Level: Strategic

Subject Title: Strategy & Leadership (case-study)

Examination Duration: 3 Hours 20 minutes (Open Book)

Aim

The aim of this module is to develop students' ability to contribute effectively to the strategic management of enterprises through the objective analysis of business situations, the critical evaluation of strategic options and the implementation of change programmes.

Strategy & Leadership as an Integral Part of the Syllabus

Strategy & Leadership integrates and expands the knowledge and skills acquired in many of the subjects at the earlier examination levels. This subject provides a framework for future leaders to analyse, develop and implement strategies for entrepreneurial activities in both growing and established entities.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	Strategic Performance Management	Advanced Corporate Reporting	**Strategy & Leadership**	Audit Practice and Assurance Services	Advanced Taxation
P1		Managerial Finance	Corporate Reporting	Corporate Laws& Governance	Auditing	
F2		Management Accounting	Financial Accounting	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Strategy & Leadership further integrates and builds on, as appropriate, the capabilities developed in the earlier subjects, as highlighted in the table above.

➢ Learning Outcomes

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

- Critically apply the key stages in the strategic management process: strategic position, strategic choice and strategic implementation
- Evaluate the role of strategic and organisational leadership in developing and implementing strategic choices
- Develop strategic change programmes that enable the effective implementation of strategic decisions
- Design appropriate competitive strategies and business models to support both existing organisations and entrepreneurial start-ups
- Effectively integrate theories and concepts from strategic management with related disciplines such as Finance, HR, Marketing, Operations and I.S. to solve business problems in complex and diverse situations
- Build a persuasive business case
- Evaluate what is required at an individual, team and organisational level to manage complex projects successfully
- Communicate effectively to a variety of audiences

➢ Syllabus

1. Introduction – The Concept of Strategy

(a) The characteristics of strategic decisions

(b) Levels of strategy

(c) The vocabulary of strategy - mission, visions, goals and objectives

(d) Strategic Management - strategic position, strategic choice, strategy in action

(e) Matching strategy and structure

(f) Strategic management and operational management perspectives on strategy - deliberate and emergent strategy

2. The Strategic Position

(a) Environmental analysis - the macro environment, industry/sector/market analysis, opportunities and threats

(b) Resources and Capability - strategic capability, critical success factors, assessing resources, identifying core competencies, benchmarking, assessing strengths and weaknesses

(c) Stakeholders and Governance - corporate governance, stakeholder analysis, identifying stakeholder expectations, business ethics, cultural considerations

(d) The Marketing Dimension

3. Strategic Choice

(a) Corporate Level - Corporate diversification, role of the corporate centre, corporate core competencies, portfolio manager, synergy manager, parental developer, corporate portfolio - growth/share matrix, directional policy matrix, relatedness matrix

(b) Business Level: Bases of competitive advantage, sustaining competitive advantage, game theory, competition and collaboration, value innovation, business ecosystems, business case development, supporting the entrepreneur and new venture creation

(c) Strategy Development: directions, methods, success criteria

4. Leadership

(a) The nature of leadership

(b) Qualities and characteristics of effective leaders

(c) Organisational leadership theories

(d) The importance of strategic leadership and the senior management team

(e) The role of leadership in the change management process

(f) The role of leadership in business ethics and social responsibility

5. Strategy Implementation Structure and Processes

(a) Organisation structure

(b) Planning and control systems (incl. ERP & balanced scorecard, market mechanisms, social / cultural process)

6. Strategy Implementation: Managing Strategic Change

(a) The nature of organisational change

(b) The change situation

(c) Identifying and managing resistance to change

(d) Change levers

(e) Use a change management model as a framework to manage a change programme

7. Strategy Implementation: Project Management

(a) Project objective and scope

(b) Project teams, sponsors and responsibilities

(c) Project timeline and milestones

(d) Project reporting procedures

(e) Project evaluation

8. Enterprise Risk Management

(a) Nature & impact of risk

(b) Identification, assessment and measurement of risk

(c) Managing, monitoring, mitigating risk

(d) Reporting Risks

9. Sustainability Reporting

(a) Defining sustainability and the business case

(b) Vision & leadership

(c) Stakeholder engagement

(d) Goals & target setting

(e) Integration with risk management

Learning Guide

Introduction: The Concept of Strategy

- Explain the nature of strategic management
- Describe the characteristics of strategic decisions
- Explain the levels of strategy: corporate, business and operational
- Explain the meaning of mission, aims, goals and objectives and advise on how to effectively develop these in an organisation
- Describe the stages of strategic management: strategic position, strategic choice and strategic implementation
- Assess and apply the relevant ethical, political and social considerations to an organisation's strategy

- Contrast strategic management and operational management
- Explain the different perspectives on strategy, in particular deliberate v emergent strategies
- Explain the benefits and criticisms of the formalised strategic management process

The Strategic Position

- Analyse the macro-environment of an organisation, and identify the key macro-environmental trends
- Analyse the industry/sector/market of an organisation, and identify the main competitive forces
- Identify the opportunities and threats facing an organisation
- Assess the resources and capabilities of an organisation, including:

    - Assessing threshold and distinctive resources
    - Evaluating core competencies
    - Applying the VRIO framework
    - Identifying critical success factors
    - Utilising benchmarking

- Assess the strengths and weaknesses of an organisation
- Advise how corporate strategy and purpose may be influenced by the following:

    - Corporate governance
    - Stakeholder expectations and mapping
    - Business ethics
    - Organisational culture

- The Marketing Dimension

    - Describe the role of marketing concepts in developing and supporting strategy
    - Explain how organisations can identify marketing opportunities
    - Advise organisations on market segmentation and on developing effective marketing mix strategies, including the use of digital marketing

Strategic Choice
Strategic Choice: Corporate Level Strategy

- Describe the rationale for corporate diversification
- Assess the potential opportunities and risks of related and unrelated corporate diversification
- Identify and evaluate the role of the corporate parent: whether a portfolio manager, a synergy manager, or a parental developer
- Assess the corporate core competencies of an organisation

- Evaluate corporate level strategies, using the following portfolio matrices:

  - BCG Growth/Share Matrix
  - Directional Policy Matrix

Strategic Choice: Business Level Strategy

- Identify and critically evaluate the bases of competitive advantage available to an organisation

  - Cost leadership; differentiation; focus and hybrid

- Advise an organisation how to create a sustainable competitive advantage
- Describe and evaluate an organisation's business model
- Explain how game theory can contribute to strategic planning and decision making
- Describe how organisations can use cooperative strategies to achieve advantage or reduce competition
- Describe how entrepreneurial relationships such as business ecosystems and corporate venturing can support innovation and entrepreneurship and new venture creation

Strategic Choice: Growth Strategies

- Describe the nature of organic development, and advise an organisation how to develop a persuasive business case

  - Both for entrepreneurial start-ups and business expansion

- Explain the M&A process and evaluate the key issues in each stage of the process
- Assess the usefulness of strategic alliances and advise how to improve the likelihood of their effectiveness
- Identify and evaluate a suitable strategic growth strategy for an organisation in the context of its resources and its opportunities

Strategic Choice: Strategy Development

- Describe and evaluate the directions of growth available to an organisation
- Identify success criteria appropriate for strategic decisions
- Recommend and justify the most appropriate strategy based on these criteria
- Assess how cognitive biases may influence the strategic decision-making process

Leadership

- Explain the nature of leadership
- Describe the qualities and characteristics of effective leaders

- Apply organisational leadership theories, including:

    - Trait theory; Managerial Grid; Path-Goal Theory; Hersey and Blanchard's Situational Theory, and Transformational and Transactional Theory

- Evaluate the importance of strategic leadership and the key actions associated with the senior management team

    - Contrast strategic, visionary and managerial leadership styles

- Describe how leaders can use theories of motivation to improve organisational productivity, including:

    - Equity Theory; Expectancy Theory, and Goal Setting Theory

Strategy Implementation: Structure, Processes and Culture

- Explain and assess the key elements of organisational design, including:

    - Structural differentiation and integration
    - Locus of decision-making
    - Coordination and control processes and mechanisms

- Assess the main types of organisation structure, in particular in terms of their relative advantages and disadvantages

- Describe the planning and control systems used within organisations, including:

    - Balanced Scorecard and ERP, market mechanisms and social/cultural processes

- Explain the nature of organisational culture and its influence in strategy implementation

- Describe the elements of organisational culture and how these may be identified and evaluated

- Advise an organisation how to manage and change the culture of the organisation

Strategy Implementation: Managing Strategic Change

- Explain the nature of organisational change

- Analyse the change situation facing an organisation and evaluate the drivers of organisational change

- Identify the reasons for resistance to organisational change and advise how to manage organisational resistance to change

- Explain and advise how to use organisational levers to manage a strategic change programme

- Explain the importance of organisational leadership in managing strategic change

- Apply a change management model as a framework to manage a change programme

  - Kotter's Eight Step Model
  - Lewin's Three Stage Model

Strategy Implementation: Project Management

- Describe the phases in a project and explain the terms objectives and scope in relation to project management

- Describe the roles and responsibilities of a:

  - Project Manager
  - Project Sponsor
  - Project Team

- Describe how project timelines and milestones are used in project planning and control

- Explain how critical path analysis can be used to manage the critical activities and resources of a project (no calculations required).

