

**Final Pronouncement
March 2025**

International Education Standards™

**International Education
Standard 2, Initial
Professional Development –
Technical Competence
(Revised)**

IES™





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IFAC, by connecting and uniting its members, makes the accountancy profession truly global.

IFAC member organizations are champions of integrity and professional quality, and proudly carry their membership as a badge of international recognition.

IFAC and its members work together to shape the future of the profession through learning, innovation, a collective voice, and commitment to the public interest.

About the International Education Standards

The International Education Standards (IESs), issued by IFAC, provide a globally recognized baseline for professional accountancy education. IFAC member organizations—champions of professional quality and integrity—use the IESs to develop strong, ethical, and competent accountants who serve the public interest. By working together, IFAC and its members shape the future of the profession through learning, innovation, and a collective commitment to excellence.

INTERNATIONAL EDUCATION STANDARD 2, INITIAL PROFESSIONAL DEVELOPMENT – TECHNICAL COMPETENCE (2026)

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Introduction

Scope of this Standard (Ref: Para. A2–A7)

1. International Education Standard (IES) 2 prescribes the learning outcomes for technical competence that aspiring professional accountants are required to achieve by the end of Initial Professional Development (IPD). Technical competence is the ability to apply professional knowledge to perform a role to a defined standard.
2. IES 2 is addressed to International Federation of Accountants (IFAC) member organizations. IFAC member organizations have responsibility for ensuring that IPD meets the requirements of IES 2. In addition, IES 2 may be helpful to educational organizations, employers, regulators, government authorities, and any other stakeholders who support the learning and development of aspiring professional accountants.
3. IES 2 specifies the competence areas and learning outcomes that describe the technical competence required of aspiring professional accountants by the end of IPD. IES 3, *Initial Professional Development – Professional Skills* (2026), and IES 4, *Initial Professional Development – Professional Values, Ethics, and Attitudes* (2026), specify competence areas and learning outcomes relevant to their areas of focus within IPD. Together, these IESs specify the competence areas and learning outcomes that describe the professional competence required of aspiring professional accountants by the end of IPD.
4. Definitions and explanations of the key terms used in the IES and the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (2015) are set out in the *International Education Standards Glossary of Terms* (2026).

Effective Date

5. IES 2 is effective from July 1, 2026.

Objective (Ref: Para. A8)

6. The objective of IES 2 is to establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, to perform a role as a professional accountant.

Requirements

Learning Outcomes for Technical Competence (Ref: Para. A9–A22)

7. IFAC member organizations shall prescribe the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD. These learning outcomes shall include those listed in Table A.

Table A: Learning Outcomes for Technical Competence

Competence Area (Level of Proficiency¹)	Learning Outcomes
(a) Financial accounting and reporting (Intermediate)	(i) Apply accounting principles to transactions and other events and conditions based on facts and circumstances.
	(ii) Apply International Financial Reporting Standards (IFRSs) ² or other relevant standards to transactions and other events and conditions based on facts and circumstances.
	(iii) Evaluate the appropriateness of policies used to prepare general purpose financial reports.
	(iv) Evaluate connected information when preparing general purpose financial reports.
	(v) Prepare general purpose financial reports, including consolidated financial statements, in accordance with IFRSs or other relevant standards.
	(vi) Interpret general purpose financial reports.
(b) Management accounting (Intermediate)	(i) Prepare data and information to support management decision making, including setting metrics and targets, planning and budgeting, cost management, quality control, performance measurement, and comparative analysis.
	(ii) Apply appropriate technology and techniques to support management decision making, including product costing, variance analysis, inventory management, budgeting and forecasting, and value chain analysis.
	(iii) Apply appropriate technology and techniques to analyze cost behavior and the drivers of costs.
	(iv) Analyze data and information to consider alternatives and enable management to make informed decisions.
	(v) Evaluate the performance of an organization and its business segments, products, and services against metrics and targets.
(c) Finance and financial management (Intermediate)	(i) Compare the various sources of financing available to an organization, including bank financing, financial instruments, and bond, equity and treasury markets.

^{1.} The level of proficiency for a competence area to be achieved by the end of IPD (as outlined in Appendix 1).

