



# KPA Level 6 Diploma in Professional Accountancy (ACA) syllabus

Skills development and  
technical knowledge grids

For Exams in 2023

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# 1. Overview

The integrated components of the KPA Level 6 Diploma in Professional Accountancy (RQF) provide an in-depth understanding across accountancy, finance and business.

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.

KPA constantly reviews the content of this qualification to reflect real life business challenges. Today's most urgent business challenges range from sustainability, to rapid changes in technology and the role of ethics in the profession.

## 1.1 The KPA Qualification and Technology

While there are many new technology capabilities that have broad application across the business and consumer environment, four trends have the greatest potential to transform the accountancy profession:

- Artificial intelligence,
- Blockchain,
- Cyber security and
- Data (ABCD of technology).

Technology can provide information more quickly and often more accurately than humans, but it cannot replicate human intelligence and quality decision making. Chartered accountants hold a key role in data analytics, in validating the source of the data, interpreting and analysing the outputs. Technology provides opportunities for chartered accountants to use their professional skills to add value to their clients and/or the businesses in which they work.

## 1.3 The KPA Qualification and Ethics

Demonstrating a clear commitment to ethical behaviour is one of the main drivers of better performance; it delivers an advantage when recruiting, it adds value to a brand, and it instils trust and confidence in partners, suppliers and others that the organisation is well run and resilient.

Achieving that is not a matter of simple knowledge. Few ethical challenges will have simple right and wrong responses. They require technical understanding, rigorous appraisal and skilful handling. Accountants must have the necessary skills to apply professional judgement in a given situation, taking into account what has been learned as an KPA student about their ethical responsibilities as a Chartered Accountant.

## 2. Professional Development

The KPA qualification focuses on students' ability and performance in seven key areas:

1. Adding value to the organisation, team or role in order to achieve objectives
2. Effective Communication (oral, written & presentation) to achieve positive outcomes
3. Effective decision making by gathering, interpreting and evaluating data
4. Ethical and professional behaviour that respects others and upholds the values of the organisation and the accountancy profession
5. Problem solve by analysing a problem, generating options and make recommendations to arrive at appropriate solutions
6. Teamwork by collaborating as a member or leader of a team to achieve shared goals
7. Technical competence in seeking, learning and using technology and technical information to support the achievement of organisation or team goals

### 2.1 Ethics and Professional Scepticism

Ethics is more than just knowing the rules around integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. It's about identifying ethical dilemmas, understanding the implications, making judgements and behaving appropriately as well as using professional scepticism to build business trust.

We embed ethics into the KPA qualification to develop students' ethical capabilities in three ways:

1. Using the ICAEW Code of Ethics – provides fundamental ethical principles and the ability to apply safeguards to ethical threats.
2. Integration of ethical issues into all KPA exams – students are assessed on their understanding of, and reaction to, ethical dilemmas within the context of the subject matter of each exam.
3. Encourage Practical application to develop and apply ethical skills and behaviours within the students daily work experience supported by their regular employer reviews and the professional development framework.

KPA embed the requirement to apply professional scepticism within exam questions; students can expect to have to apply this skill in one or more of the following ways:

- Making reliable judgements based on facts and circumstances known to them
- Make informed challenges on views developed by others
- Sensitivity and integrity of information, its source and appropriateness of its use
- Make judgement after consideration of all known and relevant information
- Be alert to potential bias or other impediments to the proper exercise of professional judgement

## 3. Professional Accountancy

The Professional Accountancy qualification consists of six exams that test students' understanding and ability to use technical knowledge in real-life scenarios.

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.

### 3.1 CREDIT FOR PRIOR LEARNING (CPL)

Students can apply for CPL against BST & FM, where the ICAEW have already confirmed exemption.

### 3.2 PERMITTED TEXTS

Information on the specific permitted texts can be found at [icaew.com/permittedtexts](http://icaew.com/permittedtexts), with an overview below.

Exam title	Permitted text
Audit and Assurance	Permitted text
Financial Accounting and Reporting	Permitted text
Tax Compliance	Permitted text
Business Planning: Taxation	Open book exam
Business Strategy and Technology	No textbook allowed
Financial Management	No textbook allowed

The open book exam allows access to the candidates personal ICAEW Bookshelf, containing their copies of the digital learning materials, including any highlights and notes that they have made during their study. Students may also take in any hard copies.

### 3.3 DATA ANALYTICS SOFTWARE

KPA has incorporated data analytics software within the Audit and Assurance exam to reflect the current and future workplace and will also help to develop students' judgement, professional scepticism and critical thinking skills.

In the Audit and Assurance exam students are provided with a dataset including thousands of transactions. They will be expected to use their data analytic skills to interrogate the data and identify areas of concern or items which warrant further investigation.

## 4. SKILLS PROGRESSION THROUGH THE ACA EXAMS

The following skills are present throughout the fifteen accountancy, finance and business modules:

Skill	FAR; AA; FM & TC	BPT & BST
<b>Assimilating and using information</b> – Understand a business or accounting situation, prioritise by determining key drivers, issues and requirements and identify and use relevant information		
Understanding the situation and the requirements	Scenarios	
Identifying and using relevant information	Single information source provided	Several information sources provided
Identifying and prioritising key issues	Issues included in scenarios	
<b>Structuring problems and solutions</b> – Structure information from various sources into suitable formats for analysis and provide creative and pragmatic solutions in a business environment		
Structuring data	Specified techniques	Techniques inferred by nature of problem
Developing solutions	Specified problems	
<b>Applying judgement</b> - Apply professional scepticism and critical thinking to identify faults, gaps, inconsistencies and interactions from a range of relevant information sources and relate issues to a business environment.		
Applying professional scepticism and critical thinking	Specified requirement in simple scenario	Specified requirement in scenario
Relating issues to the broader business environment, including ethical issues	Issues in scenarios	
<b>Concluding, recommending and communicating</b> – Apply technical knowledge, skills and experience to support reasoning and conclusion and formulate opinions, advice, plans, solutions, options and reservations based on valid evidence and communicate clearer clearly in a manner suitable for the recipient		
Concluding and recommending	Specified conclusions and recommendations in simple scenarios	
communicating	exam requirements, including some professional presentation	

## 4.3 PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

Assimilating and using information		
<p>Understand the situation and the requirements:</p> <ul style="list-style-type: none"> <li>○ Demonstrate understanding of the business context</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>	<p>Identify and use relevant information:</p> <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> <li>○ Identify and interpret information in data analytics software</li> </ul>	<p>Identify and prioritise key issues and stay on task:</p> <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>

Structuring problems and solutions	
<p>Structure data</p> <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> <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> <li>• Use spreadsheets to assimilate, structure and analyse data</li> </ul>	<p>Develop solutions</p> <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> <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> </ul>

	<ul style="list-style-type: none"> <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>
<b>Applying judgement</b>	
<p>Apply professional scepticism and critical thinking:</p> <ul style="list-style-type: none"> <li>• Recognise bias and varying quality in data and evidence</li> <li>• Identify assumptions or faults in arguments</li> <li>• Identify gaps in evidence</li> <li>• Identify inconsistencies and contradictory information</li> <li>• Assess interaction of information from different sources</li> <li>• Exercise ethical judgement</li> </ul>	<p>Relate issues to the environment:</p> <ul style="list-style-type: none"> <li>• Appreciate when more expert help is required</li> <li>• Identify related issues in scenarios</li> <li>• Assess different stakeholder perspectives when evaluating options</li> <li>• Retain an overview of the business issue or scenario</li> <li>• Appraise corporate responsibility and sustainability issues</li> <li>• Appraise the effects of alternative future scenarios</li> <li>• Appraise ethical, public interest and regulatory issues</li> </ul>

<b>Concluding, recommending and communicating</b>		
<p><b>Conclusions</b></p> <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>	<p><b>Recommendations</b></p> <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><b>Communication</b></p> <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>



## 5. KPA SYLLABUS

The syllabus is updated annually to ensure that the syllabus remains fit for purpose and can include amendments to cater for technical changes, clarification of learning outcomes.

Each module has the following syllabus components:

- Module aims - these are a series of abilities which trainees will possess once they complete the learning and assessment for this particular module.
  - Method of assessment – this sets out the length and structure of the exam for each module.
- Ethics and professional scepticism - students are assessed on their understanding of, and reaction to, ethical dilemmas within the context of the subject matter of each module. The application of professional scepticism and critical thinking are a crucial part of the exercise of ethical judgement.
- Specification grid – each module aim creates a syllabus area of technical and skills-based learning. The specification grid assigns an assessment weighting to each syllabus area, which indicates the proportion of learning represented by each syllabus area in the exam.
- Learning outcomes – learning outcomes are detailed statements which identify what the learner will know and be able to do by the end of the module, and which will be demonstrable on passing the exam.
- Skills Assessed – each module identifies the specific skills that are assessed and how they are assessed.

