

Subject CB1

CMP Upgrade 2023/24

CMP Upgrade

ActEd often produces a free CMP Upgrade, which provides details of changes to the Syllabus, Core Reading and ActEd materials. However, in 2024 Subject CB1 is moving to online, objective-based assessment (OBA) and this has resulted in major changes to all of the Subject CB1 materials that include questions. It is therefore not practical to produce a full upgrade.

For 2024, there are also changes to the CB1 Syllabus and Core Reading. This CMP Upgrade provides these changes to the Syllabus, Core Reading and associated ActEd text that might realistically affect your chance of success in the exam so that you can update your 2023 Course Notes for study for the 2024 exams. However, no details are given of the large number of changes to the practice questions at the end of each chapter and to the X Assignments. **Given the change in the nature of these questions to OBA, we strongly recommend that you use the 2024 study materials for the 2024 exams.**

We offer a full set of up-to-date Course Notes / CMP at a significantly reduced price if you have previously bought the full-price Course Notes / CMP respectively in this subject. Please see our 2024 *Student Brochure* for more details.

0 Retaker discounts

When ordering *retaker-price material*, please tick the relevant box when using the e-store.

Students have the choice of purchasing the full CMP (printed or eBook) or just the Course Notes (printed).

Further information on retaker discounts can be found at:

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1 Changes to the Syllabus

In line with all subjects, the IFoA moved the CB1 syllabus to a new template which includes amended wording of many of the objectives in plain English. In a number of places, similar objectives have been combined or repetition removed. This section does not set out all of these changes. This section contains all the *non-trivial* changes to the syllabus objectives.

Chapter 2 (2023 chapter numbering)

Objective 2.1.4 (Discuss the economic advantages and disadvantages of a limited company as a business entity) has been removed. The current Objective 2.1.5 becomes 2.1.4 and a new Objective 2.1.5 has been added as follows:

2.1.5 Advantages to a company of limited liability.

Chapter 13 (2023 chapter numbering)

Objective 4.1.12 (Explain how goodwill may arise on the consolidation of group accounts) has been removed.

Chapter 14 (2023 chapter numbering)

The following objectives have been removed:

4.2.5 Explain net earnings per share.

4.2.7 Discuss the working capital position of a company.

Chapter 15 (2023 chapter numbering)

The following objectives have been removed:

4.2.8 Discuss the shortcomings of historical cost accounting.

4.2.9. Discuss the limitations in the interpretation of company accounts.

4.2.10 Discuss the ways that reported figures can be manipulated to create a false impression of a company's financial position.

Chapter 16 (2023 chapter numbering)

This chapter's syllabus objective has been removed:

4.2.11 Describe the function of forecasts and budgets as sources of management information.

Therefore, this chapter has been removed in the 2024 materials.

Chapter 17 (2023 chapter numbering)

The following objectives have been removed:

2.6.1 Describe the characteristics of a merger.

2.6.2 Discuss methods of evaluating a target company.

2.6.3 Discuss the steps that a buyer will usually take in a leveraged buyout.

2 Changes to the Core Reading and ActEd materials

This section contains all the *non-trivial* changes to the Core Reading and associated ActEd text. It does not contain details of changes to any comments on how various material may be examined, nor to Practice Questions at the end of each chapter or to the X Assignments.

Chapter 2 (2023 chapter numbering)

Section 1.2

The Core Reading describing a partnership has had a new phrase added and now reads:

The partnership may be owned in equal or unequal amounts by the partners. Usually all the partners will be involved in the running of the business or any one of them acting for all, but some may just provide capital and take no part in the day to day operation of the business (such partners are sometimes called ‘sleeping partners’).

Chapter 13 (2023 chapter numbering)

Section 1.3

The Core Reading on pages 6 and 7 has been removed.

This section now finishes with the sentence ‘Non-current assets have a value of £15,000 that includes £1,000 of goodwill on consolidation’ below the example statements of financial position on page 7.

The Core Reading and ActEd text from ‘Splitting up goodwill’ to the end of Section 1.3 has been removed. The course continues from Section 1.4, Non-controlling interests.

