



NEXT GENERATION ACA SYLLABUS HANDBOOK

2025-2026



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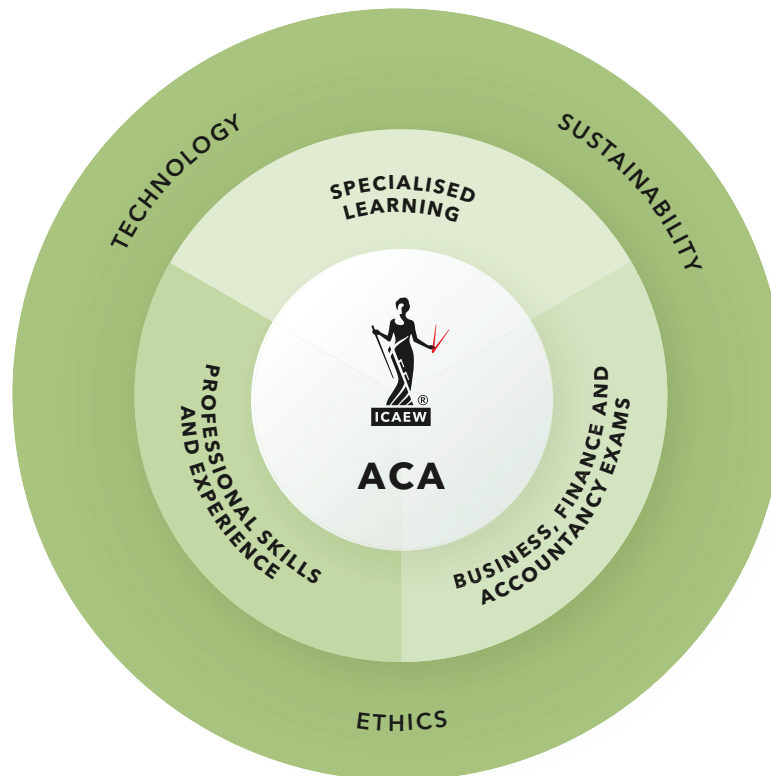
FOR EXAMS IN 2025-2026

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ACA overview

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



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

1. Business, finance and accountancy exams
2. Specialised Learning
3. Professional skills and experience

ICAEW constantly reviews the content of the ACA qualification to reflect real-life business challenges. Over the next decade, sustainability, technology and ethics will be the three key themes impacting every accountant and business they serve. We work closely with employers, tuition providers, academics and examiners to ensure that the ACA equips the chartered accountants of the future with the skills and knowledge they need to meet these challenges and to be successful. Sustainability, technology and ethics have been integrated throughout the qualification, delivering forward-thinking business leaders ready for the challenges of tomorrow's world.

THE ACA QUALIFICATION AND SUSTAINABILITY

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding these and other emerging sustainability-related implications, integrating them into financial management and strategic business planning. ICAEW has been at the forefront of this movement over the past decade and has adapted the ACA qualification to reflect that. We see its role as not simply integrating knowledge and understanding the broader implications of environmental, social and governance issues into organisations, but also seeding this thinking into the mindset of our members.

Our syllabus, Specialised Learning and professional skills and experience contribute toward creating ICAEW Chartered Accountants who recognise that sustainability is at the core of what they do and are capable of actively using their business skills to analyse how to make the new sustainable economy work for their business.

Sustainability is an integrated element from assurance and corporate reporting to strategic business planning and management reporting, providing transparent information for users. It's an embedded element across the ACA qualification with its beginnings at the newly developed Sustainability and Ethics module at Certificate Level through to the Strategic Case Study at Advanced Level. The introduction of Specialised Learning provides the opportunity to create and update content rapidly which will be invaluable for sustainability conversations to remain relevant.

There is much that is closely related to the skills and experience of ICAEW Chartered Accountants; for example, the identification and management of risks, corporate governance, compliance with laws and regulations, design and operation of management control systems, measurement of liabilities and impaired assets, information reporting and assurance, and new forms of taxation. Where the technical issues extend beyond an accountant's reach, working with other experts is already recognised as good practice.

THE ACA QUALIFICATION AND TECHNOLOGY

Changes in technology have automated many routine aspects of accountancy. But with changes in technology also come complexity and risk. Accountants need to adapt and develop new skills to manage these changes.

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

These and other innovations are likely to have a significant impact on the way that accountants access information, transact and manage business finances. Technology tools can provide information more quickly and often more accurately than humans, but they cannot replicate human intelligence, critical thinking and quality decision making, or effective communication of the output of analysis. Chartered accountants continue to hold key roles such as validating the source of the data, evaluating the risks, interpreting and analysing the outputs, and ensuring the tools support effective management of the organisation. As automation continues to expand understanding the interconnectivity between systems will be fundamental.

As routine and compliance work reduces, there is greater focus on the development of skills which equip professionals to work with the outputs of automated processes, with other specialists, and in a changing world. The skill set needed by accountants is changing as technological advances are made; it's the ability to adapt and rapidly respond to these changes that will be key.

We believe that skills such as analysis, interpretation, professional scepticism, communication, collaboration, adaptability, resilience, and digital capability and innovation are essential for tomorrow's business leaders; these are embedded throughout the ACA exams and professional skills.

THE ACA QUALIFICATION AND ETHICS

Culture and values are central to long-term success. How a business adopts an ethical approach towards its staff, shareholders, customers, regulators and other stakeholders, as well as within its own operations, has a bigger impact than any performance measure or operational improvement.

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

Achieving that is not a matter of simple knowledge. Few ethical challenges will have simple right or wrong responses. They require technical understanding, critical appraisal, and application of professional scepticism and judgement with skilful handling. Accountants must have the necessary skills to apply professional judgement, have a curious mindset and take into account what has been learnt as an ACA student about their ethical responsibilities as a chartered accountant.

There will be unique ethical challenges throughout any chartered accountant's process of learning and career. They serve a variety of masters: senior management, external stakeholders, regulators and above all the public interest responsibility of their profession. Because of the rigorous and effective training and continual professional development as part of their lifelong learning, chartered accountants can speak up and take a lead. None of this can happen without one critical element: professionalism. That goes beyond merely knowing the Code of Ethics; it means embodying the right behaviours and values and having the ability and willingness to push back against those who might compromise the integrity of the business.

Ethics and professionalism are embedded throughout the ACA qualification, from understanding and applying knowledge of the Code of Ethics and developing safeguards, to adopting a curious mindset and applying professional judgement. We build ethical and professional confidence in our qualification as it prioritises not only technical knowledge of the ethical framework but also challenges accountants with scenarios that accurately reflect the ethical dilemmas a chartered accountant may face in business.

ACA components

SPECIALISED LEARNING

Business, finance and accountancy exams cover the core technical knowledge and application of skills for all ICAEW Chartered Accountants. However, we recognise each student's unique journey to membership and have therefore built Specialised Learning into the core of the ACA qualification.

Specialised Learning therefore forms a key element of the ACA qualification. Students will have access to an e-learning platform that hosts a wide range of content relevant to students working across different sectors and specialisms. This content will be brought to life in a practical and engaging way and will cover both technical and non-technical skills.

Students will need to complete a minimum of 30 units of Specialised Learning. Each unit will roughly equate to an hour of learning. By having access to different content, students and employers will be able to personalise the experience to fit with a student's individual learning needs and role.

PROFESSIONAL SKILLS AND EXPERIENCE

ICAEW Chartered Accountants are known for their professionalism and expertise. Professional skills will prepare students to successfully handle a variety of different situations that they encounter throughout their career. Building in professional skills as part of the ACA qualification recognises that this is the start of a student's lifelong learning journey.

A new framework of 25 professional skills is split across five key competency areas: Communication, Critical Thinking, Emotional Intelligence, Leadership and Professionalism. These recognise that clear, effective communication is at the heart of all that we do, and is balanced with developing critical thinkers who are resilient and inclusive and are underpinned by ethical standards and professionalism. We want to develop leaders who can be authentic and remain true to their personal values.

With diversity and inclusion being one of our key strategic pillars, it is important that these skills encompass collaboration and inclusion whilst celebrating diversity rather than having a 'one size fits all' model. A three-stage proficiency model will guide students to develop their unique skills portfolio.

Professional experience is undertaken as part of a training agreement with an authorised training employer or principal. Students need to complete at least 450 days, which normally takes between three and five years. The knowledge, skills and experience they gain as part of their training are invaluable, giving them the opportunity to put what they're learning into practice.

Student professional experience should:

- include responsibility levels that increase in depth and scope as the student progresses through their training;
- be recorded throughout their training agreement; and
- expose them to as many different practical assignments, finance functions and/or clients in as many different sectors as possible.

14 BUSINESS, FINANCE AND ACCOUNTANCY EXAMS

Students gain in-depth knowledge across a broad range of topics in business, finance and accountancy. The exams are designed to complement their professional skills and experience, so they constantly progress through the qualification, providing an integrated learning experience.

There are 14 exams over three levels – Certificate, Professional and Advanced. Flexibility allows each student journey to membership to be unique to them.



CERTIFICATE LEVEL

There are six exams at this level that introduce the fundamentals of business, finance and accountancy. Students may be eligible for credit for some exams if they have studied a qualification we recognise. Find out more at icaew.com/cpl.

The Certificate Level exams are either 1.5 or 2 hours long, have a 55% pass mark and can be sat in any order throughout the year.

PROFESSIONAL LEVEL

The next six exams build on the fundamentals and test students' understanding and ability to use technical knowledge in real-life scenarios. The exams can be taken in March, June, September and December.

The Professional Level exams are 2.5 hours long, except for Assurance, Risk and Reporting and Tax Compliance and Planning which are 3 hours long. Each exam has a 55% pass mark.

Permitted texts are available for Assurance, Risk and Reporting, Corporate Reporting, Data and Assurance and Tax Compliance and Planning. Fundamental Case Study is open book.

The Professional Level exams are flexible and can be taken in any order to fit with a student's day-to-day professional experience. Fundamental Case Study aims to bring together technical knowledge gained by studying the Certificate Level material with professional skills

and experience and can therefore be seen as an excellent transition from Certificate to Professional Level. Equally students are likely to find the Corporate Reporting, Data and Assurance and Business and Digital Strategy exams in particular as helpful stepping stones to progress to the Advanced Level.

ADVANCED LEVEL

There are two case studies at Advanced Level that test students' understanding and strategic decision making at a senior level. The case studies present real-life scenarios, with increased complexity from the Professional Level exams. Advanced Level challenges students' ability to problem solve, apply critical thinking, identify ethical implications and provide effective solutions.

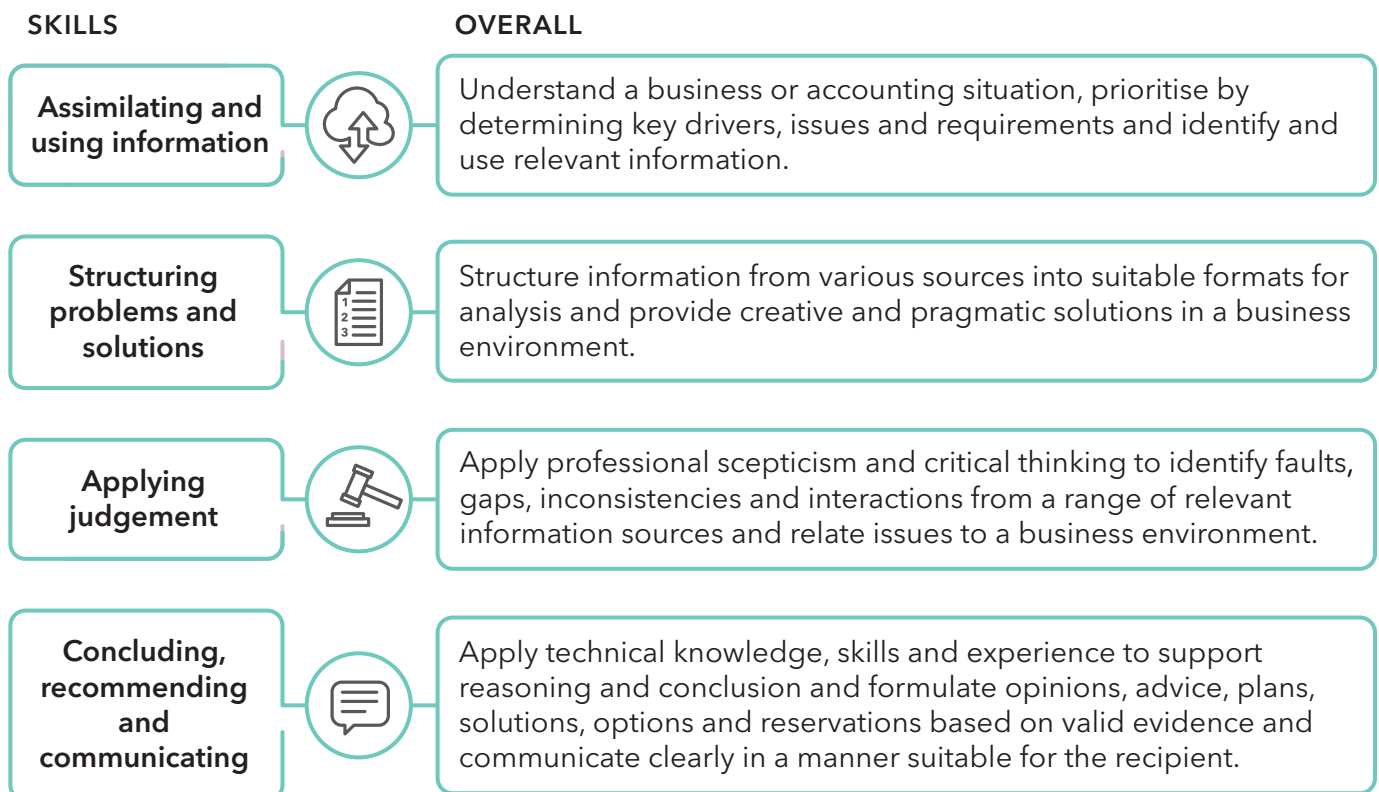
The Advanced Level exams can be taken in July and November. They are fully open book, so they replicate a real-life scenario where all the resources are at their fingertips.

Technical Case Study and Strategic Case Study are both 4 hours long. Each has a 50% pass mark.

For more information, guidance and support on exams, visit the exam resources area on our website at icaew.com/studyresources.

Skills progression through the ACA exams

Specialised Learning is an integrated component of the ACA qualification, with a core competency framework setting out the skills essential to equip ICAEW Chartered Accountants of tomorrow. A subsection of these skills are embedded in the 14 exams and assessed in exams. The following skills are present throughout the 14 business, finance and accountancy exams:



The level of skill required to pass each exam increases as ACA trainees progress upwards through each Level of the ACA exams. The skills progression embedded throughout the ACA qualification ensures ACA trainees develop the knowledge and skills to successfully operate in the modern workplace and which are expected by today's forward-thinking employers.

Skills	Certificate Level		Professional Level		Advanced Level
	Assurance and Risk Fundamentals, Business Law, Sustainability and Ethics	Accounting Fundamentals, Business Insight and Performance, Tax Fundamentals	Fundamental Case Study, Assurance, Risk and Reporting, Corporate Financial Strategy	Business and Digital Strategy, Corporate Reporting, Data and Assurance, Tax Compliance and Planning	Technical Case Study, Strategic Case Study

Assimilating and using information

Understanding the situation and requirements	Objective testing	Objective testing and simple scenarios	Scenarios		Complex business scenarios
Identifying and using relevant information	Information as provided		Single information source provided	Several information sources provided	Multiple information sources provided
Identifying and prioritising key issues	Issues given		Issues included in scenarios		Issues included in complex scenarios

Structuring problems and solutions

Structuring data	Specified techniques		Specified techniques	Extends to techniques inferred by nature of problem	Techniques inferred by the nature of problem
Developing solutions	Highly specified tasks	Specified problems	Specified problems		Defined output with implicit, although unspecified problems

Applying judgement

Applying professional scepticism and critical thinking	Objective testing		Specified requirement in simple scenario	Specified requirement in scenario	Specified requirement in complex scenario
Relating issues to the broader business environment, including ethical issues	Objective testing	Objective testing and issues in simple scenarios	Issues in scenarios		Issues in complex scenarios

Concluding, recommending and communicating

Concluding and recommending	Objective testing Not assessed	Specified conclusions and recommendations in simple scenarios			Conclusions and reasoned recommendations supported by own evidence
Communicating	Prescribed exam format		Exam requirements, including some professional presentation		Professional presentations and reports including reasoned recommendations

PROFESSIONAL SKILLS ASSESSED IN THE ACA EXAMS

ASSIMILATING AND USING INFORMATION

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

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision-making.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.• Use spreadsheets to assimilate, structure and analyse data.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify opportunities to add value.• Identify and anticipate problems that may result from a decision.• Identify a range of possible solutions based on analysis.• Identify ethical dimensions of possible solutions.• Select appropriate courses of action using an ethical framework.• Identify the solution which is the best fit with acceptance criteria and objectives.• Define objectives and acceptance criteria for solutions.

APPLYING JUDGEMENT

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

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

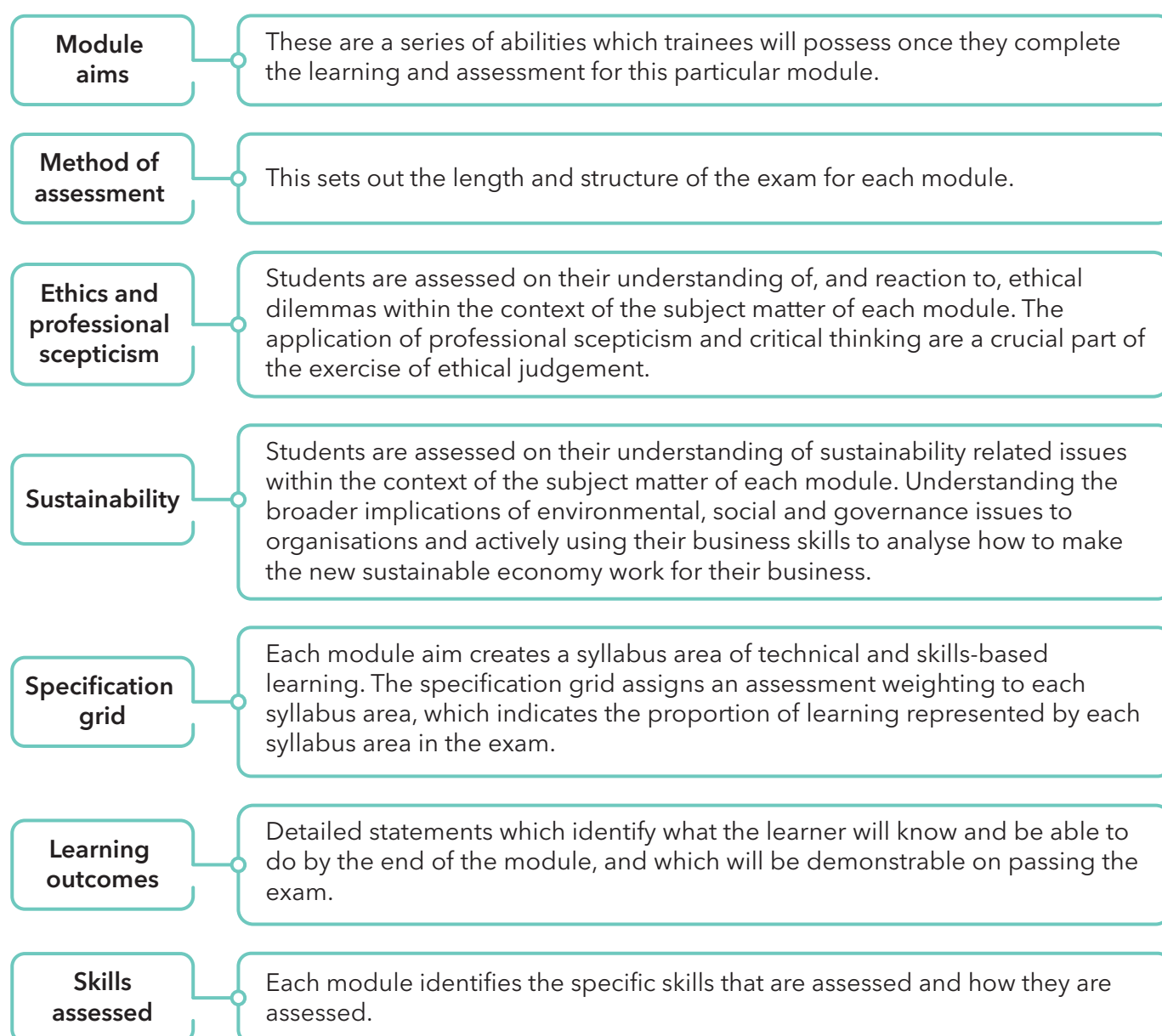
ACA Syllabus

The ACA syllabus is updated annually. The aim of the annual update is to ensure that the syllabus remains fit for purpose and can include amendments to cater for technical changes, clarification of learning outcomes, inclusion of new areas of knowledge impacting ICAEW Chartered Accountants, and removal of content for subject areas where there is duplication, repetition or content no longer relevant within the qualification. The process includes consultation with all key stakeholder groups and covers the skills, learning outcomes and technical knowledge grids of each module.

This document presents the learning outcomes for each of the ACA exams at Certificate and Professional Levels. The learning outcomes in each exam should be read in conjunction with the relevant technical knowledge grids and, where applicable, the skills development grid.

UNDERSTANDING THE SYLLABUS FOR EACH MODULE

Each module has the following syllabus components:



Certificate Level

Accounting Fundamentals

MODULE AIM

To ensure that students have a sound understanding of the techniques of double entry accounting and can apply its principles in recording transactions, straightforward adjustments to financial records and preparing non-complex financial statements.

On completion of this module, students will be:

- able to:
 - apply the IFRS Conceptual Framework for Financial Reporting,
 - identify key ethical issues, and
 - understand the importance of sustainability in financial reporting;
- proficient in the use of double entry accounting techniques and the maintenance of accounting records;
- able to identify and correct omissions and straightforward errors in accounting records and financial statements; and
- able to prepare and present extracts from non-complex financial statements for sole traders, partnerships and limited companies.

METHOD OF ASSESSMENT

The Accounting Fundamentals exam is 2 hours long. 40% of the marks are allocated to two long-form questions. One question for 25 marks on the preparation of single company financial statements, a statement of financial position and a statement of profit or loss from a trial

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 Accounting concepts, ethics and sustainability	15%
2 Maintaining financial records	20%
3 Adjustments to accounting records and financial statements	20%
4 Preparing financial statements	45%

balance or list of balances. The second question for 15 marks on adjusting an existing draft set of financial statements, either a statement of financial position or statement of profit or loss in relation to final transactions or correction of errors.