# Audit and Assurance

## MODULE AIM

To develop students' understanding of the critical aspects of managing an assurance engagement (including audit engagements): acceptance, planning, managing, concluding and reporting.

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

- understand and advise on the regulatory, professional and ethical issues relevant to those carrying out an assurance engagement
- understand the processes involved in accepting and managing assurance engagements; • understand how quality assurance processes mitigate risks
- plan assurance engagements in accordance with the terms of the engagements and appropriate standards; and
- conclude and report on assurance engagements in accordance with the terms of the engagements and appropriate standards.

## METHOD OF ASSESSMENT

The Audit and Assurance module exam is 2.5 hours long. The exam will consist of four or five short-form questions and three longer questions. The exam will test each of the three syllabus areas in accordance with the weightings set out in the specification grid and students may use the permitted text(s) as detailed on the KPA website.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking is fundamental to the conduct of a sound audit. A specific weighting given to legal and other professional regulations, ethics, accepting and managing engagements and current issues is shown in the table below. In addition to this a separate learning outcome covers planning and performing engagements and the potential risks involved. Students will also be required to demonstrate the crucial role of professional scepticism in the judgement they apply.

## SPECIFICATION GRID

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

Syllabus area Weighting (%)	
1 Legal and other professional regulations, ethics, accepting and managing engagements and current issues	30
2 Planning and performing engagements	50
3 Concluding and reporting on engagements	20

## Learning Outcomes.

### **1 Legal and other professional regulations, ethics, accepting and managing engagements and current issues**

Students will be able to understand and advise on the regulatory, professional and ethical issues relevant to those accepting, managing and carrying out assurance engagements. Students will be able to understand the processes involved in accepting and managing assurance engagements and how quality assurance processes mitigate the risks to those conducting the engagement.

In the assessment, students may be required to:

#### **All assurance engagements**

- a. identify and advise upon the legal, professional and ethical issues that may arise before accepting or during a specified assurance engagement;
- b. discuss the issues which underlie the agreement of the scope and terms of an assurance engagement (new or continuing);
- c. recognise the professional and ethical issues that may arise during an assurance engagement, explain the relevance and importance of these issues and evaluate the relative merits of different standpoints taken in debate;
- d. identify the sources of liability (including professional negligence) arising from an assurance engagement and their impact upon the conduct of the engagement;
- e. judge when to raise legal and ethical matters arising from assurance work with senior colleagues for review and possible referral to external parties, including reporting suspicions of money laundering;
- f. formulate the approach suitable for management of the assurance engagement;
- g. explain the principles and purposes of quality management of assurance engagements;
- h. demonstrate how quality management processes improve the quality of assurance work;
- i. describe how quality can be monitored and managed through procedures external to the organisation;
- j. discuss the purposes and consequences of UK laws and other regulatory requirements surrounding assurance work;
- k. describe the role of the national and international standards;
- l. explain, in non-technical language, significant current issues being dealt with by the accountancy profession, government bodies, the national standard-setting body and the IAASB
- m. explain, using appropriate examples, the main ways in which national legislation, including GDPR, affects assurance;

#### **Audit engagements**

- n. explain the main ways in which national legislation and other regulations affect the scope and nature of the audit and the appointment and removal of auditors (including the relationship between the law and auditing standards); and
- o. describe the principal causes of audit failure and their effects and the gap between outcomes delivered by audit engagements and the expectations of users of auditor's reports..

### **2 Planning and performing engagements**

Students will be able to plan and perform assurance engagements in accordance with the terms of the engagements and appropriate standards.

In the assessment, students may be required to:

## All assurance engagements

- a. explain, in the context of a given scenario, why it is important to have an understanding of the business when planning an engagement;
- b. identify ways of gaining an understanding of a client's business;
- c. recognise the circumstances under which it may be necessary to bring in expertise (including expertise in technology) from other parties to support assurance processes;
- d. Identify the risks arising from, or affecting, a given set of business processes (including risks associated with an entity's use of emerging technology, cyber security and GDPR) and circumstances and assess their implications for the engagement;
- e. identify the risks arising from error, fraud and non-compliance with law and other regulations, including GDPR, and assess their implications for the engagement;
- f. assess significant business risks (including risks associated with going concern, climate change, technological advances, cyber security and GDPR) identified for their potential impact upon an organisation, in particular their potential impact on performance measurement;
- g. identify the components of risk for a specified assurance engagement;
- h. assess the impact of risk and materiality on the engagement plan of assurance procedures to be performed on historical and prospective information, including the nature, timing and extent of assurance procedures, for a given organisation;
- i. discuss the benefits and limitations of analytical procedures (including data analytics) at the planning stage;
- j. determine an approach appropriate for an engagement for a specified organisation which addresses:
  - possible reliance on controls (including those within IT systems)
  - use of technology during an assurance engagement (including data analytics and results of data analytics routines, data visualisations generated by audit software, AI and automated tools)
  - the organisation's adoption of technological advances, including cloud computing
  - using the work of internal audit
  - using the work of other experts
  - using the work of another auditor
  - probable extent of tests of controls and of substantive procedures, including analytical procedures and data analytics
  - the nature and extent of client-generated information, including reliability of clients' reports and underlying system-generated data
  - the probable number, timing, staffing and location of assurance visits
  - the assurance of entities' published sustainability and corporate responsibility report; and
  - the financial statement implications of climate change.
- k. analyse and interpret data extracted from an organisation's accounting records and reflected in data analytics software to identify trends and risks of misstatement;

## Audit engagements

- l. identify the components of audit risk for a specified audit engagement, including the breakdown of audit risk into inherent risk, control risk and detection risk;
- m. outline the aspects of law and regulation which are relevant to statutory audit;
- n. discuss the differences between the audit of a non-specialised profit-oriented entity and the audit of a given specialised profit oriented entity;
- o. discuss the differences between the audit of a non-specialised profit-oriented entity and the audit of a given not-for-profit entity;
- p. specify and explain the steps necessary to plan, perform, conclude and report on the

audit of the financial statements of a non-specialised profit-oriented entity in accordance with the terms of the engagement including appropriate auditing standards; and

- q. evaluate the impact of risk and materiality in preparing the audit plan, including the nature, timing and extent of audit procedures.

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### 3 Concluding and reporting on engagements

Students will be able to conclude and report on assurance engagements in accordance with the terms of the engagements and appropriate standards.

In the assessment, students may be required to:

#### All assurance engagements

- a. describe the nature and timing of specific procedures designed to identify subsequent events that may require adjustment or disclosure in relation to the matters being reported on;
- b. describe the nature and timing of specific procedures designed to identify the appropriateness of the going concern assumption, including compliance with relevant legal and regulatory requirements;
- c. evaluate quantitatively and qualitatively, the results and conclusions obtained from assurance procedures including analytical procedures and data analytics where appropriate;
- d. draw conclusions on the ability to report on an assurance engagement which are consistent with the results of the assurance work;
- e. draft suitable extracts for an assurance report (including any report to the management issued as part of the engagement) in relation to a specified organisation on the basis of given information, including in the extracts (where appropriate) statements of facts, their potential effects, and recommendations for action relevant to the needs and nature of the organisation being reported upon;
- f. advise on reports to be issued to those responsible for governance in accordance with standards legislation, regulation and codes of corporate governance;
- g. judge when to refer reporting matters for specialist help;

#### Audit engagements

- h. draw conclusions on the ability to report on an audit engagement, including the opinion for a statutory audit, which are consistent with the results of the audit work;;
- i. explain the elements (both explicit and implicit) of the auditor's report issued in accordance with the International Standards on Auditing and statutory requirements and recommend the nature of an audit opinion to be given in such a report; and
- j. draft suitable extracts for an auditor's report (and any report to the management issued as part of the engagement) in relation to a specified organisation on the basis of given information, including in the extracts (where appropriate) statements of facts, their potential effects, and recommendations for action relevant to the needs and nature of the organisation being reported upon.

