



# *ACA syllabus and technical knowledge grids*

**ADVANCED LEVEL  
CORPORATE REPORTING**

**For exams in 2018**

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# *ACA overview*

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

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

- Professional development
- Ethics and professional scepticism
- Three to five years practical work experience
- 15 accountancy, finance and business exams

## **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
- communication
- decision making
- ethics and professionalism
- problem solving
- teamwork
- technical competence.

## **ETHICS AND PROFESSIONAL SCEPTICISM**

Ethics is more than just knowing the rules around confidentiality, integrity, objectivity and independence. It's about identifying ethical dilemmas, understanding the implications and behaving appropriately. We integrate ethics throughout the ACA qualification to develop students' ethical capabilities – so they will always know how to make the right decisions and justify them.

## **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 agreement 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.

## 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 with the exception of 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](http://icaew.com/cpl).

These six exams are also available as a stand-alone certificate, the ICAEW Certificate in Finance, Accounting and Business (ICAEW CFAB) and as part of the ICAEW Level 4 Trailblazer in Accountancy. ICAEW CFAB and our apprenticeship can serve as stepping stones to the ACA qualification.

### 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.

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

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 are based on the same syllabus structure and skills frameworks, and will provide students with 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. 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.

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.

## SYLLABUS

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.

## ASSESSMENT

The six Certificate Level exams each have a 1.5 hour computer-based exam, a 55% pass mark, and can be sat throughout the year at an ICAEW-approved test centre.

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. The Professional Level exams are examined using computer-based exams. The Audit and Assurance, Financial Accounting and Reporting, Financial Management and Tax Compliance exams moved to computer in 2017 and are no longer available as paper-based exams.

Business Planning: Taxation and Business Strategy and Technology will move to computer-based exams in March 2018, with Business Planning: Banking and Business Planning: Insurance moving to computer-based exams in June 2018.

From June 2018, all Professional Level exams will be computer-based.

The three Advanced Level modules are also examined using paper-based exams. The Corporate Reporting and Strategic Business Management exams are 3.5 hours long. The Case Study exam is 4 hours long. Each has a 50% pass mark.

For more information, guidance and support on the introduction of computer-based exams, visit the exam resources area on our website at [icaew.com/cbe](http://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](http://icaew.com/cpl)

## OPEN BOOK POLICY

For some Professional Level exams, students are permitted to take certain publications into the exam. Details of these publications and our open book policy can be found at [icaew.com/permittedtexts](http://icaew.com/permittedtexts)

For the Professional Level Business Planning alternative exams, and at the Advanced Level, students are permitted to take any material into the exam, subject to practical space restrictions.

## SKILLS PROGRESSION THROUGH THE ACA QUALIFICATION

Assessed skills	Certificate Level	Professional Level	Advanced Level	
			Corporate Reporting and Strategic Business Management	Case Study
<b>Assimilating and using information</b>				
Understanding the situation and the requirements	Objective testing	Simple scenarios	Complex scenarios	Unstructured complex business scenarios
Identifying and using relevant information	Information as provided	Single information source provided	Multiple information sources provided	Multiple information sources including own research
Identifying and prioritising key issues	Issues given	Issues included in simple scenarios	Issues included in complex scenarios	Issues included in unstructured complex scenarios
<b>Structuring problems and solutions</b>				
Structuring data	Specified techniques	Specified techniques	Techniques inferred by nature of problem	Unspecified techniques
Developing solutions	Highly specified tasks	Specified problems	Specified problems	Defined output but unspecified problems
<b>Applying judgement</b>				
Applying professional scepticism and critical thinking	Objective testing	Specified requirement in simple scenario	Specified requirement in complex scenario	Underlying requirement within complex scenario
Relating issues to the broader business environment, including ethical issues	Objective testing	Issues in simple scenarios	Issues in complex scenarios	Issues in complex, unstructured scenarios
<b>Concluding, recommending and communicating</b>				
Concluding and recommending	Not assessed	Specified conclusions and recommendations in simple scenarios	Specified conclusions and recommendations in complex scenarios	Conclusions and recommendations supported by own evidence
Communicating	Prescribed exam format	Exam requirements, including some professional presentation	Short written professional presentations	Professional report with appendices

## PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

<b>Assimilating and using information</b>	<p><b>Understand the situation and the requirements</b> 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</p> <p><b>Identify and use relevant information</b> Interpret information provided in various formats Evaluate the relevance of information provided Use multiple information sources Filter information provided to identify critical facts</p> <p><b>Identify and prioritise key issues and stay on task</b> Identify business and financial issues from a scenario Prioritise key issues Work effectively within time constraints Operate to a brief in a given scenario</p>
<b>Structuring problems and solutions</b>	<p><b>Structure data</b> 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</p> <p><b>Develop solutions</b> 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</p>

