



# *ACA syllabus, skills development and technical knowledge grids*

## *For Exams in 2024*

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# *ACA overview*

The ICAEW chartered accountancy qualification, the ACA, is one of the most advanced learning and professional development programmes available. Its integrated components provide an in-depth understanding across accountancy, finance and business. Combined, they help build the technical knowledge, professional skills and practical experience needed to become an ICAEW Chartered Accountant.

Each component is designed to complement each other, which means that students can put theory into practice and can understand and apply what they learn to their day-to-day work. The four components are:

1. Professional development
2. Ethics and professional scepticism
3. Practical work experience
4. 15 accountancy, finance and business exams

ICAEW constantly reviews the content of the ACA qualification to reflect real life business challenges. Today's most urgent business challenges range from sustainability, to rapid changes in technology and the role of ethics in the profession. We work closely with employers, tuition providers, academics and examiners to ensure that the ACA equips the chartered accountants of the future with the skills and knowledge they need to meet these challenges and to be successful.

## **THE ACA QUALIFICATION AND SUSTAINABILITY**

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding these and other emerging sustainability-related implications, integrating them into financial management and business planning. ICAEW has been at the forefront of this movement over the past decade and has adapted the ACA qualification to reflect that. We see its role as not simply integrating knowledge and understanding the broader implications of environmental, social and governance issues into organisations, but also seeding this thinking into the mindset of our members.

Our syllabus and ethical and professional development framework contribute toward creating ICAEW Chartered Accountants who recognise that sustainability is at the core of what they do and are capable of actively using their business skills to analyse how to make the new sustainable economy work for their business.

Despite some unfamiliar terminology associated with sustainability issues, there is much that is closely related to the skills and experience of ICAEW Chartered Accountants: for example, the identification and management of risks, corporate governance, compliance with laws and regulations, design and operation of management control systems, measurement of liabilities and impaired assets, information reporting and assurance, financial instruments and new forms of taxation. Where the technical issues extend beyond an accountant's reach, working with other experts is already recognised as good practice.

## **THE ACA QUALIFICATION AND TECHNOLOGY**

Changes in technology have automated many routine aspects of accountancy. But with changes in technology also come complexity and risk. Accountants need to adapt and develop new skills to manage these changes.

While there are many new technology capabilities that have broad application across the business and consumer environment, seven trends have the greatest potential to transform the accountancy

profession: **A**rtificial intelligence, **A**utomation, **B**lockchain, **C**yber security, **C**loud computing, **D**ata and **D**igital Disruption .

These and other innovations are likely to have a significant impact on the way that accountants access information, transact and manage business finances. Technology tools can provide information more quickly and often more accurately than humans, but they cannot replicate human intelligence and quality decision making, or effectively communicate the output of analysis. Therefore, chartered accountants hold key roles such as in validating the source of the data, interpreting and analysing the outputs, and ensuring the tools support effective management of the organisation.

As routine and compliance work reduces, there is greater focus on the development of skills which equip professionals to work with the outputs of automated processes, with other specialists, and in a changing world.

We believe that skills such as analysis, interpretation, professional scepticism, communication, collaboration, adaptability, resilience, and commerciality are essential for tomorrow's business leaders; these are imbedded throughout the ACA exams and professional development framework.

## **THE ACA QUALIFICATION AND ETHICS**

Culture and values are central to long-term success. How a business adopts an ethical approach towards its staff, shareholders, customers and regulators, as well as within its own operations, has a bigger impact than any performance measure or operational improvement.

Demonstrating a clear commitment to ethical behaviour is one of the main drivers of better performance; it delivers an advantage when recruiting, it adds value to a brand, and it instils trust and confidence in partners, suppliers and others that the organisation is well run and resilient.

Achieving that is not a matter of simple knowledge. Few ethical challenges will have simple right and wrong responses. They require technical understanding, rigorous appraisal, application of professional scepticism and skilful handling. Accountants must have the necessary skills to apply professional judgement in a given situation, taking into account what has been learned as an ACA student about their ethical responsibilities as a Chartered Accountant.

There will be unique ethical challenges throughout any Chartered Accountant's process of learning and career. They serve a variety of masters: senior management, external stakeholders, regulators; and above all the public interest responsibility of their profession. Because of the rigorous and effective training (and continued professional development) chartered accountants can speak up and take a lead.

None of this can happen without one critical element: professionalism. That goes beyond merely knowing the Code of Ethics: it means embodying the right behaviours and having the ability and willingness to push back against those who might compromise the integrity of the business.

That confidence comes from a qualification that prioritises not only technical knowledge of the ethical framework but also challenges accountants with scenarios that accurately reflect the ethical dilemmas a Chartered Accountant may face in business.

# ACA components

## PROFESSIONAL DEVELOPMENT

ICAEW Chartered Accountants are known for their professionalism and expertise. Professional development prepares students to successfully handle a variety of different situations that they encounter throughout their career. The ACA qualification improves students' ability and performance in seven key areas:

- adding value – add value to the organisation, team or role in order to achieve objectives.
- communication – communicate effectively at all levels, using oral, written and presentational skills to achieve positive outcomes.
- decision making – gather, interpret and evaluate data to make effective decisions.
- ethics and professionalism – behave ethically and sustainably while respecting others to uphold the values of the organisation and the accountancy profession.
- problem solving – analyse a problem, generate options and make recommendations to arrive at appropriate solutions.
- teamwork – work collaboratively as a member or leader of a team to achieve shared goals.
- technical competence – seek, learn and use technology and technical information to support the achievement of organisation or team goals.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is more than just knowing the rules around integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. It's about identifying ethical dilemmas, understanding the implications, making judgements and behaving appropriately as well as using professional scepticism to build business trust. We integrate ethics throughout the ACA qualification to develop students' ethical capabilities to make suitable decisions. We embed ethics into the ACA and develop students' ethical capabilities in three ways:

1. **ICAEW Ethics Learning Programme** – this online programme gives students a fundamental underpinning in ethics. It ensures knowledge of the ICAEW Code of Ethics, its fundamental principles and the ability to apply safeguards to ethical threats. It encourages questioning and engaging ethical thinking in a wide range of applications.
2. **Integration of ethical issues into all 15 ACA exams** – students are assessed on their understanding of, and reaction to, ethical dilemmas within the context of the subject matter of each module. Progression is made from identification of issues to judgements on perspectives, conflicts and responsibilities.
3. **Practical application** – having learnt the ethical principles and requirements via the Ethics Learning Programme, applying them in context within the ACA exams, students develop and apply ethical skills and behaviours within their daily work experience supported by their six-monthly reviews with their employer and the professional development framework.

Professional scepticism is a key professional skill that supports effective decision making. Chartered Accountants must take an enquiring, questioning approach, not always accepting information at face value. We embed the requirement to apply professional scepticism within exam questions; students can expect to have to apply this skill in one or more of the following ways:

- Obtain and understand information relevant for making reliable judgements based on facts and circumstances known to them.
- Make informed challenges of views developed by others.
- Be sensitive to the integrity of information, including the source of information and the appropriateness of its presentation.

- Withhold judgement pending thoughtful consideration of all known and relevant available information.
- Be alert to potential bias or other impediments to the proper exercise of professional judgement.

## **PRACTICAL WORK EXPERIENCE**

Practical work experience is undertaken as part of a training agreement with an authorised training employer or principal. Students need to complete at least 450 days, which normally takes between three and five years. The knowledge, skills and experience they gain as part of their training are invaluable, giving them the opportunity to put what they're learning into practice. Experience can be completed in at least one of the following six categories:

1. Accounting
2. Audit and assurance (audit is not compulsory)
3. Financial management
4. Information technology
5. Insolvency
6. Taxation

Student practical work experience should:

- include responsibility levels that increase in depth and scope as the student progresses through their training;
- be recorded throughout their training agreement; and
- expose them to as many different practical assignments, finance functions and/or clients in as many different sectors as possible.

## **15 ACCOUNTANCY, FINANCE AND BUSINESS EXAMS**

Students gain in-depth knowledge across a broad range of topics in accountancy, finance and business. The exams are designed to complement their practical work experience, so they constantly progress through the qualification.

There are 15 exams over three levels – Certificate, Professional and Advanced. They can be taken in any order, except for the Case Study which has to be attempted last, within the final year of an ACA training agreement and once all other exams have been attempted or received credit.

### **CERTIFICATE LEVEL**

There are six exams at this level that introduce the fundamentals of accountancy, finance and business. Students may be eligible for credit for some exams if they have studied a qualification we recognise. Find out more at [icaew.com/cpl](https://www.icaew.com/cpl)

The Certificate Level exams are each 1.5 hours long, have a 55% pass mark, and can be sat throughout the year.

### **PROFESSIONAL LEVEL**

The next six exams build on the fundamentals and test students' understanding and ability to use technical knowledge in real-life scenarios. The exams can be taken in March, June, September and December. Please note, the Business Planning alternative exams for banking and insurance are available at the June, September and December sittings.

The Professional Level exams are 2.5 hours long, except for Financial Accounting and Reporting which is 3 hours long. Each exam has a 55% pass mark.

Prescribed texts are permitted for Audit and Assurance, Finance Accounting and Reporting and Tax Compliance, with the Business Planning exams being open book.

The Professional Level exams are flexible and can be taken in any order to fit with a student's day-to-day work. The Business Planning and Business Strategy and Technology exams in particular help students to progress to the Advanced Level.

Alternative exams are available for the Business Planning and Financial Accounting and Reporting modules.

The Business Planning exams provide students with the opportunity to gain subject- and sector-specific knowledge while studying for the ACA. The suite of Business Planning exams is based on the same syllabus structure and skills frameworks, and will give students the opportunity to demonstrate their learning and use this in the context of taxation, banking or insurance. There are three to choose from – Business Planning: Taxation, Business Planning: Banking, and Business Planning: Insurance. Students will need to sit one of the Business Planning exams.

Alternative financial reporting exams are also available for Financial Accounting and Reporting. Students can choose between two different contexts, either UK GAAP or IFRS Standards. This means that students can study the financial reporting framework most beneficial to their employer and clients. Students will need to sit one version of the Financial Accounting and Reporting exam.

An authorised training employer or principal will guide their students on the exams which are right for them. If a student is studying the ACA independently, they should consider their future ambitions when selecting which exams to sit.

## **ADVANCED LEVEL**

The Corporate Reporting and Strategic Business Management exams test students' understanding and strategic decision-making at a senior level. They present real-life scenarios, with increased complexity and implications from the Professional Level exams.

The Case Study tests all the knowledge, skills and experience gained so far. It presents a complex business issue which challenges students' ability to problem solve, identify the ethical implications and provide an effective solution.

The Advanced Level exams can be taken in July and November. They are fully open book, so they replicate a real-life scenario where all the resources are at their fingertips.

The Corporate Reporting and Strategic Business Management exams are 3.5 hours long. The Case Study exam is 4 hours long. Each has a 50% pass mark.

For more information, guidance and support on exams, visit the exam resources area on our website at [icaew.com/examresources](https://www.icaew.com/examresources)

## **FLEXIBILITY**

There are no regulations stipulating the order in which students must attempt the exams, allowing employers to design training programmes according to business needs. The exception to this rule is the Advanced Level Case Study exam, which must be the last exam attempted and when a student has entered their final year of training.

Students will be permitted a maximum of four attempts at each Certificate and Professional Level exam, and unlimited attempts at the Advanced Level exams.

## **CREDIT FOR PRIOR LEARNING (CPL)**

Students with previous qualifications may be eligible to apply for CPL for up to 12 modules at the Certificate and Professional Levels. CPL is not available at the Advanced Level. For more information, visit [icaew.com/cpl](https://www.icaew.com/cpl)

## **PERMITTED TEXTS**

For some Professional Level exams, students are permitted to use certain publications during the exam.

The Professional Level Business Planning exams and Advanced Level exams are open book, so students can use any material and texts during their exam. Students will have access to their personal ICAEW Bookshelf, containing their copies of the digital learning materials, including any highlights and notes that they have made during their study. Students may also take in any hard copy materials, subject to practical space restrictions.

Details of the specific permitted texts, and how materials can be accessed within exams can be found at [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts)

## **DATA ANALYTICS IN EXAMS**

Chartered Accountants are increasingly using more advanced approaches to interrogate client data. Embedding these techniques within our exams ensures that we continue to reflect the current and future workplace and will also help to develop students' judgement, professional scepticism and critical thinking skills.

The use of data analytics in exams is split between the use of data analytics software and the use of spreadsheet functionality, as described below.

### **Data analytics software**

ICAEW has incorporated data analytics software within the Audit and Assurance and Corporate Reporting modules.

In the Audit and Assurance and Corporate Reporting exams, students will be provided with a dataset including thousands of transactions. They will be expected to use their data analytic skills to interrogate the data and identify areas of concern or items which warrant further investigation.

### **Use of spreadsheet functionality**

A number of spreadsheet functions have become part of the learning materials and skills required of students. These cover three categories of data analysis, namely: structuring and assimilating data, statistical calculations and financial functions.

Within the Financial Management, Business Strategy and Technology and Strategic Business Management exams students may be examined in the following ways:

1. Data will be provided in the question, and the student should populate the spreadsheet based on the data in the question.
2. A spreadsheet will be provided in the exam with pre-populated data for the student to structure, assimilate, interpret and evaluate.

Details of the use of data analytics in the exams can be found at [icaew.com/das](https://www.icaew.com/das).



## SKILLS PROGRESSION THROUGH THE ACA EXAMS

The complete set of professional skills that ICAEW Chartered Accountants are required to develop during their training are detailed in the seven key areas of skills covered in the previous section on professional development. A subsection of these skills are embedded in the fifteen modules and assessed in exams. The following skills are present throughout the fifteen accountancy, finance and business modules:

- Assimilating and using information – Understand a business or accounting situation, prioritise by determining key drivers, issues and requirements and identify and use relevant information.
- Structuring problems and solutions – Structure information from various sources into suitable formats for analysis and provide creative and pragmatic solutions in a business environment.
- Applying judgement - Apply professional scepticism and critical thinking to identify faults, gaps, inconsistencies and interactions from a range of relevant information sources and relate issues to a business environment.
- Concluding, recommending and communicating – Apply technical knowledge, skills and experience to support reasoning and conclusion and formulate opinions, advice, plans, solutions, options and reservations based on valid evidence and communicate clearly in a manner suitable for the recipient.

The level of skill required to pass each exam increases as ACA trainees progress upwards through each Level of the ACA exams. The skills progression embedded throughout the ACA qualification ensures ACA trainees develop the knowledge and skills to successfully operate in the modern workplace and which are expected by today's forward-thinking employers.

Skills	Certificate Level		Professional Level		Advanced Level	
	Assurance, Business, Technology and Finance, Law	Principles of Taxation, Management Information, Accounting	Financial Accounting and Reporting, Audit and Assurance, Financial Management, Tax Compliance	Business Planning and Business Strategy and Technology	Corporate Reporting and Strategic Business Management	Case Study

### Assimilating and using information

Understanding the situation and the requirements	Objective testing	Objective testing and simple scenarios	Scenarios		Complex scenarios	Unstructured complex business scenarios
Identifying and using relevant information	Information as provided		Single information source provided	Several information sources provided	Multiple information sources provided	Multiple information sources including own research
Identifying and prioritising key issues	Issues given		Issues included in scenarios		Issues included in complex scenarios	Issues included in unstructured complex scenarios

### Structuring problems and solutions

Structuring data	Specified techniques		Specified techniques	Techniques inferred by nature of problem	Techniques inferred by nature of problem	Unspecified techniques
Developing solutions	Highly specified tasks	Specified problems	Specified problems		Specified and implicit problems	Defined output but unspecified problems

### Applying judgement

Applying professional scepticism and critical thinking	Objective testing		Specified requirement in simple scenario	Specified requirement in scenario	Specified requirement in complex scenario	Underlying requirement within complex scenario
Relating issues to the broader business environment, including ethical issues	Objective testing	Objective testing and Issues in simple scenarios	Issues in scenarios		Issues in complex scenarios	Issues in complex, unstructured scenarios

### Concluding, recommending and communicating

Concluding and recommending	Objective testing Not assessed		Specified conclusions and recommendations in simple scenarios		Specified conclusions and reasoned recommendations in complex scenarios	Conclusions and recommendations supported by own evidence
Communicating	Prescribed exam format		Exam requirements, including some professional presentation		Professional presentations including reasoned recommendations	Professional report with appendices

## PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

### Assimilating and using information

<p><b>Understand the situation and the requirements</b></p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify risks within a scenario</li> <li>• Identify elements of uncertainty within a scenario</li> <li>• Identify ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<p><b>Identify and use relevant information</b></p> <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Use multiple information sources</li> <li>• Filter information provided to identify critical facts</li> <li>• Identify and interpret information in data analytics software</li> </ul>	<p><b>Identify and prioritise key issues and stay on task</b></p> <ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>
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### Structuring problems and solutions

<p><b>Structure data</b></p> <ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> <li>• Identify any information gaps</li> <li>• Frame questions to clarify information</li> <li>• Use a range of data types and sources to inform analysis and decision-making</li> <li>• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes</li> <li>• Present analysis in accordance with instructions and criteria</li> <li>• Use spreadsheets to assimilate, structure and analyse data</li> </ul>	<p><b>Develop solutions</b></p> <ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> <li>• Use structured information to identify evidence-based solutions</li> <li>• Identify creative and pragmatic solutions in a business environment</li> <li>• Identify opportunities to add value</li> <li>• Identify and anticipate problems that may result from a decision</li> <li>• Identify a range of possible solutions based on analysis</li> <li>• Identify ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify the solution which is the best fit with acceptance criteria and objectives</li> <li>• Define objectives and acceptance criteria for solutions</li> </ul>
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## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify assumptions or faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

### Relate issues to the environment

- Appreciate when more expert help is required
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Apply professional experience and evidence to support reasoning
- Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.

### Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence
- Make evidence-based recommendations which can be justified by reference to supporting data and other information
- Develop recommendations which combine different technical skills in a practical situation

### Communication

- Present a basic or routine memorandum or briefing note in writing in a clear and concise style
- Present analysis and recommendations in accordance with instructions
- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient
- Prepare the advice, report, or notes required in a clear and concise style

## ACA SYLLABUS

The ACA syllabus is updated annually. The aim of the annual update is to ensure that the syllabus remains fit for purpose and can include amendments to cater for technical changes, clarification of learning outcomes, inclusion of new areas of knowledge impacting ICAEW Chartered Accountants, removal of content for subject areas where there is duplication, repetition or content no longer relevant within the qualification. The process includes consultation with all key stakeholder groups and covers the skills, learning outcomes, technical knowledge grids of each module.

This document presents the learning outcomes for each of the ACA exams. The learning outcomes in each exam should be read in conjunction with the relevant technical knowledge grids and, where applicable, the skills development grid.

### Understanding the syllabus for each module

Each module has the following syllabus components:

- **Module aims** - these are a series of abilities which trainees will possess once they complete the learning and assessment for this particular module.
- **Method of assessment** – this sets out the length and structure of the exam for each module.
- **Ethics and professional scepticism** - students are assessed on their understanding of, and reaction to, ethical dilemmas within the context of the subject matter of each module. The application of professional scepticism and critical thinking are a crucial part of the exercise of ethical judgement.
- **Specification grid** – each module aim creates a syllabus area of technical and skills-based learning. The specification grid assigns an assessment weighting to each syllabus area, which indicates the proportion of learning represented by each syllabus area in the exam.
- **Learning outcomes** – learning outcomes are detailed statements which identify what the learner will know and be able to do by the end of the module, and which will be demonstrable on passing the exam.
- **Skills Assessed** – each module identifies the specific skills that are assessed and how they are assessed.

### Technical knowledge grids

The Technical Knowledge Grids show the technical knowledge in the disciplines of assurance and audit, business analysis, ethics codes and standards, financial reporting, taxation, banking and insurance covered in the ACA syllabus by module. For each technical area, the level of knowledge required is indicated by a letter from A to D, as follows.

- Level D – awareness of the scope of the standard
- Level C – general knowledge with a basic understanding
- Level B – working knowledge with a broad understanding
- Level A – thorough knowledge with a solid understanding

# *Certificate Level*

## *Accounting*

### MODULE AIM

To ensure that students have a sound understanding of the techniques of double entry accounting and can apply its principles in recording transactions, adjusting financial records and preparing non-complex financial statements.

On completion of this module, students will be:

- proficient in the use of double entry accounting techniques and the maintenance of accounting records;
- able to identify and correct omissions and errors in accounting records and financial statements; and
- able to specify the components of financial statements and prepare and present non-complex financial statements for sole traders, partnerships and limited companies.

### METHOD OF ASSESSMENT

The Accounting exam is 1.5 hours long. 40% of the marks are allocated from the preparation of single company financial statements; either a statement of profit or loss and statement of financial position or a statement of cash flows, using a pro-forma template. The remaining 60% of the marks are from 24 multiple-choice, multi-part multiple choice or multiple-response questions. These questions will cover the areas of the syllabus in accordance with the weightings set out in the specification grid.

### ETHICS

Ethics is an overarching requirement for the professional accountant and students will be expected to recognise that the exercise of judgement is required in applying fundamental accounting concepts. Students will learn about the IESBA Code of Ethics for Professional Accountants – fundamental principles and the ICAEW Code of Ethics and consider the merits of a principles-based code. Specific questions on this area are included within the ‘Maintaining financial records’ weighting in the specification grid.

### SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Maintaining financial records	30
2 Adjustments to accounting records and financial statements	25
3 Preparing financial statements	45

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### **1 Maintaining financial records**

Students will be proficient in the use of double entry accounting techniques and the maintenance of accounting records.

In the assessment, students may be required to:

- a. specify why an entity maintains financial records and prepares financial statements;
- b. specify the ethical and sustainability considerations for preparers of financial statements;
- c. identify the sources of information for the preparation of accounting records and financial statements;
- d. record and account for transactions and events resulting in income, expenses, assets, liabilities and equity in accordance with the appropriate basis of accounting and the laws, regulations and accounting standards applicable to the financial statements;
- e. record and account for changes in the ownership structure and ownership interests in an entity; and
- f. prepare a trial balance from accounting records and identify the uses of the trial balance.

### **2 Adjustments to accounting records and financial statements**

Students will be able to identify and correct omissions and errors in accounting records and financial statements.

In the assessment, students may be required to:

- a. identify omissions and errors in accounting records and financial statements and demonstrate how the required adjustments will affect figures in the financial statements;
- b. correct omissions and errors in accounting records and financial statements; and
- c. prepare journals for nominal ledger entry to correct errors in draft financial statements.

### **3 Preparing financial statements**

Students will be able to specify the components of financial statements and prepare and present non-complex accounts for sole traders and limited companies.

In the assessment, students may be required to:

- a. identify the main components of a set of financial statements and specify their purpose and interrelationship;
- b. specify the key aspects of the accrual basis of accounting and the cash basis of accounting; and
- c. prepare and present a statement of financial position, statement of profit or loss, statement of changes in equity and statement of cash flows (or extracts) from the accounting records and trial balance in a format which satisfies the information requirements of the entity.

# Assurance

## MODULE AIM

To ensure that students understand the assurance process and fundamental principles of ethics and are able to contribute to the assessment of internal controls and gathering of evidence on an assurance engagement.

On completion of this module, students will be able to:

- explain the concept of assurance, why assurance is required and the reasons for assurance engagements being carried out by appropriately qualified professionals with an attitude of professional scepticism and the exercise of professional judgement;
- explain the nature of internal controls and why they are important, document an organisation's information flows and internal controls and identify deficiencies in internal control systems;
- select sufficient and appropriate methods of obtaining assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred to a senior colleague; and
- understand the importance of regulation of the profession and ethical behaviour to a professional and identify issues relating to integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and independence.

## METHOD OF ASSESSMENT

The Assurance exam is 1.5 hours long. The exam consists of 50 questions worth two marks each, covering the areas of the syllabus in accordance with the weightings set out in the specification grid. The questions are presented in the form of multiple choice, multi-part multiple choice, or multiple response.

## ETHICS AND PROFESSIONAL SCEPTICISM

The importance of ethics both as a knowledge area and as a behaviour to be demonstrated is reflected in the syllabus area below 'Professional ethics'. The learning outcomes cover a range of threats and dilemmas to be identified as well as safeguards and solutions to be resolved. Professional scepticism is included in the requirement for the syllabus area 'The concept, process and need for assurance' where students are also required to recognise the need for the exercise of professional judgement.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 The concept, process and need for assurance	20
2 Internal controls and information flows	25
3 Gathering evidence on an assurance engagement	35
4 Professional ethics and regulatory issues	20



The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## **1 The concept, process and need for assurance**

Students will be able to explain the concept of assurance, why assurance is required and the reasons for assurance engagements being carried out by appropriately qualified professionals.

In the assessment, students may be required to:

- a. define the concept of assurance (on financial and non-financial information including performance metrics and targets) and compare the purposes and characteristics of reasonable and limited levels of assurance obtained from engagements;
- b. state why users desire assurance reports and provide examples of the benefits gained from them such as to assure the quality of an entity's published corporate responsibility or sustainability report;
- c. compare the functions and responsibilities of the different parties involved in an assurance engagement;
- d. identify the issues which can lead to gaps between the outcomes delivered by the assurance engagement and the expectations of users of the assurance reports, and suggest how these can be overcome;
- e. identify the steps involved in obtaining, accepting and agreeing the terms of an assurance engagement;
- f. identify the process of planning an assurance engagement, including risk assessment, the impact of an entity's use of technology and the implications of climate change on the recognition, measurement and disclosure of items in an entity's financial statements;
- g. define materiality and identify its role in the assurance engagement;
- h. identify how the assurance provider reports to the engaging party;
- i. recognise the need to plan and perform assurance engagements with an attitude of professional scepticism and the exercise of professional judgement; and
- j. recognise the characteristics of fraud and distinguish between fraud and error.

## **2 Internal controls and information flows**

Students will be able to explain the nature of internal controls and why they are important, document an organisation's information flows and internal controls and identify deficiencies in internal control systems.

In the assessment, students may be required to:

- a. state the reasons for organisations having effective systems of control;
- b. identify the fundamental principles of effective control systems and the risk of over-dependence on IT;
- c. identify the main business processes of an entity and information flows between areas of the business that need effective control systems;
- d. identify the components of internal control including the role of governance and risk management processes;
- e. define and classify different types of internal control, with particular emphasis on general IT and information processing controls and identify the difference between preventative and detective controls;
- f. show how specified internal controls mitigate risk, including cyber, data security and supply-chain risks, and state their limitations;
- g. identify internal controls or internal control deficiencies for an organisation in a given scenario
- h. identify the role of an internal audit function in an organisation; and
- i. identify, for a specified organisation, the sources of information which will enable a sufficient record to be made of accounting or other systems and internal controls.

### 3 Gathering evidence on an assurance engagement

Students will be able to select sufficient and appropriate methods of obtaining assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred to a senior colleague.

In the assessment, students may be required to:

- a. state the reasons for preparing and keeping documentation relating to an assurance engagement;
- b. identify the different methods of obtaining evidence, including remote auditing techniques, from the use of tests of control, substantive procedures, including analytical procedures and data analytics software;
- c. recognise the strengths and weaknesses of the different methods of obtaining evidence;
- d. identify the situations within which the different methods of obtaining evidence should and should not be used;
- e. compare the reliability of different types of assurance evidence;
- f. select appropriate methods of obtaining evidence from tests of control and from substantive procedures for a given business scenario;
- g. recognise when the quantity (including factors affecting sample design) and quality (including analysis of data) of evidence gathered is of a sufficient and appropriate level, after taking account of sampling risk, to draw conclusions on which to base a report;
- h. identify the circumstances in which written confirmation of representations from management should be sought and the reliability of such confirmation as a form of assurance evidence; and
- i. recognise issues arising while gathering assurance evidence that should be referred to a senior colleague.

### 4 Professional ethics and regulatory issues

Students will be able to understand the importance of ethical behaviour to a professional and identify issues relating to integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and independence.

In the assessment, students may be required to:

- a. state the role of regulatory bodies and ethical codes and their importance to the profession and identify the key features of the system of professional ethics adopted by IESBA and ICAEW;
- b. recognise the differences between a rules-based ethical code and one based upon a set of principles;
- c. recognise how the principles of professional behaviour protect the public and fellow professionals;
- d. identify the fundamental principles underlying the ICAEW Code of Ethics;
- e. recognise the importance of integrity, objectivity and independence to professional accountants, identifying situations that may impair or threaten integrity, objectivity and independence;
- f. suggest courses of action to resolve ethical conflicts relating to integrity, objectivity and independence;
- g. respond appropriately to the request of an employer to undertake work outside the confines of an individual's expertise or experience;
- h. recognise the importance of confidentiality, including compliance with GDPR, and identify the sources of risks of accidental disclosure of information;
- i. identify steps to comply with GDPR and prevent the disclosure of information;
- j. identify situations in which confidential information may be disclosed, including where reporting suspicions of money laundering;
- k. identify the following threats to the fundamental ethical principles and the independence of assurance providers:
  - self-interest threat
  - self-review threat

- management threat
  - advocacy threat
  - familiarity threat
  - intimidation threat; and
- I. identify safeguards to eliminate or reduce threats to the fundamental ethical principles and the independence of assurance providers.

# *Business, Technology and Finance*

## MODULE AIM

To provide students with an understanding of how businesses operate and how finance functions help businesses to achieve their objectives.

On completion of this module, students will be able to:

- identify the general objectives of businesses and the functions and tasks that businesses perform in order to meet their objectives;
- specify the nature, characteristics, advantages and disadvantages of different forms of business and organisational structure;
- identify the purpose of financial information produced by finance functions, specify how finance functions support business operations, including the measurement of risk, and identify sources and methods of financing for businesses;
- specify the importance and attributes of the accountancy profession and the role that governance plays in the management of a business, including how a business can promote corporate governance, sustainability, ESG, corporate responsibility and an ethical culture;
- specify the impact on a business of the external environment in which it operates; and
- specify key issues in relation to data and its collection, visualisation and analysis, and identify key features, benefits and risks of different technologies.