The remaining 60% of the marks are from 24 multiple choice, multi-part multiple choice or multiple response questions. Each multiple choice question will have equal marks. These questions will cover the areas of the syllabus in accordance with the weightings set out in the specification grid in conjunction with the long-form questions.

ETHICS

Ethics is an overarching requirement for the professional accountant and students will be expected to recognise that the exercise of judgement is required in applying fundamental accounting concepts. Students will learn about the IESBA Code of Ethics for Professional Accountants – fundamental principles and the ICAEW Code of Ethics and consider the merits of a principles based code.

SUSTAINABILITY

Students will need to understand how sustainability is an increasingly important aspect of financial reporting. Students will be introduced to what sustainability in financial reporting means and the IFRS Sustainability Disclosure Standards.

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

1 ACCOUNTING CONCEPTS, ETHICS AND SUSTAINABILITY

Students will be able to apply the IFRS Conceptual Framework for Financial Reporting, identify key ethical issues and understand the importance of sustainability in financial reporting.

In the assessment, students may be required to:

- a. understand the standard-setting process used by UK and international bodies and the authority of UK and international standards;
- b. identify the qualitative characteristics of financial information;
- c. identify the effects of transactions in accordance with the IFRS Foundation's Conceptual Framework for Financial Reporting;
- d. identify 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;
- e. identify accounting concepts and principles;
- f. understand the differences between financial statements produced using the accrual basis and those produced using the bases of cash accounting and break-up;
- g. specify the ethical and sustainability considerations for preparers of financial statements; and
- h. identify the aims of the ISSB and how the standards help to meet information needs.

2 MAINTAINING FINANCIAL RECORDS

Students will be proficient in the use of double entry accounting techniques and the maintenance of accounting records.

In the assessment, students may be required to:

- a. specify why an entity maintains financial records and prepares financial statements;
- b. identify the sources of information for the preparation of accounting records and financial statements; and

- c. record and account for transactions and events resulting in income, expenses, assets, liabilities and equity in accordance with the appropriate basis of accounting and the laws, regulations and accounting standards applicable to the financial statements.

3 ADJUSTMENTS TO ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

Students will be able to identify and correct omissions and straightforward errors in accounting records and financial statements.

In the assessment, students may be required to:

- a. identify omissions and straightforward errors in accounting records and financial statements and demonstrate how the required adjustments will affect figures in the financial statements;
- b. correct omissions and straightforward errors in accounting records and financial statements; and
- c. prepare journals for nominal ledger entry to correct errors in draft financial statements.

4 PREPARING FINANCIAL STATEMENTS

Students will be able to specify the components of financial statements, and prepare and present non-complex accounts for sole traders, partnerships and limited companies.

In the assessment, students may be required to:

- a. identify the main components of a set of financial statements and specify their purpose and interrelationship;
- b. specify the key aspects of the accrual basis of accounting and the cash basis of accounting; and
- c. prepare and present a statement of financial position, statement of profit or loss and statement of changes in equity, or extracts therefrom, from the accounting records and trial balance in a format which satisfies the information requirements of the entity.

Assurance and Risk Fundamentals

MODULE AIM

To ensure that students understand the assurance process and fundamental principles of ethics, and are able to contribute to the assessment of internal controls and gathering of evidence on assurance work.

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

- understand the concept of assurance, why assurance is required and the reasons for assurance work being carried out by appropriately qualified professionals with an attitude of professional scepticism and the exercise of professional judgement;
- understand the importance of internal controls, document an organisation's information flows and internal controls and identify deficiencies in internal control systems;
- select methods of obtaining sufficient and appropriate assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred;
- understand the components of assurance risk involved in assurance work;
- understand the role of the ISSB and how assurance on sustainability reporting helps meet information needs; and
- understand the importance of regulation of the profession and ethical behaviour to a professional accountant and identify key ethical issues.

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 The concept, process and need for assurance	20%
2 Risk, internal controls and information flows	25%
3 Obtaining assurance evidence	35%
4 Professional ethics and regulatory issues	20%

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

METHOD OF ASSESSMENT

The Assurance and Risk Fundamentals exam is 1.5 hours long. The exam consists of 50 questions worth two marks each, covering the areas of the syllabus in accordance with the weightings set out in the specification grid. The questions are presented in the form of multiple choice, multi-part multiple choice, or multiple response.

ETHICS AND PROFESSIONAL SCEPTICISM

The importance of ethics both as a knowledge area and a behaviour to be demonstrated is reflected in the syllabus area below 'Professional ethics and regulatory issues'. The learning outcomes cover a range of threats and dilemmas to be identified as well as safeguards and solutions to be resolved. Professional scepticism is included in the requirement for the syllabus area 'The concept, process and need for assurance' where students are also required to recognise the need for the exercise of professional judgement.

SUSTAINABILITY

Students will need to understand how sustainability is an increasingly important aspect of financial reporting and therefore the increased demand for assurance over the accuracy and validity of that reporting. Students will be introduced to the IFRS Sustainability Disclosure Standards and the role and responsibilities of the various organisations.

1 THE CONCEPT, PROCESS AND NEED FOR ASSURANCE

Students will be able to understand the concept of assurance, why assurance is required and the reasons for assurance work being carried out by appropriately qualified professionals with an attitude of professional scepticism and the exercise of professional judgement.

In the assessment, students may be required to:

- a. recognise the concept of assurance (on financial and non-financial information including performance metrics and targets) and compare the purposes and characteristics of reasonable and limited levels of assurance;
- b. recognise why users desire assurance reports and identify examples of the benefits gained from them;
- c. compare the functions and responsibilities of the different parties involved in assurance work;
- d. identify the issues which can lead to gaps between the outcomes delivered by the assurance engagement and the expectations of users of the assurance reports and suggest how these can be overcome;
- e. identify the steps involved in obtaining, accepting and agreeing the terms of an assurance engagement;
- f. identify the process of planning an assurance engagement;
- g. define materiality and identify its role in the assurance engagement;
- h. identify how the assurance provider reports to the engaging party;
- i. recognise the need for professional scepticism and the exercise of professional judgement;
- j. recognise the characteristics of fraud and distinguish between fraud and error; and
- k. recognise the appropriate level of assurance provided on sustainability reporting, and the benefits of assurance on sustainability reports.

2 RISK, INTERNAL CONTROLS AND INFORMATION FLOWS

Students will be able to understand the components of assurance risk involved in assurance work. Students will be able to understand the importance of internal controls

and document an organisation's information flows and internal controls and identify deficiencies in internal control systems.

In the assessment, students may be required to:

- a. identify risks in an assurance engagement, including the components of audit risk;
- b. identify business risks and their impact on audit risk;
- c. identify the reasons for organisations having effective systems of control;
- d. identify the fundamental principles of effective control systems and the risk of overdependence on IT;
- e. identify the main business processes of an entity and information flows between areas of the business that need effective control systems;
- f. identify the components of internal control including the role of governance and risk management processes;
- g. define and classify different types of internal control, with particular emphasis on general IT and information processing controls and identify the difference between preventative and detective controls;
- h. identify how specified internal controls mitigate risk, including cyber data security, supply-chain risks, digital transformation and disruption as well as other emerging technologies, and identify their limitations;
- i. identify internal controls or internal control deficiencies for an organisation in a given scenario;
- j. identify the role of an internal audit function in an organisation; and
- k. identify, for a specified organisation, the sources of information which will enable a sufficient record to be made of accounting or other systems and internal controls.

3 OBTAINING ASSURANCE EVIDENCE

Students will be able to select methods of obtaining sufficient and appropriate assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred.

In the assessment, students may be required to:

- a. identify the reasons for preparing and keeping documentation relating to assurance work;

- b. identify the different methods of obtaining evidence, including remote auditing techniques, from the use of tests of control, substantive procedures, including analytical procedures and data analytics software;
- c. recognise the strengths and weaknesses of the different methods of obtaining evidence;
- d. identify the situations within which the different methods of obtaining evidence should and should not be used;
- e. compare the reliability of different types of assurance evidence;
- f. select appropriate methods of obtaining evidence from tests of control and from substantive procedures for a given business scenario;
- g. recognise when the quantity (including factors affecting sample design) and quality (including analysis of data) of evidence obtained are sufficient and appropriate, after taking account of sampling risk, to draw conclusions on which to base a report;
- h. identify the circumstances in which written representations from management should be requested and the reliability of such representations as a form of assurance evidence; and
- i. recognise issues arising while gathering assurance evidence that should be referred.
- d. recognise the importance of integrity, objectivity and independence to professional accountants, identifying situations that may impair or threaten integrity, objectivity and independence;
- e. select appropriate courses of action to resolve ethical conflicts;
- f. respond appropriately to the request of an employer to undertake work outside the confines of an individual's expertise or experience;
- g. recognise the importance of confidentiality, including compliance with GDPR and identify steps to comply with GDPR and prevent the disclosure of information;
- h. identify situations in which confidential information may be disclosed, including where reporting suspicions of money laundering;
- i. identify the following threats to the integrity, objectivity and independence of assurance providers: self-interest threat, self-review threat, management threat, advocacy threat, familiarity threat and intimidation threat;
- j. identify safeguards to eliminate or reduce threats to the integrity, objectivity and independence of assurance providers; and
- k. identify the aims and purpose of the ISSB and how sustainability reporting helps meet user information needs.

4 PROFESSIONAL ETHICS AND REGULATORY ISSUES

Students will be able to understand the importance of ethical behaviour to a professional and identify key ethical issues. Students will be able to understand the role of the ISSB and how sustainability standards help meet information needs.

In the assessment, students may be required to:

- a. identify the role of regulatory bodies and ethical codes and their importance to the profession;
- b. recognise the differences between a rules-based ethical code and one based upon a set of principles;
- c. identify and recognise the fundamental principles underlying the ICAEW Code of Ethics;

Business Insight and Performance

MODULE AIM

To enable students to prepare essential financial information for the management of a business.

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

- calculate the costs of products and services and use them to determine sales and transfer prices;
- identify appropriate budgeting and forecasting approaches and methods, and prepare budgets;
- calculate differences between actual performance and standards or budgets;
- identify and calculate relevant data for use in management decision making;
- specify the impact on a business of the external environment in which it operates;
- specify key issues in relation to data and its collection, visualisation and analysis, and identify key features, benefits and risks of different technologies; and
- identify and explain ethical issues.

METHOD OF ASSESSMENT

The Business Insight and Performance exam is 2 hours long. 20% of the marks are allocated in one scenario-based question. This will cover a single syllabus area, either: costing and pricing; budgeting and forecasting; performance management; or management decision making. The remaining 80% of the marks are from 32 multiple choice, multi-part multiple choice or multiple response questions. Questions cover the areas of the syllabus in accordance with the weightings set out in the specification grid.

ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is fundamental to the sound provision of management information upon which basis sustainable business decisions can be made. This will form a backdrop to an overall culture of business trust as well as business efficiency. Students will be expected to apply professional scepticism and be able to identify types of data bias and their causes and effects.

SUSTAINABILITY

Knowledge of core sustainability concepts is a requirement for the professional accountant. Students will be expected to understand the over-arching concept of sustainability and why people and planet are strategically important to business. Understanding how the ICAEW chartered accountant can contribute to and help manage sustainability risks, opportunities and regulations (particularly in terms of information flows) is fundamental to understanding the context of the ACA sustainability content.

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 Costing and pricing	20%
2 Budgeting and forecasting	20%
3 Performance management	25%
4 The external environment of business	20%
5 Management decision making	10%
6 Technology and data analysis	5%
7 Ethics	

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

1 COSTING AND PRICING

Students will be able to calculate the costs of products and services and use them to determine sales and transfer prices.

In the assessment, students may be required to:

- recognise the use of cost information for different purposes;
- classify costs as fixed, variable, direct or indirect;
- calculate overhead absorption rates, unit costs and profits/losses using:
 - marginal costing
 - absorption costing and reconcile the differences between the costs and profits/losses obtained;
- select the most appropriate method of costing for a given product or service;
- calculate the sales price for a product or service using cost based pricing;
- specify the impact of the price mechanism on business (including the concept of price elasticity); and
- calculate transfer prices for sales to internal customers which take account of appropriate costs.

2 BUDGETING AND FORECASTING

Students will be able to identify appropriate budgeting and forecasting approaches and methods, and prepare budgets.

In the assessment, students may be required to:

- recognise how forecasting techniques (including high/low and time series analysis) help management in budgeting and forecasting and perform calculations using these techniques;
- identify how data analytics can be used in budgeting and forecasting;
- identify issues relating to the collection of data and interpretation of data (correlation v causation) for budgeting and forecasting;
- prepare budgets or extracts therefrom;
- select the most appropriate of the following budgeting approaches and methods, taking into account their advantages and disadvantages for planning, control and motivation:
 - bottom-up and top-down approaches to generating and managing budgets
 - zero-based and incremental budgeting;
- prepare a cash budget which highlights the quantity and timing of cash surpluses and deficits;
- calculate the cash (operating) cycle for a business and understand its significance;
- identify the constituent elements of working capital and treasury and specify the methods by which each element can be managed to optimise working capital and cash flows taking account of sustainability issues; and
- recognise how to manage the surpluses and deficits predicted in cash budgets.

3 PERFORMANCE MANAGEMENT

Students will be able to calculate differences between actual performance and standards or budgets.

In the assessment, students may be required to:

- a. calculate differences between actual performance and standards or budgets in terms of price and volume effects and identify possible reasons for those differences.

4 THE EXTERNAL ENVIRONMENT OF BUSINESS

Students will be able to specify the impact on a business of the external environment in which it operates.

In the assessment, students may be required to:

- a. identify the key macro-economic factors that affect businesses; and
- b. specify the principal effects of national and international regulation upon businesses.

5 MANAGEMENT DECISION MAKING

Students will be able to identify and calculate relevant data for use in management decision-making, both short and long term.

In the assessment, students may be required to:

- a. calculate the breakeven point, contribution and margin of safety for a given product or service;
- b. allocate scarce resource to those products or services with the highest contribution per limiting factor;
- c. calculate the net present value, internal rate of return, payback period or accounting rate of return for a given project; and
- d. identify the advantages and disadvantages of the investment appraisal techniques specified in 5(c) above and outline how sustainability issues can be incorporated into investment appraisal decisions.

6 TECHNOLOGY AND DATA ANALYSIS

Students will be able to specify key issues in relation to data and its collection, visualisation and analysis, and identify key features, benefits and risks of different technologies.

In the assessment, students may be required to:

- a. specify the purpose of data, the different types and sources of data and the importance of data comparability;
- b. specify principles in relation to the collection and analysis of data, including populations, surveys, presentation of simple frequency distributions, and basic sampling;
- c. identify types of error in data and types of data protection for commercially sensitive information;
- d. identify issues in relation to the use of spreadsheets, visualisations and interpretation of data in graphs and charts; and
- e. identify the effect of digital disruption and technology developments, including those relating to automation, artificial intelligence, machine learning and robotic process automation, on the accountancy profession and business.

7 ETHICS

Students will be able to identify and explain ethical issues.

In the assessment, students may be required to:

- a. identify and explain ethical issues relating to the preparation, presentation and interpretation of information for the management of a business; and
- b. identify and explain ethical issues in relation to the collection, analysis, visualisation and use of data, including data bias and professional scepticism.

Business Law

MODULE AIM

To provide students with an understanding of the principles of business law.

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

- outline the basic principles of English law and the structure of the English legal system and recognise when other forms of law may apply;
- explain the nature of contractual agreements, the agency relationship and the consequences of negligence;
- explain the legal implications of incorporation, including the roles of shareholders and directors, and the main implications of insolvency law;
- identify instances of criminal behaviour that may be encountered by professional accountants; and
- identify other key areas in which the law affects the role and work of the professional accountant.

METHOD OF ASSESSMENT

The Business law exam is 1.5 hours long. The exam consists of 50 questions worth two marks each, covering the areas of the syllabus in accordance with the weightings set out in the specification grid. The questions are presented in the form of multiple choice, multi-part multiple choice or multiple response.

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 Introduction to legal principles	10%
2 The impact of civil law on business and professional services	30%
3 Company and insolvency law	40%
4 The impact of criminal law on business and professional services	10%
5 The impact of law in the professional context	10%

ETHICS AND PROFESSIONAL SCEPTICISM

The consideration of ethical decision-making is intrinsic to the study of law. In this module, students will explore the relationships and interaction between legal principles, legislation, case law, ethics and ethical codes. They will also examine the impact of criminal law on business and professional services, focusing on fraud, bribery and money laundering, all of which link with ethics.

SUSTAINABILITY

Knowledge of core sustainability concepts is a requirement for the professional accountant. Students will be expected to understand the over-arching concept of sustainability and why people and planet are strategically important to business. Understanding how the ICAEW chartered accountant can contribute to and help manage sustainability risks, opportunities and regulations (particularly in terms of information flows) is fundamental to understanding the context of the ACA sustainability content.

1 INTRODUCTION TO LEGAL PRINCIPLES

Students will be able to describe and explain the key elements of English law and recognise situations when alternatives to English law may apply.

In the assessment, students may be required to:

ENGLISH LEGAL SYSTEM

- recognise the relationships and interaction between civil and criminal law, legal principles, legislation, case law, ethics and ethical codes;
- outline the structure of the English system of courts;
- explain the role and benefits of alternative dispute resolution;
- explain the purpose and impact of the European Convention on Human Rights and the Human Rights Act 1998; and

INTERNATIONAL LAW AND REGULATIONS

- recognise situations when laws and regulations other than English law may be applicable to an organisation, including:
 - international regulation of trade between organisations (International Chamber of Commerce (ICC) Incoterms, the UN Convention on Contracts for the International Sale of Goods); and
 - Sharia law relating to Islamic finance.

2 THE IMPACT OF CIVIL LAW ON BUSINESS AND PROFESSIONAL SERVICES

Students will be able to explain the nature of contractual agreements, the agency relationship and the consequences of negligence.

In the assessment, students may be required to:

CONTRACT

- recognise when a legally binding contract exists between two parties and how a contract may be enforced;
- identify the circumstances under which a contract can be terminated and possible remedies for breach of contract;

AGENCY

- identify the role of agents, their duties and rights, and their authority to enter contracts on behalf of a principal;
- identify the nature of a partnership and the authority given to partners;

NEGLIGENCE AND LIABILITY

- identify instances and consequences of negligence (particularly negligent misstatement) in a given scenario; and
- identify instances and consequences of vicarious liability in a given scenario.

3 COMPANY AND INSOLVENCY LAW

Students will be able to recognise and explain the implications of incorporation, including the roles of shareholders and directors, and the main forms of corporate insolvency and their impact.

In the assessment, students may be required to:

INCORPORATION

- identify the differences between unincorporated businesses (sole traderships and partnerships), limited liability partnerships and companies, show the advantages and disadvantages of incorporation and recognise the circumstances when the veil of incorporation can be lifted;
- identify the procedures required to form a registered company or a limited liability partnership, including any practical considerations, and the nature and contractual force of a company's memorandum and articles of association and identify the advantages and disadvantages of off-the-shelf companies;
- explain the role and duties of the promoter of a company and the impact of contracts made before the company's incorporation;
- identify the administrative consequences of incorporation or the formation of a limited liability partnership including requirements regarding statutory books, accounts and meetings;

FINANCING AND CAPITAL

- explain the procedures for the issue of shares, including issues at a premium or a discount and pre-emption rights;
- outline the legal processes by which companies raise equity, capital and other long-term finance, including placings and initial public offerings;
- identify the requirements of the Companies Act 2006 in respect of companies' statutory accounts and audit, including the

- exemptions for small and medium-sized companies and micro-entities;
- h. explain the legal requirements for aspects of capital maintenance including:
 - reduction of capital
 - redemption and purchase of a company's own shares
 - financial assistance for the purchase of a company's own shares
 - distribution of profits;
- i. explain how shares may be transferred;

OWNERSHIP AND MANAGEMENT

- j. recognise how a shareholder can influence the management of a company through meetings and resolutions, including shareholders' rights to requisition a meeting;
- k. identify the various statutory rights of shareholders to challenge the management of the company under the Companies Act 2006 and the Insolvency Act 1986;
- l. identify the rights and duties which a member of a limited liability partnership possesses;
- m. specify the ways in which a director or a company secretary may be appointed and removed, including disqualification of directors;
- n. identify directors' duties, including responsibility for maintaining sustainable business practices, explaining the consequences of any major breach;
- o. identify the powers of directors and the company secretary and in what circumstances they will bind the company in a contract with third parties;

INSOLVENCY

- p. specify the nature of fixed and floating charges, the rationale for the selection of a particular type of charge and the procedures for registering them;
- q. identify the nature and function of:
 - company voluntary arrangements
 - administration orders
 - receivership
 - compulsory and voluntary liquidation (including relevance of secured debt); and
- r. identify the main impact of insolvency procedures, including:

- the principal means of termination of companies or other business entities
- the priorities on a liquidation of the distribution of assets including rights of creditors and employees (including secured assets)
- the avoidance of charges.

4 THE IMPACT OF CRIMINAL LAW ON BUSINESS AND PROFESSIONAL SERVICES

Students will be able to identify instances of criminal behaviour that may be encountered by professional accountants and suggest courses of action.

In the assessment, students may be required to:

- a. identify offences and their consequences under the anti-money laundering legislation, identify the obligations on professional accountants to detect and help prevent money laundering, and select appropriate courses of action to protect professional accountants from criminal liability;
- b. identify instances and consequences of bribery;
- c. identify instances and consequences of fraud in a given scenario, including:
 - the effect of the Fraud Act 2006
 - threats to consumers through cybercrime
 - offences created under the Computer Misuse Act 1990
 - fraudulent trading
 - insider dealing; and
- d. identify circumstances where professional accountants will be protected from dismissal and victimisation if they raise concerns about malpractice in the workplace.

5 THE IMPACT OF LAW IN THE PROFESSIONAL CONTEXT

Students will be able to identify other key areas in which the law affects the role and work of the professional accountant, and understand when relevant laws and regulations may be applicable.

In the assessment, students may be required to:

INFORMATION AND ITS LEGAL ENVIRONMENT

- a. identify the key requirements of the Data Protection Act 2018 on the use of personal information and how the Act can affect the manner in which information systems are used by businesses;

EMPLOYMENT LAW

- b. identify who is an employee and explain the main legal consequences of employment status;
- c. identify the key features of employment contracts and recognise circumstances in which an employment contract may be terminated and the consequences arising;
- d. identify when dismissal constitutes wrongful dismissal or unfair dismissal and the remedies available;
- e. identify the circumstances where an employee can claim a statutory redundancy payment; and
- f. identify the responsibilities of employers under the Equality Act 2010, the Modern Slavery Act 2015 and sustainability regulations.

