



***ACA Advanced Level  
syllabus, skills development and  
technical knowledge grids***

***For Exams in 2019***

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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](https://www.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](https://www.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](https://www.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

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
<b>Assimilating and using information</b>						
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
<b>Structuring problems and solutions</b>						
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
<b>Applying judgement</b>						
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
<b>Concluding, recommending and communicating</b>						
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

- 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

#### 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

### 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



## Applying judgement

### Apply professional scepticism and critical thinking

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

### Relate issues to the environment

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

## Concluding, recommending and communicating

### Conclusions

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

### Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, 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

### 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 is assessed by a 3.5 hour computer-based exam. Each exam will contain questions requiring integration of knowledge and skills, including ethics.

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

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	30-40
Audit and Assurance	5-10
Ethics	

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; 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 transactions and balances in foreign currencies and operations**

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

## **8 Taxation**

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

# **CORPORATE REPORTING – FINANCIAL STATEMENT ANALYSIS**

Students will be able to analyse, interpret, evaluate and compare financial statements of entities 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 including how these correlate with an understanding of the entity;
- b. comment on and critically appraise the nature and validity of information disclosed in annual reports, including integrated reporting and other voluntary disclosures, including those relating to natural capital;
- 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 and an understanding of the entity);
- 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, data analytics and artificial intelligence.

### 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 (including those arising from cyber security and cloud-based accounting systems) 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 need for, and extent of reliance to be placed on expertise from other parties to support audit processes including when to challenge the extent and working practices of other parties; and
- j. 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 and artificial intelligence, 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	Identify and use relevant information	Identify and prioritise key issues and stay on task
<ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Identify and understand the requirements</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify risks within a scenario</li> <li>• Identify elements of uncertainty within a scenario</li> <li>• Identify ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> <li>• Use multiple information sources</li> <li>• Filter information provided to identify critical facts</li> </ul>	<ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Prioritise key issues</li> <li>• Work effectively within time constraints</li> <li>• Operate to a brief in a given scenario</li> </ul>

#### How skills are assessed:

*students may be required to:*

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

### Structuring problems and solutions

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

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

**How skills are assessed:**

*students may be required to:*

- apply technical knowledge, analytical techniques and professional skills to resolve compliance and business issues that arise in the context of the preparation and evaluation of corporate reports and from providing audit services;
- structure problems and solutions in scenario based questions which may be presented in the following forms:
  - Mini case – 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 and always appropriately challenge and critically review the expert's work
- Identify related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Appraise corporate responsibility and sustainability issues
- Appraise the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

**How skills are assessed:**

*students may be required to:*

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

### **Concluding, recommending and communicating**

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

#### **How skills are assessed:**

*students may be required to:*

- draw conclusions from data, facts, calculations, judgments and own analysis;
- draw conclusions from complex assurance engagements;
- identify weaknesses in financial information systems and their potential consequences;
- distinguish between the qualities of data provided or other evidence generated;

- develop risk management solutions in an audit and corporate reporting environment;
- create report/memorandum in response to a specific technical issue and in accordance with client requirements;
- draft reasoned, practicable advice that is clear and concise, supported by calculations or analysis of technical/business issues identified;
- use judgement to select the most appropriate audit procedures in the context of risks identified;
- justify a specific recommended action when a variety of options are available;
- explain the limitations of their conclusions or recommendations.

# *Strategic Business Management*

## **MODULE AIM**

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

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

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

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

## **PRIOR KNOWLEDGE**

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

Background knowledge based upon the strategic elements of the Business Planning: Taxation and the Audit and Assurance module will also be required in evaluating the business and financial risks of reporting entities.

## ETHICS

Ethical codes will be those issued by IESBA and the 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 Strategic Business Management module is assessed by a 3.5 hour computer-based exam. Each exam will contain questions requiring integration of knowledge and skills, including ethics.

The exam will consist of two questions, and ethical issues and problems could appear in either question.

