

The knowledge and expertise to become the best

THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



Your guide to the ICAS Syllabus 2010/11



LOOK BEYOND THE NUMBERS.
BECOME A CA.



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A wide range of valuable skills and principles

Welcome to the ICAS syllabus for 2010/11

The three year programme develops a wide range of skills and principles, through a mixture of practical classroom study tested through the ICAS examination process, and the successful completion of competencies related to work-based experience.

The ICAS syllabus is renowned for its consistency of standards and is focused on providing students with the best technical knowledge and expertise. Regular consultation with employers ensures that the CA qualification is practical and relevant and continues to meet the changing and challenging demands of today's dynamic business environment. In fact, the training programme is specifically designed to ensure each student is given the maximum opportunity for passing their exams and achieving their end goal – qualifying as a CA.

The ICAS syllabus 2010/11

The ICAS Overarching learning outcome

On completion of the CA qualification, the newly qualified CA will have developed the necessary technical knowledge and skills combined with professional skills in judgement, analysis, communication and presentation to deal with a wide variety of complex and often unpredictable issues and situations. The development of these technical and professional skills will also enable the newly qualified CA to formulate and communicate professional solutions which are appropriate to the circumstances. In addition, the newly qualified CA will have developed the necessary professional and ethical values to deal with and make informed judgements on complex, ethical and professional issues.

YEAR 1 The Test of Competence (TC): Acquisition of knowledge base

YEAR 2 The Test of Professional Skills (TPS): Development of practical skills

YEAR 3 The Test of Professional Expertise (TPE): Judgement and application of expertise

Test of Competence (TC)	Test of Professional Skills (TPS)	Test of Professional Expertise (TPE)
<ul style="list-style-type: none">• Business Law• Business Management• Finance• Financial Accounting• Principles of Auditing and Reporting	<ul style="list-style-type: none">• Advanced Finance• Assurance and Business Systems• Financial Reporting• Taxation	<ul style="list-style-type: none">• Multi-discipline case study

Business Ethics

In addition to including ethics within the appropriate subject areas at Test of Competence, Test of Professional Skills and Test of Professional Expertise, Business Ethics forms a stand alone subject and assessment.

Syllabus key

The detailed learning outcomes and syllabus coverage for each subject are given in the following pages.

Level 1 Knowledge and understanding

Understanding of principles, and knowledge of significant issues.

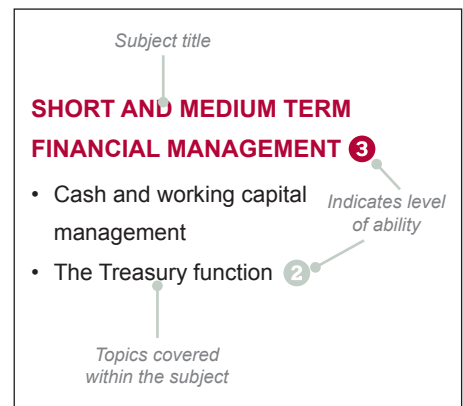
Level 2 Development of knowledge

Develop knowledge in a practical setting to solve straightforward problems.

Level 3 Application of knowledge

Apply comprehensive knowledge in a practical setting to solve most problems.

The level of coverage for each syllabus section is indicated in bold at the beginning of each section. This level applies to all points within that section unless indicated to the contrary.



Test of Competence

The syllabus applies to examinations scheduled for the period September 2010 to August 2011

Business Law

On completion of this course students will be able to:

- 1. identify sources of law*
- 2. use the Companies Act as a primary source of regulation*
- 3. explain how to form a company*
- 4. explain to a client the major legal implications of issuing share and loan capital*
- 5. define the roles and responsibilities of the officers of a company*
- 6. define the elements of a legally binding contract*
- 7. identify the legal issues relating to agency and partnership*
- 8. identify the legal issues surrounding the concept of negligence*
- 9. identify the various forms of trusts*
- 10. define key elements of intellectual property*
- 11. identify legal and regulatory issues associated with the use of information technology*

