

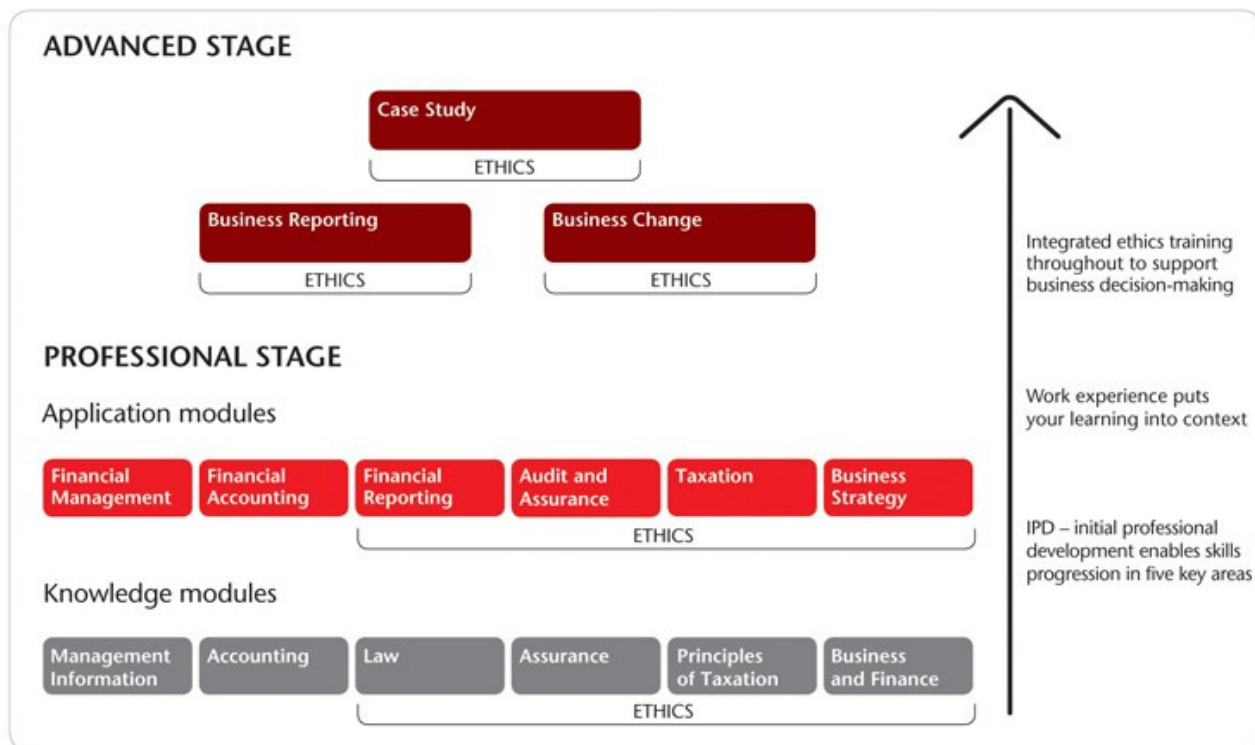


# ACA ADVANCED STAGE SYLLABUS 2012

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## ACA OVERVIEW



### Aim

The ACA is regarded globally as one of the leading business and finance qualifications and is recognised and valued in practice, industry, commerce and the public sector. The ACA qualification aims to ensure that all newly qualified chartered accountants have the technical and professional skills required to meet the professional challenges likely to be faced and to provide a platform on which to build continuing professional development.

### Structure

The syllabus has been designed to develop core technical, commercial, and ethical skills and knowledge in a structured and rigorous manner. Progression through the ACA modules, in combination with integrated and monitored work experience, will equip and prepare candidates for the demanding multi-disciplinary case study. This final module assesses key skills of analysis, synthesis and communication, commercial and ethical awareness and the application of professional judgement.

The diagram above shows the twelve modules at the Professional Stage, where the focus is on the acquisition and application of technical skills and knowledge, and the Advanced Stage which comprises two technical integration modules and the Case Study.

Ethics is embedded throughout the qualification and there are specific learning outcomes included in a number of the modules. The syllabus has been designed to ensure candidates understand the fundamental principles of ethics, can apply relevant ethical guidance and are able to recommend actions to resolve ethical issues.

# ADVANCED STAGE

## Aim

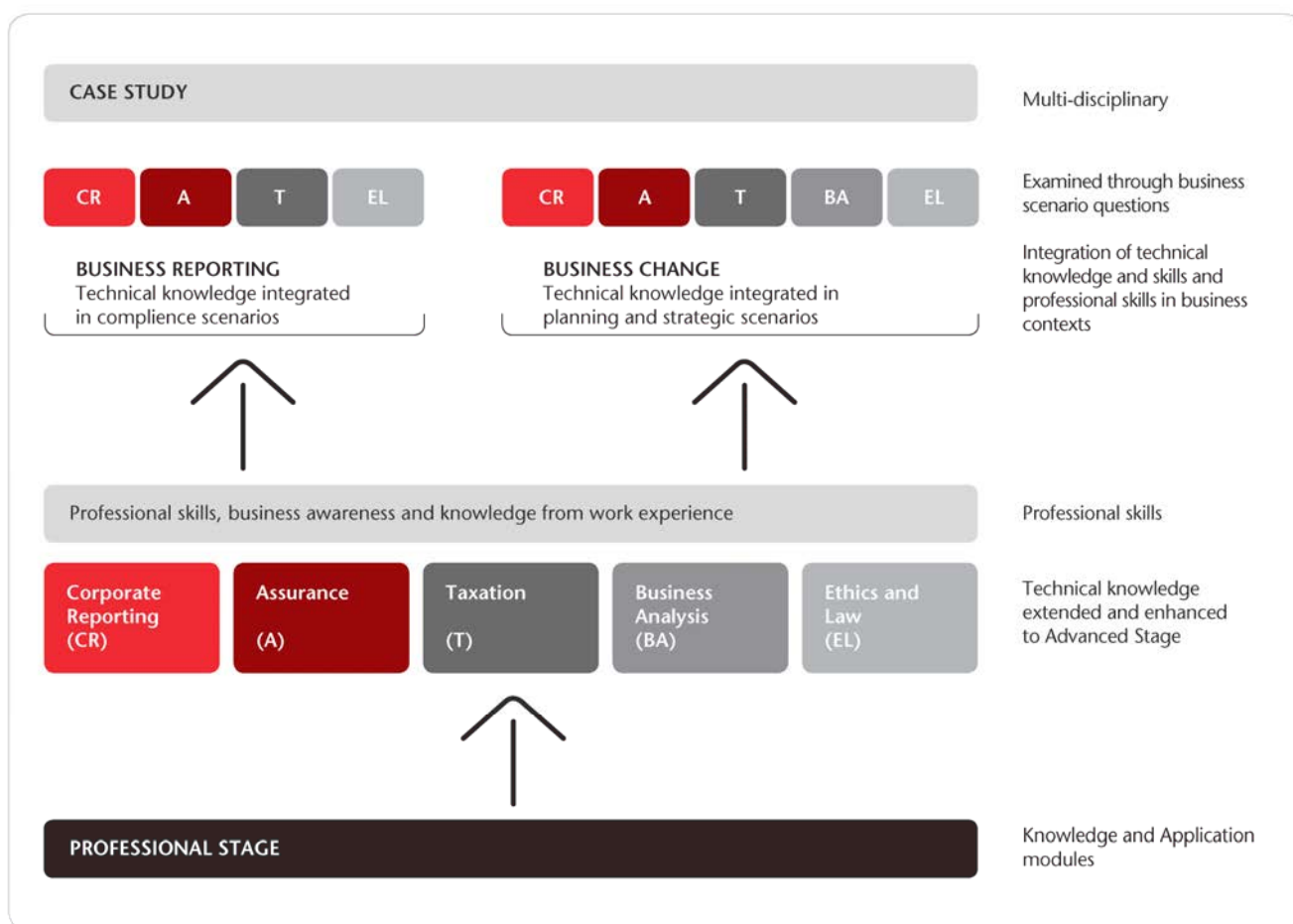
The Advanced Stage of the ACA qualification is designed to ensure that candidates are able to integrate and apply their technical, professional and ethical skills in a variety of business environments.