Sustainability and Ethics

MODULE AIM

To provide students with an understanding of the fundamentals of sustainability and ethics and how they are relevant to the work of the professional accountant.

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

- define sustainability, understand key sustainability concepts and challenges, and recognise situations where these apply;
- understand the three pillars of sustainability (environmental, social and economic) and understand the main challenges to them;
- understand the impact of regulation, guidance and other forces for change on sustainability;
- understand corporate sustainability and key models of sustainability for business;
- identify key areas in which sustainability challenges affect the role and work of the professional accountant;
- understand the meaning of ethics and recognise its importance in society as well as its role underpinning the accountancy profession;
- recognise the importance of public trust in the accountancy profession, understand the professional skills used by a professional accountant to uphold it and identify the relevant ethical codes;
- understand the five fundamental ethical principles for professional accountants;
- recognise threats to the fundamental principles and suggest safeguards that may be used to eliminate or reduce such threats; and
- recognise the principles of data ethics, the importance for the professional accountant of challenging data and information, and the ethical issues arising from the development and use of technology.

METHOD OF ASSESSMENT

The Sustainability and Ethics exam is 1.5 hours long. The exam consists of 50 questions, each carrying equal marks, covering the areas of the syllabus in accordance with the weightings set

out in the specification grid. The questions are presented in the form of multiple choice, multi-part multiple choice or multiple response.

ETHICS AND PROFESSIONAL SCEPTICISM

Ethics is about principles, values and beliefs which influence judgement and behaviour. It goes beyond obeying laws, rules and regulations – it is doing the right thing in the circumstances. Sound ethical decision making is at the centre of the professional accountant's work, regardless of business area or stage of career. The ethical concepts and principles introduced in this module will underpin learning throughout the ACA qualification. ICAEW's Code of Ethics applies to all members, students, affiliates and employees of member firms in all their professional and business activities.

SUSTAINABILITY

Sustainability is balancing resources with needs. Sustainability goals are the key challenges of our time. Knowledge of core sustainability concepts is a requirement for the professional accountant. A grasp of the over-arching principles of sustainability and an appreciation of why sustainability is strategically significant and financially material to businesses are requirements for the professional accountant. Understanding how the ICAEW Chartered Accountant can assist in managing sustainability risks and opportunities is fundamental to understanding the context of sustainability throughout the ACA qualification.

Sustainability and ethics are related to each other. Ethics can be applied in all aspects of sustainability planning. Ethical business practices will contribute to the sustainability of an organisation by anticipating risks which could threaten the business or the wider environment in the long term. A responsible approach to sustainability is part of behaving in a way that is ethically sound.

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 Concepts and significance of sustainability	10%
2 Pillars of sustainability	10%
3 Regulation on sustainability	6%
4 Sustainability in business	14%
5 The role of the professional accountant in sustainability	10%
6 Concept of ethics and its significance for the accountancy profession	8%
7 Ethics and public trust	14%
8 The fundamental ethical principles	14%
9 Threats and safeguards	6%
10 Data ethics and the impact of technology	8%

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

1 CONCEPTS AND SIGNIFICANCE OF SUSTAINABILITY

Students will be able to define sustainability, understand key sustainability concepts and challenges, and recognise situations where these concepts apply.

In the assessment, students may be required to:

- define sustainability and understand the significance of the United Nations Sustainable Development Goals (UN SDGs);
- understand key sustainability concepts, including:
 - the Anthropocene
 - planetary boundaries
 - different forms of capital
 - economic and social concepts eg, doughnut economics, circular economy
 - the difference between approaches to economic growth and degrowth;
- identify sustainability challenges and trends that have an effect on a global scale, including but not limited to:

- climate change, pollution, waste and species decline
 - population changes, urbanisation and migration
 - economic inequality; and
- recognise the key stakeholders in sustainability.

2 PILLARS OF SUSTAINABILITY

Students will be able to understand the three pillars of sustainability (environmental, social and economic) and understand the main challenges to them.

In the assessment, students may be required to:

- identify the three pillars of sustainability;
- understand challenges to environmental sustainability and the impact of actions and inactions on the environment;
- understand challenges to social sustainability and the impact of actions and inactions on society;
- understand challenges to economic sustainability and the impact of actions and inactions on the economy; and
- understand the interconnection between the three pillars of sustainability.

3 REGULATION ON SUSTAINABILITY

Students will be able to understand the impact of regulation, guidance and other forces for change on sustainability.

In the assessment, students may be required to:

- a. identify the role of regulation, policy and guidelines in sustainability and the advantages and disadvantages of each approach;
- b. identify the role of international organisations in driving sustainability changes and key international sustainability agreements;
- c. identify the role of governmental organisations in driving sustainability changes and key sustainability regulation;
- d. identify the role of non-governmental organisations in driving sustainability changes and their impact;
- e. identify the role of businesses in driving sustainability changes and their responsibilities;
- f. understand the trend from less prescriptive sustainability guidance towards more codified regulation; and
- g. recognise areas where sustainability goals have been codified, eg, CSRD.

4 SUSTAINABILITY IN BUSINESS

Students will be able to understand corporate sustainability and key models of sustainability for business.

In the assessment, students may be required to:

- a. identify influences on sustainable strategy and operations for business;
- b. identify barriers to progress in corporate sustainability;
- c. understand how business activities lead to sustainability-related impacts, dependencies, risks and opportunities, and how these affect enterprise and social value;
- d. understand the characteristics of sustainable finance for business;
- e. understand the importance for business of life cycle assessment;
- f. understand measures of sustainability and identify how corporate sustainability is measured against environmental, social and governance (ESG) factors; and

- g. understand the meaning and consequences of communicating about sustainability, including the importance of transparency eg, avoiding greenwashing.

5 THE ROLE OF THE PROFESSIONAL ACCOUNTANT IN SUSTAINABILITY

Students will be able to identify key areas in which sustainability challenges affect the role and work of the professional accountant.

In the assessment, students may be required to:

- a. identify the role of corporate sustainability reporting and the key sustainability reporting requirements for business;
- b. recognise key sustainability regulations and policies applicable to the work of the professional accountant, including corporate reporting;
- c. recognise the role of the professional accountant in sustainability assurance;
- d. understand the role of accountancy bodies in driving sustainability; and
- e. understand the importance of a sustainable approach within a professional accountant's own workplace and practices.

6 THE CONCEPT OF ETHICS AND ITS SIGNIFICANCE FOR THE ACCOUNTANCY PROFESSION

Students will be able to understand the meaning of ethics and recognise its importance in society as well as its role underpinning the accountancy profession.

In the assessment, students may be required to:

- a. define personal, business and professional ethics and recognise the role of ethics in society;
- b. understand key ethical concepts including:
 - objectivism
 - relativism
 - teleological (consequential impact) ethics
 - deontological (rule-defined, non-consequential) ethics
 - utilitarianism;
- c. understand the inter-relationships between ethics and law, and ethics and sustainability;
- d. recognise the importance of stakeholder interests in ethical decision making;

- e. understand why it is important for organisations to promote and maintain an ethical culture and how this can be achieved;
- f. understand the role and importance of ethics within the accounting profession and in the concept of social responsibility; and
- g. understand the importance of the relevant ethical requirements to all professional activities undertaken by professional accountants, including sustainability engagements.

7 ETHICS AND PUBLIC TRUST

Students will be able to recognise the importance of public trust in the accountancy profession, understand the professional skills used by a professional accountant to uphold it and identify the relevant ethical codes.

In the assessment students may be required to:

- a. understand public interest and public trust and why they are important, and recognise how principles of professional behaviour protect the public and fellow professionals;
- b. define accountability, transparency and governance and understand why they are important;
- c. understand the role of ethics in relation to business and good governance;
- d. understand professional scepticism and professional judgement and why they are important;
- e. understand the need for recognising and reducing bias in solving problems, informing judgements, reaching informed conclusions and communicating with stakeholders;
- f. recognise the consequences of unethical behaviour for the individual, the organisation, the accounting profession and the public;
- g. understand ICAEW's regulatory role in the maintenance of public trust and recognise the measures ICAEW has in place to support this;
- h. recognise the differences between a rules-based code and a principles-based code; and
- i. recognise the role and application of relevant ethical codes and understand the relationship between:

- the International Ethics Standards Board for Accountants (IESBA) Code of Ethics
- the Financial Reporting Council (FRC) Ethical Standard and
- the ICAEW Code of Ethics.

8 THE FUNDAMENTAL ETHICAL PRINCIPLES

Students will be able to understand the five fundamental ethical principles for professional accountants.

In the assessment students may be required to:

- a. understand the structure of the ICAEW Code of Ethics;
- b. understand the fundamental principles underlying the ICAEW Code of Ethics:
 - integrity
 - objectivity
 - professional competence and due care
 - confidentiality
 - professional behaviour;
- c. identify the risks arising from a breach of confidentiality or accidental disclosure of information;
- d. identify situations when confidential information may be disclosed;
- e. recognise the responsibility of professional accountants to detect and to help prevent criminal activities eg, money laundering;
- f. recognise the importance of independence for the professional accountant; and
- g. identify situations when a conflict of interest may arise and recognise the ethical issues that this can create.

9 THREATS AND SAFEGUARDS

Students will be able to recognise threats to the fundamental principles and suggest safeguards that may be used to eliminate or reduce such threats.

In the assessment students may be required to:

- a. identify situations that may threaten compliance with the fundamental principles;
- b. identify how to apply the conceptual framework from ICAEW's Code of Ethics to identify and evaluate threats to compliance with the fundamental principles;
- c. recognise safeguards that may be used to eliminate a threat to a fundamental principle, or reduce it to an acceptable level;

- d. recognise the ways in which threats relevant to accountants working in business may differ from threats relevant to accountants working in practice;
- e. recognise situations when there may be pressure to breach ethical principles; and
- f. understand the concept of whistleblowing or speaking out and specify the potential impact on an individual.

10 DATA ETHICS AND THE IMPACT OF TECHNOLOGY

Students will be able to recognise the principles of data ethics, the importance for the professional accountant of challenging data and information, and the ethical issues arising from the development and use of technology.

In the assessment students may be required to:

- a. specify the principles of data ethics;
- b. understand why it is important for a professional accountant to challenge the selection, capture, analysis and use of data and information, including data bias;
- c. recognise the need for a professional accountant to maintain an enquiring mind when collecting and assessing data and information from a variety of sources and perspectives;
- d. understand the purpose of regulations protecting personal data and commercially sensitive information; and
- e. identify the ethical issues relating to the development and use of technology.

Tax Fundamentals

MODULE AIM

To enable students to understand the general objectives of taxation and to calculate income tax, national insurance contributions, capital gains tax, inheritance tax, corporation tax, VAT and stamp taxes in straightforward scenarios.

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

- explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK;
- recognise the ethical issues arising in the course of performing tax work;
- identify the obligations the UK system of taxation imposes on taxpayers and the implications of non-compliance;
- calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable;
- calculate the amount of capital gains tax and inheritance tax payable by individuals;
- calculate the amount of corporation tax payable by companies including tax on a company's chargeable gains;
- calculate the amount of VAT owed by or owed to businesses; and
- calculate the amount of stamp taxes payable by an individual or a company.

METHOD OF ASSESSMENT

The Tax Fundamentals exam is 2 hours long. 20 of the marks are allocated to two scenario-based questions (10 marks each). These will each cover a single syllabus area: income tax and NIC, and corporation tax. The remaining marks are from 40 multiple choice, multi-part multiple choice, multiple response or numeric entry questions. These questions will cover the other learning outcomes in accordance with the weightings set out in the specification grid.

The tax tables included in the ICAEW learning materials are provided to students on screen in the exam.

ETHICS AND PROFESSIONAL SCEPTICISM

The importance of ethics is fundamental to professional accountants working in the area of taxation. Learning outcomes relating to ethics, integrity and professional scepticism are included within the syllabus area 'Objectives, types of tax and ethics' as shown in the specification grid below. Students are required to identify the objectives of taxation; ethical principles, along with threats and safeguards, and issues such as professional scepticism, conflicts of interest, money laundering, tax avoidance and tax evasion.

SUSTAINABILITY

Knowledge of core sustainability concepts is a requirement for the professional accountant. Students will be expected to be aware of the over-arching principle of sustainability. An appreciation of how the ICAEW Chartered Accountant can contribute to identifying and helping manage sustainability risks and opportunities, and work within sustainability regulations, is fundamental to understanding sustainability as it permeates the ACA qualification. Students will be introduced to sustainability concerns as a driver for tax policy, particularly in relation to climate change, among wider sustainability issues which influence taxation.

SPECIFICATION GRID

This grid shows the relative weightings of subjects within this module and should guide the relative study time spent on each. In each assessment, the marks available will equate to the weightings below.

SYLLABUS AREA	WEIGHTING
1 Objectives, types of tax and ethics	10%
2 Administration of taxation	20%
3 Income tax and national insurance contributions	22%
4 Capital gains tax and inheritance tax	14%
5 Corporation tax and company gains	16%
6 VAT and stamp taxes	18%

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

1 OBJECTIVES, TYPES OF TAX AND ETHICS

Students will be able to explain the general objectives of taxation, the influences upon the UK system of taxation, the different types of tax in the UK, and will be able to recognise the ethical issues arising in the course of performing tax work.

In the assessment, students may be required to:

- identify the objectives of digitalisation of tax;
- identify the objectives of taxation in general terms of economic, social justice and environmental issues, the range of tax opportunities open to the government and the relative advantages of different types of tax in meeting the government's objectives;
- recognise the impact of relevant external influences on UK tax objectives and policies;
- classify entities as individuals, partnerships or companies for tax purposes and state how they are taxed;
- identify who is liable for the following taxes, how the taxes apply to income and transactions, identify the government bodies responsible for the taxes, and determine when an individual or entity comes within the scope of the taxes:
 - capital gains tax
 - corporation tax
 - income tax
 - inheritance tax
 - national insurance
 - stamp taxes
 - VAT;

- recognise the importance of the budget cycle, tax year and the following sources of UK tax law and practice:
 - legislation
 - case law
 - HMRC manuals, statements of practice, extra-statutory concessions and press releases;
- identify the five fundamental principles given in the IESBA Code of Ethics for Professional Accountants and ICAEW Code of Ethics, and the guidance in relation to a tax practice with regard to:
 - the threats and safeguards framework
 - professional scepticism
 - ethical conflict resolution; and
- identify the following:
 - conflicts of interest
 - money laundering
 - tax avoidance and tax evasion.

2 ADMINISTRATION OF TAXATION

Students will be able to identify the obligations the UK system of taxation imposes on taxpayers and the implications for taxpayers of non-compliance.

In the assessment, students may be required to:

- identify the records which companies and individuals must retain for tax purposes, the method of retention and state the periods for which the records must be retained;
- identify the key features of the PAYE and national insurance system and calculate PAYE tax codes for employees;

- c. identify the key features of the self-assessment system, including digital tax accounts, for both companies and individuals;
- d. identify the key features of reporting transactions subject to inheritance tax, VAT and stamp taxes;
- e. determine, in straightforward cases, due dates for:
 - companies', sole traders', partnerships' and individuals' tax returns, tax payments and payments on account
 - inheritance tax returns and payments
 - businesses' VAT returns and payments
 - employers' PAYE and national insurance returns and payments
 - stamp tax payments and returns;
- f. identify and calculate the interest and penalties due for:
 - late submissions of and/or incorrect returns
 - late and/or incorrect payments of tax; and
- g. identify the periods within which HMRC can enquire into a taxpayer's returns or other information and tax liabilities and recognise the taxpayer's right of appeal and the process for dealing with disputes.
- f. allocate the tax adjusted profits of a partnership to each partner and calculate the tax assessable profits for each partner for any given tax year;
- g. calculate the assessable trading profits for an unincorporated business which is commencing, continuing or ceasing to trade;
- h. calculate total taxable income and the income tax payable or repayable for individuals; and
- i. calculate the total national insurance contributions payable by employees, employers and self-employed individuals.

4 CAPITAL GAINS TAX AND INHERITANCE TAX

Students will be able to calculate the amount of capital gains tax and inheritance tax payable by individuals.

In the assessment, students may be required to:

- a. classify persons, assets and disposals as either chargeable or exempt for capital gains purposes;
- b. calculate the chargeable gains and losses on the disposal of assets;
- c. calculate total taxable gains for an individual;
- d. calculate the capital gains tax payable by individuals;
- e. identify the key principles of inheritance tax;
- f. calculate the inheritance tax payable during the lifetime of an individual;
- g. calculate the death tax due on lifetime transfers; and
- h. calculate the value of an individual's estate at death and the inheritance tax due.

3 INCOME TAX AND NATIONAL INSURANCE CONTRIBUTIONS

Students will be able to calculate the amount of income tax owed by or owed to individuals and the amount of national insurance payable.

In the assessment, students may be required to:

- a. recognise the main sources of taxable and non-taxable income;
- b. calculate the personal allowance available to an individual according to personal circumstances including the marriage allowance;
- c. calculate assessable employment income for an employee or director, including taxable and exempt benefits;
- d. recognise the badges of trade;
- e. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery of a sole trader or partnership using both the cash basis and the accrual basis of accounting;

5 CORPORATION TAX

Students will be able to calculate the amount of corporation tax payable by companies.

In the assessment, students may be required to:

- a. identify accounting periods for a company;
- b. recognise the interaction of having one or more associated companies with corporation tax payment dates;
- c. allocate given items of business expenditure as allowable or disallowable for tax purposes and calculate the adjusted trading profits after capital allowances on plant and machinery;
- d. calculate total taxable gains for a company; and

- e. calculate the taxable total profits and the corporation tax payable for a company resident in the UK which has a period of account of 12 months or less.

6 VAT AND STAMP TAXES

Students will be able to calculate the amount of VAT owed by or owed to businesses and the amount of stamp tax payable by an individual or a company.

In the assessment, students may be required to:

- a. classify supplies in given straightforward situations as exempt, zero-rated, standard-rated, subject to a reduced rate of 5%, or outside the scope of VAT;
- b. recognise the implications of supplies being classified as reduced-rated, standard-rated, zero-rated or exempt;
- c. identify when a business could or should register or deregister for VAT and state the time limits;
- d. determine the tax point for a supply of goods or services;
- e. state the principles of VAT payable or repayable on the supply of goods or services by a taxable person and calculate the monthly, quarterly or annual VAT payable or repayable by a business;
- f. state the alternative schemes for payment of VAT by businesses and calculate the VAT payable or repayable for a business using these;
- g. identify common situations in which a liability to Stamp Duty Land Tax, Stamp Duty Reserve Tax, and Stamp Duty arises; and
- h. calculate the amount of stamp taxes due in straightforward transactions.

Professional Level

Fundamental Case Study

MODULE AIM

The Fundamental Case Study aims to bring together technical knowledge gained by studying the Certificate Level material with professional skills and experience. It will test practical accounting skills, critical thinking and the application of theoretical knowledge through a real-world case study. In particular, skills being tested include: analysis and evaluation, clear and concise communication, planning and prioritisation leading to appropriate behaviours of adaptability, adding value and professional integrity and scepticism.

This written exam is an important progression from Certificate Level, which is mainly objective testing. It forms a necessary base of and is of central importance to achievement of Professional Level (the meaning of 'fundamental' in Fundamental Case Study).

There is no additional technical content above that covered in the Certificate Level exams of:

- Accounting Fundamentals
- Assurance and Risk Fundamentals
- Business Insight and Performance
- Sustainability and Ethics

The knowledge gained in the exams of Tax Fundamentals and Business Law is also applied in an accounting and business context.

Success at the Fundamental Case Study requires an integration of the technical knowledge and skills acquired from the Certificate Level ACA exams, namely:

- the core technical knowledge and skills and practical application acquired at the Certificate Level;
- application of ethics, professional judgements and professional scepticism; and
- critical thinking, leadership and communication skills acquired through professional work experience.

SKILLS ASSESSED

- **Assimilating and using information** – Understand a business or accounting situation, prioritise by determining key

drivers, issues and requirements and identify and use relevant information.

- **Structuring problems and solutions** – Structure information from various sources into suitable formats, with the support of relevant technology for analysis and evaluation and provide creative and pragmatic solutions in a business environment.
- **Applying judgement** – Apply professional scepticism, curiosity and critical thinking to identify problems, gaps, inconsistencies and interactions from a range of relevant information sources, whilst adapting to change and relating issues to a business environment.
- **Concluding, recommending and communicating** – Apply technical knowledge, skills and experience to support reasoning and conclusion and formulate opinions, advice, plans, solutions, options and reservations based on valid evidence and communicate clearly in a manner suitable for the recipient.

Technical knowledge: Knowledge and understanding of core areas of relevant Certificate Level syllabuses.

METHOD OF ASSESSMENT

The Fundamental Case Study is a work placed scenario focusing on the technical skills covered at Certificate Level with emphasis on showcasing these skills linked with work-placed professional development.

The Fundamental Case Study exam is 2.5 hours long. The assessment will consist of four tasks, each focussing on one of the syllabus areas. An awareness of ethics and professional scepticism will be relevant throughout the assessment.

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/examtexts](https://www.icaew.com/examtexts).

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 Accounting including accounting for tax	25-30%
2 Assurance and risk	25-30%
3 Business insight and performance	20-25%
4 Ethics, sustainability and the regulatory environment	15-20%

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

1 ACCOUNTING FUNDAMENTALS

To ensure that students have a sound understanding of the techniques of double entry accounting and can apply its principles in recording transactions, straightforward adjustments to financial records and preparing non-complex financial statements.

On completion of this module, students will be:

- able to:
 - apply the IFRS Conceptual Framework for Financial Reporting,
 - identify key ethical issues, and
 - understand the importance of sustainability in financial reporting;
- proficient in the use of double entry accounting techniques and the maintenance of accounting records;
- able to identify and correct omissions and straightforward errors in accounting records and financial statements; and
- able to prepare and present extracts from non-complex financial statements (excluding statement of cash flows) for sole traders, partnerships and limited companies.

2 ASSURANCE AND RISK FUNDAMENTALS

To ensure that students understand the assurance process and fundamental principles of ethics, and are able to contribute to the assessment of internal controls and gathering of evidence on assurance work.