SYLLABUS COVERAGE

INTRODUCTION TO LAW ①

- Role and nature of law
- Sources of law
- Human Rights Act

FORMATION OF COMPANIES AND RECORDS ②

- Nature and function
- Corporate personality
- Constitution
- Administration

SHARE AND LOAN CAPITAL ②

- Prospectuses
- Securities
- Capital maintenance and distribution

ADMINISTRATION OF THE COMPANY ②

- Role and responsibilities of officers

CONTRACT AND COMMERCIAL LAW ②

- Types, terms and constructions of contracts
- Unfair Contract Terms Act 1977
- Partnership
- Agency
- Electronic contracts, location and jurisdiction ①
- Employment law and contracts

NEGLIGENCE ②

- The meaning of negligence
- Duty of care and breach of duty of care
- Causation and remoteness of damage
- Defences
- Vicarious liability

TRUSTS ①

- Types, terms and construction of trusts
- Statutory provisions
- Fiduciary duties of trustees

INTELLECTUAL PROPERTY ①

- Copyright
- Patents
- Trademarks

REGULATION ①

- Data Protection Act 1998
- Computer Misuse Act 1990
- Environmental legislation

Business Management

On completion of this course students will be able to:

- 1. identify and explain organisational structures*
- 2. define marketing and associated business processes*
- 3. explain the features and uses of business information*
- 4. use cost information for business planning and control*
- 5. describe pricing strategies*
- 6. describe the processes associated with the development and implementation of business strategies*
- 7. apply the principles and procedures involved in managing working capital*
- 8. describe the principles of budgeting*
- 9. prepare budgets*
- 10. use contribution analysis in decision making*
- 11. compute and interpret performance of products and business segments*

SYLLABUS COVERAGE

ORGANISATIONAL STRUCTURES ② PRICING STRATEGIES ②

- Types of organisational structures
- Goals and objectives
- Business economics and pricing decisions

MARKETING ①

- Marketing mix
- Market analysis
- Market access and distribution
- Product life cycle

BUSINESS INFORMATION ①

- Internal information systems
- Third party information sources

COST ACCOUNTING ③

- Cost and management accounting systems
- Classification of costs and revenue
- Accounting for prime costs and overheads
- Cost allocation and apportionment
- Costing techniques
- Variance analysis

BUSINESS STRATEGY ②

- Strategy formulation
- Trading and operational strategies
- Business improvements ①

BUDGETARY PLANNING & CONTROL ②

- Budgeting technique theory
- Behavioural aspects of budgeting
- Preparation of budgets
- Forecasting

WORKING CAPITAL MANAGEMENT ②

- Stock
- Debtors
- Creditors
- Cash

QUANTITATIVE TECHNIQUES ②

- Planning and control
- Regression analysis
- Statistical techniques

CONTRIBUTION ANALYSIS ③

- Cost volume profit
- Contribution and break-even
- Limiting factors

PERFORMANCE MEASUREMENTS ②

- Product performance assessment
- Business unit performance
- Non-financial indicators ①

Finance

On completion of this course students will be able to:

- 1. describe the financial environment within which an organisation functions*
- 2. describe the structure of the UK equity and debt markets and its financial and banking system*
- 3. describe the major capital market models*
- 4. calculate and explain ratios used in financial analysis*
- 5. prepare plans and forecasts for an organisation*
- 6. calculate investment returns from competing projects*

SYLLABUS COVERAGE

FINANCE FUNCTION & ENVIRONMENT ①

- External financial environment
- Internal finance strategies
- Macro economic theory

SECURITIES AND MARKETS ②

- Role of banks
- Sources of finance ①
- Institutional investors ①
- Types of securities and valuation
- Markets for securities

CAPITAL MARKET MODELS ②

- Portfolio theory ①
- Capital asset pricing model ①
- Cost of capital
- Modigliani-Miller theory ①
- Efficient markets ①