SKILLS ASSESSED		
Assimilating and using information		
Understand the situation and the requirements <ul style="list-style-type: none"> <li>• Identify the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> </ul>	Identify and use relevant information <ul style="list-style-type: none"> <li>• Interpret information provided in various formats</li> <li>• Evaluate the relevance of information provided</li> </ul>	Identify and prioritise key issues and stay on task <ul style="list-style-type: none"> <li>• Identify business and financial issues from a scenario</li> <li>• Work effectively within time</li> </ul>

<ul style="list-style-type: none"> <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>• Filter information provided to identify critical facts</li> <li>• Identify and interpret information in data analytics software</li> </ul>	<p>constraints</p> <ul style="list-style-type: none"> <li>• Operate to a brief in a given scenario</li> </ul>
<p>How skills are assessed</p> <p>Students may be required to demonstrate:</p> <ul style="list-style-type: none"> <li>• the regulatory, professional and ethical issues relevant to accepting, carrying out and managing assurance engagements; and</li> <li>• how quality assurance processes mitigate risks.;</li> <li>• an ability to identify relevant information in data analytics software in order to suggest actions that need to be taken; and</li> <li>• an ability to respond to instructions from a line manager, a partner or a client request, making judgements where required and taking ethical considerations into account.</li> </ul>		

<p>Structuring problems and solutions</p>	
<p>Structure data</p> <ul style="list-style-type: none"> <li>• Identify any information gaps</li> <li>• Frame questions to clarify information</li> <li>• Use a range of data types and sources to inform analysis and decision making</li> <li>• Structure and analyse financial and nonfinancial data to enhance understanding of business issues and their underlying causes</li> <li>• Present analysis in accordance with instructions and criteria</li> </ul>	<p>Develop solutions</p> <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> <li>• Identify creative and pragmatic solutions in a business environment</li> <li>• Identify opportunities to add value</li> <li>• Identify ethical dimensions of possible solutions</li> <li>• Select appropriate courses of action using an ethical framework</li> </ul>
<p>How skills are assessed</p> <p>Requirements will include planning assurance engagements in accordance with the terms of engagement and appropriate standards, taking account of:</p> <ul style="list-style-type: none"> <li>• managing audit and other assurance engagements;</li> <li>• reliance on controls;</li> <li>• reliance on the work of internal audit or other experts;</li> <li>• reliance on the work of another auditor;</li> <li>• extent of tests of control and of substantive procedures, including analytical procedures</li> <li>• use of analytical procedures including data analytic routines to identify the risk of misstatement; and</li> <li>• number, timing, staffing and location of assurance visits.</li> </ul>	

## 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 the effects of alternative future scenarios
- Appraise ethical, public interest and regulatory issues

How skills are assessed

Students may be required to:

- identify business risks and audit risks, including significant risks, from a given scenario, explain their impact on the financial statements, and recommend audit procedures to mitigate the risk of a material error. Requirements will test the ability of students to filter those issues which are more relevant than others in a given scenario.
- distinguish the quality of data or evidence to be tested in two potential ways. (i) students will need to distinguish between data generated from within an organisation and that generated by a third party, the latter being less susceptible to management bias; and (ii) students will need to appreciate the effect on the quality of evidence that bias caused by specific factors can have eg, where profits are used to determine a bonus payment to be made to the company's management.
- identify the impact of specific economic and political factors on a set of financial statements eg, in the context of dealing with customers or suppliers from overseas that (i) political instability may cause problems which prevent the customer or supplier from trading, ultimately leading to going concern issues for the audited entity; and (ii) economic factors may cause exchange rate fluctuations leading to the risk of misstated balances in the financial statements.
- evaluate the effect of uncertain future events when describing the procedures to be performed in carrying out an examination of a company's financial forecasts.
- assess the materiality of a particular matter (eg, an unadjusted error) in the context of a set of financial statements or other financial information. This assessment should then inform the student's judgement as to whether or not to modify the opinion given in a statutory auditor's report or modify the conclusion in a non-audit assurance report.
- judge the potential independence risks involved in accepting or continuing an audit or other assurance engagement, and the procedures to mitigate those risks; and consideration of the required steps upon the discovery of fraud/money laundering.
- display the ability to present a structured argument to a client eg, in situations where management is questioning the extent of audit work performed.

## Concluding, recommending and communicating

### Conclusions

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

### Recommendations

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

### Communication

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

### How skills are assessed

Students may be required to:

- advise on the regulatory, professional and ethical issues in carrying out an assurance engagement;
- conclude and report on assurance engagements, including determining whether to modify a report with or without a modified opinion/conclusion; and
- identify deficiencies in financial information systems, their potential consequences and recommendations for improvement.



# Business Strategy and Technology

## MODULE AIM

To provide students with an understanding of how an organisation develops, implements and monitors strategy, including any ethical implications.

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

- explain, analyse and evaluate the consequences of an organisation's current strategic direction including objectives, market position and technology developments;
- use data to evaluate the likely consequences of strategic choices and technology developments, and recommend strategies to meet the objectives of an organisation; and
- recommend appropriate methods for an organisation to implement and monitor strategies including strategies for technology and innovation, and demonstrate how data can be used subsequently to measure and monitor strategic performance.

## METHOD OF ASSESSMENT

The Business Strategy and Technology exam is 2.5 hours long. The exam will consist of three scenario-based questions, covering a range of different industries and types of organisation. Each question will cover one or more syllabus areas.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethics must underpin sound strategic and technological development for a business. Sustainability and the interests of all stakeholder groups are key considerations. Related learning outcomes are interwoven through the syllabus areas of Strategic analysis, Strategic choice and Implementation and monitoring of strategy. Students are expected to develop their skills to ensure business trust and professional scepticism are paramount.

## SPECIFICATION GRID

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

Syllabus area Weighting (%)	
1 Strategic analysis	30-40
2 Strategic choice	30-40
3 Implementation and monitoring of strategy	25-35

## Learning Outcomes.

### 1 Strategic analysis

Students will be able to explain, analyse and evaluate the consequences of an organisation's current strategic direction including objectives, market position and technology developments.

In the assessment, students may be required to:

### All assurance engagements

- a. evaluate an organisation's purpose, in terms of its stated mission, objectives and critical success factors, highlighting omissions, inconsistencies and weaknesses, and considering the different objectives of stakeholders;
- b. analyse the external factors which may impact upon an organisation's performance and position, evaluating significant issues in areas such as:
  - sustainability, including natural capital and climate change
  - macroeconomic forces
  - international trade, financial systems and global economic factors • government policies
  - its industry and markets, including competition
  - cultural environment
  - stakeholder, ecosystem and participant impact
  - markets for finance, labour and other resources
  - supply chain factors
  - technology developments, including those relating to automation and intelligent systems;
- c. analyse an organisation's current markets and competitive strategy in sufficient detail for decisions to be made, drawing conclusions consistent with the qualitative and quantitative data available and highlighting relevant issues in terms of their likely impact on the strategy of the organisation;
- d. explain and evaluate the significance and impact of the internal factors which affect or may influence an organisation's ability to achieve its chosen strategy, including its:
  - current resources
  - product/service portfolio
  - value chain and networks
  - organisational and operational capabilities (including core competencies, existing business processes, human capital and workforce flexibility)
  - use of developing technology (including digital assets, blockchain and cryptocurrencies, big data, internet of things, automation and intelligent systems);
- e. explain and evaluate the risks attached to an organisation's present position, using all relevant qualitative and quantitative data, and considering attitudes to risk, security and cyber security;
- f. explain and evaluate the ethical and business trust factors to be considered in determining the scope and nature of an organisation's objectives and its strategic analysis, giving appropriate consideration to the legitimate interests of all stakeholder groups and the public interest;
- g. explain and analyse an organisation's current position and performance using financial and non-financial data from internal and external sources, presented in different formats including visualisations;
- h. explain and evaluate different types of data distributions and data trends using appropriate statistical tools, data analysis and spreadsheets, including consideration of cause and effect and the implications for business risk; and
- i. evaluate, and interpret data provided, including identifying and explaining the causes and effects of different types of data bias, and applying an appropriate degree of professional scepticism; and
- j. assimilate, structure and analyse transactions and other granular data provided, using spreadsheets.

## 2 Strategic choice

Students will be able to use data to evaluate the likely consequences of strategic choices and technology developments, and recommend strategies to meet the objectives of an organisation.

In the assessment, students may be required to:

- a. explain and demonstrate how to capture and analyse qualitative and quantitative data, presented in different formats, to provide relevant information for decision making at an appropriate level within an organisation;
- b. explain and evaluate the risks attached to proposed courses of action in a given situation, considering all relevant factors and assumptions made and select and justify strategies for managing risk;
- c. explain and demonstrate how an organisation compares and selects from competing strategies in order to maximise the achievement of its key objectives, including those relating to technology, corporate responsibility and sustainability, including climate change;
- d. evaluate the ethical implications of an organisation's strategies and operations for the organisation and for individuals, including the accountant in business and others;
- e. select and justify a strategy or combination of strategies which will best achieve the organisation's objectives, taking account of known constraints and capabilities, including stakeholder risk preferences and developing technologies (including artificial intelligence, machine learning and robotic process automation);
- f. explain and demonstrate how products and services can evolve in the face of changing technologies, consumer demand and industry competition;
- g. explain and demonstrate how to position particular products and services in the market place to maximise competitive advantage and develop a marketing strategy by selecting, capturing and analysing relevant data;
- h. explain and demonstrate how management information can be used to evaluate an organisation's proposed strategies, including forecasting financial performance and the risk associated with forecasts;
- i. evaluate the value of information and limitations of data, having regard to data variability, data bias and risk, and considering the ethical implications of the selection, capture, analysis and use of data; and
- j. organise, structure and assimilate historic and estimated data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

### **3 Implementation and monitoring of strategy**

Students will be able to recommend appropriate methods for an organisation to implement and monitor strategies including strategies for technology and innovation, and demonstrate how data can be used subsequently to measure and monitor strategic performance.