The exam will be open book 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

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

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

## BUSINESS CONTEXTS

The learning outcomes may all be assessed within an integrated business scenario.

The following are examples of possible scenarios:

- developing management information strategies
- developing management and corporate governance mechanisms
- business and financial risk management
- business start-up planning
- business and security valuations
- developing policies for sustainability and corporate responsibility
- raising, structuring and restructuring of finance
- resource management issues
- developing performance management strategies
- developing remuneration and reward packages

- reorganisation and restructuring of entities, and the management of change
- financial distress and business recovery
- developing global financial and business strategies and operations
- developing global divisional and transfer pricing strategies for tax and performance management
- appraisal methods for businesses undertaking major projects and/or organisational or process transformation
- issues arising from use of complex financial instruments in business finance in the context of risk and treasury management
- ethical issues arising in business and finance.

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

## **INTEGRATED LEARNING OUTCOMES**

### **BUSINESS STRATEGY AND MANAGEMENT**

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

In the assessment, students may be required to:

#### **1 Strategic analysis**

- describe and explain the strategic objectives of an entity considering the interests of stakeholders
- analyse and evaluate, for a given scenario, the external economic, market and industry environment which may impact upon a business's performance and position
- identify and evaluate the significance of the internal organisational and operational capabilities in a given scenario which may influence an entity's ability to achieve its chosen strategic objectives, (including core competencies, existing business processes, human capital and workforce flexibility)
- analyse and evaluate an entity's current position and performance, from both a financial perspective and a non-financial perspective, using a variety of internal and external information sources
- demonstrate how strategic analysis tools can be used in a complex scenario
- demonstrate how business strategy and financial strategy can interrelate in a complex scenario
- evaluate and advise upon the strategic capability of an entity
- evaluate strategy at corporate, business unit and operational levels
- analyse and evaluate current technology developments including those relating to big data, internet of things, digital assets, automation, intelligent systems and cryptocurrencies.

#### **2 Strategic choice**

- assess, advise on and propose appropriate business strategies to meet stated objectives
- identify and evaluate business unit strategies to achieve sustainable competitive advantage

- c. explain and demonstrate how financial and non-financial data can be analysed in order to select an optimal business strategy, including the impact of big data on business models
- d. explain and demonstrate how strategic business models can be used in a given scenario, to identify factors that a business can consider in choosing between competing strategies
- e. explain international strategies; appraise international value chains and markets; including the concepts of globalisation and the borderless business; and show the impact on individual and group financial statements of changes in foreign exchange rates
- f. evaluate digital strategies, including the use of digital assets, automation, artificial intelligence, cloud accounting and machine learning.

### **3 Strategic implementation**

- a. demonstrate and explain the impact of acquisitions and strategic alliances in implementing corporate strategy and evaluate the nature and role of assurance procedures in selecting and monitoring such strategies
- b. evaluate and explain the relationship between business strategy and organisational structure
- c. explain and evaluate the nature and methods of change management and advise on the implementation of change in complex scenarios
- d. demonstrate and explain the techniques that may be used in implementing a strategy to reduce costs, for example supply chain management, business process re-engineering and outsourcing
- e. evaluate, in a given scenario, the functional strategies necessary to achieve a business's overall strategy
- f. develop business plans and proposals and advise on technical issues relating to business and organisational plans, assessing the impact on historic and projected corporate reporting information.
- g. Demonstrate an understanding of, and provide advice on, data security issues, including cyber security issues, arising from communications, shared systems and data sharing throughout the supply chain and with strategy partners,
- h. Identify and explain barriers to implementation of digital strategy and make recommendations as to how they may be overcome.