FINANCIAL ANALYSIS ②

- Stock exchange indicators
- Ratio analysis
- Present value techniques ①

FINANCIAL FORECASTING AND PLANNING ②

- Cash flow projections
- Profit projections
- Preparation of business plans

CAPITAL INVESTMENT APPRAISAL ②

- Payback
- Accounting rate of return
- Internal rate of return
- Net present value
- Capital rationing
- Uncertainty and probability

Financial Accounting

On completion of this course students will be able to:

- 1. identify the components of primary financial statements*
- 2. record transactions in the books of prime entry using double entry book-keeping*
- 3. explain different business structures*
- 4. prepare business accounts for sole traders, partnerships and companies*
- 5. identify the form and content of private limited company accounts*

SYLLABUS COVERAGE

INTRODUCTION TO FINANCIAL STATEMENTS ③

- The reporting entity
- The profit and loss account and balance sheet
- Elements of financial statements
- Measurement and recognition
- Cash accounting and the cash flow statement ①
- Accounting profit
- Other primary statements ①
- Historical development of accounting ①

RECORDING TRANSACTIONS ③

- The accounting equation and double entry
- Books of prime entry and the nominal ledger
- Recording transactions
- Computerised accounting packages ②
- Correction of errors and incomplete records

BUSINESS STRUCTURES ②

- Sole trader
- Partnership
- Private company
- Public company
- Not-for-profit organisations ①

PREPARATION OF BUSINESS ACCOUNTS ③

- Trial balance extraction
- Sole trader, partnerships and companies
- Statutory formats ②
- International accounts formats
- Private limited company primary statements ②
- Form of the notes to the accounts ①
- Accounts production software ①

Principles of Auditing and Reporting

On completion of this course students will be able to:

- 1. explain the need for and nature of third party assurance*
- 2. explain the audit process*
- 3. define the role and responsibilities of the external auditor*
- 4. describe the regulatory framework of auditing in the UK*
- 5. describe the role and impact of the UK and international financial reporting framework and regulation*
- 6. use appropriate Auditing and Ethical Standards as a primary source of guidance*
- 7. identify and explain audit assertions and the principles of collecting and assessing evidence*

SYLLABUS COVERAGE

INTRODUCTION TO THE CORPORATE REPORTING FRAMEWORK ②

- Framework for the preparation and presentation of financial statements ①
- Elements of financial statements, recognition and measurements ①
- The Companies Act – reporting requirements
- The standard setting process and role of accounting standards, UK and International ①
- Stock market influences
- Corporate governance ①

PRINCIPLES OF THIRD PARTY ASSURANCE ②

- The information gap and stewardship
- Fundamental concepts
- Judgement and materiality
- A true and fair view
- Third party assurance
- Independence
- ICAS Code of Ethics ①

ROLE AND RESPONSIBILITIES OF THE EXTERNAL AUDITOR ③

- The role of the external auditor
- The Companies Act – auditor rights and responsibilities
- The auditor's duty of care
- Legal liability and professional negligence ②
- Responsibility for fraud
- Anti-money laundering ②
- The external auditor's report ②
- Auditing Practices Board ①
- Audit of listed companies ①

REGULATORY FRAMEWORK OF AUDITING IN THE UK ②

- Financial Reporting Council ①
- Auditing Practices Board ①
- International Auditing and Assurance Standards Board ①
- Professional conduct for members ①
- The Companies Act – qualifying and supervisory bodies

AUDITING AND ETHICAL STANDARDS ②

- International Standards on Auditing (UK & Ireland)
- Ethical Standards 1-5

APPROACH PROCESS ②

- Overview of the audit process
- Audit methodology
- Analytical review
- Risk assessment/Materiality
- Systems and controls/control testing
- Substantive testing
- Quality control

AUDIT ASSERTIONS AND COLLECTING AND ASSESSING AUDIT EVIDENCE ②

- Audit assertions
- Tests of control
- Gathering and evaluating sufficient appropriate evidence

Test of Professional Skills

This syllabus applies to examinations scheduled for calendar year 2011. It is the responsibility of candidates to ensure that their knowledge and skills are up to date.