The Advanced Stage has been constructed to ensure that candidates:

- are able to identify and evaluate a broad range of business issues and communicate appropriate advice
- provide relevant and correct technical advice, whilst ensuring that the business implications of the advice given are understood
- apply the highest level of professional and ethical skills to business and technical issues
- maintain their awareness of important emerging business issues
- are provided with the platform to develop their skills within a continuing professional development framework

## Structure and progression

There are three Advanced Stage modules: the Case Study and two underpinning technical integration modules. The two technical integration modules are Business Reporting and Business Change.



The Professional Stage consists of knowledge modules and application modules. The Knowledge modules introduce the core technical knowledge and skills required by a chartered accountant. The application modules further develop and assess practical application of technical knowledge and skills.

The technical knowledge acquired at the Professional Stage is developed to an advanced level and integrated in a broader range of business scenarios in the Advanced Stage technical integration modules. The application of technical knowledge in these modules requires an appreciation of the typical issues and problems facing businesses and their relationship to corporate reporting, assurance and taxation. A greater depth of business and financial analysis will be required to understand the implications and risks arising from the business issues.

New technical topics are introduced in the technical integration modules, that are not dealt with elsewhere in the syllabus. A deeper level of technical ability is expected of candidates across the entire ACA syllabus to reflect the greater financial and business awareness needs of trainee chartered accountants approaching qualification. This is reflected particularly in assessing candidates' proficiency and ability to integrate knowledge and skills both within and across technical subjects in a range of complex business scenarios.

Candidates will also be required to apply professional knowledge using more advanced skills in the technical integration modules. These professional skills are then examined to a greater extent in the final ACA module: the Case Study. This module requires higher level cognitive skills, analytical and evaluative skills and emphasises the importance of communication and articulation skills.

The table on page 8 identifies the skills progression through the ACA qualification.

## **Syllabus**

This document presents the high level learning outcomes for the two technical integration modules and sets out the skills requirements for the Case Study. The appendix contains details of the technical knowledge required for the Advanced Stage.

## **Assessment**

The two technical integration modules will be examined using traditional paper based assessments. Each paper based exam will be 3.5 hours in length. These exams will contain questions requiring the integration of knowledge both within technical disciplines and across technical disciplines. Questions integrated across all subject streams are an essential step towards the Case Study but will generally have more structure and guidance than those at the Case Study.

The Case Study will continue in its present format of a 4 hour written exam with 'advance information' provided to candidates ahead of the exam and 'impact information' issued in the exam, containing the Case Study requirements.

## **Flexibility**

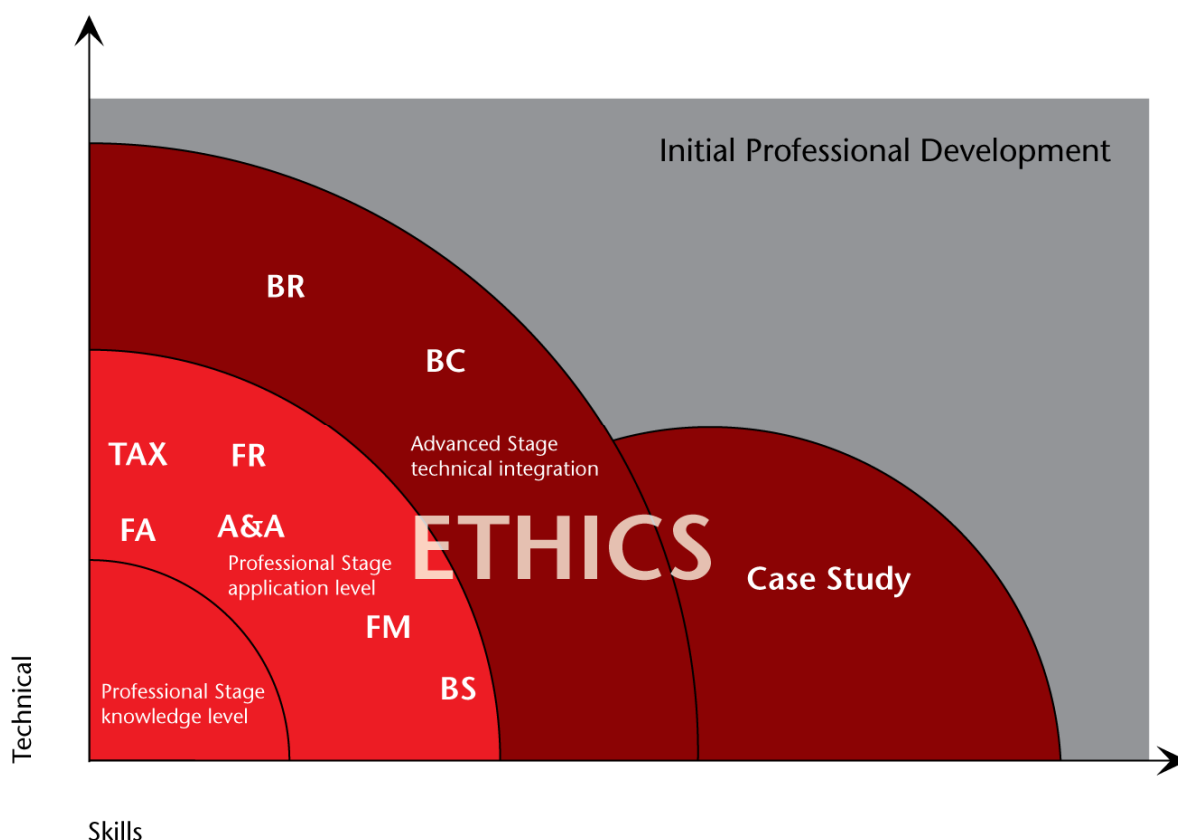
There are no regulations stipulating the order in which candidates must attempt the technical integration modules. The Case Study must be the final module attempted and can only be attempted in the final year of a training contract.