### **4 Strategic performance management**

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

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

- a. assess strategic marketing issues and demonstrate the application of quantitative and qualitative marketing techniques in complex scenarios
- b. evaluate and analyse markets and the marketing environment and develop a marketing strategy consistent with the overall business strategy



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

## **6 Business risk management**

- a. analyse and evaluate the key types of business risks using relevant quantitative and qualitative data and assess their implications within a given scenario, for business strategy and corporate reporting disclosures
- b. advise on the risks involved in business and organisational plans and show how these risks can be managed by assurance procedures and other forms of risk mitigation
- c. explain the responsibility of those charged with governance for managing risk and assess the role of assurance in risk mitigation
- d. assess the impact of risk on a variety of stakeholders
- e. explain and assess the various steps involved in constructing a business risk management plan, by establishing context, identifying risks and the assessment and quantification of risk
- f. evaluate and explain the limitations of business risk management
- g. assess and explain enterprise risk management, evaluating its framework and its benefits
- h. using data provided, analyse quantitatively and qualitatively, business risks under a range of complex scenarios.

## **7 Corporate governance**

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

## **8 Data analysis**

- a. undertake appropriate quantitative and qualitative data analysis, business analysis and financial statement analysis

- b. explain financial and operational data and other management information, drawing inferences relating to its completeness, accuracy and credibility, as a basis for a meaningful analysis of the position, future prospects and risks for a business
- c. demonstrate how suitable financial, strategic and operational analysis techniques can be used to analyse financial and operational data and to evaluate business position, prospects and risks, including the analysis and benefits of 'Big Data', artificial intelligence and machine learning.
- d. communicate an explanation (stating any reservations regarding transparency and objectivity of data and information) of the position, prospects and risks of a business, based on analysis of financial and operational data and information, including data analytics and assess the extent to which limited assurance and reasonable assurance engagements can identify and mitigate information risks in this context.

## **9 Information strategy**

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

## **10 Human resource management**

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

## **FINANCIAL STRATEGY**

Students will be able to identify and advise upon appropriate finance requirements; evaluate financial risks facing a business and advise upon appropriate methods of managing and quantifying those risks; provide valuations for businesses and securities; and advise upon investment and distribution

decisions. Students will also be able to apply corporate reporting and assurance principles and practices in the context of key financing decisions and events.

In the assessment, students may be required to:

### **11 Finance awareness**

- a. demonstrate and explain the financing alternatives available for projects and assets, and make informed choices as to which alternative is the most compatible with the overall financial strategy of the entity, showing the corporate reporting consequences relating to presentation, disclosure, recognition and measurement of projects and their financing
- b. assess and explain current and emerging issues in finance
- c. identify social responsibility, sustainability and environmental factors for a range of financial stakeholders, including UN sustainable development goals and natural capital, and assess assurance and corporate reporting issues relating to such factors
- d. explain how financial crises, which have occurred in the past over a long time period, may impact on approaches and attitudes to financial risk and may inform corporate reporting practice.

### **12 Business and securities valuation**

- a. explain, advise on and demonstrate appropriate valuation methods for businesses and equity securities using: asset-based; adjusted earnings-based; and cash-based methods (for example SVA, EVAR, VBM, MVA and other appropriate techniques)
- b. critically appraise business and securities valuation methods in the context of specified complex scenarios, including the consideration of natural capital
- c. explain and demonstrate appropriate valuation techniques in the context of acquisitions and mergers; assess the contribution of due diligence procedures; and show the impact on corporate reports arising from acquisitions for groups in consolidated financial statements
- d. explain and demonstrate appropriate valuation techniques in the context of demergers and for disposal of entities and business units, and show the impact on corporate reporting issues relating to discontinued operations
- e. determine the value of debt and explain the techniques used.

## **FINANCIAL STRUCTURE AND FINANCIAL RECONSTRUCTION**

### **13 Capital structure**

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

### **14 Financial reconstruction**

- a. show and explain how financial reconstruction takes place and explain the consequences of such reconstructions for corporate reporting
- b. appraise and evaluate financial reconstruction proposals in a given scenario, and determine the nature and role of assurance procedures in this context
- c. explain the different reasons for refinancing, and demonstrate how companies in financial distress can be managed, having regard to insolvency law
- d. explain and appraise the workings of, and reasons for, securitisation, showing the impact on financial statement information

- e. explain and appraise the nature and consequences of leveraged buy outs
- f. appraise and evaluate various forms of reconstruction (for example, spin-off, MBO, divestment, demergers, purchase of own shares, use of distributable profits), explaining the corporate reporting impact.