- Explain the appropriate project reporting procedures that should be in place for a project

- Recommend how to effectively review a project on completion

Enterprise Risk Management

- Describe the nature and impact of risk

- Explain and apply methods for

  - Identification, assessment and measurement of risk
  - Managing, monitoring, mitigating risk
  - Reporting risks

Sustainability Reporting

- Describe sustainability in the context of an organisation's strategy and the business case for incorporating it into the strategy

- Explain the role and importance of the following in developing an effective sustainability strategy and reporting framework:

  - Vision and leadership
  - Stakeholder engagement
  - Goals and target setting
  - Integration with risk management

➢ Assessment Strategy

Examination Approach

Strategic management is the main focus of the paper. Students are expected to demonstrate a thorough understanding of the processes involved in reviewing competitiveness and evaluating

long-term options and the relevant marketing strategies. Individual related business topics are selected for detailed assessment on a planned basis each year, throughout a cycle of examinations (typically three years).

Students are expected to demonstrate strategic thinking and creativity through their ability to analyse business scenarios critically, carry out SWOT analyses and identify/justify innovative strategic options. In addition to understanding business in an Irish context, students should display a global outlook and an awareness of the importance of business ethics and social responsibility in organisations.

A thorough understanding of currently recognised theories and concepts relevant to the above areas and the ability to apply appropriate analytical techniques and business models effectively is essential. Equally important is the capacity for synthesis, demonstrated particularly by integrating areas such as marketing, knowledge management, project management, financial control and organisation behaviour. The ability to communicate clearly and succinctly is an overriding requirement. The marking scheme strongly favours the demonstration of critical analysis, judgment and innovation, rather than the mere identification of concepts and models or descriptive writing about these.

Examination Format

This examination is unseen, open book and 4 hours in duration. Each exam will also have an additional 20- minute reading time.

All exam papers at the Strategic Level will be prepared in accordance with the following format: Section A: 80 marks. All questions are compulsory. There will be no multi-choice questions at this level.

Section B: 20 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of the subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks Allocation

<u>Marks</u>	
Section A	
Compulsory question (Case study)	50
Section B	
Choice of 2 questions out of 3 (25 marks allocated to each question)	50
	Total 100

➢ Learning Resources

Core Texts

Gerry Johnson, Richard Whittington, Patrick Regnér, Kevan Scholes, and Duncan Angwin, Exploring Strategy, Pearson Education; 12th Edition (Dec 2019) ISBN-13: 978-1292282459

Peter G Northouse Leadership: Theory and Practice SAGE Publications Inc.; Ninth Edition (International Student Edition) February 2021 - ISBN-13:978-11071834473

Kotler Philip, Kevin Lane Keller, Marketing Management, Global edition/16th Edition (2021) Pearson, ISBN- 13:978-1292404936

Gunnigle G., Heraty N., Morley M., Human Resource Management in Ireland, 5th. Edition, (2017), Institute Of Public Administration (2017) ISBN-13: 978-1910393178

Supplementary Texts and Journals

Sustainability Framework 2.0, Professional Accountants as Integrators
IFAC, March 2011 (Updated 2023)

Useful Websites (as at date of publication)

www.cpaireland.ie - CPA Ireland

www.marketingteacher.com - Marketing Teacher 2000 – 2007.

www.strategy-business.com - Strategy + Business.

www.strategyanalytics.com - Strategy Analytics

Level: Strategic

Subject Title: Advanced Corporate Reporting

Examination Duration: 3 Hours 20 minutes (Open Book)

Aim

The aim of this module is to ensure that students apply the appropriate judgement and technical ability in the preparation and interpretation of financial reports for complex business entities. Students must also be able to evaluate and communicate the impact of current issues and developments in financial reporting to those who may not have in-depth theoretical and technical expertise in this domain.

Advanced Corporate Reporting as an Integral Part of the Syllabus

By using a case study approach Advanced Financial Reporting develops the knowledge and technical skills acquired in Financial Accounting and Financial Reporting and is a mandatory module at the CPA Strategic level of the CPA Ireland qualification process.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	Strategic Performance Management	**Advanced Corporate Reporting**	Strategy & Leadership	Audit Practice and Assurance Services	Advanced Taxation
P1		Managerial Finance	**Corporate Reporting**	Corporate Laws& Governance	Auditing	
F2		Management Accounting	**Financial Accounting**	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Advanced Corporate Reporting integrates and builds on and integrates, as appropriate, the capabilities developed in the earlier subjects as highlighted in the table above.

➢ Learning Outcomes

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

- Critically appraise given scenarios for ethical dilemmas. Select and justify responses to each that uphold the ethics of the profession

- Assess complex financial accounting transactions and events. Interpret and apply the relevant accounting standards using professional judgment to determine the appropriate accounting treatment of those events and transactions

- Construct financial statements in accordance with Irish Law, International Financial Reporting Standards (IFRS) and interpretations adopted by the IASB

- Interpret corporate reports to evaluate, and prepare commentary on, an entity's performance

- Advise the circumstances under which, and the advantages of an entity adopting local GAAP (FRS 100 – 102, FRS 105), and the key differences between local GAAP and IFRS

- Critically evaluate the current issues in corporate reporting, including Sustainability Reporting, and proposals to address them

➢ Syllabus

1. Ethics & Professional Behaviour

(a) CPA Ireland Code of Ethics

(b) IFAC's Code of Ethics

2. Local GAPP

(a) Local GAAP, FRS 100-102, FRS 105

3. International Financial Reporting Standards

(a) Development of IFRS

(b) Application of IFRS

4. Preparation of Financial Statements

(a) Single entity financial statements

(b) Group financial statements

5. Performance Evaluation

(a) Critical appraisal of corporate reports

(b) Ratio analysis and report writing

6. Sustainability Reporting

(a) Sustainability reporting landscape and role of accountant

(b) Developing an organisational reporting strategy

(c) Reflecting sustainability impacts in financial statements

(d) Determining materiality & external disclosures

7. Current issues in Corporate Reporting

(a) Conceptual framework for financial reporting

(b) Impact of IFRS on quality of corporate reporting

(c) Integrated Reporting

(d) Impact of new and / or revised accounting standards

Learning Guide

Ethics and professional behaviour

- Interpret and apply the CPA Ireland code of Ethics
- Interpret and apply IFAC's Code of Ethics – published by the IESBA

Local GAAP

- Advise circumstances under which organisations may, or must, apply Local GAAP
- Discuss the advantages of an entity adopting Local GAAP (FRS 100-102, FRS 105)
- Identify and discuss the key accounting and presentation differences between Local GAAP and IFRS
- FRS 101 – the differences between FRS 101 and IFRS with particular reference to the scope of this standard
- FRS 102 – the key differences between accounting treatments examinable under IFRS and the equivalent elements of FRS 102. (Sections 12, 31 and 34 are excluded)

International Financial Reporting Standards

- Review and discuss the development of IFRS
- Discuss the circumstances under which organisations may, or must, apply IFRS

- Interpret and apply IFRS and interpretations adopted by the IASB, selecting the appropriate accounting treatment for transactions and events

Preparation of financial statements

- Prepare financial statements for single entities, groups and associated undertakings, including overseas subsidiary undertakings, in accordance with IFRS, company law and EU law, including the following:

  - Statement of Profit or Loss and other Comprehensive Income
  - Statement of Financial Position
  - Statement of Changes of Equity
  - Statement of Cash Flows

- Appraise and apply the acquisition method of accounting and related disclosure requirements in financial statements and notes

Performance evaluation

- Critically evaluate and analyse financial statements
- Perform and report ratio analysis of financial statements
- Compose detailed reports, tailored to the technical understanding of the various user groups

Sustainability Reporting

- Explore and discuss the sustainability reporting landscape and the role of the accountant
- Describe an approach to developing an organisational reporting strategy
- Discuss methods of reflecting sustainability impacts in financial statements & narrative for investors
- Review and discuss how to determine materiality & external disclosures
- Consider the issues around the reliability and quality of external assurance

Current issues in corporate reporting

- Critically evaluate the main accounting issues currently in the field of Financial Reporting
- Critically review the Conceptual Framework for Financial Reporting
- Discuss the impact of IFRS on the quality of corporate reporting
- Review and evaluate the concept of Integrated Reporting
- Evaluate and discuss the impact of new and or revised accounting standards

➢ Assessment Strategy

Examination Approach

This examination paper, which uses a case-study format, is the final test of students' ability to understand and apply the theory of financial reporting to a number of practical accounting issues. The case-study is designed to test students' ability to digest a considerable amount of detailed information about the affairs of a single company or group of companies. From that data, students are required to prepare a number of primary statements i.e., published or consolidated financial statements. A substantial narrative element is included requiring students to prepare both internal and external reports.