There is no restriction on the number of attempts permitted at each advanced stage module.

## **Open Book Policy**

Candidates may take any written or printed material into the exam hall subject to practical space restrictions.

## THE LINK TO WORK EXPERIENCE



The work experience requirements for students provide a framework to develop appropriate work experience, completion of which is essential in order to qualify for membership. Work experience is also an essential component for examination preparation.

The work experience framework is built around five key skills:

- Business awareness – being aware of the internal and external issues and pressure for change facing an organisation and assessing an organisation's performance.
- Technical and functional expertise – applying syllabus learning outcomes and where appropriate, further technical knowledge to real situations.
- Ethics and professionalism – recognising issues, using knowledge and experience to assess implications, making confident decisions and recommendations.
- Professional judgement – making recommendations and adding value with appropriate, targeted and relevant solutions.
- Personal effectiveness – developing, maintaining and exercising skills and personal attributes necessary for the role and responsibilities.

The examinations, and in particular the Advanced Stage, embrace all of these skills.

The link between work experience and the examinations is demonstrated by the skills development grids produced by the examiners.

This will help candidates see that their practical knowledge and skills gained in the workplace feed back into the exam room and vice-versa.

The message is clear – students should use the work experience framework and skills development grids to ensure success in exam performance and success in their workplace performance.

The appendix to this syllabus contains the following skills grids:

- ▶ Appendix A: Business Reporting
- ▶ Appendix B: Business Change
- ▶ Appendix C: Case Study

The grid below together with those in the appendix should be read in conjunction with the technical syllabus for each subject. They set out the learning outcomes that are addressed under each of the skills areas. In addition, for each skills area, there is a description of:

- ▶ The specific skills that are assessed
- ▶ How these skills are assessed

## SKILLS PROGRESSION THROUGH THE ACA QUALIFICATION

Assessed skills	Professional Stage		Advanced Stage	
	Knowledge modules	Application modules	Technical Integration	Case Study
<b>Assimilating and using information</b>				
Understanding the subject matter and identifying issues	Specific issues	Simple scenarios	Complex scenarios	Unstructured complex business scenarios
Accessing, evaluating and managing information	Information/data as provided	Single information source provided	Multiple information sources provided	Multiple information sources including own research
Using technical knowledge and professional experience	Highly structured application of non-integrated knowledge	Structured application of non-integrated knowledge	Structured application of integrated and non-integrated knowledge and experience	Unstructured application of integrated knowledge and experience
<b>Structuring problems and solutions</b>				
Using analytical tools	Specified tools	Specified tools	Tools inferred by nature of problem	Unspecified tools
Analysing and evaluating problems	Highly specified tasks	Specified non-integrated problems	Specified integrated and non-integrated problems	Defined output but unspecified problems
<b>Applying judgement</b>				
Assessing quality of information	Objective testing	Specified in simple scenario	Specified in complex scenario	Underlying requirement within complex scenario
Assessing options and priorities including ethical issues	Options given	Options included in simple scenario	Options included in complex scenario	Balanced judgement of priorities and risks in unstructured scenario
Considering other perspectives	Not assessed	Possible alternative provided	Alternative(s) provided	Alternatives identified using professional experience
<b>Conclusions and recommendations and communication</b>				
Drawing conclusions and making recommendations	Not assessed	Specified conclusions and recommendations in simple scenarios	Specified conclusions and recommendations in complex scenarios	Conclusions and recommendations supported by own evidence
Presenting data and written work	Prescribed exam format	Exam requirements, including some professional presentation	Short written professional presentations	Professional report with appendices and executive summary

# BUSINESS REPORTING

## Module aim

To ensure that candidates can apply analysis techniques, technical knowledge and professional skills to resolve real-life compliance issues faced by businesses.

Candidates may be put, for example, in the role of a preparer of financial statements, or other corporate reports such as on sustainability and corporate responsibility, an advisor or in an assurance role facing business issues where there are reporting implications. Compliance issues relating to taxation will also feature in this module.

Candidates will be required to use professional judgement to identify and evaluate alternatives and determine the appropriate solution(s) to compliance issues, giving due consideration to the commercial impact of their recommendations.

## 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	20 - 30
Audit and assurance	30 - 40
Corporate reporting	30 - 40
Business analysis	0

## Examples of Business scenarios

The business scenarios listed below provide an understanding of the likely context in which technical knowledge and ethical awareness will be assessed. The scenarios relate to things that have happened or are happening within a business and will be presented in individual, group and international contexts.

1. Business and ethical issues including situations of business risk in the process of stakeholder communication
2. Business and ethical issues in the process of tax compliance work including situations with corporate reporting implications
3. Current taxation and corporate reporting issues for businesses
4. Undertaking controls and systems process assurance projects – including review and testing of controls and reporting to management
5. Assessment of controls including IT and E-commerce controls
6. Breaches of laws and regulations that may require forensic accounting and investigation projects to assess risk and provide management with information to decide upon appropriate actions
7. Issues of earnings management, creative accounting and aggressive earnings management
8. Businesses undertaking major projects and/or organisational or process transformation
9. Issues arising from raising finance, including issues of compilation of financial information, production of prospective financial information and implications for corporate reporting
10. Issues arising from corporate transformations and group reorganisations
11. Issues arising from International corporate expansion including situations with taxation and corporate reporting implications
12. Issues arising from use of complex financial instruments in business finance and risk management

## Integrated learning outcomes

On completion of this module candidates will be able to:

1. identify and explain ethical issues and recommend appropriate actions to solve ethical dilemmas in a given business scenario
2. report objectively in a complex environment of business opportunities and threats within the legal, regulatory and compliance environment when:
  - preparing and presenting corporate reports - including preparing and presenting financial statements, other information included in reports and interim financial reporting
  - presenting corporate governance reports in accordance with the revised combined code
  - presenting corporate responsibility, environment, sustainability and social reports
3. evaluate and apply appropriate corporate reporting treatments to given scenarios
4. evaluate and apply appropriate corporate reporting treatments, including corporate governance reports and sustainability and/or corporate responsibility reports
5. evaluate and apply auditing, assurance and related services standards in complex scenarios
6. analyse and evaluate business risks and their implications for corporate reporting and audit opinions
7. analyse and evaluate financial risks (Including financing, currency and interest rate risks) and their implications for corporate reporting and audit opinions
8. analyse, evaluate and calculate the tax consequences of given scenarios, including circumstances where overseas taxes affect national taxes
9. analyse, evaluate and assist entities in the adherence to regulations surrounding taxation
10. recognise opportunities to use alternative tax treatments arising from past events and transactions
11. analyse and evaluate controls, including IT and E-commerce controls
12. analyse and evaluate appropriate management actions where laws and regulations have been breached
13. recognise the implications for auditors of engagements in connection with investment circulars
14. evaluate and apply appropriate laws and regulations in situations of insolvency, administration, liquidation and bankruptcy
15. evaluate and advise on appropriate corporate governance mechanisms
16. recognise money laundering transactions and related offences and the reporting responsibilities for accountants and auditors (Including proceeds of Crime Act)
17. analyse and evaluate controls over financial reporting (including in the context of COSA and S404(a) of the Sarbanes-Oxley Act)
18. analyse and evaluate strengths and weaknesses of corporate governance mechanisms and processes
19. explain and communicate current issues in corporate reporting and assurance
20. undertake appropriate financial analysis to:
  - develop an understanding of a business from financial and operational data and information, provided in draft or published format.
  - assess the quality of such information, by reference to its truth, fairness, credibility and plausibility as a basis for a meaningful analysis of a business's current position, future prospects and risks.
  - apply suitable financial analysis techniques to analyse financial and operational data to bring out and explain a business's position, prospects and risks.
  - review the output of such analysis to identify key sensitivities and risks.
  - communicate the results of such analysis, including any reservations regarding transparency and objectivity of data and information.

# BUSINESS CHANGE

## Module aim

To ensure that candidates can provide technical advice in respect of issues arising in business transformations, mergers, acquisitions, alliances and disposals.

Candidates will be required to analyse and interpret both external and internal financial and non-financial data in order to plan for change and provide advice. In undertaking this analysis candidates will be expected to evaluate the impact of stakeholder influences on the data, including the impact of choice of reporting policies.

Taxation and practical business techniques are particularly important in this module, where business techniques include aspects of business strategy, business finance, performance management and costing. There will also be financial reporting, assurance, ethical and legal implications to be considered when developing and assessing strategic and business plans.

## Specification grid

This grid is 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	25-35
Assurance	10-20
Corporate reporting	15-25
Business analysis	30-35

## Examples of Business scenarios

The business scenarios listed below provide an understanding of the likely context in which technical knowledge and ethical awareness will be assessed. The scenarios relate to future business strategies and developments and will be presented in individual, group and international contexts.

1. Controls and systems process planning
2. Developing management and corporate governance mechanisms
3. Business risk management
4. Developing business and information strategies including E-commerce and E-business
5. Transfer pricing decisions
6. Business start-up planning
7. Business and asset valuations upon acquisitions and disposals for business and tax purposes
8. Due diligence investigations of information provided to investors including those concerning risks related to sustainability and corporate responsibility
9. Raising finance
  - Initial public offers
  - Private equity arrangements
10. Developing performance management approaches
11. Developing remuneration and reward packages

12. Structuring of entities
  - Incorporation
  - Group re-organisation
  - Outsourcing
  - Joint ventures and alliances
  - Acquisitions and mergers
  - Demergers
  - Franchising
  - Divestment
  - Management buy-out
  - Management buy-in
13. Business recovery
14. Insolvency and bankruptcy
15. Developing international operations
16. Structuring of business finance

## **Integrated learning outcomes**

On completion of this module candidates will be able to:

1. identify and explain ethical issues and recommend appropriate actions to solve ethical dilemmas in a given business scenario
2. develop proposals and advise on corporate governance, corporate reporting, financial reporting, taxation, and assurance issues in organisational planning, change and business strategy implementation
3. develop business plans and proposals and advise on technical issues relating to business and organisational plans, the risks involved and how those risks should be managed
4. develop plans to manage a business in distress to avoid insolvency or to evaluate and apply assurance procedures to a business in distress
5. develop proposals and advise on taxation issues relating to decisions to cease trading, including communicating alternative strategies
6. develop outline proposals and advise on outline requirements for IT applications and technology to support business plans including E-commerce, E-business and virtual arrangements
7. advise on and develop proposals for organisational structuring and the financing of existing and new businesses and projects
8. advise on and apply appropriate valuation methods for assets and businesses for the purposes of acquisitions and disposals for business and taxation purposes
9. advise on and develop appropriate performance management approaches for businesses and business units
10. advise on and develop appropriate remuneration and reward packages for staff and executives
11. assess, advise on and propose appropriate business strategies to meet stated objectives and apply appropriate assurance procedures
12. assess, advise on and propose appropriate costing and pricing approaches for businesses
13. appraise and advise on appropriate measures of return and risk for assessing business projects
14. appraise and advise on appropriate methods to assess and manage financial risk in businesses
15. develop proposals and advise on taxation issues relating to business start-ups, including evaluating choice of business structure
16. develop proposals and advise on taxation issues relating to personal and corporate business transformations, including communicating alternative strategies
17. assess and advise on required corporate governance mechanisms
18. undertake appropriate financial and business analysis:
  - develop an understanding of financial and operational data and information from management information systems, 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
- apply suitable financial, strategic and operational analysis techniques to analyse financial and operational data to bring out and explain business position, prospects and risks, including the use of:
    - I. traditional financial measures of profit, returns, earnings per share, returns, cash flow, gearing, liquidity and operations.
    - II. EBITDA and residual income
    - III. Balanced scorecard approach
    - IV. Use of financial and non-financial performance indicators for customers, employees and other stakeholders
    - V. Business strategic analysis techniques for businesses their resources, processes and environment
  - communicate an explanation, including 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.
  - Assess and appraise the constituent elements of working capital and advise on the methods by which working capital can be managed by an entity, including treasury management.