## METHOD OF ASSESSMENT

The Business, Technology and Finance exam is 1.5 hours long. The exam consists of 50 questions worth two marks each, covering the areas of the syllabus in accordance with the weightings set out in the specification grid. The questions are presented in the form of multiple choice, or multiple response.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking will be required across all areas of the syllabus. A specific weighting is given in the syllabus area 'Key issues for the accountancy profession and business' which includes ethics and business ethics, in the table below. The policies and procedures necessary to promote an ethical culture will be emphasised. Students will be expected to apply professional scepticism. Additionally, under the syllabus area 'The external environment of business', students must demonstrate an awareness of the needs of different stakeholders, and in the 'Technology and data analysis' area they must be able to identify types of data bias, their causes and effects.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Business objectives and functions	10
2 Business and organisational structures	10
3 The role of finance and the finance function	25
4 Key issues for the accountancy profession and business	20
5 The external environment of business	15
6 Technology and data analysis	20

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## **1 Business objectives and functions**

Students will be able to identify the general objectives of businesses and the functions and tasks that businesses perform in order to meet their objectives.

In the assessment, students may be required to:

- a. state the general objectives of businesses;
- b. state the general objectives of strategic management and specify the strategic management process and interrelationship between a business's vision, mission and strategic objectives;
- c. identify the functional areas within businesses (marketing, operations/production, procurement, HR, IT and finance) and show how the functions help the achievement of business objectives;
- d. identify the nature and functions of management, and show how this is influenced by human behaviour;
- e. identify the relationship between a business's overall strategy and its functional strategies and the nature and purpose of strategic plans, business plans and operational plans including how a strategic plan is converted into fully-integrated business and operational plans;
- f. identify the main components of the risk management process and show how they operate; and
- g. identify the key issues in relation to crisis management, business resilience, business continuity planning and disaster recovery.

## **2 Business and organisational structures**

Students will be able to specify the nature, characteristics, advantages and disadvantages of different forms of business and organisational structure.

In the assessment, students may be required to:

- a. identify the differences between businesses carried out by sole traders, partnerships, limited liability partnerships, companies, alliances and groups, and show the advantages and disadvantages of each of these business structures;
- b. identify different organisational structures and specify their advantages and disadvantages.

## **3 The role of finance and the finance function**

Students will be able to identify the purpose of financial information produced by finance functions, specify how finance functions support business operations, including the measurement of risk, and identify sources and methods of financing for businesses.

In the assessment, students may be required to:

- a. specify the role of financial information prepared by finance functions in:
  - supporting businesses in pursuit of their objectives, including business partnering
  - providing for accountability of management to shareholders and other stakeholders
  - reflecting business position and performance
  - supporting users in making decisions;
- b. identify the main considerations in establishing and maintaining accounting and financial reporting functions and financial control processes;
- c. identify, in the context of accounting and other systems, key aspects of:
  - information processing
  - information security
  - information management;
- d. specify why the management of a business require performance measurements;

- e. identify the accountant's role in preparing and presenting information for the management of a business;
- f. specify types of risk and techniques for measuring risk, including: measures of central tendency (mean, mode, median, range); measures of spread (range, standard deviation, variance, co-efficient of variation); the normal distribution; skewness
- g. specify the relationship between a business and its bankers and other providers of financial products and services;
- h. identify the characteristics, terms and conditions and role of alternative short, medium and long-term sources of finance available to different businesses;
- i. identify the processes by which businesses raise equity, capital and other long-term finance, including green finance; and
- j. identify appropriate methods of financing exports, including:
  - bills of exchange
  - letters of credit
  - export credit insurance.

#### **4 Key issues for the accountancy profession and business**

Students will be able to specify the importance and attributes of the accountancy profession. Students will be able to identify the role that governance plays in the management of a business and how a business can promote corporate governance, sustainability, ESG, corporate responsibility and an ethical culture.

In the assessment, students may be required to:

- a. identify the importance of the accountancy profession to the public interest and to the effectiveness of capital markets, and the links between the public interest, technical competence and professional responsibility, including the attributes of professional scepticism, professional judgement and the public trust;
- b. specify the key features of the regulatory framework within which professional accountants work including the basics of how anti-money laundering requirements affect them;
- c. state the reasons why governance is needed and identify the role that governance plays in the management of a business;
- d. identify the key stakeholders and their governance needs for a particular business;
- e. identify and show the distinction between the roles and responsibilities of those charged with corporate governance and those charged with management, including the basics of the UK's corporate governance code;
- f. specify how differences in legal systems and in national and business cultures affect corporate governance;
- g. identify the roles and responsibilities within a business of the executive board, any supervisory board, the audit committee and others charged with corporate governance, the internal audit function and those responsible for the external audit relationship;
- h. specify the nature of ethics, business ethics, sustainability, ESG and corporate responsibility; and
- i. specify the policies and procedures a business should implement in order to promote good corporate governance, sustainable practices, corporate responsibility and an ethical culture within its operations.

#### **5 The external environment of business**

Students will be able to specify the impact on a business of the external environment in which it operates.

In the assessment, students may be required to:

- a. specify the signalling, rewarding and allocating effects of the price mechanism on business (including the concept of price elasticity);
- b. specify the potential types of failure of the market mechanism and their effects on business;

- c. identify the key macro-economic factors that affect businesses;
- d. specify the principal effects of national and international regulation upon businesses; and
- e. show how the needs of different stakeholders in a business (eg, shareholders, the local community, employees, suppliers, customers) impact upon it.

## **6 Technology and data analysis**

Students will be able to specify key issues in relation to data and its collection, visualisation and analysis, and identify key features, benefits and risks of different technologies.

In the assessment, students may be required to:

- a. specify the purpose of data, the different types and sources of data, the importance of data comparability and the role of professional scepticism in relation to data collection, analysis and visualisation;
- b. specify principles in relation to the collection and analysis of data, including populations, surveys, presentation of simple frequency distributions, basic sampling and data ethics;
- c. identify types of error in data, types of data bias, including their causes and effects, and types of data protection for commercially sensitive information;
- d. identify issues in relation to the use of spreadsheets and the visualisation and interpretation of data in graphs, charts etc;
- e. identify the characteristics and implications of big data;
- f. specify uses of data science and data analytics by organisations;
- g. specify different types of cyber risk and attack and the steps organisations can take to improve cyber security;
- h. specify the features and uses of cloud accounting, the internet of things, digital assets, blockchain, distributed ledger technology and fintech; and
- i. identify the effect of digital disruption and technology developments, including those relating to automation, artificial intelligence, machine learning and robotic process automation, on the accountancy profession and business.

# Law

## MODULE AIM

To provide students with an understanding of the principles of English law.

On completion of this module, students will be able to:

- explain the nature of contractual agreements, the agency relationship and the consequences of negligence;
- understand the legal implications of incorporation, including the roles of shareholders and directors, and the main implications of insolvency law;
- identify instances of criminal behaviour that may be encountered by professional accountants; and
- identify other key areas in which the law affects the role and work of the professional accountant.

## METHOD OF ASSESSMENT

The Law exam is 1.5 hours long. The exam consists of 50 questions worth two marks each, covering the areas of the syllabus in accordance with the weightings set out in the specification grid. The questions are presented in the form of multiple choice or multi-part multiple choice.

## ETHICS AND PROFESSIONAL SCEPTICISM

The consideration of ethical decision-making is intrinsic to the study of law. In this module, students will examine the impact of criminal law on business and professional services, focussing on fraud, bribery and money laundering. They will also explore the relationships and interaction between legal principles, legislation, case law, ethics and ethical codes.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 The impact of civil law on business and professional services	35
2 Company and insolvency law	40
3 The impact of criminal law on business and professional services	10
4 The impact of law in the professional context	15

### 1 The impact of civil law on business and professional services

Students will be able to explain the nature of contractual agreements, the agency relationship and the consequences of negligence.



In the assessment, students may be required to:

### **Contract**

- a. recognise when a legally binding contract exists between two parties and how a contract may be enforced;
- b. identify the circumstances under which a contract can be terminated and possible remedies for breach of contract;

### **Agency**

- c. identify the role of agents, their duties and rights, and their authority to enter contracts on behalf of a principal;
- d. identify the nature of a partnership and the authority given to partners;

### **Negligence and liability**

- e. identify instances and consequences of negligence (particularly negligent misstatement) in a given scenario; and
- f. identify instances and consequences of vicarious liability in a given scenario.

## **2 Company and insolvency law**

Students will be able to understand the implications of incorporation, including the roles of shareholders and directors, and the main implications of insolvency law.

In the assessment, students may be required to:

- a. identify the differences between unincorporated businesses (sole traderships and partnerships), limited liability partnerships and companies, show the advantages and disadvantages of incorporation and recognise the circumstances when the veil of incorporation can be lifted;
- b. identify the procedures required to form a registered company or a limited liability partnership, including any practical considerations, and the nature and contractual force of a company's memorandum and articles of association and identify the advantages and disadvantages of off-the-shelf companies;
- c. identify the administrative consequences of incorporation or the formation of a limited liability partnership including requirements regarding statutory books, accounts, meetings and the role of the company secretary;
- d. identify the procedures for the issue of shares, including issues at a premium and pre-emption rights;
- e. identify the requirements of the Companies Act 2006 in respect of companies' statutory accounts and audit, including the exemptions for small and medium-sized companies and micro-entities;
- f. identify aspects of capital maintenance including
  - reduction of capital
  - redemption and purchase of a company's own shares
  - financial assistance for the purchase of a company's own shares
  - distribution of profits;
- g. identify share transfer requirements and disclosure requirements;
- h. recognise how a shareholder can influence the management of a company through meetings and resolutions, including shareholders' rights to requisition a meeting;
- i. identify the various statutory rights of shareholders to challenge the management of the company under the Companies Act 2006 and the Insolvency Act 1986;
- j. identify the rights and duties which a member of a limited liability partnership possesses;
- k. identify the ways in which a director may be appointed and removed;
- l. identify directors' duties, including responsibility for maintaining sustainable business practices, explaining the consequences of any major breach;
- m. identify the powers of directors and in what circumstances they will bind the company in a contract with third parties;

- n. identify the nature of fixed and floating charges, the rationale for the selection of a particular type of charge and the procedures for registering them;
- o. identify the nature and function of:
  - company voluntary arrangements
  - administration orders
  - receivership
  - compulsory and voluntary liquidation (including relevance of secured debt); and
- p. identify the main implications of insolvency law, including:
  - the principal means of termination of companies or other business entities
  - the priorities on a liquidation of the distribution of assets including rights of creditors and employees (including secured assets).

### **3 The impact of criminal law on business and professional services**

Students will be able to identify instances of criminal behaviour that may be encountered by professional accountants.

In the assessment, students may be required to:

- a. recognise the relationships and interaction between civil and criminal law, legal principles, legislation, case law, ethics and ethical codes;
- b. explain the role of arbitration as a means of alternative dispute resolution;
- c. identify offences and their consequences under the anti-money laundering legislation, identify the obligations on professional accountants to detect and help prevent money laundering, and select appropriate courses of action to protect professional accountants from criminal liability;
- d. identify instances and consequences of bribery;
- e. identify instances and consequences of fraud in a given scenario, including:
  - the effect of the Fraud Act 2006
  - threats to consumers through cybercrime
  - offences created under the Computer Misuse Act 1990
  - fraudulent trading
  - insider dealing; and
- f. identify circumstances where accountants will be protected from dismissal and victimisation if they raise concerns about malpractice in the workplace.

### **4 The impact of law in the professional context**

Students will be able to identify other key areas in which the law affects the role and work of the professional accountant, and understand when relevant laws and regulations may be applicable.

In the assessment, students may be required to:

#### **Information and its legal environment**

- a. identify the key requirements of the Data Protection Act 2018, on the use of personal information and how the Act can affect the manner in which information systems are used by businesses.

#### **Employment law and social security law**

- b. identify who is an employee and the main legal consequences of employment status;
- c. identify the key features of employment contracts and recognise circumstances in which an employment contract may be terminated and the consequences arising;
- d. identify when dismissal constitutes:
  - a wrongful dismissal
  - an unfair dismissal;
- e. identify the circumstances where an employee can claim a statutory redundancy payment;
- f. identify employers' obligations under social security law; and

- g. identify the responsibilities of employers under the Equality Act 2010 and sustainability regulations.

**International law and regulations**

- h. recognise situations when laws and regulations other than English law may be applicable to an organisation, including:
- international regulation of trade between organisations (International Chamber of Commerce (ICC) Incoterms, the UN Convention on Contracts for the International Sale of Goods)
  - Sharia law relating to Islamic finance

# Management Information

## MODULE AIM

To enable students to prepare essential financial information for the management of a business.

On completion of this module, students will be able to:

- calculate the costs of products and services and use them to determine sales and transfer prices;
- identify appropriate budgeting and forecasting approaches and methods and prepare budgets;
- identify key features of effective performance management systems, select and calculate appropriate performance measures, calculate differences between actual performance and standards or budgets, and identify the key features, risks and benefits of a range of approaches to management information operations; and
- identify and calculate relevant data for use in management decision-making.

## METHOD OF ASSESSMENT

The Management Information exam is 1.5 hours long. 20% of the marks are allocated in one scenario-based question. This will cover a single syllabus area, either: costing and pricing; budgeting and forecasting; performance management; or management decision-making. The remaining 80% of the marks are from 32 multiple choice, multi-part multiple choice or multiple response questions. The 33 questions cover the areas of the syllabus in accordance with the weightings set out in the specification grid.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is fundamental to the sound provision of management information upon which basis sustainable business decisions can be made. This will form a backdrop to an overall culture of business trust as well as business efficiency. It is treated as ingrained across the syllabus with a weighting of marks being given within the 'Costing and Pricing' syllabus area. Students will be expected to apply professional scepticism.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Costing and pricing; 5 Ethics	25
2 Budgeting and forecasting	25
3 Performance management and management information operations	25
4 Management decision-making	25

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## 1 Costing and pricing

Students will be able to calculate the costs of products and services and use them to determine sales and transfer prices.

In the assessment, students may be required to:

- a. recognise the use of cost information for different purposes;
- b. classify costs as fixed, variable, direct or indirect;
- c. calculate overhead absorption rates, unit costs and profits/losses using:
  - marginal costing
  - absorption costing and reconcile the differences between the costs and profits/losses obtained;
- d. select the most appropriate method of costing for a given product or service;
- e. calculate the sales price for a product or service using cost based pricing; and
- f. calculate transfer prices for sales to internal customers which take account of appropriate costs.

## 2 Budgeting and forecasting

Students will be able to identify appropriate budgeting and forecasting approaches and methods and prepare budgets.

In the assessment, students may be required to:

- a. recognise how forecasting techniques (including high/low, linear regression and time series analysis) help management in budgeting and forecasting and perform calculations using these techniques;
- b. identify how data analytics can be used in budgeting and forecasting;
- c. identify issues relating to the collection of data (data bias) and interpretation of data (correlation v causation; professional scepticism) for budgeting and forecasting;
- d. prepare budgets or extracts therefrom;
- e. select the most appropriate of the following budgeting approaches and methods, taking into account their advantages and disadvantages for planning, control and motivation:
  - bottom-up and top-down approaches to generating and managing budgets
  - zero-based and incremental budgeting;
- f. prepare a cash budget which highlights the quantity and timing of cash surpluses and deficits;
- g. calculate the cash (operating) cycle for a business and understand its significance;
- h. identify the constituent elements of working capital and treasury and specify the methods by which each element can be managed to optimise working capital and cash flows taking account of sustainability issues; and
- i. recognise how to manage the surpluses and deficits predicted in cash budgets.

## 3 Performance management and management information operations

Students will be able to identify key features of effective performance management systems, select and calculate appropriate performance measures, calculate differences between actual performance and standards or budgets, and identify the key features, risks and benefits of a range of approaches to management information operations.

In the assessment, students may be required to:

- a. identify the reasons for, and key features of, effective performance management systems;

- b. select and calculate appropriate financial and non-financial performance measures which effectively encourage the business as a whole to meet its objectives including those for sustainability;
- c. calculate differences between actual performance and standards or budgets in terms of price and volume effects and identify possible reasons for those differences;
- d. identify issues relating to the collection of data (data bias) and interpretation of data (professional scepticism) for performance management;
- e. identify the features of cloud accounting and its associated risks and benefits; and
- f. identify the features of shared service centres and their relative merits for the provision of management information.

#### **4 Management decision making**

Students will be able to identify and calculate relevant data for use in management decision-making.

In the assessment, students may be required to:

- a. calculate the breakeven point, contribution and margin of safety for a given product or service;
- b. allocate scarce resource to those products or services with the highest contribution per limiting factor;
- c. calculate the net present value, internal rate of return, payback period or accounting rate of return for a given project; and
- d. identify the advantages and disadvantages of the investment appraisal techniques specified in 4(c) above and outline how sustainability issues can be incorporated into investment appraisal decisions.

#### **5 Ethics**

In the assessment, students may be required to:

- a. identify and explain ethical issues relating to the preparation, presentation and interpretation of financial information for the management of a business.

# *Principles of Taxation*

## MODULE AIM

To enable students to understand the general objectives of taxation and to calculate income tax, national insurance contributions, capital gains tax, corporation tax and VAT in straightforward scenarios.

On completion of this module, students will be able to:

- explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK;
- recognise the ethical issues arising in the course of performing tax work;
- identify the obligations the UK system of taxation imposes on taxpayers and the implications of non-compliance;
- calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable;
- calculate the amount of capital gains tax payable by individuals and the chargeable gains subject to corporation tax;
- calculate the amount of corporation tax payable by companies; and
- calculate the amount of VAT owed by or owed to businesses.

## METHOD OF ASSESSMENT

The Principles of Taxation exam is 1.5 hours long. 20% of the marks are allocated to two scenario-based questions. These will each cover a single syllabus area: income tax and NIC, and corporation tax. The remaining 80% of the marks are from 40 multiple choice, multi-part multiple choice, multiple response or numeric entry questions. These questions will cover the remaining areas of the syllabus in accordance with the weightings set out in the specification grid.

The tax tables included in the ICAEW learning materials are provided to students on-screen in the exam.

## ETHICS

The importance of ethics is fundamental to professional accountants working in the area of taxation. Learning outcomes relating to ethics and integrity are included within the syllabus area 'Objectives, types of tax and ethics' as shown in the table below. Students are required to identify the objectives of taxation; ethical principles, along with threats and safeguards as well as issues such as conflicts of interest, money laundering, tax avoidance and tax evasion.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. In each assessment, the marks available will equate to the weightings below.

Syllabus area	Weighting (%)
1 Objectives, types of tax and ethics	10
2 Administration of taxation	20
3 Income tax and national insurance contributions	24
4 Capital gains tax and chargeable gains for companies	10
5 Corporation tax	16
6 VAT	20

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## 1 Objectives, types of tax and ethics

Students will be able to explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK, and will be able to recognise the ethical issues arising in the course of performing tax work.

In the assessment, students may be required to:

- a. identify the objectives of digitalisation of tax;
- b. identify the objectives of taxation in general terms of economic, social justice and environmental issues, the range of tax opportunities open to the government and the relative advantages of different types of tax in meeting the government's objectives;
- c. recognise the impact of relevant external influences on UK tax objectives and policies;
- d. classify entities as individuals, partnerships, or companies for tax purposes and state how they are taxed;
- e. identify who is liable for the following taxes, how the taxes apply to income and transactions, identify the government bodies responsible for the taxes, and determine when an individual or entity comes within the scope of the taxes:
  - capital gains tax
  - corporation tax
  - income tax
  - national insurance
  - VAT;
- f. recognise the importance of the budget cycle, tax year and the following sources of UK tax law and practice:
  - legislation
  - case law
  - HMRC manuals, statements of practice, extra-statutory concessions and press releases;
- g. identify the five fundamental principles given in the IESBA Code of Ethics for Professional Accountants and ICAEW Code of Ethics, and the guidance in relation to a tax practice with regard to:
  - the threats and safeguards framework
  - ethical conflict resolution; and
- h. identify the following:
  - conflicts of interest
  - money laundering
  - tax avoidance and tax evasion.

## 2 Administration of taxation

Students will be able to identify the obligations the UK system of taxation imposes on taxpayers and the implications for taxpayers of non-compliance.

In the assessment, students may be required to:

- a. identify the records which companies and individuals must retain for tax purposes, the method of retention and state the periods for which the records must be retained;
- b. identify the key features of the PAYE and national insurance system and calculate PAYE tax codes for employees;
- c. identify the key features of the self-assessment system, including digital tax accounts, for both companies and individuals;



- d. determine, in straightforward cases, due dates for:
  - companies', sole traders', partnerships' and individuals' tax returns, tax payments and payments on account
  - businesses' VAT returns and payments
  - employers' PAYE and national insurance returns and payments;
- e. identify and calculate the interest and penalties due for:
  - late submissions of and/or incorrect returns
  - late and/or incorrect payments of tax; and
- f. identify the periods within which HMRC can enquire into a taxpayer's returns or other information and tax liabilities and recognise the taxpayer's right of appeal and the process for dealing with disputes.

### **3 Income tax and national insurance contributions**

Students will be able to calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable.

In the assessment, students may be required to:

- a. recognise the main sources of taxable and non-taxable income;
- b. calculate the personal allowance available to an individual according to personal circumstances including the marriage allowance;
- c. calculate assessable employment income for an employee or director, including taxable and exempt benefits;
- d. recognise the badges of trade;
- e. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery of a sole trader or partnership using the accrual basis of accounting;
- f. allocate the tax adjusted profits of a partnership to each partner and calculate the tax assessable profits for each partner for any given tax year;
- g. calculate the assessable trading profits for an unincorporated business which is commencing, continuing or ceasing to trade;
- h. calculate total taxable income and the income tax payable or repayable for individuals; and
- i. calculate the total national insurance contributions payable by employees, employers and self-employed individuals.

### **4 Capital gains tax and chargeable gains for companies**

Students will be able to calculate the amount of capital gains tax payable by individuals and the chargeable gains subject to corporation tax.

In the assessment, students may be required to:

- a. classify persons, assets and disposals as either chargeable or exempt for capital gains purposes;
- b. calculate the chargeable gains and losses on the disposal of assets;
- c. calculate total taxable gains for both individuals and companies; and
- d. calculate the capital gains tax payable by individuals.

### **5 Corporation tax**

Students will be able to calculate the amount of corporation tax payable by companies.

In the assessment, students may be required to:

- a. identify accounting periods for a company;
- b. recognise the interaction of having one or more associated companies with corporation tax payment dates;

- c. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery; and
- d. calculate the taxable total profits and the corporation tax payable for a company resident in the UK which has a period of account of 12 months or less.

## **6 VAT**

Students will be able to calculate the amount of VAT owed by or owed to businesses.

In the assessment, students may be required to:

- a. classify supplies in given straightforward situations as exempt, zero-rated, standard-rated, subject to a reduced rate of 5%, or outside the scope of VAT;
- b. recognise the implications of supplies being classified as reduced-rated, standard-rated, zero-rated or exempt;
- c. identify when a business could or should register or deregister for VAT and state the time limits;
- d. determine the tax point for a supply of goods or services;
- e. state the principles of VAT payable or repayable on the supply of goods or services by a taxable person and calculate the monthly, quarterly or annual VAT payable or repayable by a business; and
- f. state the alternative schemes for payment of VAT by businesses and calculate the VAT payable or repayable for a business using these.

# *Professional Level*

## *Audit and Assurance*

### MODULE AIM

To develop students' understanding of the critical aspects of managing an assurance engagement (including audit engagements): acceptance, planning, managing, concluding and reporting.

On completion of this module, students will be able to:

- understand and advise on the regulatory, professional and ethical issues relevant to those carrying out an assurance engagement;
- understand the processes involved in accepting and managing assurance engagements;
- understand how quality assurance processes mitigate risks;
- plan assurance engagements in accordance with the terms of the engagements and appropriate auditing and assurance standards; and
- conclude and report on assurance engagements in accordance with the terms of the engagements and appropriate standards.

The regulations relating to auditing, assurance and financial reporting will have international application and are therefore based upon UK and international auditing and assurance pronouncements (including standards and guidance for auditors issued by the Financial Reporting Council) and International Financial Reporting Standards (IFRS® Standards).

### METHOD OF ASSESSMENT

The Audit and Assurance exam is 2.5 hours long. The exam will consist of four or five short-form questions and three longer questions. The exam will test each of the three syllabus areas in accordance with the weightings set out in the specification grid and students may use the permitted text(s) as detailed on the ICAEW website; [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts)

### ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking is fundamental to the conduct of a sound audit. A specific weighting given to legal and other professional regulations, ethics, accepting and managing engagements and current issues is shown in the table below. In addition to this a separate learning outcome covers planning and performing engagements and the potential risks involved. Students will also be required to demonstrate the crucial role of professional scepticism in the judgement they apply.

### SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Legal and other professional regulations, ethics, accepting and managing engagements and current issues	30
2 Planning and performing engagements	50
3 Concluding and reporting on engagements	20

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

For clarity, learning outcomes applicable to all types of assurance engagements (including audit) are separated from those that are relevant only to audit engagements.

## **1 Legal and other professional regulations, ethics, accepting and managing engagements and current issues**

Students will be able to understand and advise on the regulatory, professional and ethical issues relevant to those accepting, managing and carrying out assurance engagements. Students will be able to understand the processes involved in accepting and managing assurance engagements and how quality assurance processes mitigate the risks to those conducting the engagement.

In the assessment, students may be required to:

### **All assurance engagements**

- a. identify and advise upon the legal, professional and ethical issues that may arise before accepting or during a specified assurance engagement;
- b. discuss the issues which underlie the agreement of the scope and terms of an assurance engagement (new or continuing);
- c. recognise the professional and ethical issues that may arise during an assurance engagement, explain the relevance and importance of these issues;
- d. judge when to raise legal and ethical matters arising from assurance work with senior colleagues for review and possible referral to external parties, including reporting suspicions of money laundering;
- e. formulate the approach suitable for management of the assurance engagement;
- f. explain the principles and purposes of quality management of assurance engagements;
- g. demonstrate how quality management processes improve the quality of assurance work;
- h. describe how quality can be monitored and managed through procedures external to the organisation;
- i. discuss the purposes and consequences of UK laws and other regulatory requirements surrounding assurance work;
- j. explain, in non-technical language, significant current issues (including sustainability-related and climate-related risks and opportunities) being dealt with by the accountancy profession, government bodies, the national standard-setting body and the IAASB;
- k. explain, using appropriate examples, the main ways in which sustainability and climate change affects assurance.

### **Audit engagements**

- l. explain the main ways in which national legislation and other regulations affect the scope and nature of the audit and the appointment and removal of auditors (including the relationship between the law and auditing standards); and

## **2 Planning and performing engagements**

Students will be able to plan and perform assurance engagements in accordance with the terms of the engagements and appropriate standards.

In the assessment, students may be required to:

### **All assurance engagements**

- a. explain, in the context of a given scenario, why it is important to have an understanding of the business when planning an engagement;
- b. identify ways of gaining an understanding of a client's business;
- c. recognise the circumstances under which it may be necessary to bring in expertise (including expertise in technology) from other parties to support assurance processes;

- d. identify the risks arising from, or affecting, a given set of business processes (including risks associated with sustainability and climate change, technological advances, cyber security and GDPR) and circumstances and assess their implications for the engagement;
- e. identify the risks arising from error, fraud and non-compliance with law and other regulations, including sustainability and climate change and GDPR, and assess their implications for the engagement;
- f. assess significant business risks (including risks associated with going concern, sustainability and climate change, technological advances, cyber security and GDPR) identified for their potential impact upon an organisation, in particular their potential impact on performance measurement;
- g. identify the components of risk for a specified assurance engagement;
- h. assess the impact of risk and materiality on the engagement plan of assurance procedures to be performed on historical and prospective information, including the nature, timing and extent of assurance procedures, for a given organisation;
- i. discuss the benefits and limitations of analytical procedures (including data analytics) at the planning stage;
- j. determine an approach appropriate for an engagement for a specified organisation which addresses:
  - possible reliance on controls (including those within IT systems)
  - use of technology during an assurance engagement (including data analytics and results of data analytics routines, data visualisations generated by audit software, AI and automated tools)
  - the organisation's adoption of technological advances, including cloud computing
  - using the work of internal audit
  - using the work of other experts
  - using the work of another auditor
  - probable extent of tests of controls and of substantive procedures, including analytical procedures and data analytics
  - the nature and extent of client-generated information, including reliability of clients' reports and underlying system-generated data
  - the probable number, timing, staffing and location of assurance visits; and
  - the financial statement implications of sustainability and climate change, including sustainability-related and climate-related risks and opportunities.
- k. analyse and interpret data extracted from an organisation's accounting records and reflected in data analytics software to identify trends and risks of misstatement.

### **Audit engagements**

- l. identify the components of audit risk for a specified audit engagement, including the breakdown of audit risk into inherent risk, control risk and detection risk;
- m. outline the aspects of law and regulation which are relevant to statutory audit;
- n. specify and explain the steps necessary to plan, perform, conclude and report on the audit of the financial statements of a non-specialised profit-oriented entity in accordance with the terms of the engagement including appropriate auditing standards; and
- o. evaluate the impact of risk and materiality in preparing the audit plan, including the nature, timing and extent of audit procedures.

### **3 Concluding and reporting on engagements**

Students will be able to conclude and report on assurance engagements in accordance with the terms of the engagements and appropriate standards.