^{2.} IFRSs include IFRS Accounting Standards issued by the International Accounting Standards Board, as well as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
	(ii) Analyze an organization's cash flow and working capital requirements.
	(iii) Analyze the current and anticipated financial performance and position of an organization, using techniques including ratio analysis, trend analysis, cash flow analysis, and scenario analysis.
	(iv) Evaluate the appropriateness of the components used to calculate an organization's cost of capital.
	(v) Evaluate capital investment decisions using capital budgeting techniques.
	(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management.
(d) Taxation (Intermediate)	(i) Explain national taxation compliance and filing requirements.
	(ii) Prepare direct and indirect tax calculations for individuals and organizations.
	(iii) Analyze the taxation issues associated with non-complex international transactions.
	(iv) Explain the differences between tax planning, tax avoidance, and tax evasion.
(e) Assurance (Foundation)	(i) Explain the objectives, elements ³ , and phases of assurance engagements.
	(ii) Explain international standards on assurance ⁴ or other relevant assurance standards, and laws and regulations applicable to an assurance engagement.
	(iii) Explain the differences in the planning, performance and reporting phases of limited and reasonable assurance engagements.
	(iv) Explain the concept of material misstatement and its effect on an assurance engagement.

³ The *International Framework of Assurance Engagements* sets out five elements common to all assurance engagements: a three-party relationship; an underlying subject matter; criteria; evidence; and an assurance report.

⁴ International standards on assurance are those standards issued by the International Auditing and Assurance Standards Board included in the *International Framework for Assurance Engagements*.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
	(v) Apply appropriate assurance procedures and automated tools and techniques.
	(vi) Identify relevant and reliable evidence to form judgments, make informed decisions, and reach well-reasoned conclusions.
	(vii) Explain how contradictory assurance evidence may affect judgments, decisions, and conclusions.
	(viii) Explain how connected information affects assurance engagements.
	(ix) Explain whether sufficient appropriate evidence for assurance procedures has been obtained and documented.
(f) Audit (Intermediate)	(i) Explain the objectives, elements ⁵ , and phases of audit engagements.
	(ii) Apply International Standards on Auditing (ISAs) or other relevant auditing standards, and laws and regulations applicable to an audit of financial statements.
	(iii) Assess the risks of material misstatement in the financial statements and consider the effect on the audit strategy.
	(iv) Apply appropriate audit procedures and automated tools and techniques.
	(v) Identify relevant and reliable audit evidence to form judgments, make informed decisions, and reach well-reasoned conclusions.
	(vi) Explain how contradictory audit evidence may affect judgments, decisions, and conclusions.
	(vii) Evaluate whether sufficient and appropriate audit evidence has been obtained and documented.
(g) Governance, risk management and internal control (Intermediate)	(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and the role of stakeholders in governance, disclosure, and transparency requirements.
	(ii) Analyze the components of an organization's governance framework.
	(iii) Analyze an organization's risks and opportunities using a risk management framework.

⁵ The *International Framework of Assurance Engagements* sets out five elements common to all assurance engagements, including audits: a three-party relationship; an underlying subject matter; criteria; evidence; and an assurance report.

Competence Area (Level of Proficiency ¹)	Learning Outcomes
	(iv) Analyze the components of internal control related to external reporting. (v) Analyze the adequacy of systems, processes and controls for collecting, generating, storing, accessing, using, sharing, or reporting data and information.
(h) Business laws and regulations (Intermediate)	(i) Explain the laws and regulations that govern the different forms of legal entities. (ii) Explain the laws and regulations applicable to the context in which professional accountants operate. (iii) Apply data protection and privacy regulations when collecting, generating, storing, accessing, using, sharing, or reporting data and information.
(i) Information and communications technologies (Intermediate)	(i) Explain the impact of Information and Communications Technologies (ICT) developments on an organization's environment and business model. (ii) Explain how ICT supports data analysis and decision making. (iii) Explain how ICT supports the identification, reporting, and management of risk in an organization. (iv) Use ICT to analyze data and information. (v) Use ICT to enhance the efficiency and effectiveness of communication. (vi) Apply ICT to enhance the efficiency and effectiveness of an organization's systems. (vii) Analyze the adequacy of ICT processes and controls. (viii) Identify improvements to ICT processes and controls.
(j) Business and organizational context (Intermediate)	(i) Describe the context in which an organization operates, including the primary political, economic, sociocultural, technological, environmental, legal, and regulatory aspects. (ii) Analyze an organization's business model, including its value chain. (iii) Analyze geopolitical, economic, social, and other factors that affect international trade and finance. (iv) Identify the features of globalization, including the role of multinational organizations and emerging markets.