In examining the syllabus for the Test of Professional Skills, based on the learning outcomes and syllabus coverage set out in the following schedules, the examiners will assume that candidates have maintained the standards of the learning outcomes and the knowledge indicated in the syllabus coverage of the Test of Competence, where relevant to TPS subjects.

Advanced Finance

On completion of this course students will be able to:

- 1. assess and evaluate the strategic plans, actions and financial position of clients*
- 2. investigate relevant sources of finance and advise clients on funding methods*
- 3. advise clients on investment products suitable for companies*
- 4. perform calculations and provide related advice to clients on corporate restructuring situations, company valuations, mergers and acquisitions*
- 5. advise on the forms of corporate insolvency and complete and use the statement of affairs*
- 6. provide advice on stock exchange requirements and the role of the accountant*
- 7. discuss the corporate debt market and instruments and the principles of loan documentation*
- 8. perform basic calculations and discuss the use of derivatives in hedging risk*
- 9. discuss the impact of government economic actions on financial situations*
- 10. apply ethical guidance within a professional framework*
- 11. consider risk in financial decisions*

SYLLABUS COVERAGE

SHORT AND MEDIUM TERM FINANCIAL MANAGEMENT ③

- Cash and working capital management
- The Treasury function ②
- Money markets ②
- Trade and export finance

LONG TERM FINANCIAL POLICY ③

- Capital structure
- Cost of capital
- Dividend decisions
- Raising finance
- Restructuring
- Banks and bank credit
- Loan documentation ②
- Corporate debt securities ②

COMPANY VALUATIONS, MERGERS AND ACQUISITIONS ③

- Valuation of business interests
- Mechanics of mergers and acquisitions
- Benefits to shareholders

INSOLVENCY ②

- Forms of insolvency
- Preparation and use of the Statement of Affairs
- Directors duties

EQUITY MARKETS ③

- Stock exchange regulation and reporting
- Issue of shares
- Role of the accountant and other intermediaries ②

ANALYSIS OF FINANCIAL STATEMENTS ③

- Ratio analysis
- Financial distress

DERIVATIVES – SWAPS, FORWARDS, FUTURES AND OPTIONS ②

- Market ①
- Definitions and terminology
- Hedging interest rate and currency risk
- Risks associated with derivatives
- Financial implications of a derivative position

ADVANCED CAPITAL INVESTMENT ③

- Investment appraisal
- Sensitivity analysis

REGULATORY ENVIRONMENT AND PROFESSIONAL CONDUCT ②

- Regulation of the financial services industry
- Role of the FSA
- ICAS Code of Ethics
- Ethical considerations

IMPACT OF NATIONAL ECONOMIC POLICY ②

- Fiscal and monetary policy
- Financial impact
- Business impact
- Business and sustainability

MEASURING RISK ②

- Exposure to Risk
- Risk in Investment Appraisal

Assurance and Business Systems

On completion of this course students will be able to:

1. *plan, perform and complete a statutory financial statement audit in compliance with auditing standards*
2. *apply the relevant provisions of ethical standards, legislations and professional guidance*
3. *plan, perform and report on assurance engagements and related services in compliance with relevant standards*
4. *assess and advise on business risk and related governance and risk control frameworks*
5. *assess and advise on manual and computerised business systems and controls*

SYLLABUS COVERAGE

THE ASSURANCE PROCESS ③

- Non statutory assurance and related engagements ②
- Acceptance and continuance procedures including ethical issues
- The statutory audit requirement
- Documentation and quality control
- Planning
- Materiality
- Inherent risk assessment
- Statistical and judgmental sampling
- Control risk assessment
- Physical and electronic evidence
- Reporting
- Group engagements
- Completion and review

BUSINESS RISK ③

- Strategic risk
- Financial risk
- Operational, compliance and environmental risk ②

CONTROL ENVIRONMENT AND BUSINESS SYSTEMS ③

- Risk and control frameworks
- Corporate Governance ②
- Internal Audit ②
- Systems design
- Systems management
- Systems controls