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

- understand the concept of assurance, why assurance is required and the reasons for assurance work being carried out by appropriately qualified professionals with an attitude of professional scepticism and the exercise of professional judgement;
- understand the importance of internal controls, document an organisation's information flows and internal controls and identify deficiencies in internal control systems;
- select methods of obtaining sufficient and appropriate assurance evidence and recognise when conclusions can be drawn from evidence obtained or where issues need to be referred;
- understand the components of assurance risk involved in assurance work;
- understand the role of the ISSB and how assurance on sustainability reporting helps meet information needs; and
- understand the importance of regulation of the profession and ethical behaviour to a professional accountant and identify key ethical issues.

3 BUSINESS INSIGHT AND PERFORMANCE

To enable students to prepare essential financial information for the management of a business.

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

- calculate the costs of products and services and use them to determine sales and transfer prices;

- identify appropriate budgeting and forecasting approaches and methods, and prepare budgets;
 - calculate differences between actual performance and standards or budgets;
 - identify and calculate relevant data for use in management decision making;
 - specify the impact on a business of the external environment in which it operates;
 - specify key issues in relation to data and its collection, visualisation and analysis, and identify key features, benefits and risks of different technologies; and
 - identify and explain ethical issues.
- recognise the principles of data ethics, the importance for the professional accountant of challenging data and information, and the ethical issues arising from the development and use of technology; and
 - apply the key areas in which regulation affects the work of the professional accountant.

4 ETHICS, SUSTAINABILITY AND THE REGULATORY ENVIRONMENT

To provide students with an understanding of the fundamentals of sustainability and ethics and how they are relevant to the work of the professional accountant.

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

- define sustainability, understand key sustainability concepts and challenges, and recognise situations where these apply;
- understand the three pillars of sustainability (environmental, social and economic) and understand the main challenges to them;
- understand the impact of regulation, guidance and other forces for change on sustainability;
- understand corporate sustainability and key models of sustainability for business;
- identify key areas in which sustainability challenges affect the role and work of the professional accountant;
- understand the meaning of ethics and recognise its importance in society as well as its role underpinning the accountancy profession;
- recognise the importance of public trust in the accountancy profession, understand the professional skills used by a professional accountant to uphold it and identify the relevant ethical codes;
- understand the five fundamental ethical principles for professional accountants;
- recognise threats to the fundamental principles and suggest safeguards that may be used to eliminate or reduce such threats;

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision making.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.• Use spreadsheets to assimilate, structure and analyse data.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify and anticipate problems that may result from a decision.• 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 acceptable criteria for solutions.

APPLYING JUDGEMENT

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

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

Assurance, Risk and Reporting

METHOD OF ASSESSMENT

The Assurance, Risk and Reporting exam is 3 hours long and is split into two separate elements of the assessment:

- | | |
|------------------------|--------|
| A: Assurance and risk | 40-50% |
| B: Financial reporting | 50-60% |

The exam will consist of five written test questions, each covering the main syllabus areas. Students may use the permitted text(s) as detailed on the ICAEW website, [icaew.com/examtexts](https://www.icaew.com/examtexts).

PART A

- Planning and performing engagements.
- Acceptance, managing and reporting on engagements.

Legal and other professional regulations and ethics will feature in either or both of these questions.

PART B

- Preparation of single entity financial statements (excluding the statement of cash flows).
- Preparation of a single entity statement of cash flows, or extracts therefrom.
- Explain the application of IFRS® Standards to specified single entity scenarios.

Concepts and sustainability may feature in any of these questions.

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 is shown in the specification grid. 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.

SUSTAINABILITY

Students will need to understand how sustainability is an increasingly important aspect of financial reporting and therefore the increased demand for assurance over the accuracy and validity of that reporting. Students will be introduced to the IFRS® Sustainability Disclosure Standards and the role and responsibilities of the various organisations.

PART A - ASSURANCE AND RISK

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 Part A of this module, students will be able to:

- understand and advise on the regulatory, professional and ethical issues relevant to those carrying out assurance work;
- understand the processes involved in accepting and managing assurance engagements;
- plan assurance engagements in accordance with the terms of the engagements and appropriate international auditing and assurance standards; and
- conclude and report on assurance engagements in accordance with the terms of the engagements and international auditing and assurance pronouncements.

The regulations relating to auditing, assurance and financial reporting will have international application and are therefore based upon international auditing and assurance pronouncements (including standards and guidance for auditors issued by the Financial Reporting Council) and International Financial Reporting Standards (IFRS® Standards).

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, and accepting and managing engagements	25-30%
2 Planning and performing engagements	55-60%
3 Concluding and reporting on engagements	10-15%

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

1 LEGAL AND OTHER PROFESSIONAL REGULATIONS, ETHICS, AND ACCEPTING AND MANAGING ENGAGEMENTS

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.

In the assessment, students may be required to:

- identify and advise upon the legal, professional and ethical issues that may arise before accepting or during a specified assurance engagement;
- discuss the issues which underlie the agreement of the scope and terms of an assurance engagement (new or continuing);
- recognise the professional and ethical issues that may arise during an assurance engagement, explain the relevance and importance of these issues and know when to escalate and refer;
- discuss the purposes and consequences of UK laws and other regulatory requirements surrounding assurance work; and
- 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 statutory auditors (including the relationship between the law and auditing standards).

2 PLANNING AND PERFORMING ENGAGEMENTS

Students will be able to plan and perform assurance engagements in accordance with the

terms of the engagements and international auditing and assurance pronouncements. When considering risks these should include, but not be limited to, going concern, sustainability and climate change, technological advances, cyber security and GDPR.

In the assessment, students may be required to:

- explain, in context of a given scenario, why it is important to have an understanding of the business when planning an engagement;
- identify ways of gaining an understanding of a client's business;
- recognise the circumstances under which it may be necessary to bring in expertise (including expertise in technology) from other parties to support assurance processes;
- identify the risks arising from, or affecting, a given set of business processes and circumstances and assess their implications for the engagement;
- identify the risks arising from error, fraud and non-compliance with law and other regulations and assess their implications for the engagement;
- identify the components of risk for a specified assurance engagement;
- assess the impact of risk and materiality on the engagement plan of assurance procedures to be performed on historical information, including the nature, timing and extent of assurance procedures, for a given organisation;
- discuss the benefits and limitations of assurance;

- i. determine an approach appropriate for an engagement for a specified organisation;
- j. 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;
- k. outline the aspects of law and regulation which are relevant to statutory audit;
- l. specify and explain the steps necessary to plan, perform, conclude and report on the statutory audit of the financial statements of a non-specialised profit-oriented entity in accordance with the terms of the engagement and international auditing and assurance pronouncements;
- m. evaluate the impact of risk and materiality in preparing the audit plan, including the nature, timing and extent of audit procedures; and
- n. identify and explain how sustainability may affect an assurance engagement.

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 international auditing and assurance pronouncements.

In the assessment, students may be required to:

- a. evaluate quantitatively and qualitatively the results and conclusions obtained from assurance procedures;
- b. judge when to refer reporting matters for specialist help;
- c. explain the implications for a report on a statutory audit engagement which is consistent with the results of the audit work; and

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 Accounting and reporting concepts, sustainability and ethics	10-15%
2 Single entity financial statements	85-90%

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

- d. explain the elements (both explicit and implicit) of the auditor's report issued in accordance with the international auditing and assurance pronouncements.

PART B - REPORTING

Module aim

To enable students to prepare complete single entity 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 the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity scenarios.

On completion of Part B 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® Accounting Standards; and
- explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity scenarios.

Learning outcomes apply to non-specialised profit-oriented entities unless otherwise specified.

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:

- a. explain the objectives and inherent limitations of financial statements, giving appropriate examples;
- b. explain the qualitative characteristics of financial information and the constraints on such information, using appropriate examples to illustrate the explanation;
- c. discuss the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements;
- d. 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; and
- e. 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® Accounting Standards requirements, relevant laws and regulations and explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity scenarios.

In the assessment, students may be required to:

- a. calculate from financial and other data the amounts to be included in an entity's financial statements according to the international financial reporting framework;
- b. prepare and present single entity financial statements, including specified disclosures or extracts, of an entity in accordance with its accounting policies and appropriate IFRS® Accounting Standards;
- c. explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity scenarios; and
- d. describe the distributable profits of an entity.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to demonstrate:

- the regulatory, professional and ethical issues relevant to accepting, carrying out and managing assurance engagements;
- 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;
- explain the inherent limitations of financial statements;
- apply the IFRS Conceptual Framework for Financial Reporting to a given scenario;
- consider the impact of sustainability and climate-related risks and opportunities on the preparation of the financial statements;
- recognise key ethical issues for an accountant undertaking work in accounting and reporting;
- identify international financial reporting standards, relevant laws and regulation and any other requirements applicable to single entity financial statements; and
- recognise specific issues that may arise in the context of the situation described.

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Identify any information gaps.• Frame questions to clarify information.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify opportunities to add value.• Identify 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.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- plan assurance engagements in accordance with the terms of the engagement and appropriate standards taking account of:
 - managing audit and other assurance engagements;
 - reliance on controls;
 - extent of tests of control and of substantive procedures, including analytical procedures;
 - use of analytical procedures to identify the risk of misstatement;
 - number, timing, staffing and location of assurance visits;
 - apply the IFRS Conceptual Framework for Financial Reporting to identify the financial effects of transactions;
 - apply knowledge of IFRS® Standards through explanation and calculation;
 - prepare and present single entity financial statements (including disclosure), or extracts using proformas, in conformity with IFRS® Accounting Standards and IFRS® Sustainability Standards; and
 - identify ethical issues and use ethical codes to formulate solutions and provide advice.
-

APPLYING JUDGEMENT

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- identify 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;
- distinguish the quality of data or evidence to be tested in two potential ways: (1) 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 (2) students will need to appreciate the effect on the quality of evidence that bias caused by specific factors can have;
- identify the impact of specific factors on a set of financial statements eg, economic, political, sustainability-related and climate-related factors;
- 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 and the subsequent impact of it on the opinion given in a statutory auditor's report or 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;
- use judgement to assess the appropriate accounting treatment (including disclosure) for transactions described in the scenarios in respect of single entity financial statements; and
- identify ethical issues and use ethical codes to formulate solutions and provide advice.

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- 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;
 - 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 for single entity financial statements; and
 - prepare and present single entity financial statements (including disclosure), or extracts, in conformity with international financial reporting standards.
-

Business and Digital Strategy

MODULE AIM

To provide students with an understanding of how an organisation develops, implements and monitors strategy, including implications for ethics and sustainability.

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, organisational structure and technology developments;
- use data to evaluate the likely consequences of strategic choices and technology developments, and recommend business and digital strategies to meet the objectives of an organisation;
- 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; and
- explain and evaluate ethical issues and recommend appropriate actions, considering all stakeholders and the public interest.

METHOD OF ASSESSMENT

The Business and Digital Strategy exam is 2.5 hours long. The exam will consist of two scenario-based questions, covering a range of different industries and types of organisation.

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	20-30%
4 Ethics	5-10%

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

Each question will cover one or more syllabus areas.

ETHICS AND PROFESSIONAL SCEPTICISM

Ethics must underpin sound strategic and technological development for a business. Ethical issues and actions will be interwoven in scenario-based questions and may relate to syllabus areas of Strategic analysis, Strategic choice, Implementation and monitoring of strategy. Students are expected to develop their skills to ensure business trust and professional scepticism are paramount.

SUSTAINABILITY

Sustainability and its impact on all stakeholder groups are key considerations in designing and implementing strategy. The application of sustainability knowledge and understanding gained at Certificate Level is a key progression for the ICAEW Chartered Accountant at Professional Level. Students will be expected to understand more advanced sustainability-related concepts and their business implications; for example, the different stakeholder perspectives on sustainability and climate change, and how they relate to sustainability and the concept of Environmental, Social and Governance (ESG). This is an important foundation to considering relevant aspects of sustainability when analysing, choosing and implementing business and digital strategy, and risk management.

1 STRATEGIC ANALYSIS

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

In the assessment, students may be required to:

- a. evaluate an organisation's purpose, in terms of its stated mission, objectives and critical success factors, highlighting omissions, inconsistencies and weaknesses, and considering the different objectives of stakeholders;
- b. explain the functional areas within businesses (marketing, operations/production, procurement, HR, IT and finance) and analyse how the functions support business operations and help the achievement of organisational objectives;
- c. explain the relationship between an organisation's overall strategy and its functional strategies and the nature and purpose of strategic plans, business plans and operational plans, including how a strategic plan is converted into fully-integrated business and operational plans;
- d. analyse the sustainability issues and the environmental, social and governance (ESG) factors which influence the organisation's current strategy, highlighting their likely impact on the success of the organisation;
- e. analyse the external factors which may impact upon an organisation's performance and position, evaluating significant issues in areas such as:
 - natural capital and climate change
 - macroeconomic factors
 - international trade, financial systems and global economic issues
 - government policies
 - its industry and markets, including competition and market failure
 - cultural environment
 - stakeholder, ecosystem and participant impact
 - markets for finance, labour and other resources
 - supply chain factors
 - technology developments;
- f. explain how the needs of different stakeholders in a business (shareholders, employees, suppliers, customers, local community) impact upon it;
- g. 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, operational and technological capabilities (including core competences, existing business processes, human capital and workforce flexibility);
- h. analyse an organisation's marketing and competitive strategy, including pricing policy, drawing conclusions using the qualitative and quantitative data available and highlighting relevant issues in terms of their likely impact on the overall strategy of the organisation;
- i. explain the features, benefits and risks of different technologies and evaluate how they impact on an organisation's strategy;
- j. explain and evaluate the risks attached to an organisation's strategy, operations, information security and cyber security, using all relevant qualitative and quantitative data, and considering: attitudes to risk; crisis management; business resilience; business continuity planning; and disaster recovery;
- k. explain and evaluate risk management processes and procedures and show how they operate to mitigate different types of risk;
- l. 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;
- m. 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;
- n. 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

- o. 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 how an organisation can use data analytics software to collect, analyse and present data in a variety of formats to aid management decision making;
- c. 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;
- d. explain and demonstrate how an organisation compares and selects from competing marketing, operational and functional strategies in order to maximise the achievement of its key objectives;
- e. evaluate the sustainability and ESG implications of a strategy or combination of strategies;
- f. 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 the potential for developing technologies to increase or mitigate risks;
- g. explain and demonstrate how products and services can evolve in the face of developing technologies, consumer demand and industry competition;
- h. explain and demonstrate how to position particular products and services in relevant markets to maximise competitive advantage, including pricing policy, and develop a marketing strategy by selecting, capturing and analysing relevant data;

- i. 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;
- j. evaluate the value of information and limitations of data, having regard to data variability, data bias and risk; and
- k. assimilate, organise and structure 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, workforce flexibility, remote and hybrid working and shared service centres can support the organisation's achievement of its overall strategy;
- c. evaluate the nature and characteristics of an organisational structure appropriate to the strategy, taking into account a range of strategic, operational and functional factors;
- d. explain the differences between businesses carried out by sole traders, partnerships, companies, alliances and groups, and evaluate the advantages and disadvantages of each of these structures in achieving an organisation's overall strategy;
- e. explain and analyse the governance and management of an organisation and justify the steps needed to develop its governance and control processes to measure, monitor and manage business activities, meet the needs of its stakeholders, and achieve its strategic objectives;
- f. 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;

- g. explain and evaluate the form and content of an organisation's business plan;
- h. prepare a business plan, or extracts, which will achieve given or implied objectives;
- i. 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 measure, monitor and manage the performance of an organisation's projects and strategic units to achieve business objectives;
- j. explain and demonstrate how organisations can measure and manage the performance of independent and interdependent divisions, including: transfer pricing, motivation and dysfunctional behaviours by divisional management;
- k. explain and analyse how an organisation can measure, implement and monitor sustainability and ESG policies to achieve an organisation's objectives;
- l. explain and demonstrate how data can be selected, assimilated, structured and analysed using spreadsheets to provide management with information to monitor or modify strategic or operating decisions, having regard to data variability, data bias and risk, and applying an appropriate degree of professional scepticism;
- m. 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; and
- n. explain and justify the key issues which should be addressed by the management of an organisation during the planning and implementation of change.

4 ETHICS

Students will be able to explain and evaluate ethical issues and recommend appropriate actions, considering all stakeholders and the public interest.

In the assessment, students may be required to:

- a. 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;
- b. evaluate the ethical implications of an organisation's strategies and operations for the organisation and for individuals, including the accountant in business and others;
- c. evaluate the ethical implications of the application of technologies and the selection, capture, analysis and use of data;
- d. explain and evaluate the ethical, sustainability, ESG 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; and
- e. apply appropriate degrees of professional scepticism, professional judgement and challenge in evaluating the extent to which behaviours are ethical.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- understand key information from the scenario provided;
 - understand the context of the scenario in terms of type of business, industry and wider context;
 - recognise key ethical issues for an accountant undertaking work in accounting and reporting; and
 - recognise specific issues that may arise in the context of the situation described.
-

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Use spreadsheets to assimilate, structure and 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 non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify and evaluate creative and pragmatic solutions in a business environment.• Identify and explain opportunities to add value.• Identify and evaluate problems that may result from a decision.• Identify and evaluate a range of possible solutions based on analysis.• Identify and explain ethical dimensions of possible solutions.• Select appropriate courses of action using an ethical framework.• Identify and evaluate the solution which is the best fit with acceptance criteria and objectives.• Define objectives and acceptance criteria for solutions.

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

MODULE AIM

To enable students to recommend appropriate financial strategies for a business, including: investment, financing and distribution decisions; managing financial risks; and business valuation.

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

- understand and apply alternative strategies to finance a business, appropriate to its circumstances and requirements, including sustainable finance;
- evaluate and explain the financial risks and opportunities for a business and develop financial strategies to manage risks and exploit opportunities;
- apply appropriate investment appraisal techniques, taking into account risks in accordance with the wider financial strategy;
- evaluate and explain the short-term liquidity and treasury requirements of a business and provide appropriate advice;
- determine and explain the distribution policy for a business and provide appropriate recommendations consistent with the wider financial strategy; and
- determine and explain the valuation of shares and businesses, providing appropriate recommendations.

METHOD OF ASSESSMENT

The Corporate Financial Strategy exam is 2.5 hours long. The exam consists of three questions covering a range of different industries and types of organisation. Each question can cover one or more syllabus areas.

ETHICS AND PROFESSIONAL SCEPTICISM

In recommending appropriate financial strategies, underlying ethical thinking is a requirement. The implications of financial strategy for all stakeholders must be evaluated and any ethical dilemmas resolved. Ethical issues include those relating to sustainability and the public interest. Students will also be expected to apply professional scepticism and critical thinking when making all judgements.

SUSTAINABILITY

The application of sustainability knowledge and understanding gained at Certificate Level (in Business Insight and Performance), and built on in this module, is a key progression for the ICAEW Chartered Accountant at Professional Level. Students will be expected to understand more advanced sustainability-related concepts and their business implications; for example, the different stakeholder perspectives on sustainability and how they relate to sustainability versus the concept of Environmental, Social and Governance (ESG). This is an important foundation to integrating relevant aspects of sustainability into corporate financial strategy in areas such as risk management, finance and setting targets and measuring performance.

SPECIFICATION GRID

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

SYLLABUS AREA	WEIGHTING
1 Business finance – methods and strategies	30%
2 Treasury and financial risk management	35%
3 Investment decisions and valuation	30%
4 Ethics	5%

Sustainability and technology can relate to any of the above areas.

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

1 BUSINESS FINANCE – METHODS AND STRATEGIES

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

In the assessment, students may be required to:

- 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;
- 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, including those relating to sustainability issues;
- 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;
- explain the implications of terms included in loan agreements in a given scenario (eg, representations and warranties; covenants; guarantees);
- identify the significance and effects of developing technologies, including FinTech, on financial strategies;
- calculate and interpret the costs of different sources of finance (before and after tax) and the weighted average cost of capital;
- explain, with appropriate examples, the effect of capital gearing both on risk and reward and the weighted average cost of capital;

- 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;
- 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 strategies in a given scenario;
- forecast the capital requirements for a business taking into account current and planned financial strategies and assess the suitability of different financing methods (including green finance);
- construct a straightforward investment and financing plan for a given business scenario; and
- organise and structure data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

2 TREASURY AND FINANCIAL RISK MANAGEMENT

Students will be able to evaluate and explain the short-term liquidity and treasury requirements of a business and identify the main financial risks facing a business and the principal methods of managing those risks.

In the assessment, students may be required to:

- explain the role and responsibilities of the treasury function;

- b. identify and describe the key financial risks (including liquidity risk) facing a business in a given scenario;
 - c. identify and explain the role of treasury management in short-term finance and short-term investment;
 - d. assess the suitability of different financing methods for working capital;
 - e. explain how financial instruments (eg, derivatives, hedging instruments) can be used to manage price risks and describe the characteristics of those instruments;
 - f. explain and evaluate 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;
 - g. explain and evaluate 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;
 - h. explain and appraise 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;
 - i. explain the additional risks of international trading and outline the methods available for reducing those risks, including appropriate methods of financing exports, such as bills of exchange, letters of credit and export credit insurance;
 - j. explain the role of the finance function in providing financial information to:
 - support businesses in pursuit of their objectives, including business partnering
 - provide for accountability of management to shareholders and other stakeholders; and
 - k. support management in making financial decisions.
- b. appraise an investment from information supplied, taking account of relevant cash flows, inflation and tax;
 - c. calculate and explain the risks of an investment decision related to changes in input factors, using sensitivity analysis and scenario analysis;
 - d. explain and evaluate techniques for measuring risk, including: measures of central tendency (mean, mode, median); measures of spread (range, standard deviation, co-efficient of variation); and the normal distribution;
 - e. discuss how the interpretation of results from an investment appraisal can be influenced by an assessment of risk, including the impact of data analytics and sustainability issues on that risk assessment;
 - f. 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 and sustainability issues) which could not be included in the computational analysis;
 - g. identify in the business and financial environment factors that may affect international investment decisions;
 - h. calculate the optimal investment plan when capital is restricted;
 - i. 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;
 - j. describe and explain methods for reconstruction and calculate the value of minority and majority shareholdings in traditional and new technology businesses using income, asset-based and other approaches as relevant; and
 - k. organise and structure data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions.

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;

4 ETHICS

In the assessment, students may be required to:

- a. recognise and explain the relevance, importance and consequences of ethical, legal and professional conduct issues;

- b. 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 and sustainability dilemmas that may arise, including the public interest;
- c. design and evaluate appropriate ethical safeguards; and
- d. evaluate the ethical implications of an organisation's selection, capture, analysis and use of data (including data bias).

