. Interest rate swaps (GRM-P-5)

F Pricing strategies

1. Optimal pricing (FM-P-1, FM-T-2)
2. Practical pricing policies (FM-P-1, -7, FM-T-3, TRM-P-1)
3. Transfer pricing (FM-P-7, TRM-P-1)

G Advanced investment appraisal

1. International investment appraisal (FM-P-2, -5, FM-T-3, GRM-P-3, TRM-P-1)
2. Investment appraisal with changes in business risk (FM-P-1, -2, -5, FM-T-3, GRM-P-3, -5)
3. Investment appraisal with changes in financial risk (FM-P-1, -2, -5, GRM-P-3, -5)
4. Business cases (FM-P-7, FM-T-3)

9. Detailed content

A. Business valuations

1. Reasons for valuing a business

- a) Advise on the reasons for valuing a business.
- b) Advise on the difficulties of valuing an unlisted company compared with a listed company and advise how these difficulties can be resolved.

2. Valuation methods

- a) Asset based methods
 - i) Apply the historic cost, replacement cost and net realisable valuation methods.
 - ii) Advise on the advantages and disadvantages of asset based valuation methods.
 - iii) Advise on the difficulty of calculating valuations for intangible assets such as brand value and goodwill.
 - iv) Apply and critically appraise the calculated intangible value (CIV) approach to valuing intangible assets.
- b) Earnings based methods.
 - i) Apply the PE and earnings yield valuation methods.
 - ii) Advise on determining the future maintainable earnings of a business.
 - iii) Discuss the choice of a suitable PE to value companies in similar and different industries including the use of a proxy company.
 - iv) Apply appropriate adjustments for valuing an unlisted company.
 - v) Advise on the advantages and disadvantages of earnings based valuation methods.
- c) Cashflow methods
 - i) Apply the discounted cashflow valuation method.
 - ii) Determine relevant cashflows including an estimation of the terminal value of the business.
 - iii) Incorporate multiple future growth rates into the calculations.
 - iv) Apply appropriate cashflows for discounting at the company's overall weighted average cost of capital and discounting at the cost of equity capital.

- v) Advise on the advantages and disadvantages of cashflow based valuation methods.
- vi) Apply and evaluate the Shareholder Value Analysis (SVA) approach to business valuation, including the determination of free cash flows.
- vii) Apply the Dividend Valuation approach to business valuation.
- viii) Advise on the suitability of different valuation methods in a given scenario.

3. Price negotiation

- a) Produce a range of valuations and recommend a minimum and maximum valuation for a given scenario.
- b) Discuss the relevant factors for a given scenario that will influence the final agreed valuation. Include reference to efficient markets and public information.
- c) Recommend a suitable price for the vendor and/or the buyer for a given scenario.

B. Mergers and acquisitions

1. Reasons for business reorganization

- a) Discuss the advantages and disadvantages of organic growth compared to growth through acquisition or merger.
- b) Advise on the difference between vertical, horizontal, and diversified (conglomerate) acquisition.
- c) Advise on the benefits of business reorganisation, including but not limited to synergy, economies of scale, asset acquisition, big data, access to new markets, reduction in competition and risk reduction.

2. Legal and financial aspects

- a) Advise on the legal and financial due diligence procedures which are considered while undertaking mergers and acquisitions.
- b) Outline typical rules relating to the treatment of shareholders and possible obligations once certain thresholds of percentage ownership are achieved.
- c) Advise on due diligence procedures, warranties, and indemnities in the context of mergers and acquisitions transactions.

3. Defence strategies

- a) Discuss the defence strategies available to an organisation in response to a hostile takeover. Defences considered should include strategies for a pre and post bid scenario.

- b) Pre-bid to include but not limited to revaluation of assets, communication with shareholders, super majority in the articles of association and poison pill tactics.
- c) Post-bid to include but not limited to white knight, communication with shareholders, counter bid and referral to the competition authorities.

4. Post-merger valuation

- a) Determine the value of the combined entity using the earnings valuation method.
- b) Calculate expected gains on combination.
- c) Allocate merger gains between old and new shareholders.

5. Financing mergers and acquisitions

- a) Compare and evaluate a share for share acquisition and an outright cash purchase.
- b) Recommend appropriate sources of finance to support a cash purchase.
- c) Determine the balance of control post-merger for new and existing shareholders and advise on the expected reaction of shareholders to the merger.
- d) Calculate key financial performance indicators pre and post-merger. To include but not limited to EPS, gearing and share price.
- e) Explain earnout arrangements and advise how they could apply to a proposed transaction.

6. Post-merger integration

- a) Advise on strategies for successful integration.
- b) Advise on reasons for post-merger failure.

7. Management buy outs

- a) Advise on the features of a management buy-out (MBO) and how this differs from a management buy in.
- b) Advise on the sources of finance suitable for an MBO.

C. Risk management

1. Risk management cycle

- a) Explain the risk management cycle.
- b) Evaluate and apply the COSO model for risk management.
- c) Advise of different approaches to risk reporting.

2. Types of risk

Advise on the different types of risk that an organisation might experience.

Risks to include:

- i. Political, legal, compliance and regulatory.
- ii. Business – strategic, operational, reputation, product, fraud, malfeasance.
- iii. Economic – exchange rate, interest rate, inflation, economy.
- iv. Environment – climate change, natural disasters.
- v. Financial – gearing.
- vi. Cyber – malware, application attacks, hackers.