Competence Area (Level of Proficiency¹)	Learning Outcomes
(k) Economics (Foundation)	(i) Describe the fundamental principles of microeconomics and macroeconomics.
	(ii) Describe the effect of changes in macroeconomic indicators on business activity.
	(iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly.
(l) Business strategy and management (Intermediate)	(i) Explain the various ways that organizations may be designed and structured.
	(ii) Explain the purpose and importance of different types of functional and operational areas within organizations.
	(iii) Analyze the external and internal factors that affect an organization's business model, including its value chain, and its business strategy.
	(iv) Explain the processes that may be used to develop and implement the strategy of an organization.
	(v) Explain how theories of organizational behavior may be used to enhance the performance of an individual, a team, and an organization.

Review of Professional Accounting Education Programs (Ref: Para. A23–A24)

8. IFAC member organizations shall regularly review and update professional accounting education programs that are designed to achieve the learning outcomes in IES 2.

Formal Assessment of Technical Competence (Ref: Para. A25–A26)

9. IFAC member organizations shall establish appropriate formal assessment activities to assess the technical competence of aspiring professional accountants.

Explanatory Material

References to Definitions Contained within IFRS

- A1. IES 2 uses the following terms already defined within IFRS pronouncements.

Table B: IFRS Definitions Adopted in IES 2

Defined Term	Definition in IFRS pronouncement
Connected Information ⁶	<p>An entity shall provide information in a manner that enables users of general purpose financial reports to understand the following types of connections:</p> <ul style="list-style-type: none"> (a) the connections between the items to which the information relates — such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; (b) and the connections between disclosures provided by the entity: <ul style="list-style-type: none"> (i) within its sustainability-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and (ii) across its sustainability-related financial disclosures and other general purpose financial reports published by the entity —such as its related financial statements
General purpose financial reports ⁷	<p>Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about:</p> <ul style="list-style-type: none"> (a) buying, selling or holding equity and debt instruments; (b) providing or selling loans and other forms of credit; or (c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources. <p>General purpose financial reports include—but are not restricted to—an entity's general purpose financial statements and sustainability-related financial disclosures.</p>

Scope of this Standard (Ref: Para. 1–4)

- A2. An aspiring professional accountant is an individual who has commenced a professional accounting education program as part of IPD. IPD is the learning and development through which aspiring professional accountants first develop competence leading to performing a role as a professional accountant. IPD builds on general education and includes professional accounting education, practical experience, and assessment. IPD continues until aspiring professional accountants can

⁶ Connected Information, *IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information*, June 2023, Para. 21

⁷ Appendix A Defined terms, *IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information*, June 2023

demonstrate the professional competence required for their chosen roles in the accountancy profession.

- A3. Internationally, there are significant legal and regulatory differences that determine the point of qualification (or licensing) of professional accountants. Each IFAC member organization may define the appropriate relationship between the end of IPD and the point of qualification (or licensing) for its members.
- A4. The inclusion of technical competence in IPD lays the base for performing a role as a professional accountant. Further development of technical competence is a focus of Continuing Professional Development (CPD), which is covered in IES 7, Continuing Professional Development (2020).
- A5. Professional competence can be described and categorized in many different ways. Within the IESs, professional competence is the ability to perform a role to a defined standard. Professional competence goes beyond knowledge of principles, standards, concepts, facts, and procedures; it is the integration and application of: (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes.
- A6. A competence area is a category for which a set of related learning outcomes can be specified. Competence areas within technical competence include financial accounting and reporting, taxation, and economics; competence areas within professional skills include intellectual and organizational; and competence areas within professional values, ethics, and attitudes include ethical principles as well as professional skepticism and professional judgment.
- A7. Learning outcomes establish the content and the depth of knowledge, understanding, and application required for each specified competence area. Learning outcomes can be achieved within the context of a work environment or professional accounting education program.

