



ICAEW ACA syllabus and technical knowledge grids

**ADVANCED LEVEL
STRATEGIC BUSINESS MANAGEMENT**

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

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

PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

Assimilating and using information

Understand the situation and the requirements

- 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

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

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	25-35
Financial Structure and Financial Reconstruction	
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
- 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">• Demonstrate understanding of the business context• Identify and understand the requirements• Recognise new and complex ideas within a scenario• Identify the needs of customers and clients• Explain different stakeholder perspectives and interests• Identify risks within a scenario• Identify elements of uncertainty within a scenario• Identify ethical issues including public interest and sustainability issues within a scenario	<ul style="list-style-type: none">• Interpret information provided in various formats• Evaluate the relevance of information provided• Filter information provided to identify critical facts	<ul style="list-style-type: none">• Identify business and financial issues from a scenario• Prioritise key issues• Work effectively within time constraints• Operate to a brief in a given scenario

How skills are assessed:

students may be required to:

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

Recommendations

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

Communication

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

advice, plans, solutions, options and reservations.

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

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

How skills are assessed:

students may be required to:

- 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.

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	Certificate Level
	B	Accounting
	C/D	Assurance
	D	Business, Technology and Finance
	C	Law
	C	Management Information
	C	Principles of Taxation
		Professional Level
	A	Audit and Assurance
	B	Business Strategy and Technology
	B	Financial Accounting and Reporting
	B/C	Financial Management
	B	Tax Compliance
	B	Business Planning
		Advanced Level
A	Corporate Reporting	
A	Strategic Business Management	
A	Case Study	
FRC Revised Ethical Standard (2016)	B	Assurance
	A	Audit and Assurance
		Advanced Level
	A	Corporate Reporting
	A	Strategic Business Management
	A	Case Study