The assessment is designed to weight the marks mainly towards the presentational element of both the narrative and computational parts of the case study. There is a considerable portion of marks available for the display of sound technical judgement. The case-study includes a range of current technical issues requiring, in many situations, substantial adjustments to the draft figures provided in the question. Students are expected to demonstrate a strong technical understanding of how to solve external financial reporting issues and display sound professional judgement and ethical sensitivity. They are also required to write reports or memoranda tailored to the technical skills and understanding of various user groups in order to assess their presentation and communication skills.

Examination Format

This examination is unseen, open book and 4 hours in duration. Each exam will also have an additional 20- minute reading time.

All exam papers at the Strategic Level will be prepared in accordance with the following format:

Section A: 80 marks. All questions are compulsory. There will be no multi-choice questions at this level.

Section B: 20 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of the subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks Allocation
<u>Marks</u>

Question 1 (Case study)	50
Question 2 and 3 (25 marks allocated to each question)	50
	Total 100

- Learning Resources

Core Texts

C. Connolly / International Financial Accounting and Reporting 6th ed. / CAI 2018 / ISBN-13: 978-1912350025

Elliott and Elliott, Financial Accounting and Reporting, 2022 Pearson (20th Edition) ISBN-13: 978-1292401065

Manuals

Griffith College, CPA Advanced Financial Reporting - latest edition

Supplementary Texts and Journals

Cases and Solutions in International Financial Reporting Standards (5th Edition) ICAI, ISBN:978-1-912350-01-8

Melville / International Financial Reporting / 8th Edition/ Pearson 2022 / ISBN-13: 978-12922439426

CPA Student News eBulletin.

AccountancyPlus.

Sustainability Framework 2.0, Professional Accountants as Integrators IFAC, March 2011 (Updated 2023)

Useful Websites (as of date of publication)

www.cpaireland.ie - CPA Ireland

www.iaasa.ie - Irish Auditing and Accounting Supervisory Authority

www.ifac.org - The International Federation of Accountants

www.ifrs.org - The International Financial Reporting Standards Foundation

www.iasplus.com/en/standards – Deloitte: Summaries of International Financial Reporting Standards (IFRS)

www.accountancyeurope.eu - The European Federation of Accountants

www.efrag.org - The European Financial Reporting Advisory Group

www.frc.org.uk - The Financial Reporting Council

www.frc.org.uk/about-the-frc/structure-of-the-frc/audit-and-assurance-council - FRC - Audit and Assurance Council

www.frc.org.uk/about-the-frc/structure-of-the-frc/conduct-committee - FRC-Conduct Committee

www.accountingnet.ie - Irish Accounting and Business Portal.

Level: Strategic

Subject Title: Audit Practice and Assurance Services

Examination Duration: 3 Hours 20 minutes (Open Book)

Aim

The aim of this module is to prepare students to demonstrate the knowledge, skills, competencies and professional scepticism necessary to carry out the audit of an entity and undertake assurance engagements, having due regard to the Institute's and profession's ethical standards in a changing and complex business environment.

Audit Practice and Assurance Services as an Integral Part of the Syllabus

The study of Audit & Assurance at the previous level is a prerequisite for the study of Advanced Audit & Assurance. Other modules in the domains of management accounting, financial accounting, law and taxation are also essential prerequisites for the study of Advanced Audit and Assurance.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	Strategic Performance Management	Advanced Corporate Reporting	Strategy & Leadership	**Audit Practice and Assurance Services**	Advance d Taxation
P1		Managerial Finance	**Corporate Reporting**	**Corporate Laws& Governance**	Auditing	
F2		Management Accounting	**Financial Accounting**	**Information Systems**	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Audit Practice and Assurance Services integrates and builds on, as appropriate, the capabilities developed in the earlier subjects as highlighted in the table above.

➢ Learning Outcomes

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

- Demonstrate the ability to exercise appropriate judgement in the application of legal, regulatory, professional and ethical requirements to audit and assurance services
- Critically evaluate financial statements, analyse and interpret data, and utilise information to assess audit risk; devise audit strategy, design, plan and execute the audit and/or assurance service
- Determine the application of International Standards on Auditing (Ireland), International Standards on Quality Control (ISQC) (Ireland) and other technical pronouncements related to audit and assurance services
- Evaluate the evidence-based conclusions from audit and assurance procedures to communicate effectively to various stakeholders choosing appropriate report formats
- Critique current issues and developments relating to audit and assurance services.

➢ Syllabus

1. The legal, regulatory, professional and ethical framework of auditing

(a) Companies Act / Orders, EU Directives & Company Law

(b) Irish & London Stock Exchange listed companies

(c) Auditing Standards – IASB, IAASB & IAASA

(d) Case law, legal liabilities & obligations

(e) Anti-money laundering

(f) Corporate governance frameworks

(g) CPA Code of Ethics and the Ethical Standard for Auditors (Ireland) 2017

(h) Professional negligence & indemnity

2. Risk Assessment, audit planning and execution

(a) New engagements and acceptance procedures

(b) Planning, conducting and documenting an audit

(c) Review of financial statements, analysis and interpretation of data and other information

(d) Materiality and risk assessment

(e) Quality control, professional scepticism and practice management

(f) Evaluation and testing controls (see below)

(g) Substantive testing

(h) Using the work of others

(i) Laws and regulations

(j) Fraud and error

3. Internal Controls and Financial Systems

(a) Control environment and control procedures

(b) Internal controls & internal control systems

(c) Computer control environment

(d) Continuous control monitoring

4. Completion and Reporting

(a) Subsequent events and going concern

(b) Final review and matters arising

(c) Key concepts – opinion, true & fair view/ fair presentation, materiality & statutory requirements

(d) Auditor's report

(e) Modified reports

(f) Limitations on scope/ Disagreement

(g) Emphasis of matter / other matters / KAMs

(h) Auditor's responsibility

5. Special Audits & Other Engagements

(a) Engagement, planning, execution and reporting

(b) Professional practice considerations

6. Performance Evaluation

(a) Corporate reports and extended stakeholder reports e.g., sustainability, governance and environmental reports

(b) Performance management reports and KPIs

7. Current Issues

(a) Current developments in the audit and assurance environment

(b) Auditing new technologies e.g., Artificial Intelligence (AI) and Blockchain

Learning Guide

The legal, regulatory, professional and ethical framework of auditing

- Demonstrate an in-depth understanding of the Companies Act / Orders and relevant EU directives and other company law legislation affecting the auditor

- Explain the responsibilities imposed on auditors of Irish Stock Exchange (ISEQ) and London Stock Exchange listed companies and describe the auditor's legal responsibilities to shareholders

- Demonstrate an in-depth understanding of Auditing standards and other technical pronouncements issued by the IASB, IAASB and IAASA

- Describe the implications for the auditing process of relevant case law decisions and explain how other legal liabilities and obligations affects auditors and accountants in providing audit and assurance services

- Define money-laundering; advise how auditors and accountants can meet their obligations under anti-money laundering legislation; demonstrate an ability to recognise suspicious transactions and describe how these transactions should be reported

- Appraise and critique the implications of corporate governance frameworks on the accounting and audit profession

- Explain and describe with examples, the fundamental principles of the CPA Code of Ethics and the Ethical Standard for Auditors (Ireland) 2017 and determine how they apply to audit and assurance services and the profession, including the impact of provision of non-audit services and the need for professional scepticism

- Illustrate the situations whereby auditors and accountants may have professional liability and explain professional indemnity, misconduct, negligence and the code of confidentiality

Risk Assessment, audit planning and execution

- Explain the procedures to be undertaken before acceptance of a new or recurring engagement and recognize when an engagement should be refused

- Describe the strategic design and planning of an audit and explain how the audit strategy is derived from the result of planning procedures. Discuss the importance of knowledge and understanding of the client's business and the importance of audit documentation in this process.

- Demonstrate the ability to critically review financial statements and other relevant information to plan the audit and assess risk. Identify, formulate and explain analytical procedures, data analysis and interpretation. Describe how technology can assist the auditor with this process and identify any risks associated with reliance on data reports, AI generated information and algorithmic processes.

- Consider materiality and performance materiality and illustrate how these concepts are applied in auditing. Explain how materiality and risk are related and evaluate business and audit risk, including the risk of material misstatement in an audit/assurance engagement. Consider other risk factors that may impact on the assurance engagement.

- Explain the principles of quality control and evaluate the quality control procedures to ensure good practice management. Describe the importance of professional scepticism throughout the audit and assurance engagement.