Objective (Ref: Para. 6)

- A8. Establishing the technical competence that aspiring professional accountants need to develop and demonstrate serves several purposes. It protects the public interest, enhances the quality of the work of professional accountants, and promotes the credibility of the accountancy profession.

Learning Outcomes for Technical Competence (Ref: Para. 7)

- A9. Table A lists the learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD, regardless of their intended future accounting specialization or role. These learning outcomes provide the base to enable professional accountants to develop specializations in different accounting roles, for example an audit engagement partner, a taxation specialist, or a sustainability reporting manager.
- A10. In the design of professional accounting education programs, the 12 competence areas listed in Table A may not be identical to the names of prescribed courses or subjects. Also, the learning outcomes associated with one competence area may be achieved across more than one course or subject dedicated to that area. For example, the learning outcomes for financial accounting and reporting may be achieved across two or more financial accounting and reporting courses or subjects. The achievement of some learning outcomes may extend across several different courses or subjects, none of which may be devoted solely to that competence area. For example, the learning outcomes within information and communications technologies may be achieved through the integration of relevant material within courses that focus on management accounting,

assurance, and/or auditing. In addition, the sequence in which the competence areas are included in a professional accounting education program may differ from the sequence presented in Table A. For example, economics is listed towards the end of the list of competence areas in Table A but may be covered in an earlier phase of a professional accounting education program.

- A11. Learning outcomes are written to allow for principles-based interpretation by IFAC member organizations during the design of their professional accounting education programs. For example, in assurance, learning outcome (v) refers to assurance procedures, which includes both quantitative and qualitative procedures. Similarly, in management accounting, learning outcome (i) refers to metrics and targets, which includes both financial and non-financial metrics and targets.
- A12. There are many ways to describe and classify levels of proficiency. The description developed for purposes of the IES is provided in Appendix 1, Description of Levels of Proficiency.
- A13. In Table A, each competence area has been assigned a level of proficiency that aspiring professional accountants are expected to achieve by the end of IPD. This level of proficiency indicates the level of ambiguity, complexity, and uncertainty in which the relevant learning outcomes are expected to be demonstrated. Together, the directive verbs used in learning outcomes and the level of proficiency of the competence area provide information to help IFAC member organizations design their professional accounting education programs.
- A14. For example, finance and financial management is at an intermediate competence level. Within this competence area, learning outcome (iii) includes scenario analysis. IFAC member organizations determine the appropriate way to include scenario analysis in the design of their professional accounting education programs at a moderate level of ambiguity, complexity and uncertainty. Assurance and economics are at a foundation level. IFAC member organizations determine the appropriate way to include the assurance and economics learning outcomes in the design of their professional education programs at a low level of ambiguity, complexity and uncertainty.
- A15. In professional accounting education programs, an IFAC member organization may:
- (a) include additional competence areas;
 - (b) increase the level of proficiency for some competence areas; or
 - (c) develop additional learning outcomes that are not specified in IES 2.

This may occur when an IFAC member organization prepares aspiring professional accountants to work within a particular industry sector (for example, the public sector) or for a particular role (for example, a management accountant or an auditor).

Financial accounting and Reporting – Learning Outcomes

- A16. General purpose financial reports provide financial information about a reporting entity that is useful to primary users in making decisions about providing resources to the entity⁸. These reports may include an entity's general purpose financial statements and sustainability-related disclosures⁹.

⁸ IFRS, *Conceptual Framework for Financial Reporting*

⁹ IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, Appendix A

A17. IFAC member organizations design their professional accounting education programs to include general purpose financial reporting based upon the relevant standards applicable to their jurisdictions. This may include sustainability-related disclosures under IFRS or other frameworks.

Management Accounting – Learning Outcomes

A18. Professional accountants in business can support management decision making by using both financial and non-financial data and information. Some examples of non-financial data and information include:

- Customer-related measures
- Greenhouse gas emissions
- Employee metrics

A19. Analyzing an organization's value chain involves considering how the applicable sustainability reporting framework defines, describes or otherwise specifies a value chain in its framework.

Finance and Financial Management – Learning Outcomes

A20. When evaluating capital investment decisions using capital budgeting techniques, professional accountants take into consideration financial and non-financial data and information relevant to management decision making.

