



CBA STANDARD

FP&A Professional

Finance · 5 weighted domains · 27 learning objectives

Version 7.4

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About this standard

This standard defines what competent practice consists of in the discipline set out under Scope below. It divides the discipline into weighted domains and states, for each domain, the learning objectives a competent practitioner meets. It is one of the CBA Standards, which the Corporate Business Alliance maintains across finance, accounting, management and technology.

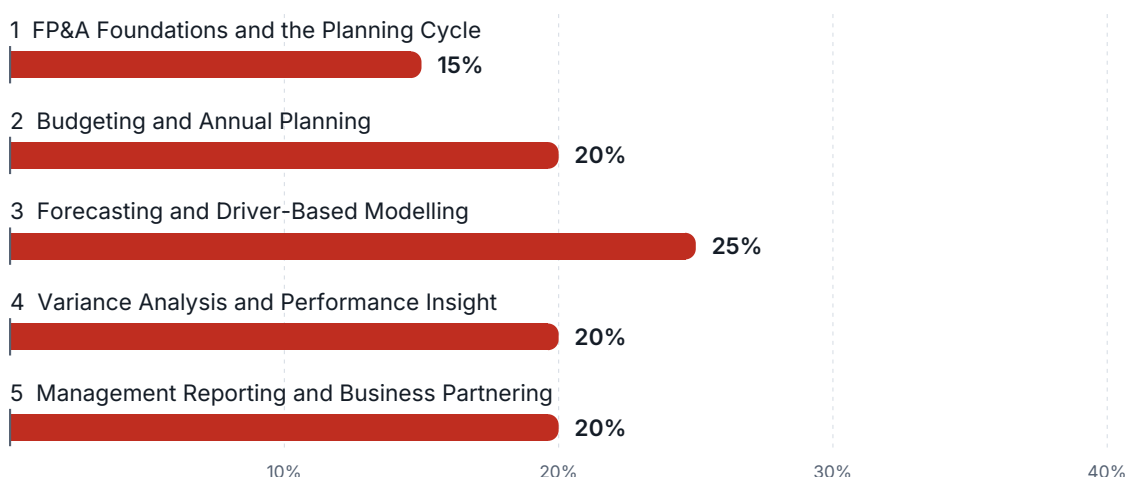
The standard is written for employers defining what a role requires, for training providers designing courses to a published specification, and for practitioners planning their own development.

Each domain carries a weight: its share of the standard, and of the examination for the CBA-FPA credential, which is assessed against it. The version number rises whenever a change would alter what competence in the discipline means, and every credential records the version its holder met.

Scope

Certifies corporate FP&A capability: building budgets and rolling forecasts, driver-based planning models, variance analysis, management reporting and finance business partnering.

Weighting by domain



Domains and learning objectives

Domain 1

15% of the standard

FP&A Foundations and the Planning Cycle

- 1.1 Distinguish the FP&A role and its outputs from financial accounting, management accounting and treasury responsibilities.
- 1.2 Interpret how the income statement, balance sheet and cash flow statement interact within a planning model, including the accruals-to-cash bridge.
- 1.3 Sequence the activities of an annual planning calendar and a monthly close-forecast-report rhythm, identifying dependencies and common bottlenecks.
- 1.4 Select appropriate levels of planning granularity (entity, cost centre, product, channel) for a given decision purpose.

- 1.5 Evaluate the quality of source data for planning, identifying issues such as mismatched hierarchies, timing cut-offs and inconsistent definitions.

Domain 2

20% of the standard

Budgeting and Annual Planning

- 2.1 Select an appropriate budgeting approach (incremental, zero-based, activity-based, top-down, bottom-up or hybrid) for a given organisational context.
- 2.2 Calculate budget lines from underlying assumptions, including headcount and payroll plans, inflation and phasing across months.
- 2.3 Evaluate budget submissions for padding, sandbagging, unfunded assumptions and internal inconsistency.
- 2.4 Distinguish operating expenditure from capital expenditure in a budget and interpret the P&L and cash consequences of each.
- 2.5 Interpret the behavioural effects of target setting and budget-linked incentives on the quality of submissions.