- Design and evaluate tests of controls and assess their role in gathering audit evidence

- Design and implement tests of substance on specific audit areas within the financial statements and evaluate their importance in gathering audit evidence

- Explain why and how the auditor may use the work of others

- Consider the impact of non-compliance with laws and regulations for the audit and assurance engagement

- Recognise and contrast the characteristics of fraud and error and explain with examples, the responsibility of auditors for detecting and reporting material misstatement due to fraud and error

Internal Controls and Financial Systems

- Describe how the control environment and control procedures operate within a business

- Explain effective internal controls and discuss the limitations on the effectiveness of internal controls

- Ascertain and understand internal control systems through use of narrative notes, flowcharts, checklists, questionnaires and walk-through tests

- Evaluate and assess accounting and internal control systems and the subsequent impact on audit work

- Define internal audit and ascertain and describe the situations when an auditor can/cannot place reliance on internal controls and/or internal audit

- Understand the principles and control procedures in a computer environment, including system analysis, design considerations and continuous control monitoring

- Understand that continuous audits are usually technology-driven and operate in real-time and recognise the importance of computer assisted audit techniques for continuous audit. Outline the 7-steps in continuous audit

- Assess the uses of computer-assisted audit techniques and the impact of data analytics, artificial intelligence (AI) and blockchain for the audit of internal controls and financial systems

- Identify the risks associated with reliance on technologically generated reports and outline the need to exercise professional scepticism in questioning the underlying assumptions and algorithms

Completion and Reporting

- Design audit procedures to identify subsequent events and assess the impact on the financial statements

- Evaluate the going concern indicators for an engagement and design audit procedures to gather evidence of going concern issues and their potential impact on the business, financial statements and the audit report

- Ascertain the remaining evidence to be gathered before the audit conclusion can be reached e.g., solicitor’s confirmation, review of provisions and contingencies, written representations etc.

- Conclude on the results of audit procedures performed and evidence gathered; identify adjustments and evaluate the impact on the final financial report of unadjusted errors.

- Explain the importance of analytical procedures throughout the audit and apply final analytical procedures and disclosure checks to the final financial statements

- Formulate any matters arising from the final review which may have an impact on the audit report

- Describe key concepts such as: audit opinion, true and fair view/fair presentation, materiality, statutory requirements, key audit matters (KAM) etc

- Determine the form and content of an unmodified auditor’s report and outline the elements comprising the report

- Advise on modifications to the auditor’s report and when they are justified, differentiating between matters that do not affect the auditor’s opinion, and those that do affect the auditor’s opinion providing examples of circumstances giving rise to modified reports

- Recognise and contrast limitations on scope and disagreements with management and the impact of each on the modified audit report

- Recognise when it is appropriate to use emphasis of matter paragraph, other matter paragraph and KAM disclosure

- Explain the auditor’s responsibility for their opinion and their responsibility before and after the date of the auditor’s report

- Explain the auditor’s responsibility for other information in documents (e.g., Annual Report) containing audited financial statements

- Describe other types of assurance report

Special audits and other engagements

- Describe the relevant engagement planning, execution (including internal control implications), reporting and professional practice considerations concerning:

    - Group audits, small business audits (including small business exemption), not-for-profit audits, first time audits

- Prospectuses and other offering documents (investment circulars): historical year-end financial statements, interim financial statements, and future oriented information

- Other types of historical financial assurance engagements: financial statements review engagement (Accountant's Report), financial statements compilation engagements (Compilation Report), audit or review of specific financial information (e.g., sales figures for retail park leases), compliance with agreements (e.g., loan covenants), agreed-upon procedures

- Assurance on internal controls in service organisations (e.g., data holding and or processing company)

- Other types of audits: value for money/operational, social and environmental, due diligence, health and safety, forensic (fraud identification, analysis and assessment)

Performance evaluation

- Critique corporate reports and extended stakeholder reports e.g., Corporate Social Responsibility Report (CSR), Environmental, Social and Governance Report (ESG), and other forms of sustainability and environmental reports

- Clarify the importance of ratio analysis and the use of Key Performance Indictors (KPIs) in performance management reports

- Recognise potential for bias in performance management reports

Current issues

- Discuss the current issues and developments relating to practice management, audit and assurance services, including audit expectations and developments in the regulation of audits

- Discuss the impact of emerging technologies on the audit itself and the accounting profession e.g., Artificial Intelligence (AI), Automated Accounting technology, Blockchain technology, Cloud computing, Data Analytics and the use of Big Data, Machine Learning (ML) and Robotic Process Automation (RPA)

➢ Assessment Strategy

Examination Approach

The subject should be approached on the basis that it is a final professional stage examination. It builds on the knowledge gained at Professional 1 Stage in relation to the core auditing issues. Questions require students to write reports, which must be tailored to the technical knowledge of the target audience.Students are also presented with the opportunity to demonstrate professional judgement and ethical sensitivity.

Particular attention must be paid to the interaction between the various elements of the syllabus and other subjects studied. Students are expected to select and integrate relevant syllabus material from Audit Practice and Assurance Services and other subjects as appropriate. They must also be able to appraise and defend the audit function and its impact on financial statements and the maintenance of standards.

Examination Format

This examination is unseen, open book and 4 hours in duration. Each exam will also have an additional 20- minute reading time.

All exam papers at the Strategic Level will be prepared in accordance with the following format:

Section A: 80 marks. All questions are compulsory. There will be no multi-choice questions at this level.

Section B: 20 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of the subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks Allocation

Marks

Section A	
Compulsory question(Case study)	50
Choice of 2 questions out of 3 (25 marks allocated to each question)	50
	Total 100

➢ Learning Resources

Core Texts

The Audit Process, Principles, Practice & Cases 7th Edition/Gray, Manson and Crawford / Cengage 2019 / ISBN: 9781473760189

Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities /2018/ IFAC / ISBN 978-1-60815-353-4 Published in two volumes, with Companion Manual, freely available for download from:

www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/publications/guide-using-international-standards-auditing-audits-small-and-medium-sized-entities

Technical Material

1. Assurance and Quality Control Standards

    - International Standards on Auditing (Ireland)

    - International Standards on Review Engagements (ISAE's)

    - ISQM (Ireland) Irish Audit Quality Standards. These are available from the Irish Auditing and Accounting Supervisory Authority www.iaasa.ie.

2. Financial Accounting and Reporting Standards

    - International Financial Reporting Standards (IFRSs) EU Endorsed are available from the European Commission on https://op.europa.eu/en/publication-detail/-/publication/1e1688e8-f9a6-11e7-b8f5-01aa75ed71a1/language-en/format-PDF/source-130716561

    - The International Standards on Auditing Ireland are available from the Irish Auditing and Accounting Supervisory Authority www.iaasa.ie.

3. Ethical Standards

    - Ethical Standard for Auditors (Ireland) 2022 are available from Irish Auditing and Accounting Supervisory Authority www.iaasa.ie.

    - CPA – Code of Ethics, available from the CPA website at www.cpaireland.ie

4. Examinable Material Document on pages 96-101 of this document

Supplementary Texts

Principles of External Auditing 4th Edition / Porter, Hatherly, Simon / Wiley 2014 / ISBN-13: 978-0470974452

External Auditing and Assurance: An Irish Textbook 4th Edition by Christine Nangle Revised/2022 / ICAI

Cosserat / Modern Auditing / Wiley / 4th Edition 2016 /ISBN-13: 978-1118962824

AccountancyPlus

CPA Students' eBulletin

Emerging Technologies, Risk, and the Auditor's Focus
by Julie Bell Lindsay, Anita Doutt, and Catherine Ide, Center for Audit Quality, Harvard Law School, July 2019

Three Technologies That Will Change The Face Of Auditing
Forbes, July 2018

Useful Websites (as of date of publication)

www.cpaireland.ie - CPA Ireland.

www.iaasa.ie - Irish Auditing and Accounting Supervisory Authority.

www.frc.org.uk/about-the-frc/structure-of-the-frc/audit-and-assurance-council -
FRC - Audit and Assurance Council

www.frc.org.uk/about-the-frc/structure-of-the-frc/corporate-reporting-council -
FRC Corporate Reporting Council

www.ifac.org/auditing-assurance – International Auditing & Assurance Standards Board

Level: Strategic

Subject Title: Advanced Taxation

Examination Duration: 3 Hours 20 minutes (Open Book)

Aim

The aim of this module is to provide students with a detailed knowledge of the administration of the taxation system in Ireland. It develops students' ability to apply Irish taxation legislation to individuals and companies in a compliant and ethical manner.

