

Please note references to 'business' and 'business organisations' are terms used throughout the outline content which are intended to be inclusive and encompass various types of establishments, such as private, public, voluntary, sole trader, partnership, limited company, start-up, franchises, international.

<b>Element 1: The Business Environment</b>	
1.1	<p><b><i>The fundamentals and principles of business and how they are applied</i></b></p> <ul style="list-style-type: none"> <li>• 1.1.1 The role of business in society: <ul style="list-style-type: none"> <li>○ provide goods and services to meet consumer needs and wants at a price they are willing to pay</li> <li>○ provide employment and associated training opportunities</li> <li>○ contribute towards the government's economic and social priorities</li> <li>○ pay taxes which can be used to pay for improvements to the infrastructure and contribute towards social welfare including education and health services</li> <li>○ enhance the economic security of the country in the face of overseas competition from imported foreign goods</li> </ul> </li> <li>• 1.1.2 The contribution of accounting business organisations to supporting the role of business in society including: <ul style="list-style-type: none"> <li>○ maintaining accurate financial records of the activities of individual business organisations</li> <li>○ auditing the financial statements of individual business organisations</li> <li>○ measuring the financial performance of individual business organisations</li> <li>○ advising individual business organisations on strategies to improve profitability</li> </ul> </li> <li>• 1.1.3 Fundamentals of business <ul style="list-style-type: none"> <li>○ the purpose of business activity: to supply goods and services to meet the demands of the consumer: to make a profit</li> <li>○ the factors of production: labour, capital, raw materials (land) and entrepreneurship</li> <li>○ the role and importance of the entrepreneurship to a business: identifying gaps in the market, innovating and creating of new products, creating a competitive edge for a business and promoting business growth</li> <li>○ identifying and addressing business risks</li> <li>○ the characteristics of a competitive market economy and the implications for business: many buyers and sellers, the profit motive, limited government intervention, private ownership of the factors of production, similar</li> </ul> </li> </ul>

	<p>products</p> <ul style="list-style-type: none"> <li>○ the interrelationship between manufacturing, wholesalers and retailers: production (manufacturing); bulk purchasing from the manufacturers (wholesalers); divided into smaller quantities for sale to the end consumer (retailers)</li> <li>○ the characteristics of and differences between the private and public sector organisations: aims, ownership and control, finance</li> </ul> <ul style="list-style-type: none"> <li>● 1.1.4 Principles of business <ul style="list-style-type: none"> <li>○ management and control – the function of management to control the factors of production and business processes within the available resources to contribute to the aims and objectives of the business</li> <li>○ financial prudence - including budget setting, monitoring and control; monitoring cash flow; efficient procurement practices</li> <li>○ market conduct - including pricing policies; marketing strategies; response to competitors</li> <li>○ customer's interest including price, quality, customer service, safe and reliable products</li> <li>○ skill, care and diligence including importance of trained and competent staff; professional codes of conduct</li> <li>○ relations with regulators including changing organisational practices and policies to meet the requirements of the regulators, providing constructive feedback to regulators on any proposed changes to the regulatory framework</li> </ul> </li> <li>● 1.1.5 Business aims and objectives: <ul style="list-style-type: none"> <li>○ private: profit, growth, diversification, competitiveness, efficiency, break-even, survival, market leadership</li> <li>○ public: service provision, cost control, value for money, service quality, meeting government standards</li> <li>○ not-for-profit: raise funds and accept donations in order to generate surpluses; invest in social, environmental or cultural initiatives</li> </ul> </li> <li>● 1.1.6 Business priorities: long-term strategic plans, medium-term operational plans, short-term business tactics</li> <li>● 1.1.7 Business contexts, drivers for change and their challenges: <ul style="list-style-type: none"> <li>○ organisational context: ownership and management accountability - the competing interests of owners and other stakeholders and the role of management in addressing these competing interests</li> <li>○ financial context: revenue, profit, shareholder value,</li> </ul> </li> </ul>
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	<p>investors, raising business finance - the challenge of retaining profit at the expense of distributing profits to shareholders; the factors to take into account when raising business finance, costs; returns on investment and the impact on revenue and cash flow; capital depreciation</p> <ul style="list-style-type: none"> <li>○ market context: meeting the needs of consumers, the influence of competitors - identifying consumer needs and trying to reconcile the relationship between price, quality and costs when responding to competitive market pressures</li> <li>○ human resource context: skills shortages, recruitment, remuneration, contracts, incentives, promotion, training, development, unions, industrial action workforce motivation and working practices, finance, competition, technology and globalisation</li> </ul> <ul style="list-style-type: none"> <li>● 1.1.8 Global business environment: features and challenges of globalisation and the role and influence of financial markets in the economy. <ul style="list-style-type: none"> <li>○ features of globalisation: the growing interdependence of the world's economies, cultures, and populations, and the spread of products, technology, information and jobs across national borders</li> <li>○ global economy markets: consumer (retail) business (B2B) and government (B2G) (local, national and international), opening access to borrowing, lending and investing world-wide</li> <li>○ challenges of globalisation: need for unified reporting standards to improve transparency of and reduce inconsistencies between different accounting regulations</li> </ul> </li> <li>● 1.1.9 Opportunity cost, its application and the relationship between opportunity costs, risks and profit</li> <li>● 1.1.10 Internal and external stakeholders, their differing and competing needs and influence on business success</li> <li>● 1.1.11 The need for confidentiality when dealing with stakeholders in specific contexts including contract negotiations with customers and suppliers; merger negotiations</li> </ul>
1.2	<p><b><i>Common business models and organisational structures</i></b></p> <ul style="list-style-type: none"> <li>● 1.2.1 Common business models, their features, advantages and disadvantages and liability implications: sole trader, partnerships and private / public limited companies; corporations as entities which can sue and be sued</li> <li>● 1.2.2 Franchises in accountancy and their features, advantages</li> </ul>

	<p>and disadvantages for franchisors and franchisees, the implications for consumers</p> <ul style="list-style-type: none"> <li>• 1.2.3 Organisational structures, their features, advantages and disadvantages: <ul style="list-style-type: none"> <li>○ functional, flat, hierarchical, divisional and matrix structures</li> </ul> </li> <li>• 1.2.4 The functions of key operational areas: financial accounting, management accounting and cost accounting</li> <li>• 1.2.5 Functions and roles in accounting: accounts receivable, accounts payable, payroll, budgeting and financial control, internal audit, reporting and financial statements</li> <li>• 1.2.6 Influence of legislative, regulatory and operational frameworks on organisational structures <ul style="list-style-type: none"> <li>○ financial: including the ability of sole traders, partnerships and limited companies to raise business finance given their legal status</li> <li>○ legal: including the legal basis of sole traders, partnerships and partnership agreements, limited liability partnerships and limited liability companies: legislation impacting on business including employment law, health and safety and data protection</li> <li>○ reputational: including ethical behaviour of partners in accountancy practices and the impact on consumer behaviour</li> <li>○ management: including the size of the accountancy practice and its relationship to organisational structure and management specialisation</li> <li>○ procurement and supply: including the size of the business and the potential economies to be obtained in the procurement process</li> <li>○ taxation related issues: including different taxation requirements for sole traders and partnerships and limited companies</li> <li>○ market, profit and growth-related implications: including business strategy and its implications on operational priorities in accountancy practices</li> </ul> </li> </ul>
1.3	<p><b><i>The responsibilities of corporate governance within an organisation</i></b></p> <ul style="list-style-type: none"> <li>• 1.3.1 The role of agency theory in relation to the separation of ownership and control</li> <li>• 1.3.2 The principles of corporate governance in relation to <ul style="list-style-type: none"> <li>○ leadership and company values</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ executive and non-executive director responsibilities</li> <li>○ composition and appointments and audit</li> <li>○ risk and internal control</li> <li>● 1.3.3 The role of the auditor; types of audit opinion arising from a financial audit; the implications for governance</li> <li>● 1.3.4 The response of the Board of Directors to internal audit reports and recommendations</li> <li>● 1.3.5 The relationship between corporate governance decisions and operational management responsibilities and practices</li> <li>● 1.3.6 The role of the Board of Directors including the looking after the interests of shareholders, determining business strategy, performance monitoring, compliance</li> <li>● 1.3.7 The concept of incorporation and the rights of direct and indirect shareholders</li> <li>● 1.3.8 The purpose of regulatory operational frameworks: <ul style="list-style-type: none"> <li>○ accounting and reporting standards - International Accounting Standards (IAS) &amp; International Financial Reporting Standards (IFRS) &amp; (FRS)</li> </ul> </li> <li>● 1.3.9 Financial Reporting Standards: unlimited vs limited liability, taxation, Financial Conduct Authority (FCA), Financial Reporting Council (FRC)</li> <li>● 1.3.10 Operational Framework: the elements of the conceptual framework</li> </ul>
1.4	<p><b><i>The principles of taxation and how they are applied.</i></b></p> <ul style="list-style-type: none"> <li>● 1.4.1 The principles of taxation and their impact on businesses: <ul style="list-style-type: none"> <li>○ raising revenue, influencing expenditure patterns, the redistribution of income and as a tool of fiscal policy,</li> </ul> </li> <li>● 1.4.2 UK tax legislation for VAT, corporation tax and payroll including National Insurance (NI) and Income Tax</li> <li>● 1.4.3 Tax laws regarding pensions <ul style="list-style-type: none"> <li>○ the difference between private and occupational pension schemes</li> <li>○ contributory and non-contributory pension schemes</li> <li>○ tax liabilities on lump sum pensions pay outs and draw downs</li> <li>○ tax liabilities on regular pension payments taking into account the personal allowances</li> </ul> </li> <li>● 1.4.4 Types of UK taxation: direct tax: income tax, corporation tax; indirect tax: VAT, excise &amp; customs <ul style="list-style-type: none"> <li>○ the features of direct and indirect taxation and their advantages and disadvantages</li> </ul> </li> <li>● 1.4.5 The features of the main personal and business-related taxes:</li> </ul>