In the assessment, students may be required to:

- a. evaluate how an organisation's overall strategy can be achieved by implementing appropriate functional strategies, including the role of the finance function as business partner;
- b. evaluate how strategies for technology and innovation, including digital assets, automation, intelligent systems, workforce flexibility and shared service centres, can support the organisation's achievement of its overall strategy;
- c. evaluate and recommend an organisational structure appropriate to the strategy, taking into account a range of strategic, operational and functional factors;
- d. explain and analyse the governance structure of an organisation and justify the steps needed to develop its corporate governance to meet the needs of its stakeholders, its strategic objectives and its compliance requirements;
- e. select and evaluate methods of further developing an organisation which adjust existing strategies or implement new strategies to take account of changing position and risk;
- f. explain and evaluate the form and content of an organisation's business plan;
- g. prepare a business plan, or extracts, which will achieve given or implied objectives;
- h. explain and demonstrate how qualitative and quantitative data, including forecasts,

budgets and other management information presented in a range of formats, can be analysed to monitor the performance of an organisation's projects, divisions and other strategic units;

- i. explain and demonstrate how, including using spreadsheets, data can be selected, structured, assimilated and analysed to provide management with information to monitor or modify strategic or operating decisions, having regard for data variability, data bias and risk, and applying an appropriate degree of professional scepticism;
- j. explain and evaluate how an organisation can select, capture, analyse and use data, including big data, to provide management with information that enables it to implement, monitor and modify a strategy and to create or sustain competitive advantage;
- k. explain and justify the key issues which should be addressed by the management of an organisation during the planning and implementation of change; and
- l. explain and evaluate the ethical, corporate responsibility and public interest implications of how an organisation chooses to implement and modify its strategies, suggesting appropriate courses of action to resolve ethical dilemmas that may arise.

SKILLS ASSESSED		
Assimilating and using information		
<p>Understand the situation and the requirements</p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</li> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify and explain the needs of customers and clients</li> <li>• Explain different stakeholder perspectives and interests</li> <li>• Identify and evaluate risks within a scenario</li> <li>• Identify and evaluate elements of uncertainty within a scenario</li> <li>• Identify and explain ethical issues including public interest and sustainability issues within a scenario</li> </ul>	<p>Identify and use relevant information</p> <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>	<p>Identify and prioritise key issues and stay on task</p> <ul style="list-style-type: none"> <li>• Identify and explain 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>
<p>How skills are assessed</p> <p>Students may be required to:</p> <ul style="list-style-type: none"> <li>• understand key information from the scenario provided;</li> <li>• understand the context of the scenario in terms of type of business, industry and wider context;</li> <li>• recognise key ethical issues for an accountant undertaking work in accounting and reporting;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• recognise specific issues that may arise in the context of the situation described.</li> </ul>		

Structuring problems and solutions	
<p>Structure data</p> <ul style="list-style-type: none"> <li>• Use spreadsheets to assimilate, structure and</li> </ul>	<p>Develop solutions</p> <ul style="list-style-type: none"> <li>• Identify and apply relevant technical</li> </ul>

analyse data

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

knowledge and skills to analyse a specific problem

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

How skills are assessed

Students may be required to:

- identify and use information to define key business issues;
- demonstrate understanding of the business, its strategy, industry and wider context.
- demonstrate the impact of ethics on the objectives and methods of an organisation;
- identify and explain the ethical implications of strategic proposals;
- demonstrate relevant technical knowledge;
- perform appropriate analysis of numerical data using spreadsheets and demonstrate an understanding of what is relevant; and
- use data analysis to develop and illustrate an answer.

### Applying judgement

Apply professional scepticism and critical thinking

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

Relate issues to the environment

- Appreciate when more expert help is required
- Identify and explain related issues in scenarios
- Assess different stakeholder perspectives when evaluating options
- Retain an overview of the business issue or scenario
- Appraise corporate responsibility and sustainability issues

<ul style="list-style-type: none"> <li>• Exercise ethical judgement</li> </ul>	<ul style="list-style-type: none"> <li>• Appraise the effects of alternative future scenarios</li> <li>• Appraise ethical, public interest and regulatory issues</li> </ul>
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How skills are assessed

Students may be required to:

- evaluate the impact of a business proposal on an entity;
- assess the reliability, accuracy and limitations of any analysis performed;
- be able to produce arguments integrating numerical and descriptive analysis;
- prioritise the issues facing an entity;
- identify and appraise links and relationships between different issues affecting an entity and use these to establish priorities;
- evaluate options for an organisation, taking into account its stakeholders, objectives, priorities, available resources and ethical obligations; and
- provide reasons for the rejection of alternatives.

### Concluding, recommending and communicating

#### Conclusions

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

#### Recommendations

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

#### Communication

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

How skills are assessed

Students may be required to:

- draw realistic conclusions from an analysis of data and the information provided;
- prepare a report or memorandum structured according to the requirements of the scenario, with appropriate context;
- provide reasoned advice based on an understanding of the business and the relevant scenario, including an assessment of possible alternatives;
- recommend suitable courses of action in a given situation; and
- identify and evaluate risks and outline reservations about the advice.

# Financial Accounting and Reporting: IFRS® Standards

## MODULE AIM

To enable students to prepare complete single entity and consolidated financial statements, and extracts from those financial statements, covering a wide range of International Financial Reporting Standards (IFRS® Standards).

Students will also be required to explain accounting and reporting concepts and ethical issues, and the application of IFRS® Standards to specified single entity or group scenarios.

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

- explain the contribution and inherent limitations of financial statements, apply the IFRS Foundation's conceptual framework for financial reporting and identify and explain key ethical issues;
- prepare and present financial statements from accounting data for single entities in conformity with IFRS® Standards and explain the application of IFRS® Standards to specified single entity scenarios;
- identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them in conformity with IFRS® Standards and explain the application of IFRS® Standards to specified group scenarios; and
- Describe the principal differences between IFRS® Standards and UK GAAP and prepare simple extracts from financial statements in accordance with UK GAAP, for both single entity and consolidated financial statements

## METHOD OF ASSESSMENT

The Financial Accounting and Reporting: IFRS® Standards exam is 3 hours long. The exam contains four written test questions. Students may use the permitted text(s) as detailed on the ICAEW website, [icaew.com/permittedtexts](http://icaew.com/permittedtexts).

The module will include questions on:

- a. preparation of single entity financial statements (excluding statement of cash flows) from trial balance, **using proformas**;
- b. preparation of consolidated financial statements (excluding consolidated statement of cash flows) from single entity financial statements, **using proformas**; and
- c. explanation of the application of IFRS® Standards to specified scenarios, with supporting calculations.

Other question types could include:

- a. preparation of a full consolidated statement of cash flows
- b. a mixed or single topic questions requiring extracts from single entity or consolidated financial statements (including from statement of cash flows) or preparation of a revised single entity statement of cash flows, and/or explanation of financial reporting treatment with supporting calculations and/or calculations of specified figures.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking must be the mainstay for honest, true, fair and prudent financial accounting and reporting. The ability to identify and explain ethical issues is examined specifically under the syllabus area 'Accounting and reporting concepts and ethics'. Over and above this ethical thinking and professional scepticism will be required to be applied in the exercise of all judgements.

## SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the

relative study time spent on each. Over time the marks available in the assessment will equate to the weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

<b>Syllabus area Weighting (%)</b>	
1 Accounting and reporting concepts and ethics	10
2 Single entity financial statements	60
3 Consolidated financial statements	30

## **Learning Outcomes.**

### **1 Accounting and reporting concepts and ethics**

Students will be able to explain the contribution and inherent limitations of financial statements, apply the International Accounting Standards Board's conceptual framework for financial reporting and identify and explain key ethical issues.