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- absorb and understand both structured and unstructured material including that provided in spreadsheets; and
- 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:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• 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 and sustainability 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, analyse it (using quantitative analysis including statistical tools) in a way that demonstrates relevant technical knowledge, and draw and support appropriate conclusions.

APPLYING JUDGEMENT

Apply professional scepticism and critical thinking:	Relate issues to the environment:
<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Identify related issues in scenarios.• Assess different stakeholder perspectives when evaluating options.• Retain an overview of the business issue or scenario.• Appraise sustainability issues.• Appraise the effects of alternative future scenarios.• Appraise ethical, public interest, regulatory and legal 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 judgements 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; and
 - make and justify judgements based on earlier calculations.
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CONCLUDING, RECOMMENDING AND COMMUNICATING

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

Corporate Reporting, Data and Assurance

MODULE AIM

To enable students to prepare consolidated financial statements, and extracts from single entity and group financial statements, covering a wide range of IFRS® Accounting Standards.

Students will also be required to explain the application of IFRS® Accounting Standards to specified single entity and group scenarios.

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

To enable students to use their data analytic skills to interrogate the data and identify areas of concern or items which warrant further investigation.

Students will be able to understand and advise on professional and ethical issues relevant to corporate reporting, data and assurance.

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

- identify the circumstances in which entities are required to present consolidated financial statements;
- prepare and present consolidated financial statements in conformity with IFRS® Accounting Standards;
- explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity and group scenarios;
- analyse and interpret financial and non-financial information to identify significant features, inconsistencies, limitations and draw conclusions;
- advise on the legal, professional and ethical issues relevant to those preparing financial statements and/or carrying out an assurance engagement;

- plan and perform assurance engagements in accordance with international auditing and assurance pronouncements; and
- conclude and report on assurance engagements in accordance with international auditing and assurance pronouncements.

Learning outcomes apply to non-specialised profit-oriented entities.

The regulations relating to auditing, assurance and financial reporting are based upon international auditing and assurance pronouncements (including standards and guidance for auditors issued by the Financial Reporting Council) and International Financial Reporting Standards (IFRS® Standards).

METHOD OF ASSESSMENT

The Corporate Reporting, Data and Assurance exam is 2.5 hours long. The exam will consist of four written test questions and can cover one or more syllabus areas. The exam will test each of the five syllabus areas in accordance with the weightings set out in the specification grid. Questions may integrate the corporate reporting and assurance syllabus areas. Students may use the permitted text(s) as detailed on the ICAEW website; [icaew.com/examtexts](https://www.icaew.com/examtexts).

ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking is fundamental to the conduct of a sound audit. A specific weighting given to professional scepticism and ethics is shown in the specification grid. 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.

SUSTAINABILITY

Students will need to understand how sustainability is an increasingly important aspect of financial reporting and therefore the increased demand for assurance over the accuracy and validity of that reporting. Students will be introduced to the IFRS® Sustainability Disclosure Standards and the role and responsibilities of the various organisations.

DATA ANALYTICS IN EXAMS

Chartered Accountants are increasingly using more advanced approaches to interrogate client data. Embedding these techniques within our exams ensures that we continue to reflect the current and future workplace and will also help

to develop students' judgement, professional scepticism and critical thinking skills. The use of data analytics in exams is split between the use of data analytics software and the use of spreadsheet functionality, as described below.

DATA ANALYTICS SOFTWARE

ICAEW has incorporated data analytics software within the Corporate Reporting, Data and Assurance module. Students will be provided with a dataset including thousands of transactions. They will be expected to use their data analytic skills to interrogate the data and identify areas of concern or items which warrant further investigation.

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 Single entity financial statements	15-25%
2 Consolidated financial statements	25-35%
3 Planning and performing assurance engagements	25-35%
4 Concluding and reporting on assurance engagements	15-20%
5 Professional scepticism and ethics	5-10%

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

1 SINGLE ENTITY FINANCIAL STATEMENTS

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

In the assessment, students may be required to:

- a. calculate from financial and other data the amounts to be included in an entity's financial statements in accordance with IFRS® Accounting Standards;
- b. prepare and present extracts from financial statements, including specified disclosures, of an entity in accordance with its accounting policies and appropriate IFRS® Accounting Standards;
- c. explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified single entity scenarios; and
- d. analyse and interpret financial and non-financial information to identify significant features, inconsistencies, limitations and draw conclusions.

2 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® Accounting Standards requirements, relevant laws and regulations and explain the application of IFRS® Accounting Standards to specified group scenarios.

In the assessment, students may be required to:

- a. explain and demonstrate the concepts and principles surrounding the consolidation of financial statements;
- b. identify and describe the circumstances in which an entity is required to prepare and present consolidated financial statements;
- c. identify from financial and other data any subsidiary, associate or joint venture of an entity in accordance with IFRS® Accounting Standards;
- d. 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) in accordance with IFRS® Accounting Standards;

- e. prepare and present the consolidated financial statements, or extracts, of an entity in accordance with its accounting policies and appropriate IFRS® Accounting Standards; and
- f. explain the application of IFRS® Accounting Standards and IFRS® Sustainability Standards to specified group scenarios.

3 PLANNING AND PERFORMING ASSURANCE ENGAGEMENTS

Students will be able to plan and perform assurance engagements in accordance with international auditing and assurance pronouncements. Students will be able to use their data analytic skills to interrogate data and identify areas of concern or items which warrant further investigation.

In the assessment, students may be required to:

- a. identify and discuss significant business risks and their potential implications for the engagement;
- b. apply materiality in the planning and performing of assurance engagements;
- c. identify and explain risks related to fraud and/or error, non-compliance with laws and regulations in an assurance engagement or dataset;
- d. calculate, analyse and interpret data from accounting records and data analytics software to identify trends and risks of misstatement;
- e. discuss the benefits and limitations of data and data analytics provided in an engagement;
- f. explain how quality management processes improve the quality of assurance work and how they can be monitored through procedures external to the organisation;
- g. determine an appropriate approach to quality management for an assurance engagement;
- h. identify and explain how sustainability may affect an assurance engagement;
- i. describe appropriate procedures to provide assurance on single entity financial statements, a group of companies and

- other assurance engagements, including sustainability reporting; and
- j. explain, in non-technical language, significant current issues (including sustainability-related risks and opportunities) being dealt with by the accountancy profession, government bodies, the national standard-setting body and the IAASB.

4 CONCLUDING AND REPORTING ON ENGAGEMENTS

Students will be able to conclude and report on assurance engagements in accordance with international auditing and assurance pronouncements.

In the assessment, students may be required to:

- a. evaluate results and conclusions from assurance procedures, including data analytics;
- b. apply materiality in concluding and reporting on assurance engagements;
- c. explain the implications for the report on a statutory audit (including the nature of the audit opinion) or other assurance engagement for a range of findings;

- d. describe procedures to identify and evaluate subsequent events that may require adjustment or disclosure;
- e. draft appropriate extracts for the auditor's report for statutory audits;
- f. describe the procedures for assessing the appropriateness of the going concern assumption, including legal and regulatory compliance; and
- g. draft extracts of reports to those charged with governance.

5 PROFESSIONAL SCEPTICISM AND ETHICS

Students will be able to understand and advise on professional and ethical issues relevant to corporate reporting, data and assurance.

In the assessment, students may be required to:

- a. identify and explain legal, professional and ethical issues that may arise when preparing financial statements and/or carrying out an assurance engagement; and
- b. determine appropriate safeguards and actions in response to identified legal, professional and ethical issues, including actions regarding the suspicions of money laundering.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- Consider the impact of sustainability and climate-related risks on the preparation of the financial statements and on assurance engagements.
- Recognise key ethical issues for an accountant or assurance provider in a given scenario.
- Apply IFRS® Accounting Standards, relevant laws and regulation and any other requirements in preparation of consolidated financial statements, or extracts and disclosures (both single entity and consolidated financial statements).
- Consider the interaction of financial reporting information and assurance work in a given scenario.
- Recognise how quality management within assurance mitigates risks.
- Identify relevant information in data analytics software and suggest appropriate actions.

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision making.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.• Use spreadsheets to assimilate, structure and analyse data.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify opportunities to add value.• Identify a range of possible solutions based on analysis.• Identify ethical dimensions of possible solutions.• Select appropriate courses of action using an ethical framework.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- Apply knowledge of IFRS® Accounting Standards through explanation and calculation.
- Explain the application of IFRS® Sustainability Standards to specified single entity and group scenarios.
- Prepare and present consolidated financial statements, or extracts and disclosures (both single entity and consolidated financial statements) in accordance with IFRS® Accounting Standards.
- Identify ethical issues and use ethical codes to formulate solutions and provide advice.
- Provide solutions to both financial reporting and assurance issues in an integrated scenario.
- Suggest appropriate steps to decide whether reliance on the work of internal audit, another auditor or other experts is appropriate.
- Suggest an appropriate approach to quality management for an assurance engagement.
- Determine the extent of tests of control and of substantive procedures, including analytical procedures.
- Use analytical procedures and data analytics software to identify risks of misstatement.

APPLYING JUDGEMENT

Apply professional scepticism and critical thinking:	Relate issues to the environment:
<ul style="list-style-type: none">• Recognise bias and varying quality in data and evidence.• Identify assumptions or faults in arguments.• Identify gaps in evidence.• Identify inconsistencies and contradictory information.• Assess interaction of information from different sources.• Exercise ethical judgement.	<ul style="list-style-type: none">• Appreciate when more expert help is required.• Identify related issues in scenarios.• Assess different stakeholder perspectives when evaluating options.• Retain an overview of the business issue or scenario.• Appraise the effects of alternative future 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.
- Consider potential ethical issues and use ethical codes to formulate solutions and suggest appropriate actions.
- Evaluate business risks, audit risks and other assurance risks, including the significance of those risks, from a given scenario.
- Consider the impact of risks on the financial statements and recommend audit procedures to mitigate the risk of a material error.
- Distinguish between the quality of data generated from within an organisation and that generated by a third party.
- Evaluate effect on the quality of data that bias caused by specific factors can have.
- Evaluate the impact of sustainability on financial statements and assurance work.
- 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 in the context of a set of financial statements or other financial information.
- Apply judgement as to whether to modify the opinion given in a statutory auditor's report or modify the conclusion in a non-audit assurance report.
- Display the ability to present a structured argument to a client eg, in situations where management is questioning the extent of audit work performed.
- Evaluate and advise on key ethical issues for an accountant or assurance provider undertaking work in accounting and reporting in a given scenario.

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- Explain, with supporting calculations and disclosure, the appropriate accounting treatment for transactions described in a scenario (both single entity and consolidated financial statements).
- Prepare and present consolidated financial statements, or extracts and disclosures (both single entity and consolidated financial statements) in accordance with IFRS® Accounting Standards.
- Conclude and report on assurance engagements, including determining whether to modify a report with or without a modified opinion/conclusion.
- Identify deficiencies in financial reporting systems, their potential consequences and recommendations for improvement.

Tax Compliance and Planning

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;
- explain potential tax treatments of transactions;
- resolve taxation issues that arise in the context of preparing tax computations; and
- advise on tax-efficient strategies for businesses and individuals.

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;
- calculate the amounts of national insurance payable by individuals, businesses and companies;
- advise on tax-efficient strategies for businesses and individuals in simple scenarios;
- explain and evaluate alternative tax treatments in simple scenarios; and
- give due consideration to the interaction between taxes.

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 and Planning exam is 3 hours long. The exam will consist of five questions, with each worth between 10 and 25 marks. Questions may include consideration of more than one tax as well as including tax planning. Ethics and law may be tested in any of the questions. Students may use the permitted text(s) as detailed on the ICAEW website: [icaew.com/examtexts](https://www.icaew.com/examtexts).

ETHICS AND PROFESSIONAL SCEPTICISM

Ethical behaviour in relation to tax 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. Students will be required to explain key ethical issues; make appropriate judgements being mindful of professional scepticism; and make recommendations in a sound and trustworthy manner.

SUSTAINABILITY

Students will be expected to understand sustainability-related concepts as they apply to more advanced areas of taxation; for example, an appreciation of choices available to taxpayers with sustainability objectives and the tax consequences of these. This is an important foundation to enable the ICAEW Chartered Accountant to integrate relevant aspects of sustainability into compliance with tax regulations. It also ensures students are able to incorporate sustainability into tax planning.

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

Approximately 20% of the exam will cover planning and/or interaction of taxes.

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

1 ETHICS, LAW AND ADMINISTRATION

Students will be able to recognise ethical, legal and regulatory issues arising in the course of tax work and identify the administrative obligations under the UK system of tax.

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
 - confidentiality and disclosure of information
 - conflicts of interest
 - professional scepticism;
- 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
 - anti-money laundering and counter-terrorist financing
 - tax planning, tax avoidance and tax evasion;
- c. identify legal and ethical issues arising from tax work undertaken, including disengagement procedures, explain the significance of these issues and suggest appropriate actions or responses;
- d. recognise and explain the relevance, importance and consequences of ethical, legal and regulatory issues;
- e. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- f. design and evaluate appropriate ethical safeguards;
- g. identify in relation to income tax, NIC, capital gains tax and corporation tax:
 - key features of the self-assessment system
 - reporting to HMRC
 - determining due dates for returns, payments and elections
 - calculating interest and penalties;
- h. identify in relation to indirect taxes and inheritance tax:
 - reporting to HMRC
 - determining due dates for returns, payments and elections
 - calculating interest and penalties; and
- i. identify the key features of the PAYE system in relation UK- and non-UK resident employees.

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 the VAT consequences of a transfer of a business as a going concern;
- e. explain and calculate the VAT consequences of the capital goods scheme;
- f. calculate the VAT due to or from HMRC for both wholly taxable and partially exempt traders;
- g. explain the VAT consequences of transactions involving goods and services to and from VAT registered and non-VAT registered persons;
- h. explain the classification of supplies and the distinction between goods and services;
- i. identify and explain the differing VAT treatment of single and multiple supplies;
- j. identify common situations in which a liability to Stamp Duty Land Tax, Stamp Duty Reserve Tax, and Stamp Duty arises;
- k. identify situations where there is an exemption from stamp taxes;
- l. calculate the amount of stamp taxes due in straightforward transactions;
- m. identify and explain the interaction of Stamp Duty Land Tax and VAT; and
- n. explain the consequences of being in a group for stamp tax purposes.

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:
 - letting relief
 - private residence relief
 - gift relief
 - incorporation relief
 - rollover relief
 - business asset disposal relief
 - 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. calculate the inheritance tax payable on lifetime transfers, using available reliefs and exemptions;
- g. calculate the value of an individual's estate at death and the inheritance tax due on death, using available reliefs and losses to reduce the liability, including the computation of double tax relief where appropriate;
- h. explain the impact of an individual's domicile and deemed domicile on their inheritance tax liability;
- i. explain when it is appropriate to use and the impact of a deed of variation;
- j. explain gifts with reservation of benefit and calculate the resulting inheritance tax; and
- k. describe the circumstances in which the following inheritance tax reliefs apply and calculate the amount of relief available in a given situation:
 - fall in value relief
 - business property relief
 - quick succession relief
 - taper relief.

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. calculate trading profits or losses after adjustments and allowable deductions (including capital allowances on plant and machinery and on structures and buildings);
- b. calculate the chargeable gains and losses on disposal of assets, including shares and securities;
- c. describe the circumstances in which rollover relief applies and calculate the effect of full or partial relief available in a given situation;
- d. 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 associated companies
 - being a member of a group;
- e. explain and illustrate how losses may be used effectively by a company or group;
- f. 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;
- g. calculate and advise on overseas issues including double taxation relief, and overseas branches and subsidiaries; and
- h. identify and evaluate the impact of close companies on the taxation of companies and individuals.

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 employees, employers and the self-employed, including when these amounts must be reported.

In the assessment, students may be required to:

Trading profits

- a. 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 accrual basis or cash basis of accounting;

Unincorporated businesses

- b. 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;
- c. calculate the assessable trading profits or losses for an unincorporated business which is commencing, continuing or ceasing to trade;
- d. explain and illustrate the possible uses of trading losses in a new or continuing business or a business ceasing to trade;

Taxation of income

- e. calculate assessable employment income for an employee or director, taking into account expenses, allowable deductions and assessable benefits;
- f. advise on the tax implications of remuneration packages including, termination payments;
- g. calculate taxable savings, income from property, dividend income, taxed income and investment income;
- h. 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;
- i. explain the alternative ways in which an individual can provide for retirement and calculate the tax relief available;
- j. explain the impact of an individual's residence, domicile and deemed domicile;
- k. 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;

National insurance contributions

- l. identify the different classes of national insurance contributions;
- m. calculate the national insurance due on employment income and the assessable trading profits of the self-employed; and
- n. calculate the total national insurance contributions payable by employees, employers and self-employed individuals.

6 TAX PLANNING AND INTERACTION OF TAXES

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, tax avoidance and tax planning.

In the assessment students may be required to:

- a. identify legitimate tax planning measures to achieve a taxpayer's stated objectives;
- b. explain the fundamentals of tax efficient strategies and tax planning in simple scenarios;
- c. evaluate the tax implications of alternative courses of action;
- d. identify legitimate tax planning measures to minimise tax liabilities and to mitigate penalties and interest;
- e. recognise the significance for tax purposes of changes in an individual's circumstances such as marriage and death;
- f. evaluate the tax implications of the choice of business structures, including provision of services through a company;
- g. explain the most appropriate method of extracting profits from a business;
- h. explain the tax implications of a company purchase of own shares;
- i. explain the tax implications of a business transformation/cessation (including liquidation); and
- j. identify and communicate ethical and professional issues in giving tax planning advice.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- explain the implications of proposed transactions in any of the following ways:
 - calculation of tax liabilities and reliefs available;
 - written description of tax treatments;
 - explanation of tax treatments in light of unstructured information relating to individuals, partnerships or companies;
 - description of the availability and values of tax reliefs within the context of numerical questions;
 - explanation of alternative tax treatments;
 - identify and evaluate inconsistencies and/or inaccuracies in information provided from multiple sources; and
 - explanation of ethical issues within given scenarios.

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Present analysis in accordance with instructions and criteria.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision-making.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify and anticipate problems that may result from a decision.• 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.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- calculate tax liabilities from a given scenario;
- provide descriptive analysis and explanations;
- demonstrate relevant technical knowledge;
- perform relevant, accurate calculations in a logically structured way;
- identify different business entities and their tax status (eg, company, sole trader, partnership), and understand the tax implications thereof;
- integrate verbal descriptions with calculations;
- use calculations to illustrate an answer;
- identify further information or clarify existing arrangements with a client;
- consider the impact of delaying or modifying future decisions; and
- provide relevant legal and ethical information in the context of a tax scenario.

APPLYING JUDGEMENT

Apply professional scepticism and critical thinking:	Relate issues to the environment:
<ul style="list-style-type: none">• Recognise bias and varying quality in data and evidence.• Identify assumptions or faults in arguments.• Identify gaps in evidence.• Identify inconsistencies and contradictory information.• Exercise ethical judgement.	<ul style="list-style-type: none">• Appreciate when more expert help is required.• Identify related issues in scenarios.• Assess different stakeholder perspectives when evaluating a tax strategy.• Appraise the effects of alternative future scenarios.• Appraise ethical, public interest and regulatory issues.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- critically evaluate the quality, completeness and integrity of information put forward by tax payers;
- select between appropriate options;
- identify omissions in the information;
- evaluate inconsistencies in information;
- evaluate the effects of future events; and
- 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;
 - anti-money laundering and counter-terrorist financing; and
 - tax planning, tax avoidance and tax evasion.

CONCLUDING, RECOMMENDING AND COMMUNICATING

Conclusions:	Recommendations:	Communication:
<ul style="list-style-type: none">• Apply technical knowledge to support reasoning and conclusions.• Use valid and different technical skills to formulate opinions, plans, solutions, options and reservations.	<ul style="list-style-type: none">• Present recommendations in accordance with instructions and defined criteria.• Formulate opinions, advice, recommendations, and reservations based on valid evidence.• Make evidence-based recommendations which can be justified by reference to supporting data and other information.	<ul style="list-style-type: none">• 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:

- identify legitimate tax planning measures to achieve a taxpayer's stated objectives;
 - explain the fundamentals of tax efficient strategies and tax planning in simple scenarios;
 - evaluate the tax implications of alternative courses of action;
 - identify legitimate tax planning measures to minimise tax liabilities;
 - determine the tax implications of scenarios and proposals to provide a recommendation to meet a given individual or corporate objective or goal;
 - formulate and recommend a reasoned conclusion from structured calculations;
 - justify a conclusion made using knowledge of the existing tax regime;
 - advise on the ethical considerations;
 - explain the limitations of conclusions or recommendations;
 - present an answer in a suitable format for the recipient in response to a specific technical or ethical issue and in accordance with client requirements;
 - present a justification of a specific recommended action when a variety of options are available;
 - identify further information required to complete tax computations and finalise tax advice; and
 - 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).
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Advanced Level

This section is a live working document as Next Generation Advanced Level is not live until 2027. This content is subject to change.

Technical Case Study

MODULE AIM

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

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

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

- formulate, and evaluate corporate reporting policies for single entities and groups of varying sizes and in a variety of industries. They will be able to discern and formulate the appropriate financial reporting treatment for complex transactions and complex scenarios. Students will be able to evaluate and apply technical knowledge from IFRS® Accounting Standards and apply professional skills to integrate knowledge where several IFRS® Accounting Standards are simultaneously applicable and interact;
- analyse, interpret, evaluate and compare financial statements of entities both over time and across a range of industries;
- explain the processes involved in planning an audit, evaluate internal controls, appraise risk including analysing quantitative and qualitative data, gather evidence including using spreadsheet data to draw conclusions in accordance with the terms of the engagement. In addition, they will be able to perform a range of assurance engagements and related tasks;
- evaluate corporate reporting policies, estimates and disclosures in a scenario in order to be able to assess whether they are in compliance with IFRS® Accounting

Standards and IFRS® Sustainability

Disclosure Standards and are appropriate in the context of audit objectives;

- understand the impact of businesses using developing technologies on financial reporting and audit procedures;
- identify and explain ethical issues. Where ethical dilemmas arise, students will be able to evaluate, recommend, justify and determine appropriate actions and ethical safeguards to mitigate threats, including those relating to sustainability, ESG and the public interest;
- evaluate and explain current and emerging issues in reporting, audit and assurance in relation to sustainability;
- effectively apply professional scepticism, management challenge, curiosity and critical thinking across corporate reporting and audit and assurance engagements;
- evaluate and explain assurance engagements relating to environmental and sustainability disclosures and the related reporting issues for stakeholders. Explain current and emerging issues from both sustainability best practice reporting and that required by standards, regulation and guidance;
- analyse, evaluate and explain the use of technology on corporate reporting and assurance engagements; and
- evaluate and interpret data for corporate reporting and assurance purposes. Appraise inconsistencies and omissions in reported information.