	<ul style="list-style-type: none"> <li>○ income tax: how it is collected (PAYE) personal allowances, tax bands</li> <li>○ corporation tax: how it is collected; businesses liable to corporation tax; impact on retained and distributed profits</li> <li>○ value added tax (VAT): how it is collected; tax on purchase, exempt and zero-rated goods</li> <li>○ national insurance: tax on employment; employer and employee contributions</li> <li>○ capital gains tax: a tax on the profit made from the sale of assets such as share investments</li> <li>○ devolved taxes: devolved tax raising powers to the Scottish, Welsh and Northern Irish parliaments including income tax bands, stamp duty on property sales and air passenger duty, regional and local taxes</li> <li>○ progressive tax: investments income tax, tax on earned interest from savings and bonds</li> <li>○ regressive tax: property tax</li> <li>● 1.4.6 VAT tax rates in the UK: zero rated, domestic or reduced rate, standard rate and exempt</li> <li>● 1.4.7 Impacts of taxation upon the redistribution of income, and its use to influence aggregate demand in the economy</li> <li>● 1.4.8 Calculations of tax applied to accountancy: <ul style="list-style-type: none"> <li>○ input and output tax</li> <li>○ inclusive of VAT, exclusive of VAT</li> </ul> </li> <li>● 1.4.9 Calculations of income tax using given tax rates and tax bands</li> <li>● 1.4.10 Calculations of the impact of changes in corporation tax on distributed profits and profit for the year; tax allowances for business</li> <li>● 1.4.11 The influence of the Budget and fiscal policies relating to taxation and government spending <ul style="list-style-type: none"> <li>○ the tax legislative cycle and how new tax is formed: the Budget (Finance Act)</li> </ul> </li> <li>● 1.4.12 Preparing and filing a tax return, reporting errors in the tax return to HMRC</li> </ul>
1.5	<p><b><i>The role of the government in controlling and directing the economy.</i></b></p> <ul style="list-style-type: none"> <li>● 1.5.1 Government economic policies including control of inflation, economic growth, employment and the promotion of international trade</li> <li>● 1.5.2 Government policy tools which impact upon businesses and the economy: fiscal and monetary policies</li> <li>● 1.5.3 The role of government in market failures: the banking</li> </ul>

	<p>crisis, monopoly power</p> <ul style="list-style-type: none"> <li>• 1.5.4 Public sector organisational structure and culture: <ul style="list-style-type: none"> <li>○ the role of the public sector in delivering services</li> <li>○ public accountability, public administration and public management services</li> <li>○ funding and financial management aspects of the public sector including Central and Local Government, the NHS and other relevant bodies</li> </ul> </li> </ul>
1.6	<p><b><i>Solutions-based approaches to decision-making in accounting</i></b></p> <ul style="list-style-type: none"> <li>• 1.6.1 The features of a solutions-based approach to business decision-making: searching for solutions rather than problems, future-focused, goal-directed, need for change</li> <li>• 1.6.2 The stages in the decision-making process: <ul style="list-style-type: none"> <li>○ identify the need for a decision</li> <li>○ gather relevant information</li> <li>○ identify the alternatives</li> <li>○ weigh the evidence</li> <li>○ choose among alternatives</li> <li>○ implement actions</li> <li>○ review the decision and its impact.</li> </ul> </li> </ul>
1.7	<p><b><i>The factors which influence the quality and effectiveness of business decisions</i></b></p> <ul style="list-style-type: none"> <li>• 1.7.1 'What-if?' analysis and scenario planning, and their importance</li> <li>• 1.7.2 Determining the financial and non-financial benefits of business decisions</li> <li>• 1.7.3 Ethics of decision making and responsibility in accounting</li> <li>• 1.7.4 The impact of leadership styles, organisation culture and corporate social responsibility on decision making</li> </ul>
1.8	<p><b><i>Analysis of the internal and external business environments</i></b></p> <ul style="list-style-type: none"> <li>• 1.8.1 Influences within the internal business environment: mission, values, objectives, leadership styles, organisational structure, culture and stakeholder engagement</li> <li>• 1.8.2 Influences within the external business environment including government policies, indirect stakeholders, competitive pressures, globalisation</li> <li>• 1.8.3 Situational analysis and its use in determining key influences: <ul style="list-style-type: none"> <li>○ SWOT analysis (strengths, weaknesses, opportunities and threats) its contribution and application to the internal and external business environment</li> <li>○ STEEPLE analysis (social, technological, economic,</li> </ul> </li> </ul>

	environmental, political, legal and ethical) its contribution and application to the external business environment
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<b>Element 2: Careers within the accounting professions</b>	
2.1	<p><b>The roles and responsibilities of accounting professionals.</b></p> <ul style="list-style-type: none"> <li>• 2.1.1 Professional roles and responsibilities: <ul style="list-style-type: none"> <li>○ financial support staff: bookkeepers, credit controllers, payroll administrators</li> <li>○ accountants: financial/management accountants, chartered accountants, auditors, technicians</li> <li>○ financial compliance officers</li> </ul> </li> <li>• 2.1.2 Advantages of these roles to private individuals and business</li> </ul>
2.2	<p><b>The different aspects of professional accounting services.</b></p> <ul style="list-style-type: none"> <li>• 2.2.1 National and international professional accounting services, including audit services, financial statements, business finance, investment appraisal, project management, tax advice, to: <ul style="list-style-type: none"> <li>○ private companies: sole traders, partnerships, limited companies, multinational corporations</li> <li>○ public sector departments in county councils and NHS</li> <li>○ voluntary/not-for-profit organisations</li> </ul> </li> </ul>
2.3	<p><b>Role of accounting functional areas/departments within organisations</b></p> <ul style="list-style-type: none"> <li>• 2.3.1 Different functional areas and departments <ul style="list-style-type: none"> <li>○ financial accounting</li> <li>○ financial systems</li> <li>○ financial planning</li> <li>○ budgeting</li> <li>○ payroll</li> <li>○ management accounting</li> <li>○ taxation</li> </ul> </li> </ul>

2.4

### **The need for qualifications and competencies in accounting**

- 2.4.1 Professional characteristics:
  - autonomy
  - accountability
  - ethical behaviour
  - specialised knowledge
  - adheres to codes of professional conduct
  - qualified/licensed to practice
  - represented by professional bodies
  - has clients rather than customers
- 2.4.2 Professional competencies: the traits/technical and personal skills, knowledge and attributes expected to do the job
- 2.4.3 Main routes into accounting professions and their advantages and disadvantages:
  - university degrees: costs; may not offer internships; exemptions from some professional qualifications; loss of potential income whilst studying full-time
  - specialist qualifications: may be expensive; some employers will pay the fees on behalf of the employees
  - professional body examinations: may be expensive; study in own time; gain membership of professional bodies and in some instances international recognition of the qualification; some employers may contribute to costs of the examinations; may open up additional career opportunities and progression pathways
  - professional and skill updating: keep up to date with current legislation and accounting techniques including the use of accounting packages
  - government initiatives/apprenticeships: high quality work placements; financial support to employers; employees may only be paid the national minimum wage
- 2.4.4 Specialist job roles for accounting professionals:
  - management accountant: look after/review the company's accounts and financial position by advising and advise managers of possible financial implications in the decision-making process
  - certified public accountant: provides accounting advice and services to the public
  - tax accountant: focus is on tax -related accounting services; chartered accountant: examines the financial information of clients and businesses including public and private organisations