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

- a. appraise and explain the small and medium-sized enterprise financing problem
- b. appraise and evaluate the various methods of financing available to small and medium-sized enterprises, and explain the nature and role of assurance for small and medium-sized companies in raising such finance  
assess and explain the characteristics of sources of equity for smaller companies and the financial institutions operating in these markets (for example, venture capital and private equity).

## **FINANCIAL INSTRUMENTS AND FINANCIAL MARKETS**

### **16 Equity instruments**

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

### **17 Fixed interest**

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

### **18 Derivatives**

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

### **19 Financial risk management**

- a. analyse and evaluate financial risks and their implications (for example financing, currency and interest rate risks) and show the application of qualitative and quantitative risk disclosures for financial instruments and other corporate reporting disclosures relevant to risk assessment
- b. appraise and advise on appropriate methods to assess, manage and quantify financial risk in specific business scenarios

- c. explain and appraise financial instruments available for hedging against interest rate and foreign exchange rate risk, for example, swaps, collars and floors
- d. demonstrate and explain the nature and operation of financial instruments underlying the disclosure, recognition and measurement requirements in financial statements
- e. demonstrate and explain how interest rate hedging strategies and foreign currency risk management strategies can be formulated, both at the level of the individual transaction and for macro hedging arrangements.

## **20 International financial management**

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

## **21 Investment appraisal**

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

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

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

g. appraise, evaluate and advise with respect to working capital management techniques.

## ETHICS

Students will be able to identify and explain ethical issues. Where ethical dilemmas arise, students will be able to recommend, justify and determine appropriate actions and ethical safeguards to mitigate threats.

### 23 Ethics

In the assessment, students may be required to:

- a. recognise and explain ethical issues
- b. explain the relevance, importance and consequences of ethical issues
- c. evaluate the impact of ethics on an entity, its stakeholders and the scope of its strategies and operations
- d. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario
- e. design and evaluate appropriate ethical safeguards.

## SKILLS ASSESSED

### Assimilating and Using Information

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

#### How skills are assessed:

*students may be required to:*

- draw conclusions in the following ways:
  - from data, facts, calculations, judgments and own analysis;
  - on complex assurance engagements;
  - by identifying weaknesses in financial information systems and their potential consequences;
  - by distinguishing between the qualities of data provided or other evidence generated; and

- by developing risk management solutions in an audit and corporate reporting environment.
- present and communicate their recommendations include:
  - a report/memorandum in response to a specific technical issue and in accordance with client requirements.
  - 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.

## Structuring problems and solutions

### Structure data

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

### Develop solutions

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

### How skills are assessed:

*students may be required to:*

- Business management
  - Undertake a critical assessment of key business issues.
  - Structure market data and industry data from various sources.
  - Explain and evaluating the strengths and weaknesses of an organisation or segments of an organisation.
  - Evaluate the impact of decisions on business strategy.
  - Evaluate the impact of financial strategy on business strategy.
- Finance
  - Undertake valuations, where the information is incomplete, suspect or unsuitable.
  - Undertake financial risk analysis and considering the management of financial risks.
  - Evaluate the impact of business strategy on financial strategy.
- Corporate reporting
  - Consider relevance and reliability of unstructured information.
  - Evaluate the impact and legitimacy of a range of financial reporting treatments.
  - Deal with complex financial reporting information.
  - Impact of future events on financial statements.

- Impact on financial statements of delaying or modifying business and financial decisions.
- Evaluate business position, prospects and risks.
- Assurance
  - Understand business and inherent risks in complex scenarios.
  - Evaluate the control environment.
  - Undertake selective financial analysis.
  - Evaluate risk and control evaluation in the context of IT.
  - Undertake assurance to support specific transactions (eg, due diligence).
  - Apply professional scepticism.
- Ethics
  - Identify ethical problems in complex scenarios and structuring appropriate actions.