REGULATION ③

- Professional standards and guidance, UK and International
- Ethical standards
- Statutory requirements and regulatory framework ②
- Customer privacy and Data Protection Act ①
- Fraud, theft and Proceeds of Crime Act including money laundering ②
- Case law ①
- Impact and influence of Sarbanes-Oxley Act in UK and EU ②
- Impact of Revised EC 8th Directive ①
- Impact of Companies Act 2006 ①

COMPUTERISED SYSTEMS ③

- IT in business processes
- System acquisition and development ②
- IT strategy and management ①
- IT risk assessment including ecommerce risks and control systems
- Evaluation of computerised processes

Financial Reporting

On completion of this course students will be able to:

- 1. apply generally accepted accounting principles*
- 2. account for a range of transactions in accordance with any relevant guidance on accounting treatment*
- 3. apply International Accounting Standards and explain differences with UK Standards in the context of convergence*
- 4. prepare primary financial statements*
- 5. prepare group financial statements*
- 6. draft the basic content of published financial statements*

SYLLABUS COVERAGE

The syllabus is based on UK legislation, and International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) with coverage of the main differences between UK standards and IAS/IFRS.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ③

- Accounting principles and IASB framework
- Impact on accounting for business transactions and preparation of accounts
- Accounting policies and changes
- First time adoption of international standards ①
- Current developments ①
- Interpretations ①

FINANCIAL COMMUNICATION ②

- Statutory requirements
- Business review
- Corporate, social and sustainability reporting ①

ACCOUNTING FOR BUSINESS TRANSACTIONS ③

- Revenue recognition
- Tangible fixed assets
- Intangible fixed assets
- Investment properties
- Financial assets and liabilities ②
- Stock and contracts
- Current Taxation
- Deferred Taxation ②
- Provisions, contingent liabilities and contingent assets
- Employee benefits ②
- Leases and hire purchase ②
- Share capital
- Impairment reviews
- Government grants
- Foreign currencies
- Post balance sheet events
- Discontinued operations
- Share-based payments
- Borrowing costs ②
- Specialised transactions ①

SINGLE COMPANY FINANCIAL STATEMENTS ③

- Double entry book-keeping and trial balance extraction
- Primary financial statement preparation
- Accounting standards
- Information contained within disclosure notes

GROUP FINANCIAL STATEMENTS ③

- Principles of consolidation
- Acquisition of subsidiaries
- Disposal of subsidiaries ②
- Adjustments for internal balances and transactions
- Foreign subsidiaries ②
- Accounting for associates and joint ventures
- Special purpose entities ①
- Group financial statement preparation
- Accounting standards
- Information contained within disclosure notes

Taxation

On completion of this course students will be able to:

1. discuss the key aspects of the administration of the tax system
2. compute a tax adjusted trading profit (or loss)
3. calculate and advise on an individual's tax liability
4. provide income tax advice
5. calculate and provide advice on chargeable gains
6. calculate and advise on a corporation tax liability
7. provide basic tax planning for groups of companies
8. calculate and advise on the VAT and Stamp Duty implications of common business transactions
9. calculate Inheritance Tax and provide basic advice about Inheritance Tax planning
10. adopt best practice and act ethically when dealing with clients and HMRC
11. discuss the main aspects of environmental taxes

SYLLABUS COVERAGE

INTRODUCTION TO TAX ②

- Administration of tax
- Self assessment
- Statute and other sources
- Penalties for non-compliance
- Collection of taxes

PRINCIPLES OF COMPUTING TRADING INCOME ③

- Principles of trading
- Allowable deductions
- Current year basis of assessment
- Capital allowances
- Trading profit/loss calculation

INCOME TAX ③

- Employment income and benefits
- Losses
- Partnerships
- Investments ②
- Other income
- Basic personal tax planning ②
- Personal allowances
- Residence, ordinary residence and domicile ①
- Charges and charitable giving ②