# CASE STUDY

## Module Aim

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

The objective of the Case Study is to assess candidates' 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. The limited class time available with a tutor, even when supplemented by extensive home study, is insufficient for success in the Case Study. Candidates 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 Professional Stage;
- the technical, analytical, evaluative and integration skills from the Business Change and Business Reporting modules; and
- the advisory, judgemental and communication skills acquired through practical work experience undertaken during the training contract.

All areas of the syllabus may be tested over time.

The Case Study is designed to reproduce a typical situation in which chartered accountants find themselves. This will involve using information arising from meetings and communicated in memoranda, letters or reports from a variety of business and professional advisors and stakeholders. The situation will generally relate to a business plan or transaction 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
- expect to discuss and advise on relevant matters

The Case Study scenario may be based on any one of a variety of different organisational structures or operations. Candidates will be provided with advance information on the organisation and its business environment ahead of the exam.

This information will not give specific indication of the eventual requirements of the Case Study. Candidates will be expected to familiarise themselves with the information provided about the organisation and the industry in which it operates, undertaking some additional analysis and research. Candidates may take the results of their work into the examination room.

The Case Study will not require the detailed computations needed for the Professional Stage or Technical Integration modules at the Advanced Stage, but candidates 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.

## APPENDIX A: BUSINESS REPORTING

Learning outcomes	Assessed skills	How skills are assessed
<b>Assimilating and using information</b>		
1. identify and explain ethical dilemmas	▶ Understanding the subject matter	Questions will contain both structured and unstructured details in scenarios of varying complexity with technical content and business context. The scenarios will normally be based on historic events.
10. recognise opportunities to use alternative tax treatments arising from past events and transactions	▶ Assessing, evaluating and managing information provided in multiple sources	
13. recognise the implications for auditors of engagements in connection with investment circulars	▶ Operating to a brief in structured situations  Explaining the nature of ethics and its significance in the business environment and understanding the importance of ethical behaviour in respect of the public interest, the accounting profession, the law and other value systems.	Information may need to be assimilated from various sources within the question. Some issues may need to be deduced by inference or analysis.
16. recognise money laundering transactions and related offences and the reporting responsibilities for accountants and auditors (Including Proceeds of Crime Act)		Questions will require candidates to have a detailed understanding of relevant regulations in tax, financial reporting, auditing, business analysis and ethics, which will need to be related to practical business scenarios and applied to any data provided. The data provided will be based largely on historic events and focus on technical compliance and understanding.
19. explain and communicate current issues in corporate and financial reporting and assurance	▶ Understanding the importance of contributing to the profession and appreciating the ethos and culture of the accountancy profession	Candidates will be required to 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 by the candidate.
20. undertake appropriate financial analysis to develop an understanding of a business from financial and operational data and information, provided in draft or published format.	▶ Understanding the public interest and corporate responsibility	
		Candidates will be required to: <ul style="list-style-type: none"> <li>▶ assimilate information provided by internal and external sources</li> <li>▶ evaluate inconsistencies in information provided from multiple sources</li> <li>▶ use different sources of evidence to confirm financial statement assertions</li> </ul>

## Structuring problems and solutions

2. report objectively in a complex environment of business threats and opportunities within the legal, regulatory and compliance environment when preparing corporate reports - including financial statements, other information included in reports and interim financial reporting

6. analyse business risks and their implications for corporate reporting and audit opinions

7. analyse financial risks (Including financing, currency and interest rate risks) and their implications for corporate reporting and audit opinions

8. analyse and calculate the tax consequences of given scenarios, including circumstances where overseas taxes affect national taxes

11. analyse controls, including IT and E-commerce controls

12. analyse appropriate management actions where laws and regulations have been breached

17. analyse controls over financial reporting (including in the context of COSA and S404(a) of the Sarbanes-Oxley Act)

20. undertake appropriate financial analysis to:

- ▶ assess the quality of such information
- ▶ apply suitable financial analysis techniques to analyse financial and operational data to bring out and explain a business's position, prospects and risks.

- ▶ Understanding data & information given: identifying & understanding issues arising in given scenarios
- ▶ Using the data & information given: analysing data and information to support requirement.
- ▶ Drawing upon technical and professional knowledge learnt to analyse issues
- ▶ Applying knowledge from different technical areas: analysing problems that combine technical skills in a single disciplinary environment
- ▶ Financial statement analysis: performing the required calculations; explaining or stating the issues
- ▶ Using new concepts: evaluating new ideas and concepts
- ▶ Recognising ethical issues arising from situations likely to be encountered by trainee chartered accountants; identifying possible courses of action to resolve them; and appreciating the ethical dimensions of situations, problems and proposals.
- ▶ Identifying & explaining the consequences of unethical behaviour
- ▶ Identifying & using relevant up to date content of International & ICAEW Code of Ethics
- ▶ Identifying and selecting appropriate courses of action using an ethical framework

Scenarios will be of two types:

- ▶ questions restricted to one technical area
- ▶ integrated questions covering more than one technical area

Examples of the elements that candidates may be required to consider are:

### *Audit and Assurance*

- ▶ business risks in complex scenarios
- ▶ the control environment
- ▶ tests of controls and substantive procedures
- ▶ selective financial analysis
- ▶ risk in the context of IT or e-business
- ▶ professional scepticism

### *Ethics*

- ▶ ethical problems in complex scenarios
- ▶ ethical codes and structured argument.

### *Financial reporting*

- ▶ unstructured information
- ▶ a range of financial reporting treatments
- ▶ complex financial reporting information.