Assurance – Learning Outcomes

A21. The assurance competence area lists learning outcomes for assurance engagements. The underlying subject matter and level of assurance can vary for different assurance engagements. IFAC member organizations determine the appropriate subject matter(s) for assurance engagements to include in the design of their professional accounting education program based upon their jurisdictional context. For example, some IFAC member organizations may wish to design their professional accounting education programs to include additional learning outcomes focused on sustainability assurance.

A22. The learning outcomes within the assurance competence area are set at a foundation level of proficiency. Achieving these learning outcomes also enables aspiring professional accountants to develop higher levels of proficiency in different forms of assurance, such as assurance of sustainability-related disclosures, as well as for audits or reviews of historical financial information.

Review of Professional Accounting Education Programs (Ref: Para. 8)

A23. Professional accounting education programs are designed to support aspiring professional accountants to develop the required level of professional competence by the end of IPD. Such programs may include formal education delivered through qualifications and courses offered by universities, other higher education providers, IFAC member organizations, and employers, as well as workplace training. The design of professional accounting education programs may involve substantive input from stakeholders other than IFAC member organizations.

A24. The requirement to review and update professional accounting education programs on a regular basis reflects the rapidly-changing and complex environment within which professional accountants operate. A typical review cycle may be three to five years, but it may be appropriate to undertake

a more frequent review, for example to take account of changes in legislation, regulations, and standards relevant to professional accountants.

Formal Assessment of Technical Competence (Ref: Para. 9)

- A25. IES 6, *Initial Professional Development – Formal Assessment of Professional Competence* (2026), provides the principles that apply to the design, delivery, and oversight of assessment activities used to formally assess the technical competence and other elements of professional competence.
- A26. Various formal assessment activities can be used to assess the technical competence of aspiring professional accountants. IPD assessment activities can be delivered in different formats. Some examples of formats may include: (a) written or computer-based examinations, (b) presentations, (c) case studies, (d) simulations, (e) workplace assessments by employers, and (f) portfolio of evidence on completion of workplace activities.

Description of Levels of Proficiency

This description of levels of proficiency supports the use of learning outcomes in publications such as International Education Standards (IESs) 2, 3, and 4. It provides descriptions of three levels of proficiency. These descriptions, together with the directive verbs used in learning outcomes, provide information to help member organizations design their professional accounting education programs for a variety of professional accounting roles and specializations.

Level of Proficiency	Description
Foundation	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> Defining, explaining, summarizing, and interpreting the underlying principles and theories of relevant areas of technical competence to complete tasks while working under appropriate supervision; Performing assigned tasks by using the appropriate professional skills; Recognizing the importance of professional values, ethics, and attitudes in performing assigned tasks; Solving simple problems, and referring complex tasks or problems to supervisors or those with specialized expertise; and Providing information and explaining ideas in a clear manner, using oral and written communications. <p>Learning outcomes at the foundation level relate to work environments that are characterized by low levels of ambiguity, complexity, and uncertainty.</p>
Intermediate	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> Independently applying, comparing, and analyzing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions; Combining technical competence and professional skills to complete work assignments; Applying professional values, ethics, and attitudes to work assignments; and Presenting information and explaining ideas in a clear manner, using oral and written communications, to accounting and non-accounting stakeholders. <p>Learning outcomes at the intermediate level relate to work environments that are characterized by moderate levels of ambiguity, complexity, and uncertainty.</p>
Advanced	<p>Typically, learning outcomes in a competence area focus on:</p> <ul style="list-style-type: none"> Selecting and integrating principles and theories from different areas of technical competence to manage and lead projects and work assignments, and to make recommendations appropriate to stakeholder needs;

Level of Proficiency	Description
	<ul style="list-style-type: none"> • Integrating technical competence and professional skills to manage and lead projects and work assignments; • Making judgments on appropriate courses of action drawing on professional values, ethics, and attitudes; • Assessing, researching, and resolving complex problems with limited supervision; • Anticipating, consulting appropriately, and developing solutions to complex problems and issues; and • Consistently presenting and explaining relevant information in a persuasive manner to a wide range of stakeholders. <p>Learning outcomes at the advanced level relate to work environments that are characterized by high levels of ambiguity, complexity, and uncertainty.</p>

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