Domain 3

25% of the standard

Forecasting and Driver-Based Modelling

- 3.1 Distinguish rolling forecasts from static budgets and select the appropriate horizon, frequency and granularity for a business context.
- 3.2 Construct driver trees that link operational drivers (volumes, prices, headcount, utilisation, conversion rates) to financial outcomes.
- 3.3 Calculate forecast values using run-rate, trend, driver-based and event-adjusted methods, and select the method suited to each line.
- 3.4 Evaluate forecast accuracy using bias and error measures, and interpret what persistent bias reveals about the process.
- 3.5 Interpret scenario and sensitivity analysis, distinguishing a scenario (coherent set of assumptions) from a single-variable sensitivity.
- 3.6 Evaluate the appropriate and inappropriate uses of statistical and AI-assisted methods within a forecasting workflow, including validation of machine-generated outputs.

Domain 4

20% of the standard

Variance Analysis and Performance Insight

- 4.1 Calculate variances between actual and plan or forecast, correctly labelling them favourable or adverse for revenue and cost lines.
- 4.2 Decompose a total variance into price, volume, mix, rate and efficiency components using standard bridge logic.
- 4.3 Distinguish controllable from uncontrollable variances and permanent from timing differences.
- 4.4 Interpret a variance bridge or waterfall to identify the underlying business cause rather than the arithmetic effect.
- 4.5 Evaluate when a variance warrants action, escalation or a forecast change, applying

materiality and trend judgement.

Domain 5

20% of the standard

Management Reporting and Business Partnering

- 5.1 Select the content, comparatives and level of detail appropriate for a monthly management pack aimed at a stated audience.
- 5.2 Evaluate KPI sets for a business, distinguishing leading from lagging indicators and diagnosing weak or gameable metrics.
- 5.3 Interpret data visualisations and identify misleading chart choices in performance reporting.
- 5.4 Distinguish effective from ineffective finance commentary, applying an insight-led structure (what happened, why, so what, what next).
- 5.5 Evaluate business partnering situations, selecting responses that balance constructive challenge, independence and commercial support.
- 5.6 Calculate simple decision-support figures, including break-even points, payback periods and the directional impact of a proposed action on profit and cash.

Competence at award

What a holder of the CBA-FPA credential has demonstrated.

- Design and run an annual budget cycle, from target setting and submission templates through consolidation, challenge and board approval.
- Build and maintain rolling forecasts that update systematically for actuals, run-rates and known future events.
- Construct driver-based planning models in spreadsheets that link operational drivers to revenue, cost, cash and headcount outcomes.
- Decompose variances into price, volume, mix, rate, efficiency and one-off effects, and separate controllable from uncontrollable causes.
- Produce management reporting packs and KPI frameworks that focus leadership attention on decisions rather than data.
- Operate as a finance business partner: framing trade-offs, supporting investment cases and communicating financial insight to non-finance stakeholders.
- Apply disciplined, verifiable workflows when using spreadsheets and AI assistants for analysis, commentary and forecast review.

Recognition at Practitioner level

The CBA-FPA credential is awarded at Practitioner level of the CBA Competency Framework, which evidences that the holder can carry out the core tasks of the discipline.

Awarded on the examination and 4 assessed workbooks of applied work.

Who the standard is written for

Financial and business analysts

Analysts in finance, commercial or operations teams who already work with budgets and reports and want to formalise their planning, forecasting and variance analysis skills into a recognised professional credential.

Accountants moving into planning

Management or financial accountants transitioning from record-to-report work into budgeting, forecasting and business partnering roles, who need the forward-looking toolkit that ledger work does not teach.

Business unit finance managers

Finance managers and controllers in subsidiaries, branches or divisions who own a P&L submission, defend forecasts to group or head office, and advise general managers on performance and resource decisions.

Appendix: glossary of finance terms

Terms used across the finance standards, as CBA defines them.

Assumption register

A single, documented list of every input a financial model relies on, with its source, owner and date. It lets a reviewer trace any output back to the assumption that drives it.