### *Tax*

- ▶ range of appropriate tax treatments
- ▶ descriptive analysis and explanations
- ▶ integrate different taxes and jurisdictions
- ▶ taxation impact of a transaction

## Applying judgement

<p>3. evaluate and apply appropriate financial reporting treatments to given scenarios</p>	<ul style="list-style-type: none"> <li>▶ Assessing arguments &amp; considering evidence against set criteria</li> </ul>	<p>Judgement will be applied in the context of scenarios of varying complexity, involving calculations and the drawing of inferences from information provided.</p>
<p>4. evaluate and apply appropriate corporate reporting treatments, including corporate governance reports and corporate responsibility reports</p>	<ul style="list-style-type: none"> <li>▶ Applying discrimination: filtering information provided to identify critical factors</li> </ul>	<p>Examples of how candidates may be required to apply their judgement include:</p>
<p>5. evaluate and apply auditing, assurance and related services standards in complex scenarios</p>	<ul style="list-style-type: none"> <li>▶ Relating parts and wholes: discerning particular issues within complex scenarios</li> </ul>	<ul style="list-style-type: none"> <li>▶ selecting between technical choices</li> </ul>
<p>6. evaluate business risks and their implications for corporate reporting and audit opinions</p>	<ul style="list-style-type: none"> <li>▶ Demonstrating an understanding of sensitivities to change (sensitivity analysis): flexing a range of inputs and assessing the outcomes</li> </ul>	<ul style="list-style-type: none"> <li>▶ filtering data to identify critical elements</li> <li>▶ prioritising information, issues or tasks</li> <li>▶ identifying omissions in the information</li> </ul>
<p>7. evaluate financial risks (Including financing, currency and interest rate risks) and their implications for corporate reporting and audit opinions</p>	<ul style="list-style-type: none"> <li>▶ Demonstrating an understanding of different perspectives analysing and interpreting related problems and situations from alternative given stances</li> </ul>	<ul style="list-style-type: none"> <li>▶ evaluating inconsistencies in information</li> <li>▶ distinguishing between the various qualities of the data provided</li> <li>▶ evaluating the impact of economic and political factors</li> </ul>
<p>8. evaluate the tax consequences of given scenarios, including circumstances where overseas taxes affect national taxes</p>	<ul style="list-style-type: none"> <li>▶ Change management (appreciating the impacts/effects of change): consider and evaluate the effects of given alternative scenarios</li> </ul>	<ul style="list-style-type: none"> <li>▶ evaluating the effects of known events</li> <li>▶ evaluating the appropriateness of accounting policy choice</li> </ul>
<p>9. analyse, evaluate and assist entities in the adherence to regulations surrounding taxation</p>	<ul style="list-style-type: none"> <li>▶ Appreciating when more expert help is required</li> </ul>	<ul style="list-style-type: none"> <li>▶ evaluating options</li> <li>▶ comparing the effects of a range of estimates, outcomes or financial treatments</li> </ul>
<p>11. evaluate controls, including IT and E-commerce controls</p>	<ul style="list-style-type: none"> <li>▶ Applying a sceptical and critical approach</li> </ul>	<ul style="list-style-type: none"> <li>▶ assessing the materiality of errors</li> </ul>
<p>12. evaluate appropriate management actions where laws and regulations have been breached</p>	<ul style="list-style-type: none"> <li>▶ Conducting critiques: critically reviewing situations and problems</li> </ul>	<ul style="list-style-type: none"> <li>▶ exercising own ethical judgement</li> <li>▶ identifying key linkages</li> </ul>
<p>14. evaluate and apply appropriate laws and regulations in situations of insolvency, administration, liquidation and bankruptcy</p>	<ul style="list-style-type: none"> <li>▶ Seeking opportunities to add value: thinking imaginatively in a business context</li> </ul>	
<p>17. evaluate controls over financial reporting</p>	<ul style="list-style-type: none"> <li>▶ Prioritising key issues</li> </ul>	
<p>18. analyse and evaluate strengths and weaknesses of corporate governance mechanisms and processes</p>	<ul style="list-style-type: none"> <li>▶ Applying the concept of materiality</li> <li>▶ Develop arguments, having</li> </ul>	

20. review the output of financial analysis to identify key sensitivities and risks.

first appreciated the perspective of other parties

- ▶ Exercise ethical judgement

## Drawing conclusions, making recommendations and communication

1. recommend appropriate actions to solve ethical dilemmas

- ▶ Using technical knowledge and evidence to support reasoning and conclusions

Examples of how candidates may be required to draw conclusions are:

2. report objectively within the legal, regulatory and compliance environment when:

- ▶ presenting corporate reports
- ▶ presenting corporate governance reports in accordance with the revised combined code
- ▶ presenting corporate responsibility, environment, sustainability and social reports

- ▶ Assimilating data from different sources, data types in making decisions

- ▶ Identifying the best explanation, solution or steps against defined criteria considering risk.

- ▶ Identifying a range of solutions based on analysis and developing recommendations which combine different technical skills in a defined situation

- ▶ from data, facts, calculations, judgements and own analysis
- ▶ on complex assurance engagements
- ▶ by identify weaknesses in financial information systems and their potential consequences
- ▶ by distinguishing between the qualities of data provided or other evidence generated
- ▶ by developing risk management solutions
- ▶ by making strategic decisions
- ▶ by valuing a company or investments.

15. evaluate and advise on appropriate corporate governance mechanisms

- ▶ Formulating opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence

20. communicate the results of financial analysis, including any reservations regarding transparency and objectivity of data and information.

- ▶ Presenting analysis and recommendations in accordance with instructions
- ▶ Providing specified responses to a specialist or non-specialist audience

Examples of how candidates may be required to present their recommendations are:

- ▶ a report/memorandum in response to a specific technical issue and in accordance with client requirements
- ▶ reasoned advice supported by calculations or analysis of technical/business issues identified
- ▶ justifying a specific recommended action when a variety of options are available

Candidates may be required to explain the limitations of their conclusions or recommendations.

## APPENDIX B: BUSINESS CHANGE

Learning outcomes	Assessed skills	How skills are assessed
<b>Assimilating and using information</b>		
1. identify and explain ethical dilemmas	<ul style="list-style-type: none"> <li>▶ Understanding the subject matter</li> </ul>	<p>Questions will contain both structured and unstructured details in scenarios of varying complexity with technical content and business context. The scenarios will normally consider the implications of future events.</p>
18. undertake appropriate financial and business analysis to develop an understanding of financial and operational data and information from management information systems	<ul style="list-style-type: none"> <li>▶ Assessing, evaluating and managing information provided in multiple sources</li> <li>▶ Operating to a brief in structured situations</li> <li>▶ Explaining the nature of ethics and its significance in the business environment and understanding the importance of ethical behaviour in respect of the public interest, the accounting profession, the law and other value systems</li> <li>▶ Understanding the importance of ethical behaviour to a professional accountant and the reasons for the adoption of ethical codes within practice, business contexts and the regulatory structure of the profession.</li> <li>▶ Understanding the importance of contributing to the profession and appreciating the ethos and culture of the accountancy profession</li> <li>▶ Understanding the public interest and corporate responsibility</li> <li>▶ Understanding the role of the professional accountant within the public interest, practice and business contexts and the regulatory structure of the profession</li> </ul>	<p>Information may need to be assimilated from various sources within the question. Some issues may need to be deduced by inference or analysis.</p> <p>Questions will require candidates to have a detailed understanding of relevant regulations in tax, financial reporting, auditing, business analysis and ethics, which will need to be related to practical business scenarios and applied to any data provided. The data provided may include both historic information and projections/ forecasts.</p> <p>Candidates will be required to 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 by the candidate.</p> <p>Candidates will be required to:</p> <ul style="list-style-type: none"> <li>▶ assimilate information provided by internal and external sources</li> <li>▶ evaluate inconsistencies in information provided from multiple sources</li> <li>▶ use different sources of evidence to confirm financial statement assertions</li> <li>▶ extrapolate given information into the future based upon given or own assumptions</li> </ul>