PRIOR KNOWLEDGE

This module assumes and develops the knowledge and skills acquired in the Professional Level modules: Assurance, Risk and Reporting; and Corporate Reporting, Data and Assurance.

Background knowledge and understanding based upon other Professional Level modules and Certificate Level modules will also be required. This includes evaluating the business, financial and sustainability risks of reporting entities.

CASE STUDY FORMAT

The Technical Case Study scenario may be based on any one of a variety of different industries, organisational structures or operations. The organisations in the scenario may vary in size and may have international operating and financial issues.

Students will be provided with Advance Information which will describe the organisation and its environment and introduce some potential accounting and business issues. The Advance Information will comprise material in a variety of formats including: extracts from financial statements, audit schedules, analysis of accounts and transaction details. It may also include narrative exhibits and data and visualisations (eg, graphs, pie-charts, heat maps) in respect of financial reporting and auditing issues and business and industry information.

This information will not give specific direction to all the eventual requirements of the Technical Case Study but it may indicate some core areas for further study. Students will be expected to familiarise themselves with the information provided about the organisation and the industry in which it operates, by undertaking detailed analysis of that Advance Information and some additional analysis and research where necessary. Students may take the results of their work into the case study.

The Advance Information for the Technical Case Study will be the same as for the Strategic Case Study.

REGULATION

The regulations relating to corporate reporting will have international application. The term IFRS® Accounting Standards includes both International Financial Reporting Standards and International Accounting Standards.

Knowledge and understanding of IFRS® Sustainability Disclosure Standards will also be required.

The regulations relating to auditing will be based upon ISAs (UK).

Other relevant laws and regulations, including the UK Corporate Governance Code and the Corporate Sustainability Reporting Directive (CSRD) may also be tested where appropriate.

METHOD OF ASSESSMENT

The Technical Case Study is 4 hours and will contain requirements that involve integration of knowledge and skills, including ethics, sustainability and technology.

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/examtexts](https://www.icaew.com/examtexts).

ETHICS AND PROFESSIONAL SCEPTICISM

A culture of ethical thinking is fundamental to the conduct of a sound audit.

Students will be able to identify, explain and evaluate ethical issues. Where ethical dilemmas arise, students should be able to exercise higher skills and professional competence to recommend, justify and determine appropriate actions and ethical safeguards to mitigate threats. This may require business judgement and critical evaluation.

The use of professional scepticism in a complex scenario is a necessary skill for the trusted business professional. The ethical implications of complex scenarios will be both at the organisational level and at the personal level for individuals. Professional scepticism and ethical judgement are paramount whether the accountant be in public practice or in business. Identifying earnings manipulation and creative accounting are areas that require higher ethical skills of judgement and evaluation. The ethical codes referenced will be those issued by IESBA and ICAEW.

SUSTAINABILITY

The application of sustainability knowledge and understanding gained at Certificate Level and Professional Level is a key progression for the ICAEW Chartered Accountant at Advanced Level. Students will be expected to understand more advanced and interrelated sustainability concepts and their reporting, assurance, governance and ethical implications. For example, the different stakeholder perspectives on sustainability and climate change, and how they relate to sustainability and the concept of Environmental, Social and Governance (ESG).

This is an important progression in measuring, reporting, providing assurance and controlling sustainability-related inputs and outcomes.

TECHNOLOGY AND DIGITAL SKILLS

Technology is important for almost all companies, impacting the processing of financial and non-financial data. For many companies, technology is core to their business operations. ICAEW Chartered Accountants in the role of auditors need to understand and evaluate risks and internal controls in information technology systems for capturing,

processing, communicating and storing transactions. Students will be expected to apply their knowledge of a wide range of current technologies in evaluating the control environment and designing and implementing audit procedures. They also need to understand the impact of using developing technologies on financial reporting policies and practices.

Students will be expected to demonstrate digital skills in analysing data and using their analysis to prepare financial statements, or elements thereof, and to identify errors and risks.

SPECIFICATION GRID

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

SYLLABUS AREA	WEIGHTING
Corporate Reporting	50-65%
Audit, Assurance and Non-Audit Services	35-50%

Integrated competencies cover the key areas of ethics, sustainability and technology. These integrated competencies along with the key areas of professional scepticism and digital skills will be assessed across both syllabus areas identified in the specification grid above. The weightings available for these integrated competencies and skills will be 10-25% from the two identified syllabus areas. All five areas of ethics, sustainability, technology, professional scepticism and digital skills have their own separately identified learning outcomes.

LEARNING OUTCOMES

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

CORPORATE REPORTING

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

In the assessment, students may be required to:

1 PRINCIPLES

- explain and appraise the impact of accounting principles and bases of measurement in corporate reporting; for example, fair value measurement;
- appraise corporate reporting regulations, and related legal requirements, with respect to presentation, disclosure, recognition and measurement;
- explain, appraise and apply IFRS® Accounting Standards that relate to the impact of changes in accounting policies and estimates;
- analyse and evaluate the criteria used to determine whether and how different types of investment are recognised and measured as business combinations;
- explain and evaluate the impact of underlying assumptions on financial statements; and

- f. identify and explain current and emerging issues in corporate reporting.

2 REPORTING PERFORMANCE AND FINANCIAL POSITION

- a. explain, with supporting calculations, how different methods of recognising and measuring assets and liabilities, including financial assets and financial liabilities, can affect reported financial performance and financial position;
 - b. explain and appraise IFRS® Accounting Standards, including the impact of choices and uncertainties (for example, exchange rate variations), for single entities and groups;
 - c. formulate and evaluate accounting and reporting policies for single entities and groups;
 - d. evaluate the impact of financing decisions (for example, hedge accounting and fair values) and employee remuneration choices (for example, compensation, retirement benefits and share based payments) on reported financial performance and financial position;
 - e. explain and appraise how the financial statements of foreign operations are translated;
 - f. calculate and disclose, from financial and other qualitative data, the amounts to be included in an entity's financial statements, including current tax and deferred tax, according to legal requirements, applicable IFRS® Accounting Standards and accounting and reporting policies; and
 - g. calculate and prepare, 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 operations (which include situations when acquisitions occur in stages and in partial disposals) in subsidiaries, associates and joint ventures.
- related risks and opportunities, disclosed in annual reports, including integrated reporting and other voluntary disclosures;
 - c. appraise the limitations of financial analysis;
 - d. analyse and evaluate the performance, position, liquidity, efficiency and solvency of an entity through the use of ratios and similar forms of analysis using quantitative and qualitative data;
 - e. appraise and evaluate cash flow measures in single entities and groups;
 - f. interpret the potentially complex economic environment in which an entity operates and its strategy, based upon financial and operational information contained within the annual report (for example, financial and business reviews; reports on operations by management, corporate governance disclosures, financial summaries and sustainability disclosures);
 - g. compare the performance and position of different entities allowing for inconsistencies in the recognition and measurement criteria in the financial statement information provided;
 - h. construct adjustments to reported earnings in order to determine underlying earnings and compare the performance of an entity over time;
 - i. analyse and evaluate business risks and assess their implications for corporate reporting;
 - j. analyse and evaluate financial risks (for example, financing, currency and interest rate risks);
 - k. and assess their implications for corporate reporting; and
 - l. analyse and interpret financial and non-financial data to identify audit risks, trends, errors, exceptions and inconsistencies, including the use of spreadsheet data and visualisations.

3 FINANCIAL STATEMENT ANALYSIS

- a. appraise the nature and validity of financial and non-financial information included in published financial statements, including how these correlate with an understanding of the entity;
- b. evaluate and appraise the nature and validity of information, including those relating to natural capital, sustainability and climate-

AUDIT AND ASSURANCE

Students will be able to explain and apply the processes involved in planning an audit, evaluating internal controls, appraising risk including analysing quantitative and qualitative data, gathering evidence and drawing conclusions in accordance with the terms of the engagement.

Audit procedures may include understanding, determining and evaluating financial reporting policies and practices related to any of the above corporate reporting learning outcomes.

In the assessment, students may be required to:

4 PROFESSIONAL PRACTICE

- a. explain the nature and purpose of quality management (both at the level of the firm and for the individual audit) and assess how it can contribute to risk management and governance; and
- b. evaluate and explain current and emerging issues in auditing including developments in the use of technology (eg, big data, data analytics, artificial intelligence and blockchain).

5 PLANNING

- a. appraise the entity and the potentially complex economic environment within which it operates as a means of identifying and evaluating the risk of material misstatement;
- b. identify and appraise the risks, including analysing qualitative and quantitative data using audit spreadsheet data, arising from, or affecting, a potentially complex set of business processes and circumstances and assess their implications for the engagement;
- c. identify significant business risks (including those arising from fraud, cyber-security and technological advances including cloud computing, cryptocurrencies and robotic process automations) and assess their potential impact upon the financial statements and the audit engagement;
- d. evaluate the impact of risk and materiality in preparing the audit plan; for example, the nature, timing and extent of audit procedures;
- e. determine analytical procedures, at the planning stage, using technical knowledge of corporate reporting, spreadsheet data and skills of financial statement analysis;
- f. evaluate the components of audit risk for a specified scenario using spreadsheet data when appropriate, including the interactions of inherent risk, control risk and detection risk, considering their complementary and compensatory nature;

- g. analyse and interpret an organisation's accounting records to identify specific transactions and assess audit risks;
- h. evaluate, where appropriate, the need for, and extent of reliance to be placed on, expertise from other parties to support audit processes, including when to challenge the extent and working practices of other parties; and
- i. develop and appraise, based upon planning procedures, an appropriate audit strategy and detailed audit plan or extracts.

6 INTERNAL CONTROL SYSTEMS

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

7 CORPORATE GOVERNANCE

- a. explain, appraise and evaluate the nature and consequences of corporate governance and accountability mechanisms in controlling the operating and financial activities of entities of differing sizes, structures and industries;

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

8 AUDIT EVIDENCE

- a. explain and evaluate the relationship between audit risk and audit evidence;
- b. determine, design and develop audit objectives for each financial statement assertion;
- c. justify and conclude for a particular scenario what comprises sufficient, appropriate audit evidence;
- d. design and determine audit procedures in a range of circumstances and scenarios; for example, identifying an appropriate mix of tests of controls, analytical procedures and tests of details;

- e. demonstrate and explain, in the application of audit procedures, how relevant ISAs affect audit risk and the evaluation of audit evidence;
- f. evaluate, applying professional judgement, whether the quantity and quality of evidence gathered from various audit procedures, including interpreting and extrapolating the results of sampling, using appropriate data analysis tools, analytical procedures, is sufficient to draw reasonable conclusions;
- g. produce appropriate audit documentation; and
- h. recognise and prioritise, using professional judgement, audit issues arising whilst gathering assurance evidence that should be referred to a senior colleague or other specialist.

9 REPORTING AND CONCLUDING

- a. appraise the appropriateness of the going concern basis of accounting, evaluate management's assessment of going concern and assess the appropriateness of going concern disclosures;
- b. appraise and assess the significance of events after the reporting period;
- c. evaluate, quantitatively and qualitatively the results and conclusions obtained from audit procedures;
- d. conclude and justify the nature of the report on an audit engagement, and formulate an opinion for a statutory audit, which are consistent with the results of the audit evidence gathered;
- e. compose suitable extracts for reports (for example, any report to the management or those charged with governance issued as part of the engagement); and
- f. appraise 'other information' in the annual report and report on material misstatements in this information and material inconsistencies with the financial statements including sustainability and climate change disclosures.

NON-AUDIT SERVICES

Students will be able to design, explain and implement specified non-audit services to the extent permitted by relevant ethical codes and authorised by those charged with governance.

In the assessment, students may be required to:

10 PERMITTED NON-AUDIT SERVICES

- a. design a range of different assurance engagements, including those relating to sustainability disclosures;
- b. evaluate the evidence necessary to report at the appropriate level of assurance;
- c. evaluate risk in relation to the nature of the assurance engagement and the entity or process for a given scenario;
- d. design and determine procedures necessary to attain the relevant assurance objectives in complex scenarios;
- e. explain the roles and responsibilities that auditors may have with respect to a variety of different types of information and design procedures sufficient to achieve agreed objectives;
- f. explain and apply due diligence procedures to achieve a range of differing objectives;
- g. explain and apply appropriate review procedures; and
- h. design and apply appropriate procedures for other permitted non-audit services.

INTEGRATED COMPETENCIES AND KEY SKILLS

11 ETHICS

- a. Identify, explain and evaluate professional and ethical issues that may arise when preparing financial statements and/or carrying out an assurance engagement;
- b. explain and appraise the relevance, importance and consequences of ethical issues;
- c. evaluate the impact of ethics on a reporting entity, relating to the actions of stakeholders;
- d. recommend and justify appropriate actions where ethical and professional conduct issues arise in a given scenario;
- e. design evaluate and justify appropriate safeguards to mitigate threats and provide resolutions to ethical problems;
- f. determine and justify appropriate actions in response to identified and suspected legal and regulatory breaches, including appropriate actions regarding the suspicions of money laundering;
- g. evaluate the ethical issues relating to the selection, capture, analysis, storage and

use of data, including issues relating to the causes and effects of different types of data bias; and

- h. explain and evaluate the ethical, business trust and professional competence factors to be considered in planning an audit engagement, giving appropriate consideration to the legitimate interests of all stakeholder groups and the public interest.

12 SUSTAINABILITY

- a. explain and evaluate the range of different assurance engagements relating to environmental and sustainability disclosures;
- b. explain and evaluate corporate reporting assurance issues in respect of social responsibility, sustainability and climate change issues for a range of stakeholders;
- c. appraise corporate reporting regulations, and related legal requirements, with respect to presentation, disclosure, recognition and measurement, including the impact of climate change and other sustainability-related opportunities and risks;
- d. explain the respective responsibilities of those charged with governance and auditors for corporate risk management and risk reporting relating to sustainability governance, risks and opportunities;
- e. evaluate and explain current and emerging issues in reporting and auditing in relation to sustainability regulation and best practice, including IFRS® Sustainability Disclosure Standards;
- f. evaluate and explain current and emerging issues in providing assurance on information relating to sustainability, including the principles-based ISSA 5000 (Exposure Draft) focus on outcomes; and
- g. set out and explain appropriate audit procedures relating to the impact of sustainability risks and opportunities in financial statements; and disclosures in annual reports.

13 TECHNOLOGY

- a. explain and evaluate audit risks and internal controls in information technology systems for processing and storing transactions;
- b. identify audit procedures for testing information technology-based controls

and data stored and generated by digital systems;

- c. understand the impact of businesses using developing technologies on financial reporting and audit processes, including digital disruption, automation, artificial intelligence, machine learning and robotic process automation;
- d. explain and evaluate the use of computer assisted audit techniques; and
- e. explain and evaluate audit procedures and auditor responsibilities in relation to cybersecurity.

14 DIGITAL SKILLS

- a. use data analysis tools to assist in the determination of analytical procedures and the evaluation of the results from audit procedures;
- b. analyse and evaluate the impact of business risk and financial risk using spreadsheets for corporate reporting;
- c. apply analysis and interpretation skills, with the use of spreadsheet data, in the assessment of an organisation's accounting records;
- d. appraise the significance of inconsistencies and omissions in reported information in evaluating performance, including using the use of spreadsheet functions and data;
- e. evaluate the performance of an entity using accounting information in spreadsheets using appropriate logical, financial and statistical functions, to interpret information, identify risks, errors and inconsistencies and present conclusions; and

- f. explain the role of data analytics in asset and liability measurement.

15 PROFESSIONAL SCEPTICISM

- a. evaluate accounting policies choices and estimates, identifying issues of earnings manipulation and creative accounting;
- b. exercise an appropriate level of management challenge and judgement relating to corporate reporting policies, estimates and disclosures and assess whether they are in compliance with IFRS® Accounting Standards;
- c. show professional scepticism and management challenge in assessing the risk of material misstatement, having regard to the reliability of management;
- d. apply professional scepticism to the process of gathering audit evidence and evaluating its reliability including the use of client-generated information, external market information and audit data held in spreadsheets;
- e. demonstrate and apply professional scepticism in relation to the capture, analysis, storage, communication and use of data, including identifying and explaining the causes and effects of different types of data bias; and
- f. apply professional scepticism, curiosity and critical thinking to identify trends, gaps and inconsistencies from a range of relevant information sources which may comprise audit evidence.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- have a detailed knowledge and understanding of relevant regulations in financial reporting, auditing and ethics, which will need to be related to practical business scenarios and applied to any data provided. The data provided will focus on technical compliance and understanding;
- identify and use the key financial figures from the Advance Information and exam, which may be provided in spreadsheets;
- respond to instructions from a line manager, a client request or from other senior personnel and apply judgement as appropriate;
- evaluate the quality and relevance of information provided in the context of a particular assignment;
- evaluate inconsistencies in information provided from multiple sources;
- use different sources and types of evidence, including statistical tools and spreadsheets, to confirm or question financial statement assertions applying professional scepticism; and
- evaluate the ethical implications of making information available including confidentiality and transparency.

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision making.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify opportunities to add value.• Identify and anticipate problems that may result from a decision.• Identify a range of possible solutions based on analysis.• Identify ethical dimensions of possible solutions.• Select appropriate courses of action using an ethical framework.• Identify the solution which is the best fit with acceptance criteria and objectives.• Define objectives and acceptable criteria for solutions.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- apply technical knowledge, analytical techniques and professional skills to resolve compliance and business issues that arise in the context of the preparation and evaluation of corporate reports and from providing audit services;
 - structure data and develop solutions, from financial statement analysis – including technical aspects of corporate reporting and aspects of audit (which may include assurance, internal audit);
 - evaluate ethical problems in reporting, assurance and business scenarios;
 - formulate, evaluate and implement accounting and reporting policies;
 - measure and recognise assets and obligations on reported financial performance;
 - assess the impact and interaction of applicable accounting principles, bases and standards;
 - evaluate the impact of remuneration policies on reported performance; and
 - evaluate reporting issues in relation to group scenarios and overseas activities.
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APPLYING JUDGEMENT

Apply professional scepticism and critical thinking:	Relate issues to the environment:
<ul style="list-style-type: none">• Recognise bias and varying quality in data and evidence.• Identify gaps in evidence.• Identify inconsistencies and contradictory information.• Assess interaction of information from different sources.• Exercise ethical judgement.	<ul style="list-style-type: none">• Appreciate when more expert help is required and always appropriately challenge and critically review the expert's work.• Identify related issues in scenarios.• Assess different stakeholder perspectives when evaluating options.• Appraise corporate responsibility and sustainability issues.• Appraise the effects of alternative future scenarios.• Appraise ethical, public interest and regulatory issues.

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

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

MODULE AIM

To enable students to demonstrate quantitative and qualitative skills, in order to make realistic recommendations in complex business and financing scenarios. Business awareness will need to be demonstrated at strategic, operating and transactional levels. Candidates will also be required to demonstrate the ability to analyse data, exercise professional and ethical judgement, and develop conclusions and recommendations.

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

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

- analyse and identify the external environment and internal strategic capability of an entity; evaluate the consequences of strategic choices; recommend strategies to achieve stakeholder objectives, recommend appropriate methods of implementing strategies and monitoring strategic performance; manage business risks; and advise on corporate governance;
- identify and advise upon appropriate finance requirements; evaluate financial risks facing a business and advise upon appropriate methods of managing and quantifying those risks; provide valuations for businesses and securities; and advise upon investment and distribution decisions;
- analyse financial and non-financial data, including the use of spreadsheets, to prepare management information to support business and financing decisions;
- interpret and apply corporate reporting information in evaluating business and financial performance; recognise and explain the corporate reporting consequences of business and financial

decisions; apply corporate reporting information in appropriate models to determine asset, equity and entity valuations, demonstrating an understanding of the usefulness and limitations of accounting information in this context;

- appraise and explain the role of assurance in raising new equity and debt funding and in the subsequent monitoring of such funding arrangements; understand, explain and evaluate the role of assurance in selecting and implementing key business decisions, including acquisitions, strategic alliances; sustainability issues and understand and explain the role of assurance in financial and business risk management;
- identify and explain ethical issues and apply professional scepticism. Where ethical dilemmas arise, students will be able to evaluate, recommend, justify and determine appropriate actions and ethical safeguards to mitigate threats, including those relating to sustainability, ESG and the public interest;
- identify, evaluate and explain the impact of sustainability issues and related risks for the business and its investment decisions. Assess and explain sustainability opportunities and challenges and the related impacts and dependencies for the organisation. Advise on sustainability linked measurement and disclosures from standards, regulation and guidance;
- analyse and evaluate the use of technology for an organisation. Explain and recommend the use of new technological solutions to improve business performance; and
- evaluate and interpret data. Identify risks and limitations associated with data analysis.

PRIOR KNOWLEDGE

This module assumes and develops the knowledge and skills acquired in the Professional Level modules, in particular 'Business and Digital Strategy' and 'Corporate Financial Strategy'.

Background knowledge based upon Professional Level will also include: Assurance, Risk and Reporting; and Corporate Reporting, Data and Assurance.

CASE STUDY FORMAT

The Strategic Case Study scenario may be based on any one of a variety of different industries, organisational structures or operations. The organisations in the scenario may vary in size and may have international operating and financial issues.

Students will be provided with Advance Information which will describe the organisation and its business environment and introduce some potential issues. The Advance Information will comprise material in a variety of formats including: narrative exhibits, data, financial statements, and visualisations (eg, graphs, pie-charts, heat maps).

This information will not give specific direction to all the eventual requirements of the Strategic Case Study but it may indicate some core areas for further study. Students will be expected to familiarise themselves with the information provided about the organisation and the industry in which it operates, by undertaking detailed analysis of that Advance Information and some additional analysis and research where necessary. Students may take the results of their work into the case study.

The Advance Information for the Strategic Case Study will be the same as that for the Technical Case Study.

METHOD OF ASSESSMENT

The Strategic Case Study exam is 4 hours. The exam will contain requirements requiring integration of wide-ranging knowledge and skills required of an ICAEW Chartered Accountant applied to solve problems in business and finance.

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/examtexts](https://www.icaew.com/examtexts).

ETHICS AND PROFESSIONAL SCEPTICISM

Ethical thinking must be at the forefront of the strategic business and financial awareness that students will be demonstrating.

Students will be considering issues of: public interest, stakeholder impact, business trust, professional competence, legal obligations and professional scepticism. Appropriate actions and safeguards will also be required.