Balance check

A test in a three-statement model confirming that total assets equal total liabilities plus equity in every period. A balance check that passes because of a plug proves nothing.

Base case

The scenario a model presents as most likely, built on central assumptions. Upside and downside cases are measured against it.

Beta

A measure of how much a security's returns move with the market as a whole. A beta above 1 indicates greater sensitivity to market movements than the market itself.

Break-even point

The level of activity at which total revenue equals total costs, so that profit is zero. It is found by dividing fixed costs by the contribution margin per unit.

Budget

A plan that allocates resources for a period and sets the baseline against which managers are held to account. Its usefulness depends on its stability once agreed.

Capital asset pricing model (CAPM)

A model that estimates the return investors require on equity as the risk-free rate plus beta multiplied by the equity risk premium.

Capital expenditure (capex)

Spending on assets expected to provide benefit over more than one period, such as property, plant and equipment. It is capitalised on the balance sheet and depreciated rather than expensed at once.

Cash conversion cycle

The number of days between paying for inputs and collecting cash from customers, calculated as days inventory outstanding plus days sales outstanding minus days payable outstanding.

Circularity

A loop in which a calculation depends, directly or indirectly, on its own result — commonly interest calculated on average debt that the interest itself affects. It is resolved by controlled iteration or by an opening-balance convention.

Comparable company analysis

A valuation method that applies multiples observed for similar listed companies, such as EV/EBITDA, to the company being valued, after normalising for differences.

Contribution margin

Revenue less variable costs, expressed per unit or in total. It is the amount available to cover fixed costs and generate profit.

Cost of equity

The return shareholders require for bearing the risk of holding a company's equity, commonly estimated using the capital asset pricing model.

Data table

A spreadsheet feature that recalculates a model's output across a range of values for one or two inputs, used to build sensitivity tables without rewriting formulae.

Days inventory outstanding (DIO)

The average number of days inventory is held before it is sold, calculated as inventory divided by cost of sales, multiplied by the days in the period.

Days payable outstanding (DPO)

The average number of days a business takes to pay its suppliers, calculated as trade payables divided by purchases or cost of sales, multiplied by the days in the period.

Days sales outstanding (DSO)

The average number of days it takes to collect payment after a sale, calculated as trade receivables divided by revenue, multiplied by the days in the period.

Discount rate

The rate used to convert future cash flows to their present value, reflecting the time value of money and the risk of the cash flows.

Discounted cash flow (DCF)

A valuation method that estimates value as the present value of expected future cash flows, discounted at a rate reflecting their risk, plus a terminal value.

Driver-based forecasting

Forecasting built from the operational quantities that cause financial results — volumes, prices, headcount, conversion rates — rather than from prior-period totals, so that each change in the forecast traces to a named driver.

EBITDA

Earnings before interest, tax, depreciation and amortisation. A widely used proxy for operating cash generation that excludes financing, tax and non-cash charges; it is not a measure defined by IFRS.

Enterprise value

The value of a business's operations to all providers of capital, broadly equity value plus net debt and other claims such as non-controlling interests.

Enterprise-to-equity bridge

The reconciliation from enterprise value to equity value, deducting net debt and other claims senior to ordinary shareholders and adding non-operating assets.

Equity value

The value attributable to a company's shareholders; for a listed company, its market capitalisation.

Exit multiple

A multiple, typically of EBITDA, applied to the final forecast year to estimate terminal value on the assumption that the business is sold at that point.

Financial covenant

A condition in a loan agreement requiring the borrower to maintain stated financial ratios, such as maximum leverage or minimum interest cover. A breach can allow the lender to demand repayment.

Financial model

A structured calculation, usually in a spreadsheet, that represents a business or decision in numbers so that the effect of assumptions on outcomes can be examined.

Flexed budget

A budget recalculated for the actual level of activity achieved, so that variances separate the effect of volume from the effect of price and efficiency.

Forecast

The best current estimate of what will actually happen. Unlike a budget, it should change whenever the evidence does.