	<ul style="list-style-type: none"> <li>○ auditor: responsible for reviewing the accounts of companies and organisations to ensure their financial records are legal and valid</li> <li>○ forensic accountant: involves investigating the accounting records to determine whether firms engage in financial reporting misconduct</li> <li>● 2.4.5 The challenges arising for private individuals and organisations of skills shortages of accounting professionals: <ul style="list-style-type: none"> <li>○ difficulties of obtaining up-to-date accounting services from qualified accounting professionals</li> <li>○ roll-out of developments in technology which improve accounting services in the finance sector is hampered</li> <li>○ the global economy provides the opportunity for UK accounting professionals to obtain employment outside the UK resulting in skills shortages in the UK</li> </ul> </li> <li>● 2.4.6 The advantages and disadvantages to the business and the individual of professional competence and accreditation being obtained via off-the job or on-the-job training schemes and accreditation routes.</li> </ul>
2.5	<p><b>Building and maintaining long-term relationships with customers.</b></p> <ul style="list-style-type: none"> <li>● 2.5.1 Building and maintaining long-term relationships with customers: <ul style="list-style-type: none"> <li>○ having professional, competent and qualified staff</li> <li>○ understanding customer needs</li> <li>○ understanding products</li> <li>○ providing high levels of customer service</li> <li>○ gaining referrals from trusted sources</li> </ul> </li> <li>● 2.5.2 Customer needs analysis and its importance: <ul style="list-style-type: none"> <li>○ determining financial needs of customer</li> <li>○ sourcing customer information</li> <li>○ reviewing customer needs on a regular basis</li> </ul> </li> </ul>

<b>Element 3: Regulation</b>	
3.1	<p><b><i>Impact of global events on the financial services accounting professions:</i></b></p> <ul style="list-style-type: none"> <li>● 3.1.1 The types of events that can affect global markets, natural, financial, political and how these affect global markets</li> <li>● 3.1.1 The global financial crisis 2008: reasons for the crisis, outcomes, political and regulatory response</li> <li>● 3.1.2 Influence of the crisis on accounting practices in the UK and</li> </ul>

	<p>their impact</p> <ul style="list-style-type: none"> <li>○ the main financial audit opinions relating to financial statements and their impact (unqualified opinion; qualified opinion; disclaimer of opinion; adverse opinion)</li> <li>○ risks, compliance and recommendations made by internal auditors in respect of control systems and processes</li> </ul>
3.2	<p><b><i>The impact of regulatory change on the accounting professions.</i></b></p> <ul style="list-style-type: none"> <li>● 3.2.1 Regulatory change including: <ul style="list-style-type: none"> <li>○ confidentiality clauses</li> <li>○ data protection</li> <li>○ cyber security</li> <li>○ money laundering</li> </ul> </li> <li>● 3.2.2 Impact of UK Audit Scandals including Carillion PLC and Thomas Cook; some of the larger accountancy firms separate out their auditing and consultancy services to avoid potential conflicts of interests.</li> <li>● 3.2.3 The scope of the FRC in applying sanctions.</li> <li>● 3.2.4 Current government regulations to oversee audit, reporting and governance.</li> </ul>
3.3	<p><b><i>The role of Regulators and their purpose and authority as licensing bodies</i></b></p> <ul style="list-style-type: none"> <li>● 3.3.1 Function, role, purpose and responsibilities of: <ul style="list-style-type: none"> <li>○ Financial Services Compensation Scheme (FSCS): pays compensation to consumers in the event of failure of an authorised financial institution</li> <li>○ Financial Conduct Authority (FCA): authorises financial services; protects consumers with mortgages, credit, loans, savings and pensions. Provides information and advice to consumers and issues penalties for infringements</li> <li>○ Financial Ombudsman Service (FOS): investigates consumer complaints against the business practices of financial institutions</li> <li>○ Financial Reporting Council (FRC): regulates auditors, accountants and actuaries</li> <li>○ Prudential Regulation Authority (PRA): supervisory role over banks, building societies, credit unions, insurers and investment companies for avoiding failure</li> <li>○ The Pensions Regulator (TPR) ensures that employers, trustees, pension specialists and business advisers can fulfil their duties to scheme members</li> </ul> </li> </ul>
3.4	<p><b><i>The types of regulatory requirements</i></b></p> <ul style="list-style-type: none"> <li>● 3.4.1 Regulated versus and non-regulated products and Services</li> </ul>

	<ul style="list-style-type: none"> <li>○ regulated products: limited range of investment business, regulated mortgage work and insurance distribution activity, credit-related regulated activities</li> <li>○ non-regulated products: lifestyle financial planning, customer service</li> <li>● 3.4.2 The difference between information and advice: information about accounting service is based on facts and does not provide an opinion; advice is a recommendation that is based on opinion and not on fact</li> <li>● 3.4.3 Protection for the consumer against mis-selling of financial products</li> </ul>
3.5	<p><b><i>An overview of current legislation relating to financial crime and money laundering</i></b></p> <ul style="list-style-type: none"> <li>● 3.5.1 Proceeds of Crime Act</li> <li>● 3.5.2 Criminal Finances Act</li> <li>● 3.5.3 The Money Laundering and Terrorist Financing (Amendment) Regulations</li> <li>● 3.5.4 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations</li> </ul>

<b>Element 4: Professionalism and Ethics / Equality, diversity and inclusion</b>	
4.1	<p><b>Professional and ethical conduct which govern behaviour in accounting workplaces</b></p> <ul style="list-style-type: none"> <li>● 4.1.1 The code of ethics accountants should consider: <ul style="list-style-type: none"> <li>○ compliance with the law</li> <li>○ compliance with the requirements of the professional accountancy associations</li> <li>○ acting with integrity</li> <li>○ treating suppliers, customers, partners and employees fairly and with respect at all times</li> <li>○ contributing to a healthy and safe workplace</li> <li>○ respecting equality and diversity of the workforce</li> <li>○ maintaining high standards in their finance department</li> </ul> </li> <li>● 4.1.2 Expectations of professional conduct, behaviours and attitudes, their purpose and value in an accounting workplace: <ul style="list-style-type: none"> <li>○ respectful behaviour</li> <li>○ ethical decision making</li> <li>○ personal agency</li> <li>○ appropriate social interaction in different contexts</li> <li>○ sanctions for misconduct: warnings, fines and other financial penalties, suspension</li> </ul> </li> <li>● 4.1.3 Personal ethical behaviour in an accounting workplace: doing</li> </ul>

	<p>the right thing, acting as whistle-blower, showing respect to all, treating everyone in an inclusive way, recognising success of others</p> <ul style="list-style-type: none"> <li>• 4.1.4 Professional conduct and responsibilities in financial and accounting workplaces: understanding organisational structure, roles, relationship to others, accountabilities and interdependencies, professional conduct and reputation</li> <li>• 4.1.5 Professional code of conduct and its impact: the rules and regulations relating to employee behaviour</li> <li>• 4.1.6 Impact of the regulatory frameworks and standards on the codes of conduct for the individual and the organisation</li> <li>• 4.1.7 Client confidentiality and its importance: <ul style="list-style-type: none"> <li>○ rules of confidentiality and consistency in its interpretation</li> <li>○ the need to prevent the unauthorised disclosure of privileged information acquired from clients</li> <li>○ the obligation to protect the privacy and integrity of information from clients</li> <li>○ the need to ensure that information from clients is not used inappropriately</li> <li>○ duty of confidentiality versus duty of disclosure</li> </ul> </li> </ul>
4.2	<p><b><i>Ethical dilemmas in accounting workplaces.</i></b></p> <ul style="list-style-type: none"> <li>• 4.2.1 Ethical dilemmas in an accountancy context for the organisation and professionals: <ul style="list-style-type: none"> <li>○ reputational risk: the good name or reputation of a business is put at risk, because of the actions it does or does not take in relation to their activity</li> <li>○ process risk: failure to comply with internal controls</li> <li>○ people risk: failure to obtain information about new employees such as knowledge, experience and qualifications</li> <li>○ systems risk: failure to back up the computer systems, failure to put controls into access of the computer system</li> <li>○ legal risk: failure to comply with the obligations of a contract or not enforcing a contract, not enforcing compliance with regulations or changes in legislation</li> <li>○ event risks: external to the company and can include physical event risks such as fire or flood, social event risks such as not paying a living wage, political event risks such as new political act introducing additional compliance, and economic event risks such as rising interest rates on borrowing</li> <li>○ risk of unethical behaviour; this can be reduced by ensuring a good code of ethics or code of conduct</li> <li>○ individual employee risk; interpersonal relationships with co-workers may be impacted following a whistleblowing disclosure of unethical behaviour; the conflict between meeting</li> </ul> </li> </ul>