## Applying judgement

### Apply professional scepticism and critical thinking

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

### Relate issues to the environment

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

### How skills are assessed:

*students may be required to:*

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

## Concluding, recommending and communicating

### Conclusions

- Apply technical knowledge to support

### Recommendations

### Communication

- Present a basic or routine memorandum or briefing



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

*students may be required to:*

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

# *Case Study*

## **MODULE AIM**

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

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

## **CASE STUDY FORMAT**

The Case Study scenario may be based on any one of a variety of different organisational structures or operations. Students will be provided with background details ('Advance Information') on the organisation and its business environment ahead of the exam.

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

## **METHOD OF ASSESSMENT**

The Case Study module has traditionally been assessed as a paper-based exam, however from the July 2019 session, this module will be assessed by a 4 hour computer-based exam. A paper-based version of this module will no longer be available. The Case Study will not require the detailed computations needed for the Certificate, Professional and Advanced Levels; but students will be required to undertake financial and business analysis.

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

## **PREPARATION AND APPROACH TO THE CASE**

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

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

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

- expect to discuss and advise on relevant matters.

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

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

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

## SKILLS ASSESSED

### Assimilating and Using Information

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

#### How skills are assessed:

*students may be required to:*

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

- demonstrate an awareness of ethical and business trust issues and situations.

## Structuring problems and solutions

### Structure data

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

### Develop solutions

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

### How skills are assessed:

*students may be required to:*

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

### Financial statement analysis:

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

### Financial data analysis:

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

## Applying judgement

### Apply professional scepticism and critical thinking

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

### Relate issues to the environment

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

### How skills are assessed:

*students may be required to:*

- evaluate and build on implications of financial or strategic analysis or calculations;
- identify and use key financial information;
- recognise linkages;
- recognise gaps or shortcomings in the information provided;
- select and evaluate key points, such as strengths and weaknesses of a business proposal;
- question and evaluate the adequacy of any assumptions and quality of information provided;
- explain own assumptions;
- discuss output, such as pros/cons;
- demonstrate professional scepticism;
- demonstrate objectivity/balance;
- demonstrate an appreciation of more than one side/bias;
- evaluate and balance options;
- prioritise key points;
- assess weaknesses in decisions;
- reflect on the underlying analysis performed and what it means for the organisation;
- use knowledge of ethical codes and professional experience;
- identify risks and ethical issues within, and derived from, the scenario;
- identify key ethical issues for an accountant undertaking work in accounting, finance and assurance; and

- evaluate any specific business trust points relating to the issue under review.

## Concluding, recommending and communicating

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

### How skills are assessed:

*students may be required to:*

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

# *Technical knowledge*

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

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

The knowledge levels are defined as follows:

## **Level D**

An awareness of the scope of the standard.

## **Level C**

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

## **Level B**

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

## **Level A**

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

## **Key to other symbols:**

→ The knowledge level reached is assumed to be continued

# Ethics Codes and Standards

Ethics Codes and Standards	Level	Modules
IESBA Code of Ethics for Professional Accountants (parts A, B and C and Definitions)  ICAEW Code of Ethics	C/D	<b>Certificate Level</b>
	B	Accounting
	C/D	Assurance
	D	Business, Technology and Finance
	C	Law
	C	Management Information
		Principles of Taxation
		<b>Professional Level</b>
	A	Audit and Assurance
	B	Business Strategy and Technology
	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
		<b>Advanced Level</b>
	A	Corporate Reporting
A	Strategic Business Management	
A	Case Study	
FRC Revised Ethical Standard (2016)	B	Assurance
	A	Audit and Assurance
		<b>Advanced Level</b>
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study