In the assessment, students may be required to:

## All assurance engagements

- a. describe the nature and timing of specific procedures designed to identify subsequent events that may require adjustment or disclosure in relation to the matters being reported on;
- b. describe the nature and timing of specific procedures designed to identify the appropriateness of the going concern assumption, including compliance with relevant legal and regulatory requirements;
- c. evaluate quantitatively and qualitatively, the results and conclusions obtained from assurance procedures including analytical procedures and data analytics where appropriate;
- d. draw conclusions on the ability to report on an assurance engagement which are consistent with the results of the assurance work;
- e. draft suitable extracts for an assurance report (including any report to those charged with governance issued as part of the engagement) in relation to a specified organisation on the basis of given information, including in the extracts (where appropriate) statements of facts, their potential effects, and recommendations for action relevant to the needs and nature of the organisation being reported upon;
- f. advise on reports to be issued to those responsible for governance in accordance with, standards legislation, regulation and codes of corporate governance;
- g. judge when to refer reporting matters for specialist help;

## Audit engagements

- h. draw conclusions on the ability to report on an audit engagement, including the opinion for a statutory audit, which are consistent with the results of the audit work;
- i. explain the elements (both explicit and implicit) of the auditor's report issued in accordance with the International Standards on Auditing and statutory requirements and recommend the nature of an audit opinion to be given in such a report; and
- j. draft suitable extracts for an auditor's report (and any report to those charged with governance issued as part of the engagement) in relation to a specified organisation on the basis of given information, including in the extracts (where appropriate) statements of facts, their potential effects, and recommendations for action relevant to the needs and nature of the organisation being reported upon.

## SKILLS ASSESSED

### Assimilating and using information

<b>Understand the situation and the requirements</b>	<b>Identify and use relevant information</b>	<b>Identify and prioritise key issues and stay on task</b>
<ul style="list-style-type: none"><li>• Identify the needs of customers and clients</li><li>• Explain different stakeholder perspectives and interests</li><li>• Identify risks within a scenario</li><li>• Identify elements of uncertainty within a scenario</li><li>• Identify ethical issues including public interest and sustainability issues within a scenario</li></ul>	<ul style="list-style-type: none"><li>• Interpret information provided in various formats</li><li>• Evaluate the relevance of information provided</li><li>• Filter information provided to identify critical facts</li><li>• Identify and interpret information in data analytics software</li></ul>	<ul style="list-style-type: none"><li>• Identify business and financial issues from a scenario</li><li>• Work effectively within time constraints</li><li>• Operate to a brief in a given scenario</li></ul>
<b>How skills are assessed</b> <i>Students may be required to demonstrate:</i> <ul style="list-style-type: none"><li>• the regulatory, professional and ethical issues relevant to accepting, carrying out and managing assurance engagements;</li><li>• how quality assurance processes mitigate risks;</li></ul>		

- an ability to identify relevant information in data analytics software in order to suggest actions that need to be taken; and
- an ability to respond to instructions from a line manager, a partner or a client request, making judgements where required and taking ethical considerations into account.

## Structuring problems and solutions

### Structure data

- Identify any information gaps
- Frame questions to clarify information
- Use a range of data types and sources to inform analysis and decision making
- Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes
- Present analysis in accordance with instructions and criteria

### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Identify creative and pragmatic solutions in a business environment
- Identify opportunities to add value
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical framework

### How skills are assessed

*Requirements will include planning assurance engagements in accordance with the terms of engagement and appropriate standards, taking account of:*

- managing audit and other assurance engagements;
- reliance on controls;
- reliance on the work of internal audit or other experts;
- reliance on the work of another auditor;
- extent of tests of control and of substantive procedures, including analytical procedures
- use of analytical procedures including data analytic routines to identify the risk of misstatement; and
- number, timing, staffing and location of assurance visits.

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify assumptions or faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

### Relate issues to the environment

- Appreciate when more expert help is required
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

### How skills are assessed

*Students may be required to:*

- identify business risks and audit risks, including significant risks, from a given scenario, explain their impact on the financial statements, and recommend audit procedures to mitigate the risk of a material error. Requirements will test the ability of students to filter those issues which are more relevant than others in a given scenario.
- distinguish the quality of data or evidence to be tested in two potential ways. (i) students will need to distinguish between data generated from within an organisation and that generated by

a third party, the latter being less susceptible to management bias; and (ii) students will need to appreciate the effect on the quality of evidence that bias caused by specific factors can have eg, where profits are used to determine a bonus payment to be made to the company's management.

- identify the impact of specific factors on a set of financial statements eg, economic, political, sustainability-related and climate-related factors.
- evaluate the effect of uncertain future events when describing the procedures to be performed in carrying out an examination of a company's financial forecasts.
- assess the materiality of a particular matter (eg, an unadjusted error) in the context of a set of financial statements or other financial information. This assessment should then inform the student's judgement as to whether or not to modify the opinion given in a statutory auditor's report or modify the conclusion in a non-audit assurance report.
- judge the potential independence risks involved in accepting or continuing an audit or other assurance engagement, and the procedures to mitigate those risks; and consideration of the required steps upon the discovery of fraud/money laundering.
- display the ability to present a structured argument to a client eg, in situations where management is questioning the extent of audit work performed.

### Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

#### How skills are assessed

*Students may be required to:*

- advise on the regulatory, professional and ethical issues in carrying out an assurance engagement;
- conclude and report on assurance engagements, including determining whether to modify a report with or without a modified opinion/conclusion; and
- identify deficiencies in financial information systems, their potential consequences and recommendations for improvement.



# *Business Strategy and Technology*

## MODULE AIM

To provide students with an understanding of how an organisation develops, implements and monitors strategy, including any ethical implications.

On completion of this module, students will be able to:

- explain, analyse and evaluate the consequences of an organisation's current strategic direction including objectives, market position and technology developments;
- use data to evaluate the likely consequences of strategic choices and technology developments, and recommend strategies to meet the objectives of an organisation; and
- recommend appropriate methods for an organisation to implement and monitor strategies including strategies for technology and innovation, and demonstrate how data can be used subsequently to measure and monitor strategic performance.

## METHOD OF ASSESSMENT

The Business Strategy and Technology exam is 2.5 hours long. The exam will consist of three scenario-based questions, covering a range of different industries and types of organisation. Each question will cover one or more syllabus areas.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethics must underpin sound strategic and technological development for a business. Sustainability and the interests of all stakeholder groups are key considerations. Related learning outcomes are interwoven through the syllabus areas of Strategic analysis, Strategic choice and Implementation and monitoring of strategy. Students are expected to develop their skills to ensure business trust and professional scepticism are paramount.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Strategic analysis	30-40
2 Strategic choice	30-40
3 Implementation and monitoring of strategy	25-35

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### 1 Strategic analysis

Students will be able to explain, analyse and evaluate the consequences of an organisation's current strategic direction including objectives, market position and technology developments.

In the assessment, students may be required to:

- a. evaluate an organisation's purpose, in terms of its stated mission, objectives and critical success factors, highlighting omissions, inconsistencies and weaknesses, and considering the different objectives of stakeholders;
- b. analyse the sustainability issues and the environmental, social and governance (ESG) factors which influence the organisation's current strategy, highlighting their likely impact on the success of the organisation
- c. analyse the external factors which may impact upon an organisation's performance and position, evaluating significant issues in areas such as:
  - natural capital and climate change
  - macroeconomic forces
  - international trade, financial systems and global economic factors
  - government policies
  - its industry and markets, including competition
  - cultural environment
  - stakeholder, ecosystem and participant impact
  - markets for finance, labour and other resources
  - supply chain factors
  - technology developments;
- d. explain and evaluate the significance and impact of the internal factors which affect or may influence an organisation's ability to achieve its chosen strategy, including its:
  - current resources
  - product/service portfolio
  - value chain and networks
  - organisational, operational and technological capabilities (including core competencies, existing business processes, human capital and workforce flexibility);;
- e. analyse an organisation's current markets and competitive strategy in sufficient detail for decisions to be made, drawing conclusions consistent with the qualitative and quantitative data available and highlighting relevant issues in terms of their likely impact on the strategy of the organisation;
- f. explain and evaluate the risks attached to an organisation's present position, using all relevant qualitative and quantitative data, and considering attitudes to risk, security and cyber security;
- g. explain and evaluate the ethical and business trust factors to be considered in determining the scope and nature of an organisation's objectives and its strategic analysis, giving appropriate consideration to the legitimate interests of all stakeholder groups and the public interest;
- h. explain and analyse an organisation's current position and performance using financial and non-financial data from internal and external sources, presented in different formats including visualisations;
- i. explain and evaluate different types of data distributions and data trends using appropriate statistical tools, data analysis and spreadsheets, including consideration of cause and effect and the implications for business risk;
- j. evaluate and interpret data provided, including identifying and explaining the causes and effects of different types of data bias, and applying an appropriate degree of professional scepticism; and
- k. assimilate, structure and analyse transactions and other granular data provided, using spreadsheets.

## 2 Strategic choice

Students will be able to use data to evaluate the likely consequences of strategic choices and technology developments and recommend strategies to meet the objectives of an organisation.

In the assessment, students may be required to:

- a. explain and demonstrate how to capture and analyse qualitative and quantitative data, presented in different formats, to provide relevant information for decision making at an appropriate level within an organisation;
- b. explain and evaluate the risks attached to proposed courses of action in a given situation, considering all relevant factors and assumptions made and select and justify strategies for managing risk;
- c. explain and demonstrate how an organisation compares and selects from competing strategies in order to maximise the achievement of its key objectives;
- d. evaluate the sustainability and ESG implications of a strategy or combination of strategies;
- e. evaluate the ethical implications of an organisation's strategies and operations for the organisation and for individuals, including the accountant in business and others;
- f. select and justify a strategy or combination of strategies which will best achieve the organisation's objectives, taking account of known constraints and capabilities, including stakeholder risk preferences and developing technologies;
- g. explain and demonstrate how products and services can evolve in the face of changing technologies, consumer demand and industry competition;
- h. explain and demonstrate how to position particular products and services in the market place to maximise competitive advantage and develop a marketing strategy by selecting, capturing and analysing relevant data;
- i. explain and demonstrate how management information can be used to evaluate an organisation's proposed strategies, including forecasting financial performance and the risk associated with forecasts;
- j. evaluate the value of information and limitations of data, having regard to data variability, data bias and risk, and considering the ethical implications of the selection, capture, analysis and use of data; and
- k. organise, structure and assimilate historic and estimated data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

### **3 Implementation and monitoring of strategy**

Students will be able to recommend appropriate methods for an organisation to implement and monitor strategies including strategies for technology and innovation, and demonstrate how data can be used subsequently to measure and monitor strategic performance.

In the assessment, students may be required to:

- a. evaluate how an organisation's overall strategy can be achieved by implementing appropriate functional strategies, including the role of the finance function as business partner;
- b. evaluate how strategies for technology and innovation, workforce flexibility and shared service centres, can support the organisation's achievement of its overall strategy;
- c. evaluate and recommend an organisational structure appropriate to the strategy, taking into account a range of strategic, operational and functional factors;
- d. explain and analyse the governance structure of an organisation and justify the steps needed to develop its corporate governance to meet the needs of its stakeholders, its strategic objectives and its compliance requirements;
- e. select and evaluate methods of further developing an organisation which adjust existing strategies or implement new strategies to take account of changing position and risk;
- f. explain and evaluate the form and content of an organisation's business plan;
- g. prepare a business plan, or extracts, which will achieve given or implied objectives;
- h. explain and demonstrate how qualitative and quantitative data, including forecasts, budgets and other management information presented in a range of formats, can be analysed to monitor the performance of an organisation's projects, divisions and other strategic units;
- i. explain and analyse how an organisation can implement and monitor sustainability and ESG policies;

- j. explain and demonstrate how, including using spreadsheets, data can be selected, structured, assimilated and analysed to provide management with information to monitor or modify strategic or operating decisions, having regard for data variability, data bias and risk, and applying an appropriate degree of professional scepticism;
- k. explain and evaluate how an organisation can select, capture, analyse and use data, including big data, to provide management with information that enables it to implement, monitor and modify a strategy and to create or sustain competitive advantage;
- l. explain and justify the key issues which should be addressed by the management of an organisation during the planning and implementation of change; and
- m. explain and evaluate the ethical, ESG and public interest implications of how an organisation chooses to implement and modify its strategies, suggesting appropriate courses of action to resolve ethical dilemmas that may arise.

## SKILLS ASSESSED

### Assimilating and using information

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify and explain the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify and evaluate risks within a scenario</li> <li>• Identify and evaluate elements of uncertainty within a scenario</li> <li>• Identify and explain ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and explain business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>

#### How skills are assessed

*Students may be required to:*

- understand key information from the scenario provided;
- understand the context of the scenario in terms of type of business, industry and wider context;
- recognise key ethical issues for an accountant undertaking work in accounting and reporting; and
- recognise specific issues that may arise in the context of the situation described.

### Structuring problems and solutions

Structure data	Develop solutions
<ul style="list-style-type: none"> <li>• Use spreadsheets to assimilate, structure and analyse data</li> <li>• Structure information from various sources into suitable formats for analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> </ul>

<ul style="list-style-type: none"> <li>• Identify any information gaps and appraise their significance</li> <li>• Frame questions to clarify information</li> <li>• Use a range of data types and sources to inform analysis and decision making</li> <li>• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes</li> <li>• Present analysis in accordance with instructions and criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Use structured information to identify evidence-based solutions</li> <li>• Identify and evaluate creative and pragmatic solutions in a business environment</li> <li>• Identify and explain opportunities to add value</li> <li>• Identify and evaluate problems that may result from a decision</li> <li>• Identify and evaluate a range of possible solutions based on analysis</li> <li>• Identify and explain ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify and evaluate the solution which is the best fit with acceptance criteria and objectives</li> <li>• Define objectives and acceptance criteria for solutions</li> </ul>
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**How skills are assessed**

*Students may be required to:*

- identify and use information to define key business issues;
- demonstrate understanding of the business, its strategy, industry and wider context.
- demonstrate the impact of ethics on the objectives and methods of an organisation;
- identify and explain the ethical implications of strategic proposals;
- demonstrate relevant technical knowledge;
- perform appropriate analysis of numerical data using spreadsheets and demonstrate an understanding of what is relevant; and
- use data analysis to develop and illustrate an answer.

**Applying judgement**

**Apply professional scepticism and critical thinking**

- Recognise and evaluate bias and varying quality in data and evidence
- Identify and appraise assumptions or faults in arguments
- Identify and evaluate gaps in evidence
- Identify and appraise inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

**Relate issues to the environment**

- Appreciate when more expert help is required
- Identify and explain related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

**How skills are assessed**

*Students may be required to:*

- evaluate the impact of a business proposal on an entity;
- assess the reliability, accuracy and limitations of any analysis performed;
- be able to produce arguments integrating numerical and descriptive analysis;
- prioritise the issues facing an entity;

- identify and appraise links and relationships between different issues affecting an entity and use these to establish priorities;
- evaluate options for an organisation, taking into account its stakeholders, objectives, priorities, available resources and ethical obligations; and
- provide reasons for the rejection of alternatives.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

### How skills are assessed

*Students may be required to:*

- draw realistic conclusions from an analysis of data and the information provided;
- prepare a report or memorandum structured according to the requirements of the scenario, with appropriate context;
- provide reasoned advice based on an understanding of the business and the relevant scenario, including an assessment of possible alternatives;
- recommend suitable courses of action in a given situation; and
- identify and evaluate risks and outline reservations about the advice.

# *Financial Accounting and Reporting*

There are two financial reporting modules which students can choose between, being either IFRS® Standards or UK GAAP. This means that students can study the financial reporting framework most beneficial to their employer and clients.

## *Financial Accounting and Reporting: IFRS® Standards*

### **MODULE AIM**

To enable students to prepare complete single entity and consolidated financial statements, and extracts from those financial statements, covering a wide range of International Financial Reporting Standards (IFRS® Standards).

Students will also be required to explain accounting and reporting concepts and ethical issues, and the application of IFRS® Standards to specified single entity or group scenarios.

On completion of this module, students will be able to:

- explain the contribution and inherent limitations of financial statements, apply the IFRS Foundation's conceptual framework for financial reporting and identify and explain key ethical issues;
- prepare and present financial statements from accounting data for single entities in conformity with IFRS® Standards and explain the application of IFRS® Standards to specified single entity scenarios;
- identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them in conformity with IFRS® Standards and explain the application of IFRS® Standards to specified group scenarios; and
- Describe the principal differences between IFRS® Standards and UK GAAP and prepare simple extracts from financial statements in accordance with UK GAAP, for both single entity and consolidated financial statements.

Learning outcomes apply to non-specialised profit-oriented entities unless otherwise specified.

### **METHOD OF ASSESSMENT**

The Financial Accounting and Reporting: IFRS® Standards exam is 3 hours long. The exam contains four written test questions. Students may use the permitted text(s) as detailed on the ICAEW website, [icaew.com/permitteditxts](https://www.icaew.com/permitteditxts)

The module will include questions on:

- a. preparation of single entity financial statements (excluding statement of cash flows) from trial balance, using proformas;
- b. preparation of consolidated financial statements (excluding consolidated statement of cash flows) from single entity financial statements, using proformas; and
- c. explanation of the application of IFRS® Standards to specified scenarios, with supporting calculations.

Other question types could include:

- a. preparation of a full consolidated statement of cash flows; or
- b. a mixed or single topic question requiring extracts from single entity or consolidated financial statements (including from statement of cash flows) or preparation of a revised single entity statement of cash flows, and/or explanation of financial reporting treatment with supporting calculations and/or calculations of specified figures.

Concepts, ethics and UK GAAP will be tested in any of the questions.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking must be the mainstay for honest, true, fair and prudent financial accounting and reporting. The ability to identify and explain ethical issues is examined specifically under the syllabus area 'Accounting and reporting concepts and ethics'. Over and above this ethical thinking and professional scepticism will be required to be applied in the exercise of all judgements.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Accounting and reporting concepts and ethics	10 - 15
2 Single entity financial statements	60 - 65
3 Consolidated financial statements	25 - 30

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### 1 Accounting and reporting concepts and ethics

Students will be able to explain the contribution and inherent limitations of financial statements, apply the International Accounting Standards Board's conceptual framework for financial reporting and identify and explain key ethical issues.

In the assessment, students may be required to:

- a. explain the standard-setting process used by UK and international bodies and the authority of UK and international standards;
- b. explain the objectives and inherent limitations of financial statements, giving appropriate examples;
- c. explain the qualitative characteristics of financial information and the constraints on such information, using appropriate examples to illustrate the explanation;
- d. identify the effects of transactions in accordance with the IFRS Foundation's Conceptual Framework for Financial Reporting;
- e. discuss the concepts of 'fair presentation' and 'true and fair view' and the circumstances in which these concepts may override the detailed provisions of legislation or of accounting standards;
- f. discuss the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements;
- g. explain the differences between financial statements produced using the accrual basis and those produced using the bases of cash accounting and break-up, performing simple calculations to illustrate the differences;



- h. explain, in non-technical language, the different bases of measurement of the elements of the financial statements, illustrating the explanation with simple calculations and examples;
- i. explain and demonstrate the concepts and principles surrounding the consolidation of financial statements; and
- j. identify and explain the ethical and professional issues for a professional accountant undertaking work in financial accounting and reporting and identify appropriate action.

## **2 Single entity financial statements**

Students will be able to prepare and present financial statements from accounting data for single entities in conformity with IFRS® Standards requirements, relevant laws and regulations and explain the application of IFRS® Standards to specified single entity scenarios.

In the assessment, students may be required to:

- a. calculate from financial and other data the amounts to be included in an entity's financial statements according to the international financial reporting framework;
- b. prepare and present the financial statements, including specified disclosures or extracts, of an entity in accordance with its accounting policies and appropriate international financial reporting standards;
- c. explain the application of IFRS® Standards to specified single entity scenarios;
- d. describe the principal differences between IFRS® Standards and UK GAAP (FRS 102 and Companies Act 2006) and prepare simple extracts from single entity financial statements in accordance with UK GAAP; and
- e. define and calculate from information provided the distributable profits of an entity.

## **3 Consolidated financial statements**

Students will be able to identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them from single entity financial statements in conformity with IFRS® Standards requirements, relevant laws and regulations and explain the application of IFRS® Standards to specified group scenarios.

In the assessment, students may be required to:

- a. identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements;
- b. identify from financial and other data any subsidiary, associate or joint venture of an entity according to the international financial reporting framework;
- c. calculate from financial and other data the amounts to be included in an entity's consolidated financial statements in respect of its new, continuing and discontinued interests in subsidiaries, associates and joint ventures (excluding partial disposals of subsidiaries and disposals of associates or joint ventures) according to the international financial reporting framework;
- d. prepare and present the consolidated financial statements, or extracts, of an entity in accordance with its accounting policies and appropriate international financial reporting standards;
- e. explain the application of IFRS® Standards to specified group scenarios; and
- f. describe the principal differences between IFRS® Standards and UK GAAP (FRS 102) and prepare simple extracts from consolidated financial statements in accordance with UK GAAP (FRS 102).

## SKILLS ASSESSED

### Assimilating and using information

<p><b>Understand the situation and the requirements</b></p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Explain ethical issues with given scenarios</li> </ul>	<p><b>Identify and use relevant information</b></p> <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<p><b>Identify and prioritise key issues and stay on task</b></p> <ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Explain the inherent limitations of financial statements;</li> <li>• Apply the IFRS Foundation’s conceptual framework for financial reporting to a given scenario;</li> <li>• Consider the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements;</li> <li>• Recognise key ethical issues for an accountant undertaking work in accounting and reporting;</li> <li>• Identify international financial reporting standards, relevant laws and regulation and any other requirements applicable to the financial statements (both single entity and consolidated); and</li> <li>• Recognise specific issues that may arise in the context of the situation described.</li> </ul>		

### Structuring problems and solutions

<p><b>Structure data</b></p> <ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> </ul>	<p><b>Develop solutions</b></p> <ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> <li>• Use structured information to identify evidence-based solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify the solution which is the best fit with acceptance criteria and objectives</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Apply the IFRS Foundation’s conceptual framework for financial reporting to identify the financial effects of transactions;</li> <li>• Apply knowledge of international financial reporting standards through explanation and calculation;</li> <li>• Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated) using proformas, in conformity with international financial reporting standards;</li> <li>• Explain the principal differences between IFRS® Standards and UK GAAP; and</li> <li>• Identify ethical issues and use ethical codes to formulate solutions and provide advice.</li> </ul>	

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Exercise ethical judgement

### Relate issues to the environment

- Identify related issues in scenarios
- Appraise ethical, public interest and regulatory issues

### How skills are assessed:

*Students may be required to:*

- Use judgement to assess the appropriate accounting treatment (including disclosure) for transactions described in the scenarios in respect of both single entity and consolidated financial statements; and
- Identify ethical issues and use ethical codes to formulate solutions and provide advice.

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.

### Communication

- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient
- Prepare the advice, explanation, or notes required in a clear and concise style

### How skills are assessed

*Students may be required to:*

- Explain accounting and reporting concepts in non-technical language;
- Explain, with supporting calculations and disclosure, the appropriate accounting treatment for transactions described in the scenario (both single entity and consolidated financial statements);
- Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated financial statements) in conformity with international financial reporting standards;
- Explain the principal differences between IFRS® Standards and UK GAAP; and
- Explain ethical issues and provide possible solutions.

# *Financial Accounting and Reporting: UK GAAP*

## **MODULE AIM**

To enable students to prepare complete single entity and consolidated financial statements, and extracts from those financial statements, in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Companies Act 2006. In addition, students will have a working knowledge of FRS 105 and The Financial Reporting Standard applicable to the Micro-Entities Regime.

Students will also be required to explain accounting and reporting concepts and ethical issues, and the application of UK GAAP to specified single entity or group scenarios.

On completion of this module, students will be able to:

- explain the contribution and inherent limitations of financial statements, apply FRS 102 Section 2 Concepts and Pervasive Principles and identify and explain key ethical issues;
- prepare and present financial statements from accounting data for single entities, whether organised in corporate or in other forms, in conformity with FRS 102, and/or FRS 105 and Companies Act 2006 and explain the application of FRS 102, and/or FRS 105, to specified single entity scenarios;
- identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them in conformity with FRS 102 and Companies Act 2006 and explain the application of FRS 102 to specified group scenarios; and
- describe the principal differences between UK GAAP and IFRS Standards and prepare simple extracts from financial statements in accordance with IFRS Standards, for both single entity and consolidated financial statements.

Learning outcomes apply to non-specialised profit-oriented entities unless otherwise specified.

## **METHOD OF ASSESSMENT**

The Financial Accounting and Reporting: UK GAAP exam is 3 hours long. The exam contains four written test questions. Students may use the permitted text(s) as detailed on the ICAEW website; [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts)

The module will include questions on:

- a. preparation of single entity financial statements (excluding statement of cash flows) from trial balance using proformas;
- b. preparation of consolidated financial statements (excluding consolidated statement of cash flows) from single entity financial statements, using proformas; and
- c. explanation of the application of UK GAAP to specified scenarios, with supporting calculations.

Other question types could include:

- a. preparation of a full consolidated statement of cash flow; or
- b. a mixed or single topic question requiring extracts from single entity or consolidated financial statements (including from statement of cash flows) or preparation of a revised single entity statement of cash flows, and/or explanation of financial reporting treatment with supporting calculations and/or calculation of specified figures.

Concepts, ethics and IFRS® Standards will be tested in any of the questions.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking must be the mainstay for honest, true, fair and prudent financial accounting and reporting. The ability to identify and explain ethical issues is examined specifically under the syllabus area 'Accounting and reporting concepts and ethics'. Over and above this ethical thinking and professional scepticism will be required to be applied in the exercise of all judgements.

### SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Accounting and reporting concepts and ethics	10 - 15
2 Single entity financial statements	60 - 65
3 Consolidated financial statements	25 - 30

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

#### 1 Accounting and reporting concepts and ethics

Students will be able to explain the contribution and inherent limitations of financial statements, apply FRS 102 Section 2 Concepts and Pervasive Principles and identify and explain key ethical issues.

In the assessment, students may be required to:

- a. explain the standard-setting process used by UK and the authority of UK standards,
- b. explain the objectives and inherent limitations of financial statements, giving appropriate examples;
- c. explain the qualitative characteristics of financial information and the constraints on such information, using appropriate examples to illustrate the explanation;
- d. identify the effects of transactions in accordance with FRS 102 Section 2 Concepts and Pervasive Principles;
- e. discuss the concept of 'true and fair view' and the circumstances in which this concept may override the detailed provisions of legislation or of accounting standards;
- f. discuss the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements;
- g. explain the differences between financial statements produced using the accrual basis and those produced using the bases of cash accounting and break-up, performing simple calculations to illustrate the differences;
- h. explain, in non-technical language, the different bases of measurement of assets, liabilities, income and expenses;
- i. explain and demonstrate the concepts and principles surrounding the consolidation of financial statements; and
- j. identify and explain the ethical and professional issues for a professional accountant undertaking work in financial accounting and reporting and identify appropriate action.

#### 2 Single entity financial statement

Students will be able to prepare and present financial statements from accounting data for single entities, whether organised in corporate or in other forms, in conformity with FRS 102 and Companies Act 2006 requirements and any other relevant laws and regulations. In addition, students will be able to prepare and present extracts from financial statements from accounting

data for single entities in conformity with FRS 105 and Companies Act 2006. Students will also be able to explain the application of FRS 102 and FRS 105 to specified single entity scenarios.

In the assessment, students may be required to:

- a. calculate from financial and other data the amounts to be included in an entity's financial statements according to FRS 102 Section 2 Concepts and Pervasive Principles;
- b. prepare and present the financial statements, including specified disclosures or extracts of an entity in accordance with its accounting policies, FRS 102, and/or FRS 105 and Companies Act 2006;
- c. explain the application of FRS 102, and/or FRS 105, and/or make comparisons, to specified single entity scenarios;
- d. describe the principal differences between UK GAAP (FRS 102 and Companies Act 2006) and IFRS Standards and prepare simple extracts from single entity financial statements in accordance with IFRS Standards; and
- e. define and calculate from information provided the distributable profits of an entity.

### **3 Consolidated financial statements**

Students will be able to identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them from single entity financial statements in conformity with FRS 102 and Companies Act 2006 and any other relevant laws and regulations. In addition, students will be able to explain the application of FRS 102 to specified group scenarios.

In the assessment, students may be required to:

- a. identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements;
- b. identify from financial and other data any subsidiary, associate or joint venture of an entity according to FRS 102;
- c. calculate from financial and other data the amounts to be included in an entity's consolidated financial statements in respect of its new, continuing and discontinued interests in subsidiaries, associates and joint ventures (excluding partial disposals of subsidiaries and disposals of associates or joint ventures) according to FRS 102;
- d. prepare and present the consolidated financial statements, or extracts, of an entity in accordance with its accounting policies, FRS 102 and Companies Act 2006;
- e. explain the application of FRS 102 to specified group scenarios; and
- f. describe the principal differences between UK GAAP (FRS 102) and IFRS Standards and prepare simple extracts from consolidated financial statements in accordance with IFRS Standards.

## SKILLS ASSESSED

### Assimilating and using information

<p><b>Understand the situation and the requirements</b></p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Explain ethical issues within given scenarios</li> </ul>	<p><b>Identify and use relevant information</b></p> <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<p><b>Identify and prioritise key issues and stay on task</b></p> <ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Explain the inherent limitations of financial statements;</li> <li>• Apply elements of the concepts and pervasive principles of FRS 102;</li> <li>• <a href="#">Consider the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements</a></li> <li>• Recognise key ethical issues for an accountant undertaking work in accounting and reporting;</li> <li>• Identify the relevant UK GAAP standards, relevant laws and regulations and any other requirements applicable to the financial statements (both single entity and consolidated); and</li> <li>• Recognise specific issues that may arise in the context of the situation described.</li> </ul>		

### Structuring problems and solutions

<p><b>Structure data</b></p> <ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> </ul>	<p><b>Develop solutions</b></p> <ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> <li>• Use structured information to identify evidence-based solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify the solution which is the best fit with acceptance criteria and objectives</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Apply FRS 102 Section 2 Concepts and Pervasive Principles to identify the financial effects of transactions;</li> <li>• Apply knowledge of UK GAAP through explanation and calculation;</li> <li>• Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated), using proformas, in conformity with UK GAAP;</li> <li>• Explain the principal differences between UK GAAP and IFRS® Standards; and</li> <li>• Identify ethical issues and use ethical codes to formulate solutions and provide advice.</li> </ul>	
<p><b>Applying judgement</b></p> <ul style="list-style-type: none"> <li>• Recognise bias and varying quality in data and evidence</li> <li>• Identify faults in arguments</li> <li>• Exercise ethical judgement</li> </ul>	<p><b>Relate issues to the environment</b></p> <ul style="list-style-type: none"> <li>• Identify related issues in scenarios</li> <li>• Appraise ethical, public interest and regulatory issues</li> </ul>

### How skills are assessed

*Students may be required to:*

- Use judgement to assess the appropriate accounting treatment (including disclosure) for transactions described in the scenarios in respect of both single entity and consolidated financial statements; and
- Identify ethical issues and use ethical codes to formulate solutions and provide advice.