	challenging individual financial targets and selling practices
4.3	<p><b>The importance of maintaining professional competence and professional scepticism in Accounting</b></p> <ul style="list-style-type: none"> <li>• 4.3.1 Professional competencies and their importance: skills, knowledge, personal and technical attributes that are valued by the profession</li> <li>• 4.3.2 Ways to maintain professional competence including continuous professional development, gaining additional qualifications and updating skills</li> <li>• 4.3.3 Professional scepticism and its importance: <ul style="list-style-type: none"> <li>○ being alert to any possible misstatement of factual information due to error or fraud</li> <li>○ the need for a questioning attitude and robust challenge where appropriate</li> </ul> </li> </ul>
4.4	<p><b>Corporate responsibility and social purpose in accounting businesses</b></p> <ul style="list-style-type: none"> <li>• 4.4.1 The scope and purpose of environmental, social and governance (ESG) policies</li> <li>• 4.4.2 Corporate social responsibility (CSR) policies <ul style="list-style-type: none"> <li>○ paying a fair wage</li> <li>○ adopting the modern slavery statement</li> <li>○ ethical and fair trade</li> <li>○ promoting sustainability: public interest, promoting an ethics based culture, championing sustainability, promoting sustainable practices, raising awareness of social responsibility</li> </ul> </li> <li>• 4.4.3 Advantages to an accounting business of acting responsibly: <ul style="list-style-type: none"> <li>○ improved public opinion, brand image and reputation, increased levels of trust, continuing customer loyalty, ability to apply premium pricing, enhanced staff motivation</li> </ul> </li> <li>• 4.4.4 Implications to an accounting business of acting responsibly: <ul style="list-style-type: none"> <li>○ potential impacts on costs, profitability</li> </ul> </li> </ul>
4.5	<p><b>The equality, diversity and inclusion requirements and their implementation in all areas of a business.</b></p> <ul style="list-style-type: none"> <li>• 4.5.1 Equality, diversity and inclusion in the workplace: <ul style="list-style-type: none"> <li>○ employees and customers from a variety of backgrounds are actively welcomed and supported</li> <li>○ compliance with equality, diversity and inclusion legislation, policies and codes of practice in attitudes, actions and behaviours</li> <li>○ making reasonable adjustments to support any individual needs</li> <li>⊖ supporting vulnerable clients</li> <li>⊖ protected characteristics: age, disability, gender reassignment,</li> </ul> </li> </ul>

	<p>marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.</p> <ul style="list-style-type: none"> <li>○ avoiding unconscious bias</li> <li>● 4.5.2 A general understanding of the current legislative areas: <ul style="list-style-type: none"> <li>○ Equality Act (2010) <ul style="list-style-type: none"> <li>- who is protected?</li> <li>- types of discrimination</li> <li>- actions to address discrimination</li> </ul> </li> <li>○ Human Rights Act (1998) <ul style="list-style-type: none"> <li>- who is protected?</li> <li>- who must comply?</li> <li>- actions to address human rights violations</li> </ul> </li> </ul> </li> <li>● 4.5.3 Professional responsibilities and their value relating to equality, access and inclusion: <ul style="list-style-type: none"> <li>○ fairness, respect and dignity</li> <li>○ the value of cooperative practices and empathy</li> <li>○ personal and collective responsibilities</li> <li>○ personal needs and requirements and the needs and requirements of others</li> <li>○ the general principles of good practice in equality, access and inclusion, and their value, as well as obligations</li> </ul> </li> </ul>
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<b>Element 5: Security and risk</b>	
5.1	<p><b>The legislation for and the importance of good data management</b></p> <ul style="list-style-type: none"> <li>● 5.1.1 The advantages of good data management including speed of data transmission and access, business planning, monitoring key performance indicators, budget setting and monitoring and business decision making</li> <li>● 5.1.2 The importance of maintaining privacy and confidentiality: of business, client and colleague information <ul style="list-style-type: none"> <li>○ the difficulties that may arise if these conflict with a duty of disclosure including legal responsibilities of disclosure, relationship with clients and corporate image</li> </ul> </li> <li>● 5.1.3 Personal data governance and protection and its impact on data management</li> <li>● 5.1.4 The implications for business of current data protection legislation and impact on data management including data storage; access to data; timescales for maintaining data; lawful use of data; accuracy of data <ul style="list-style-type: none"> <li>○ UK General Data Protection Regulation (UK GDPR)</li> <li>○ Data Protection Act (2018)</li> </ul> </li> <li>● 5.1.5 Payment Services Directive (PSD)</li> </ul>

	<ul style="list-style-type: none"> <li>○ Safer payments with banks, building societies, e-money institutions; bringing account data into one place giving a global view, two-factor authentication</li> <li>○ Legal requirement storing data, GDPR applied to insurance, banking and investment, storing sensitive health insurance data</li> </ul>
5.2	<p><b>The issues, challenges and impact of using IT systems for storing and transmitting information in digital form.</b></p> <ul style="list-style-type: none"> <li>● 5.2.1 Issues and challenges of storing data: <ul style="list-style-type: none"> <li>○ legal and regulatory requirements concerning the collection, storage and distribution of data.</li> <li>○ accidental and malicious threats to security of data: network threats, viruses and other malware, hackers, phishing, accidental damage</li> </ul> </li> <li>● 5.2.2 Impact of cyber-attack on the business: financial, legal, reputational</li> <li>● 5.2.3 The purpose of cyber and data insurance and its importance</li> </ul>
5.3	<p><b>Processes and protocols used to ensure internet security and to protect the access and transmission of data</b></p> <ul style="list-style-type: none"> <li>● 5.3.1 Processes and protocols: <ul style="list-style-type: none"> <li>○ use of external servers</li> <li>○ backup and recovery procedures</li> <li>○ keeping protection software up to date</li> <li>○ firewalls</li> <li>○ file permissions</li> <li>○ access levels</li> <li>○ passwords</li> <li>○ physical access control</li> <li>○ digital certificates</li> <li>○ encryption of files and emails</li> <li>○ dealing with suspicious emails and attachments</li> <li>○ avoiding the use of insecure internet connections</li> </ul> </li> <li>● 5.3.2 The advantages and disadvantages of outsourcing data collection, data storage, management information and IT systems</li> </ul>
5.4	<p><b>The management of risk in a business.</b></p> <ul style="list-style-type: none"> <li>● 5.4.1 Risk areas: legal, governance, reputation, compliance, financial crime, operational, conduct</li> <li>● 5.4.2 Risk reduction strategies: <ul style="list-style-type: none"> <li>○ ensure efficient processes</li> <li>○ determine service failures</li> <li>○ ensure adequate risk assessment is conducted across all processes</li> <li>○ document and communicate processes</li> <li>○ update processes regularly</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• 5.4.3 Risk management and using a risk matrix: identifying, analysing impact, evaluating and ranking, responding, monitoring and reviewing</li> <li>• 5.4.4 Risk management strategies: <ul style="list-style-type: none"> <li>○ avoidance: applying safeguards</li> <li>○ transference: transfer the risk</li> <li>○ mitigation: reduce the impact</li> <li>○ acceptance: accept the risk</li> <li>○ threats to compliance: <ul style="list-style-type: none"> <li>- self-interest: financial or other interests may inappropriately influence the member’s judgement or behavior</li> <li>- self-review: the threat that a re-evaluation of actions will not be undertaken</li> <li>- advocacy: supporting the client’s point of view publicly</li> <li>- familiarity: being sympathetic as we have a close or familiar relationship with a client</li> <li>- intimidation: a member may be deterred from acting objectively by threats (actual or perceived)</li> </ul> </li> </ul> </li> </ul>
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<b>Element 7: Professional Services</b>	
7.1	<p><b><i>The role of third-party professionals and professional services</i></b></p> <ul style="list-style-type: none"> <li>• 7.1.1 Professional services providers: independent specialist contractors that offer customised, knowledge-based services to clients</li> <li>• 7.1.2 Role of third-party professionals: <ul style="list-style-type: none"> <li>○ audit - reviews the financial accounts of an organisation to ensure that they are valid and that they have been prepared in line with accounting regulation and frameworks</li> <li>○ tax - advising businesses on how to complete tax returns and also specialising on ensuring they are adhering to legislation and regulation</li> <li>○ actuarial - calculating and assessing future financial risks and making predictions using models and statistics</li> <li>○ corporate finance - this area of finance deals with sources of funding, the capital structure of corporations, examines the actions that managers take to ensure profitability and maximum value to shareholders, and the tools and analysis used to allocate financial resources</li> </ul> </li> <li>• 7.1.3 Risks associated with engaging third parties including professional conduct and ethical behaviour, relevant experience, disclosure of sensitive information, costs, profitability, privacy, compliance, reputational and strategic risks</li> </ul>