# Assurance and Audit

Topic	Assurance	Audit and Assurance	Advanced Level
The International Auditing and Assurance Standards Board		D	C
The Authority Attaching to Standards Issued by the International Auditing and Assurance Standards Board		C	A
The Authority Attaching to Practice Statements Issued by the International Auditing and Assurance Standards Board			A
Discussion Papers			C
Working Procedures			C
<b>International Standards on Auditing (UK)</b>			
200 (Revised June 2016) Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	B	A	→
210 (Revised June 2016) (Updated July 2017) Agreeing the Terms of Audit Engagements		B	→
220 (Revised June 2016) (Updated July 2017) Quality Control for an Audit of Financial Statements		B	→
230 (Revised June 2016) Audit Documentation	C	B	A
240 (Revised June 2016) (Updated July 2017) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	C	B	A
250 A (Revised December 2017) Consideration of Laws and Regulations in an Audit of Financial Statements		B	A
250 B (Revised June 2016) The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector			C
260 (Revised June 2016) (Updated July 2017) Communication with Those Charged with Governance		B	A
265 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management		B	A
300 (Revised June 2016) Planning an Audit of Financial Statements	B	A	→
315 (Revised June 2016) Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and its Environment	C	A	→
320 (Revised June 2016) (Updated July 2017) Materiality in Planning and Performing an Audit	C	A	→
330 (Revised July 2017) The Auditor's Responses to Assessed Risks	C	B	A
402 Audit Considerations Relating to an Entity Using a Service Organisation		C	B
450 (Revised June 2016) (Updated July 2017) Evaluation of Misstatements Identified during the Audit	C	A	
500 (Updated July 2017) Audit Evidence	B	A	→
501 Audit Evidence - Specific Considerations for Selected Items		B	A
505 (Updated July 2017) External Confirmations (Revised July 2017)	B	B	A
510 (Revised June 2016) Initial Audit Engagements - Opening Balances	C	B	A
520 Analytical Procedures	B	A	A
530 Audit Sampling	B	B	A
540 (Revised June 2016) Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures	C	B	A
550 Related Parties	C	B	A

Topic	Assurance	Audit and Assurance	Advanced Level
560 Subsequent Events		B	A
570 (Revised June 2016) Going Concern		A	→
580 Written Representations	C	B	A
600 (Revised June 2016) Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)		C	A
610 (Revised June 2013) Using the Work of Internal Auditors	C	B	A
620 (Revised June 2016) Using the Work of an Auditor's Expert		B	A
700 (Revised June 2016) Forming an Opinion and Reporting on Financial Statements	B	A	→
701 Communicating Key Audit Matters in the Independent Auditor's Report		B	A
705 (Revised June 2016) Modifications to the Opinion in the Independent Auditor's Report		A	→
706 (Revised June 2016) Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report		A	→
710 Comparative Information – Corresponding Figures and Comparative Financial Statements		B	A
720 The Auditor's Responsibility Relating to Other Information		B	A
800 Special Considerations – Audits of Financial Statements prepared in Accordance with Special Purpose Frameworks		B	A
805 (Revised October 2016) Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or items of a Financial Statement		B	A
<b>International Standards on Auditing</b>			
810 (Revised) Engagements to Report on Summary Financial Statements			B
<b>International Auditing Practice Note (IAPN)</b>			
1000 Special Considerations in Auditing Financial Instruments			B
<b>International Standards on Review Engagements (ISREs)</b>			
2400 (Revised September 2012) Engagements to Review Historical Financial Statements		C	B
<b>International Standards on Review Engagements (UK &amp; Ireland)</b>			
2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity		C	B
<b>International Standards on Assurance Engagements (ISAEs)</b>			
3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information		C	B
3400 The Examination of Prospective Financial Information		C	A
3402 Assurance Reports on Controls at a Service Organisation		C	B
3410 Assurance Engagements on Greenhouse Gas Statements		C	→
<b>International Standards on Related Services (ISRSs)</b>			
4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information			B
4410 Compilation Engagements (Revised March 2012)			B
<b>IAASB Statements</b>			
ISQC1 (Revised June 2016) (Updated July 2017) Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements		C	B
<b>Other Guidance</b>			