Advanced Taxation as an Integral Part of the Syllabus

Advanced Taxation is a prerequisite for the later study of Advanced Tax Strategy. Knowledge gained from this subject will also be relevant in the further study of Audit & Assurance, Advanced Audit & Assurance, Managerial Finance, Financial Reporting and Advanced Financial Reporting.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	**Strategic Corporate Finance**	Strategic Performance Management	**Advanced Corporate Reporting**	Strategy & Leadership	**Audit Practice and Assurance Services**	Advanced Taxation
P1		**Managerial Finance**	**Corporate Reporting**	Corporate Laws& Governance	Auditing	
F2		Management Accounting	Financial Accounting	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Advanced Taxation further integrates and builds on, as appropriate, the capabilities developed in Taxation (F2)

➢ Learning Outcomes

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

- Discuss how the Irish tax system is administered, Revenue Audits are carried out, and the powers of the Revenue Commissioners in this regard

- Assess the income tax liabilities, including PRSI and Universal Social Charge, of individuals and correctly apply all relevant, credits, reliefs, allowances, and withholding taxes

- Assess the capital gains tax liabilities of individuals having applied all relevant reliefs and exemptions

- Basic principles, relief and exemptions for CAT/ Stamp Duty

- Assess the tax liabilities of corporate taxpayers taking due account of allowances, distributions, reliefs and withholding taxes

- Discuss the operation of VAT and apply the VAT legislation to individual transactions

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➢ Syllabus

❖ Taxation in Ireland

(a) Scope of Irish Taxation

(b) Revenue Charter & Code of practice

(c) Taxpayers rights & obligations

(d) Role of the accountant

(e) Ethical issues

(f) Tax evasion / avoidance

❖ Income Tax

(a) Basis of assessment

(b) Calculation of tax

(c) Schedule D Case I & II income

(d) Farm tax

(e) Capital allowances

(f) Loss relief

(g) Withholding taxes

(h) PRSI & USC

(i) Tax on interest received, rental income, short-term lease premiums, dividends

(j) Schedule D, E & F income

(k) Filing requirements, payment & non-compliance consequences

(l) Double taxation – investment income

❖ **Capital Gains Tax**

(a) Scope and basis of assessment

(b) Calculation of tax

(c) Non-compliance consequences

(d) Share transactions

(e) Reliefs from capital gains taxes

(f) Development land

❖ **Corporation Tax**

(a) Basis of assessment

(b) Calculation of tax

(c) Badges of trade

(d) Capital allowance

(e) Chargeable gains

(f) Loss relief

(g) Tax on interest, foreign income, Irish rental income, dividends received

(h) Withholding taxes

(i) Close companies and distributions

❖ **VAT**

(a) Basis of assessment

(b) Calculation of tax

(c) Returns & payments

❖ **Capital Acquisitions Tax & Stamp Duty**

(a) Basic principles of CAT

(b) Exemptions & reliefs

(c) Administration & payments

(d) Basic principles of stamp duty

Learning Guide

The purpose & administration of taxation in Ireland

- Outline the scope of Irish: Income Tax, Capital Gains Tax, Corporation Tax, Value Added Tax, Professional Services Withholding Tax, Relevant Contracts Tax, Local Property Tax, Capital Acquisitions Tax and Stamp Duty

- Explain the structure and administration of direct and indirect taxation, compliance obligations for taxpayers and list the interest and penalties for non-compliance

- Describe the Code of Practice for Revenue Audit and other Compliance Interventions and the Revenue Customer Service Charter

- Outline taxpayers' rights and obligations in the event of a dispute with Revenue

- Discuss ethical issues and compliance with the CPA Ireland ethical code.

- Distinguish between tax avoidance and tax evasion and discuss accountants' responsibilities in this context

Income Tax

- Determine an individual's income chargeable to Irish Income Tax

- Compute tax adjusted profit for Schedule D Case I & II income: - Apply basis periods and determine assessable profits for continuing businesses and business in commencement or cessation, including short lived business

    - Calculate income tax on farm income using the income averaging basis
    - Apply general stock relief for farmers
    - Apply income tax credits and reliefs
    - Calculate capital allowances on qualifying assets
    - Define loss relief available and calculate relief
    - Calculate withholding taxes
    - Calculate Professional Services Withholding Tax and Relevant Contracts Tax
    - Calculate charges to PRSI and USC
    - Calculate Local Property Tax

- Determine and assess income tax on:

    - Interest received
    - Rental income
    - Short-term lease premiums
    - Irish dividend income including shares received in lieu of dividends

- Calculate income tax liability, having applied all relevant reliefs, allowances, and credits, arising from Schedule D, E, and F income
- Outline filing requirements, methods of payment & consequences for non-compliance.
- Explain the scope and basis of assessment of Schedule E (employment) income
- Determine the taxable status; employed or self-employed, & outline taxation treatment arising
- Calculate Schedule E income tax, applying relevant reliefs, allowances, and credits
- Define and apply tax treatment of termination of employment

Capital Gains Tax

- Outline territorial scope and basis of assessment of Capital Gains Tax, self-assessment requirements & consequences of non-compliance
- Calculate capital gains and losses, considering allowable acquisition, enhancement, incidental costs, and indexation relief
- Calculate capital gains tax arising from share transactions including bonus and rights issues
- Apply reliefs from Capital Gains Tax, including principle private residence, transfer of a business to a company, entrepreneur relief, land or building transfers, retirement, chattels, indexation and marginal relief
- Calculate capital Gains Tax on development land applying indexation relief, as appropriate

Corporation Tax

- Outline the scope of Corporation Tax, self- assessment requirements, methods of payment and consequences of non-compliance
- Define tax residence, apply basis of assessment & determine accounting periods for assessment
- Define and apply badges of trade
- Calculate tax adjusted profit and capital allowances, including treatment of distributions
- Calculate chargeable gains
- Calculate losses having applied loss relief (terminal loss relief is excluded)
- Assess & calculate tax on:

  - Interest
  - Foreign income
  - Irish rental income
  - Dividends received

- Calculate withholding taxes

- Calculate a company's taxable income, applying relevant relief & allowances to determine tax payable.

- Define the close company rules, including definitions (such as meaning of participator) and understand and apply the effect of close company status.

VAT

- Define the operation and scope of VAT including registration requirements, maintenance of VAT records, goods and services chargeable to VAT, place of supply of goods & services, invoicing for VAT, VAT rates, deduction and payment requirements & consequences of non-compliance

- Recognise VAT exempt and zero-rated supplies

- Understand and distinguish between multiple supply and composite supply

- Define and apply the two-thirds rule and package rule

- Define non-deductible inputs

- Distinguish between and apply invoice basis and money received basis (cash basis) of accounting for VAT

- Explain VAT treatment of transactions within the EU, intra-Community acquisition and intra-Community supply, and calculation of VAT arising

- Calculate VAT payable or receivable arising from transactions in a period

Capital Acquisitions Tax & Stamp Duty

- Describe the activities to which Capital Acquisitions Tax applies, together with the underlying principles and the basis of assessment

- Calculate CAT applying basic reliefs and exemptions

- Outline the system of administration and payments for CAT

- Outline the basic principles of stamp duty

➢ Assessment Strategy

Examination Approach

Students are required to display a knowledge of the system of administration of the various taxes, including requirements for compliance and corresponding penalties with regard to submissions and payment of taxes. Questions are mainly scenario based and students are expected to demonstrate the correct application of the practical aspects of the subject matter being examined.

Descriptive answers are also required to some questions to indicate an understanding of the relevant law and administrative procedure. It is necessary to demonstrate an ability to answer questions in a logical and coherent fashion.

Examination Format

This examination is unseen, closed book and 3.5 hours in duration. Each exam will also have an additional 10-minute reading time.

All exam papers at the professional level will be prepared in accordance with the following format:
Section A: 60 - 80 marks. All questions are compulsory. (This section may include a multi-choice or multi- part question at the discretion of subject examination team).

Section B: 20-40 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks Allocation

Marks	
Question 1 case-study (Compulsory)	35
Questions 2 to (Answer any three)	65
	Total 100

➢ Learning Resources

Core Texts

Advanced Tax by Paula Byrne, (Latest Edition) Griffith College

Irish Taxation: Law & Practice 2022/2023 / Irish Taxation Institute

Supplementary Texts and Journals

CA Proficiency 1 / Taxation 1 (ROI) 2021/2022) / Chartered Accountants Ireland/ ISBN: 978-1-913975-07-4

Level: Strategic

Subject Title: Advanced Taxation (Sri Lanka)

Examination Duration: 3 Hours 20 minutes (Open Book)

Short Description:

A "resident" person is liable to tax in Sri Lanka on that person's income arising in Sri Lanka and income arising outside Sri Lanka. A 'non-resident' person is liable to tax in Sri Lanka only on that person's income arising in Sri Lanka. Income tax is charged for every year of assessment in respect of the profits and income of every person for that year of assessment. "Person" is defined to include the following:

- an individual
- a company
- body of persons
- any government

The tax law changes almost daily as it is amended to address unique transactions and to meet economic, social, and political needs. The study of taxes blends together accounting, economics, law, and finance concepts. The focus of the course is on the advanced concepts of taxation (i.e., those aspects of the system that are stable over time). The student must become familiar with, and be able to apply the provisions of the income tax law to individuals and company transactions.

Aim

The aim of this subject is to ensure that students understand and can apply the principles and practice of advanced taxation, and are able to identify and resolve practical taxation problems. Students are expected to interpret and apply relevant case law and to advise on the most tax efficient structures.