	<ul style="list-style-type: none"> <li>• 7.1.4 Professional indemnity: <ul style="list-style-type: none"> <li>○ Professional Indemnity Insurance (PII), reasons for purchase and its limitations</li> <li>○ insurance claims record and the impact of a poor claims record on PII premiums</li> <li>○ requirements of professional indemnity insurers/providers</li> </ul> </li> <li>• 7.1.5 Importance of Service Level Agreements (SLAs): <ul style="list-style-type: none"> <li>○ contractual obligations</li> <li>○ working within the scope of engagement</li> <li>○ clear standards of service/delivery requirements</li> <li>○ customer service</li> <li>○ internal SLA's in the provision of accounting services provided to departments and the management team (internal stakeholders) within the same organisation</li> </ul> </li> </ul>
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<b>Element 8: Fundamentals of Law</b>	
8.1	<p><b><i>The principles and practice of business law their application to accounting practices and professionals</i></b></p> <ul style="list-style-type: none"> <li>• 8.1.1. The role of courts, tribunals and Parliament in the in the law-making process</li> <li>• 8.1.2 The framework of business law and its purpose: <ul style="list-style-type: none"> <li>○ health and safety: published policy, health and safety officer, display screen equipment, employee training, risk assessments, regular fire drills</li> <li>○ data protection: secure storage, confidentiality, rules regarding disclosure, access arrangements</li> <li>○ consumer protection: rules relating to interest charges, hire purchase and credit purchase agreements</li> <li>○ employment legislation: equal opportunities, minimum wage, contract of employment, pay, working hours, holiday entitlement, parental leave, discrimination, bullying and harassment.</li> <li>○ the features and purpose of copyright, patents, trademarks, design rights, intellectual property, and international quality and safety standards</li> </ul> </li> <li>• 8.1.3 Contract law and its purpose: <ul style="list-style-type: none"> <li>○ express and implied contracts</li> <li>○ elements of a contract: offer, acceptance, consideration, intention to be legally bound</li> <li>○ express terms: conditions, warranties, innominate, individually agreed</li> <li>○ implied terms: by the courts, by statute or regulation</li> <li>○ exclusion clauses</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ discharging a contract</li> <li>● 8.1.4 Criminal law and its importance: an overview of the objectives of the legislation relating to terrorist funding, money laundering, criminal activities and bribery</li> <li>○ Payment Services Regulations (2017) deposit taking, securities, investment funds</li> <li>○ Financial Services and Markets Act (2000) unregulated services</li> <li>○ Payment Services Regulations (2017)</li> <li>○ Consumer Credit Act (1974)</li> <li>○ Proceeds of Crime Act (2002)</li> <li>○ Money Laundering Regulations (2017)</li> <li>○ The Terrorism Act (2000)</li> </ul>
8.2	<p><b><i>The Companies Act 2006 and its purposes</i></b></p> <ul style="list-style-type: none"> <li>● 8.2.1 Purpose of the Companies Act 2006</li> <li>● 8.2.2 Formation of a company: key elements of the Articles and Memorandum of Association</li> <li>● 8.2.3 company directors' duties: <ul style="list-style-type: none"> <li>○ obligation to promote the success of the company, to consider the community and the environment, the interests of employees, and to be fair to shareholders</li> <li>○ penalties and other implications of non-compliance</li> </ul> </li> <li>● 8.2.4 Accounts and reports requirement to submit audited accounts to Companies House including a director's report</li> </ul>

<b>Element 9: Fundamentals of Financial Accounting 1</b>	
9.1	<p><b><i>The types of financial data and their applicable calculations, origins and reliability and how they are presented</i></b></p> <ul style="list-style-type: none"> <li>● 9.1.1 The importance of finance and the management of money in business</li> <li>● 9.1.2 The difference between assets and liabilities; the difference between solvency and liquidity</li> <li>● 9.1.3 Capital and revenue income/expenditure</li> <li>● 9.1.4 The concept of liquidity and its importance <ul style="list-style-type: none"> <li>○ net current assets/liabilities: implications for a business of high/low liquidity levels</li> <li>○ the importance of liquidity (net current asset) management</li> </ul> </li> <li>● 9.1.5 The impact of straight-line and reducing balance depreciation on the value of non-current assets and on the statement of financial position</li> <li>● 9.1.6 Internal and external sources of finance available to businesses, their advantages and disadvantages:</li> </ul>

	<ul style="list-style-type: none"> <li>○ internal: retained profits, net current assets, sale of assets</li> <li>○ external: owner’s capital, bank overdraft, hire purchase, leasing, trade credit, mortgages, shares, loans, debt factoring, grants, donations, invoice discounting, crowdfunding, venture capitalists and business angels</li> <li>● 9.1.7 Basic accounting techniques and how they are applied: <ul style="list-style-type: none"> <li>○ reasons for maintaining accurate financial records and the importance of financial audits</li> <li>○ the functions of bookkeeping and its contribution to the business</li> <li>○ fixed and flexible budgets, their features, application and their advantages and disadvantages.</li> <li>○ the use of cash flow forecasts and statements for planning, monitoring, control and target setting</li> <li>○ the difference between cash and profit and importance of cash flow</li> <li>○ range of accounting techniques: cash or accrual accounting</li> </ul> </li> <li>● 9.1.8 Elements within a set of financial accounts: <ul style="list-style-type: none"> <li>○ assets; liabilities; expenses; revenue; capital; equity, gross and net profit (profit for the year)</li> </ul> </li> <li>● 9.1.9 Completion of an income statement and a statement of financial position including adjustments and closing inventory</li> </ul>
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<b>Element 10: Technology</b>	
10.1	<p><b><i>The contribution of digital tools and software to promoting business efficiencies.</i></b></p> <ul style="list-style-type: none"> <li>● 10.1.1 Contemporary digital tools and software and their impact: <ul style="list-style-type: none"> <li>○ electronic transfer and filing of documentation including electronic tax returns</li> <li>○ digital document/management systems, procedure and compliance</li> <li>○ management information systems (MIS) including electronic storage of business data, analysis of business data as part of the planning process including identification and monitoring of business risks</li> <li>○ automated case management including processing service requests from existing and potential customers</li> <li>○ supplier on-boarding including creating streamlined processes to build stronger buyer-supplier relationships that result in improved business outcomes for both parties.</li> <li>○ digital firms: do not have traditional bricks-and-mortar offices, operating instead from the homes or satellite offices of professionals, usually delivering services to clients at a</li> </ul> </li> </ul>