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.

### Communication

- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient
- Prepare the advice, explanation, or notes required in a clear and concise style

### How skills are assessed

*Students may be required to:*

- Explain accounting and reporting concepts in non-technical language;
- Explain, with supporting calculations and disclosure, the appropriate accounting treatment for transactions described in the scenario (both single entity and consolidated financial statements);
- Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated financial statements) in conformity with UK GAAP;
- Explain the principal differences between UK GAAP and IFRS® Standards; and
- Explain ethical issues and provide possible solutions.



# Financial Management

## MODULE AIM

To enable students to recommend relevant options for financing a business, recognise and manage financial risks and make appropriate investment decisions.

On completion of this module, students will be able to:

- identify capital requirements of businesses, assess financing options and recommend relevant methods of financing;
- identify the financial risks facing a business and the principal methods of managing those risks; and
- apply appropriate investment appraisal techniques taking into account other factors affecting investment decisions.

## METHOD OF ASSESSMENT

The Financial Management exam is 2.5 hours long. The exam consists of three questions. Managing financial risk will be assessed as a discrete topic. The other two questions will assess financing options and investment decisions and valuation either as discrete or integrated topics.

## ETHICS AND PROFESSIONAL SCEPTICISM

In identifying financing options, managing financial risk and arriving at appropriate investment decisions, underlying ethical thinking is a requirement. The implications of financial strategy for all stakeholders must be evaluated and any ethical dilemmas resolved. Students will also be expected to apply professional scepticism and critical thinking when making all judgements.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Financing options	35
2 Managing financial risk	30
3 Investment decisions and valuation	35

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### 1 Financing options

Students will be able to identify capital requirements of businesses and assess financing options.

In the assessment, students may be required to:

- a. explain the general objectives of financial management, identify and apply the fundamental principles of financial economics and describe the financial strategy process for a business;

- b. explain the roles played by different stakeholders, advisors and financial institutions in the financial strategy selected by a business and identify possible conflicts of objectives including those relating to sustainability issues;
- c. evaluate the ethical implications of an entity's financial strategy (including those for the organisation, individuals and other stakeholders) and recommend appropriate courses of action to resolve any ethical and sustainability dilemmas that may arise;
- d. describe and analyse the impact of financial markets (including the extent to which they are efficient) and other external factors on a business's financial strategy;
- e. explain the implications of terms included in loan agreements in a given scenario (eg, representations and warranties; covenants; guarantees);
- f. identify the significance and effect of developing technologies on financing decisions;
- g. calculate and interpret the costs of different sources of finance (before and after tax) and the weighted average cost of capital;
- h. explain, in non-technical terms and using appropriate examples, the effect of capital gearing both on investors' perception of risk and reward and the weighted average cost of capital;
- i. calculate and justify an appropriate discount rate for use in an investment appraisal taking account of both the risk of the investment and its financing;
- j. compare the features of different means of making returns to lenders and owners (including dividend policy), explain their effects on the business and its stakeholders, and recommend appropriate options in a given scenario;
- k. forecast the capital requirements for a business taking into account current and planned activities and/or assess the suitability of different financing options (including green finance) to meet those requirements, comparing the financing costs and benefits, referring to levels of uncertainty and making reasonable assumptions which are consistent with the situation;
- l. construct a straightforward investment and financing plan for a given business scenario; and
- m. organise, structure and assimilate data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

## 2 Managing financial risk

Students will be able to identify the main price and overseas trading risks facing a business and the principal methods of managing those risks.

In the assessment, students may be required to:

- a. identify and describe the key price risks facing a business in a given scenario;
- b. explain how financial instruments (eg, derivatives, hedging instruments) can be used to manage price risks and describe the characteristics of those instruments;
- c. discuss different methods of managing interest rate risk appropriate to a given situation, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging;
- d. discuss different methods of managing currency (including cryptocurrency) risks appropriate to a given situation, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging;
- e. discuss different methods of managing share price risk, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging; and
- f. explain the additional risks of trading abroad and outline the methods available for reducing those risks.

## 3 Investment decisions and valuation

Students will be able to apply investment appraisal techniques and calculate the value of shares and businesses.

In the assessment, students may be required to:

- a. outline the investment decision making process and explain how investment decisions are linked to shareholder value;

- b. appraise an investment from information supplied, taking account of relevant cash flows, inflation and tax;
- c. calculate and examine the sensitivity of an investment decision to changes in the input factors;
- d. discuss how the interpretation of results from an investment appraisal can be influenced by an assessment of risk, including the impact of data analytics and sustainability issues on that risk assessment;
- e. explain how the results of the appraisal of projects are affected by the accuracy of the data on which they are based and strategic factors (such as real options and sustainability issues) which could not be included in the computational analysis;
- f. identify in the business and financial environment factors that may affect investment in a different country;
- g. calculate the optimal investment plan when capital is restricted;
- h. recommend and justify a course of action which is based upon the results of an investment appraisal and consideration of relevant non-financial factors such as sustainability and which takes account of the limitations of the techniques being used;
- i. describe options for reconstruction eg, merger, takeover, spin-off, purchase of own shares and calculate the value of minority and majority shareholdings in traditional and new technology businesses using income and asset based approaches; and
- j. organise, structure and assimilate data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

## SKILLS ASSESSED

### Assimilating and using information

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify risks within a scenario</li> <li>• Identify elements of uncertainty within a scenario</li> <li>• Explain ethical and sustainability issues within given scenarios</li> </ul>	<ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<ul style="list-style-type: none"> <li>• Identify business, financial and sustainability issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>

#### How skills are assessed:

*Students may be required to:*

- absorb and understand both structured and unstructured material including that provided in spreadsheets;
- give recommendations based on their understanding and interpretation of the information provided, supported by explanation of the reasoning behind and implications of their recommendations.

## Structuring problems and solutions

### Structure data

- Structure information from various sources into suitable formats for analysis
- Identify any information gaps
- Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes
- Present analysis in accordance with instructions and criteria

### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Identify creative and pragmatic solutions in a business environment
- Identify opportunities to add value
- Identify and anticipate problems that may result from a decision
- Identify a range of possible solutions based on analysis
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical and sustainability framework
- Identify the solution which is the best fit with acceptance criteria and objectives
- Define objectives and acceptance criteria for solutions

### How skills are assessed

*Students may be required to:*

- assimilate significant amounts of information including information provided visually and in spreadsheets, to analyse it (using quantitative analysis including statistical tools) in a way that demonstrates relevant technical knowledge and to draw and support appropriate conclusions

## Applying judgement

### Apply professional scepticism and critical thinking

- Identify and appraise assumptions or faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Recognise and evaluate bias and varying quality in data
- Exercise ethical judgement

### Relate issues to the environment

- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

### How skills are assessed:

*Students may be required to:*

- make sense of relatively large volumes of data including data provided visually and in spreadsheets, making judgments on the relevance of data for use in subsequent calculations and discussions;
- reflect on their calculations and the methodology employed and to identify and discuss the implications of calculations;
- make and justify judgements based on earlier calculations.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"><li>• Apply technical knowledge to support reasoning and conclusions</li><li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li></ul>	<ul style="list-style-type: none"><li>• Present recommendations in accordance with instructions and defined criteria</li><li>• Make recommendations in situations where risks and uncertainty exist</li><li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li><li>• Develop recommendations which combine different technical skills in a practical situation</li></ul>	<ul style="list-style-type: none"><li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li><li>• Present analysis and recommendations in accordance with instructions</li><li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li><li>• Prepare the advice, report, or notes required in a clear and concise style</li></ul>

### How skills are assessed

*Students may be required to:*

- recommend suitable courses of action in a given situation (financing decisions, dividend decisions, hedging decisions, investment appraisal decisions);
- incorporate advice within a 'business report' format, addressing both the strengths and weaknesses of any recommendations and/or reasons for the rejection of alternatives.

# Tax Compliance

## MODULE AIM

To enable students in straightforward scenarios to:

- prepare tax computations for individuals and companies;
- understand the tax implications of a course of action; and
- explain potential tax treatments of transactions.

On completion of this module, students will be able to:

- recognise the ethical issues arising in the course of performing tax work and identify the obligations the UK system of taxation imposes on taxpayers and the implications for taxpayers of non-compliance;
- calculate the amount of VAT owed by or owed to businesses;
- calculate the amount of stamp taxes due in straightforward transactions;
- calculate the capital gains tax payable by individuals;
- calculate the amounts of inheritance tax due on lifetime transfers and transfers on death by individuals, personal representatives and trustees;
- calculate the corporation tax liabilities of companies;
- calculate the amounts of income tax owed by or owed to individuals; and
- calculate the amounts of national insurance payable by individuals, businesses and companies.

## TAXES COVERED IN THIS MODULE

Capital gains tax  
Corporation tax  
Income tax

Inheritance tax  
National insurance  
Stamp taxes

VAT

## METHOD OF ASSESSMENT

The Tax Compliance exam is 2.5 hours long. The exam will consist of five questions. Students may use the permitted text(s) as detailed on the ICAEW website; [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts)

In the exam, students will generally be expected to assume that any beneficial election, claim or deduction has been made, unless otherwise directed in the exam.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical behaviour in tax compliance is paramount. Students will be expected to apply the ICAEW Code of Ethics and the Professional Conduct in Relation to Taxation. Appropriate and trustworthy calculations and explanations must be provided, being mindful of tax planning, tax avoidance, tax evasion and money laundering. Professional scepticism will be critical in recognising bias and exercising judgement.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
1 Ethics and law	5-10
2 Indirect taxes	10-15
3 Capital taxes	20-30
4 Corporation tax	15-25
5 Income tax and NIC	30-40

This grid provides guidance on the relative weighting between knowledge and skills:

	Weighting (%)
Knowledge	65-75
Skills	25-35

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## 1 Ethics and law

Students will be able to recognise ethical issues arising in the course of performing tax work and identify the obligations the UK system of tax imposes on taxpayers and the implications for taxpayers of non-compliance.

In the assessment, students may be required to:

- a. identify the five fundamental principles and guidance given in the IESBA Code of Ethics for Professional Accountants and the ICAEW Code of Ethics as well as other relevant guidance, including Professional Conduct in Relation to Taxation (PCRT), in relation to a tax practice with regard to:
  - the threats and safeguards framework
  - disclosure of information
  - conflicts of interest
  - confidentiality;
- b. identify the law and the guidance in the ICAEW Code of Ethics as well as other relevant guidance, including Professional Conduct in Relation to Taxation (PCRT), with regard to:
  - new client procedures
  - regulatory requirements for tax practices
  - exchange of client information with HMRC
  - HMRC errors
  - money laundering
  - tax planning, tax avoidance and tax evasion; and
- c. identify legal and ethical issues arising from tax work undertaken, including disengagement procedures, and explain the significance of these issues and suggest appropriate actions or responses.

## 2 Indirect taxes

Students will be able to calculate the amount of VAT owed by or owed to businesses and calculate the amount of stamp taxes due in straightforward transactions including when these amounts must be reported and paid.

In the assessment, students may be required to:

- a. explain the VAT consequences of property transactions;
- b. explain the VAT consequences of group registration for VAT;
- c. explain the VAT consequences of the option to tax;
- d. explain and calculate the VAT consequences of the capital goods scheme;

- e. calculate the VAT due to or from HMRC for both wholly taxable and partially exempt traders;
- f. explain the VAT consequences of transactions involving goods and services to and from VAT registered and non-VAT registered persons;
- g. explain the classification of supplies and the distinction between goods and services;
- h. identify and explain the differing VAT treatment of single and multiple supplies;
- i. identify common situations in which a liability to Stamp Duty Land Tax, Stamp Duty Reserve Tax, and Stamp Duty arises;
- j. identify situations where there is an exemption from stamp taxes;
- k. calculate the amount of stamp taxes due in straightforward transactions;
- l. determine due dates for stamp taxes returns; and
- m. calculate the interest and penalties due in respect of late payment of stamp taxes.

### 3 Capital taxes

Students will be able to calculate the capital gains tax payable by individuals. Students will also be able to calculate the amounts of inheritance tax due on lifetime transfers and transfers on death by individuals, personal representatives and trustees, including when these amounts must be reported and paid.

In the assessment, students may be required to:

- a. calculate the chargeable gains and losses on assets, including shares and securities;
- b. describe the circumstances in which the following reliefs apply and calculate the effect of full or partial relief available in a given situation:
  - letting relief
  - private residence relief
  - gift relief
  - rollover relief
  - business asset disposal relief
  - investors' relief;
- c. explain the impact of an individual's residence, domicile and deemed domicile on their capital gains tax liability;
- d. calculate total taxable gains and tax payable thereon, using available reliefs and losses to reduce the liability, including the computation of double tax relief where appropriate;
- e. explain the principles of inheritance tax and identify the different classes of taxpayer liable to pay inheritance tax;
- f. explain the impact of an individual's domicile and deemed domicile on their inheritance tax liability;
- g. explain when the lifetime transfer of an asset gives rise to an inheritance tax liability, calculate the inheritance tax payable on chargeable lifetime transfers in straightforward scenarios and state the due date(s) for payment;
- h. calculate the death tax due on lifetime transfers and state the due date for payment;
- i. calculate the value of an individual's estate at death and the inheritance tax due and state the due date for payment;
- j. describe the circumstances in which the following inheritance tax reliefs apply and calculate the amount of relief available in a given situation:
  - fall in value relief
  - business property relief
  - quick succession relief
  - taper relief;
- k. determine, in straightforward cases, due dates for inheritance tax returns; and
- l. calculate the interest and penalties due in respect of late payment of inheritance tax.



## 4 Corporation tax

Students will be able to calculate the corporation tax liabilities of companies, including when these liabilities must be reported and paid.

In the assessment, students may be required to:

- a. explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario;
- b. recognise the effect on trading profits of the treatment of:
  - provisions
  - capitalised revenue expenditure;
- c. calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery and on structures and buildings);
- d. calculate the chargeable gains and losses on disposal of assets, including shares and securities;
- e. describe the circumstances in which rollover relief applies and calculate the effect of full or partial relief available in a given situation;
- f. recognise the effect of the following issues on corporation tax payable:
  - having a period of account less than or more than 12 months in length
  - having one or more associated companies;
  - being a member of a group;
- g. explain and illustrate how losses may be used effectively by a company or group;
- h. calculate the taxable total profit and the tax payable or repayable for companies including using losses to reduce the tax liability and the computation of double tax relief where appropriate; and
- i. identify the key features of the self-assessment system for companies, determine due dates for returns, payments and payments on account, and calculate the interest and penalties due for late submissions of returns, incorrect returns and late or incorrect payments of tax.

## 5 Income tax and NIC

Students will be able to calculate the amounts of income tax owed by or owed to individuals as well as the amounts of national insurance payable by employers, the self-employed and employees, including when these amounts must be reported.

In the assessment, students may be required to:

### Trading profits

- a. explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario;
- b. recognise the effect on trading profits of the treatment of:
  - provisions
  - capitalised revenue expenditure
  - intangible assets;
- c. calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery and on structures and buildings) using either the accruals basis or cash basis of accounting;

### Unincorporated businesses

- d. calculate the assessable trading profits or losses of a partnership including after a change in the profit sharing ratio or change in partners, and allocate the profits or losses to each partner including the allocation of notional profits and losses;
- e. calculate the assessable trading profits or losses for an unincorporated business which is commencing, continuing or ceasing to trade;
- f. explain and illustrate the possible uses of trading losses in a new or continuing business or a business ceasing to trade;

## Taxation of income

- g. calculate assessable employment income for an employee or director, taking into account expenses, allowable deductions and assessable benefits;
- h. calculate taxable savings, income from property, dividend income, taxed income and investment income;
- i. describe and calculate the principal aspects of the taxation of property income, including interest relief, rent-a-room relief, and the application of the cash basis;
- j. explain the alternative ways in which an individual can provide for retirement and calculate the tax relief available;
- k. explain the impact of an individual's residence, domicile and deemed domicile;
- l. calculate total taxable income and the income tax payable or repayable for employees, company directors, partners and self-employed individuals including the computation of double tax relief where appropriate and payments under the self-assessment system; and
- m. identify the key features of the self-assessment system for individuals, determine due dates for returns, payments, and payments on account, and calculate the interest and penalties due for late submissions of returns, incorrect returns and late or incorrect payments of tax.

## National insurance contributions

Students will be able to calculate the amounts of national insurance payable by individuals, businesses and companies.

In the assessment, students may be required to:

- q. identify the different classes of national insurance contributions;
- r. calculate the national insurance due on employment income and the assessable trading profits of the self-employed;
- s. recognise when the annual maxima rules for the payment of national insurance contributions apply; and
- t. calculate the total national insurance contributions payable by employees, employers and self-employed individuals.

## SKILLS ASSESSED

### Assimilating and using information

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"><li>Identify ethical issues in a given scenario</li></ul>	<ul style="list-style-type: none"><li>Interpret information provided in various formats</li><li>Evaluate the relevance and accuracy of information provided</li><li>Filter information provided to identify critical facts</li></ul>	<ul style="list-style-type: none"><li>Work effectively within time constraints</li><li>Operate to a brief in a given scenario</li></ul>

### How skills are assessed

*Students may be required to:*

- explain the implications of proposed transactions in any of the following ways:
  - calculation of tax liabilities and reliefs available;
  - written description of tax treatments;
  - explanation of tax treatments in light of unstructured information relating to individuals, partnerships or companies;
  - description of the availability and values of tax reliefs within the context of numerical questions;
  - explanation of alternative tax treatments; and
  - explanation of ethical issues within given scenarios.

### Structuring problems and solutions

### Structure data

- Present analysis in accordance with instructions and criteria

### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Select appropriate courses of action using an ethical framework

### How skills are assessed

*Students may be required to:*

- calculate tax liabilities from a given scenario;
- demonstrate relevant technical knowledge;
- perform relevant, accurate calculations in a logically structured way;
- identify different business entities and their tax status (eg, company, sole trader, partnership), and understand the tax implications thereof;
- integrate verbal descriptions with calculations;
- use calculations to illustrate an answer; and
- provide relevant legal and ethical information in the context of a tax scenario.

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify faults in computations and arguments
- Exercise ethical judgement

### How skills are assessed

*Students may be required to:*

- critically evaluate the quality, completeness and integrity of information put forward by tax payers;
- assess the legality of options and the consequences of various courses of action with regard to:
  - new client procedures;
  - regulatory requirements for tax practices
  - HMRC errors;
  - money laundering;
  - tax planning, tax avoidance and tax evasion.

## Concluding recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions

### Communication

- Present analysis and recommendations in accordance with instructions
- Prepare the advice, report, or notes required in a clear and concise style

### **How skills are assessed**

*Students may be required to:*

- analyse the implications of various courses of action out of a limited set of prescribed options;
- determine the tax implications of scenarios and proposals to provide alternative tax implications;
- justify a conclusion made using knowledge of the existing tax regime;
- show an illustrative example of possible VAT treatments eg, with regard to transactions involving land and buildings;
- show an illustrative example of inheritance tax implications of a proposed lifetime transfer or a transfer on death;
- show an illustrative example of the impact of residency status on income tax, capital gains tax or corporation tax; or
- show an illustrative example of whether an individual is trading by applying the badges of trade to reach a reasoned conclusion.

# *Business Planning*

The Business Planning modules provide students with the opportunity to gain subject- and sector-specific knowledge while studying for the ACA. Students will sit one of the Business Planning modules. There are three to choose from – Business Planning: Taxation, Business Planning: Banking, and Business Planning: Insurance.

## *Business Planning: Taxation*

### **MODULE AIM**

To enable students to apply technical knowledge and professional skills to identify and resolve taxation issues that arise in the context of preparing tax computations and to advise on tax-efficient strategies for businesses and individuals.

Students will be required to use technical knowledge and professional judgement to identify, explain and evaluate alternative tax treatments and to determine the appropriate solutions to taxation issues, giving due consideration to the needs of clients and the interaction between taxes. The commercial context and impact of recommendations will need to be considered in making such judgements, as will ethical and legal issues.

### **PRIOR KNOWLEDGE**

There are no regulations stipulating the order in which students must attempt this module. However, students are strongly advised to complete both the Principles of Taxation module and the Tax Compliance module before attempting this module, as the ability to prepare tax computations is required to be successful at this module.

Although technical topics by necessity flow through the three tax exams, a technical topic will not usually be retested in this module in a comprehensive computational question if it has already been tested in detail in either of the other two tax exams.

### **METHOD OF ASSESSMENT**

The Business Planning: Taxation exam is 2.5 hours long. The exam will contain questions requiring the use of communication, judgement and evaluation skills as well as an ability to understand the interaction of different taxes.

The exam will consist of three questions. One question will be an integrated scenario of approximately 40 marks. All three questions may, cover a range of taxes as well as including tax planning. Ethics and law may be tested in any of the three questions.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permittertexts](https://www.icaew.com/permittertexts)

### **ETHICS AND PROFESSIONAL SCEPTICISM**

It is imperative that ethical issues are prioritised in the planning of business taxation. Students will be expected to apply the ICAEW Code of Ethics and the Professional Conduct in Relation to Taxation across all of the questions in the exam. Students will be required to recognise and explain key ethical issues, identify ethical dimensions of possible scenarios, make appropriate judgements being mindful of professional scepticism and make recommendations in a sound and trustworthy manner.

## SPECIFICATION GRID

This grid provides a general guide as to the subject matter within this module and assessment coverage over a period of time.

Syllabus area	Weighting (%)
Ethics and law	5-10
Taxation of corporate entities	35-45
Taxation of owner-managed businesses	20-30
Personal taxation	15-25

This grid provides guidance on the relative weighting between knowledge and skills:

	Weighting (%)
Knowledge	25-35
Skills	65-75

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

### 1 Advanced taxation

Students will be able to analyse, evaluate and calculate the tax consequences of actions for individuals and companies and evaluate the interaction of taxes in given scenarios. This will involve advising and assisting clients in adhering to tax regulations.

In the assessment students may be required to consider:

#### Taxation of business and corporate entities

- a. determine, explain and calculate the tax liabilities for individuals and corporate entities, including income tax, national insurance, corporation tax, diverted profits tax, stamp taxes, VAT, and annual tax on enveloped dwellings (ATED);
- b. evaluate the tax implications of the choice of business structures, including provision of services through a company;
- c. explain the taxation issues relating to business start-ups;
- d. identify and evaluate the impact of close companies on the taxation of companies and individuals;
- e. explain and evaluate the tax implications of group structures;
- f. apply, explain and evaluate issues relating to transfer pricing;
- g. explain and evaluate the tax implications of business transformations and change;
- h. explain and calculate the tax implications involved in the cessation of trade;

#### International aspects of corporate taxation

- i. calculate the impact of international expansion on UK tax liabilities;
- j. explain the tax implications of inward investment in the UK;

- k. recognise the implications of double tax treaties, the OECD Model Tax Convention, and the OECD BEPS two pillar plan;
- l. apply and advise on double taxation relief;

### **Financing and investing**

- m. evaluate the taxation implications of financing existing and new businesses;
- n. evaluate the taxation implications of returns to investors;
- o. advise and calculate the impact of tax efficient investment schemes including ISAs, enterprise investment schemes, seed enterprise investment schemes and venture capital trusts;

### **Employment income and remuneration packages**

- p. advise on the tax implications of remuneration packages including share schemes, termination payments, and allowable deductions;

### **Personal taxation and overseas taxation**

- q. calculate tax liabilities for individuals including income and capital gains tax, national insurance contributions and inheritance tax;
- r. advise on the taxation of foreign assets, income and gains;
- s. evaluate and advise on the impact of residence, non-residence, deemed domicile and domicile on an individual's tax liabilities;
- t. analyse and explain the implications of individuals leaving and coming to the UK as well as the special tax position for non-UK domiciled individuals;
- u. explain the implications of domicile and deemed domicile for inheritance tax;

### **Trusts**

- v. identify the need for and advise on the use of trusts in tax planning; and
- w. appreciate in straight forward scenarios, the tax implications of creating and using trusts and the tax implications of assets entering or leaving trusts.

## **2 Tax planning**

Students will be able to advise on alternative tax treatments to defer or minimise tax liabilities. Students will also be able to understand the interaction of taxes in given scenarios and to identify and discriminate between tax evasion and tax avoidance.

In the assessment students may be required to:

- a. identify legitimate tax planning measures to minimise tax liabilities;
- b. evaluate and advise on tax strategies to meet business objectives;
- c. evaluate and advise on alternative tax strategies relating to corporate transformations;
- d. recognise the significance for tax purposes of changes in an individual's circumstances such as marriage and death;
- e. recognise, explain and communicate opportunities to use alternative tax treatments arising from past transactions; and
- f. identify and communicate ethical and professional issues in giving tax planning advice.

## **3 Ethics and law**

Students will be able to recognise and explain ethical and legal issues arising in taxation scenarios. Where ethical dilemmas arise, students will be required to apply the five fundamental principles

and guidance in the IESBA and ICAEW codes as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT), to recommend and justify appropriate, legal actions.

In the assessment, students may be required to, in the context of taxation:

- a. recognise and explain the relevance, importance and consequences of ethical and legal issues;
- b. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- c. design and evaluate appropriate ethical safeguards; and
- d. recognise and advise when a tax-avoidance scheme is notifiable to HMRC and distinguish between planning, avoidance and evasion and their consequences.

## SKILLS ASSESSED

### Assimilating and using information

<p><b>Understand the situation and the requirements</b></p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Identify risks within a scenario</li> <li>• Identify elements of uncertainty within a scenario</li> <li>• Identify ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<p><b>Identify and use relevant information</b></p> <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<p><b>Identify and prioritise key issues and stay on task</b></p> <ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Business Planning: Taxation               <ul style="list-style-type: none"> <li>- assimilate information provided by internal and external sources;</li> <li>- identify and evaluate inconsistencies in information provided from multiple sources; and</li> <li>- recognise and explain key ethical issues for an accountant undertaking work in taxation.</li> </ul> </li> </ul>		

### Structuring problems and solutions

Structure data	Develop solutions
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- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> <li>• Identify any information gaps</li> <li>• Frame questions to clarify information</li> <li>• Use a range of data types and sources to inform analysis and decision-making</li> <li>• Present analysis in accordance with instructions and criteria</li> </ul> | <ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> <li>• Use structured information to identify evidence-based solutions</li> <li>• Identify creative and pragmatic solutions in a business environment</li> <li>• Identify opportunities to add value</li> <li>• Identify and anticipate problems that may result from a decision</li> <li>• Identify a range of possible solutions based on analysis</li> <li>• Identify ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify the solution which is the best fit with acceptance criteria and objectives</li> <li>• Define objectives and acceptance criteria for solutions</li> </ul> |
|---|---|

**How skills are assessed**

*Students may be required to:*

- Business Planning: Taxation
  - consider and calculate a range of appropriate tax treatments;
  - provide descriptive analysis and explanations;
  - integrate different taxes and jurisdictions;
  - evaluate taxation impact of a transaction;
  - integrate descriptions with calculations in a form appropriate for the user;
  - apply technical knowledge to perform relevant, accurate calculations in a logically structured way;
  - identify further information or clarify existing arrangements with a client;
  - consider the impact of delaying or modifying future decisions; and
  - identify and explain ethical and legal issues.

**Applying judgement**

**Apply professional scepticism and critical thinking**

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

**Relate issues to the environment**

- Appreciate when more expert help is required
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

**How skills are assessed**

*Students may be required to:*

- Business Planning: Taxation
  - apply scepticism to the integrity of information provided in the scenario having regard to its source;
  - select between appropriate options;
  - identify omissions in the information;

- evaluate inconsistencies in information;
- evaluate the effects of future events;
- identify key linkages between information provided in a scenario and possible tax treatments;
- compare the effects of a range of estimates, outcomes or tax treatments; and
- exercise own ethical judgement in assessing the consequences of various courses of action.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply technical knowledge, professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

### How skills are assessed

*Students may be required to:*

- Business Planning: Taxation
  - determine the tax implications of scenarios and proposals to provide alternative recommendations to meet a given individual or corporate objective or goal;
  - formulate and recommend a reasoned conclusion from structured calculations;
  - justify a conclusion made using knowledge of the existing tax regime;
  - advise on the ethical considerations;
  - explain the limitations of conclusions or recommendations;
  - present a report/memorandum in response to a specific technical or ethical issue and in accordance with client requirements;
  - present a review of advice or proposed tax strategies making recommendations supported by calculations or analysis of tax issues identified;
  - present a justification of a specific recommended action when a variety of options are available;
  - identify further information required to complete tax computations and finalise tax advice; and
  - give advice which is appropriate, technically correct, and within the law and the ICAEW Code of Ethics as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT).

# *Business Planning: Banking*

## MODULE AIM

To enable students to apply technical knowledge and professional skills to identify and resolve technical compliance and ethical issues that arise in the context of the preparation and evaluation of financial and regulatory reporting and from providing audit and assurance services in the banking sector.

## PRIOR KNOWLEDGE

There are no regulations stipulating the order in which students must attempt this module. However, students are strongly advised to complete the Financial Accounting and Reporting module and the Audit and Assurance module before attempting this module, as an understanding of financial reporting and auditing is required to be successful at this module.

## METHOD OF ASSESSMENT

The Business Planning: Banking exam is 2.5 hours long. The exam will contain questions requiring the use of communication, judgement and evaluation skills.

The exam will consist of three integrated scenario-based questions. One question will be an integrated scenario of approximately 40 marks. Ethics and law may be tested in any of the three questions.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permittedtexts](https://www.icaew.com/permittedtexts)

## ETHICS AND PROFESSIONAL SCEPTICISM

It is imperative that ethical issues are prioritised in business planning in the banking sector. Students will be expected to apply the ICAEW Code of Ethics, recognising and explaining ethical dilemmas and evaluating suitable safeguards. Judgement will be required to recognise when regulators should be notified and to identify the ethical implications of providing audit and assurance services to a Public Interest Entity. Professional scepticism must be applied in making judgements.