## Structuring problems and solutions

2. develop proposals on corporate governance, corporate reporting, financial reporting, tax, auditing and assurance issues in organisational planning, change and business strategy implementation

3. develop business plans and proposals on technical issues relating to business and organisational plans, the risks involved and how those risks should be managed

4. develop plans to manage a business in distress to avoid insolvency

5. develop proposals on taxation issues relating to decisions to cease trading

6. develop outline proposals for IT applications and technology to support business plans including E-commerce, E-business and virtual arrangements

8. apply appropriate valuation methods for assets and businesses for the purposes of acquisitions and disposals for business and tax purposes

11. assess business strategies to meet stated objectives

12. assess costing and pricing approaches for businesses

15. develop proposals on taxation issues relating to business start-ups

16. develop proposals on taxation issues relating to personal and corporate business transformations

18. undertake appropriate financial and business analysis by applying suitable financial, strategic and operational analysis techniques

- ▶ Understanding data & information given, clarifying the information & identifying gaps
- ▶ Using the data & information given: analysing and evaluating requirements, data, information, issues and situations
- ▶ Financial data analysis: prioritising and trading off solutions to complex problems
- ▶ Financial statement analysis: comparing and contrasting more than one element of financial statements to inform decision making
- ▶ Analysing and evaluating new and complex ideas within a defined situation
- ▶ Identifying the relevant technical knowledge/professional experience required generating and validating solutions; identification of risks and ethical issues within the scenario
- ▶ Recognising ethical issues arising from situations likely to be encountered by trainee chartered accountants; identifying possible courses of action to resolve them and appreciating the ethical dimensions of situations, problems and proposals.
- ▶ Approaching decision making using an ethical framework
- ▶ Identifying and using relevant up to date content of the International and ICAEW Codes of Ethics

Scenarios will be integrated to cover more than one technical discipline, and will include one case study style question.

Examples of the elements that candidates may be required to consider are:

### *Audit and Assurance*

- ▶ business risks in complex scenarios
- ▶ the control environment
- ▶ tests of controls and substantive procedures
- ▶ selective financial analysis
- ▶ risk in the context of IT or e-business
- ▶ professional scepticism

### *Business analysis*

- ▶ valuations where the information is incomplete, suspect or inadequate.
- ▶ key business and financial risks
- ▶ data from various sources
- ▶ impact of a strategy

### *Ethics*

- ▶ ethical codes and structured argument.
- ▶ ethical problems in complex scenarios

### *Financial reporting*

- ▶ unstructured information
- ▶ a range of financial reporting treatments
- ▶ complex financial reporting information
- ▶ impact of future events on financial statements as a whole
- ▶ delaying or modifying future decisions
- ▶ business position, prospects and risks

### *Tax*

- ▶ range of appropriate tax treatments
- ▶ descriptive analysis and explanations
- ▶ integrate different taxes and jurisdictions
- ▶ taxation impact of a transaction
- ▶ delaying or modifying future decisions

## Applying judgement

6. advise on outline requirements for IT applications and technology to support business plans including E-commerce, E-business and virtual arrangements

9. develop appropriate performance management approaches for businesses and business units

10. develop appropriate remuneration and reward packages for staff and executives

11. propose appropriate business strategies to meet stated objectives

13. appraise measures of return and risk for assessing business projects

14. appraise methods to assess and manage financial risk in businesses

17. assess corporate governance mechanisms

18. communicate an explanation, including 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

- ▶ Assessing arguments & considering evidence against set criteria
- ▶ Applying discrimination: filtering information to identify critical factors
- ▶ Relating parts and wholes: discerning particular issues within complex scenarios
- ▶ Demonstrating an understanding of sensitivities to change (sensitivity analysis): flexing a range of inputs and assess the outcomes
- ▶ Demonstrating an understanding of different perspectives, analysing and interpreting related problems and situations from alternative given stances
- ▶ Change management (appreciating the impacts/effects of change): consider and evaluate the effects of given alternative future scenarios
- ▶ Appreciating when more expert help is required
- ▶ Applying a sceptical and critical approach
- ▶ Conducting critiques: critically reviewing situations and problems
- ▶ Seeking opportunities to add value: thinking imaginatively in a business context
- ▶ Prioritising key issues
- ▶ Applying the concept of materiality
- ▶ Develop arguments, having first appreciated the perspective of other parties
- ▶ Exercise ethical judgement

Judgement will be applied in the context of scenarios of varying complexity, involving calculations and the drawing of inferences from information provided.

Examples of how candidates may be required to apply their judgement include:

- ▶ 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 future events
- ▶ evaluating the appropriateness of accounting policy choice
- ▶ evaluating options
- ▶ comparing the effects of a range of estimates, outcomes or financial treatments
- ▶ assessing the materiality of errors
- ▶ exercising own ethical judgement
- ▶ identifying key linkages

## Drawing conclusions, making recommendations and communication

1. recommend appropriate actions to solve ethical dilemmas

2. advise on corporate governance, corporate reporting, financial reporting, tax, auditing and assurance issues in organisational planning, change and business strategy implementation

3. advise on technical issues relating to business and organisational plans, the risks involved and how those risks should be managed

5. advise on taxation issues relating to decisions to cease trading

7. advise on and develop proposals for organisational structuring and the financing of existing and new businesses and projects

8. advise on appropriate valuation methods for assets and businesses for the purposes of acquisitions and disposals for business and taxation purposes

9. advise on appropriate performance management approaches

10. advise on appropriate remuneration and reward packages for staff and executives

11. advise on appropriate business strategies to meet stated objectives

12. advise on appropriate costing and pricing approaches for businesses

13. advise on appropriate measures of return and risk for assessing business projects

- ▶ Using technical knowledge, evidence and analysis to support reasoning and conclusions
- ▶ Assimilating data from different sources, data types in making decisions
- ▶ Identifying the best explanation, solution or steps against defined criteria considering risk.
- ▶ Identifying a range of solutions based on analysis and developing recommendations which combine different technical skills in a defined situation
- ▶ Formulating opinions, advice, plans, options and reservations based on valid evidence

Presenting analysis and recommendations in accordance with instructions.