	<p>distance using technological means of communication, emails, social media, video conferencing</p> <ul style="list-style-type: none"> <li>• 10.1.2 Financial technology (Fintech) <ul style="list-style-type: none"> <li>○ the purpose and characteristics of fintech and its use of artificial intelligence (AI)</li> <li>○ the users of Fintech: B2B for banks, B2C for small businesses, consumers</li> </ul> </li> <li>• 10.1.3 The implications for accounting service providers on service delivery and costs arising from digital transformation <ul style="list-style-type: none"> <li>○ service delivery <ul style="list-style-type: none"> <li>- transactional and chat bots, digital assistants, robo-advisors</li> <li>- financial loyalty apps</li> <li>- payment gateways for merchant sites</li> <li>- mobile wallets</li> <li>- digital banks</li> <li>- quickly selling bank transactions and stock transfers</li> </ul> </li> <li>○ costs <ul style="list-style-type: none"> <li>- contract analysis</li> <li>- client risk profiling and risk assessment</li> <li>- online dispute resolution</li> <li>- cloud banking and real time customer data analytics</li> <li>- predictive analytics</li> <li>- block chain, speedy credit scoring and improved lending security</li> </ul> </li> </ul> </li> </ul>
10.2	<p><b>The impact of technology on financial processes and systems, process automation and organisational roles.</b></p> <ul style="list-style-type: none"> <li>• 10.2.1 Financial processes and systems, their impact and implications: <ul style="list-style-type: none"> <li>○ automation of accounts payable and receivable processing, supplier onboarding, procurement and audits</li> <li>○ automation of process: use of commercial accounting software, Robotic Processes Automation (RPA), sensors/tools to enable process automation and reduce human labour required to process financial transactions</li> <li>○ analysis of data: using big data to compile information from the accounts into control accounts automation of filling financial statements to Company House and also filing taxes such as mandatory payroll deductions and VAT to HMRC</li> </ul> </li> <li>• 10.2.2 The impact of process automation and digital transformation on: <ul style="list-style-type: none"> <li>○ job roles, capabilities and skill requirements. working practices, labour costs and productivity</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ consumer reach, quality of service delivery, customer expectations, feedback and satisfaction</li> <li>○ financial performance in relation to investment costs and profitability</li> <li>○ the growth of on-line services and reduced high street presence</li> <li>○ the use of cloud computing and cloud storage</li> <li>● 10.2.3 The advantages and disadvantages of digital investment and funding opportunities including peer to peer (P2P) lending and crowdfunding</li> <li>● 10.2.4 Digital and emerging technology in a finance context: <ul style="list-style-type: none"> <li>○ Electronic Funds Transfer (EFT): between bank accounts, AI and conversational banking and anti-fraud risk</li> <li>○ digital transformation: AI to predict share prices and cloud computing for sophisticated investment data analytic</li> <li>○ impact of digital transformation: integration of technology into all areas of banking, insurance and investment, consumer facing financial services meeting customer expectations</li> <li>○ Business Process Management (BPM): processes used by bank users, banking software, the insurance customer journey and managing claims, aligning middle office (risk management) with back office (settlements) in investment banking</li> </ul> </li> <li>● 10.2.5 Automation of processes <ul style="list-style-type: none"> <li>○ Intelligent automation machine learning for stock market analysis, algorithm-driven investment services</li> <li>○ Robotics and sensors: Robotic Processes Automation (RPA), conversational AI, digital insurance agents, banking chatbots, robo-investment advisors</li> </ul> </li> </ul>
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<b>Element 11: Data driven innovation/analytics and design thinking</b>	
11.1	<p><b>Data architecture and data governance</b></p> <ul style="list-style-type: none"> <li>● 11.1.1 Principles of data architecture: the set of rules that surround data collection, input, access and movement. <ul style="list-style-type: none"> <li>○ allow for the efficient flow of data across the functional areas within financial organisations</li> <li>○ establish security systems to protect sensitive and confidential data from internal and external threats</li> <li>○ establish protocols for operational practices relating to data collection, input, access and movement</li> <li>○ ensure rules regarding data collection, input and access are communicated across the business</li> <li>○ set clear goals to meet the requirements of the end users including decision-makers</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ ensure the validity of the data: map costs against benefits: maintain up-to-date data sets</li> <li>● 11.1.2 Developments in reporting <ul style="list-style-type: none"> <li>○ the history of reporting and the influence of data driven innovation on the volume and value of management information provided to decision-makers; the use of data visualisation techniques to aid decision-making including charts, diagrams, maps and dashboards</li> <li>○ the different types of analytics: descriptive, diagnostic, predictive and prescriptive</li> <li>○ the tools used to analyse data: quantitative analysis through surveys and modelling; qualitative analysis through interviews and observations)</li> </ul> </li> <li>● 11.1.3 The key requirements of a data governance framework: rules, policies, standards and models to govern and define the type of data collected and how it is used, stored, managed and integrated within an organisation and its database systems</li> </ul>
11.2	<p><b>Use of Big Data and Digital management tools</b></p> <ul style="list-style-type: none"> <li>● 11.2.1 Management Information (MI) and its importance for measuring performance, analysing trends, and in the decision-making process: <ul style="list-style-type: none"> <li>○ the influence of developments and improvements in technology over time on the efficiency and effectiveness in reporting systems to ensure that the operating and financial data used by decision-makers in a business is accurate, relevant and up-to-date</li> </ul> </li> <li>● 11.2.2 Customer relationship management (CRM) and its importance</li> <li>● 11.2.4 Big Data characteristics: <ul style="list-style-type: none"> <li>○ volume: the explosion in global payments fueled by ecommerce and mobile payments</li> <li>○ variety: Big Data makes sense of unstructured data from a variety of sources in banking from transactions details to credit scores</li> <li>○ velocity: incoming big data at high speed, extraction of insights into financial behaviour</li> <li>○ veracity: the challenge of receiving accurate information from Big Data, attempting to manage the financial risk of a customer</li> <li>○ structured and unstructured financial data sets</li> </ul> </li> <li>● 11.2.3 Big Data: <ul style="list-style-type: none"> <li>○ its application in customer engagement analytics and CRM</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ advantages, challenges and limitations for an organisation of using Big Data in relation to business strategy, productivity and innovation</li> </ul>
11.3	<p><b>Principles of data analytics and its use to support decision making in the financial and accounting professions</b></p> <ul style="list-style-type: none"> <li>● 11.3.1 Methods/tools used to analyse finance and accounting data: <ul style="list-style-type: none"> <li>○ horizontal and vertical analysis of data</li> <li>○ trend percentages</li> <li>○ ratio analysis</li> <li>○ benchmarking</li> </ul> </li> <li>● 11.3.2 Visualisation tools for presenting and reporting on data: <ul style="list-style-type: none"> <li>○ bar charts, histograms, pie charts and scatter graphs</li> <li>○ the identification of positive and negative correlation between two variables</li> <li>○ Google Charts, Tableau, Infogram, Datawrapper, real-time dashboards for investment portfolios, comparing year on year lending practices, annual reports</li> </ul> </li> <li>● 11.3.3 Different types of analytics to enhance the quality of business decisions: <ul style="list-style-type: none"> <li>○ predictive analytics: interpolation, extrapolation, forecasting; trend analysis</li> <li>○ risk identification and evaluation</li> <li>○ identifying patterns between variables and the influence of outliers</li> </ul> </li> <li>● 11.3.4 Business Intelligence (BI) software and its impact on retrieving, analysing, transforming and reporting data for business intelligence</li> <li>● 11.3.5 Advantages and disadvantages/risks of outsourcing data analytics</li> </ul>
11.4	<p><b>Design thinking and its use as a tool to address challenges in the financial industry</b></p> <ul style="list-style-type: none"> <li>● 11.4.1 Design thinking ethos: understanding customer needs and putting these needs at the heart of every project, creating space and platforms where project teams and end users naturally interact</li> <li>● 11.4.2 Alternative investment opportunities: <ul style="list-style-type: none"> <li>○ Crowdfunding: investing in small fast-growing businesses for equity, rewards or recognition</li> <li>○ Peer to Peer lending: lending to businesses or individuals with interest and repayment</li> <li>○ Angel investor: individual backing for entrepreneurs in exchange for company equity</li> </ul> </li> </ul>

<b>Element 12: Research skills</b>	
12.1	<p><b><i>The stages and skills involved in producing a project:</i></b></p> <ul style="list-style-type: none"> <li>• 12.1.1 The stages involved: <ul style="list-style-type: none"> <li>○ identify and plan the research</li> <li>○ undertake research</li> <li>○ interpret evidence</li> <li>○ draw conclusions</li> <li>○ present findings</li> </ul> </li> <li>• 12.1.2 Skills required: <ul style="list-style-type: none"> <li>○ ability to work independently</li> <li>○ time-management</li> <li>○ Set SMART objectives</li> <li>○ ability to distinguish between facts, speculation and subjective opinion</li> <li>○ ability to extract relevant information from a diverse range of research sources</li> <li>○ ability to present a logically consistent argument and justify conclusions and recommendations</li> <li>○ presentational skills</li> <li>○ communication skills</li> </ul> </li> </ul>
12.2	<p><b><i>Produce research plans in accounting contexts.</i></b></p> <ul style="list-style-type: none"> <li>• 12.2.1 Purpose and context of research <ul style="list-style-type: none"> <li>○ changes to law and regulations, changes to standards, new technology, trends in data and anomalies</li> </ul> </li> <li>• 12.2.2 Planning research: aims, planned outcomes, task dates/milestones, review dates, monitoring</li> </ul>
12.3	<p><b><i>The different sources used to collect research, and how this information is analysed</i></b></p> <ul style="list-style-type: none"> <li>• 12.3.1 Advantages and disadvantages of research using different sources: <ul style="list-style-type: none"> <li>○ primary research: information gathered first-hand directly at the source: questionnaires, surveys, polls and interviews (face-to-face, online, telephone and postal), direct observation and visits, focus groups and digital communities</li> <li>○ secondary research: summary, collation and/or synthesis of existing research: media sources, government reports and official statistics, company accounts and annual reports, industry, sector and market reports, trade associations and professional bodies, university research, data companies</li> <li>○ qualitative research: provides a measure of how people feel, what they think and why they make certain choices using</li> </ul> </li> </ul>

