

Guidelines for Approval of VEE Courses and Educational Experiences

Effective July 1, 2018



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The following guidelines are effective as of July 1, 2018 for the three Validation by Educational Experience (VEE) requirements. They are used by the VEE Administration Committee to determine whether or not specific courses or educational experiences are appropriate to fulfill the VEE requirements. To seek approval for a course, the [VEE Application for Course Evaluation](#) must be submitted along with the required documentation. If a course/educational experience is approved, it will be added to the [Directory of Approved VEE Courses/Experiences or the Alternate VEE Options](#) list.

VEE–ACCOUNTING AND FINANCE

While this material may be entirely covered in a course or courses that cover both topics, it is more likely that separate courses will be used for accounting and for finance. If distinct courses are used, the application should indicate which are for the accounting topic and which are for the finance topic. The typical finance program covers the topics below in one semester with an introductory course. Should the topics be split across two semesters or courses, both will be required. Most of the topics listed below should be covered:

Accounting

- Describe the basic principles of personal and corporate taxation and the taxation of investments held by institutions.
- Explain why companies are required to produce annual reports and accounts.
- Explain fundamental accounting concepts and terms, and describe the main sources of accounting regulation.
- Explain the purpose and interactions between the income statement, balance sheet, and cash flow statements.
- Explain the value of reporting on environmental, social and economic sustainability and other alternatives to traditional financial reporting, and describe possible contents of such reports.
- Explain the basic structure of company and group accounts.
- Explain the purpose of the main components of company accounts and interpret them.
- Construct simple statements of financial position and profit or loss.
- Calculate and interpret financial and accounting ratios.

Finance

- Explain the characteristics of various forms of equity capital from the point of view of the issuer and the investor.
- Explain the characteristics of various forms of long-term debt capital from the point of view of the issuer and the investor.
- Explain the characteristics of various forms of short- and medium-term financing from the point of view of the issuer and the investor.
- Calculate weighted-average cost of capital.
- Explain the main methods of capital budgeting.
- Calculate a project's investment return.

VEE–ECONOMICS

Typically, the VEE requirement for economics will be met if a candidate has completed two economics courses, one course covering microeconomics and the other covering macroeconomics. If distinct courses are used, the application should indicate which are for the microeconomics topic and which are for the macroeconomics topic. Most of the topics listed below should be covered:

Microeconomics

- Explain the concept of utility and how rational utility maximizing agencies make consumption choices.
- Explain the elasticity of supply and demand and the effects on a market of the different levels of elasticity.
- Explain the interaction between supply and demand and the way in which equilibrium market prices are achieved.
- Explain various pricing strategies that can be used by firms.
- Explain the core economic concepts involved in choices made by businesses with respect to short-run and long-run investment and production choices.
- Explain competitive markets and how they operate.
- Explain profitability in markets with imperfect competition.

Macroeconomics

- Explain basic macroeconomic measures (e.g., GDP) used to compare the economies of countries.
 - Describe the structure of public finances for an industrialized country.
 - Explain the effect of fiscal and monetary policy on the economy, including the effect on financial markets.
 - Explain the role of international trade, exchange rates and the balance of payments in the economy.
 - Explain the effect of savings and consumption rates on the economy.
 - Explain the major factors affecting the level of interest rates, the rate of inflation, the exchange rate, the level of employment and the rate of growth for an industrialized country.
 - Describe the function of money in the economy.
 - Explain the relationship between money and interest rates.
 - Explain how macroeconomic policies affect businesses.
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VEE–MATHEMATICAL STATISTICS

Typically, the VEE requirement for mathematical statistics will be covered by a one semester course that follows the probability course used to cover the learning objectives for Exam P. This course should be calculus-based. All of the topics listed below should be covered:

- Explain the concepts of random sampling, statistical inference and sampling distribution, and state and use basic sampling distributions.
- Describe the main methods of estimation and the main properties of estimators, and apply them. Methods include matching moments, percentile matching, and maximum likelihood, and properties include bias, variance, mean squared error, consistency, efficiency, and UMVUE.
- Construct confidence intervals for unknown parameters, including the mean, differences of two means, variances, and proportions.
- Test hypotheses. Concepts to be covered include Neyman-Pearson lemma, significance and power, likelihood ratio test, and information criteria. Tests should include for mean, variance, contingency tables, and goodness-of-fit.