Forecast bias

A consistent tendency for forecasts to err in one direction. It is detected by comparing successive forecasts with actual outcomes over time.

Free cash flow to equity (FCFE)

Cash generated by a business that is available to shareholders after operating costs, reinvestment and payments to and from lenders.

Free cash flow to the firm (FCFF)

Cash generated by operations after tax and reinvestment in working capital and fixed assets, available to all providers of capital. It is the cash flow discounted at the WACC in an enterprise DCF.

Hardcode

A fixed number typed into a formula or calculation cell instead of being linked to an input. Hardcodes are a common cause of model errors because they do not update when assumptions change.

Headcount plan

A forecast of employee numbers by role and period, used to drive salary, benefit and related costs in a driver-based plan.

Integrity check

A calculation built into a model to confirm it is behaving correctly — a balance check, a cash reconciliation, or a flag when a total does not match its components.

Internal rate of return (IRR)

The discount rate at which the net present value of a series of cash flows is zero. It can mislead where cash flows change sign more than once or projects differ in scale.

Key performance indicator (KPI)

A measure chosen to show progress against an objective. A useful KPI has a defined calculation, an owner and a target.

Leading indicator

A measure that changes before the result it predicts — for example, sales pipeline ahead of revenue — and so gives early warning.

Liquidity

A business's ability to meet its obligations as they fall due, from cash and assets that can readily be converted to cash.

Model audit

An independent review of a financial model's logic, formulae and assumptions to find errors before the model is relied on.

Net debt

Borrowings less cash and cash equivalents. Definitions vary, so the items included should be stated.

Net present value (NPV)

The sum of the present values of a project's expected cash flows, including the initial investment. A positive NPV indicates value created at the chosen discount rate.

Operating leverage

The degree to which operating profit responds to changes in revenue, determined by the proportion of fixed costs in the cost base.

Payback period

The time taken for an investment's cumulative cash inflows to repay its initial cost. It ignores cash flows after payback and, in its simple form, the time value of money.

Perpetuity growth method

A way of estimating terminal value by treating the final year's cash flow as growing at a constant rate for ever: next year's cash flow divided by the discount rate less the growth rate.

Plug

A balancing figure inserted to force a model to agree — for example, to make the balance sheet balance. It hides the error it compensates for.

Price-volume-mix analysis

The breakdown of a change in revenue or margin into the effects of selling prices, quantities sold and the mix of products or customers.

Rolling forecast

A forecast that is extended by one period each time a period closes, so that it always covers the same horizon — typically four to six quarters — rather than ending at the financial year-end.

Run-rate

A projection of a full period's result from recent performance, such as annualising the latest month. It assumes the recent period is representative.

Scenario analysis

Testing a model under coherent sets of assumptions — base, upside, downside — that change several inputs together to represent a possible state of the world.

Sensitivity analysis

Changing one or two inputs at a time to see how much an output moves, in order to identify which assumptions matter most.

Target

An ambition set to stretch performance, usually above what is expected. It should not be treated as a forecast.

Terminal value

The value of a business's cash flows beyond the explicit forecast period, estimated by the perpetuity growth method or an exit multiple. It often accounts for most of a DCF valuation.

Three-statement model

A financial model in which the income statement, balance sheet and cash flow statement are linked, so that each transaction flows through all three and the balance sheet balances by construction.

Tornado chart

A bar chart ranking inputs by how much each moves an output across a stated range, with the most influential at the top.

Unit economics

The revenue and costs attributable to a single unit of the business — a customer, an order, a product — used to test whether growth adds value.

Variance analysis

The comparison of actual results with budget or forecast, explaining each difference by its cause so that management can act on it.

Weighted average cost of capital (WACC)

The average return required by all providers of capital, weighted by the proportions of debt and equity, with the cost of debt taken after tax. It is the discount rate for free cash flow to the firm.

Working capital

Current operating assets less current operating liabilities — principally inventory and receivables less payables. Increases absorb cash; decreases release it.

Zero-based budgeting

Budgeting that requires every cost to be justified from zero for each new period, rather than adjusting the previous period's figures.

Using this publication

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