	<p>through interviews and observations through interviews and observations</p> <ul style="list-style-type: none"> <li>○ quantitative research: provides a measure of what people think using statistical and numerical data through surveys and modelling</li> <li>● 12.3.2 Ethics: the moral principles that govern how researchers should carry out their work</li> <li>● 12.3.3 Reliability and validity of information sources: fact versus opinion, objectivity versus bias/subjectivity, relevance, currency and sufficiency of information</li> <li>● 12.3.4 Analysis of research: comparisons, trends and anomalies</li> </ul>
12.4	<p><b>Presentation of research results accounting contexts.</b></p> <ul style="list-style-type: none"> <li>● 12.4.1 Method: written, verbal, formal, informal</li> <li>● 12.4.2 Medium: report, online, presentation, use of handouts and summary sheets</li> <li>● 12.4.3 Appropriate use of information: data analysis, paraphrasing and summarising, making convincing arguments, developing evaluative conclusions</li> <li>● 12.4.4 Appropriate presentation of data using diagrammatic and tabular formats</li> <li>● 12.4.5 Avoiding plagiarism</li> <li>● 12.4.6 Compilation of bibliographies, citing and referencing in an appropriate format</li> <li>● 12.4.7 Feedback: suggestions and recommendations</li> <li>● 12.4.8 Awareness of audience type <ul style="list-style-type: none"> <li>○ technical, non-technical, clients, colleagues, stakeholders and hierarchy</li> </ul> </li> </ul>

<b>Element 13 Project/Change Management and Administration</b>	
13.1	<p><b>The features of project management approaches in legal, financial and accounting contexts.</b></p> <ul style="list-style-type: none"> <li>● 13.1.1 Formulating a business case: identifying the problem, options, advantages, timescales, costs, return on investment (ROI) and risks of the project</li> <li>● 13.1.2 The project management triangle and its implications: scope, cost and time and how changes in these factors impact on quality</li> <li>● 13.1.3 Project lifecycle: <ul style="list-style-type: none"> <li>○ initiation: set out scope, purpose, and SMART objectives of project</li> <li>○ planning: create project plan that includes resources, contingencies, finance, quality, key performance indicators</li> </ul> </li> </ul>

	<p>(KPIs), communication and evaluation mechanisms</p> <ul style="list-style-type: none"> <li>○ execution: implement project plan, create tasks, organise workflows, brief team members</li> <li>○ closure: complete paperwork, release resources and report to key stakeholders</li> <li>○ evaluate: identify how far the project met objectives and expectations and identify how to improve future projects by supporting evidence and research</li> </ul> <ul style="list-style-type: none"> <li>● 13.1.4 Project management tools and how they are used: Gantt charts, networking and critical path analysis</li> <li>● 13.1.5 Methods of communication to meet the needs and interests of different stakeholder groups: project team, other employees, customers/users, suppliers, investors, community, government agencies</li> </ul>
13.2	<p><b>The structure and responsibilities within a project team</b></p> <ul style="list-style-type: none"> <li>● 13.2.1 Project team roles <ul style="list-style-type: none"> <li>○ Project manager</li> <li>○ Project team member</li> <li>○ Project sponsor</li> </ul> </li> <li>● 13.2.2 Responsibilities within projects <ul style="list-style-type: none"> <li>○ evaluating finance options in line with organisational context</li> <li>○ budget-setting and monitoring, budgetary responsibilities and reporting systems, variance analysis</li> <li>○ establishing procurement systems and processes</li> <li>○ tendering</li> <li>○ writing reports for project managers and relevant stakeholders</li> <li>○ evaluating project risks</li> <li>○ risk management</li> </ul> </li> </ul>
13.3	<p><b>The drivers of change in an accounting context.</b></p> <ul style="list-style-type: none"> <li>● 13.3.1 The business case for change including response to changing market conditions; need to reduce costs; response to government policies and regulations; upskilling the workforce; technological developments; response to stakeholder feedback/demands; product and service innovation</li> <li>● 13.3.2 How changes in internal and external business environments can influence business objectives and organisational change in accountancy business organisations: <ul style="list-style-type: none"> <li>○ Political: budget and tax changes, changes to accounting standards, political volatility in foreign and domestic markets, sustainability of debt; regulations including Financial Conduct Authority (FCA), strengthening of</li> </ul> </li> </ul>

	<p>regulatory frameworks</p> <ul style="list-style-type: none"> <li>○ Ethical: financial conduct, ethical objectives, risk management, accountability, ethical investing, ethical financial advice, professional behaviour, professional competence and due care, honesty, integrity, confidentiality and transparency</li> <li>○ Social/demographic: ageing workforce, financial exclusion, fairer employment practices, social investment and values</li> <li>○ Technological: digitalisation of accounting technology; data mining and predictive analytics; cloud computing</li> <li>○ Legal/regulatory: financial failures, market transparency, Financial Conduct Authority (FCA), regulator, governance frameworks; financial reporting regulations (GAAP; IAS)</li> <li>○ Environmental: climate change events and financial losses, demand for green financial products, risk management, impact of government environmental policies,, climate-related financial disclosure, 3P's in sustainability: People / Profit / Planet; Corporate Social Responsibility (CSR)</li> </ul> <ul style="list-style-type: none"> <li>● 13.3.3 Measuring business performance: <ul style="list-style-type: none"> <li>○ financial: cash flow, calculation and analysis of profitability ratios and liquidity ratios</li> <li>○ customer and staff retention</li> <li>○ benchmarking</li> <li>○ key performance indicators (KPIs)</li> <li>○ SWOT analysis, internal and external factors</li> </ul> </li> <li>● 13.3.4 How the outcome of measuring business performance can influence business strategy, operational plans and business tactics</li> <li>● 13.3.5 The contribution of SMART (specific, measurable, achievable, realistic, time bound) target setting in a business context</li> <li>● 13.3.6 The barriers to organisational change and how they might be addressed including <ul style="list-style-type: none"> <li>○ work force resistance</li> <li>○ lack of management skills</li> <li>○ lack of finance</li> <li>○ leadership inertia</li> </ul> </li> <li>● 13.3.7 How to support and improve projects through research, evidence and evaluation methods</li> </ul>
13.4	<p><b>The principles of managing change in an accounting context.</b></p> <ul style="list-style-type: none"> <li>● 13.4.1 Need for change - internal factors: <ul style="list-style-type: none"> <li>○ technology changes</li> <li>○ consumer habits</li> </ul> </li> </ul>

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|--|--|
|  | <ul style="list-style-type: none"><li>○ cash flow management</li><li>○ poor leadership and management</li><li>○ demand for skills</li><li>○ growth or decline of the business</li><li>● 13.4.2 Need for change - external factors:<ul style="list-style-type: none"><li>○ interest rate changes</li><li>○ competition and demand</li><li>○ action from pressure groups</li><li>○ availability of raw materials</li><li>○ changes in legislation</li><li>○ changes in lifestyle</li><li>○ technology</li></ul></li><li>● 13.4.3 Consequences of not implementing change</li><li>● 13.4.4 Effective leadership of change</li><li>● 13.4.5 Barriers to change</li></ul> |
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## Core knowledge and understanding across the Accounting pathway