Students are required both to identify and to evaluate ethical issues and dimensions in complex scenarios which may include analysis of data, critical evaluation and professional judgement. Recommendations will need to be realistic, reasoned and justified.

Professional scepticism will be an underlying requirement within the complex scenarios that the Strategic Case Study presents. It must be applied being mindful of provenance and self interest. Professional scepticism will need to be evidenced in complex scenarios, recognising bias and gaps in evidence.

Ethical issues may relate to issues of social, environmental and business sustainability.

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

SUSTAINABILITY

The application of sustainability knowledge and understanding gained at Certificate Level and Professional Level is a key progression for the ICAEW Chartered Accountant at Advanced Level. Students will be expected to understand more advanced and interrelated sustainability concepts and their business, finance, reporting, assurance, governance and ethical implications. For example, the different stakeholder perspectives on sustainability and climate change, and how they relate to sustainability and the concept of Environmental, Social and Governance (ESG). This is an important progression in using judgement to evaluate competing objectives relating to strategy, operations, finance, risk, measurement, assurance and governance of sustainability-related inputs and outcomes.

TECHNOLOGY AND DIGITAL SKILLS

Technology is central to business and financial strategy, impacting almost all companies and being core to technology-driven business models. ICAEW Chartered Accountants need to understand the opportunities that technology offers, but also the limitations and risks for a

given business model. At Advanced Level, students will be expected to understand and apply their knowledge of a wide range of current technologies in developing a digital strategy and showing how technology contributes to business and financial strategies and operations.

Understanding how technologies can be used to capture, analyse, communicate, store and use data is a key competence. Students will be expected to demonstrate digital skills in analysing data and using their analysis to evaluate the likely consequences of strategic choices, including consideration of data bias.

SPECIFICATION GRID

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

SYLLABUS AREA	WEIGHTING
Business and Digital Strategy and Business Management	30-40%
Financial Strategy	25-35%
Corporate Reporting	15-25%
Assurance	10-15%

Integrated competencies cover the key areas of ethics, sustainability and technology. These integrated competencies along with the key areas of professional scepticism and digital skills will be assessed across the syllabus areas identified in the specification grid above. The weightings available for these integrated competencies and skills will be 10-25% across the four identified syllabus areas. All five areas of ethics, sustainability, technology, professional scepticism and digital skills have their own separately identified learning outcomes.

LEARNING OUTCOMES

BUSINESS AND DIGITAL STRATEGY AND BUSINESS MANAGEMENT

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

In the assessment, students may be required to:

1 STRATEGIC ANALYSIS

- describe and explain the strategic objectives of an entity considering the interests of stakeholders;

- analyse and evaluate, for a given scenario, the external economic, market and industry environment which may impact upon, or be impacted by, a business's performance and operations, including climate change externalities and sustainable supply chains;
- identify and evaluate the significance of the internal organisational and operational capabilities in a given scenario which may influence an entity's ability to achieve its chosen strategic objectives, (including core competencies, technology, existing business processes, human capital and workforce flexibility);
- analyse and evaluate an entity's current position and performance, from both a financial perspective and a non-financial perspective, using a variety of internal and external information sources;
- demonstrate how strategic analysis tools can be used in a complex scenario;
- demonstrate how business strategy and financial strategy can interrelate in a complex scenario;

- g. evaluate and advise upon the strategic capability of an entity;
- h. evaluate strategy at corporate, business unit and operational levels;
- i. explain, demonstrate and evaluate how data from multiple sources can be selected, captured and analysed to provide management information, recognising the causes and effects of different types of data bias, data omissions, data limitations and data trends;
- j. explain and analyse an organisation's current position and performance using both financial and non-financial data, presented in different formats, applying appropriate statistical and data analysis tools, including spreadsheets;
- k. explain and evaluate the causes and effects of different types of data distributions and data trends using appropriate statistical and data analysis tools, including the implications for business risk; determining and explaining sensitivity in a range of scenarios; and
- l. demonstrate a holistic approach to developing business and operating strategies, including systems thinking.

2 STRATEGIC CHOICE

- a. assess, advise on and propose appropriate business strategies to meet stated objectives;
- b. identify and evaluate business unit strategies to achieve sustainable competitive advantage;
- c. explain and demonstrate how financial and non-financial data can be analysed in order to select an optimal business strategy, including the impact of big data on business models;
- d. explain and demonstrate how strategic business models can be used in a given scenario, to identify factors that a business can consider in choosing between competing strategies;
- e. explain international strategies; appraise international value chains and markets; including the concepts of globalisation and the borderless business; and show the impact on individual and group financial statements of changes in foreign exchange rates;
- f. evaluate digital strategies, including but not limited to, the use of cloud accounting,

software selection, digital assets, automation, artificial intelligence, machine learning and robotic process automation;

- g. explain and demonstrate how management information can be used to evaluate proposed strategies, taking account of limitations of data, including data bias; and
- h. structure, assimilate and evaluate historic and estimated data in appropriate ways, using appropriate statistical and data analysis tools, to support business decisions.

3 STRATEGIC IMPLEMENTATION

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

4 STRATEGIC PERFORMANCE MANAGEMENT

- a. advise on, and develop, appropriate performance management approaches for

businesses and business units, including the use of data analytics;

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

5 STRATEGIC MARKETING AND BRAND MANAGEMENT

- a. assess and evaluate strategic marketing issues and demonstrate the application of quantitative and qualitative marketing techniques in complex scenarios;
- b. evaluate and analyse markets and the marketing environment and develop a marketing strategy consistent with the overall business strategy;
- c. explain, using information provided, how to position particular products and services in the market place (domestic or international) to maximise competitive advantage, and assess the corporate reporting impact arising;
- d. demonstrate, across a range of industries, how elements of the marketing mix can be used to promote competitive advantage;
- e. develop and explain marketing strategies using databases, big data and information technology applications such as social media and other internet sources;
- f. develop and explain the strategies for managing and sustaining existing brands;
- g. prepare marketing strategies and show how they can be used to develop brands; and
- h. demonstrate how appraisal techniques can be used for valuing brands, patents,

R&D projects and intellectual property and evaluate relevant corporate reporting recognition and measurement for intangible assets.

6 BUSINESS RISK MANAGEMENT

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

7 CORPORATE GOVERNANCE

- a. assess the nature of governance and explain the characteristics and principles of good governance in a variety of scenarios;
- b. assess the interests and impact of organisational stakeholders in determining strategy and the consequences of strategic choices, including responsibilities to stakeholders;
- c. evaluate the impact of governance mechanisms on a range of stakeholders;

- d. assess and advise on appropriate corporate governance mechanisms, and evaluate stakeholder management;
- e. analyse and evaluate the strengths and weaknesses of corporate governance mechanisms and processes, including governance over data;
- f. evaluate the suitability of corporate governance and organisational structures for implementing strategy;
- g. explain the role of boards in monitoring corporate performance and risk, and assess the role of assurance procedures in this context; and
- h. explain the nature, and assess the consequences, of the legal framework within which businesses, assurance and governance systems operate (with particular reference to company law, fraud, money laundering, civil liabilities, social security law, employment law, contract law, tort and environmental law).

8 DATA ANALYSIS

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

performance, position and risk using relevant statistical tools, data analysis and spreadsheets, recognising the sensitivity of forecasts to underlying assumptions and changes in estimates; and

- f. assimilate, structure and analyse transactions and other granular data provided, using spreadsheets.

9 INFORMATION STRATEGY

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

attacks against data in the context of cyber security; and

- i. explain the impact of regulations relating to data security (eg, GDPR) including the issues incurred in complying with such regulation.

10 HUMAN RESOURCE MANAGEMENT

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

FINANCIAL STRATEGY

Students will be able to identify and advise upon appropriate finance requirements; evaluate financial risks facing a business and advise upon appropriate methods of managing and quantifying those risks; provide valuations for businesses and securities; and advise upon investment and distribution decisions. Students will also be able to apply corporate reporting and assurance principles and practices in the context of key financing decisions and events.

In the assessment, students may be required to:

11 FINANCE AWARENESS

- a. demonstrate and explain the financing alternatives available for projects and assets, and make informed choices as to which alternative is the most compatible with the overall financial strategy of the entity, showing the corporate reporting consequences relating to presentation, disclosure, recognition and measurement of projects and their financing;
- b. identify and evaluate current and emerging issues in finance and explain their impact on business operations and risk management;
- c. explain how significant global financial events, or the expectation of such events, may impact on approaches and attitudes to financial risk; and

- d. explain the role and impact of the finance function as a business partner.

12 BUSINESS AND SECURITIES VALUATION

- a. explain, advise on and demonstrate appropriate valuation methods for businesses and equity securities using: asset-based; adjusted earnings-based; and cash-based methods (for example, SVA, EVAR, VBM, MVA and other appropriate techniques);
- b. critically appraise business and securities valuation methods in the context of specified complex scenarios, including the consideration of natural capital and growing, loss-making businesses;
- c. explain and demonstrate appropriate valuation techniques in the context of acquisitions and mergers; assess the contribution of due diligence procedures; and show the impact on corporate reports arising from acquisitions for groups in consolidated financial statements;
- d. explain and demonstrate appropriate valuation techniques in the context of demergers and for disposal of entities and business units, and show the impact on corporate reporting issues relating to discontinued operations;
- e. determine the value of debt and explain the techniques used; and
- f. analyse, structure and assimilate historic and forecast data provided to evaluate the impact on valuations using data analysis, relevant statistical tools and spreadsheets, recognising the sensitivity of valuations to underlying assumptions and changes in estimates.

13 CAPITAL STRUCTURE

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

and measurement of financial assets and financial liabilities.

14 FINANCIAL RECONSTRUCTION

- a. show and explain how financial reconstruction takes place and explain the consequences of such reconstructions for corporate reporting;
- b. appraise and evaluate financial reconstruction proposals in a given scenario, and determine the nature and role of assurance procedures in this context;
- c. explain the different reasons for refinancing, and demonstrate how companies in financial distress can be managed, having regard to insolvency law;
- d. explain and appraise the workings of, and reasons for, securitisation, showing the impact on financial statement information;
- e. explain and appraise the nature and consequences of leveraged buy outs; and
- f. appraise and evaluate various forms of reconstruction (for example, spin-off, MBO, divestment, demergers, purchase of own shares, use of distributable profits), explaining the corporate reporting impact.

15 SMALL AND MEDIUM COMPANY FINANCING

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

16 FINANCIAL INSTRUMENTS

- a. assess and explain the different types of financial instruments, including equity securities, fixed interest securities and derivative securities;
- b. explain the role and characteristics of financial markets and the financial institutions operating in these markets;
- c. appraise and explain the roles and characteristics of different securities markets

and the financial institutions operating in these markets;

- d. appraise and evaluate the use of bonds/loans as a method of finance, and explain the implications of terms included in loan agreements in a given scenario (for example, covenants and guarantees) and explain the procedures by which monitoring and assurance can be provided in respect of such agreements;
- e. explain and appraise bond valuation techniques and assess flat and gross redemption yields;
- f. explain and appraise yield curves, duration, sensitivity to yield and components of the yield;
- g. appraise and evaluate the characteristics of forwards, futures, options, swaps, credit derivatives;
- h. evaluate and explain interest rate risk;
- i. appraise and evaluate credit risk and credit spread;
- j. set out and explain the corporate reporting treatment relating to the presentation, disclosure, recognition and measurement of financial instruments for complex transactions and complex scenarios; and
- k. describe and explain the nature and role of assurance procedures relating to financial instruments.

17 FINANCIAL RISK MANAGEMENT

- a. analyse and evaluate financial risks and their implications (for example, financing, currency and interest rate risks) and show the application of qualitative and quantitative risk disclosures for financial instruments and other corporate reporting disclosures relevant to risk assessment;
- b. appraise and advise on appropriate methods to assess, manage and quantify financial risk in specific business scenarios;
- c. explain and appraise financial instruments available for hedging against interest rate and foreign exchange rate risk, for example, swaps, collars and floors;
- d. demonstrate and explain the nature and operation of financial instruments underlying the disclosure, recognition and measurement requirements in financial statements; and

- e. demonstrate and explain how interest rate hedging strategies and foreign currency risk management strategies can be formulated, both at the level of the individual transaction and for macro hedging arrangements.

18 INTERNATIONAL FINANCIAL MANAGEMENT

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

19 INVESTMENT APPRAISAL

- a. select and advise on investment appraisal techniques which are appropriate to the objectives and circumstances of a given business;

- b. appraise and advise on appropriate measures of return and risk for assessing business projects using appropriate statistical tools, data analysis and spreadsheets;
- c. demonstrate and evaluate investment appraisal techniques for international projects, identifying the impact of tax and the effects on corporate reporting;
- d. explain and appraise real options and determine the impact of options to abandon, expand, delay and redeploy;
- e. appraise and evaluate the quantitative and qualitative issues surrounding international investment appraisal;
- f. evaluate the impact of externalities when making investment appraisal decisions; and
- g. evaluate the implications of taxation on investment and financing decisions.

20 TREASURY AND WORKING CAPITAL MANAGEMENT

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

INTEGRATED COMPETENCIES AND KEY SKILLS

21 ETHICS

- a. explain and evaluate the ethical, professional conduct 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;
- b. explain and evaluate the ethical, ESG and public interest implications and consequences of how an organisation chooses to implement and modify its strategies, suggesting appropriate courses of action to resolve ethical dilemmas that may arise;
- c. evaluate the ethical implications of an organisation's selection, capture, analysis and use of data, including consideration of data bias and the motivations for data bias;
- d. evaluate the impact of ethics on an entity, its stakeholders and the scope of its strategies and operations, considering the public interest;
- e. recommend and justify appropriate actions where ethical dilemmas arise in a given scenario;
- f. design and evaluate appropriate ethical safeguards; and
- g. evaluate and explain the ethical impact of sustainability policies, including climate change effects.

22 SUSTAINABILITY

- a. assess, advise on and propose appropriate business strategies to meet sustainability targets;
- b. evaluate the sustainability impacts and dependencies of a strategy or combination of strategies;
- c. develop measures to assess, monitor and evaluate performance in the context of sustainability, including the impacts and dependencies of: social responsibility, environmental factors, natural capital and climate change;
- d. demonstrate and explain how businesses capture, analyse and utilise information to monitor the success of sustainability goals;
- e. identify sustainability issues including, social responsibility and environmental factors for a range of financial stakeholders, including UN sustainable development goals, natural capital and green finance;
- f. identify and explain assurance and corporate reporting issues relating to all aspects of sustainability;
- g. assess and explain current and emerging issues regarding the role of finance in achieving sustainability goals;
- h. assess and explain the opportunities and challenges for small and medium-sized companies from implementing sustainability policies;
- i. explain the respective responsibilities and governance procedures for risk management and risk reporting relating to sustainability risks and opportunities;
- j. explain the role of boards in determining and evaluating an entity's policy for sustainability;
- k. explain and evaluate the range of different assurance engagements relating to environmental and sustainability disclosures;
- l. advise on the risks involved in business and organisational plans arising from sustainability impacts and dependencies, including climate change, and show how these risks can be managed;
- m. set out and explain assurance procedures for qualitative and quantitative disclosures relating to sustainability and developing sustainability assurance standards including, social responsibility, environmental matters and demonstrate how effective assurance can benefit stakeholders and the public interest;
- n. evaluate and explain current and emerging issues in providing assurance on information relating to sustainability, including the principles-based ISSA 5000 (Exposure Draft) focus on outcomes;
- o. advise on corporate reporting measurement and disclosures including the impact of IFRS S1 and S2; Task Force on Climate-related Financial Disclosures (TCFD), the UK Transition Plan Taskforce (TPT) Implementation Guidance for net zero and the Corporate Sustainability Reporting Directive (CSRD); and
- p. identify and measure social responsibility, sustainability and environmental consequences of investment decisions, explaining corporate reporting issues in relation to such policies.

23 TECHNOLOGY

- a. evaluate how strategies for technology and innovation can support the organisation's achievement of its overall strategy;
- b. analyse and evaluate current technology developments including those relating to big data, internet of things, digital assets,

automation, intelligent systems, the platform economy, distributed ledger technology eg, blockchain and cryptocurrencies;

- c. explain technology choices to support business strategy, including in the context of e-commerce, e-business, virtual arrangements, artificial intelligence, digital assets and cloud computing;
- d. recommend appropriate methods for an organisation to implement and monitor strategies, technology and innovation, and demonstrate how data can be used subsequently to measure and monitor strategic performance;
- e. explain and evaluate how an organisation can use data analytics software to collect, analyse and present data in a variety of formats to aid management decision making; and
- f. explain the impact of businesses using developing technologies, including digital disruption, automation, artificial intelligence, machine learning and robotic process automation.

24 DIGITAL SKILLS

- a. evaluate the 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;
- b. organise, structure and assimilate historic and estimated data in appropriate ways, using available statistical tools, data analysis and spreadsheets, to support business decisions;
- c. analyse non-financial data from internal and external sources, presented in different formats including visualisations;
- d. explain and evaluate different types of data distributions and data trends using appropriate statistical tools, data analysis and spreadsheets, including consideration of causes and effects;
- e. analyse the extent and implications of business risk and financial risk using spreadsheets to carry out sensitivity analysis and scenario analysis;
- f. explain and demonstrate the causes and effects of different types of data bias and evaluate data distributions in evaluating financial risks, using appropriate statistical data analysis and spreadsheets;
- g. 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;
- h. assimilate, structure and analyse transactions and other granular data provided, using spreadsheets; and
- i. explain and demonstrate how data can be selected, assimilated, structured and analysed using spreadsheets to provide management with information to monitor or modify strategic or operating decisions.

25 PROFESSIONAL SCEPTICISM

- a. apply professional scepticism by questioning information in written, digital and oral forms from internal and external sources;
- b. apply an appropriate degree of professional scepticism in identifying the causes and effects of different types of data bias and patterns, including data omissions, data variability, data limitations and data trends, having regard for the motivations and competences of those collecting and analysing the data;
- c. apply professional scepticism to data sources and data capture in interpreting quantitative and qualitative information;
- d. apply professional scepticism, curiosity and critical thinking to identify trends, weaknesses, inconsistencies from a range of relevant data sources;
- e. apply appropriate degrees of professional scepticism, professional judgement and management challenge in evaluating the extent to which behaviours are ethical and competent;
- f. apply professional scepticism, judgement and critical thinking to identify faults, gaps, inconsistencies and interactions from a range of relevant information sources and relate issues to your knowledge of a business and its environment;
- g. identify issues relating to the collection of data (data bias) and interpretation of data (correlation v causation; professional scepticism) for budgeting and forecasting; and
- h. show professional scepticism and management challenge in assessing the risk of data manipulation, having regard to the reliability of management.

SKILLS ASSESSED

ASSIMILATING AND USING INFORMATION

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- use the Advance Information, exam, knowledge of ethical codes and professional experience to define the specific issue;
- use the key financial figures from the Advance Information and exam, which may be provided in spreadsheets;
- recognise where a business is in its life cycle;
- draw conclusions in the following ways:
 - from data, facts, calculations, judgements and own analysis;
 - by identifying weaknesses in financial information systems and their potential consequences; and
 - by distinguishing between the qualities of data provided or other evidence generated.
- present and communicate their recommendations in the following ways:
 - from using a report/memorandum in response to a specific technical issue and in accordance with client requirements;
 - by using reasoned, practicable advice that is clear and concise, supported by calculations or analysis of technical/business issues identified; and
 - by justifying a specific recommended action when a variety of options are available.
- explain the limitations of their conclusions or recommendations; and
- demonstrate an awareness of ethical and business trust, environmental, social and business sustainability issues and situations.

STRUCTURING PROBLEMS AND SOLUTIONS

Structure data:	Develop solutions:
<ul style="list-style-type: none">• Structure information from various sources into suitable formats for analysis.• Identify any information gaps.• Frame questions to clarify information.• Use a range of data types and sources to inform analysis and decision making.• Structure and analyse financial and non-financial data to enhance understanding of business issues and their underlying causes.• Present analysis in accordance with instructions and criteria.	<ul style="list-style-type: none">• Identify and apply relevant technical knowledge and skills to analyse a specific problem.• Use structured information to identify evidence-based solutions.• Identify creative and pragmatic solutions in a business environment.• Identify opportunities to add value.• Identify and anticipate problems that may result from a decision.• Identify a range of possible solutions based on analysis.• Identify ethical dimensions of possible solutions.• Select appropriate courses of action using an ethical framework.• Identify the solution which is the best fit with acceptance criteria and objectives.• Define objectives and acceptable criteria for solutions.

HOW SKILLS ARE ASSESSED:

Students may be required to:

- Business management:
 - Undertake a critical assessment of key business issues.
 - Structure market data and industry data from various sources.
 - Explain and evaluate the strengths and weaknesses of an organisation or segments of an organisation.
 - Evaluate the impact of decisions on business strategy.
 - Evaluate the impact of financial strategy on business strategy.
- Finance:
 - Undertake valuations, where the information is incomplete, suspect or unsuitable.
 - Undertake financial risk analysis and consider the management of financial risks.
 - Evaluate the impact of business strategy on financial strategy.
 - Perform relevant analysis on numerical and other relevant data.
- Corporate reporting:
 - Consider relevance and reliability of unstructured information.
 - Comment on assumptions provided.
 - Evaluate the impact and legitimacy of a range of financial reporting treatments.
 - Deal with complex financial reporting information.
 - Consider the impact of future events on financial statements.
 - Consider the impact on financial statements of delaying or modifying business and financial decisions.
 - Evaluate business position, prospects and risks.

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

APPLYING JUDGEMENT

Apply professional scepticism and critical thinking:	Relate issues to the environment:
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Appreciate when more expert help is required and always appropriately challenge and critically review the expert's work. • Identify related issues in scenarios. • Assess different stakeholder perspectives when evaluating options. • 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:

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

CONCLUDING, RECOMMENDING AND COMMUNICATING

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

HOW SKILLS ARE ASSESSED:

Students may be required to:

- draw conclusions from data, facts, calculations, judgements and own analysis;
 - draw conclusions by identifying weaknesses in financial information systems and their potential consequences;
 - draw conclusions by distinguishing between the qualities of data provided or other evidence generated and form an opinion on the validity of information sources;
 - draw conclusions by developing risk management solutions and making strategic decisions;
 - draw conclusions by valuing a company or a financial instrument;
 - present a report/memorandum in response to a specific technical or business issue and in accordance with client requirements;
 - present reasoned, practicable advice that is realistic, clear and concise, supported by calculations or analysis of technical or business issues identified;
 - identify where any specific additional advice may be required;
 - justify a specific recommended action when a variety of options are available; and
 - resolve any identified ethical dilemmas or issues of business trust.
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Technical knowledge

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

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

The knowledge levels are defined as follows:

LEVEL D

An awareness of the scope of the standard.

