Institute
and Faculty
of Actuaries

Subject CB1
Business Finance
Core Principles

Syllabus (*For exemptions via non-accredited courses only*)

for the 2026 exams

January 2026

Exemption application summary (*to be completed by the applicant*)

IFoA Subject	University Module Code and Name	Year Module Completed	Grade/Mark Achieved
CB1	*e.g. FIN106: Financial Reporting*	*2024*	*73%*
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CB1 – Business Finance

CB1 – Business Finance Objectives		University Module Codes only	University Syllabus page Number
1.	**Corporate governance and organisation (18%)** Understand corporate governance and regulation and the different objectives and stakeholders that companies might try to satisfy.		
1.1	**The regulation of financial reporting of incorporated entities**		
1.2	**Key principles of corporate governance and the regulation of companies**		
1.3	**Key principles of finance**		
1.3.1	Relationship between finance, real resources and objectives of an organisation		
1.3.2	Relationship between the stakeholders in an organisation (including lenders and investors)		
1.3.3	Role and effects of the capital markets		
1.3.4	Maximisation of shareholder wealth and the strategies designed to achieve it		
1.3.5	Problems relating to the maximisation of shareholder wealth in practice: social responsibility concerns, agency problems and divergent objectives		
1.3.6	Determinants of value and the actions managers can take to influence value		
1.4	**Ethical responsibilities of the owners and managers of businesses**		
2.	**How corporates are financed (35%)** Know the different types of corporations, how they are structured and financed and factors which should be considered when deciding on their structure.		
2.1	**Structure and methods of financing a company**		
2.1.1 and	Characteristics of sole traders, partnerships, limited companies social enterprises as business entities		
2.1.2	Different types of loan and share capital		
2.1.3	Authorised and issued share capital		

2.1.4	The main differences between a private and public company		
2.1.5	Advantages to a company of limited liability		
2.1.6	Different types of medium-term company finance: • Credit sale • Leasing • Bank loans		
2.1.7	Different types of short-term company finance: • Bank overdrafts • Trade credit • Factoring • Bills of exchange • Commercial paper		
2.1.8	Alternative methods of raising finance outside the regular banking system, including 'shadow banking', direct project financing, peer-to-peer lending, crowd-funding and micro-finance		
2.2	**Principles of personal and corporate taxation**		
2.2.1	Taxation of personal income and capital gains		
2.2.2	Company taxation, including for the individual shareholder		
2.2.3	Different systems of company taxation from the points of view of an individual shareholder and the company		
2.2.4	The principles of double taxation relief in the international corporate tax system		
2.2.5	Taxation and the use of offshore investment funds		
2.3	**Principal forms of financial instrument issued or used by private companies and the ways in which they may be issued**		
2.3.1	Reasons for seeking a quotation on a stock exchange		
2.3.2	How shares are issued and traded		
2.3.3	The advantages and disadvantages of remaining as a private company versus becoming a publicly quoted company		
2.3.4	Characteristics of the following: • Debenture stocks • Unsecured loan stocks • Eurobonds • Preference shares		

• Ordinary shares • Convertible unsecured loan stocks • Convertible preference shares • Contingent convertibles • Floating rate notes • Subordinated debt • Asset-backed securities • Options issued by companies		
2.3.5 Characteristics and possible uses by a non-financial company of: • Financial futures • Options • Interest rate and currency swaps		
2.3.6 Methods of obtaining a quotation for securities: • Offer for sale • Offer for sale by tender • Offer for subscription • Placing • Introduction		
2.3.7 Rights issue to existing shareholders		
2.3.8 Role of underwriting in the issue of securities		
2.4 Factors a company should consider when deciding on its capital structure and dividend policy.		
2.4.1 Impact of chosen capital structure on the market valuation of the company		
2.4.2 Impact of taxation on the capital structure chosen by a company		
2.4.3 Principal factors a company should consider in setting dividend policy and the impact on the market valuation		
2.4.4 Alternative ways of distributing profits, such as buybacks		
2.5 Corporate growth, restructuring and divestment		
2.5.1 Why companies want to grow larger, how companies achieve internal growth and the relationship between growth and profitability		
2.5.2 Constraints on a company's growth		
2.5.3 Why a company may wish to divest subsidiaries or business units		
3. Evaluating projects (15%) Understand the evaluation of investment projects in a corporate setting.		
3.1 Interaction of the cost of capital of a company with the nature of the investment projects it undertakes		

3.1.1 A company's cost of capital		
3.1.2 The calculation of a company's weighted average cost of capital		
3.1.3 Principal methods used to determine the viability of a capital project		
3.1.4 Cash flow projections and the application of techniques to estimate cashflows		
3.1.5 Methods used to evaluate risky investments including simulation, scenario planning and certainty equivalents		
3.1.6 Determination of the required rate of return for a capital project		
3.1.7 Factors underlying the choice of discount rate within project assessment, including: • Assumptions underlying the limitations of the use of the weighted average cost of capital • Allowance for leverage • Allowance for risk		
3.1.8 Methods to identify risks present for different types of projects		
3.1.9 Techniques to identify the probability and financial impact of different risks occurring over varying timescales		
3.1.10 Techniques to ascertain the distribution of possible financial outcomes of a capital project		
4. Constructing and interpreting company accounts (32%) Understand the construction and interpretation of company accounts.		
4.1 Basic construction and principal features of the different types of company accounts and reports		
4.1.1 Reasons why companies are required to produce annual reports and accounts		
4.1.2 Value of financial reporting on environmental, social and economic sustainability		
4.1.3 Alternatives to traditional financial reporting		
4.1.4 Relevant accounting concepts in the drawing up of company accounts		
4.1.5 The purpose of: • A statement of financial position • A statement of comprehensive income • A cash flow statement • The notes to the accounts		
4.1.6 The construction of simple statement of financial position and statement of profit or loss		

4.1.7 Interpretation of cash flow statements		
4.1.8 The basic structure and content of insurance company accounts		
4.1.9 The basic structure and content of banking company accounts		
4.1.10 Difference between a subsidiary company and associate company		
4.1.11 Purpose of consolidated accounts		
4.1.12 Treatment of depreciation in company accounts		
4.1.13 Meaning of share capital, other reserves and retained earnings		
4.2 Interpreting company accounting information		
4.2.1 Priority percentages and gearing		
4.2.2 Interest cover and asset cover for loan capital		
4.2.3 The impact of interest rate movements on a highly geared company		
4.2.4 The price earnings ratio, dividend yield, dividend cover and Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)		
4.2.5 The calculation of accounting ratios that indicate: • Profitability • Liquidity • Efficiency		
Assessment This subject will be assessed via one online written examination paper. • Assessment time is 3 hours and 20 mins (including reading time). ***University examinations over extended period of time.*** If you undertook a university assessment which is a requirement of your program during the COVID-19 pandemic, please note the IFoA will not consider modules or results where the assessment period of that module/exam was over an extended time. (For example, if your assessment period for a module or exam was 12-24 hours), the IFoA will ONLY consider assessments sat in the standard period for a Route D exemption.		

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