## SPECIFICATION GRID

This grid provides a general guide as to the subject matter within this module and assessment coverage over a period of time.

Syllabus Area	Weighting (%)
Risk management and financial services products	20-25
Financial and regulatory reporting for banks	35-40
Audit and assurance of banks	30-35
Ethics	5-10

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## 1 Financial services: institutions, markets and products

Students will be able to demonstrate an understanding of the nature, functions and role of the banking sector and of the financial markets relevant to this industry. They will be able to appraise financial products, evaluate the risks and returns associated with such products and evaluate financial product strategies within the banking sector of the financial services industry.

In the assessment, students may be required to:

### Institutions, markets and products

- a. demonstrate an understanding of the nature, structure and roles of different types of banks (eg, commercial banks, retail banks, investment banks, private banks, finance houses, mutuals, Islamic banks);
- b. explain the nature and roles of the financial markets (eg, credit, debt, equity, derivatives and money markets) within which banks operate and the functions that banks have within these markets (eg, financial intermediation, securitisation, providing liquidity, clearing, relationship with central banks);
- c. explain the responsibilities that banks have to their stakeholders and the public interest (eg, environmental, social and governance (ESG) and sustainability responsibilities);
- d. explain the nature of derivatives (eg, options, futures, swaps) and how they are traded. In a given scenario demonstrate how derivatives may be used (eg, for foreign exchange, interest rates and commodities);
- e. demonstrate an understanding of financial market instruments including those relating to foreign exchange; money markets and trade finance;
- f. identify key aspects of credit risk and appraise the operations of the credit risk function including: corporate loans, bonds, asset finance, trade finance, debt factoring and securitisation;
- g. recognise and explain the nature and functions of securities products and markets;
- h. explain and evaluate key securities issues for banks including: valuations, reserves, levelling, confirmations, nostro and vostro accounts, and stock reconciliations;
- i. explain and evaluate alternative financial assets and the markets in which they operate (eg, property, commodities, cryptocurrency); and
- j. demonstrate an understanding of the opportunities and threats to traditional banking models created by digital technologies, including artificial intelligence, distributed ledger technology such as blockchain, cyber security, automation, cloud computing and FinTech, and peer-to-peer arrangements.

## 2 Risk Management

Students will be able to identify the regulatory, operational and financial risks in relation to the banking sector and explain the principal methods and frameworks for managing those risks.

In the assessment, students may be required to:

- a. explain the nature and consequences of corporate governance requirements relating to banks, including those arising from the UK Corporate Governance Code and Basel, and demonstrate an understanding of how good governance can contribute to the management of risk and creation of value in a variety of scenarios;
- b. explain and assess the role and effectiveness of the audit and risk committees;
- c. explain the functions and purposes of the asset-liability committee (ALCO) and other committees responsible for risk management within a bank and perform analysis for risk identification and management;
- d. identify and explain the key operational risks experienced by a bank in a given scenario, for example IT failure, cybercrime, ESG and sustainability risks and fraud, and provide advice in the context of uncertainty;
- e. explain the concept of risk appetite, identify the factors that influence a bank's risk appetite and advise on how an appropriate level of risk taking might be determined by a bank, including the use of data analytics;

- f. explain how a bank might manage credit risk and make reasoned recommendations, supported by analysis, in the context of a given scenario;
- g. explain and demonstrate, using appropriate analysis, how financial instruments (eg, derivatives, hedging instruments) can be utilised to manage different types of financial risks for clients and in the context of proprietary trading by banks;
- h. explain how a bank might manage its own liquidity and capital risk (including assessing the impact of collateral and asset encumbrance issues and funding sources);
- i. explain and evaluate the risks arising from digital technologies including artificial intelligence, distributed ledger technology such as blockchain, cyber security, automation, cloud computing and FinTech; and assess how these technology issues affect banks;
- j. explain how a bank might mitigate risks using digital technologies, including data analytics, and artificial intelligence; and
- k. explain how money laundering risks arise, identify and evaluate the risks this generates for banks and advise how a bank can respond to mitigate the threat of money laundering.

### 3 Financial and regulatory reporting

Students will be able to demonstrate an understanding of how banks prepare financial reports for their annual financial statements and other regulatory requirements. This includes demonstrating knowledge of the accounting treatment of key transactions and balances, including financial instruments, and also demonstrating the ability to analyse the financial statements of banks.

In the assessment, students may be required to:

- a. explain and analyse a bank's statement of profit or loss, including its major sources of income;
- b. explain and analyse a bank's statement of financial position, including its major components and priorities: liquidity, capital, leverage ratio;
- c. determine and calculate how different bases for recognising, measuring, disclosing and classifying financial assets and financial liabilities can impact upon reported performance and financial position in accordance with IAS 32, IFRS 7, IFRS 9;
- d. demonstrate an understanding of the financial reporting treatment of derivatives, including appropriate calculations;
- e. show, explain and appraise hedge accounting principles and procedures in accordance with IFRS 9 and IAS 39, including appropriate calculations;
- f. demonstrate an understanding of the financial reporting treatment of financial asset impairments for banks identifying relevant risks and preparing calculations of impairment allowances;
- g. identify and explain the circumstances where it is appropriate to use fair value measurement for financial instruments in accordance with IFRS 13 and evaluate the factors which may impact upon fair values, including trading cycles, market risk, credit risk, liquidity risk and associated controls (but not including technical valuation);
- h. perform analysis of financial and management information for purposes including the appraisal of the potential credit risk from a company seeking finance, the identification of risks facing a financial institution or the evaluation of a potential acquisition target;
- i. demonstrate an understanding of disclosure and presentation in financial reporting for financial instruments in accordance with IAS 32 and IFRS 7;
- j. demonstrate an understanding of the proposals of the Task Force on Climate-related Financial Disclosures (TCFD) and explain the fundamental principles of the requirements for banks;
- k. describe the principal differences between IFRS Standards and UK GAAP and prepare simple extracts from financial statements in accordance with UK GAAP; and
- l. demonstrate an understanding of the regulatory reporting requirements for banks including:
  - Regulatory framework (Basel Committee, Financial Stability Board, Bank of England/Financial Conduct Authority/Prudential Regulation Authority)
  - Fundamentals of regulatory capital, and capital management (Basel framework, CRD V and CRR, capital ratio, risk-weighted assets, definition of capital, leverage ratio, liquidity coverage ratio)
  - Basel 3 Pillar 3 disclosures, and bank regulatory returns

- Conduct regulation and accounting for regulatory penalties
- Managing the financial risks from climate change.

#### 4 Audit and Assurance

Students will be able to demonstrate an understanding of issues relating to audit and assurance assignments for banks and be able to explain the risks, regulations and compliance procedures that are relevant to the banking sector. Students should be able to recognise and appraise the special considerations relating to the audit of banks and design appropriate audit procedures.

In the assessment, students may be required to:

- demonstrate an understanding of the application of auditing standards to banks and be able to apply, in given scenarios, the provisions of Practice Note 19, *The Audit of Banks and Building Societies in the United Kingdom*;
- explain, evaluate and apply the provisions of IAPN 1000/Practice Note 23 *Special Considerations in Auditing Financial Instruments* and apply the audit procedures necessary in providing assurance over the completeness, accuracy, existence and valuation of financial instruments;
- appraise and apply appropriate audit procedures to the assumptions underlying banking models eg, impairment, fair value in accordance with ISA 540;
- explain and apply appropriate audit procedures with respect to impairment allowances; appraising the risk of impairment, providing assurance in respect of the financial reporting treatment, and demonstrating an appropriate degree of professional scepticism;
- explain the duty and right to disclose information to FCA, PRA and BoE and dialogue between bank auditors and supervisors;
- demonstrate an understanding of the circumstances in which a bank may hold client money and a basic understanding of the consequences for the bank and the auditor of holding client money;
- identify, explain and apply appropriate assurance procedures with respect to a credit review;
- demonstrate an understanding of the role of a Skilled Person with reference to a Section 166 report ; and
- demonstrate an understanding of the role of assurance and the nature of assurance procedures in the banking industry, including internal audit and due diligence.

#### 5 Ethics

Students will be able to recognise and explain ethical issues arising in banking related scenarios and be able to apply professional scepticism. Where ethical dilemmas arise, students will be required to apply the fundamental principles and guidance in the ICAEW code to identify, recommend and justify appropriate actions.

In the assessment, students may be required to, in the context of banking related scenarios:

- recognise and explain the relevance, importance and consequences of ethical, professional conduct, business trust, legal and public interest issues;
- apply professional scepticism in their role by questioning information and its source and any responses given to them;
- recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- design and evaluate appropriate ethical safeguards;
- recognise and advise when, how and to whom an issue should be notified to regulators;
- recognise the ethical implications of providing audit and assurance services to a Public Interest Entity; and
- evaluate the ethical implications of an organisation's selection, capture, analysis and use of data.

## SKILLS ASSESSED

### Assimilating and using information

<p><b>Understand the situation and the requirements</b></p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Identify and evaluate key risks within a scenario</li> <li>• Identify and evaluate elements of uncertainty within a scenario</li> <li>• Identify and explain ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<p><b>Identify and use relevant information</b></p> <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<p><b>Identify and prioritise key issues and stay on task</b></p> <ul style="list-style-type: none"> <li>• Identify and explain business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>
<p><b>How skills are assessed</b>  <i>Students may be required to:</i></p> <ul style="list-style-type: none"> <li>• Business Planning: Banking             <ul style="list-style-type: none"> <li>- recognise specific issues that may arise in the context of the situation described;</li> <li>- identify and evaluate inconsistencies in information provided from multiple sources; and</li> <li>- recognise and explain key ethical issues for an accountant undertaking work in banking</li> <li>- assimilate and analyse data presented in a range of formats and levels of detail.</li> </ul> </li> </ul>		

### Structuring problems and solutions

<p><b>Structure data</b></p> <ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> <li>• Identify and evaluate any information gaps</li> <li>• Frame questions to clarify information</li> <li>• Use a range of data types and sources to inform analysis and decision-making</li> <li>• Present analysis in accordance with instructions and criteria</li> </ul>	<p><b>Develop solutions</b></p> <ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> <li>• Use structured information to identify evidence-based solutions</li> <li>• Identify creative and pragmatic solutions in a business environment</li> <li>• Identify and explain opportunities to add value</li> <li>• Identify and anticipate problems that may result from a decision</li> <li>• Identify and evaluate a range of possible solutions based on analysis</li> <li>• Identify and explain ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify and justify the solution which is the best fit with acceptance criteria and objectives</li> <li>• Define objectives and acceptance criteria for solutions</li> </ul>
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### How skills are assessed

Students may be required to:

- Business Planning: Banking
  - formulate, evaluate and implement accounting and reporting policies;
  - identify regulatory issues and requirements and consider appropriate responses where necessary;
  - integrate requirements of various international regulatory bodies and jurisdictions;
  - identify and explain audit issues for a banking client and suggest appropriate responses
  - integrate descriptions with calculations in a form appropriate for the user;
  - apply technical knowledge to perform relevant, accurate calculations in a logically structured way;
  - identify and justify further information needed;
  - provide descriptive analysis and explanations; and
  - identify and explain ethical and legal issues.

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify and justify faults in arguments
- Identify and evaluate gaps in evidence
- Identify and evaluate inconsistencies and contradictory information
- Assess and evaluate interaction of information from different sources
- Exercise ethical judgement

### Relate issues to the environment

- Appreciate when more expert help is required
- Identify and explain related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

### How skills are assessed

Students may be required to:

- Business Planning: Banking
  - apply scepticism to the integrity of information provided in the scenario having regard to its source;
  - identify and evaluate omissions in the information;
  - evaluate inconsistencies in information;
  - exercise own ethical judgement in assessing the consequences of various courses of action;
  - evaluate the effects of future events;
  - assess the materiality of errors; and
  - select between appropriate options.

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Apply technical knowledge, professional experience and evidence to support reasoning
- Use valid and different technical skills to formulate opinions,

### Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence

### Communication

- Present a basic or routine memorandum or briefing note in writing in a clear and concise style
- Present analysis and recommendations in accordance with instructions
- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient



advice, plans, solutions, options and reservations.

- Make evidence-based recommendations which can be justified by reference to supporting data and other information
- Develop recommendations which combine different technical skills in a practical situation

- Prepare the advice, report, or notes required in a clear and concise style

### How skills are assessed

*Students may be required to:*

- Business Planning: Banking
  - formulate and recommend a reasoned conclusion from data, facts, calculations, judgements and own analysis;
  - advise on the ethical considerations; and
  - draw conclusions from data, facts, calculations, judgements and own analysis;
  - explain the limitations of conclusions or recommendations;
  - identify and assess key linkages;
  - compare the effects of a range of estimates, and outcomes or financial treatments.
  - present a report/memorandum in response to a specific technical or ethical issue and in accordance with client requirements;
  - present reasoned, practicable advice that is clear and concise, supported by calculations or analysis of issues identified;
  - present a justification of a specific recommended action when a variety of options are available;
  - identify further information required to finalise preliminary recommendations; and
  - give advice only where it is appropriate, technically correct, and within the relevant regulations and is in accordance with the ICAEW Code of Ethics.

# *Business Planning: Insurance*

## MODULE AIM

To enable students to apply technical knowledge and professional skills to identify and resolve technical compliance and ethical issues that arise in the context of the preparation and evaluation of financial and regulatory reporting and from the provision of audit and assurance services in the insurance sector.

## PRIOR KNOWLEDGE

There are no regulations stipulating the order in which students must attempt this module. However, students are strongly advised to complete the Financial Accounting and Reporting module and the Audit and Assurance module before attempting this module, as an understanding of financial reporting and auditing is required to be successful at this module.

## METHOD OF ASSESSMENT

The Business Planning: Insurance exam is 2.5 hours long. The exam will contain questions requiring the use of communication, judgement and evaluation skills.

The exam will consist of three integrated scenario-based questions. One question will be an integrated scenario of approximately 40 marks. Ethics, regulation, and law may be tested in any or all of the three questions.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permitteditexts](https://www.icaew.com/permitteditexts)

## ETHICS AND PROFESSIONAL SCEPTICISM

It is imperative that ethical issues are prioritised in business planning in the insurance sector. Students will be expected to apply the ICAEW Code of Ethics in any questions in the exam, recognising and explaining ethical dilemmas and evaluating suitable safeguards. Judgement will be required to recognise when regulators should be notified and to identify the ethical implications of providing audit and assurance services to a Public Interest Entity. Professional scepticism must be applied in making judgements.

## SPECIFICATION GRID

This grid provides a general guide as to the subject matter within this module and assessment coverage over a period of time.

Syllabus area	Weighting (%)
Insurance products and risk management	20-25
Financial and regulatory reporting for insurance companies	35-40
Audit and assurance of insurance companies	30-35
Ethics	5-10

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids at the end of this document.

## **1 Insurance: Principles, services and products**

Students will be able to demonstrate an understanding of the principles, services and products applying in the insurance sector and the markets relevant to this industry. They will be able to appraise insurance related financial products, evaluate the risks and returns associated with such products and evaluate asset and liability management strategies within the insurance sector.

Throughout this syllabus, “insurance” means direct insurance, whether general or long-term business, and also reinsurance. It includes business in the Lloyd’s insurance market. Reinsurance includes reinsurance ceded and reinsurance risks accepted from other insurance companies by a reinsurer.

In the assessment, students may be required to:

- a. demonstrate an understanding of the principles, practices and functions of the insurance sector and its related markets and the responsibilities of insurers to their stakeholders (eg sustainability responsibilities);
- b. explain the nature of general (non-life) insurance and demonstrate an understanding of the issues and practices for different classes of insurance having regard to the impact that climate change may have on dynamic risks, including but not limited to: property, motor, health, catastrophe and casualty;
- c. explain the nature of life insurance and demonstrate an understanding of the issues and practices relating to savings products, annuities, pensions and other long-term insurance products;
- d. explain the nature, principles and purposes of the various types of reinsurance contracts, including evaluating the costs and benefits of risk sharing between the ceding and reinsurer companies;
- e. identify and explain common investment classes; evaluate the risks attached to each class of investment and advise on asset management strategies in a given scenario;
- f. explain and evaluate the liabilities of insurance companies including utilising industry methods and models for estimating the total cost of claims, including claims notified, claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER);
- g. demonstrate a basic understanding of actuarial modelling in the context of insurance, including the use of data, the nature of the assumptions and their implications for estimating liabilities;
- h. demonstrate an understanding of the different distribution routes used by insurers; and
- i. demonstrate an understanding of the opportunities and threats to traditional insurance models created by digital technologies, including data analytics, peer-to-peer risk sharing arrangements, and distributed ledger technology eg, blockchain.

## **2 Risk Management**

Students will be able to identify the regulatory, operational and financial risks in relation to the insurance sector and explain the principal methods and frameworks for managing those risks including data analytics.

In the assessment, students may be required to:

- a. explain the nature and consequences of corporate governance requirements relating to insurance companies, including those arising from the UK Corporate Governance Code and Solvency II, and demonstrate an understanding of how good governance can contribute to the management of risk and creation of value in a variety of scenarios, including having regard to stakeholders’ legitimate expectations about responses to sustainability issues;
- b. identify and explain the key operational risks experienced by an insurance company in a given scenario, for example IT failure, cybercrime, sustainability risks and fraud, and provide advice in the context of uncertainty;

- c. demonstrate the ability to differentiate between insurance risk and underwriting risk;
- d. explain the concept of risk appetite, identify the factors that influence an insurer's risk appetite, and advise on how an appropriate level of risk taking might be determined by an insurer;
- e. explain conduct risk and the customer centric perspective; recognising the role of regulators and evaluating how an insurance company might manage conduct risk in the context of a given scenario, making reasoned recommendations;
- f. identify and evaluate asset and liability matching strategies in the context of a given scenario, providing reasoned advice;
- g. explain and demonstrate, using appropriate analysis, how financial instruments (including derivatives, contingent convertible bonds, catastrophe bonds and mortality bonds) can be utilised to manage different types of financial risks;
- h. demonstrate an understanding of the factors that impact upon an insurer's risk management, including culture, controls, risk models, data analytics and strategy, and provide reasoned advice in the context of a given scenario;
- i. identify and explain risks specific to life insurance and non-life insurance in the context of a given scenario and advise on appropriate measures to mitigate and manage them;
- j. explain how an insurance company might manage risks using digital technologies, including big data, data analytics and artificial intelligence; and
- k. explain how money laundering risks arise; identify and evaluate the risks this generates for insurers; and advise how an insurer can respond to mitigate the threat of money laundering.

### 3 Financial and regulatory reporting

Students will be able to demonstrate an understanding of how insurance companies prepare financial reports for their annual financial statements and other regulatory requirements. This includes demonstrating knowledge of the accounting treatment of key transactions and balances, including financial instruments, and also demonstrating the ability to analyse the financial statements of insurance companies.

In the assessment, students may be required to:

- a. explain and analyse an insurance company's statement of profit or loss (income statement), and demonstrate an understanding of each type of income and expense;
- b. explain and analyse an insurance company's statement of financial position, demonstrate an understanding of each of its major components;
- c. explain, appraise and apply IFRS 17, *Insurance Contracts* including:
  - initial and subsequent measurement of insurance contracts using both the premium allocation approach and the general measurement method
  - the presentation of insurance contracts and profits and losses therefrom in the financial statements
  - the impact of changes in measurement assumptions and estimates on the financial statements;
- d. explain, appraise and apply the provisions of FRS 103 *Insurance Contracts* and describe the principal differences between IFRS® Standards and UK GAAP for insurers;
- e. demonstrate an understanding of the principles underlying the calculation of MCEV, including key differences and similarities to IFRS;
- f. determine and calculate how different bases for recognising, measuring, disclosing and presenting investment assets and financial liabilities can impact upon reported performance and financial position in accordance with IAS 32, IFRS 7, IFRS 9, IFRS 40 and FRS103;
- g. determine the impact on reported performance and financial position of the recoverability of reinsurance receivables, allowing for insolvency of reinsurers, exhaustion of reinsurance, obligations arising from "financial reinsurance" and gaps in reinsurance cover;
- h. demonstrate an understanding of the financial reporting treatment of derivatives, including the basic principles of hedge accounting in accordance with IFRS 9;
- i. show and appraise the IFRS 9 treatments of the impairment of financial instruments, demonstrating an understanding of the relevant principles;

- j. identify and explain the circumstances where it is appropriate to use fair value measurement in accordance with IFRS 13 and evaluate the factors which may impact upon fair values, including trading cycles, credit risk, market risk and associated controls (but not including technical valuation);
- k. demonstrate an understanding of disclosure and presentation in financial reporting for financial instruments in accordance with IAS 32 and IFRS 7;
- l. demonstrate an understanding of the proposals of the Task Force on Climate-related Financial Disclosures (TCFD) and explain the fundamental principles of the requirements for insurers; and
- m. demonstrate an understanding of the regulations and regulatory reporting requirements for insurance companies arising from each of the following:
  - UK regulatory framework (Bank of England/Prudential Regulation Authority, Financial Conduct Authority, Financial Ombudsman Service)
  - introduction to regulatory capital, capital management and Solvency II
  - Solvency II Pillar 3 disclosures, the Solvency and Financial Condition Report
  - capital and regulatory reporting requirements for non-Solvency II firms
  - Pension Protection Fund requirements
  - economic capital models, including Market Consistent Embedded Value principles
  - conduct regulation and accounting for regulatory penalties
  - managing the financial risks from climate change.

#### 4 Audit and Assurance

Students will be able to demonstrate an understanding of issues relating to audit and assurance assignments for insurers and be able to explain the risks, regulations and compliance procedures that are relevant to assurance assignments in the insurance sector. Students should be able to recognise and appraise the special considerations relating to assurance for insurance companies and design appropriate assurance procedures.

In the assessment, students may be required to:

- a. demonstrate an understanding of the application of auditing standards to insurance companies and be able to apply, in given scenarios, the provisions of Practice Note 20, *The Audit of Insurers in the United Kingdom*;
- b. explain, evaluate and apply the provisions of IAPN 1000/Practice Note 23 *Special Considerations in Auditing Financial Instruments* and apply the audit procedures necessary in providing assurance over the completeness, accuracy, existence and valuation of financial instruments;
- c. appraise and apply appropriate audit procedures to the assumptions underlying actuarial models in accordance with ISA 540;
- d. demonstrate an understanding of the role of the review actuary and explain the principles and issues that determine the relationship between the assurance provider and the review actuary;
- e. apply assurance procedures for an insurer's regulatory returns in accordance with the terms of the specific engagement;
- f. demonstrate an understanding of the auditor's responsibilities in relation to the audit of an insurance company's Solvency and Financial Condition Report;
- g. demonstrate an understanding of the circumstances in which an insurer, broker or pension provider may hold client money and a basic understanding of the consequences for the insurer and the auditor of holding client money;
- h. demonstrate an understanding of the role of a Skilled Person with reference to a Section 166 report and the application of the essential elements relevant ICAEW guidance (TECH01/18FSF);
- i. demonstrate an understanding of the role of assurance and the nature of assurance procedures in the insurance industry, including internal audit and due diligence; and
- j. explain the importance of critically assessing an insurance company's strategic report in addition to its financial statements for consistency and for the purpose of understanding the entity.

## 5 Ethics

Students will be able to recognise and explain ethical issues arising in insurance-related scenarios and will be able to apply professional scepticism. Where ethical issues and dilemmas arise, students will be required to apply the fundamental principles and guidance in the ICAEW code to identify, recommend and justify appropriate, proportionate actions.

In the assessment, students may be required to, in the context of insurance related scenarios:

- a. recognise and explain the relevance, importance and consequences of ethical, professional conduct, business trust, legal and public interest issues;
- b. apply professional scepticism in their role by questioning information, its source and any responses given to them;
- c. recommend and justify appropriate actions where ethical issues arise in a given scenario;
- d. design and evaluate appropriate ethical safeguards;
- e. recognise and advise when, how and to whom an issue should be notified;
- f. recognise the ethical implications of providing audit and assurance services to a Public Interest Entity; and
- g. evaluate the ethical implications of an organisation's selection, capture, analysis and use of data.

## SKILLS ASSESSED

### Assimilating and using information

#### Understand the situation and the requirements

- Demonstrate understanding of the business context
- Recognise new and complex ideas within a scenario
- Identify and explain the needs of customers and clients
- Identify and evaluate key risks within a scenario
- Identify and evaluate elements of uncertainty within a scenario
- Identify ethical issues including public interest and sustainability issues within a scenario

#### Identify and use relevant information

- Interpret information provided in various formats
- Evaluate the relevance of information provided
- Filter information provided to identify critical facts

#### Identify and prioritise key issues and stay on task

- Identify and explain business and financial issues from a scenario
- Prioritise key issues
- Work effectively within time constraints
- Operate to a brief in a given scenario

#### How skills are assessed

*Students may be required to:*

- Business Planning Insurance
  - recognise specific issues that may arise in the context of the situation described;
  - identify and evaluate inconsistencies in information provided from multiple sources;
  - recognise and explain key ethical issues for an accountant undertaking work in insurance; and
  - assimilate and analyse data presented in a range of formats.

## Structuring problems and solutions

### Structure data

- Structure information from various sources into suitable formats for analysis
- Identify and evaluate any information gaps
- Frame questions to clarify information
- Use a range of data types and sources to inform analysis and decision-making
- Present analysis in accordance with instructions and criteria

### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Identify creative and pragmatic solutions in a business environment
- Identify and explain opportunities to add value
- Identify and anticipate problems that may result from a decision
- Identify and evaluate a range of possible solutions based on analysis
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical framework
- Identify and justify the solution which is the best fit with acceptance criteria and objectives
- Define objectives and acceptance criteria for solutions

### How skills are assessed

*Students may be required to:*

- Business Planning: Insurance
  - formulate, evaluate and implement accounting and reporting policies;
  - identify regulatory issues and requirements and consider appropriate responses where necessary;
  - integrate requirements of various regulatory bodies applicable to UK entities;
  - identify and explain audit issues for an insurance client and suggest appropriate responses
  - integrate descriptions with calculations in a form appropriate for the user;
  - apply technical knowledge to perform relevant, accurate calculations in a logically structured way;
  - identify and justify further information needed;
  - provide descriptive analysis and explanations; and
  - identify and explain ethical and legal issues.

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify and justify faults in arguments
- Identify and evaluate gaps in evidence
- Identify and evaluate inconsistencies and contradictory information
- Assess and evaluate interaction of information from different sources
- Exercise ethical judgement

### Relate issues to the environment

- Appreciate when more expert help is required
- Identify and explain related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

### How skills are assessed

*Students may be required to:*

- Business Planning: Insurance
  - apply scepticism to the integrity of information provided in the scenario having regard to its source;
  - identify omissions in the information;
  - evaluate inconsistencies in information;
  - exercise own ethical judgement in assessing the consequences of various courses of action;
  - evaluate the effects of future events;
  - assess the materiality of errors; and
  - select between appropriate options.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply technical knowledge, professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

### How skills are assessed

*Students may be required to:*

- Business Planning: Insurance
  - formulate and recommend a reasoned conclusion from data, facts, calculations, judgements and own analysis;
  - draw conclusions from data, facts, calculations, judgements and own analysis;
  - advise on the ethical considerations; and
  - explain the limitations of conclusions or recommendations;
  - identify and assess key linkages;
  - compare the effects of a range of estimates, and outcomes or financial treatments.
  - present a report/memorandum in response to a specific technical or ethical issue and in accordance with client requirements;
  - present a reasoned, practicable advice that is clear and concise, supported by calculations or analysis of issues identified;
  - present a justification of a specific recommended action when a variety of options are available;
  - identify further information required to finalise preliminary recommendations; and
  - give advice only where it is appropriate, technically correct, and within the relevant regulations and is in accordance with the ICAEW Code of Ethics.





# *Advanced Level*

## *Corporate Reporting*

### **MODULE AIM**

To enable students to apply technical knowledge, analytical techniques and professional skills to resolve compliance and business issues that arise in the context of the preparation and evaluation of corporate reports and from providing audit services.

Students will be required to use technical knowledge and professional judgement to identify, explain and evaluate alternatives and to determine the appropriate solutions to compliance issues, giving due consideration to the needs of clients and other stakeholders. The commercial context and impact of recommendations and ethical issues will also need to be considered in making such judgements.

On completion of this module, students will be able to:

- formulate, implement and evaluate corporate reporting policies for single entities and groups of varying sizes and in a variety of industries. They will be able to discern and formulate the appropriate financial reporting treatment for complex transactions and complex scenarios. Students will be able to evaluate and apply technical knowledge from International Financial Reporting Standards (IFRS® Standards) and apply professional skills to integrate knowledge where several IFRS® Standards are simultaneously applicable and interact.
- analyse, interpret, evaluate and compare financial statements of entities both over time and across a range of industries.
- explain the processes involved in planning an audit, evaluate internal controls, appraise risk including analysing quantitative and qualitative data, gather evidence including using data analytics software to draw conclusions in accordance with the terms of the engagement. In addition, they will be able to perform a range of assurance engagements and related tasks.
- evaluate corporate reporting policies, estimates and disclosures in a scenario in order to be able to assess whether they are in compliance with IFRS® Standards and are appropriate in the context of audit objectives.
- identify and explain ethical issues. Where ethical dilemmas arise, students will be able to recommend and justify and determine appropriate actions and ethical safeguards to mitigate threats.

### **PRIOR KNOWLEDGE**

This module assumes and develops the knowledge and skills acquired in the Financial Accounting and Reporting module and in the Audit and Assurance module.

Background knowledge based upon the strategic elements of the Business Planning modules, Business Strategy and Technology and Financial Management modules will also be required in evaluating the business and financial risks of reporting entities.

### **REGULATION**

The regulations relating to auditing and corporate reporting will have international application and are therefore based upon IFRS® Standards and auditing and assurance standards, including ISAs (UK). Knowledge of specific national standards will not be tested.