Topic	Assurance	Audit and Assurance	Advanced Level
Bulletin (October 2016): Compendium of Illustrative Auditor's Reports on United Kingdom Private Sector Financial Statements for periods commencing on or after 17 June 2016		B	B
FRC Briefing Paper Professional Scepticism – establishing a common understanding and reaffirming its central role in delivering audit quality		B	B

# Business Analysis

Topic	Certificate and Professional Levels				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
<b>STRATEGIC ANALYSIS</b>					
<b>Environmental and market analysis tools</b>					
PESTEL analysis		C		A	→
Porter's five forces		C		A	→
Product life cycle		C		A	→
Boston consulting group matrix		C		A	→
Prices and markets		C		A	→
Competitor analysis		C		A	→
<b>Positional and other analysis tools</b>					
Resource audit		C		A	→
Resource-based strategy		C		A	→
Value chain analysis		C		A	→
SWOT analysis		C		A	→
Gap analysis		C		A	→
Marketing analysis		C		A	→
Competitive advantage		C		A	→
Benchmarking		C		A	→
Directional policy matrix					B
Business process analysis				B	A
Strategic risk analysis				A	→
Balanced scorecard		C		A	→
<b>STRATEGIC CHOICE</b>					
Strategy formulation, evaluation and choice		C		A	→
Business risk management		C		A	→
Financial analysis and data analysis				A	→
Stakeholder analysis		C		A	→
Objectives and stakeholders' preferences		C		A	→
Corporate responsibility and sustainability		C		B	A
<b>STRATEGIC IMPLEMENTATION</b>					
Business plans		C		A	→
Organisational structure		C		A	→
Information management		C		B	A
Change management				A	→
Project management					A
<b>BUSINESS MANAGEMENT</b>					
Performance management				C	A
Strategic marketing and brand management				B	A
Corporate Governance		C		B	A
Information strategy				B	A
Human resource management				C	A
<b>COST ANALYSIS FOR DECISION MAKING</b>					

Topic	Certificate and Professional Levels				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
<b>Costing</b>					
Cost classification	A			→	→
Costing systems – direct, marginal, absorption	B			→	→
Activity based costing (ABC)	C			→	B
Break even analysis	B			→	A
Multi-product break even analysis					B
Budgeting and performance management	B			→	A
<b>Pricing</b>					
Pricing decisions	B			A	→
Transfer pricing	B			A	→
<b>Decision making techniques</b>					
Expected values				B	A
Relevant cash flows				B	A
Sensitivity analysis				B	A
<b>BUSINESS AND SHAREHOLDER VALUE</b>					
<b>Valuation Techniques</b>					
Income – dividend yield			B		A
Income – P/E			B		A
Income – discounted cash flow			B		A
Asset based measures			B		A
Options approach					B
<b>Shareholder value</b>					
Value based management (VBM)					B
Value drivers			B		A
Shareholder value analysis (SVA)			B		A
Short and long term growth rates and terminal values					A
Economic profit					A
Cash flow return on investment (CFROI)					A
Total shareholder return (TSR)					A
Market value added (MVA)					A
<b>INVESTMENT APPRAISAL AND RISK ANALYSIS</b>					
<b>Project appraisal</b>					
NPV	B		A		→
IRR	B		A		→
Payback	B		A		→
Relevant cash flows			A		→
Tax and inflation			A		→
Replacement Analysis			A		→
Capital rationing			A		→
Adjusted present value (APV)			A		→
<b>Assessing risk</b>					
Project appraisal and sensitivity analysis			B		A
Project appraisal and simulation			B		A