This unit introduces the principles of fiscal problem solving, both from the point of view of the taxing authority and the tax payer. It examines in detail areas of legislation applicable to the current fiscal year.

It provides students with an understanding of system of taxation as it impacts on individual and businesses. It aims to ensure candidates can apply judgement and technique in the provision of a range of taxation services. In particular to equip candidates with the ability to resolve problems involving the computation of tax liabilities, basic tax and financial planning and which draw upon the interaction of a wide range of taxes. This course offers an intensive study of the theory and principles of income tax law as it applies to business entities – corporations, individuals, partnerships, estates, and trusts. Emphasis is placed on the theoretical framework as well as practical application and planning. The course also covers the tax audit process and professional tax preparer responsibilities.

It deals with provisions affecting individuals and corporations; tax factors in planning and decision making; social, political and economic considerations underlying tax laws. There will be an emphasis on learning research and communications skills. Students will learn to prepare various business and accounting correspondence including, reports, memorandums, client and engagement letters.

Advanced Taxation as an Integral Part of the Syllabus

The Advanced Taxation syllabus further develops the key aspects of taxation introduced at Formation Level and extends the candidates knowledge of the tax system together with their ability to apply that knowledge to the issues commonly encountered by individuals and businesses, such that successful candidates should have the ability to interpret and analyse the information provided and communicate the outcomes in a manner appropriate to the intended audience. It also deals with the administration of revenue laws and compliance with them.

As this is an optional paper for those who wish to specialise in taxation, the syllabus extends far beyond the basic tax knowledge and also covers all areas of taxation encompassing overseas aspects of taxation, the taxation of trusts and additional exemptions and reliefs. The impact of relevant taxes on various situations and courses of action, including the interaction of taxes minimising and/or deferring tax liabilities by the use of standard tax planning measures.

Advanced Taxation develops the students' knowledge and competence in tax acquired in Taxation (F2). There are also linkages to, Advanced Corporate Reporting, Audit Practice and Assurance Services, Strategy & Leadership, Strategic Corporate Finance, and Strategic Performance Management (all at P2).

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	**Strategic Corporate Finance**	**Strategic Performance Management**	**Advanced Corporate Reporting**	**Strategy & Leadership**	**Audit Practice and Assurance Services**	Advanced Taxation
P1		Managerial Finance	Corporate Reporting	Corporate Laws& Governance	Auditing	
F2		Management Accounting	Financial Accounting	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Advanced Taxation further integrates and builds on, as appropriate, the capabilities developed in Taxation (F2)

➢ Learning Outcomes

It deals with the principles of taxation relating to a wide range of taxation and aims to test knowledge and understanding of concepts and laws relating to taxation (income, VAT, etc.). The areas of testing include tax process, procedures, accounting, and planning, as well as taxation of property transactions, individuals, and entities (which include sole proprietorships, partnerships, limited liability entities, corporations, joint ventures, trusts, estates, and tax-exempt organizations).Students will be able to prepare effective and credible tax plans and propose alternative courses of action for minimising tax expenses. They will be able to apply knowledge gain in statutory and case laws in tax planning and effective communicators.

Candidates will acquire knowledge in:

- understanding of concepts, laws and practices relating to a wide range of taxes,
- imposition of income tax on persons and specific provisions relating to the taxation of certain profits and dividends from them,
- imposition of income tax on residence, non-residence companies,
- dealing with special cases including receiver, trustee, executor, partnership, self assessment, PAYE, tax on dividend, rent, interest, etc.,
- imposition of VAT and returns,
- demonstrating basic principles of stamp duty and situations in which stamp duty applies and exempt from the payment of stamp duty,
- identify and describe the transactions liable to Provincial Council stamp duty and
- alternative treatment of taxation and tax planning.
- communication with clients, Inland Revenue, Customs and other professionals in an appropriate manner.

In addition to demonstrating knowledge and understanding of these topics, candidates are required to demonstrate the skills required to apply that knowledge in providing tax preparation and advisory services and performing other responsibilities as certified public accountants. They will be able to evaluate fully the tax implications of various courses of action for a given situation taking into account all relevant taxes in each case giving due consideration to all other relevant implications. To demonstrate such knowledge and skills, candidates will be expected to perform the following tasks:

- recognize the sources of income and their exclusions for taxation purposes,
- explain the system of administration applicable to returns and assessments,
- evaluate the tax implications of different legal structures for business entities and individuals,
- the principles of income tax relating to business entities, individuals, partnerships, charitable institutions, clubs, associations, provident funds, trusts and executors,
- identify the differences of accounts for taxation and accounting purposes,
- analyse information and identify data relevant for tax purposes,
- identify issues, elections, and alternative tax treatments,
- identify and calculate business deductions and losses.
- application of principles arising from the judgements in tax cases to advise on tax matters in a given situation and offer tax advice on matters relating to various taxation issues and tax planning,

- recognize and identify ethical dilemmas in tax practice and make ethical decisions when faced with these dilemmas; provide relevant, practical ethical advice with reasoned argument,explain assumptions use and limitations of the advice given.

➢ Syllabus

1. Tax administration

The law passed by the Parliament provides for the appointment of a Commissioner General of Inland Revenue who is responsible for the administration of the tax laws. (Taxes administered by the department of Inland Revenue). There are 1 Additional Commissioner General, 3 Deputy Commissioner Generals and 24 Commissioners appointed by the Public Service Commission who can exercise the Commissioner General's powers if the Commissioner General has delegated such powers.

To support the C.G.I.R. and 24 Commissioners there are 82 Deputy Commissioners (Managers) who are engaged in management duties of 12 regional offices and other various branches of the Revenue Department. In addition, there are 731 Assessors and 702 Tax Officers one System Administrator and one System Analyst, Department of Inland Revenue is based on both functional and regional.

The strategic goal of the Inland Revenue is to improve voluntary compliance by taxpayers with the tax laws through programmes which encourage and assist that and detect those who do not comply and, where necessary, take appropriate corrective action.

Students need to pay special attention to the administration of the following taxation:

(a) Pay As You Earn (PAYE) scheme
   (i) Employees and employers obligations under the system
   (ii) "Specified Employee"

(b) Return, Assessments and Appeals

   (i) Returns under self-assessment and payment/repayment of tax
   (ii) Raising of assessments and additional assessments by the IR
   (iii) Time limits applicable to the (b) above
   (iv) Rules, conditions and circumstances under which a valid appeal can be made and appeal can be taken up to Supreme Court.
   (v) Penalties imposed for incorrect returns
   (vi) Final and conclusive assessment
   (vii) Recovery of taxes and additional sums including provisions relating the following:
   - PAYE
   - Payment on self-assessments
   - Default payments
   - Quarterly tax settlements
   - Withholding taxes on interest, dividends, specified fees, provident funds, payments made to foreign entertainers and artists
   - Claim of refund
   -

2. Income Tax

The scope of income tax

(a) Determination of the residence/non-residence of a person including companies

(b) Imposition of Income tax
(i) Year of assessment
(ii) Income chargeable with Tax,
(iii) Exemption from Income Tax,
(iv) miscellaneous exemptions under the Inland Revenue Act (Sec. 13) applicable to an individual and capital gains.
(v) Law applicable to income tax (revenue & case laws)
(vi) Ascertainment of Profit or Income
- Trade, business, profession, vocation (statutory income from a small or medium-scale trade, business, profession or vocation, taking into consideration allowable and disallowable expenses)
- Employment income including all cash and non-cash benefits, excluding terminal benefits.
- Net annual value of land and improvements
- Dividend, interest, discount
- Charges and annuities
- Rents, royalties and premium
- Winning from a lottery, betting or gambling
- Any sum received by a non-governmental organisation (NGO) and
- Income of any source, other than of a casual and non-recurring nature

(vii)Ascertainment of total statutory income,
(viii) Ascertainment assessable income,
(ix) Ascertainment of taxable income,
(x) Rates of income tax on person including “ceiling of tax rates” introduced from time to time).
(xi) Specific provisions relating to the taxation of certain profits and dividends
(xii)Profits from employment
- Expenses
- Benefits
- Lump sum payment
- Receipts at retirement
- Exemptions
- Income from employment abroad
- Investment income from provident or pension funds
- Failure to deduct income tax from employees

(xiii) Income from property

- Property owned and occupied
- Net annual value
- Occupiers income
- Rent income
- Irrecoverable rent
- Damages
- Capital improvements by tenants

(c) Computation of Income Tax
(i) Comprehensive computation of taxable income and the income tax liability
(ii) Preparation of comprehensive income tax computations for taxable person; resident or non-resident
(iii) Computation of income tax liability of specialised business undertakings: banking, financial institutions, insurance companies, off-shore transactions, partnerships, etc.
(iv) Computation of the tax liability of a person using “net wealth method” and receipts and payments method

(v) Evaluate higher exposure to income tax and other interactive taxes in order to address current tax issues
(vi) Calculation of undisclosed income using net-wealth or receipts and payments method.