### **METHOD OF ASSESSMENT**

The Corporate Reporting exam is 3.5 hours long. Each exam will contain questions requiring integration of knowledge and skills, including ethics. The exam will consist of three questions. Ethical issues and problems could appear in any of the three questions.

One question will require students to use data analytics software to assist in preparing the answer, and for that question Advance Information will be released before the Corporate Reporting exam. The Advance Information will comprise two parts:

- a dataset of 11 months' financial data for the company that students will see in the exam; and
- a document with background information and the scenario.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permitteditexts](https://www.icaew.com/permitteditexts)

## ETHICS AND PROFESSIONAL SCEPTICISM

At the Advanced Level, students will be expected to demonstrate the higher skills of sound, discerning business judgement and critical evaluation. The use of professional scepticism in a complex scenario is a necessary skill for the trusted business professional. The ethical implications of complex scenarios will be both at the organisational level and at the personal level for individuals. Professional scepticism and ethical judgement are paramount whether the accountant be in public practice or in business. The importance of ethical practice is reflected in ethics being covered in its own specific syllabus area as well as featuring in the integrated learning outcomes. Social responsibility, sustainability and environmental matters, identifying earnings manipulation and creative accounting are included as these areas require higher skills of judgement and evaluation. The ethical codes referenced will be those issued by IESBA and ICAEW.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. Over time the marks available in the assessment will be within the ranges of weightings below, but some variations may occur in individual examinations to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
Corporate Reporting – Compliance	55-65
Corporate Reporting – Financial statement analysis	
Audit and Assurance	30-40
Ethics	5-10

The following learning outcomes should be read in conjunction with the relevant sections of the technical knowledge grids from at the end of this document.

## CORPORATE REPORTING – COMPLIANCE

Students will be able to formulate, implement and evaluate accounting and reporting policies for single entities and groups of varying sizes and in a variety of industries. They will be able to discern and formulate the appropriate financial reporting treatment for complex transactions and complex scenarios. Students will be able to evaluate and apply technical knowledge from individual IFRS® Standards and apply professional skills to integrate knowledge where several IFRS® Standards are simultaneously applicable and interact.

In the assessment, students may be required to:

## 1 Principles

- a. explain and appraise the impact of accounting principles and bases of measurement in corporate reporting, for example fair value measurement;
- b. appraise corporate reporting regulations, and related legal requirements, with respect to presentation, disclosure, recognition and measurement, including the impact of climate-related risks;
- c. explain, appraise and apply IFRS® Standards that relate to the impact of changes in accounting policies and estimates;
- d. explain and evaluate the impact of underlying assumptions on financial statements; and
- e. identify and explain current and emerging issues in corporate reporting.

## 2 Reporting performance

- a. explain how different methods of recognising and measuring assets and liabilities can affect reported financial performance;
- b. explain and appraise accounting standards that relate to reporting performance: in respect of presentation of financial statements; revenue; operating segments; continuing and discontinued operations; EPS; interim reporting;
- c. formulate and evaluate accounting and reporting policies for single entities and groups of varying sizes and in a variety of industries; and
- d. calculate and disclose, from financial and other qualitative data, the amounts to be included in an entity's financial statements according to legal requirements, applicable IFRS® Standards and accounting and reporting policies.

## 3 Assets and non-financial liabilities

- a. explain and evaluate how different methods of recognising and measuring assets and liabilities can affect reported financial position, and explain the role of data analytics and climate related risks in financial asset and liability valuation; and
- b. explain and appraise accounting standards that relate to assets and non-financial liabilities for example: property, plant and equipment; intangible assets, held-for-sales assets; inventories; investment properties; provisions and contingencies.

## 4 Financing

- a. determine and calculate how different methods for recognising, measuring and classifying financial assets and financial liabilities can impact upon reported performance and position;
- b. appraise and evaluate cash flow measures and disclosures in single entities and groups;
- c. evaluate the impact of accounting policies and choice in respect of financing decisions for example hedge accounting and fair values; and
- d. explain and appraise IFRS® Standards that relate to an entity's financing activities which include: financial instruments; leasing; cash flows; borrowing costs; and government grants.

## 5 Employee remuneration

- a. explain how different methods of providing remuneration for employees may impact upon reported performance and position; and
- b. explain and appraise accounting standards that relate to employee remuneration which include different forms of short-term and long-term employee compensation; retirement benefits; and share-based payment.

## 6 Groups

- a. analyse and evaluate the criteria used to determine whether and how different types of investment are recognised and measured as business combinations; and

- b. calculate and produce, from financial and other data, the amounts to be included in an entity's consolidated financial statements in respect of its new, continuing and discontinued interests (which include situations when acquisitions occur in stages and in partial disposals) in subsidiaries, associates and joint ventures.

## **7 Reporting transactions and balances in foreign currencies and operations**

- a. determine and calculate how exchange rate variations are recognised and measured and how they can impact on reported performance, position and cash flows of single entities and groups; and
- b. demonstrate, explain and appraise how foreign exchange transactions are measured and how the financial statements of foreign operations are translated.

## **8 Taxation**

- a. explain, determine and calculate how current and deferred tax is recognised and appraise accounting standards that relate to current tax and deferred tax.

# **CORPORATE REPORTING – FINANCIAL STATEMENT ANALYSIS**

Students will be able to analyse, interpret, evaluate and compare financial statements of entities, including using data analytics software, both over time and across a range of industries.

In the assessment, students may be required to:

## **9 Financial statement analysis**

- a. appraise the nature and validity of financial and non-financial information included in published financial statements including how these correlate with an understanding of the entity;
- b. evaluate and appraise the nature and validity of information disclosed in annual reports, including integrated reporting and other voluntary disclosures, including those relating to natural capital sustainability and climate-related risks and opportunities;
- c. appraise the limitations of financial analysis;
- d. analyse and evaluate the performance, position, liquidity, efficiency and solvency of an entity through the use of ratios and similar forms of analysis including using quantitative and qualitative data;
- e. interpret the potentially complex economic environment in which an entity operates and its strategy based upon financial and operational information contained within the annual report (for example: financial and business reviews; reports on operations by management, corporate governance disclosures, financial summaries and sustainability disclosures (including Task Force on Climate-related Financial Disclosures (TCFD)));
- f. appraise the significance of inconsistencies and omissions in reported information in evaluating performance using audit data analytics software;
- g. compare the performance and position of different entities allowing for inconsistencies in the recognition and measurement criteria in the financial statement information provided;
- h. evaluate the performance of an entity using accounting information in data analytics software using appropriate data analysis tools, including spreadsheets, to interpret and present conclusions;
- i. construct adjustments to reported earnings in order to determine underlying earnings and compare the performance of an entity over time;
- j. analyse and evaluate business risks and assess their implications for corporate reporting;
- k. analyse and evaluate financial risks (for example financing, currency and interest rate risks) and assess their implications for corporate reporting.

# **AUDIT AND ASSURANCE**

Students will be able to explain the processes involved in planning an audit, evaluating internal controls, appraising risk including analysing quantitative and qualitative data, gathering evidence and drawing conclusions in accordance with the terms of the engagement. In addition, they will be able to perform a range of assurance engagements and related tasks.

In the assessment, students may be required to:

## 10 Professional practice

- a. explain the nature and purpose of quality assurance (both at the level of the firm and the individual audit) and assess how it can contribute to risk management including climate change risk governance; and
- b. evaluate and explain current and emerging issues in auditing including developments in the use of technology (eg, impact of Task Force on Climate-related Financial disclosures, big data, data analytics, artificial intelligence and blockchain).

## 11 Planning

- a. appraise the entity and the potentially complex, economic environment within which it operates as a means of identifying and evaluating the risk of material misstatement;
- b. identify and appraise the risks, including analysing qualitative and quantitative data using audit data analytics software, arising from, or affecting, a potentially complex set of business processes and circumstances and assess their implications for the engagement;
- c. identify significant business risks (including those arising from fraud, cyber security and technological advances including cloud computing, cryptocurrencies and robotic process automations) and assess their potential impact upon the financial statements and the audit engagement;
- d. evaluate the impact of risk and materiality in preparing the audit plan, for example the nature, timing and extent of audit procedures;
- e. determine analytical procedures, where appropriate using appropriate data analysis tools, at the planning stage using technical knowledge of corporate reporting, data analytics software and skills of financial statement analysis;
- f. evaluate the components of audit risk for a specified scenario using data analytics software when appropriate, including the interactions of inherent risk, control risk and detection risk, considering their complementary and compensatory nature;
- g. interrogate an organisation's accounting records using data analytics software to identify audit risks and communicate with the audit team;
- h. show professional scepticism in assessing the risk of material misstatement, having regard to the reliability of management;
- i. evaluate, where appropriate, the need for, and extent of reliance to be placed on expertise from other parties to support audit processes including when to challenge the extent and working practices of other parties; and
- j. develop and appraise, based upon planning procedures, an appropriate audit strategy and detailed audit plan or extracts.

## 12 Internal control systems

- a. analyse and evaluate the control environment for an entity based on an understanding of the entity, its operations and its processes;
- b. evaluate an entity's processes for identifying, assessing and responding to business and operating and governance risks as they impact on the financial statements;
- c. appraise an entity's accounting information systems and related business processes relevant to corporate reporting and communication including virtual arrangements and cloud computing;
- d. analyse and evaluate strengths and weaknesses of preventative and detective control mechanisms and processes, highlighting control weaknesses; including weaknesses related to cyber security and corporate data controls;
- e. evaluate controls relating to information technology and e-commerce; including controls associated with cyber security and corporate data security;

- f. explain and appraise the entity's system for monitoring and modifying internal control systems; and
- g. devise, explain and evaluate tests of controls.

### **13 Corporate governance**

- a. explain, appraise and evaluate the nature and consequences of corporate governance and accountability mechanisms in controlling the operating and financial activities of entities of differing sizes, structures and industries;
- b. explain the rights and responsibilities of the board, board committees (eg, audit and risk committees), those charged with governance and individual executive and non-executive directors, with respect to the preparation and audit of financial statements;
- c. explain and appraise the rights and responsibilities of stakeholder groups (eg, executive management, bondholders, government, securities exchanges, employees, public interest groups, financial and other regulators, institutional and individual shareholders) with respect to the preparation and audit of financial statements;
- d. explain and evaluate the nature and consequence of relevant corporate governance codes and set out the required compliance disclosures;
- e. explain the principles, practices and disclosures of corporate governance;
- f. explain the respective responsibilities of those charged with governance and auditors for corporate risk management and risk reporting including sustainability risks and opportunities;
- g. explain the respective responsibilities of those charged with governance and auditors in respect of internal control systems;
- h. explain and evaluate the role and requirement for effective two-way communication between those charged with governance and auditors; and
- i. describe and explain the roles and purposes of meetings of boards and of shareholders.

### **14 Audit evidence**

- a. explain and evaluate the relationship between audit risk and audit evidence;
- b. determine, design and develop audit objectives for each financial statement assertion;
- c. justify and conclude for a particular scenario what comprises sufficient, appropriate audit evidence;
- d. design and determine audit procedures in a range of circumstances and scenarios, for example identifying an appropriate mix of tests of controls, analytical procedures and tests of details;
- e. apply professional scepticism to the process of gathering audit evidence and evaluating its reliability including the use of client-generated information and external market information and audit data analytics software;
- f. demonstrate and explain, in the application of audit procedures, how relevant ISAs affect audit risk and the evaluation of audit evidence;
- g. evaluate, applying professional judgement, whether the quantity and quality of evidence gathered from various audit procedures, including interpreting and extrapolating the results of sampling using appropriate data analysis tools, analytical procedures, is sufficient to draw reasonable conclusions;
- h. produce appropriate audit documentation; and
- i. recognise and prioritise using professional judgement audit issues arising whilst gathering assurance evidence that should be referred to a senior colleague or other specialist.

### **15 Reporting and concluding**

- a. appraise the appropriateness of the going concern basis of accounting, evaluate management's assessment of going concern and assess the appropriateness of going concern disclosures;
- b. appraise and assess the significance of events after the reporting period;
- c. evaluate, quantitatively and qualitatively using analytical procedures and appropriate data analysis tools, the results and conclusions obtained from audit procedures;
- d. conclude and justify the nature of the report on an audit engagement, and formulate an opinion for a statutory audit, which are consistent with the results of the audit evidence gathered;

- e. compose suitable extracts for reports (for example any report to the management or those charged with governance issued as part of the engagement); and
- f. appraise 'other information' in the annual report and report on material misstatements in this information and material inconsistencies with the financial statements including climate-change disclosures.

### **16 Assurance engagements**

- a. explain the nature of a range of different assurance engagements, including those relating to environmental and sustainability disclosures;
- b. evaluate the evidence necessary to report at the appropriate level of assurance;
- c. evaluate risk in relation to the nature of the assurance engagement and the entity or process for a given scenario; and
- d. design and determine procedures necessary to attain the relevant assurance objectives in a potentially complex scenario.

### **17 Other engagements**

- a. evaluate the role of internal audit and design appropriate procedures to achieve the planned objectives;
- b. appraise and explain the nature and purposes of forensic audit and prepare and plan procedures required to achieve a range of differing objectives;
- c. explain the roles and responsibilities that auditors may have with respect to a variety of different types of information and design procedures sufficient to achieve agreed objectives; and
- d. explain the nature and purposes of due diligence procedures (for example: financial, commercial, operational, legal, tax, human resources) and plan procedures required to achieve a range of differing financial objectives.

## **AUDIT AND CORPORATE REPORTING – INTEGRATED LEARNING OUTCOMES**

Students will be able to evaluate corporate reporting policies, estimates and disclosures in a scenario in order to be able to assess whether they are in compliance with accounting standards and are appropriate in the context of audit objectives.

In the assessment, students may be required to:

### **18 Integrated learning outcomes**

- a. explain and evaluate corporate reporting and assurance issues in respect of social responsibility, sustainability and climate change issues for a range of stakeholders;
- b. evaluate accounting policies choices and estimates, identifying issues of earnings manipulation and creative accounting.

## **ETHICS**

Students will be able to identify and explain ethical issues. Where ethical dilemmas arise, they will be able to recommend, justify and determine appropriate actions and ethical safeguards to mitigate threats. In the assessment, students may be required, in the context of corporate reporting and auditing, to:

### **19 Ethics**

- a. identify and explain ethical issues in reporting, assurance and business scenarios;
- b. explain and appraise the relevance, importance and consequences of ethical issues;
- c. evaluate the impact of ethics on a reporting entity, relating to the actions of stakeholders;



- d. recommend and justify appropriate actions where ethical and professional conduct issues arise in a given scenario; and
- e. design and evaluate appropriate safeguards to mitigate threats and provide resolutions to ethical problems.

## SKILLS ASSESSED

### Assimilating and using information

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Identify and understand the requirements</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify and explain risks within a scenario</li> <li>• Identify elements of uncertainty within a scenario</li> <li>• Identify ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Use multiple information sources</li> <li>• Filter information provided to identify critical facts</li> </ul>	<ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>

#### How skills are assessed

*Students may be required to:*

- have a detailed knowledge and understanding of relevant regulations in financial reporting, auditing and ethics, which will need to be related to practical business scenarios and applied to any data provided. The data provided will focus on technical compliance and understanding;
- respond to instructions from a line manager, a client request or from other senior personnel. The requests may be specific, or they may be more general requiring interpretation and judgement to be applied by the student;
- evaluate the quality and relevance of information provided in the context of a particular assignment;
- evaluate inconsistencies in information provided from multiple sources;
- use different sources and types of evidence, including data analytics software and statistical tools including spreadsheets, to confirm, or question, financial statement assertions applying professional scepticism; and
- evaluate the ethical implications of making information available including confidentiality and transparency.

### Structuring problems and solutions

Structure data	Develop solutions
<ul style="list-style-type: none"> <li>• Structure information from various sources into suitable formats for analysis</li> <li>• Identify any information gaps</li> <li>• Frame questions to clarify information</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and apply relevant technical knowledge and skills to analyse a specific problem</li> </ul>

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|---|---|
| <ul style="list-style-type: none"> <li>• Use a range of data types and sources to inform analysis and decision making</li> <li>• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes</li> <li>• Present analysis in accordance with instructions and criteria</li> </ul> | <ul style="list-style-type: none"> <li>• Use structured information to identify evidence-based solutions</li> <li>• Identify creative and pragmatic solutions in a business environment</li> <li>• Identify opportunities to add value</li> <li>• Identify and anticipate problems that may result from a decision</li> <li>• Identify a range of possible solutions based on analysis</li> <li>• Identify ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> <li>• Identify the solution which is the best fit with acceptance criteria and objectives</li> <li>• Define objectives and acceptance criteria for solutions</li> </ul> |
|---|---|

**How skills are assessed**

*Students may be required to:*

- apply technical knowledge, analytical techniques and professional skills to resolve compliance and business issues that arise in the context of the preparation and evaluation of corporate reports and from providing audit services;
- structure problems and solutions in scenario based questions which may be presented in the following forms:
  - Mini case – using data analytics software in the context of auditing but with significant corporate reporting emphasis. This may be technical, compliance or interpretive (for example including analytical procedures)
  - Financial statement analysis – including technical aspects of corporate reporting
  - Technical question on aspects of audit and corporate reporting (which may include assurance, internal audit);
- evaluate ethical problems in reporting, assurance and business scenarios;
- formulate, evaluate and implement accounting and reporting policies;
- measure and recognise assets and obligations on reported financial performance;
- assess the impact and interaction of applicable accounting principles, bases and standards;
- evaluate the impact of remuneration policies on reported performance; and
- evaluate reporting issues in relation to group scenarios and overseas activities.

**Applying judgement**

**Apply professional scepticism and critical thinking**

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

**Relate issues to the environment**

- Appreciate when more expert help is required and always appropriately challenge and critically review the expert's work
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

**How skills are assessed:**

*Students may be required to:*

- use technical knowledge and professional judgement to identify, explain and evaluate alternatives and to determine the appropriate solutions to compliance issues, giving due consideration to the needs of clients and other stakeholders. The commercial context and impact of recommendations and ethical issues will also need to be considered in making such judgements.
- Demonstrate judgement in the following ways:
  - selecting between technical choices;
  - filtering data to identify critical elements;
  - prioritising information, issues or tasks;
  - identifying omissions in the information;
  - evaluating inconsistencies in information;
  - distinguishing between the various qualities of the data provided;
  - evaluating the impact of economic and political factors;
  - evaluating the effects of known events;
  - evaluating the appropriateness of accounting policy choice and estimation selection;
  - evaluating options;
  - comparing the effects of a range of estimates, outcomes or financial treatments;
  - assessing the materiality of errors;
  - exercising ethical judgement;
  - identifying key linkages; and
  - drawing appropriate conclusions from data provided to satisfy specified objectives and assessing the materiality of errors and omissions.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present a basic or routine memorandum or briefing note in writing in a clear and concise style</li> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

### How skills are assessed

*Students may be required to:*

- draw conclusions from data, facts, calculations, judgments and own analysis;
- draw conclusions from complex assurance engagements;
- identify weaknesses in financial information systems and their potential consequences;
- distinguish between the qualities of data provided or other evidence generated;
- develop risk management solutions in an audit and corporate reporting environment;
- create report/memorandum in response to a specific technical issue and in accordance with client requirements;

- draft reasoned, practicable advice that is clear and concise, supported by calculations or analysis of technical/business issues identified;
- use judgement to select the most appropriate audit procedures in the context of risks identified;
- justify a specific recommended action when a variety of options are available; and
- explain the limitations of their conclusions or recommendations.

# *Strategic Business Management*

## **MODULE AIM**

To enable students to demonstrate quantitative and qualitative skills, in order to make realistic business recommendations in complex scenarios. Business awareness will need to be demonstrated at strategic, operating and transactional levels.

To achieve this aim, students will be required to use technical knowledge and professional judgement to apply appropriate models and to analyse quantitative and qualitative data from multiple sources, including corporate reports, in order to evaluate alternatives and determine appropriate solutions.

On completion of this module, in a national or global context, and for a range of different business structures and industry scenarios, students will be able to:

- Analyse and identify the external environment and internal strategic capability of an entity; evaluate the consequences of strategic choices; recommend strategies to achieve stakeholder objectives, recommend appropriate methods of implementing strategies and monitoring strategic performance; manage business risks; and advise on corporate governance.
- Identify and advise upon appropriate finance requirements; evaluate financial risks facing a business and advise upon appropriate methods of measuring and managing those risks; provide valuations for businesses and securities; and advise upon investment and distribution decisions.
- Identify and explain ethical issues. Where ethical dilemmas arise, students will be able to recommend and justify and determine appropriate actions and ethical safeguards to mitigate threats.
- Interpret and apply corporate reporting information in evaluating business and financial performance; recognise and explain the corporate reporting consequences of business and financial decisions; apply corporate reporting information in appropriate models to determine asset, equity and entity valuations, demonstrating an understanding of the usefulness and limitations of accounting information in this context.
- Appraise and explain the role of assurance in raising new equity and debt funding and in the subsequent monitoring of such funding arrangements; understand, explain and evaluate the role of assurance in selecting and implementing key business decisions including acquisitions and strategic alliances; understand and explain the role of assurance in financial and business risk management.

## **PRIOR KNOWLEDGE**

This module assumes and develops the knowledge and skills acquired in the Financial Accounting and Reporting module, the Business Strategy and Technology module and the Financial Management module.

Background knowledge based upon the assurance elements of the Audit and Assurance module will also be required in evaluating the business and financial risks of reporting entities.

## **METHOD OF ASSESSMENT**

The Strategic Business Management exam is 3.5 hours long. The exam will contain questions requiring integration of knowledge and skills, including ethics. The exam will consist of two questions, and ethical issues and problems could appear in either question.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted

to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permitteditexts](https://icaew.com/permitteditexts)

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking must be at the forefront of the strategic business awareness that students will be demonstrating. Students will be considering notions of stakeholder impact and scope as well as appropriate safeguards within a specific learning outcome. Over and above this, recommendations relating throughout the syllabus will only by definition be valid if they fulfil fundamental requirements of being fair and just. This is guided by specific focus across a range of considerations from social responsibility and sustainability to transparency. Professional scepticism will need to be evidenced in complex scenarios, recognising bias and gaps in evidence.

Ethical codes will be those issued by IESBA and ICAEW. The ethical implications will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

## SPECIFICATION GRID

The grid below shows the relative weightings of subjects within this module and should guide the study time spent on each. Over time the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus area	Weighting (%)
Business Strategy and Management	30-40
Financial Strategy Financial Structure and Financial Reconstruction Financial Instruments and Financial Markets	25-35
Corporate Reporting	15-20
Assurance	10
Ethics	5-10

## BUSINESS STRATEGY AND MANAGEMENT

Students will be able to analyse and identify the external environment and internal strategic capability of an entity; evaluate the consequences of strategic choices; recommend strategies to achieve stakeholder objectives, recommend appropriate methods of implementing strategies and monitoring strategic performance; measure and manage business risks; and advise on corporate governance. Students will also be able to apply corporate reporting and assurance principles and practices in the context of key business decisions and events.

In the assessment, students may be required to:

### 1 Strategic analysis

- a. describe and explain the strategic objectives of an entity considering the interests of stakeholders;
- b. analyse and evaluate, for a given scenario, the external economic, market and industry environment which may impact upon, or be impacted by, a business's performance and operations, including climate change externalities and sustainable supply chains;
- c. identify and evaluate the significance of the internal organisational and operational capabilities in a given scenario which may influence an entity's ability to achieve its chosen strategic

objectives, (including core competencies, existing business processes, human capital and workforce flexibility);

- d. analyse and evaluate an entity's current position and performance, from both a financial perspective and a non-financial perspective, using a variety of internal and external information sources;
- e. demonstrate how strategic analysis tools can be used in a complex scenario;
- f. demonstrate how business strategy and financial strategy can interrelate in a complex scenario;
- g. evaluate and advise upon the strategic capability of an entity;
- h. evaluate strategy at corporate, business unit and operational levels; and
- i. analyse and evaluate current technology developments including those relating to big data, internet of things, digital assets, automation, intelligent systems, the platform economy, distributed ledger technology eg, blockchain and cryptocurrencies
- j. explain, demonstrate and evaluate how data from multiple sources can be selected, captured and analysed to provide management information, recognising the causes and effects of different types of data bias, data omissions. data limitations and data trends and applying an appropriate degree of professional scepticism;
- k. explain and analyse an organisation's current position and performance using both financial and non-financial data, presented in different formats, applying appropriate statistical and data analysis tools; and
- l. explain and evaluate the causes and effects of different types of data distributions and data trends using appropriate statistical and data analysis tools, including the implications for business risk; determining and explaining sensitivity in a range of scenarios.

## **2 Strategic choice**

- a. assess, advise on and propose appropriate business strategies to meet stated objectives, including sustainability targets;
- b. identify and evaluate business unit strategies to achieve sustainable competitive advantage;
- c. explain and demonstrate how financial and non-financial data can be analysed in order to select an optimal business strategy, including the impact of big data on business models;
- d. explain and demonstrate how strategic business models can be used in a given scenario, to identify factors that a business can consider in choosing between competing strategies;
- e. explain international strategies; appraise international value chains and markets; including the concepts of globalisation and the borderless business; and show the impact on individual and group financial statements of changes in foreign exchange rates; and
- f. evaluate digital strategies, including the use of cloud accounting, software selection, digital assets, automation, artificial intelligence, machine learning and robotic process automation;
- g. explain and demonstrate how management information can be used to select from proposed strategies, taking account of limitations of data, including data bias, and
- h. structure, assimilate and evaluate historic and estimated data in appropriate ways, using appropriate statistical and data analysis tools, to support business decisions.

## **3 Strategic implementation**

- a. demonstrate and explain the impact of acquisitions and strategic alliances in implementing corporate strategy and evaluate the nature and role of assurance procedures in selecting and monitoring such strategies;
- b. evaluate and explain the relationship between business strategy and organisational structure;
- c. explain and evaluate the nature and methods of change management and advise on the implementation of change in complex scenarios, including climate change transition;
- d. demonstrate and explain the techniques that may be used in implementing a strategy to reduce costs, for example supply chain management, business process re-engineering and outsourcing;
- e. evaluate, in a given scenario, the functional strategies necessary to achieve a business's overall strategy;

- f. develop business plans and proposals and advise on technical issues relating to business and organisational plans, assessing the impact on historic and projected corporate reporting information;
- g. demonstrate an understanding of, and provide advice on, data security issues, including cyber security issues, arising from communications, shared systems and data sharing throughout the supply chain and with strategy partners; and
- h. identify and explain barriers to implementation of digital strategy, including digital transformation, and make recommendations as to how they may be overcome.

#### **4 Strategic performance management**

- a. advise on, and develop, appropriate performance management approaches for businesses and business units, including the use of data analytics;
- b. explain and demonstrate how a business can analyse complex, quantitative and qualitative data from multiple sources to provide strategic management accounting information to implement, monitor and modify a strategy at an appropriate organisational level in order to create competitive advantage;
- c. use financial and non-financial performance data from a variety of sources, including integrated reporting disclosures, to measure and monitor multiple aspects of performance at a variety of organisational levels;
- d. advise on, and develop, appropriate remuneration and reward packages for staff and executives linked to performance, considering agency relationship issues; and evaluate the impact on corporate reports arising from employee remuneration, including pensions and share-based payment;
- e. develop measures to monitor and evaluate performance in the context of social responsibility, sustainability, environmental matters, natural capital and climate change; and
- f. set out and explain assurance procedures for qualitative and quantitative disclosures relating to social responsibility, sustainability, environmental matters and demonstrate how effective assurance can benefit stakeholders and the public interest.

#### **5 Strategic marketing and brand management**

- a. assess and evaluate strategic marketing issues and demonstrate the application of quantitative and qualitative marketing techniques in complex scenarios;
- b. evaluate and analyse markets and the marketing environment and develop a marketing strategy consistent with the overall business strategy;
- c. explain, using information provided, how to position particular products and services in the market place (domestic or international) to maximise competitive advantage, and assess the corporate reporting impact arising from revenue and profit recognition in accordance;
- d. demonstrate, across a range of industries, how elements of the marketing mix can be used to promote competitive advantage;
- e. develop and explain marketing strategies using databases, big data and information technology applications such as social media and other internet sources;
- f. develop and explain the strategies for managing and sustaining existing brands;
- g. prepare marketing strategies and show how they can be used to develop brands; and
- h. demonstrate how appraisal techniques can be used for valuing brands, patents, R&D projects and intellectual property and evaluate relevant corporate reporting recognition and measurement for Intangible Assets.

#### **6 Business risk management**

- a. analyse and evaluate the key types of business risks using relevant quantitative and qualitative data and assess their implications within a given scenario, for business strategy and corporate reporting disclosures;
- b. advise on the risks involved in business and organisational plans and show how these risks can be managed by assurance procedures and other forms of risk mitigation, including managing the strategic, operating and financial risks arising from sustainability issues and climate change;



- c. explain the responsibility of those charged with governance for managing risk and assess the role of assurance in risk mitigation;
- d. assess the impact of risk on a variety of stakeholders;
- e. explain and assess the various steps involved in constructing a business risk management plan, by establishing context, identifying risks and the assessment and quantification of risk;
- f. evaluate and explain the limitations of business risk management; and
- g. assess and explain enterprise risk management, evaluating its framework and its benefits; and analyse, structure and assimilate data provided to evaluate business risks under a range of complex scenarios using appropriate statistical and data analysis tools, recognising various types of data bias in a variety of scenarios.

## **7 Corporate governance**

- a. assess the nature of governance and explain the characteristics and principles of good governance in a variety of scenarios;
- b. assess the interests and impact of organisational stakeholders in determining strategy and the consequences of strategic choices, including responsibilities to stakeholders for sustainability and environmental, social and governance (ESG) policies;
- c. evaluate the impact of governance mechanisms on a range of stakeholders;
- d. assess and advise on appropriate corporate governance mechanisms, and evaluate stakeholder management;
- e. analyse and evaluate the strengths and weaknesses of corporate governance mechanisms and processes, including governance over data;
- f. explain the role of boards in determining and evaluating an entity's policy for social responsibility, sustainability and environmental matters and advise on corporate reporting measurement and disclosures relating to these policies;
- g. evaluate the suitability of corporate governance and organisational structures for implementing strategy;
- h. explain the role of boards in monitoring corporate performance and risk, and assess the role of assurance procedures in this context; and
- i. explain the nature, and assess the consequences, of the legal framework within which businesses, assurance and governance systems operate (with particular reference to company law, fraud, money laundering, civil liabilities, social security law, employment law, contract law, tort and environmental law).