CORPORATION TAX ③

- Profits
- Small companies and marginal rates
- Income tax on receipts and payments ②
- Losses
- Groups ②
- Basic Tax Planning ②
- Ecommerce ①
- International issues ①
- Transfer pricing ①

VAT ②

- Taxable persons and registration
- Accounting and collection process
- Accountability and enforcement
- Tax rates
- Groups
- Transfer of a going concern
- Partial exemption and the capital goods scheme
- Land and buildings
- International aspects ①

NATIONAL INSURANCE ②

- Classes and collection

INHERITANCE TAX ②

- Computational principles
- Reliefs and exemptions
- Basic planning advice

CHARGEABLE GAINS ③

- Computational principles
- Reliefs and exemptions
- Losses
- Planning advice

STAMP TAXES ①

- Stamp Duty
- Stamp Duty Reserve Tax
- Stamp Duty Land Tax

PROFESSIONAL CONDUCT ②

- Principles of best practice
- Meeting legal requirements
- Ethics

ENVIRONMENTAL TAXES ①

- Aggregates levy
- Landfill taxes
- Land remediation levy
- Climate change levy

Test of Professional Expertise

This syllabus applies to examinations scheduled for November 2012 and May 2013. It is the responsibility of candidates to ensure that their knowledge and skills are up to date.

Multi-discipline Case Study

On completion of this course students will be able to:

- 1. update, evaluate and integrate the knowledge and skills acquired at TC and TPS*
- 2. develop professional solutions to business problems involving skills in judgment, analysis, communication and presentation*
- 3. report solutions to business problems in an appropriate manner*
- 4. evaluate business plans and appraise the related strategy from all stakeholders' perspectives*
- 5. tailor advice appropriate to the business' scale and sector*
- 6. give value-added advice on business improvements*
- 7. advise on the development of improved business structures and evaluate personal financial structures*
- 8. exercise ethical judgement*

SYLLABUS COVERAGE

BUSINESS PLAN ③

- Objectives and goals
- Performance indicators
- Evaluate business strategies

BUSINESS STRATEGIES AND MANAGEMENT ②

- Organisational culture and management styles
- International business and globalisation
- Corporate governance and citizenship
- Business risk: identification, evaluation and management
- Product portfolio
- Operations management and controls
- Human resource strategy
- Marketing strategy
- Management information
- Information technology developments
- Intellectual capital management
- Alignment of corporate strategies
- Environmental issues

BUSINESS IMPROVEMENT ②

- Project management
- Evolution of business processes
- Change management
- Competitive advantage

PERSONAL FINANCIAL PLANNING ②

- Financial products
- Taxation implications

MANAGEMENT OF FINANCIAL STRUCTURES ③

- Balance Sheet management
- Finance and treasury solutions
- Tax planning ②

ETHICS ③

- Professional conduct framework
- Conflict of interest and independence
- Confidentiality and disclosure
- Managing professional appointments
- Cultural contexts
- Business ethics

Business Ethics

On completion of this course students will be able to:

- 1. explain the nature of ethics and its significance in the business environment*
- 2. identify and explain the consequence of unethical behaviour to the individual, the profession and society*
- 3. appreciate the need to approach decision making in business using an ethical framework*
- 4. develop arguments and understand the perspective of others in considering ethical issues*
- 5. describe the content of professional ethics codes*

SYLLABUS COVERAGE

THE NATURE OF ETHICS ②

- Ethics and values
- Ethics and the law
- Rules-based and framework approaches
- Individual values, attitudes and beliefs (heuristics)
- Ethical evaluation framework ①
- Use of theoretical models in ethical decision making

ETHICAL DILEMMAS IN BUSINESS ②

- Exploration of ethical issues arising in the context of doing business
- Organisational cultures and ethical leadership
- Confidentiality and Whistleblowing
- Public Interest Disclosure Act ①
- Corporate Citizenship (social, environmental, employee)
- Effect of globalisation on ethical decision making
- Social Accountability International ①

ICAS CODE OF ETHICS

- Fundamental Principles and Statements ①



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