(d) Assessment of income tax liability of a non-resident person; Conceptual/Procedural Comprehension/Application
(e) Computation of statutory income deemed to be derived from Sri Lanka, by a non-resident, from sale or manufactured products, in or outside Sri Lanka
(f) Assess the taxable income and the tax payable thereon by a non-resident person
(g) Describe the liability of an agent of a non-resident person.
(h) Gross income tax liability for an individual.
(i) Income tax payable after taking into consideration of withholding taxes, ESC, PAYE, etc. where applicable.

3. Partnerships

(a) Definition of partnership for Income Tax
(b) Partnerships Procedural Application
(c) Computation of divisible profits
(d) Share of profits; assess the divisible profit and other statutory income of a partnership and distribution of profits and income among partners.
(e) Assessment on the partnership; computation of the tax payable by a partnership, due dates of payment and the tax credit available to partners.
(f) Non-resident partner, working partner
(g) Conditions under which a person or partnership is required to submit a statement of accounts
(h) Specified schedules and the certificate of approved accountant and need to be submitted with the statement of accounts.
(i) The statutory responsibilities of the precedent partner to furnish a return and provide information to other partners, with due dates.
(ii) The mandatory requirement of a person carrying on a trade, business, profession or vocation to register with the Commissioner General of Inland Revenue.

4. income Tax on Companies

(a) Outgoings and expenses Incurred
(i) Provisions
(ii) Allowable deductions
(iii) Bad debts
(iv) Interest
(v) Employer’s contribution to PF
(vi) Payments to employees
(vii) Employer’s contribution to gratuity Fund
(viii) Repairs and renewals
(ix) Other allowable and non allowable expenses

(b) Capital expenditure
(c) Allowances for depreciation
(d) Taxable income of a company Procedural Application/Analysis
(e) Income tax on residence companies
(f) Income tax on non-residence companies
(g) Remittance tax Procedural Comprehension
(h) Describe the liability of a non-resident company for tax on remittances.
(i) Assess remittance tax payable by a non-resident company.
(j) Nature of business activities in order to apply appropriate tax holidays and other tax incentives applicable to resident companies
(k) Various types of companies and the basis of tax liability, including rates of income tax

(l) Computation of statutory income from other taxable sources of income including interest and dividends
(m) Non assessable dividend
(n) Total statutory income, assessable income and taxable income, after making statutory deductions
(o) Computation of statutory profit or income of a trade or business carried out by a resident company
(p) Income tax liability, appropriate rates of income tax, based on the category of the company and the nature of business
(q) The balance tax payable, after applying self-assessment payments and tax credits applicable to companies including economic service charge and notional tax credit on Treasury bill interest
(r) The meaning of dividend from the context of Inland Revenue Act
(s) Tax payable on dividends and deduction of tax from gross dividends payable to shareholders
(t) Capital gains not liable for income tax
(u) Withholding taxes
(v) Company profits made by transactions with its shareholders
(w) Distributable profit, deemed distribution and minimum distribution to be made with time limits
(x) Tax payable on deemed distributions where applicable and payment of tax
(y) The statutory obligations of a company to furnish returns of income and distributions, with due dates.
(z) Form and particulars to be contained in the return and to prepare a return of income.

5. Special Cases:

- Children
- Receiver, Trustee and Executor
- Unit trust
- Non-residence person
- Insurance
- Interest, etc., payable to persons outside Sri Lanka
- Charitable institution, its purpose and income including its business income

(a) State the interpretation and calculate tax liability of a trade association, club, provident fund, trustee, executor and non-governmental organisations.
(b) Trustees, executors and receivers Procedural Comprehension/Application
(c) Provident funds Procedural Application and computation of income tax liability of a provident fund.
(d) Self assessment & payment of tax
(e) Employee income tax deduction and payment
(f) Deduction of income tax from rent, lease rent or other payment
(g) Deduction of income tax from any annuity, royalty or management fees paid
(h) Taxation on insurance, shipping and aircrafts
(i) Contents of S. 217of Act No 10 of 2006 (active partner, Agent, Agricultural Undertaking, Authorised Representative, Body of Persons, Business, Charitable Institution, Charitable Purpose, Child, Executive Officer, Executor, Partnership, Person, President Partner, Regulated President Fund, trade association)
(j) Double Tax Agreements:
    (i) The main aspects of the operation of a double tax agreement; the importance of permanent agreements in relation to business profit.
    (ii) Conceptual Comprehension/Analysis double tax treaties
    (iii) Describe the overlapping of tax jurisdictions and how to avoid double taxation
    (iv) Distinguish between the OECD model and UN model of tax treaties

6. Value Added Tax (VAT)

(a) Value Added Tax (VAT) conceptual comprehension, analysis and application
(b) Describe the terms: person, body of persons, open market value, supply of goods, supply of services, time of supply, taxable period, taxable activity, taxable supply, registered person, Input tax, Output tax and tax point

(c) Describe the application of VAT to small and medium-sized businesses along with the registration threshold.
- Obligations of a registered person
- Explain the concept of simplified VAT and eligibility for registration under the scheme
- Describe the statutory provisions for registration and deregistration for VAT, including thresholds and time limits.

(a) Imposition of Value Added Tax
- (i) Value of supplies with regard to different activities including leasing, insurance and imports
- (ii) Tax payable for a non-complex occasion
- (iii) Exempted supplies in computation of output and input tax.
- (iv) The statutory obligations in relation to submitting returns, payment of tax and documentation
- (v) Exempted supplies and explain the difference between exempted and zero-rated supplies.
- (vi) Due dates of payment, submission of returns and provisions applicable to refunds.

(b) Computation and payment of VAT
- (i) Ascertain the output tax, input tax and balance tax payable by a registered person engaged in multiple activities.
- (ii) Computation of monthly/quarterly tax payable
- (iii) Assess the VAT liability of a registered identified purchaser and registered identified supplier.
- (iv) Indicate due dates of payment and furnishing returns

(c) VAT on Financial Services
- (i) Procedural comprehension and application of VAT on Financial Services
- (ii) VAT on the supply of financial services
- (iii) Describe the financial services and computation of value addition
- (iv) Computation of VAT payable on a business of financial services

(d) Special Cases on VAT

- (i) Describe statutory provisions of the VAT Act in relation to computation, time-bar for assessments, appeals and appeal settlement procedure.
- (ii) VAT matters in a complex business environment and mitigating activities in such situations
- (iii) Returns and calculation of standard, luxury zero, and exempt rated supplies.
- (iv) Computation, payment and refund of tax.

7. Nation Building Tax (NBT)

- NBT conceptual comprehension, analysis and application
- Who is liable for NBT Explain the activities liable for NBT along with the basis of liability and liable turnover
- Explain the terms person and manufacture
- NBT on small and medium-sized businesses and the registration threshold
- Excepted articles and services
- Computation of liability for tax in a simple, straightforward case
- Due dates of payment and submission of returns
- Describe assessments, time-bar for assessments, appeals and appeal settlement
- Procedure under the NBT Act

(a) Computation of NBT

(i) Assessment of NBT payable by a business of manufacturing, service, wholesale, retail or distribution

(ii) Use the knowledge on excepted articles and services into the computation of NBT payable by business

(iii) State due dates for payment and submitting returns

8. Economic Service Charge (ESC)

(a) ESC procedural comprehension, analysis and application
(b) Conditions under which a business is liable to ESC and thresholds.
(c) Payment dates and tax credit available in relation amount paid on account of ESC and brought forward.
(d) Computation of ESC payable by a business under given circumstance

9. Stamp Duty

(a) Basic principles of stamp duty
(b) Describe the liability for stamp duty and rates of stamp duty, under the Stamp Duty (Special Provisions) Act.
(c) Liability for payment of stamp duty to Central Government
(d) Instruments and documents exempt from the stamp duty
(e) Transactions liable for payment of stamp duty to Provincial Council

10. Provincial Council Turnover Tax

(a) Explain Fundamental Principles of Provincial Council Turnover Tax and transactions liable to Provincial Council Tax.

11. Tax Planning and Advising

- Projections of tax consequences
- Implications of different business entities
- Employment v self-employment
- Incorporation of a business
- Remuneration packages Choice of business medium
- Disposal of a business,
- Directors and shareholders,
- Sales of group assets and
- VAT – groups.

(a) Recommend alternative courses of action to mitigate potential risks and minimise tax expense.
(b) Income tax exemptions, tax holidays and other reliefs granted under the Inland revenue Act and BOI Law
(c) Alternative tax incentives for a given situation and their limitations
(d) Describe statutory provisions relevant to transfer pricing and methods of transfer pricing
(e) Pricing policies applied by businesses in domestic and international transactions and the validity of such policies.
(f) Tax planning for businesses taking into account opportunistic statutory provisions, fiscal incentives and limitations to minimise tax expenditure
(g) Explain artificial or fictitious transactions and their application

(h) Solutions for issues raised by tax authority on tax payer rights established under statutes and relevant case law
(i) Dealing with various tax issues on recovery, interpretations, assessments and penal action and litigation
(j) Preparation of reports and other formal internal and external communications on tax planning activities and advising.