	<p>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</p>
<p><b>Applying judgement</b></p>	<p><b>Apply professional scepticism and critical thinking</b>  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</p> <p><b>Relate issues to the environment</b>  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</p>
<p><b>Concluding, recommending and communicating</b></p>	<p><b>Conclusions</b>  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.</p> <p><b>Recommendations</b>  Present recommendations in accordance with instructions and defined criteria  Make recommendations in situations where risks and uncertainty exist  Formulate opinions, advice, recommendations, plans, solution, 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</p>

**Communication**

Present a basic or routine memorandum or briefing note in writing in a clear and concise style

Present analysis and recommendations in accordance with instructions

Communicate clearly to a specialist or non-specialist audience in a manner suitable for the recipient

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

# *Advanced Level*

## *Corporate Reporting*

### **MODULE AIM**

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

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

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

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

### **PRIOR KNOWLEDGE**

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

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

## REGULATION

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

## ETHICS

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

## METHOD OF ASSESSMENT

The Corporate Reporting module has traditionally been assessed as a paper-based exam, however from July 2018, this module will be assessed as a computer-based exam. A paper-based version of this module will no longer be available. The exam will continue to be 3.5 hours in length and contain questions requiring integration of knowledge and skills, including ethics.

The exam will consist of three questions. Ethical issues and problems could appear in any of the three questions.

The exam will be open book and will permit students to take any written or printed material into the exam, subject to practical space restrictions. To see the recommended text(s) for this exam, go to [icaew.com/permittedtexts](http://icaew.com/permittedtexts).

## SPECIFICATION GRID

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

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

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

## CORPORATE REPORTING – COMPLIANCE

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

In the assessment, students may be required to:

### 1 Principles

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

## **2 Reporting performance**

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

## **3 Assets and non-financial liabilities**

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

## **4 Financing**

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

## **5 Employee remuneration**

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

## **6 Groups**

- a. identify and show the criteria used to determine whether and how different types of investment are recognised and measured as business combinations; and
- b. calculate and disclose, from financial and other data, the amounts to be included in an entity's consolidated financial statements in respect of its new, continuing and discontinued interests (which include situations when acquisitions occur in stages and in partial disposals) in subsidiaries, associates and joint ventures.

## **7 Reporting overseas activities**

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

## **8 Taxation**

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

## **CORPORATE REPORTING – FINANCIAL STATEMENT ANALYSIS**

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

In the assessment, students may be required to:

### **9 Financial statement analysis**

- a. comment on and critically appraise the nature and validity of items included in published financial statements;
- b. comment on and critically appraise the nature and validity of information disclosed in annual reports, including integrated reporting and other voluntary disclosures;
- c. appraise the limitations of financial analysis;
- d. analyse and evaluate the performance, position, liquidity, efficiency and solvency of an entity through the use of ratios and similar forms of analysis including using quantitative and qualitative data;
- e. interpret the potentially complex economic environment in which an entity operates and its strategy based upon financial and operational information contained within the annual report (for example: financial and business reviews; reports on operations by management, corporate governance disclosures, financial summaries and highlights);
- f. appraise the significance of inconsistencies and omissions in reported information in evaluating performance;
- g. compare the performance and position of different entities allowing for inconsistencies in the recognition and measurement criteria in the financial statement information provided;
- h. make adjustments to reported earnings in order to determine underlying earnings and compare the performance of an entity over time;
- i. analyse and evaluate business risks and assess their implications for corporate reporting;
- j. analyse and evaluate financial risks (for example financing, currency and interest rate risks) and assess their implications for corporate reporting; and
- k. compare and appraise the significance of accruals basis and cash flow reporting.

## AUDIT AND ASSURANCE

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

In the assessment, students may be required to:

### 10 Professional practice

- a. appraise and explain the role and context of auditing;
- b. explain the nature and purpose of quality assurance (both at the level of the firm and the individual audit) and assess how it can contribute to risk management; and
- c. evaluate and explain current and emerging issues in auditing including developments in the use of big data and data analytics.

### 11 Planning

- a. identify the components of risk and how these components may interrelate;
- b. appraise the entity and the, potentially complex, economic environment within which it operates as a means of identifying and evaluating the risk of material misstatement;
- c. identify the risks, including analysing quantitative and qualitative data, arising from, or affecting, a potentially complex set of business processes and circumstances and assess their implications for the engagement;
- d. identify significant business risks and assess their potential impact upon the financial statements and the audit engagement;
- e. evaluate the impact of risk and materiality in preparing the audit plan, for example the nature, timing and extent of audit procedures;
- f. determine analytical procedures, where appropriate, at the planning stage using technical knowledge of corporate reporting, data analytics and skills of financial statement analysis;
- g. evaluate the components of audit risk for a specified scenario, for example the interactions of inherent risk, control risk and detection risk, considering their complementary and compensatory nature;
- h. show professional scepticism in assessing the risk of material misstatement, having regard to the reliability of management;
- i. evaluate, where appropriate, the extent to which reliance can be placed on expertise from other parties to support audit processes; and
- j. prepare, based upon planning procedures, an appropriate audit strategy and detailed audit plan or extracts.