## **8 Data analysis**

- a. undertake appropriate quantitative and qualitative data analysis, statistical analysis, business analysis and financial statement analysis;
- b. explain financial and operational data and other management information, drawing inferences relating to its completeness, accuracy and credibility, as a basis for a meaningful analysis of the position, future prospects and risks for a business;
- c. demonstrate how suitable financial, strategic and operational analysis techniques can be used to analyse financial and operational data and to evaluate business position, prospects and risks, including the analysis and benefits of 'Big Data', artificial intelligence and machine learning;
- d. communicate an explanation (stating any reservations regarding transparency and objectivity of data and information) of the position, prospects and risks of a business, based on analysis of financial and operational data and information, including data analytics and assess the extent to which limited assurance and reasonable assurance engagements can identify and mitigate information risks in this context;
- e. apply professional scepticism to data sources and data capture in interpreting quantitative and qualitative information;
- f. analyse, structure and assimilate historic and forecast data provided to evaluate performance, position and risk using relevant statistical tools, data analysis and spreadsheets, recognising the sensitivity of forecasts to underlying assumptions and changes in estimates; and
- g. assimilate, structure and analyse transactions and other granular data provided, using spreadsheets.

## 9 Information strategy

- a. outline proposals and advise on outline requirements for information technology applications to support business strategy, for example in the context of e-commerce, e-business, virtual arrangements, artificial intelligence, digital assets and cloud computing, including assurance issues in relation to data security;
- b. use management accounting information (for example, costs, prices, budgets, transfer prices) and management accounting tools (for example, break-even, variances, limiting factors, expected values, ABC, balanced scorecard) to evaluate short and long-term aspects of strategy;
- c. explain and appraise how management information systems can provide relevant quantitative and qualitative data to analyse markets, industry and performance, including the capture and analysis of big data;
- d. demonstrate and explain methods for determining the value of information in the context of developing an information strategy;
- e. assess financial and operational data and information from management information systems, drawing inferences relating to its completeness, accuracy and credibility, and provide an evaluation of assurance procedures in evaluating information risks, including those relating to cyber security;
- f. demonstrate and explain how businesses capture, analyse and utilise information to develop competitive advantage and monitor the achievement of sustainability goals;
- g. evaluate the impact of cloud computing and the borderless business on the provision of strategic management information, including the use of cryptocurrencies;
- h. explain and appraise corporate strategies for ensuring security of data and preventions of attacks against data in the context of cyber security; and
- i. explain the impact of regulations relating to data security (eg, GDPR) including the issues incurred in complying with such regulation.

## 10 Human resource management

- a. assess, explain and advise on the role of human resource management in implementing strategy;
- b. demonstrate and explain how human resource management can contribute to business strategy, including flexible workforce management;
- c. identify the impact of remuneration structures on organisational behaviour and other aspects of human resource management, and show the corporate reporting consequences; and
- d. demonstrate and explain the role and impact of human resource management in change management, including the impact on social and sustainability objectives.

## FINANCIAL STRATEGY

Students will be able to identify and advise upon appropriate finance requirements; evaluate financial risks facing a business and advise upon appropriate methods of managing and quantifying those risks; provide valuations for businesses and securities; and advise upon investment and distribution decisions. Students will also be able to apply corporate reporting and assurance principles and practices in the context of key financing decisions and events.

In the assessment, students may be required to:

## 11 Finance awareness

- a. demonstrate and explain the financing alternatives available for projects and assets, and make informed choices as to which alternative is the most compatible with the overall financial strategy of the entity, showing the corporate reporting consequences relating to presentation, disclosure, recognition and measurement of projects and their financing;
- b. assess and explain current and emerging issues in finance, including the role of finance in achieving sustainability goals;

- c. identify social responsibility, sustainability and environmental factors for a range of financial stakeholders, including UN sustainable development goals, natural capital and green finance, and assess assurance and corporate reporting issues relating to such factors;
- d. explain how financial crises, which have occurred in the past over a long time period, may impact on approaches and attitudes to financial risk and may inform corporate reporting practice; and
- e. explain the role and impact of the finance function as a business partner.

## **12 Business and securities valuation**

- a. explain, advise on and demonstrate appropriate valuation methods for businesses and equity securities using: asset-based; adjusted earnings-based; and cash-based methods (for example SVA, EVAR, VBM, MVA and other appropriate techniques);
- b. critically appraise business and securities valuation methods in the context of specified complex scenarios, including the consideration of natural capital and growing, loss-making businesses;
- c. explain and demonstrate appropriate valuation techniques in the context of acquisitions and mergers; assess the contribution of due diligence procedures; and show the impact on corporate reports arising from acquisitions for groups in consolidated financial statements;
- d. explain and demonstrate appropriate valuation techniques in the context of demergers and for disposal of entities and business units, and show the impact on corporate reporting issues relating to discontinued operations; and
- e. determine the value of debt and explain the techniques used; and
- f. analyse, structure and assimilate historic and forecast data provided to evaluate the impact on valuations using data analysis, relevant statistical tools and spreadsheets, recognising the sensitivity of valuations to underlying assumptions and changes in estimates.

# **FINANCIAL STRUCTURE AND FINANCIAL RECONSTRUCTION**

## **13 Capital structure**

- a. appraise and evaluate the sources of finance and the process for raising finance;
- b. advise on and develop proposals for determining the appropriate financing mix for new businesses and projects;
- c. explain and advise on issues relating to the cost of capital;
- d. show and explain how dividend policy impacts upon equity value and upon financing and investment decisions; and
- e. appraise and explain how the choice of financing impacts on reported corporate performance, and on the recognition and measurement of financial assets and financial liabilities.

## **14 Financial reconstruction**

- a. show and explain how financial reconstruction takes place and explain the consequences of such reconstructions for corporate reporting;
- b. appraise and evaluate financial reconstruction proposals in a given scenario, and determine the nature and role of assurance procedures in this context;
- c. explain the different reasons for refinancing, and demonstrate how companies in financial distress can be managed, having regard to insolvency law;
- d. explain and appraise the workings of, and reasons for, securitisation, showing the impact on financial statement information;
- e. explain and appraise the nature and consequences of leveraged buy outs; and
- f. appraise and evaluate various forms of reconstruction (for example, spin-off, MBO, divestment, demergers, purchase of own shares, use of distributable profits), explaining the corporate reporting impact.

## **15 Small and medium company financing**

- a. appraise and explain the small and medium-sized enterprise financing problem;

- b. appraise and evaluate the various methods of financing available to small and medium-sized enterprises, and explain the nature and role of assurance for small and medium-sized companies in raising such finance;
- c. assess and explain the characteristics of sources of equity for smaller companies and the financial institutions operating in these markets (for example, venture capital and private equity) and;
- d. assess and explain the opportunities and challenges for small and medium-sized companies from implementing sustainability policies.

## **FINANCIAL INSTRUMENTS AND FINANCIAL MARKETS**

### **16 Equity instruments**

- a. assess and explain the types of equity securities, and evaluate the implications for disclosure, presentation, recognition and measurement in financial statements;
- b. appraise and explain the characteristics of equity markets and the financial institutions operating in these markets; and
- c. analyse and evaluate the cost of equity, portfolio theory and the use of appropriate asset pricing models, applying principles of financial economics.

### **17 Fixed interest**

- a. explain the types of fixed interest securities and evaluate the implications for disclosure, presentation, recognition and measurement in financial statements;
- b. appraise and explain the characteristics of bond markets and the financial institutions operating in these markets;
- c. appraise and evaluate the use of bonds/loans as a method of finance, and explain the implications of terms included in loan agreements in a given scenario (for example, covenants and guarantees) and the explain the procedures by which monitoring and assurance can be provided in respect of such agreements;
- d. explain and appraise bond valuation techniques and assess flat and gross redemption yields;
- e. explain and appraise yield curves, sensitivity to yield and components of the yield;
- f. evaluate and explain interest rate risk; and
- g. appraise and evaluate credit risk and credit spread.

### **18 Derivatives**

- a. explain the types of derivative securities and evaluate the implications for disclosure, presentation, recognition and measurement in financial statements;
- b. assess and explain the characteristics of derivative markets and the financial institutions operating in these markets; and
- c. appraise and evaluate the characteristics of forwards, futures, options, swaps, credit derivatives.

### **19 Financial risk management**

- a. analyse and evaluate financial risks and their implications (for example financing, currency and interest rate risks) and show the application of qualitative and quantitative risk disclosures for financial instruments and other corporate reporting disclosures relevant to risk assessment;
- b. appraise and advise on appropriate methods to assess, manage and quantify financial risk in specific business scenarios;
- c. explain and appraise financial instruments available for hedging against interest rate and foreign exchange rate risk, for example, swaps, collars and floors;
- d. demonstrate and explain the nature and operation of financial instruments underlying the disclosure, recognition and measurement requirements in financial statements;
- e. demonstrate and explain how interest rate hedging strategies and foreign currency risk management strategies can be formulated, both at the level of the individual transaction and for macro hedging arrangements; and

- f. explain and demonstrate the causes and effects of different types of data bias and data distributions in evaluating financial risks, using appropriate statistical data analysis and spreadsheets.

## **20 International financial management**

- a. explain and appraise the various methods of financing available for foreign investments and evaluate the implications for disclosure, presentation, recognition and measurement of changes in foreign exchange rates in financial statements;
- b. appraise and explain global treasury organisation and international liquidity management;
- c. appraise and evaluate the factors affecting the capital structure of a multinational company;
- d. explain and appraise the advantages and risks associated with international borrowing;
- e. demonstrate and explain the risks associated with international trade and the ways in which these risks can be managed, and assess the nature and role of assurance procedures in mitigating risk and the financial reporting consequences of currency hedging;
- f. appraise and evaluate the different methods open to multinationals wishing to set up foreign operations and the choices of finance available, identifying tax and corporate reporting consequences;
- g. assess and explain the impact of exchange controls and how companies can overcome the effects of these controls;
- h. appraise and evaluate the management of dividends in multinational organisations; and
- i. appraise and evaluate the management of transfer prices in multinational organisations and the implications for reported profit and tax.

## **21 Investment appraisal**

- a. select and advise on investment appraisal techniques which are appropriate to the objectives and circumstances of a given business;
- b. appraise and advise on appropriate measures of return and risk for assessing business projects using appropriate statistical tools, data analysis and spreadsheets;
- c. demonstrate and evaluate investment appraisal techniques for international projects, identifying the impact of tax and the effects on corporate reporting;
- d. explain and appraise real options and determine the impact of options to abandon, expand, delay and redeploy;
- e. appraise and evaluate the quantitative and qualitative issues surrounding international investment appraisal;
- f. evaluate the impact of externalities when making investment appraisal decisions; and
- g. identify and measure social responsibility, sustainability and environmental consequences of investment decisions, explaining corporate reporting issues in relation to such policies.

## **22 Treasury and working capital management**

- a. demonstrate and explain the role and responsibilities of the treasury management function;
- b. demonstrate and explain the role of treasury management in short-term finance, short-term investment and liquidity risk;
- c. appraise and evaluate the contribution of working capital management to short term and long-term financing;
- d. evaluate the risks arising from working capital management and how these may be mitigated;
- e. evaluate and explain working capital requirements for a range of different organisations and circumstances;
- f. demonstrate and explain the nature and role of working capital management within financial management; and
- g. appraise, evaluate and advise with respect to working capital management techniques.

## **23 Ethics**

In the assessment, students may be required to:

- a. recognise and explain ethical, business trust and professional conduct issues;

- b. explain the relevance, importance and consequences of ethical issues;
- c. evaluate the ethical implications of an organisation's selection, capture, analysis and use of data;
- d. evaluate the impact of ethics on an entity, its stakeholders and the scope of its strategies and operations, considering the public interest;
- e. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- f. design and evaluate appropriate ethical safeguards; and
- g. evaluate and explain the ethical impact of sustainability policies, including climate change effects.

## SKILLS ASSESSED

### Assimilating and using information

Understand the situation and the requirements	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Identify and understand the requirements</li> <li>• Recognise and evaluate new and complex ideas within a scenario</li> <li>• Identify and explain the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify and evaluate risks within a scenario</li> <li>• Identify and evaluate elements of uncertainty within a scenario</li> <li>• Identify and explain ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<ul style="list-style-type: none"> <li>• Interpret and assimilate information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Filter information provided to identify critical facts</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and explain business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>

#### How skills are assessed

*Students may be required to:*

- draw conclusions in the following ways:
  - from data, facts, calculations, judgments and own analysis;
  - on complex assurance engagements;
  - by identifying weaknesses in financial information systems and their potential consequences;
  - by distinguishing between the qualities of data provided or other evidence generated; and
  - by developing risk management solutions in an audit and corporate reporting environment.
- present and communicate their recommendations in the following ways:
  - from using a report/memorandum in response to a specific technical issue and in accordance with client requirements;
  - by using reasoned, practicable advice that is clear and concise, supported by calculations or analysis of technical/business issues identified;
  - by using judgement to select the most appropriate audit procedures in the context of risks identified; and
  - by justifying a specific recommended action when a variety of options are available.
- explain the limitations of their conclusions or recommendations.

## Structuring problems and solutions

### Structure data

- Structure information from various sources into suitable formats for analysis
- Identify any information gaps
- Frame questions to clarify information
- Use a range of data types and sources to inform analysis and decision making
- Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes
- Present analysis in accordance with instructions and criteria

### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Identify creative and pragmatic solutions in a business environment
- Identify opportunities to add value
- Identify and anticipate problems that may result from a decision
- Identify a range of possible solutions based on analysis
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical framework
- Identify the solution which is the best fit with acceptance criteria and objectives
- Define objectives and acceptance criteria for solutions

### How skills are assessed

*Students may be required to:*

- Business management
  - Undertake a critical assessment of key business issues.
  - Structure market data and industry data from various sources.
  - Explain and evaluating the strengths and weaknesses of an organisation or segments of an organisation.
  - Evaluate the impact of decisions on business strategy.
  - Evaluate the impact of financial strategy on business strategy.
- Finance
  - Undertake valuations, where the information is incomplete, suspect or unsuitable.
  - Undertake financial risk analysis and considering the management of financial risks.
  - Evaluate the impact of business strategy on financial strategy.
- Corporate reporting
  - Consider relevance and reliability of unstructured information.
  - Evaluate the impact and legitimacy of a range of financial reporting treatments.
  - Deal with complex financial reporting information.
  - Impact of future events on financial statements.
  - Impact on financial statements of delaying or modifying business and financial decisions.
  - Evaluate business position, prospects and risks.
- Assurance
  - Understand business and inherent risks in complex scenarios.
  - Evaluate the control environment.
  - Undertake selective financial analysis.
  - Evaluate risk and control evaluation in the context of IT.
  - Undertake assurance to support specific transactions (eg, due diligence).
  - Apply professional scepticism.
- Ethics
  - Identify ethical problems in complex scenarios and structuring appropriate actions.

## Applying judgement

### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

### Relate issues to the environment

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

### How skills are assessed

*Students may be required to:*

- drawing of inferences and conclusions from prior qualitative and quantitative analysis, and other information, in order to solve problems and developing a solution, or alternative solutions;
- select between technical choices;
- filter data to identify critical elements;
- prioritise information, issues or tasks;
- identify omissions in the information provided;
- evaluate inconsistencies in information;
- distinguish between the various qualities of the data provided;
- evaluate the impact of business, financial and economic factors;
- evaluate the effects of future events;
- evaluate the appropriateness of accounting policy and estimation selection;
- compare the effects of a range of estimates, outcomes or financial treatments;
- exercise ethical judgement;
- identify key linkages; and
- draw appropriate conclusions from data provided to satisfy specified objectives and assessing the materiality of errors and omissions.

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support reasoning and conclusions
- Apply professional experience and evidence to support reasoning
- Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.

### Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence
- Make evidence-based recommendations which can be justified by reference to supporting data and other information
- Develop recommendations which combine different

### Communication

- Present a basic or routine memorandum or briefing note in writing in a clear and concise style
- Present analysis and recommendations in accordance with instructions
- Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient
- Prepare the advice, report, or notes required in a clear and concise style



### How skills are assessed

*Students may be required to:*

- draw conclusions from data, facts, calculations, judgements and own analysis;
- draw conclusions on complex assurance engagements;
- draw conclusions by identify weaknesses in financial information systems and their potential consequences;
- draw conclusions by distinguishing between the qualities of data provided or other evidence generated;
- draw conclusions by developing risk management solutions;
- draw conclusions by making strategic decisions; and
- draw conclusions by valuing a company or a financial instrument.
- present a report/memorandum in response to a specific technical or business issue and in accordance with client requirements.
- present reasoned, practicable advice that is clear and concise, supported by calculations or analysis of technical or business issues identified.
- justify a specific recommended action when a variety of options are available.

# *Case Study*

## **MODULE AIM**

To ensure that students can provide advice on complex business issues in the form of a written report.

The objective of the Case Study is to assess students' understanding of complex business issues and the ability to analyse financial and non-financial data, exercise professional and ethical judgement, and develop conclusions and recommendations.

## **CASE STUDY FORMAT**

The Case Study scenario may be based on any one of a variety of different organisational structures or operations. Students will be provided with background details ('Advance Information') on the organisation and its business environment ahead of the exam. The Advance Information will comprise material in a variety of formats: as well as narrative exhibits and financial statements, they may include visualisations (eg, graphs, pie-charts, heat maps).

This information will not give specific indication of the eventual requirements of the Case Study. Students will be expected to familiarise themselves with the information provided about the organisation and the industry in which it operates, by undertaking detailed analysis of that Advance Information and some additional analysis and research where necessary. Students may take the results of their work into the exam.

## **METHOD OF ASSESSMENT**

The Case Study exam is 4 hours long. The Case Study will not require the detailed computations needed for the Certificate, Professional and Advanced Levels; but students will be required to undertake financial and business analysis.

Requirements will be open in that there will be no predetermined correct answers to the Case Study. All areas of the syllabus may be tested over time.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permitteditexts](https://www.icaew.com/permitteditexts)

## **ETHICS AND PROFESSIONAL SCEPTICISM**

Ethics and business trust is ingrained throughout the Case Study material. The case study will expect candidates to identify and evaluate a range of considerations, including social, environmental and business sustainability. Analysis of the skills assessed that follows shows that candidates are required both to identify and to evaluate ethical issues and dimensions. Recommendations will necessarily only be valid if they satisfy the same rigour and principles. Professional scepticism will be an underlying requirement within the complex scenarios that the Case Study presents. It must be applied being mindful of provenance and recognising the potential for bias.

## PREPARATION AND APPROACH TO THE CASE

The Case Study is designed to reproduce a typical situation in which ICAEW Chartered Accountants find themselves. This will involve using information communicated in documents from a variety of business and professional advisors and stakeholders. The situation will generally relate to a business proposal, decision or situation and will require preparation for the submission of a report.

The reality of such situations is that in drafting a report you would:

- receive some materials in advance;
- carry out some work beforehand and make use of it in the report;
- include additional analysis in appendices to the report;
- develop additional lines of enquiry as you assemble the report; and
- expect to discuss and advise on relevant matters.

The limited class time available with a tutor, even when supplemented by extensive home study, is insufficient for success in the Case Study. Students must bring work experience into their preparation and development programme.

Success at the Case Study requires an integration of the technical knowledge and skills acquired from all of the ACA modules, namely:

- the core technical knowledge and skills and practical application acquired at the Certificate and Professional levels;
- the technical, analytical, evaluative and integration skills from Corporate Reporting and Strategic Business Management; and
- the advisory, judgemental and communication skills acquired through practical work experience undertaken during the training agreement.

## SKILLS ASSESSED

### Assimilating and using information

<b>Understand the situation and the requirements</b> <ul style="list-style-type: none"><li>• Demonstrate understanding of the business context</li><li>• Identify and understand the requirements</li><li>• Recognise new and complex ideas within a scenario</li><li>• Identify the needs of customers and clients</li><li>• Explain different stakeholder perspectives and interests</li><li>• Identify risks within a scenario</li><li>• Identify elements of uncertainty within a scenario</li><li>• Identify ethical issues including public interest <b>issues such as environmental, social and business sustainability</b> within a scenario</li></ul>	<b>Identify and use relevant information</b> <ul style="list-style-type: none"><li>• Interpret information provided in various formats</li><li>• Evaluate the relevance of information provided</li><li>• Use multiple information sources</li><li>• Filter information provided to identify critical facts</li></ul>	<b>Identify and prioritise key issues and stay on task</b> <ul style="list-style-type: none"><li>• Identify business and financial issues from a scenario</li><li>• Prioritise key issues</li><li>• Work effectively within time constraints</li><li>• Operate to a brief in a given scenario</li></ul>
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### How skills are assessed

*Students may be required to:*

- use the Advance Information, exam, knowledge of ethical codes and professional experience to define the specific issue/situation;
- identify and use the key financial figures from the Advance Information and exam;
- use their own understanding of context and relevant findings from their own research;
- describe the wider context in which the business operates;
- identify relevant business issues showing:
  - understanding of a business entity
  - understanding of its position in the industry sector;
- recognise where a business is in its life cycle;
- identify any important parameters affecting an issue (eg, competitors, loss of clients, impact of technology); and
- demonstrate an awareness of ethical and business trust, environmental, social and business sustainability issues and situations.

### Structuring problems and solutions

#### Structure data

- Structure information from various sources into suitable formats for analysis
- Identify any information gaps
- Frame questions to clarify information
- Use a range of data types and sources to inform analysis and decision making
- Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes
- Present analysis in accordance with instructions and criteria

#### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Identify creative and pragmatic solutions in a business environment
- Identify opportunities to add value
- Identify and anticipate problems that may result from a decision
- Identify a range of possible solutions based on analysis
- Identify ethical dimensions of possible solutions
- Select appropriate courses of action using an ethical framework
- Define objectives and acceptance criteria for solutions
- Identify the solution which is the best fit with acceptance criteria and objectives

### How skills are assessed

*Students may be required to:*

- identify and use key information;
- demonstrate technical knowledge;
- use professional experience;
- use relevant strategic analytical tools (SWOT, PESTLE, Porter's 5 Forces);
- perform relevant analysis;
- produce quality analysis showing:
  - depth
  - breadth
  - logic
  - reasonableness;
- use knowledge of ethical codes and professional experience to perform relevant analysis; and
- assess issues of business trust, environmental, social and business sustainability.

**Financial statement analysis:**

- use appropriate analytical tools on information and data provided in the Advance Information and exam to measure financial performance, identify trends and make comparisons;
- perform relevant analysis on:
  - financial statements;
  - other information;
- make specific adjustments to align equivalent financial information for different factors;
- assess the causes and effects of both financial and non-financial factors on the business;
- assess the effect of external factors on business activities and financial results; and
- integrate numbers and words.

**Financial data analysis:**

- prepare and explain relevant calculations based on financial information provided in the Advance Information and exam;
- use appropriate analytical tools (eg, valuation methodologies) and statistical techniques;
- perform relevant analysis on:
  - numerical data;
  - other information;
- determine specific outcomes from financial and non-financial information provided;
- comment on assumptions provided;
- consider and calculate possible alternative outcomes (flexing numbers, sensitivity analysis, scenario building, financial modelling); and
- integrate numbers and words.

**Applying judgement****Apply professional scepticism and critical thinking**

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Assess interaction of information from different sources
- Exercise ethical judgement

**Relate issues to the environment**

- Appreciate when more expert help is required, but reviewing and challenging their work where appropriate
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

**How skills are assessed:**

*Students may be required to:*

- evaluate and build on implications of financial or strategic analysis or calculations;
- identify and use key financial information;
- recognise linkages;
- recognise gaps or shortcomings in the information provided;
- select and evaluate key points, such as strengths and weaknesses of a business proposal;
- question and evaluate the adequacy of any assumptions and quality of information provided;
- explain own assumptions;
- discuss output, such as pros/cons;
- demonstrate professional scepticism;
- demonstrate objectivity/balance;
- demonstrate an appreciation of more than one side/bias;

- evaluate and balance options;
- prioritise key points;
- assess weaknesses in decisions;
- reflect on the underlying analysis performed and what it means for the organisation;
- use knowledge of ethical codes and professional experience;
- identify risks and ethical issues within, and derived from, the scenario;
- identify key ethical issues for an accountant undertaking work in accounting, finance and assurance; and
- evaluate any specific business trust points relating to the issue under review.

## Concluding, recommending and communicating

Conclusions	Recommendations	Communication
<ul style="list-style-type: none"> <li>• Apply technical knowledge to support reasoning and conclusions</li> <li>• Apply professional experience and evidence to support reasoning</li> <li>• Use valid and different technical skills to formulate opinions, advice, plans, solutions, options and reservations.</li> </ul>	<ul style="list-style-type: none"> <li>• Present recommendations in accordance with instructions and defined criteria</li> <li>• Make recommendations in situations where risks and uncertainty exist</li> <li>• Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence</li> <li>• Make evidence-based recommendations which can be justified by reference to supporting data and other information</li> <li>• Develop recommendations which combine different technical skills in a practical situation</li> </ul>	<ul style="list-style-type: none"> <li>• Present analysis and recommendations in accordance with instructions</li> <li>• Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient</li> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>

### How skills are assessed

*Students may be required to:*

- draw conclusions, make recommendations and reach decisions based on their foregoing work and relevant to the organisation as described in the business scenario;
- draw conclusions that:
  - are realistic;
  - flow from the analytical work and evaluation previously conducted;
  - include the impact of any assumptions and any sensitivity analysis;
  - form an opinion on the validity of information sources; and
  - conclude on ethical issues.
- offer clear, practical, and commercial advice and recommendations that:
  - follow logically from the analytical work, evaluations and conclusions;
  - are backed up by reasoned argument;
  - are realistic;
  - help to improve the situation or mitigate any problems or uncertainties identified within the context of the business scenario and wider context;
  - lie within the range of current business activity;
  - identify any significant positive points or areas of concern relating to any decision(s) reached;
  - identify any financial implications of action (or no action);
  - identify additional work needed to support the decision(s);
  - identify the next steps that the client should take to progress or reject an issue;

- identify where any specific additional advice may be required; and
- resolve any identified ethical dilemmas or issues of business trust.

# *Technical knowledge*

The tables contained in this section show the technical knowledge in the disciplines of financial reporting, audit and assurance, business analysis, ethics and taxation covered in the ACA syllabus by module.

For each individual standard the level of knowledge required in the relevant Certificate and Professional Level module and at the Advanced Level is shown.

The knowledge levels are defined as follows:

## **Level D**

An awareness of the scope of the standard.

## **Level C**

A general knowledge with a basic understanding of the subject matter and training in its application thereof sufficient to identify significant issues and evaluate their potential implications or impact.

## **Level B**

A working knowledge with a broad understanding of the subject matter and a level of experience in the application thereof sufficient to apply the subject matter in straightforward circumstances.

## **Level A**

A thorough knowledge with a solid understanding of the subject matter and experience in the application thereof sufficient to exercise reasonable professional judgement in the application of the subject matter in those circumstances generally encountered by chartered accountants.

