

ACA Syllabus and Technical Knowledge Grids

Professional Level Business Strategy and Technology

FOR EXAMS IN 2022

Contents

ACA OVERVIEW	3
ACA COMPONENTS	5
Skills progression through the ACA exams	9
ACA Syllabus	13
PROFESSIONAL LEVEL	14
Business Strategy and Technology	15
TECHNICAL KNOWLEDGE	22
Business Analysis	23
Ethics Codes and Standards	27

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, these components 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:



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 those implications and 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.

THE ACA QUALIFICATION AND TECHNOLOGY

Rapid growth in technology has automated many compliance elements of accountancy. But, with technology also comes complexity and risk. Accountants need to adapt and develop new skills to manage these technological changes such as data analytics, automation and cyber security.

While there are many new technology capabilities that have broad application across the business and consumer environment, four trends have the greatest potential to transform the accountancy profession: **A**rtificial intelligence, **B**lockchain, **C**yber security and **D**ata (ABCD of technology).

These and other innovations are likely to have a significant impact on the way that accountants access, move and manage business finances. Technology can provide information more quickly and often more accurately than humans, but it cannot replicate human intelligence and quality decision making. Therefore, chartered accountants hold a key role in data analytics, in validating the source of the data, interpreting and analysing the outputs. Technology provides opportunities for chartered accountants to use their professional skills to add value to their clients and/or the businesses in which they work.

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 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 Code of Ethics** - 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 regular employer reviews 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

THREE TO FIVE YEARS' PRACTICAL WORK EXPERIENCE

Practical work experience is done as part of a training agreement with an authorised training employer or principal. Students need to complete 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 taken 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.

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.

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.

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

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 Case Study, 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 SOFTWARE

Chartered Accountants are increasingly using more advanced approaches to interrogate client data. To respond to this, ICAEW has incorporated data analytics software within the Audit and Assurance and Corporate Reporting modules. Embedding data analytic 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.

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.

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 15 modules and assessed in exams. The following skills are present throughout the 15 accountancy, finance and business modules:

SKILL		OVERALL
Assimilating and using information		Understand a business or accounting situation, prioritise by determining key drivers, issues and requirements and identify any 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 clearer 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 qualification. 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 & Finance, Law	Principles of Taxation, Management Information, Accounting	Financial Accounting & Reporting, Audit & Assurance, Financial Management, Tax Compliance	Business Planning and Business Strategy & 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

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

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data	Develop solutions
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

APPLYING JUDGEMENT

Apply professional scepticism and critical thinking	Relate issues to the environment
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	Recommendations	Communication
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