Topic	Certificate and Professional Levels				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
Expected values			B		A
Scenario planning					A
Gap analysis				B	→
Continuous vs. event risk				B	→
<b>FINANCIAL ANALYSIS</b>					
<b>Cost of capital</b>					
Cost of equity			B		A
Cost of debt			B		A
Cost of preference shares			B		A
Cost of bank loans			B		A
Weighted average cost of capital (WACC)			B		A
Effective interest rates					A
Splitting convertibles into equity and debt elements					A
Equity instruments					A
<b>Portfolio theory and CAPM</b>					
Portfolio theory			B		A
CAPM			B		A
APT and MCPM					A
CAPM and cost of capital			B		A
International cost of capital					A
<b>Bonds and fixed interest securities</b>					
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
<b>SOURCES OF FINANCE AND FINANCING ARRANGEMENTS</b>					
Short, medium and long term sources of finance		C			A
Loan agreement conditions (warranties; covenants; guarantees)			B		A
Raising capital		C			A
Gearing and capital structure			A		→
Loan agreements and covenants			A		→
Dividend policy			A		→
Financing reconstructions (eg: group reconstruction, spin off, purchase of own shares, use of distributable profits)			B		A
Treasury and working capital management	C				A
Small and medium company financing					B
History of finance					C
<b>FINANCIAL ENGINEERING</b>					
<b>Futures, options and swaps</b>					
Options			B		A
Interest rate futures			B		A

Topic	Certificate and Professional Levels				Advanced Level
	Management Information	Business, Technology and Finance	Financial Management	Business Strategy and Technology	
Interest rate options			B		A
Interest forward rate agreements (FRAs)			B		A
Interest rate swaps			B		A
<b>Foreign exchange</b>					
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
<b>Option value</b>					
Value of a call and put option			C		B
Black Scholes option pricing model					B
Binomial Option Pricing Model					B
Real options			C		B

# Financial Reporting - IFRS

Topic	Certificate and Professional Level		Advanced Level
	Accounting	Financial Accounting and Reporting	Corporate Reporting
Preface to International Financial Reporting Standards		A	A
Conceptual Framework for Financial Reporting	B	A	A
IAS 1 Presentation of Financial Statements	A	A	A
IAS 2 Inventories	B	A	A
IAS 7 Statement of Cash flows	B	A	A
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	B	A	A
IAS 10 Events after the Reporting Period		A	A
IAS 12 Income Taxes		C	A
IAS 16 Property, Plant and Equipment	B	A	A
IAS 17 Leases		B	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 Economies		-	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)		-	A
IAS 40 Investment Property (Note 2)		-	A
IAS 41 Agriculture		-	D
IFRS 1 First-Time Adoption of IFRS		-	A
IFRS 2 Share-based Payment		-	A
IFRS 3 Business Combinations		B	A
IFRS 4 Insurance Contracts (Note 2)		-	D
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations		B	A
IFRS 6 Exploration for and Evaluation of Mineral Resources		-	D
IFRS 7 Financial Instruments: Disclosures		C	A
IFRS 8 Operating Segments		-	A
IFRS 9 Financial Instruments (Note 2)		C	A
IFRS 10 Consolidated Financial Statements		B	A



IFRS 11 Joint Arrangements		B	A
IFRS 12 Disclosure of Interests in Other Entities		B	A
IFRS 13 Fair Value Measurement		C	A
IFRS 14 Regulatory Deferral Accounts		-	C
IFRS 15 Revenue from Contracts with Customers	C	B	A
IFRS 16 Leases (Note 1)		-	C
IFRS 17 Insurance Contracts (Note 1)		-	C
IFRS for SMEs		-	A

**Note 1:** The mandatory effective dates for IFRS 16 and IFRS 17 are after 1 January 2018 so it is not examinable for the Professional Level 2019 syllabus. Although the mandatory date for IFRS 17 is after 1 January 2018, due to its significance to financial reporting in the insurance industry, it is nonetheless examinable at level A within the Business Planning: Insurance syllabus.

**Note 2:** Note 2: Business Planning Banking and Business Planning: Insurance cover IAS 39 and IFRS 9 in more detail than in the Financial Accounting and Reporting syllabus at Professional Level. Business Planning: Insurance also covers IFRS 4 and IAS 40 in more detail than in the Financial Accounting and Reporting syllabus at Professional Level.