### 12 Internal control systems

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

### 13 Corporate governance

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

#### **14 Audit evidence**

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

#### **15 Reporting and concluding**

- a. review the appropriateness of the going concern basis of accounting and describe relevant going concern disclosures;
- b. review events after the reporting period;
- c. review and evaluate, quantitatively and qualitatively, for example using analytical procedures and data analytics, the results and conclusions obtained from audit procedures;
- d. draw conclusions on the nature of the report on an audit engagement, and formulate an opinion for a statutory audit, which are consistent with the results of the audit evidence gathered; and
- e. draft suitable extracts for reports (for example any report to the management or those charged with governance issued as part of the engagement).

#### **16 Assurance engagements**

- a. explain the nature of a range of different assurance engagements;
- b. evaluate the evidence necessary to report at the appropriate level of assurance;
- c. evaluate risk in relation to the nature of the assurance engagement and the entity or process for a given scenario; and

- d. design and determine procedures necessary to attain the relevant assurance objectives in a potentially complex scenario.

### **17 Other engagements**

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

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

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

In the assessment, students may be required to:

### **18 Integrated learning outcomes**

- a. identify and explain corporate reporting and assurance issues in respect of social responsibility, sustainability and environmental matters for a range of stakeholders;
- b. critically evaluate accounting policies choices and estimates, identifying issues of earnings manipulation and creative accounting; and
- c. critically appraise corporate reporting policies, estimates and measurements for single entities and groups in the context of an audit.

## **ETHICS**

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

### **19 Ethics**

- a. identify and explain ethical issues in reporting, assurance and business scenarios;
- b. explain the relevance, importance and consequences of ethical issues;
- c. evaluate the impact of ethics on a reporting entity, relating to the actions of stakeholders;
- d. recommend and justify appropriate actions where ethical issues arise in a given scenario; and
- e. design and evaluate appropriate safeguards to mitigate threats and provide resolutions to ethical problems.

## **SKILLS ASSESSED**

### **Assimilating and Using Information**

*Understand the situation and the requirements*

- Demonstrate understanding of the business context
- Identify and understand the requirements
- 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

*Identify and use relevant information*

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

*Identify and prioritise key issues and stay on task*

- Identify 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: candidates may be required to:*

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

## **Structuring problems and solutions**

### *Structure data*

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

### *Develop solutions*

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

*How skills are assessed: candidates may be required to:*

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

### Applying judgement

#### *Apply professional scepticism and critical thinking*

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

#### *Relate issues to the environment*

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

#### *How skills are assessed: candidates may be required to:*

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

- drawing appropriate conclusions from data provided to satisfy specified objectives and assessing the materiality of errors and omissions.

## **Concluding, recommending and communicating**

### *Conclusions*

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

### *Recommendations*

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

### *Communication*

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

### *How skills are assessed: candidates may be required to:*

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

# *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

Topic	Certificate & Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
Preface to International Financial Reporting Standards		A	A
Conceptual Framework for Financial Reporting	B	A	A
IAS 1 Presentation of Financial Statements	A	A	A
IAS 2 Inventories	B	A	A
IAS 7 Statement of Cash flows	B	A	A
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	B	A	A
IAS 10 Events after the Reporting Period		A	A
IAS 11 Construction Contracts		-	A
IAS 12 Income Taxes		C	A
IAS 16 Property, Plant and Equipment	B	A	A
IAS 17 Leases		B	A
IAS 18 Revenue	C	A	A
IAS 19 Employee Benefits		-	A
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance		A	A
IAS 21 The Effects of Changes in Foreign Exchange Rates		C	A
IAS 23 Borrowing Costs		A	A
IAS 24 Related Party Disclosures		B	A
IAS 26 Accounting and Reporting by Retirement Benefit Plans		-	D
IAS 27 Separate Financial Statements		B	A
IAS 28 Investments in Associates and Joint Ventures		B	A
IAS 29 Financial Reporting in Hyperinflationary Economics		-	D
IAS 32 Financial Instruments: Presentation		B	A
IAS 33 Earnings Per Share		C	A
IAS 34 Interim Financial Reporting		-	A
IAS 36 Impairment of Assets		B	A
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	C	A	A
IAS 38 Intangible Assets	C	A	A
IAS 39 Financial Instruments: Recognition and Measurement (Note 2)		C	A
IAS 40 Investment Property		-	A
IAS 41 Agriculture		-	D
IFRS 1 First-Time Adoption of IFRS		-	A
IFRS 2 Share-based Payment		-	A

Topic	Certificate & Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
IFRS 3 Business Combinations		B	A
IFRS 4 Insurance Contracts		-	D
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations		B	A
IFRS 6 Exploration for and Evaluation of Mineral Resources		-	D
IFRS 7 Financial Instruments: Disclosures		C	A
IFRS 8 Operating Segments		-	A
IFRS 9 Financial Instruments		-	C
IFRS 10 Consolidated Financial Statements		B	A
IFRS 11 Joint Arrangements		B	A
IFRS 12 Disclosure of Interests in Other Entities		B	A
IFRS 13 Fair Value Measurement		C	A
IFRS 14 Regulatory Deferral Accounts		-	C
IFRS for SMEs		-	A