In the assessment, students may be required to:

- c. explain the standard-setting process used by UK and international bodies and the authority of UK and international standards;
- d. explain the objectives and inherent limitations of financial statements, giving appropriate examples;
- e. explain the qualitative characteristics of financial information and the constraints on such information, using appropriate examples to illustrate the explanation;
- f. identify the effects of transactions in accordance with the IASB IFRS Foundation's Conceptual Framework for Financial Reporting;
- g. discuss the concepts of 'fair presentation' and 'true and fair view' and the circumstances in which these concepts may override the detailed provisions of legislation or of accounting standards;
- h. explain the differences between financial statements produced using the accrual basis and those produced using the bases of cash accounting and break-up, performing simple calculations to illustrate the differences;
- i. explain, in non-technical language, the different bases of measurement of the elements of the financial statements, illustrating the explanation with simple calculations and examples;
- j. explain and demonstrate the concepts and principles surrounding the consolidation of financial statements; and
- k. identify and explain the ethical and professional issues for a professional accountant undertaking work in financial accounting and reporting and identify appropriate action.

### **2 Single entity financial statements**

Students will be able to prepare and present financial statements from accounting data for single entities in conformity with IFRS® Standards requirements and explain the application of IFRS® Standards to specified single entity scenarios.

In the assessment, students may be required to:

- a. identify the laws and regulations, and accounting standards and other requirements applicable to the statutory financial statements of an entity;
- b. calculate from financial and other data the amounts to be included in an entity's



- financial statements according to the international financial reporting framework;
- prepare and present the financial statements, or extracts, of an entity in accordance with its accounting policies and appropriate international financial reporting standards;
  - explain the application of IFRS® Standards to specified single entity scenarios;
  - describe the principal differences between IFRS® Standards and UK GAAP (FRS 102 and Companies Act 2006) and prepare simple extracts from single entity financial statements in accordance with UK GAAP; and
  - define and calculate from information provided the distributable profits of an entity

### 3 Consolidated financial statements

Students will be able to identify the circumstances in which entities are required to present consolidated financial statements, prepare and present them from single entity financial statements in conformity with IFRS® Standards requirements and explain the application of IFRS® Standards to specified group scenarios.

In the assessment, students may be required to:

- identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements;
- identify the laws and regulations, and accounting standards and other requirements applicable to the legal entity and consolidated financial statements of an entity;
- identify from financial and other data any subsidiary, associate or joint venture of an entity according to the international financial reporting framework;
- calculate 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 in subsidiaries, associates and joint ventures (excluding partial disposals of subsidiaries and disposals of associates or joint ventures) according to the international financial reporting framework;
- prepare and present the consolidated financial statements, or extracts, of an entity in accordance with its accounting policies and appropriate international financial reporting standards;
- explain the application of IFRS® Standards to specified group scenarios; and
- describe the principal differences between IFRS® Standards and UK GAAP (FRS 102) and prepare simple extracts from consolidated financial statements in accordance with UK GAAP (FRS 102).

SKILLS ASSESSED		
Assimilating and using information		
Understand the situation and the requirements <ul style="list-style-type: none"> <li>Demonstrate understanding of the business context</li> <li>Recognise new and complex ideas within a scenario</li> <li>Explain different stakeholder perspectives and interests</li> <li>Explain ethical issues with given scenarios</li> </ul>	Identify and use relevant information <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>	Identify and prioritise key issues and stay on task <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: <ul style="list-style-type: none"> <li>Explain the inherent limitations of financial statements;</li> </ul>		

- Apply the IASB IFRS Foundation’s conceptual framework for financial reporting to a given scenario;
- Recognise key ethical issues for an accountant undertaking work in accounting and reporting;
- Identify international financial reporting standards and other requirements applicable to the financial statements (both single entity and consolidated); and
- Recognise specific issues that may arise in the context of the situation described.

### Structuring problems and solutions

#### Structure data

- Structure information from various sources into suitable formats for analysis

#### Develop solutions

- Identify and apply relevant technical knowledge and skills to analyse a specific problem
- Use structured information to identify evidence-based solutions
- Select appropriate courses of action using an ethical framework
- Identify the solution which is the best fit with acceptance criteria and objectives

#### How skills are assessed

Students may be required to:

- Apply the IFRS Foundation’s conceptual framework for financial reporting to identify the financial effects of transactions;
- Apply knowledge of international financial reporting standards through explanation and calculation;
- Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated) using proformas, in conformity with international financial reporting standards;
- Explain the principal differences between IFRS® Standards and UK GAAP; and
- Identify ethical issues and use ethical codes to formulate solutions and provide advice.

### Applying judgement

#### Apply professional scepticism and critical thinking

- Recognise bias and varying quality in data and evidence
- Identify faults in arguments
- Exercise ethical judgement

#### Relate issues to the environment

- Identify related issues in scenarios
- Appraise ethical, public interest and regulatory issues

#### How skills are assessed

Students may be required to:

- Use judgement to assess the appropriate accounting treatment (including disclosure) for transactions described in the scenarios in respect of both single entity and consolidated financial statements; and
- Identify ethical issues and use ethical codes to formulate solutions and provide advice

Concluding, recommending and communicating

Conclusions

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

Communication

- Communicate clearly to a specialist or non specialist audience in a manner suitable for the recipient
- Prepare the advice, explanation, or notes required in a clear and concise style

How skills are assessed

Students may be required to:

- Explain accounting and reporting concepts in non-technical language;
- Explain, with supporting calculations and disclosure, the appropriate accounting treatment for transactions described in the scenario (both single entity and consolidated financial statements);
- Prepare and present financial statements (including disclosure), or extracts (both single entity and consolidated financial statements) in conformity with international financial reporting standards;
- Explain the principal differences between IFRS® Standards and UK GAAP; and
- Explain ethical issues and provide possible solutions.

# Financial Management

## MODULE AIM

To enable students to recommend relevant options for financing a business, recognise and manage financial risks and make appropriate investment decisions.

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

- identify capital requirements of businesses, assess financing options and recommend relevant methods of financing;
- identify the financial risks facing a business and the principal methods of managing those risks; and
- apply appropriate investment appraisal techniques taking into account other factors affecting investment decisions

## METHOD OF ASSESSMENT

The Financial Management exam is 2.5 hours long. The exam consists of three questions. Managing financial risk will be assessed as a discrete topic. The other two questions will assess financing options and investment decisions and valuation either as discrete or integrated topics.

## ETHICS AND PROFESSIONAL SCEPTICISM

In identifying financing options, managing financial risk and arriving at appropriate investment decisions, underlying ethical thinking is a requirement. The implications of financial strategy for all stakeholders must be evaluated and any ethical dilemmas resolved. Students will also be expected to apply professional scepticism and critical thinking when making all judgements.

## SPECIFICATION GRID

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

Syllabus area Weighting (%)	
1 Financing options	35
2 Managing financial risk	30
3 Investment decisions and valuation	35

## Learning Outcomes.

### 1 Financing options

Students will be able to identify capital requirements of businesses and assess financing options.

In the assessment, students may be required to:

- a. explain the general objectives of financial management, identify and apply the fundamental principles of financial economics and describe the financial strategy

- process for a business;
- b. explain the roles played by different stakeholders, advisors and financial institutions in the financial strategy selected by a business and identify possible conflicts of objectives;
  - c. evaluate the ethical implications of an entity's financial strategy (including those for the organisation, individuals and other stakeholders) and recommend appropriate courses of action to resolve any ethical dilemmas that may arise;
  - d. describe and analyse the impact of financial markets (including the extent to which they are efficient) and other external factors on a business's financial strategy;
  - e. explain the implications of terms included in loan agreements in a given scenario (eg, representations and warranties; covenants; guarantees);
  - f. identify the significance and effect of developing technologies on financing decisions;
  - g. calculate and interpret the costs of different sources of finance (before and after tax) and the weighted average cost of capital;
  - h. explain, in non-technical terms and using appropriate examples, the effect of capital gearing both on investors' perception of risk and reward and the weighted average cost of capital;
  - i. calculate and justify an appropriate discount rate for use in an investment appraisal taking account of both the risk of the investment and its financing;
  - j. compare the features of different means of making returns to lenders and owners (including dividend policy), explain their effects on the business and its stakeholders, and recommend appropriate options in a given scenario;
  - k. forecast the capital requirements for a business taking into account current and planned activities and/or assess the suitability of different financing options (including green finance) to meet those requirements, comparing the financing costs and benefits, referring to levels of uncertainty and making reasonable assumptions which are consistent with the situation; and
  - l. construct a straightforward investment and financing plan for a given business scenario; and
  - m. organise, structure and assimilate data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

## **2 Managing financial risk**

Students will be able to identify the main price and overseas trading risks facing a business and the principal methods of managing those risks.