3. Cyber risk

- a) Discuss the availability, integrity and confidentiality objectives that apply to cyber risk management.
- b) Advise on the different types of malware, and the implication for the organization.
- c) Advise on the different types of application attacks and the implications for the organization.
- d) Advise the different types of hackers and the use of white hat hackers to reduce exposure to cyber risk.
- e) Explain the principles of social engineering and the implications for an organization.
- f) Discuss policies for protection, detection, and response in relation to cyber risk.
- g) Discuss recognised security frameworks as a methodology to protect against cyber risk.

4. Identifying risk

Evaluate the risks for a given scenario with consideration of: external, internal, reactive and proactive methods of identifying risk.

5. Assessing risk

- a) Advise on the impact and likelihood of risks for a given scenario.
- b) Explain and demonstrate the use of risk mapping to evaluate and prioritise risk management.

6. Strategies for managing risk

Recommend suitable strategies to manage risk for a given scenario using the TARA approach to risk management.

D. Exchange rate risk management

1. Exchange rates and exchange rate risk management

- a) Calculate a suitable exchange rate using direct and indirect quotes.
- b) Explain exchange rate risk including reference to economic risk, transaction risk and translation risk.

2. Hedging

- a) Explain the purpose of hedging and factors to consider when deciding whether to hedge.
- b) Apply and appraise internal hedging techniques such as matching and lagging to computational scenarios.

3. Forward contracts

Determine a suitable forward rate by reference to premium or discount to the current spot rate.

4. Money market hedge

- a) Evaluate a money market hedge by selecting appropriate interest rates and exchange rates for a given scenario.
- b) Discuss the relationship between the forward rate and the future spot rate.

5. Futures

- a) Evaluate a futures hedge for a given scenario.
 - i. Calculations should include standard contracts, basis and ticks.
 - ii. Scenarios to include a variety of currencies including crypto currency.

6. Options

- a) Advise with supporting calculations on the suitability of an over the counter or exchange traded option contract for a given scenario. Calculations should include:
 - i. Standard contracts.
 - i. Option contract terminology such as call, put and premium.
 - ii. A variety of currencies including crypto currency.
- b) Advise on the intrinsic and time value of an option.

7. Option pricing model

- a) Explain 'The Greeks' and how they are used to value options.
- b) Apply the Black Scholes Option Pricing model to value a call and put option.
- c) Evaluate a delta hedge for a given scenario.

8. Currency swaps

- a) Evaluate a currency swap agreement for a given scenario.
- b) Advise of the advantages and disadvantages of using SWAP agreements.

E. Interest rate risk management

1. Interest rate risk

- a) Evaluate interest rate risk in a given scenario.
- b) Recommend an appropriate strategy for managing interest rate risk with reference to appropriate hedging techniques.

2. Forward rate agreement

Evaluate the use of a forward rate agreement for a given scenario.

3. Futures

Evaluate a futures market hedge for a given scenario.

4. Options

- a) Advise on the relevant terminology and the use of both over the counter and exchange traded options.
- b) Evaluate the use of option contracts for a given scenario.

5. Interest rate cap, floor and collar

- a) Explain the use of options to create a floor, cap and collar.
- b) Calculate the relevant interest rates for a floor, cap and collar for a given scenario.

6. Interest rate swaps

Evaluate an interest rate swap for a given scenario.

F. Pricing strategies

1. Optimal pricing

- a) Determine the demand function for a given scenario.
- b) Determine the price and subsequent demand if a revenue or profit maximising strategy is applied.
- c) Explain the factors that affect the price elasticity of demand and discuss the implications that this has if the product price is changed.

2. Practical pricing policies

- a) Evaluate and advise on the suitability of different practical pricing policies for a given scenario.
- b) Explain the features of the different practical pricing policies including price skimming, loss leader, penetration, product bundling and price discrimination.

3. Transfer pricing

- a) Advise on the circumstances when transfer prices would be used by an organisation, and the objectives of a transfer pricing system.
- b) Evaluate different approaches to establishing a transfer pricing system.
- c) Calculate a suitable transfer price for a given scenario.

G. Advanced investment appraisal

1. International investment appraisal

- a) Apply and evaluate advanced techniques as required for
- b) international investment appraisal.
- c) Predict future exchange rates using either purchasing power parity (PPP) or interest rate parity (IRP).
- d) Explain and evaluate the assumptions behind the Fisher four way equivalence model.
- e) Evaluate foreign projects by adjusting the domestic cost of capital using either PPP or IRP.
- f) Evaluate foreign projects by discounting remitted cashflows net of any additional domestic tax after applying double tax relief.
- g) Critically appraise foreign investment opportunities considering non-financial in addition to financial aspects.

2. Investment appraisal with changed in business risk

- a) Apply and evaluate advanced techniques as required for diversified investment appraisal.
- b) Identify scenarios where businesses have diversified such that there is a change in business risk.
- c) Calculate a project discount rate using a suitable proxy company and adjustments to reflect the correct business and financial risk.
- d) Calculate the appropriate cost of capital to use for discounted cash flow appraisal with changes in business risk.

3. Investment appraisal with changes in financial risk

- a) Apply and evaluate advanced techniques as required for investment appraisal when there is a change in financial risk.
- b) Critically evaluate Modigliani and Miller's three propositions.
- c) Apply and evaluate the Adjusted Present Value (APV) method of project appraisal.

4. Business cases

Advise on the contents and preparation of a business case to support an application for additional finance to fund new capital projects.



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