<b>Element 16 Fundamentals of Financial Accounting 2</b>	
16.1	<p><b><i>The needs of different users of the main financial statements and the role of ISA1 in supporting these needs.</i></b></p> <ul style="list-style-type: none"> <li>• 16.1.1 The needs of different users of financial information <ul style="list-style-type: none"> <li>○ Internal: employees, managers, owners / Shareholder</li> <li>○ External: customers, suppliers, government, banks / other lenders, potential investors, local community</li> </ul> </li> <li>• 16.1.2 The role of the main financial statements in meeting the needs of different business functions: <ul style="list-style-type: none"> <li>○ finance: costs, revenue, retained and distributed profits, performance monitoring, future budgeting parameters</li> <li>○ marketing: sales revenue, profitability, sales targets</li> <li>○ human resources: workforce costs</li> <li>○ planning: profitability, performance trends over time, forecasting</li> </ul> </li> <li>• 16.1.3 The role of the main financial statements in meeting the needs of external stakeholders <ul style="list-style-type: none"> <li>○ Income statement</li> <li>○ Statement of financial position</li> <li>○ Statement of cash flows</li> <li>○ Statement of changes in equity</li> </ul> </li> <li>• 16.1.4 The role of IAS1, presentation of financial statements, in meeting the needs of internal and external stakeholders <ul style="list-style-type: none"> <li>○ investors</li> <li>○ lenders</li> <li>○ other interested parties</li> </ul> </li> </ul>
16.2	<p><b><i>The differences between financial accounting, financial management and management accounting</i></b></p> <ul style="list-style-type: none"> <li>• 16.2.1 Financial Accounting <ul style="list-style-type: none"> <li>○ Nature of reports produced</li> <li>○ Level of detail</li> <li>○ Time orientation</li> <li>○ Reporting interval</li> <li>○ Time orientation</li> <li>○ Role in decision-making and planning</li> </ul> </li> <li>• 16.2.2 Financial management <ul style="list-style-type: none"> <li>○ Stewardship of the organisation's assets</li> <li>○ Resource utilization, managing its liquidity, treasury management</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• 16.2.3 Management accounting <ul style="list-style-type: none"> <li>○ nature of reports produced</li> <li>○ level of detail</li> <li>○ time orientation</li> <li>○ reporting interval</li> <li>○ time orientation</li> <li>○ role in decision-making and planning</li> </ul> </li> <li>• 16.2.4 Why the internal accounts may vary from the externally published accounts for example the level of detail shown</li> </ul>
16.3	<p><b><i>The application of the Conceptual Framework in Financial accounting</i></b></p> <ul style="list-style-type: none"> <li>• 16.3.1 The accounting elements under the Conceptual Framework. <ul style="list-style-type: none"> <li>○ an asset, a liability, equity, income and expenses</li> </ul> </li> <li>• 16.3.2 The importance of accounting concepts and conventions when preparing financial information, including <ul style="list-style-type: none"> <li>○ money measurement</li> <li>○ duality</li> <li>○ cost</li> <li>○ going concern</li> <li>○ accruals</li> <li>○ consistency</li> <li>○ prudence</li> <li>○ materiality</li> <li>○ realisation</li> <li>○ business entity.</li> </ul> </li> <li>• 16.3.3 the qualitative characteristics of financial information as defined by the Conceptual Framework including: <ul style="list-style-type: none"> <li>○ understandability</li> <li>○ relevance</li> <li>○ reliability</li> <li>○ comparability</li> </ul> </li> </ul>
16.4	<p><b><i>An understanding of the Double entry principles and the accounting equation</i></b></p> <ul style="list-style-type: none"> <li>• 16.4.1 The principles of double entry bookkeeping <ul style="list-style-type: none"> <li>○ T-accounts and debit and credit entries</li> <li>○ the rules of double-entry</li> <li>○ the recording of entries for debits and credits</li> </ul> </li> <li>• 16.4.2 The accounting equation <ul style="list-style-type: none"> <li>○ assets = liabilities + capital (equity)</li> <li>○ manipulation of the accounting equation to take account of changes in assets, liabilities and capital</li> </ul> </li> <li>• 16.4.3 The trial balance <ul style="list-style-type: none"> <li>○ purpose</li> <li>○ steps involved in balancing off a ledger account</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ use of the extended trial balance in the production of Income Statement and Statement of Financial Position</li> <li>● 16.4.4 Income statement <ul style="list-style-type: none"> <li>○ layout</li> <li>○ gross and net profit/profit for the year</li> <li>○ analysis and interpretation to assess performance and inform business decisions</li> </ul> </li> <li>● 16.4.5 Statement of Financial Position <ul style="list-style-type: none"> <li>○ layout</li> <li>○ assets (non-current and current assets), liabilities (current and non-current liabilities) and capital</li> <li>○ net current assets (working capital)</li> <li>○ analysis and interpretation to assess performance and inform business decisions</li> </ul> </li> <li>● 16.4.6 The purpose and limitations of forecasting in business planning <ul style="list-style-type: none"> <li>○ cash flow forecast</li> <li>○ sales forecast</li> <li>○ profit forecast</li> </ul> </li> </ul>
16.5	<p><b><i>The purpose and aims of the International Accounting Standards Board (IASB)</i></b></p> <ul style="list-style-type: none"> <li>● 16.5.1 The purpose of International Financial Reporting Standards (IFRS) <ul style="list-style-type: none"> <li>○ transparency: enables investors to make informed decisions</li> <li>○ accountability: holds businesses to account</li> <li>○ efficiency: helps investors to identify risks and opportunities on a global scale</li> </ul> </li> <li>● 16.5.2 The role of the International Accounting Standards Board (IASB): the independent standard-setting body for accounting practices <ul style="list-style-type: none"> <li>○ accounting standards are set via consultation with accounting professionals and their professional associations</li> </ul> </li> <li>● 16.5.3 The purpose and aims of key International Accounting Standards</li> <li>● 16.5.4 IAS 1 Presentation of Financial Statements <ul style="list-style-type: none"> <li>○ purpose</li> <li>○ impact on the presentation of the income statement and the statement of financial position</li> </ul> </li> </ul>
16.6	<p><b><i>The purpose and aims of the Pensions Administration Standards Association (PASA) and the purpose of Pension Standards</i></b></p> <ul style="list-style-type: none"> <li>● 16.6.1 The role of the Pensions Administration Standards Association (PASA)</li> <li>● 16.6.2 The purpose and aims of key pensions standards</li> </ul>

	<ul style="list-style-type: none"> <li>• 16.6.3 The rationale and general principles of the main pensions standards <ul style="list-style-type: none"> <li>○ agreements</li> <li>○ reporting</li> <li>○ operational procedures</li> <li>○ change control</li> <li>○ controls assurance</li> <li>○ data standards</li> <li>○ staff development</li> </ul> </li> </ul>
16.7	<p><b><i>The importance of professional judgement in accounting and payroll</i></b></p> <ul style="list-style-type: none"> <li>• 16.7.1 The purpose of accounting policies applied in business <ul style="list-style-type: none"> <li>○ the specific principles, bases, conventions, rules and practices applied by a business in relation to the preparation of its financial statements</li> <li>○ management discretion when formulating accounting policies, valuation of fixed assets, depreciation and inventory policies, treatment of leases, valuation of investments</li> <li>○ implications of accounting policies for financial reporting, need for consistency of accounting practices in order to ensure year-on-year comparisons of financial performance are valid and reliable; meet external audit requirements.</li> </ul> </li> <li>• 16.7.2 The use of estimates in accounting transactions and professional judgements, provisions for environmental damage, doubtful debts and the impact of legal action</li> </ul>
16.8	<p><b><i>How professional ethics are applied by accounting professionals</i></b></p> <ul style="list-style-type: none"> <li>• 16.8.1 Professional ethics <ul style="list-style-type: none"> <li>○ integrity</li> <li>○ objectivity</li> <li>○ professional competence and due care</li> <li>○ confidentiality</li> <li>○ professional behaviour</li> </ul> </li> <li>• 16.8.2 The application of professional ethics <ul style="list-style-type: none"> <li>○ compliance</li> <li>○ regulatory and legal standards and their application</li> <li>○ identification and reporting of suspected or confirmed fraud and its impact</li> <li>○ reporting</li> </ul> </li> <li>• 16.8.3 Areas that are most prone to fraud, payments processing, procurements including tenders</li> </ul>
16.9	<p><b><i>How professional scepticism may influence the judgements and decisions made by auditors</i></b></p> <ul style="list-style-type: none"> <li>• 16.9.1 The nature of professional scepticism:</li> </ul>

	<ul style="list-style-type: none"><li>○ being alert to any possible misstatement of factual information due to error or fraud</li><li>○ maintain a questioning mind</li><li>○ remain professionally sceptical of information and explanations provided by clients</li><li>○ remain alert to the principal fraud risks and continue to assess the incentives, pressures, and opportunities to commit fraud</li><li>○ being available to critically evaluate the auditing process and subsequent evidence provided as part of the auditing process</li><li>● 16.9.2 Internal and external auditors<ul style="list-style-type: none"><li>○ purpose and features of professional role</li><li>○ assessment of potential incentives, pressures, and opportunities to commit fraud when compiling audit evidence when recording financial transactions, budget monitoring, procurement, misreporting of income, costs and profits in the financial statements. reporting outcomes to stakeholders</li><li>○ reporting outcomes to clients</li></ul></li></ul>
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