In the assessment, students may be required to:

- a. identify and describe the key price risks facing a business in a given scenario;
- b. explain how financial instruments (eg, derivatives, hedging instruments) can be used to manage price risks and describe the characteristics of those instruments;
- c. discuss different methods of managing interest rate risk appropriate to a given situation, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging;
- d. discuss different methods of managing currency (including cryptocurrency) risks appropriate to a given situation, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging;
- e. discuss different methods of managing share price risk, perform calculations to determine the cost of hedging that risk and select the most suitable method of hedging; and
- f. explain the additional risks of trading abroad and outline the methods available for reducing those risks

## **3 Investment decisions and valuation**

Students will be able to apply investment appraisal techniques and calculate the value of shares and businesses

In the assessment, students may be required to:

- a. outline the investment decision making process and explain how investment decisions are linked to shareholder value;
- b. appraise an investment from information supplied, taking account of relevant cash flows, inflation and tax;
- c. calculate and examine the sensitivity of an investment decision to changes in the input factors;
- d. discuss how the interpretation of results from an investment appraisal can be influenced by an assessment of risk, including the impact of data analytics on that risk assessment;
- e. explain how the results of the appraisal of projects are affected by the accuracy of the data on which they are based and strategic factors (such as real options) which could not be included in the computational analysis;
- f. identify in the business and financial environment factors that may affect investment in a different country;
- g. calculate the optimal investment plan when capital is restricted;
- h. recommend and justify a course of action which is based upon the results of an investment appraisal and consideration of relevant non-financial factors such as sustainability and which takes account of the limitations of the techniques being used; and
- i. describe options for reconstruction eg, merger, takeover, spin-off, purchase of own shares and calculate the value of minority and majority shareholdings in traditional and new technology businesses using income and asset based approaches; and
- j. organise, structure and assimilate data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions

SKILLS ASSESSED		
Assimilating and using information		
<p>Understand the situation and the requirements</p> <ul style="list-style-type: none"> <li>• Demonstrate understanding of the business context</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>• Explain ethical issues within given scenarios•</li> </ul>	<p>Identify and use relevant information</p> <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>	<p>Identify and prioritise key issues and stay on task</p> <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>
<p>How skills are assessed</p> <p>Students may be required to:</p> <ul style="list-style-type: none"> <li>•absorb and understand both structured and unstructured material including that provided in spreadsheets;</li> </ul>		

- give recommendations based on their understanding and interpretation of the information provided, supported by explanation of the reasoning behind and implications of their recommendations

### Structuring problems and solutions

#### Structure data

- Structure information from various sources into suitable formats for analysis
- Identify any information gaps
- Structure and analyse financial and nonfinancial 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
- 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:

- assimilate significant amounts of information including information provided visually and in spreadsheets, to analyse it (using quantitative analysis including statistical tools) in a way that demonstrates relevant technical knowledge and to draw and support appropriate conclusions

### Applying judgement

#### Apply professional scepticism and critical thinking

- Identify and appraise assumptions or faults in arguments
- Identify gaps in evidence
- Identify inconsistencies and contradictory information
- Recognise and evaluate bias and varying quality in data
- Exercise ethical judgement

#### Relate issues to the environment

- 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:

- make sense of relatively large volumes of data including data provided visually and in spreadsheets, making judgments on the relevance of data for use in subsequent calculations and discussions;
- reflect on their calculations and the methodology employed and to identify and discuss the implications of calculations;
- make and justify judgements based on earlier calculations

### Concluding, recommending and communicating

#### Conclusions

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

#### Recommendations

- Present recommendations in accordance with instructions and defined criteria
- Make recommendations in situations where risks and uncertainty exist
- Formulate opinions, advice, recommendations, plans, solutions, options and reservations based on valid evidence
- Develop recommendations which combine different technical skills in a practical situation

#### Communication

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

How skills are assessed

Students may be required to:

- recommend suitable courses of action in a given situation (financing decisions, dividend decisions, hedging decisions, investment appraisal decisions);
- incorporate advice within a 'business report' format, addressing both the strengths and weaknesses of any recommendations and/or reasons for the rejection of alternatives



# Tax Compliance

## MODULE AIM

To enable students in straightforward scenarios to:

- prepare tax computations for individuals and companies;
- understand the tax implications of a course of action; and
- explain potential tax treatments of transactions.

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

- recognise the ethical issues arising in the course of performing tax work and identify the obligations the UK system of taxation imposes on taxpayers and the implications for taxpayers of non-compliance;
- calculate the amount of VAT owed by or owed to businesses;
- calculate the amount of stamp taxes due in straightforward transactions;
- calculate the capital gains tax payable by individuals;
- calculate the amounts of inheritance tax due on lifetime transfers and transfers on death by individuals, personal representatives and trustees;
- calculate the corporation tax liabilities of companies;
- calculate the amounts of income tax owed by or owed to individuals; and
- calculate the amounts of national insurance payable by individuals, businesses and companies.

## TAXES COVERED IN THIS MODULE

Capital gains tax ;Corporation tax; Income tax; Inheritance tax; National insurance; Stamp taxes; VAT

## METHOD OF ASSESSMENT

The Tax Compliance exam is 2.5 hours long. The exam will consist of five questions. Students may use the permitted text(s) as detailed on the ICAEW website; [icaew.com/permittertexts](http://icaew.com/permittertexts)

In the exam, students will generally be expected to assume that any beneficial election, claim or deduction has been made, unless otherwise directed in the exam.

## ETHICS AND PROFESSIONAL SCEPTICISM

Ethical behaviour in tax compliance is paramount. Students will be expected to apply the ICAEW Code of Ethics and the Professional Conduct in Relation to Taxation. Appropriate and trustworthy calculations, and explanations must be provided, being mindful of tax planning, tax avoidance, tax evasion and money laundering. Professional scepticism will be critical in recognising bias and exercising judgement.

## SPECIFICATION GRID

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

Syllabus area Weighting (%)	
1 Ethics and law	5-10

2 Indirect taxes	10-15
3 Capital taxes	20-30
4 Corporation tax	15-25
5 Income tax and NIC	30-40

This grid provides guidance on the relative weighting between knowledge and skills:

	Weighting (%)
Knowledge	65-75
Skills	25-35

## Learning Outcomes.

### 1 Ethics and law

Students will be able to recognise ethical issues arising in the course of performing tax work and identify the obligations the UK system of tax imposes on taxpayers and the implications for taxpayers of non-compliance

In the assessment, students may be required to:

- a. identify the five fundamental principles and guidance given in the IESBA Code of Ethics for Professional Accountants and the ICAEW Code of Ethics as well as other relevant guidance, including Professional Conduct in Relation to Taxation (PCRT), in relation to a tax practice with regard to:
  - the threats and safeguards framework
  - disclosure of information
  - conflicts of interest
  - confidentiality;
- b. identify the law and the guidance in the ICAEW Code of Ethics as well as other relevant guidance, including Professional Conduct in Relation to Taxation (PCRT), with regard to:
  - new client procedures
  - regulatory requirements for tax practices
  - exchange of client information with HMRC
  - HMRC errors
  - money laundering
  - tax planning, tax avoidance and tax evasion;
- c. identify legal and ethical issues arising from tax work undertaken, including disengagement procedures, and explain the significance of these issues and suggest appropriate actions or responses; and

### 2 Indirect taxes

Students will be able to calculate the amount of VAT owed by or owed to businesses and calculate the amount of stamp taxes due in straightforward transactions including when these amounts must be reported and paid.

In the assessment, students may be required to:

- a. explain the VAT consequences of property transactions;

- b. explain the VAT consequences of group registration for VAT;
- c. explain the VAT consequences of the option to tax;
- d. explain and calculate the VAT consequences of the capital goods scheme;
- e. calculate the VAT due to or from HMRC for both wholly taxable and partially exempt traders;
- f. explain the VAT consequences of transactions involving goods and services to and from VAT registered and non-VAT registered persons;
- g. explain the classification of supplies and the distinction between goods and services;
- h. identify and explain the differing VAT treatment of single and multiple supplies;
- i. identify common situations in which a liability to Stamp Duty Land Tax, Stamp Duty Reserve Tax, and Stamp Duty arises;
- j. identify situations where there is an exemption from stamp taxes;
- k. calculate the amount of stamp taxes due in straightforward transactions;
- l. determine due dates for stamp taxes returns; and
- m. calculate the interest and penalties due in respect of late payment of stamp taxes.

### 3 Capital taxes

Students will be able to calculate the capital gains tax payable by individuals. Students will also be able to calculate the amounts of inheritance tax due on lifetime transfers and transfers on death by individuals, personal representatives and trustees, including when these amounts must be reported and paid.