## **Key to other symbols:**

→The knowledge level reached is assumed to be continued



# Assurance and Audit

Topic	Assurance	Audit and Assurance	Advanced Level
The International Auditing and Assurance Standards Board		D	C
The Authority Attaching to Standards Issued by the International Auditing and Assurance Standards Board		C	A
The Authority Attaching to Practice Statements Issued by the International Auditing and Assurance Standards Board			A
FRC Scope and Authority of Audit and Assurance Pronouncements	B	A	→
Discussion Papers			C
Working Procedures			C
<b>International Standards on Quality Management (ISQMs) (UK)</b>			
1 Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements		C	B
2 Engagement Quality Reviews		C	B
<b>International Standards on Auditing (UK)</b>			
200 (Revised June 2016) (Updated May 2022) Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	B	A	→
210 (Revised June 2016) (Updated May 2022) Agreeing the Terms of Audit Engagements		B	→
220 (Revised July 2021) Quality Management for an Audit of Financial Statements		B	→
230 (Revised June 2016) (Updated May 2022) Audit Documentation	C	B	A
240 (Revised May 2021) (Updated May 2022) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	C	B	A
250 Section A (Revised November 2019) (Updated May 2022) Consideration of Laws and Regulations in an Audit of Financial Statements		B	A
250 Section B (Revised November 2019) The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector			C
260 (Revised November 2019) (Updated May 2022) Communication with Those Charged with Governance		B	A
265 (Updated May 2022) Communicating Deficiencies in Internal Control to Those Charged with Governance and Management		B	A
300 (Revised June 2016) (Updated May 2022) Planning an Audit of Financial Statements	B	A	→
315 (Revised July 2020) Identifying and Assessing the Risks of Material Misstatement	B	A	→
320 (Revised June 2016) (Updated May 2022) Materiality in Planning and Performing an Audit	C	A	→
330 (Revised July 2017) (Updated May 2022) The Auditor's Responses to Assessed Risks	C	B	A
402 (Updated May 2022) Audit Considerations Relating to an Entity Using a Service Organization		C	B
450 (Revised June 2016) (Updated May 2022) Evaluation of Misstatements Identified During the Audit	C	A	
500 (Updated May 2022) Audit Evidence	B	A	→
501 (Updated May 2022) Audit Evidence - Specific Considerations for Selected Items		B	A
505 (Updated May 2022) External Confirmations	B	B	A
510 (Revised June 2016) Initial Audit Engagements - Opening Balances	C	B	A
520 (Updated May 2022) Analytical Procedures	B	A	A
530 (Updated May 2022) Audit Sampling	B	B	A

Topic	Assurance	Audit and Assurance	Advanced Level
540 (Revised December 2018) (Updated May 2022) Auditing Accounting Estimates and Related Disclosures	C	B	A
550 (Updated May 2022) Related Parties	C	B	A
560 Subsequent Events		B	A
570 (Revised September 2019) (Updated May 2022) Going Concern		A	→
580 (Updated May 2022) (Updated January 2020) Written Representations	C	B	A
600 (Revised September 2022) Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)		C	A
610 (Revised June 2013) (Updated May 2022) Using the Work of Internal Auditors	C	B	A
620 (Revised November 2019) (Updated May 2022) Using the Work of an Auditor's Expert		B	A
700 (Revised November 2019) (Updated May 2022) Forming an Opinion and Reporting on Financial Statements	B	A	→
701 (Revised November 2019) (Updated May 2022) Communicating Key Audit Matters in the Independent Auditor's Report		B	A
705 (Revised June 2016) Modifications to the Opinion in the Independent Auditor's Report		A	→
706 (Revised June 2016) Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report		A	→
710 Comparative Information – Corresponding Figures and Comparative Financial Statements		B	A
720 (Revised November 2019) (Updated May 2022) The Auditor's Responsibility Relating to Other Information		B	A
800 (Revised) Special Considerations – Audits of Financial Statements prepared in Accordance with Special Purpose Frameworks		C	A
805 (Revised) Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement		C	A
<b>International Standards on Assurance Engagements (ISAEs) (UK)</b>			
3000 (July 2020) Assurance Engagements Other Than Audits Or Reviews Of Historical Financial Information		C	B
<b>International Standards on Auditing</b>			
810 (Revised) Engagements to Report on Summary Financial Statements			B
<b>International Auditing Practice Note (IAPN)</b>			
1000 Special Considerations in Auditing Financial Instruments			B
<b>International Standards on Review Engagements (ISREs)</b>			
2400 (Revised) Engagements to Review Historical Financial Statements		C	B
<b>International Standards on Review Engagements (UK)</b>			
2410 (Revised May 2021) Review of Interim Financial Information Performed by the Independent Auditor of the Entity		C	B
<b>International Standards on Assurance Engagements (ISAEs)</b>			
3400 The Examination of Prospective Financial Information		C	A
3402 Assurance Reports on Controls at a Service Organisation		C	B
3410 Assurance Engagements on Greenhouse Gas Statements		C	→
<b>International Standards on Related Services (ISRSs)</b>			
4400 Agreed-upon Procedures Engagements (Revised)			B
4410 Compilation Engagements (Revised)			B
<b>Other Guidance</b>			
Bulletin (August 2021): Illustrative Auditor's Reports on UK Private Sector Financial Statements		B	B

# Business and Finance

Topic	Certificate and Professional Level				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
<b>STRATEGIC ANALYSIS</b>					
<b>Industry and market analysis tools</b>					
PESTEL analysis		C		A	→
Porter's five forces		C		A	→
Product life cycle		C		A	→
Boston consulting group matrix		C		A	→
Prices and markets		C		A	→
Competitor analysis		C		A	→
<b>Positional and other analysis tools</b>					
Resource audit		C		A	→
Resource-based strategy		C		A	→
Value chain analysis		C		A	→
SWOT analysis		C		A	→
Gap analysis		C		A	→
Marketing analysis		C		A	→
Competitive advantage		C		A	→
Benchmarking		C		A	→
Directional policy matrix					B
Business process analysis				B	A
Strategic risk analysis				A	→
Balanced scorecard		C		A	→
<b>STRATEGIC CHOICE</b>					
Strategy formulation, evaluation and choice		C		A	→
Business risk management		C		A	→
Financial analysis and data analysis				A	→
Stakeholder analysis		C		A	→
Objectives and stakeholders' preferences		C		A	→
<b>STRATEGIC IMPLEMENTATION</b>					
Business plans		C		A	→
Organisational structure		C		A	→
Information management		C		B	A
Change management				A	→
Project management					A
<b>BUSINESS MANAGEMENT</b>					
Performance management				C	A
Strategic marketing and brand management				B	A
Corporate governance		C		B	A
Information strategy				B	A
Human resource management		C		B	A
<b>COST ANALYSIS FOR DECISION MAKING</b>					
<b>Costing</b>					
Cost classification	A			→	→
Costing systems – direct, marginal, absorption	B			→	→
Activity based costing (ABC)	C			→	B
Break even analysis	B			→	A
Multi-product break even analysis					B
Budgeting and performance management	B			→	A

Topic	Certificate and Professional Level				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
<b>Pricing</b>					
Pricing decisions	B			A	→
Transfer pricing	B			A	→
<b>Decision making techniques</b>					
Expected values				B	A
Relevant cash flows				B	A
Sensitivity analysis				B	A
<b>BUSINESS AND SHAREHOLDER VALUE</b>					
<b>Valuation Techniques</b>					
Income – dividend yield			B		A
Income – P/E			B		A
Income – discounted cash flow			B		A
Asset based measures			B		A
Options approach					B
<b>Shareholder value</b>					
Value based management (VBM)					B
Value drivers			B		A
Shareholder value analysis (SVA)			B		A
Short and long term growth rates and terminal values					A
Economic profit					A
Cash flow return on investment (CFROI)					A
Total shareholder return (TSR)					A
Market value added (MVA)					A
<b>INVESTMENT APPRAISAL AND RISK ANALYSIS</b>					
<b>Project appraisal</b>					
NPV	B		A		→
IRR	B		A		→
<b>MIRR</b>					
Payback	B		A		→
Relevant cash flows			A		→
Tax and inflation			A		→
Replacement Analysis			A		→
Capital rationing			A		→
Adjusted present value (APV)			A		→
<b>Assessing risk</b>					
Project appraisal and risk			B		A
Expected values		C	B		A
Scenario planning					A
Gap analysis				B	→
Continuous vs. event risk				B	→
<b>FINANCIAL ANALYSIS</b>					
<b>Cost of capital</b>					
Cost of equity			B		A
Cost of debt			B		A
Cost of preference shares			B		A
Cost of bank loans			B		A
Weighted average cost of capital (WACC)			B		A
Effective interest rates					A
Splitting convertibles into equity and debt elements					A
Equity instruments					A
<b>Portfolio theory and CAPM</b>					

Topic	Certificate and Professional Level				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
Portfolio theory			B		A
CAPM			B		A
Asset pricing models					B
CAPM and cost of capital			B		A
International cost of capital					A
<b>Bonds and fixed interest securities</b>					
Bond pricing			B		A
Yields to maturity			B		A
Duration and price volatility					A
Convexity					A
Term structure of interest rates					A
Corporate borrowing and default risk					A
<b>Data Analytics</b>					
<b>Spreadsheet functions (per published list)</b>			A	A	A
<b>Sensitivity analysis</b>			B	B	A
<b>Scenario analysis</b>			B	B	A
<b>Data distributions</b>		C	B	B	A
<b>Data bias</b>		B	A	A	A
<b>Quantitative methods</b>					
<b>Standard deviation</b>		C	C	C	B
<b>Co-efficient of variation</b>		C	C	C	B
<b>Probabilities</b>			B	B	A
<b>Correlation</b>			C	C	B
<b>Z-score</b>					B
<b>Confidence intervals</b>					B
<b>SOURCES OF FINANCE AND FINANCING ARRANGEMENTS</b>					
Short, medium and long term sources of finance		C			A
<b>Green finance</b>		C	B		A
Loan agreement conditions (warranties; covenants; guarantees)			B		A
Raising capital		C			A
Gearing and capital structure			A		→
Loan agreements and covenants			A		→
Dividend policy			A		→
Financing reconstructions (eg, group reconstruction, spin off, purchase of own shares, use of distributable profits)			B		A
Treasury and working capital management	C				A
Small and medium company financing					B
History of finance					C
<b>FINANCIAL ENGINEERING</b>					
<b>Futures, options and swaps</b>					
Options			B		A
Interest rate futures			B		A
Interest rate options			B		A
Interest forward rate agreements (FRAs)			B		A
Interest rate swaps			B		A
<b>Commodity derivatives</b>					A
<b>Hedging</b>			B		A
<b>Foreign exchange</b>					
Currency forward contracts			B		A
Currency money market cover			B		A

Topic	Certificate and Professional Level				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
Currency options			B		A
Currency swaps			B		A
Managing currency risk			B		A
Determinants of foreign exchange rates			B		A
<b>Option value</b>					
Valuing call and put options			C		B
Black Scholes option pricing model					B
Binomial Option Pricing Model					B
Real options			C		B
<b>SUSTAINABILITY IN BUSINESS AND FINANCE</b>					
Types of sustainability (environmental, social, economic)	C	C	C	A	A
ESG	C	C	B	A	A
Corporate responsibility, sustainability and climate change		C		B	A
Green finance		C	B		A
Measurement and metrics in sustainability	C			B	A
Reporting on sustainability (mandatory and non-mandatory)					A
Risk management and sustainability			C		A
Regulation of sustainability					B
Sustainability and ethics			B	B	A

# *Ethics codes and standards*

Ethics Codes and Standards	Level	Modules
<p><b>IESBA International Code of Ethics for Professional Accountants (2021)</b> (parts 1, 2 and 3 and Glossary)</p> <p><b>ICAEW Code of Ethics</b></p>	<p>C/D B C/D D C C</p> <p>A B B B/C B B</p> <p>A A A</p>	<p><b>Certificate Level</b> Accounting Assurance Business, Technology and Finance Law Management Information Principles of Taxation</p> <p><b>Professional Level</b> Audit and Assurance Business Strategy and Technology Financial Accounting and Reporting Financial Management Tax Compliance Business Planning</p> <p><b>Advanced Level</b> Corporate Reporting Strategic Business Management Case Study</p>
<p><b>FRC Revised Ethical Standard (December 2019) and Erratum January 2020) and Glossary of Terms – Ethics and Auditing (Updated December 2019)</b></p>	<p>B A</p> <p>A A A</p>	<p>Assurance Audit and Assurance</p> <p><b>Advanced Level</b> Corporate Reporting Strategic Business Management Case Study</p>

# Financial Reporting: IFRS Standards

Topic	Certificate and Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
Preface to International Financial Reporting Standards		A	A
Conceptual Framework for Financial Reporting	B	A	A
IAS 1 Presentation of Financial Statements	A	A	A
IAS 2 Inventories	B	A	A
IAS 7 Statement of Cash flows	B	A	A
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	B	B	A
IAS 10 Events after the Reporting Period		A	A
IAS 12 Income Taxes		C	A
IAS 16 Property, Plant and Equipment	B	A	A
IAS 19 Employee Benefits		-	A
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance		A	A
IAS 21 The Effects of Changes in Foreign Exchange Rates		C	A
IAS 23 Borrowing Costs		A	A
IAS 24 Related Party Disclosures		B	A
IAS 26 Accounting and Reporting by Retirement Benefit Plans		-	D
IAS 27 Separate Financial Statements		B	A
IAS 28 Investments in Associates and Joint Ventures		B	A
IAS 29 Financial Reporting in Hyperinflationary Economics		-	D
IAS 32 Financial Instruments: Presentation		B	A
IAS 33 Earnings Per Share		C	A
IAS 34 Interim Financial Reporting		-	A
IAS 36 Impairment of Assets		B	A
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	C	A	A
IAS 38 Intangible Assets	C	A	A
IAS 39 Financial Instruments: Recognition and Measurement (Hedging only) (Note 1)		-	A
IAS 40 Investment Property (Note 1)		-	A
IAS 41 Agriculture		-	D
IFRS 1 First-Time Adoption of IFRS		-	C
IFRS 2 Share-based Payment		-	A
IFRS 3 Business Combinations		B	A
IFRS 4 Insurance Contracts (Note 1)		-	D
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations		B	A
IFRS 6 Exploration for and Evaluation of Mineral Resources		-	D
IFRS 7 Financial Instruments: Disclosures		C	A
IFRS 8 Operating Segments		-	A
IFRS 9 Financial Instruments (Note 1)		C	A



Topic	Certificate and Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
IFRS 10 Consolidated Financial Statements		B	A
IFRS 11 Joint Arrangements		B	A
IFRS 12 Disclosure of Interests in Other Entities		B	A
IFRS 13 Fair Value Measurement		C	A
IFRS 14 Regulatory Deferral Accounts		-	C
IFRS 15 Revenue from Contracts with Customers	C	B	A
IFRS 16 Leases		B	A
IFRS 17 Insurance Contracts (Note 1)		-	C
IFRS for SMEs		-	A

**Note 1:** Business Planning Banking and Business Planning: Insurance cover IAS 39 and IFRS 9 in more detail than in the Financial Accounting and Reporting syllabus at Professional Level. Business Planning: Insurance also covers IFRS 4, IFRS 17 and IAS 40 which are not part of the Financial Accounting and Reporting syllabus at Professional Level.

# Financial Reporting: UK GAAP

Topic	Professional Level
	Financial Accounting and Reporting
The financial reporting framework	A
FRS 102 s.1 Scope	A
FRS 102 s.1A Small entities	B
FRS 102 s.2 Concepts and Pervasive Principles	A
FRS 102 s.3 Financial Statement Presentation	A
FRS 102 s.4 Statement of Financial Position	A
FRS 102 s.5 Statement of Comprehensive Income and Income Statement	A
FRS 102 s.6 Statement of Changes in Equity and Statement of Income and <b>Retained Earnings</b>	A
FRS 102 s.7 Statement of Cash Flows	A
FRS 102 s.8 Notes to the Financial Statements	A
FRS 102 s.9 Consolidated and Separate Financial Statements	B
FRS 102 s.10 Accounting Policies, Estimates and Errors	B
FRS 102 s.11 Basic Financial Instruments	C
FRS 102 s.12 Other Financial Instruments Issues	-
FRS 102 s.13 Inventories	A
FRS 102 s.14 Investments in Associates	B
FRS 102 s.15 Investments in Joint Ventures	B
FRS 102 s.16 Investment Property	-
FRS 102 s.17 Property, Plant and Equipment	A
FRS 102 s.18 Intangible Assets other than Goodwill	A
FRS 102 s.19 Business Combinations and Goodwill	B
FRS 102 s.20 Leases	B
FRS 102 s.21 Provisions and Contingencies	A
FRS 102 s.22 Liabilities and Equity	B
FRS 102 s.23 Revenue	A
FRS 102 s.24 Government Grants	A
FRS 102 s.25 Borrowing Costs	B
FRS 102 s.26 Share-based Payments	-
FRS 102 s.27 Impairment of Assets	B
FRS 102 s.28 Employee Benefits	-
FRS 102 s.29 Income Tax	C
FRS 102 s.30 Foreign Currency Translation	C
FRS 102 s.31 Hyperinflation	-
FRS 102 s.32 Events after the End of the Reporting period	A
FRS 102 s.33 Related Party Disclosures	B
FRS 102 s.34 Specialised Activities	-
FRS 102 s.35 Transition to this FRS	-
FRS 105 s.1 Scope	A

Topic	Professional Level
	Financial Accounting and Reporting
FRS 105 s.2 Concepts and Pervasive Principles	A
FRS 105 s.3 Financial Statement Presentation	A
FRS 105 s.4 Statement of Financial Position	A
FRS 105 s.5 Income Statement	A
FRS 105 s.6 Notes to the financial statements	A
FRS 105 s.7 Subsidiaries, Associates, Jointly Controlled Entities and Intermediate Payment Arrangements	A
FRS 105 s.8 Accounting Policies, Estimates and Errors	A
FRS 105 s.9 Financial Instruments	C
FRS 105 s.10 Inventories	A
FRS 105 s.11 Investments in Joint Ventures	B
FRS 105 s.12 Property, Plant and Equipment	A
FRS 105 s.13 Intangible Assets other than Goodwill	A
FRS 105 s.14 Business Combinations and Goodwill	B
FRS 105 s.15 Leases	B
FRS 105 s.16 Provisions and Contingencies	A
FRS 105 s.17 Liabilities and Equity	B
FRS 105 s.18 Revenue	A
FRS 105 s.19 Government Grants	A
FRS 105 s.20 Borrowing Costs	B
FRS 105 s.21 Share-based Payment	-
FRS 105 s.22 Impairment of Assets	B
FRS 105 s.23 Employee Benefits	-
FRS 105 s.24 Income Tax	C
FRS 105 s.25 Foreign Currency Translation	C
FRS 105 s.26 Events after the End of the Reporting period	A
FRS 105 s.27 Specialised Activities	-
FRS 105 s.28 Transition to this FRS	-

# Taxation

Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
<b>LEGAL AND ETHICAL FRAMEWORK</b>			
Anti-money laundering guidance	C	B	A
Base erosion and profit-shifting (BEPS) two pillars			C
<b>Devolution of taxes</b>		C	C
Disclosure of tax avoidance schemes (DOTAS)			A
General anti-abuse rule (GAAR)			A
HMRC	B	→	→
Objectives of taxation	C	→	→
Professional Conduct in Relation to Taxation (PCRT)		C	B
Tax planning, evasion and avoidance	C	B	A
<b>ADMINISTRATION</b>			
Administration	B	→	→
Appeals	C	→	→
Apprenticeship levy		C	→
Digital accounts and digital record keeping	B	→	→
PAYE/NIC	B	→	→
Payments	B	A	→
Penalties and interest	B	→	→
Self-assessment	B	A	→
<b>CAPITAL GAINS TAX</b>			
Chargeable gains			
Annual exempt amount	B	A	→
Capital gains tax for trusts			C
Chargeable assets	C	B	→
Chargeable disposals	C	B	→
Chargeable persons	C	B	→
Chattels: wasting and non-wasting	B	→	→
Connected persons		A	→
Converted trading losses		B	→
Costs of acquisition and disposal	C	B	→
Nil gain/nil loss transfers		A	→
Part disposals		B	→
Qualifying corporate bonds		B	→
Rate of tax	B	A	→
Relief for capital losses		A	A
Reorganisations and reconstructions			A
Shares and securities (including bonus and rights issues)		B	→
<b>Chargeable gains reliefs</b>			
Business asset disposal relief		B	A
Gift relief		B	A
Incorporation relief			A
<b>Investors' relief</b>		B	A
Letting relief		A	→
Private residence relief		A	B
Reinvestment relief under EIS/SEIS			B
Roll-over relief		B	A

Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
<b>Overseas aspects of capital gains tax</b>			
Arising basis		B	A
Deemed domicile		B	A
Domicile		B	A
Double tax relief		A	→
Gains on foreign assets		B	A
Remittance basis		B	A
Residence		C	A
Temporary absence			A
UK taxation of non-domiciled individuals		B	A
<b>INCOME TAX</b>			
<b>Trading profits</b>			
Adjustments to profits	B	A	→
Badges of trade	B	A	→
Capital allowances	B	A	→
Cash basis of accounting		A	→
Foreign currency transactions			A
Pension contributions		A	→
Pre-trading expenditure		A	→
<b>Unincorporated businesses</b>			
Basis of assessment	B	A	→
Partnerships	B	A	→
Trading losses		A	→
Treatment of terminal losses		A	→
<b>Employment income</b>			
Allowable deductions against employment income		A	→
Employment income	B	A	→
Share schemes			A
Statutory Mileage Rates Scheme		A	→
Taxable and exempt benefits	B	A	→
Termination payments			B
<b>Other income/expenditure</b>			
Dividends from UK companies	B	A	→
Enterprise Investment Scheme			B
Investment income	B	A	→
ISAs	B	→	→
Miscellaneous income		A	→
Property income	C	B	A
Savings income	B	A	→
Seed Enterprise Investment Scheme			B
Venture Capital Trusts			B
<b>Overseas aspects of income tax</b>			
Arising basis		B	A
Deemed domicile		B	A
Domicile		B	A
Double tax relief		A	→
Income on foreign assets and income from foreign employment		B	A
Remittance basis		B	A
Residence		B	A

Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
UK taxation of non-domiciled individuals		B	A
<b>Income tax computation</b>			
Exempt income	B	A	→
Gifts of assets and cash to charity	B	A	→
Income tax liability and income tax payable	B	A	→
Income tax charge on child benefit		B	→
Independent taxation and jointly owned assets		B	A
Income tax for trusts			C
Limit on income tax reliefs		A	→
Marriage allowance	B	A	→
Pension contributions – provisions for retirement		B	A
Pension contributions – tax reliefs		B	A
Personal allowances	B	A	→
Qualifying interest payments		B	→
Rates of taxation	B	A	→
Taxable persons	C	A	→
<b>INHERITANCE TAX</b>			
<b>Fundamental principles of inheritance tax</b>			
Chargeable persons		A	→
Chargeable property		A	→
Excluded property		B	→
Inter-spouse transfers		A	→
Rates of taxation		A	→
Related property		B	→
Seven-year accumulation period		A	→
Transfers of value		A	→
Trusts		C	→
Valuation		A	→
Inheritance tax on lifetime transfers			
Relevant property trusts		A	→
Potentially exempt transfers		A	→
<b>Inheritance tax on death</b>			
Death estate		A	→
Deeds of variation			B
Lifetime transfers		A	→
<b>Overseas aspects of inheritance tax</b>			
Deemed domicile		C	A
Domicile		C	A
Double tax relief		A	→
Lex-situs rules		A	→
<b>Reliefs and exemptions from inheritance tax</b>			
Annual exemption		A	→
Business property relief		B	A
Fall in value relief		A	→
Gifts to charities and political parties		A	→
Gifts with reservation of benefit			A
<b>Pre-owned assets tax charge</b>			A
Inter-spouse transfers		A	→
Marriage/civil partnership exemption		A	→

Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
Normal expenditure out of income		A	→
Quick succession relief		B	→
Small gifts exemption		A	→
Taper relief		A	→
<b>NATIONAL INSURANCE CONTRIBUTIONS</b>			
Class 1			
- calculation	A	→	→
- directors		B	→
- earnings	C	B	→
- employment allowance	A	→	→
Class 1A			
- calculation	A	→	→
- earnings	C	B	→
Class 1B		B	→
Class 2	A	→	→
Class 4			
- calculation	A	→	→
- earnings	C	B	→
Maximum contributions		C	→
<b>CORPORATION TAX</b>			
<b>Chargeable gains</b>			
Chargeable assets	C	B	→
Chargeable disposals	C	B	→
Chargeable persons	C	B	→
Chattels: wasting and non-wasting	B	→	→
Costs of acquisition and disposal	C	B	→
Indexation		A	→
Nil gain/nil loss transfers		A	→
Part disposals		B	→
Purchase of own shares			A
Qualifying corporate bonds		B	→
Relief for capital losses		A	→
Reorganisations and reconstructions			A
Rollover relief		B	A
Shares and securities (including bonus and rights issues)		B	→
Substantial shareholding exemption		C	A
<b>Trading profits</b>			
Adjustments to profits	B	A	→
Badges of trade	B	A	→
Capital allowances – plant and machinery	B	A	→
Capital allowances – structures and buildings		A	→
Foreign currency transactions			A
Long periods of account	C	A	→
Pension contributions		B	→
<b>Taxable total profits</b>			
Chargeable gains	B	A	→
Intangible fixed assets			B
Loan relationships	B	B	A
Miscellaneous income	B	A	→

Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
Property income (excluding lease premiums)		B	A
Qualifying donations	B	A	→
Research and development expenditure		A	→
Research and development expenditure credits (RDEC)		A	→
Trading losses – post April 2017		B	A
Trading profits	B	A	→
Use of deficit on non-trading loan relationships – post April 2017		B	A
<b>Corporation tax computation</b>			
Accounting periods	C	B	A
Administration, liquidation and winding up			B
Close companies			A
Corporation tax liability	B	A	→
Distributions		B	→
Diverted profits tax and hybrid mismatch			B
Double tax relief (including underlying tax and withholding tax)		B	→
Migration			B
Provision of services through a company			A
Rates of taxation	B	A	→
Residence	C	B	→
Tax treaties and the OECD Model Tax Convention			C
<b>Groups</b>			
Associated companies	C	B	A
Capital gains groups		B	A
Change in group structure			A
Change in ownership			A
Consortium relief			B
Controlled foreign companies			A
Corporate interest restriction			B
Degrouping charges		B	A
Group loss relief		B	A
Group relationships		A	→
Non-coterminous accounting periods			A
Overseas companies and branches			B
Pre-acquisition gains and losses			A
Roll-over relief		B	A
Transfer of assets		B	A
Transfer pricing, value-shifting and thin capitalisation			A
<b>STAMP TAXES</b>			
Basic principles		B	→
Chargeable occasions		B	→
Exemptions		B	→
Stamp taxes for groups		B	→
Annual tax on enveloped dwellings (ATED)			C
<b>VAT</b>			
Capitals goods scheme		B	→
Classification of supplies		B	→
Distinction between goods and services		C	→
Overseas aspects		A	→
Group aspects		A	→



Topic	Certificate and Professional Level		
	Principles of Taxation	Tax Compliance	Business Planning: Taxation
Input VAT	A	→	→
Output VAT	A	→	→
Partial exemption		B	→
Payments	A	→	→
Penalties and interest	A	→	→
Property transactions		B	A
Registration and deregistration	A	→	→
Single and multiple supplies		B	→
Small business reliefs	A	→	→
Taxable person	A	→	→
Taxable supplies	A	→	→
Transfer of a business as a going concern			A
VAT records, accounts and digital reporting	A	→	→

# Business Planning: Banking

Topic	Business Planning: Banking
<b>Banking: markets, services and products</b>	
The nature and roles of different types of banks	A
The nature and roles of the financial markets within which banks operate	A
The nature of derivatives and how they are traded	B
Financial market instruments including those relating to foreign exchange	A
Key aspects of credit risk and the operations of the credit risk function	A
The nature and functions of securities products and markets	A
Key securities issues for banks	B
Alternative financial assets and the markets in which they operate	B
<b>Risk Management</b>	
The nature of corporate governance in the banking sector	A
The function and purpose of the asset-liability committee (ALCO)	A
The key risks experienced by a bank	A
The concept of risk appetite	A
How a bank might manage credit risk	A
Financial instruments to manage risks	A
How a bank might manage its own liquidity and capital risk	A
Managing digital and technology risk arising in banking including artificial intelligence, distributed ledger technology eg, blockchain, cyber security automation, cloud computing and FinTech	B
<b>Financial and regulatory reporting</b>	
Statement of Profit or Loss and Statement of Financial Position	A
Financial assets and liabilities – IAS 32, IFRS 7, IFRS 9	A
Financial reporting treatment of derivatives	A
Hedge accounting in accordance with IFRS 9	A
Hedge accounting in accordance with IAS 39	C
Financial reporting treatment of impairments for banks – IFRS 9	A
Fair value measurement in accordance with IFRS 13	A
Financial statement analysis to appraise potential credit risk	A
Disclosing financial instruments in accordance with IAS 32 and IFRS 7	B
The proposals of the Task Force on Climate-related Financial Disclosures (TCFD) and its fundamental principles	B
Principal differences between IFRS and UK GAAP	B
Regulatory framework	A
Regulatory capital and capital management	B
Basel 3 Pillar 1 and 2 calculations of minimum capital requirements	B
Basel 3 Pillar 3 disclosures, and bank regulatory returns	B
Conduct regulation and accounting for regulatory penalties	A
<b>Audit and Assurance</b>	
Practice Note 19, <i>The Audit of Banks and Building Societies in the United Kingdom</i>	A
IAPN 1000/Practice Note 23 <i>Special considerations in Auditing Financial Instruments</i>	A
<b>ISA 540 Audit of accounting estimates</b>	A
Impairment allowances audit procedures	A
The duty and right to disclose information to FCA, PRA and BoE	B
Identification of client money	C
Assurance procedures with respect to a credit review	A
Section 166 reports (and the role of a skilled person)	C
Role of assurance in the banking industry including internal audit and due diligence	A
<b>Ethics</b>	
Recognition and explanation of ethical and legal issues	A

Topic	Business Planning: Banking
Appropriate ethical actions	A
Ethical safeguards	A
Ethical issues to be notified to regulators	A
Ethical implications of providing audit and assurance services to a Public Interest Entity	A

# Business Planning: Insurance

Topic	Business Planning: Insurance
<b>Insurance: products</b>	
Principles, practices and functions of the insurance sector and its related markets	A
The nature, principles and purposes of general (non) life insurance	A
The nature, principles and purposes of life insurance	A
The nature, principles and purposes of reinsurance contracts	A
Common investment classes	A
Liabilities of insurance companies including IBNR and IBNER	A
The principles and models of actuarial modelling	C
<b>Risk Management</b>	
The nature of corporate governance in the insurance sector	A
The key risks experienced by an insurance company	A
The concept of risk appetite	A
Conduct risk and the customer centric perspective	B
Asset and liability matching scenarios	A
Financial instruments to manage risk	A
Risk management	A
<b>Financial and regulatory reporting</b>	
Format of Income Statement and Statement of Financial Position	A
IFRS 17 – Insurance Contracts	A
FRS 103 – Insurance Contracts	B
Principal differences between IFRS and UK GAAP	B
Assets and liabilities – IAS 32, IFRS 7, IFRS 9	A
Financial reporting treatment of derivatives	B
Hedge accounting in accordance with IFRS 9	C
Impairments in accordance with IFRS 9	A
IAS 40 – Investment Property	B
Fair value measurement in accordance with IFRS 13	A
Disclosing financial instruments in accordance with IAS 32 and IFRS 7	C
The proposals of the Task Force on Climate-related Financial Disclosures (TCFD) and its fundamental principles	C
Principles underlying the calculation of MCEV, including comparison to IFRS	B
UK Regulatory framework	A
Regulatory capital, capital management and Solvency II	B
Solvency II Pillar 3 disclosures, the Solvency and Financial Condition Report	B
Capital and regulatory reporting requirements for non-Solvency II firms	C
Conduct regulation and accounting for regulatory penalties	A
<b>Audit and Assurance</b>	
Practice Note 20 - The Audit of Insurers' in the United Kingdom	A
IAPN 1000/Practice Note 23 – Special Considerations in Auditing Financial Instruments	A
ISA 540 – Audit of Accounting Estimates	A
The review actuary	B
Audit and assurance procedures for an insurer's regulatory returns	B
Identification of client money	C
Section 166 FSMA reports (and the role of a skilled person)	C
<b>Ethics</b>	
Recognition and explanation of ethical and legal issues	A
Appropriate ethical actions	A
Ethical safeguards	A
Ethical issues to be notified to regulators	A