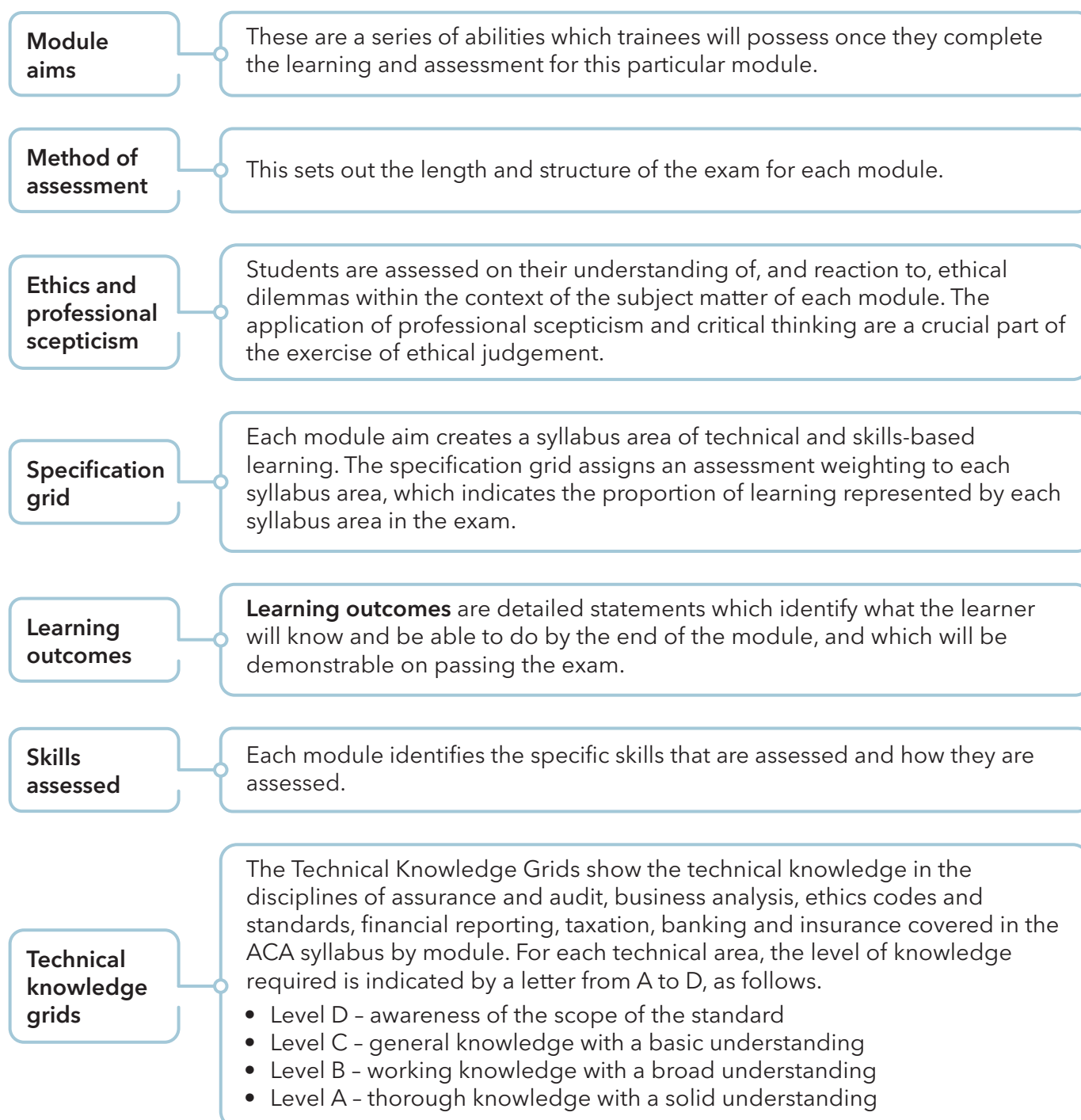
ACA Syllabus

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, and inclusion of new areas of knowledge impacting ICAEW Chartered Accountants. The process includes consultation with all key stakeholder groups and covers the skills, learning outcomes, and 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:



Professional Level

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.

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.

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.

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 external factors which may impact upon an organisation's performance and position, evaluating significant issues in areas such as:
 - sustainability, including 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, including those relating to automation and intelligent systems;
- c. 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;
- 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 and operational capabilities (including core competencies,

existing business processes, human capital and workforce flexibility)

- use of developing technology (including digital assets, blockchain and cryptocurrencies, big data, internet of things, automation and intelligent systems);
- e. 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;
 - f. 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;
 - g. 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;
 - h. explain and evaluate different types of data distributions and data trends using appropriate statistical and data analysis tools, including consideration of cause and effect and the implications for business risk; and
 - i. evaluate, interpret and analyse data provided, including identifying and explaining the causes and effects of different types of data bias, and applying an appropriate degree of professional scepticism.

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, including those relating to technology, corporate responsibility and sustainability, including climate change;
 - d. evaluate the ethical implications of an organisation's strategies and operations for the organisation and for individuals, including the accountant in business and others;
 - e. 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 (including artificial intelligence, machine learning and robotic process automation);
 - f. explain and demonstrate how products and services can evolve in the face of changing technologies, consumer demand and industry competition;
 - g. 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;
 - h. 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;
 - i. 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
 - j. organise, structure and assimilate historic and estimated data in appropriate ways, using available statistical and data analysis tools, 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, including digital assets, automation, intelligent systems, 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 demonstrate how 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;
- j. 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;

- k. explain and justify the key issues which should be addressed by the management of an organisation during the planning and implementation of change; and
- l. explain and evaluate the ethical, corporate responsibility 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"> • Demonstrate understanding of the business context • Recognise new and complex ideas within a scenario • Identify and explain the needs of customers and clients • Explain different stakeholder perspectives and interests • Identify and evaluate risks within a scenario • Identify and evaluate elements of uncertainty within a scenario • Identify and explain ethical issues including public interest and sustainability issues within a scenario 	<ul style="list-style-type: none"> • Interpret information provided in various formats • Evaluate the relevance of information provided • Filter information provided to identify critical facts 	<ul style="list-style-type: none"> • 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:

- 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"> • Structure information from various sources into suitable formats for analysis • Identify any information gaps and appraise their significance • 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 	<ul style="list-style-type: none"> • Identify and apply relevant technical knowledge and skills to analyse a specific problem • Use structured information to identify evidence-based solutions • Identify and evaluate creative and pragmatic solutions in a business environment • Identify and explain opportunities to add value • Identify and evaluate problems that may result from a decision • Identify and evaluate a range of possible solutions based on analysis • Identify and explain ethical dimensions of possible solutions • Select appropriate courses of action using an ethical framework • Identify and evaluate 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:

- 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 and demonstrate an understanding of what is relevant; and
 - use data analysis to develop and illustrate an answer.
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APPLYING JUDGEMENT

Apply professional scepticism and critical thinking	Relate issues to the environment
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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.
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CONCLUDING, RECOMMENDING AND COMMUNICATING

Conclusions	Recommendations	Communication
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 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.
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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

Business Analysis

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	MANAGEMENT INFORMATION	BUSINESS, TECHNOLOGY AND FINANCE	FINANCIAL MANAGEMENT	BUSINESS STRATEGY AND TECHNOLOGY	
STRATEGIC ANALYSIS					
Environmental and market analysis tools					
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	→
Positional and other analysis tools					
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	→
STRATEGIC CHOICE					
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	→
Corporate responsibility, sustainability and climate change		C		B	A
STRATEGIC IMPLEMENTATION					
Business plans		C		A	→
Organisational structure		C		A	→
Information management		C		B	A
Change management				A	→
Project management					A
BUSINESS MANAGEMENT					
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

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	MANAGEMENT INFORMATION	BUSINESS, TECHNOLOGY AND FINANCE	FINANCIAL MANAGEMENT	BUSINESS STRATEGY AND TECHNOLOGY	

COST ANALYSIS FOR DECISION MAKING

Costing

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

Pricing

Pricing decisions	B			A	→
Transfer pricing	B			A	→
Decision making techniques					
Expected values				B	A
Relevant cash flows				B	A
Sensitivity analysis				B	A

BUSINESS AND SHAREHOLDER VALUE

Valuation Techniques

Income - dividend yield			B		A
Income - P/E			B		A
Income - discounted cash flow			B		A
Asset based measures			B		A
Options approach					B

Shareholder value

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

INVESTMENT APPRAISAL AND RISK ANALYSIS

Project appraisal

NPV	B		A		→
IRR	B		A		→
Payback	B		A		→
Relevant cash flows			A		→
Tax and inflation			A		→
Replacement analysis			A		→
Capital rationing			A		→
Adjusted present value (APV)			A		→

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	MANAGEMENT INFORMATION	BUSINESS, TECHNOLOGY AND FINANCE	FINANCIAL MANAGEMENT	BUSINESS STRATEGY AND TECHNOLOGY	

Assessing risk

Project appraisal and sensitivity analysis			B		A
Project appraisal and simulation			B		A
Expected values			B		A
Scenario planning					A
Gap analysis				B	→
Continuous vs event risk				B	→

FINANCIAL ANALYSIS

Cost of capital

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

Portfolio theory and CAPM

Portfolio theory			B		A
CAPM			B		A
APT and MCPM					A
CAPM and cost of capital			B		A
International cost of capital					A

Bonds and fixed interest securities

Bond pricing using NPV					A
Yields to maturity					A
Duration and price volatility					A
Convexity					A
Term structure of interest rates					A
Corporate borrowing and default risk					A

SOURCES OF FINANCE AND FINANCING ARRANGEMENTS

Short, medium and long term sources of finance		C			A
Green finance		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

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	MANAGEMENT INFORMATION	BUSINESS, TECHNOLOGY AND FINANCE	FINANCIAL MANAGEMENT	BUSINESS STRATEGY AND TECHNOLOGY	
Treasury and working capital management	C				A
Small and medium company financing					B
History of finance					C

FINANCIAL ENGINEERING

Futures, options and swaps

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

Foreign exchange

Currency forward contracts			B		A
Currency money market cover			B		A
Currency options			B		A
Currency swaps			B		A
Operational techniques for managing currency risk			B		A
Theoretical determinants of foreign exchange rates			B		A

Option value

Value of a call and put option			C		B
Black Scholes option pricing model					B
Binomial option pricing model					B
Real options			C		B

Ethics Codes and Standards

ETHICS CODES AND STANDARDS	LEVEL	MODULES
<p>IESBA Code of Ethics for Professional Accountants (parts 1, 2 and 3 and Glossary)</p> <p>ICAEW Code of Ethics</p>	Certificate Level	
	C/D	Accounting
	B	Assurance
	C/D	Business, Technology and Finance
	D	Law
	C	Management Information
	C	Principles of Taxation
	Professional Level	
	A	Audit and Assurance
	B	Business Strategy and Technology
	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
	Advanced Level	
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study
FRC Revised Ethical Standard (December 2019)	B	Assurance
	A	Audit and Assurance
	Advanced Level	
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study