In the assessment, students may be required to:

- a. calculate the chargeable gains and losses on assets, including shares and securities;
- b. describe the circumstances in which the following reliefs apply and calculate the effect of full or partial relief available in a given situation:
  - o letting relief
  - o private residence relief
  - o gift relief
  - o rollover relief
  - o business assets disposal relief
  - o investors' relief;
- c. explain the impact of an individual's residence, domicile and deemed domicile on their capital gains tax liability;
- d. calculate total taxable gains and tax payable thereon, using available reliefs and losses to reduce the liability, including the computation of double tax relief where appropriate;
- e. explain the principles of inheritance tax and identify the different classes of taxpayer liable to pay inheritance tax;
- f. explain the impact of an individual's domicile and deemed domicile on their inheritance tax liability;
- g. explain when the lifetime transfer of an asset gives rise to an inheritance tax liability, calculate the inheritance tax payable on chargeable lifetime transfers in straightforward scenarios and state the due date(s) for payment;
- h. calculate the death tax due on lifetime transfers and state the due date for payment;
- i. calculate the value of an individual's estate at death and the inheritance tax due and state the due date for payment;
- j. describe the circumstances in which the following inheritance tax reliefs apply and calculate the amount of relief available in a given situation:
  - o fall in value relief
  - o business property relief
  - o quick succession relief
  - o taper relief;
- k. determine, in straightforward cases, due dates for inheritance tax returns; and

- I. calculate the interest and penalties due in respect of late payment of inheritance tax.

#### **4 Corporation tax**

Students will be able to calculate the corporation tax liabilities of companies, including when these liabilities must be reported and paid.

In the assessment, students may be required to:

- a. explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario;
- b. recognise the effect on trading profits of the treatment of:
  - provisions
  - capitalised revenue expenditure
  - intangible assets;
- c. calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery and on structures and buildings);
- d. calculate the chargeable gains and losses on disposal of assets, including shares and securities;
- e. describe the circumstances in which rollover relief applies and calculate the effect of full or partial relief available in a given situation;
- f. recognise the effect of the following issues on corporation tax payable:
  - having a period of account less than or more than 12 months in length
  - having one or more related 51% group companies;
  - being a member of a group;
- g. explain and illustrate how losses may be used effectively by a company or group;
- h. calculate the taxable total profit and the tax payable or repayable for companies including using losses to reduce the tax liability and the computation of double tax relief where appropriate; and
- i. identify the key features of the self-assessment system for companies, determine due dates for returns, payments and payments on account, and calculate the interest and penalties due for late submissions of returns, incorrect returns and late or incorrect payments of tax.

#### **5 Income tax and NIC**

Students will be able to calculate the amounts of income tax owed by or owed to individuals as well as the amounts of national insurance payable by employers, the self-employed and employees, including when these amounts must be reported.

In the assessment, students may be required to: Trading profits

- a. explain the relevance of the distinction between revenue and capital for both receipts and expenses and apply the distinction in a given scenario;
- b. recognise the effect on trading profits of the treatment of:
  - provisions
  - capitalised revenue expenditure
  - intangible assets;
- c. calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery and on structures and buildings) using either the accruals basis or cash basis of accounting;

##### **Unincorporated businesses**

- d. calculate the assessable trading profits or losses of a partnership including after a change in the profit sharing ratio or change in partners, and allocate the profits or

- losses to each partner including the allocation of notional profits and losses;
- e. calculate the assessable trading profits or losses for a new unincorporated business and identify the overlap profits on the commencement of trade;
- f. calculate the assessable trading profits or losses for a continuing business;
- g. calculate the final assessable trading profits or losses for an unincorporated business ceasing to trade;
- h. calculate the assessable trading profits or losses of a continuing business following a change in accounting date;
- i. i. explain and illustrate the possible uses of trading losses in a new or continuing business or a business ceasing to trade;

### Taxation of income

- j. calculate assessable employment income for an employee or director, taking into account expenses, allowable deductions and assessable benefits;
- k. calculate taxable savings, income from property, dividend income, taxed income and investment income;
- l. describe and calculate the principal aspects of the taxation of property income, including interest relief, rent-a-room relief, and the application of the cash basis;
- m. explain the alternative ways in which an individual can provide for retirement and calculate the tax relief available;
- n. explain the impact of an individual's residence, domicile and deemed domicile;
- o. calculate total taxable income and the income tax payable or repayable for employees, company directors, partners and self-employed individuals including the computation of double tax relief where appropriate and payments under the self-assessment system; and
- p. identify the key features of the self-assessment system for individuals, determine due dates for returns, payments, and payments on account, and calculate the interest and penalties due for late submissions of returns, incorrect returns and late or incorrect payments of tax.

### National insurance contributions

Students will be able to calculate the amounts of national insurance payable by individuals, businesses and companies.

In the assessment, students may be required to:

- q. identify the different classes of national insurance contributions;
- r. calculate the national insurance due on employment income and the assessable trading profits of the self-employed;
- s. recognise when the annual maxima rules for the payment of national insurance contributions apply; and
- t. calculate the total national insurance contributions payable by employees, employers and self employed individuals.

SKILLS ASSESSED		
Assimilating and using information		
Understand the situation and the requirements • Identify ethical issues in a given scenario	Identify and use relevant information • Interpret information provided in various formats • Evaluate the relevance and accuracy of information	Identify and prioritise key issues and stay on task • Work effectively within time constraints • Operate to a brief in a given scenario

	provided <ul style="list-style-type: none"> <li>• Filter information provided to identify critical facts</li> </ul>	
<p>How skills are assessed</p> <p>Students may be required to:</p> <ul style="list-style-type: none"> <li>• explain the implications of proposed transactions in any of the following ways: <ul style="list-style-type: none"> <li>○ calculation of tax liabilities and reliefs available;</li> <li>○ written description of tax treatments;</li> <li>○ explanation of tax treatments in light of unstructured information relating to individuals, partnerships or companies;</li> <li>○ description of the availability and values of tax reliefs within the context of numerical questions;</li> <li>○ explanation of alternative tax treatments; and</li> <li>○ explanation of ethical issues within given scenarios.</li> </ul> </li> </ul>		

Structuring problems and solutions	
<p>Structure data</p> <ul style="list-style-type: none"> <li>• Present analysis in accordance with instructions and criteria</li> </ul>	<p>Develop solutions</p> <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> <li>• Select appropriate courses of action using an ethical framework</li> </ul>
<p>How skills are assessed</p> <p>Students may be required to:</p> <ul style="list-style-type: none"> <li>• calculate tax liabilities from a given scenario;</li> <li>• demonstrate relevant technical knowledge;</li> <li>• perform relevant, accurate calculations in a logically structured way;</li> <li>• identify different business entities and their tax status (eg, company, sole trader, partnership), and understand the tax implications thereof;</li> <li>• integrate verbal descriptions with calculations;</li> <li>• use calculations to illustrate an answer; and</li> <li>• provide relevant legal and ethical information in the context of a tax scenario.</li> </ul>	

Applying judgement	
<p>Apply professional scepticism and critical thinking</p> <ul style="list-style-type: none"> <li>• Recognise bias and varying quality in data and evidence</li> <li>• Identify faults in computations and arguments</li> <li>• Exercise ethical judgement</li> </ul>	

How skills are assessed

Students may be required to:

- critically evaluate the quality, completeness and integrity of information put forward by taxpayers;
- assess the legality of options and the consequences of various courses of action with regard to:
  - new client procedures;
  - regulatory requirements for tax practices
  - HMRC errors;
  - money laundering;
  - tax planning, tax avoidance and tax evasion.

### Concluding, recommending and communicating

Conclusions

- Apply technical knowledge to support reasoning and conclusions

Communication

- Present analysis and recommendations in accordance with instructions
- Prepare the advice, report, or notes required in a clear and concise style

How skills are assessed

Students may be required to:

- analyse the implications of various courses of action out of a limited set of prescribed options;
- determine the tax implications of scenarios and proposals to provide alternative tax implications;
- justify a conclusion made using knowledge of the existing tax regime;
- show an illustrative example of possible VAT treatments eg, with regard to transactions involving land and buildings;
- show an illustrative example of inheritance tax implications of a proposed lifetime transfer or a transfer on death;
- show an illustrative example of the impact of residency status on income tax, capital gains tax or corporation tax; or
- show an illustrative example of whether an individual is trading by applying the badges of trade to reach a reasoned conclusion.

# Business Planning: Taxation

## MODULE AIM

To enable students to apply technical knowledge and professional skills to identify and resolve taxation issues that arise in the context of preparing tax computations and to advise on tax-efficient strategies for businesses and individuals.