Providing specified responses to a specialist audience

Examples of how candidates may be required to draw conclusions are:

- ▶ from data, facts, calculations, judgements and own analysis
- ▶ on complex assurance engagements
- ▶ by identify weaknesses in financial information systems and their potential consequences
- ▶ by distinguishing between the qualities of data provided or other evidence generated
- ▶ by developing risk management solutions
- ▶ by making strategic decisions
- ▶ by valuing a company or investments.

Examples of how candidates may be required to present their recommendations are:

- ▶ a report/memorandum in response to a specific technical issue and in accordance with client requirements
- ▶ reasoned advice supported by calculations or analysis of technical/business issues identified
- ▶ justifying a specific recommended action when a variety of options are available

Candidates may be required to explain the limitations of their conclusions or recommendations.

14. advise on appropriate methods to assess and manage financial risk in businesses

15. advise on tax issues re business start-ups

16. advise on tax issues relating to personal and corporate business transformations

17. advise on corporate governance mechanisms

## APPENDIX C: CASE STUDY

### Assessed skills

### How skills are assessed

#### Assimilating and using information

- Understanding the subject matter
- Accessing, evaluating and managing data and information provided in multiple sources (some pre-disclosed) and from independent research plans
- Using technical knowledge & professional experience to assess interaction of information from different sources
- Understanding an organisational framework: evaluating the strengths and weaknesses of an organisation and comparing with benchmarks
- Planning, controlling and evaluating operations in a global context
- Understanding the needs of customers (internal and external)
- Demonstrating an understanding of the significance of ethics in the business environment and the importance of ethical behaviour
- Using relevant content of the International & ICAEW Codes of Ethics
- Demonstrating an understanding of the regulatory structure of the profession, its ethos, culture and role in corporate and social responsibility
- Uses the Advance Information (AI), Exam Paper (EP), knowledge of ethical codes and professional experience to define the specific issue / situation
- Uses own understanding of context and findings
- Describes wider context
- Identifies business issues
  - Understanding of business entity
  - Position in industry sector
  - Appreciation of wider economy
- Recognises where business is in its life cycle

#### Structuring problems and solutions

- Using the information given: analysing and evaluating requirements, information, issues and business context
- Analysing, evaluating and synthesising new and complex ideas
- Displaying an enquiring and questioning mind
- Identifying faults in arguments and gaps in evidence
- Demonstrating understanding of the pressures on professional ethical behaviour, including the interaction between professional ethics, the law and other value systems
- Identifies and uses key information
- Demonstrates technical knowledge
- Uses professional experience
- Uses relevant strategic analytical tools (SWOT, PEST, Porter's 5 Forces)
- Performs relevant analysis
- Produces quality analysis
  - Depth
  - Breadth
  - Logic
  - Reasonableness
- Uses knowledge of ethical codes and professional experience to perform relevant analysis
- Financial data analysis:
  - analysing and evaluating data by selecting appropriate analytical and technical tools and applying technical knowledge and professional experience
- Financial data analysis:
- Uses appropriate analytical tools (valuations methodologies, sensitivity analysis)
- Performs relevant analysis on

- demonstrating an understanding of sensitivities to change: flexing a range of inputs and evaluating potential outcomes
- evaluating, prioritising and trading off solutions to complex problems, considering various perspectives, including competitive reaction and internal reaction
- Financial statement analysis:
  - analysing and evaluating financial statements by selecting appropriate analytical and technical tools and applying technical knowledge & professional experience
  - linking all elements of financial statements, evaluating & making comparisons where there are complex interactions
  - evaluating financial statements in the context of other business information
- Numerical data
- Other information
- Integrates numbers and words
- Financial statement analysis:
  - Uses appropriate analytical tools to measure financial performance, identify trends and make comparisons
  - Performs relevant analysis on
    - Financial statements
    - Other information
  - Integrates numbers and words

## Applying judgement

- Using technical knowledge, & professional experience and evidence to support reasoning
- Applying discrimination: filtering information to identify critical factors
- Applying a sceptical and critical approach
- Interpreting information from a range of stances and developing arguments, having first appreciated the perspective of other parties
- Conducting critiques: considering alternative views in testing the validity of ideas in practice
- Considering and evaluating the effects of a range of alternative future scenarios
- Seeking opportunities to add value
- Prioritising key issues
- Applying the concept of materiality to interrelated situations
- Appreciating the ethical dimensions of situations, exercising ethical judgement and explaining the consequence of unethical behaviour
- Appreciating when more expert help is required
- Builds on implications of analysis
- Identifies and uses key financial information
- Recognises linkages
- Evaluates key points
- Discusses output
  - Pros / cons
- Demonstrates professional scepticism
- Demonstrates objectivity / balance
- Demonstrates an appreciation of more than one side / bias
- Evaluates options
- Prioritises key points
- Uses knowledge of ethical codes and professional experience to:
  - build on implications of analysis
  - discuss output
  - recognise linkages
  - evaluate key points
  - evaluate options

## Drawing conclusions, making recommendations and communication

- Generating solutions for complex problems using information from multiple sources
- Using technical knowledge, professional experience, evidence and analysis to support conclusions
- Formulating opinions, advice, plans, solutions, options and reservations, based on valid and different technical skills
- Making decisions and recommendations in unstructured situations with risks and uncertainty
- Specifying the criteria for the most appropriate proposal
- Assessing the costs and benefits that may flow from a decision
- Approaching decision-making using an ethical framework
- Draws conclusions linked to analysis and judgement
- Makes practical commercial recommendations

## Integrative and multidisciplinary skills

- Time awareness: recognising time constraints and prioritising given tasks
- Preparing, describing, outlining the advice, report, notes required in a clear and concise style
- Relating parts and wholes: discerning interrelated issues as part of complex scenarios, employing a sense of perspective in over-viewing situations
- Providing a report to specialist or non-specialist audience
- Provides appropriate terms of reference (purpose, scope, disclaimer)
- Provides an executive summary that is consistent with the main report
- Demonstrates appropriate balance between topics
- Uses sufficient but not excessive sub-divisions
- Makes appropriate but not excessive use of notes and bullets
- Uses correct style and language for audience with appropriate tact
- Contains appropriate appendices
  - calculations easy to follow
  - assumptions clearly set out
  - no excessive text
- Provides a coherent answer to the question
  - covers the major elements
  - suitable use of numbers
  - figures clearly derived
  - structured discussion, not just a list of facts