LEVEL C

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

LEVEL B

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

LEVEL A

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

KEY TO OTHER SYMBOLS:

→ The knowledge level reached is assumed to be continued.

Assurance and Audit

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	ASSURANCE AND RISK FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
The International Auditing and Assurance Standards Board			D	D	C
The Authority Attaching to Standards Issued by the International Auditing and Assurance Standards Board			C	B	A
The Authority Attaching to Practice Statements Issued by the International Auditing and Assurance Standards Board					A
FRC Scope and Authority of Audit and Assurance Pronouncements (March 2023)	B	B	A	A	→
Discussion Papers					C
Working Procedures					C

International Standards on Quality Management (ISQMs) (UK)

1 Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (Updated March 2023)				C	B
2 Engagement Quality Reviews (Updated March 2023)				C	B

International Standards on Auditing (UK)

200 (Revised June 2016) (Updated May 2022) Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	B	B	A	A	→
210 (Revised June 2016) (Updated May 2022) Agreeing the Terms of Audit Engagements			B	B	B
220 (Revised July 2021) Quality Management for an Audit of Financial Statements				B	B
230 (Revised June 2016) (Updated May 2022) Audit Documentation	C	C	B	B	A
240 (Revised May 2021) (Updated May 2022) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements	C	C	B	B	A
250 Section A (Revised November 2019) (Updated May 2022) Consideration of Laws and Regulations in an Audit of Financial Statements			B	B	A
250 Section B (Revised November 2019) The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector					C
260 (Revised November 2019) (Updated May 2022) Communication with Those Charged with Governance				B	A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	ASSURANCE AND RISK FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
265 (Updated May 2022) Communicating Deficiencies in Internal Control to Those Charged with Governance and Management				B	A
300 (Revised June 2016) (Updated May 2022) Planning an Audit of Financial Statements	B	B	A	A	→
315 (Revised July 2020) Identifying and Assessing the Risks of Material Misstatement	B	B	A	A	→
320 (Revised June 2016) (Updated May 2022) Materiality in Planning and Performing an Audit	C	C	B	A	→
330 (Revised July 2017) (Updated May 2022) The Auditor's Responses to Assessed Risks	C	C	B	B	A
402 (Updated May 2022) Audit Considerations Relating to an Entity Using a Service Organization					C
450 (Revised June 2016) (Updated May 2022) Evaluation of Misstatements Identified During the Audit	C	C	B	A	→
500 (Updated May 2022) Audit Evidence	B	B	A	A	→
501 (Updated May 2022) Audit Evidence – Specific Considerations for Selected Items				B	A
505 (Updated October 2023) External Confirmations	B	B	B	B	A
510 (Revised June 2016) Initial Audit Engagements – Opening Balances	C	C	C	B	A
520 (Updated May 2022) Analytical Procedures	B	B	B	A	A
530 (Updated May 2022) Audit Sampling	B	B	B	B	A
540 (Revised December 2018) (Updated May 2022) Auditing Accounting Estimates and Related Disclosures	C	C	C	B	A
550 (Updated May 2022) Related Parties			B	B	A
560 Subsequent Events				B	A
570 (Revised September 2019) (Updated May 2022) Going Concern			B	A	A
580 (Updated May 2022) Written Representations	C	C	B	B	A
600 (Revised September 2022) Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)				C	A
610 (Revised June 2013) (Updated May 2022) Using the Work of Internal Auditors	C	C	B	B	A
620 (Revised November 2019) (Updated May 2022) Using the Work of an Auditor's Expert			B	B	A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	ASSURANCE AND RISK FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
700 (Revised November 2019) (Updated May 2022) Forming an Opinion and Reporting on Financial Statements	B	B	A	A	→
701 (Revised November 2019) (Updated May 2022) Communicating Key Audit Matters in the Independent Auditor's Report				B	A
705 (Revised June 2016) Modifications to the Opinion in the Independent Auditor's Report			B	A	→
706 (Revised June 2016) Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report				A	→
710 Comparative Information - Corresponding Figures and Comparative Financial Statements					B
720 (Revised November 2019) (Updated May 2022) The Auditor's Responsibility Relating to Other Information				B	A
800 (Revised) Special Considerations - Audits of Financial Statements prepared in Accordance with Special Purpose Frameworks					C
805 (Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement			C	B	A
International Standards on Assurance Engagements (ISAEs) (UK)					
3000 (July 2020) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information	C	C	C	C	B
International Standards on Auditing					
810 (Revised) Engagements to Report on Summary Financial Statements					B
International Auditing Practice Note (IAPN)					
1000 Special Considerations in Auditing Financial Instruments					B
International Standards on Review Engagements (ISREs)					
2400 (Revised) Engagements to Review Historical Financial Statements				C	B
International Standards on Review Engagements (UK)					
2410 (Revised May 2021) Review of Interim Financial Information Performed by the Independent Auditor of the Entity				C	B
International Standards on Assurance Engagements (ISAEs)					
3400 The Examination of Prospective Financial Information				C	A
3402 Assurance Reports on Controls at a Service Organisation				C	B
3410 Assurance Engagements on Greenhouse Gas Statements			C	C	C

	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
TOPIC	ASSURANCE AND RISK FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
International Standards on Related Services (ISRSs)					
4400 Agreed-upon Procedures Engagements (Revised)					B
4410 Compilation Engagements (Revised)					B
Other Guidance					
Bulletin (August 2021): Illustrative Auditor’s Reports on UK Private Sector Financial Statements			B	B	→
ISSA 5000 Global Requirements for Sustainability Assurance			B	B	

Business and Finance

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	BUSINESS INSIGHT AND PERFORMANCE	SUSTAINABILITY AND ETHICS	CORPORATE FINANCIAL STRATEGY	BUSINESS AND DIGITAL STRATEGY	
STRATEGIC ANALYSIS					
Industry and market analysis tools					
PESTEL analysis				A	→
Porter's five forces				A	→
Product life cycle				A	→
Boston consulting group matrix				A	→
Prices and markets				A	→
Competitor analysis				A	→
Positional and other analysis tools					
Resource audit				A	→
Resource-based strategy				A	→
Value chain analysis				A	→
SWOT analysis				A	→
Gap analysis				A	→
Marketing analysis				A	→
Competitive advantage				A	→
Benchmarking				A	→
Directional policy matrix					B
Business process analysis				B	A
Strategic risk analysis				A	→
Balanced scorecard				A	→
STRATEGIC CHOICE					
Strategy formulation, evaluation and choice				A	→
Business risk management				A	→
Financial analysis and data analysis				A	→
Stakeholder analysis				A	→
Objectives and stakeholders' preferences				A	→
STRATEGIC IMPLEMENTATION					
Business plans				A	→
Organisational structure				A	→
Information management				B	A
Change management				A	→
Project management					A
BUSINESS MANAGEMENT					
Performance management				C	A
Strategic marketing and brand management				B	A
Corporate governance			B	B	A
Information strategy				B	A
Human resource management				B	A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	BUSINESS INSIGHT AND PERFORMANCE	SUSTAINABILITY AND ETHICS	CORPORATE FINANCIAL STRATEGY	BUSINESS AND DIGITAL STRATEGY	

COST ANALYSIS FOR DECISION MAKING

Costing

Cost classification	B			B	→
Costing systems – direct, marginal, absorption	B			B	→
Activity based costing (ABC)	C			C	B
Break even analysis	B			B	A
Multi-product break even analysis					B
Budgeting and performance management	B			B	A

Pricing

Pricing decisions	B			A	→
Transfer pricing	B			A	→

Decision making techniques

Expected values			B	B	A
Relevant cash flows				B	A
Sensitivity analysis			B	B	A

BUSINESS AND SHAREHOLDER VALUE

Valuation Techniques

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

Shareholder value

Value based management (VBM)					B
Value drivers			B		A
Shareholder value analysis (SVA)			B		A
Short and long term growth rates and terminal values					A
Economic profit					A
Cash flow return on investment (CFROI)					A
Total shareholder return (TSR)					A
Market value added (MVA)					A

INVESTMENT APPRAISAL AND RISK ANALYSIS

Project appraisal

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

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	BUSINESS INSIGHT AND PERFORMANCE	SUSTAINABILITY AND ETHICS	CORPORATE FINANCIAL STRATEGY	BUSINESS AND DIGITAL STRATEGY	

Assessing risk

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

FINANCIAL ANALYSIS

Cost of capital

Cost of equity			B		A
Cost of debt			B		A
Cost of preference shares			B		A
Cost of bank loans			B		A
Weighted average cost of capital (WACC)			B		A
Effective interest rates			B		A
Splitting convertibles into equity and debt elements					A
Equity instruments			B		A

Portfolio theory and CAPM

Portfolio theory			B		A
CAPM			B		A
Asset pricing models			C		B
CAPM and cost of capital			B		A
International cost of capital					A

Bonds and fixed interest securities

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

Data analytics

Spreadsheet functions (per published list)			A	A	→
Sensitivity analysis			B	B	A
Scenario analysis			B	B	A
Data distributions			B	B	A
Data bias	B		A	A	→
Data visualisation	C		B	B	A

Quantitative methods

Standard deviation			C	C	B
Co-efficient of variation			C	C	B
Probabilities			B	B	A
Correlation	C		C	C	B
Z-score					B
Confidence intervals					B

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	BUSINESS INSIGHT AND PERFORMANCE	SUSTAINABILITY AND ETHICS	CORPORATE FINANCIAL STRATEGY	BUSINESS AND DIGITAL STRATEGY	

SOURCES OF FINANCE AND FINANCING ARRANGEMENTS

Short-, medium- and long term sources of finance			B		A
Green finance			B		A
Loan agreement conditions (warranties; covenants; guarantees)			B		A
Raising capital			B		A
Gearing and capital structure			B		A
Dividend policy			B		A
Financing reconstructions (eg, group reconstruction, spin off, purchase of own shares, use of distributable profits)			B		A
Treasury and working capital management	C		B		A
Small and medium company financing					B
History of finance					C

FINANCIAL ENGINEERING

Futures, options and swaps

Options			B		A
Interest rate futures			B		A
Interest rate options			B		A
Interest forward rate agreements (FRAs)			B		A
Interest rate swaps			B		A
Commodity derivatives					A
Hedging			B		A

Foreign exchange

Currency forward contracts			B		A
Currency money market cover			B		A
Currency options			B		A
Currency swaps			B		A
Managing currency risk			B		A
Determinants of foreign exchange rates			B		A

Option value

Valuing call and put options			C		B
Black Scholes option pricing model					B
Binomial Option Pricing Model					B
Real options			C		B

TOPIC	CERTIFICATE AND PROFESSIONAL LEVELS				ADVANCED LEVEL
	BUSINESS INSIGHT AND PERFORMANCE	SUSTAINABILITY AND ETHICS	CORPORATE FINANCIAL STRATEGY	BUSINESS AND DIGITAL STRATEGY	

SUSTAINABILITY IN BUSINESS AND FINANCE

Types of sustainability (environmental, social, economic)	C	C	B	A	→
ESG	C	C	B	A	→
Corporate responsibility, sustainability and climate change		C		B	A
Green finance		C	B		A
Measurement and metrics in sustainability	C	C		B	A
Reporting on sustainability (mandatory and non-mandatory)		C			A
Risk management and sustainability		C	B		A
Regulation of sustainability		C			B
Sustainability and ethics		C	B	B	A

Ethics Codes and Standards

Ethics Codes and Standards	Level	Modules
<p>IESBA International Code of Ethics for Professional Accountants (Revised September 2023) (parts 1, 2 and 3 and Glossary)</p> <p>ICAEW Code of Ethics (effective from 1 January 2020)</p>	Certificate Level	
	C/D	Accounting
	B	Assurance and Risk Fundamentals
	D	Business Law
	C	Business Insight and Performance
	A	Sustainability and Ethics
	C	Tax Fundamentals
	Professional Level	
	B	Fundamental Case Study
	A	Assurance, Risk and Reporting
	B	Business and Digital Strategy
	B/C	Corporate Financial Strategy
	A	Corporate Reporting, Data and Assurance
	B	Tax Compliance and Planning
	Advanced Level	
	A	Technical Case Study
	A	Strategic Business Management
<p>FRC Revised Ethical Standard (January 2024) and Glossary of Terms - Ethics and Auditing (Updated December 2024)</p>	Certificate Level	
	B	Assurance and Risk Fundamentals
	A	Sustainability and Ethics
	Professional Level	
	A	Assurance, Risk and Reporting
	A	Corporate Reporting, Data and Assurance
	Advanced Level	
	A	Technical Case Study
	A	Strategic Case Study

Financial Reporting - IFRS

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	ACCOUNTING FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
Preface to International Financial Reporting Standards			A	A	→
Conceptual Framework for Financial Reporting	B	B	A	A	→
IAS 1 Presentation of Financial Statements	A	A	A	A	→
IAS 2 Inventories	B	B	A	A	→
IAS 7 Statement of Cash Flows			B	A	→
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	B	B	B	A	→
IAS 10 Events after the Reporting Period				A	→
IAS 12 Income Taxes			C	B	A
IAS 16 Property, Plant and Equipment	B	B	A	A	→
IAS 19 Employee Benefits		-			A
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance				A	→
IAS 21 The Effects of Changes in Foreign Exchange Rates			B	B	A
IAS 23 Borrowing Costs				A	→
IAS 24 Related Party Disclosures			B	A	→
IAS 26 Accounting and Reporting by Retirement Benefit Plans					
IAS 27 Separate Financial Statements				B	A
IAS 28 Investments in Associates and Joint Ventures				B	A
IAS 29 Financial Reporting in Hyperinflationary Economics					
IAS 32 Financial Instruments: Presentation			B	B	A
IAS 33 Earnings Per Share				B	A
IAS 34 Interim Financial Reporting					A
IAS 36 Impairment of Assets			B	A	→
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	C	C	B	A	→
IAS 38 Intangible Assets	C	C	A	A	→
IAS 39 Financial Instruments: Recognition and Measurement (Hedging only) (Note 1)					A
IAS 40 Investment Property (Note 1)					A
IAS 41 Agriculture					
IFRS 1 First-time Adoption of IFRS					C
IFRS 2 Share-based Payment					A
IFRS 3 Business Combinations				B	A
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations		-	B	B	A

TOPIC	CERTIFICATE AND PROFESSIONAL LEVEL				ADVANCED LEVEL
	ACCOUNTING FUNDAMENTALS	FUNDAMENTAL CASE STUDY	ASSURANCE, RISK AND REPORTING	CORPORATE REPORTING, DATA AND ASSURANCE	
IFRS 6 Exploration for and Evaluation of Mineral Resources					
IFRS 7 Financial Instruments: Disclosures				C	A
IFRS 8 Operating Segments					A
IFRS 9 Financial Instruments			C	B	A
IFRS 10 Consolidated Financial Statements				B	A
IFRS 11 Joint Arrangements				B	A
IFRS 12 Disclosure of Interests in Other Entities					A
IFRS 13 Fair Value Measurement			C	C	A
IFRS 14 Regulatory Deferral Accounts					
IFRS 15 Revenue from Contracts with Customers	C	C	B	B	A
IFRS 16 Leases			B	B	A
IFRS 17 Insurance Contracts					C
IFRS 18 Presentation and Disclosure in Financial Statements	D	D	D	D	→
IFRS 19 Subsidiaries without public accountability: Disclosure					A
IFRS for SMEs					
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information			C	B	A
IFRS S2 Climate-related Disclosures			C	B	A

Taxation

TOPIC	TAX FUNDAMENTALS	TAX COMPLIANCE AND PLANNING
LEGAL AND ETHICAL FRAMEWORK		
Anti-money laundering and counter terrorist financing guidance	C	B
Devolution of taxes		C
General anti-abuse rule (GAAR)		C
HMRC	B	→
Objectives of taxation	C	→
Professional Conduct in Relation to Taxation (PCRT)		B
Tax planning, evasion and avoidance	C	B
ADMINISTRATION		
Administration	B	A
Appeals	C	→
Apprenticeship levy		B
Digital accounts and digital record keeping	B	→
PAYE/NIC	B	A
Payments	B	A
Penalties and interest	B	→
Self-assessment	B	A
CAPITAL GAINS TAX		
Chargeable gains		
Annual exempt amount	B	A
Chargeable assets	C	B
Chargeable disposals	C	B
Chargeable persons	C	B
Chattels: wasting and non-wasting	B	→
Connected persons	B	A
Converted trading losses		B
Costs of acquisition and disposal	C	B
Nil gain/nil loss transfers		A
Part disposals		B
Qualifying corporate bonds		B
Rate of tax	B	A
Relief for capital losses		A
Shares and securities (including bonus and rights issues)		B
Chargeable gains reliefs		
Business asset disposal relief		B
Gift relief		B
Incorporation relief		B
Investors' relief		B
Letting relief		A
Private residence relief		A
Roll-over relief		B

TOPIC	TAX FUNDAMENTALS	TAX COMPLIANCE AND PLANNING
Overseas aspects of capital gains tax		
Arising basis		B
Deemed domicile		B
Domicile		B
Double tax relief		A
Gains on foreign assets		B
Remittance basis		B
Residence		C
UK taxation of non-domiciled individuals		B
INCOME TAX		
Trading profits		
Accrual basis of accounting	B	A
Adjustments to profits	B	A
Badges of trade	B	A
Capital allowances	B	A
Cash basis of accounting	B	A
Pension contributions		A
Pre-trading expenditure		A
Unincorporated businesses		
Basis of assessment	B	A
Partnerships	B	A
Trading losses		A
Treatment of terminal losses		A
Employment income		
Allowable deductions against employment income		A
Close company implications		A
Deemed employment payments		A
Employment income	B	A
Statutory Mileage Rates Scheme		A
Taxable and exempt benefits	B	A
Termination payments		B
Other income/expenditure		
Dividends from UK companies	B	A
Investment income	B	A
ISAs	B	→
Miscellaneous income		A
Property income	C	B
Savings income	B	A
Overseas aspects of income tax		
Arising basis		B
Deemed domicile		B
Domicile		B
Double tax relief		A
Income on foreign assets and income from foreign employment		B
Remittance basis		B
Residence		B
UK taxation of non-domiciled individuals		B

TOPIC	TAX FUNDAMENTALS	TAX COMPLIANCE AND PLANNING
Income tax computation		
Exempt income	B	A
Gifts of assets and cash to charity	B	A
Income tax liability and income tax payable	B	A
Income tax charge on child benefit		B
Independent taxation and jointly owned assets		B
Limit on income tax reliefs		A
Marriage allowance	B	A
Pension contributions – provisions for retirement		B
Pension contributions – tax reliefs		B
Personal allowances	B	A
Qualifying interest payments		B
Rates of taxation	B	A
Taxable persons	C	A
INHERITANCE TAX		
Fundamental principles of inheritance tax		
Chargeable persons	B	A
Chargeable property	B	A
Excluded property	B	B
Inter-spouse transfers	B	A
Rates of taxation	B	A
Related property		B
Seven-year accumulation period	B	A
Transfers of value	B	A
Trusts		C
Valuation	B	A
Inheritance tax on lifetime transfers	B	A
Relevant property trusts	B	A
Potentially exempt transfers	B	A
Inheritance tax on death		
Death estate	B	A
Deeds of variation		B
Lifetime transfers	B	A
Overseas aspects of inheritance tax		
Deemed domicile		C
Domicile		C
Double tax relief		A
Lex-situs rules		A
Reliefs and exemptions from inheritance tax		
Annual exemption	B	A
Business property relief		B
Fall in value relief		A
Gifts to charities and political parties	B	A
Gifts with reservation of benefit		A
Inter-spouse transfers	B	A
Marriage/civil partnership exemption	B	A
Normal expenditure out of income	B	A
Quick succession relief		B

TOPIC	TAX FUNDAMENTALS	TAX COMPLIANCE AND PLANNING
Small gifts exemption	B	A
Taper relief	B	A
NATIONAL INSURANCE CONTRIBUTIONS		
Class 1		
- calculation	A	→
- directors		B
- earnings	C	B
- employment allowance	A	→
Class 1A		
- calculation	A	→
- earnings	C	B
Class 1B		B
Class 4		
- calculation	A	→
- earnings	C	B
Maximum contributions		C
CORPORATION TAX		
Chargeable gains		
Chargeable assets	C	B
Chargeable disposals	C	B
Chargeable persons	C	B
Chattels: wasting and non-wasting	B	→
Costs of acquisition and disposal	C	B
Indexation		A
Nil gain/nil loss transfers		A
Part disposals		B
Purchase of own shares		A
Qualifying corporate bonds		B
Relief for capital losses		A
Rollover relief		B
Shares and securities (including bonus and rights issues)		B
Substantial shareholding exemption		C
Trading profits		
Adjustments to profits	B	A
Badges of trade	B	A
Capital allowances - plant and machinery	B	A
Capital allowances - structures and buildings		A
Long periods of account	C	A
Pension contributions		B
Taxable total profits		
Chargeable gains	B	A
Intangible fixed assets		C
Loan relationships	B	B
Miscellaneous income	B	A
Property income (excluding lease premiums)		B
Qualifying donations	B	A
Research and development expenditure		A
Trading losses - post April 2017		B

TOPIC	TAX FUNDAMENTALS	TAX COMPLIANCE AND PLANNING
Trading profits	B	A
Use of deficit on non-trading loan relationships - post April 2017		B
Corporation tax computation		
Accounting periods	C	B
Close companies		B
Corporation tax liability	B	A
Distributions		B
Double tax relief (including underlying tax and withholding tax)		B
Liquidation		B
Provision of services through a company		B
Rates of taxation	B	A
Residence	C	B
Groups		
Associated companies	C	B
Capital gains groups		B
Degrouping charges		B
Group loss relief		B
Group relationships		A
Non-coterminous accounting periods		B
Overseas companies and branches		C
Pre-acquisition gains and losses		B
Roll-over relief		B
Transfer of assets		B
STAMP TAXES		
Basic principles	C	B
Chargeable occasions	C	B
Exemptions	C	B
Stamp taxes for groups		B
VAT		
Capitals goods scheme		B
Classification of supplies		B
Distinction between goods and services		C
Overseas aspects		A
Group aspects		A
Input VAT	A	→
Output VAT	A	→
Partial exemption		B
Payments	A	→
Penalties and interest	A	→
Property transactions		B
Registration and deregistration	A	→
Single and multiple supplies		B
Small business reliefs	A	→
Taxable person	A	→
Taxable supplies	A	→
Transfer of a business as a going concern		B
VAT records, accounts and digital reporting	A	→