Students will be required to use technical knowledge and professional judgement to identify, explain and evaluate alternative tax treatments and to determine the appropriate solutions to taxation issues, giving due consideration to the needs of clients and the interaction between taxes. The commercial context and impact of recommendations will need to be considered in making such judgements, as will ethical and legal issues.

## PRIOR KNOWLEDGE

There are no regulations stipulating the order in which students must attempt this module. However, students are strongly advised to complete the Tax Compliance module before attempting this module, as the ability to prepare tax computations is required to be successful at this module.

## METHOD OF ASSESSMENT

The Business Planning: Taxation exam is 2.5 hours long. The exam will contain questions requiring the use of communication, judgement and evaluation skills as well as an ability to understand the interaction of different taxes.

The exam will consist of three questions. One question will be an integrated scenario of approximately 40 marks. All three questions may cover a range of taxes as well as including tax planning. Ethics and law may be tested in any of the three questions.

The exam will be open book. Students will be able to access their personal ICAEW Bookshelf and any ICAEW digital learning materials held there, during the exam. Students will also be permitted 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)

## ETHICS AND PROFESSIONAL SCEPTICISM

It is imperative that ethical issues are prioritised in the planning of business taxation. Students will be expected to apply the ICAEW Code of Ethics and the Professional Conduct in Relation to Taxation across all of the questions in the exam. Students will be required to recognise and explain key ethical issues, identify ethical dimensions of possible scenarios, make appropriate judgements being mindful of professional scepticism and make recommendations in a sound and trustworthy manner.

## SPECIFICATION GRID

This grid provides a general guide as to the subject matter within this module and assessment coverage over a period of time.

Syllabus area Weighting (%)	
1 Ethics and law	5-10
2 Taxation of corporate entities	35-45



3 Taxation of owner-managed businesses	20-30
4 Personal taxation	15-25

This grid provides guidance on the relative weighting between knowledge and skills:

	Weighting (%)
Knowledge	25-35
Skills	65-75

## Learning Outcomes.

### 1 Advanced taxation

Students will be able to analyse, evaluate and calculate the tax consequences of actions for individuals and companies and evaluate the interaction of taxes in given scenarios. This will involve advising and assisting clients in adhering to tax regulations.

In the assessment, students may be required to:

- a. determine, explain and calculate the tax liabilities for individuals and corporate entities, including income tax, national insurance, corporation tax, diverted profits tax, stamp taxes, VAT, and annual tax on enveloped dwellings (ATED);
- b. evaluate the tax implications of the choice of business structures, including provision of services through a company;
- c. explain the taxation issues relating to business start-ups;
- d. identify and evaluate the impact of close companies on the taxation of companies and individuals;
- e. explain and evaluate the tax implications of group structures;
- f. apply, explain and evaluate issues relating to transfer pricing;
- g. explain and evaluate the tax implications of business transformations and change;
- h. explain and calculate the tax implications involved in the cessation of trade;

#### International aspects of corporate taxation

- i. calculate the impact of international expansion on UK tax liabilities;
- j. explain the tax implications of inward investment in the UK;
- k. recognise the implications of double tax treaties, the OECD Model Tax Convention, and the OECD BEPS Project;
- l. apply and advise on double taxation relief;

#### Financing and investing

- m. evaluate the taxation implications of financing existing and new businesses;
- n. evaluate the taxation implications of returns to investors;
- o. advise and calculate the impact of tax efficient schemes including ISAs, enterprise investment schemes, seed enterprise investment schemes and venture capital trusts;

#### Employment income and remuneration packages

- p. advise on the tax implications of remuneration packages including share schemes, termination payments, and allowable deductions;

#### Personal taxation and overseas taxation

- q. calculate tax liabilities for individuals including income and capital gains tax, national insurance contributions and inheritance tax;
- r. advise on the taxation of foreign assets, income and gains;

- s. evaluate and advise on the impact of residence, non-residence, deemed domicile and domicile on an individual's tax liabilities;
- t. analyse and explain the implications of individuals leaving and coming to the UK as well as the special tax position for non-UK domiciled individuals;
- u. explain the implications of domicile and deemed domicile for inheritance tax;

#### Trusts

- v. identify the need for and advise on the use of trusts in tax planning; and
- w. appreciate in straight forward scenarios, the tax implications of creating and using trusts and the tax implications of assets entering or leaving trusts.

## 2 Tax planning

Students will be able to advise on alternative tax treatments to defer or minimise tax liabilities. Students will also be able to understand the interaction of taxes in given scenarios and to identify and discriminate between tax evasion and tax avoidance.

In the assessment, students may be required to:

- a. identify legitimate tax planning measures to minimise tax liabilities;
- b. evaluate and advise on tax strategies to meet business objectives;
- c. evaluate and advise on alternative tax strategies relating to corporate transformations;
- d. recognise the significance for tax purposes of changes in an individual's circumstances such as marriage and death;
- e. recognise, explain and communicate opportunities to use alternative tax treatments arising from past transactions; and
- f. identify and communicate ethical and professional issues in giving tax planning advice.

## 3 Ethics and law

Students will be able to recognise and explain ethical and legal issues arising in taxation scenarios. Where ethical dilemmas arise, students will be required to apply the five fundamental principles and guidance in the IESBA and ICAEW codes as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT), to recommend and justify appropriate, legal actions.

In the assessment, students may be required to:

- a. recognise and explain the relevance, importance and consequences of ethical and legal issues;
- b. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- c. design and evaluate appropriate ethical safeguards; and
- d. recognise and advise when a tax-avoidance scheme is notifiable to HMRC and distinguish between planning, avoidance and evasion and their consequences. analysed to monitor the performance of an organisation's projects, divisions and other strategic units;

SKILLS ASSESSED		
Assimilating and using information		
Understand the situation and the requirements • Demonstrate understanding	Identify and use relevant information • Interpret information provided	Identify and prioritise key issues and stay on task • • Identify and explain

<p>of the business context</p> <ul style="list-style-type: none"> <li>• Recognise new and complex ideas within a scenario</li> <li>• Identify the needs of customers and clients</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>	<p>in various formats</p> <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>	<p>business and financial issues from a scenario</p> <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>
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How skills are assessed

Students may be required to:

- assimilate information provided by internal and external sources;
- identify and evaluate inconsistencies in information provided from multiple sources; and
- recognise and explain key ethical issues for an accountant undertaking work in taxation.

### 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
- 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:

- consider and calculate a range of appropriate tax treatments;
- provide descriptive analysis and explanations;
- integrate different taxes and jurisdictions;

- evaluate taxation impact of a transaction;
- integrate descriptions with calculations in a form appropriate for the user;
- apply technical knowledge to perform relevant, accurate calculations in a logically structured way;
- identify further information or clarify existing arrangements with a client;
- consider the impact of delaying or modifying future decisions; and
- identify and explain ethical and legal issues.

### Applying judgement

#### Apply professional scepticism and critical thinking

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

#### Relate issues to the environment

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

#### How skills are assessed

Students may be required to:

- apply scepticism to the integrity of information provided in the scenario having regard to its source;
- select between appropriate options;
- identify omissions in the information;
- evaluate inconsistencies in information;
- evaluate the effects of future events;
- identify key linkages between information provided in a scenario and possible tax treatments;
- compare the effects of a range of estimates, outcomes or tax treatments; and
- exercise own ethical judgement in assessing the consequences of various courses of action.

### Concluding, recommending and communicating

#### Conclusions

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

#### 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

#### 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

reservations	evidence <ul style="list-style-type: none"> <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>	for the recipient <ul style="list-style-type: none"> <li>• Prepare the advice, report, or notes required in a clear and concise style</li> </ul>
<p>How skills are assessed</p> <p>Students may be required to:</p> <ul style="list-style-type: none"> <li>- determine the tax implications of scenarios and proposals to provide alternative recommendations to meet a given individual or corporate objective or goal;</li> <li>- formulate and recommend a reasoned conclusion from structured calculations;</li> <li>- justify a conclusion made using knowledge of the existing tax regime;</li> <li>- advise on the ethical considerations;</li> <li>- explain the limitations of conclusions or recommendations;</li> <li>- present a report/memorandum in response to a specific technical or ethical issue and in accordance with client requirements;</li> <li>- present a review of advice or proposed tax strategies making recommendations supported by calculations or analysis of tax issues identified;</li> <li>- present a justification of a specific recommended action when a variety of options are available</li> <li>- identify further information required to complete tax computations and finalise tax advice; and</li> <li>- give advice which is appropriate, technically correct, and within the law and the ICAEW Code of Ethics as well as other relevant guidance, including the Professional Conduct in Relation to Taxation (PCRT).</li> </ul>		