Summary

The description of Goodwill now reads:

Goodwill represents the excess of the value paid for a subsidiary company over the book value of the equity of the subsidiary purchased.

Chapter 14 (2023 chapter numbering)

Section 2.6

This section (Net asset value per share) has been removed.

Section 7

All of the Core Reading in this section (Evaluation of working capital) has been removed. The only part of this section to be retained is on page 36 where the ActEd example should be retained, *ie*:

Suppose we have calculated these three efficiency ratios with the following results:

- inventory turnover period = 32 days
- trade receivables turnover period = 44 days
- trade payables turnover period = 39 days.

This suggests that the company takes 32 days to sell an item of inventory. If it is sold on credit, this will result in a trade receivable which will then take an average of 44 days for settlement. So, it takes a total of $32 + 44 = 76$ days from the acquisition of an item of inventory until there is cash flowing in from its subsequent sale and the customer's settlement.

However, the company only pays for goods on average 39 days after their purchase. This means that it does not have cash tied up in this sequence until day 39 and so the company only has cash committed for a total of $76 - 39 = 37$ days.

Summary

The definitions of net asset value per share and working capital have been removed.

Chapter 15 (2023 chapter numbering)

Sections 1, 2 and 3

These three sections have been removed.

Summary

The entire 'Limitations of accounts' section has been removed.

Chapter 16 (2023 chapter numbering)

This chapter has been removed.

Chapter 17 (2023 chapter numbering)

Section 4.2

The Core Reading describing both horizontal and vertical integration has had a new phrase added and so the bullet points now read:

This integration can take the same three forms as above:

- **horizontal integration involves two or more firms at the same stage of the production process in the same industry and aims to increase the size of business, eg two car manufacturers**
- **vertical integration involves two or more firms at different stages of the same production process in the same industry and aims to strengthen the supply chain, eg a car manufacturer and a supplier of car components, or a car manufacturer and a car retailer**
- **conglomerate integration involves two or more firms in completely different industries, eg a car manufacturer and a hotel chain.**

Section 6

This section has been removed.

Summary

The sections on evaluating a potential target, the steps involved in acquisition and LBOs have been removed.

3 Changes to the X Assignments

The X Assignments have been changed significantly to reflect the new objective-based assessment of this subject. We have not detailed the changes in this upgrade.

For 2024, the X Assignments are delivered through ActEd's virtual learning environment, The Hub. Given the nature of the new objective-based CB1 questions, feedback is provided within The Hub on your answers to the questions to help you understand your performance and areas to work on. As a retaker you can purchase an updated CMP or just the standalone X Assignments at a significantly reduced price. Further information on retaker discounts can be found at:

acted.co.uk/paper_reduced_prices.html

4 Other tuition services

In addition to the CMP you might find the following services helpful with your study.

4.1 Study material

We also offer the following study material in Subject CB1:

- Flashcards
- Mock Exam and AMP (Additional Mock Pack).

ActEd might release additional products throughout the year, so please keep an eye on our website at [ActEd.co.uk](https://www.acted.co.uk) for the latest news on products.

For further details on ActEd's study materials, please refer to the *2024 Student Brochure*, which is available from the ActEd website at **[ActEd.co.uk](https://www.acted.co.uk)**.

4.2 Tutorials

We offer the following (face-to-face and/or online) tutorials in Subject CB1:

- a set of Regular Tutorials (lasting a total of three days)
- a Block Tutorial (lasting three full days).

For further details on ActEd's tutorials, please refer to our latest *Tuition Bulletin*, which is available from the ActEd website at **[ActEd.co.uk](https://www.acted.co.uk)**.

4.3 Feedback on the study material

ActEd is always pleased to receive feedback from students about any aspect of our study programmes. Please let us know if you have any specific comments (*eg* about certain sections of the notes or particular questions) or general suggestions about how we can improve the study material. We will incorporate as many of your suggestions as we can when we update the course material each year.

If you have any comments on this course, please send them by email to **CB1@bpp.com**.

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