12. Contemporary Issues in Taxation

(a) Significant tax changes legislated during the last six months and their effect on corporate and individual taxpayer.
(b) Effect of changes in tax legislations on various business activities
(c) Explain the effect on taxation of changes in financial reporting standards
(d) Explain the effect of relevant guidelines issued by the tax authority in relation to financial reporting standards
(e) Tax strategies implemented or proposed based on the analysis of financial statements and other relevant information

13. Taxation & Ethics

(a) Familiar with the provisions in the "Code of Professional Conduct and Ethics in respect of disclosure of information, conflict of interest, confidentiality and implications for a tax practice
(b) Procedural analysis of taxation and ethics

14. Professional risk

(a) Procedural analysis of professional risk
(b) Alternative courses of action available for existing tax issues assisted by relevant computations
(c) Describe the penal provisions applicable to accountants, auditors and tax practitioners in respect of interpretation of provisions, frauds and incorrect returns.
(d) Explain potential risks in terms of direct and indirect taxes and matters which require corrective actions for statutory compliance.

15. Revenue Audits

(a) The Code of Practice for Revenue Audit; the Customer Service Charter; the role of Special Investigation
(b) Mandatory disclosure
(c) Revenue powers.
(d) Prosecution policy within the
(e) Revenue.
(f) Penalties and Interest

16. Case Law

Students must have a sound understanding of and be able to apply the principles contain in the case laws relevant to the following subject areas:

- Employment
- Any other sources of sources of income
- Profit and income arising in or derived from Sri Lanka
- Annuity
- Adventure in the nature of Trade

- Capital and revenue
- Meaning of Plant
- Reason for rejecting return
- Partnerships
- Production of income and purpose of trade
- Hazards of tax planning
- Legitimacy of tax planning

(a) Case Reference

Subject	**Case**	**Reference**
01. Partnership	A. A. Davoodbhoy vs Commissioner General of Inland Revenue	SLTC Volume IV
02. Nature of trade	D. S. Mahawitharana vs CIR Ram Iswera vs CIR Commissioner of Income Tax vs C. S. De Zoysa Rutledge vs CIR CIR vs Livingstone and Others IRC vs Fraser CIR vs Reinhold Martin vs Lawry	CTC - Volume III CTC - Volume III CTC - Volume I 14 TC 490 11 TC 538 1942 24 TC 498 34 TC 389 11 TC 297
03. Profits & Income Arising in or derived From Sri Lanka	Anglo-Persian Oil Co. Ltd. vs Commissioner of Income Tax Chivers & Sons Ltd. vs Commissioner of Income Tax	CTC - Volume 1 CTC - Volume 1
04. Income from any other source	Wickramasinghe vs Commissioner of Income Tax	CTC - Volume1
05. Profit from Employment	Crib vs Commissioner of Income Tax Sutherland vs Commissioner of Income Tax Kanagasabapathy vs Commissioner General of Inland Revenue	CTC - Volume I CTC - Volume I SLTC - Volume IV
06. Expenses incurred	Heyley and Co. Ltd vs The Commissioner of Inland Revenue Commissioner of Inland Revenue vs A. W. Davith Appuhamy Strong vs Woodfield Rajapakse vs Commissioner of Income Tax	CTC - Volume III CTC - Volume III TC 215 CTC - Volume 1
07. Plant	Thornhill vs Commissioner of Income Tax Chelvanayakam vs Commissioner of Income Tax	CTC - Volume S.C. 148 (Inty)
08. Annuity	The Commissioner of Inland Revenue vs J. M. Rajarathnam	CTC - Volume III
09. Rejection of returns	New Portman Ltd. vs W. Jayewardene and Others D. M. S. Fernando and Another vs Mohideen Ismail	SLR - 307, Vol 1 of 89 04 CTC 156
10. Capital and revenue expenditure	Mitchell vs Noble Haughton Tea Company Limited vs Commissioner of Income Tax Artherton vs British Insulated & Helsby Cables Ltd. Vallambrosa Rubber Co. Ltd. vs Farmer The National Mutual Life Association of Australia Ltd. vs Commissioner of Income Tax	11 TC 372 CTC - Volume I 10 TC 155 05 TC 529 CTC - Volume I 07 TC 358

	Hancock vs General Reversionary &	
	Investment Co. Ltd.	27 TC 103
	Associated Portland Cement Manufacturing Co.	TC - Volume I
	vs Kerr	12 TC 621
	Theobald vs Commissioner of Income Tax	48 TC 257
	Law Shipping Co Ltd. vs CIR	
	Odeon Associated Theatres Ltd vs Jones	

➢ Assessment Strategy

Examination Approach

This subject should be approached on the basis that it is the final subject in taxation and is mandatory for those students wishing to satisfy the requirements to obtain a practicing certificate, post qualification. The examination paper is equally balanced between tax planning and tax computation. Marks are awarded for structured and rationally based conclusions. Students are expected to select and integrate relevant syllabus material from Advanced Taxation and other subjects where this is appropriate to the analysis and solution of the case-study.

Students are required to analyse complex tax issues and integrate their learning across different tax heads. They should apply that learning to provide the optimal tax planning guidance within the legal and ethical frameworks. Overall, students are expected to demonstrate a high level of intellectual, technical, personal and communications skills including analytical, numeracy, ethical sensitivity, and report writing competencies.

Examination Format

The examination is open book and 3 hours' 20 minutes duration. It consists of one compulsory case-study, and three questions of , All must be answered.

Marks Allocation

	<u>**Marks**</u>
Question 1 case-study (Compulsory)	35
Questions 2 to 4 (Answer any three)	65
	<u>**Total 100**</u>

➢ Teaching & Learning Strategies

The teaching methodology includes the techniques: power point presentation, study guide, quizzes, problem solving, integrative problems, communication skills, technology applications, finding information on the internet, research, simulations collaboration, calculations, analysis, and written assignments. Students prepare for lectures by reading the study text material and by doing the problem assignments prior to class. Attendance is mandatory. The class is student driven in the sense that participation does play a role in the mastery of the material. You are encouraged to ask and answer questions.

All assignments turned in after the due date will be subject to a mandatory 20% penalty of the maximum points for the assignment. No assignment will be accepted forty-eight (48) hours after the due date.

Student engagement is a necessary condition for an effective learning experience, and includes contributions to debate and discussion (if any), positive interactive learning with others, and an enthusiastic attitude towards inquiry. Everyone is expected to be a positive contributor to the class learning community, and students are expected to share the responsibility of teaching each other.

The delivery of the module will be three hour combined lecture and workshop/tutorial/seminar. The focus of the workshops/seminars will be (a) on discussion of principles and (b) on practical problems which illustrate the principles explained in the lectures. Students will be encouraged to work in groups and participate in the analysis of problems; the emphasis will be on critical and analytical thinking.

➢ Learning Resources

Core Texts

Publications Government of Sri Lanka, **Inland Revenue**

Taxation publication by Institute of Chartered Accountants of Sri Lanka

Tax Law Dept. of Inland Revenue Sri Lanka, **Manual of Income** 1999/2000

E Gooneratne, **Income Tax in Sri Lanka,** 2nd Edition, Aitken Spence Ltd.

Corporate and Individual Tax Planning (RoI) 2015-2016 / CAI / 2015

Business Decisions and Transaction Taxes (RoI) 2015–2016 / CAI / 2015

Supplementary Texts

A Homer, R Burrows **Tolleys Tax Guide,** Tolley Publishing ISBN 1860128319

Sonia Gable **The Basic Principles of Tax,** Taxbriefs Limited ISBN 1902824571

Simon Philip **Kelly's Financial Planning for the Individual** Gee ISBN 1860890385

Eugene Willis | William H. Hoffman, Jr. | David M. Maloney | William A. Raabe, South-Western

Federal Taxation 2010: Comprehensive, 33rd Edition - ISBN-10: 0324828616 | ISBN-13: 9780324828610 © 2010

Tom Conlan / Students' Tax Handbook 2015 ed / McKeon Murray / Elm House, Leopardstown Office Park, Dublin 18. Tel: 353 1 2959090 Revenue Statements of Practice & Tax Briefings.

Herlihy, Moore, O'Sullivan / Corporation Tax Finance Act 2010 / Irish Taxation Institute / ISBN-13: 978-1842602201

O'Hanlon, McLeane/ The Taxation of Capital Gains Finance Act 2014 / Irish Taxation Institute

Whelan & Williams / The Taxation of Gifts & Inheritance, Finance Act 2012/ Irish Tax Institute

Brodie and Dillion / Value Added Tax Finance (no:2) Act 2013 / Irish Tax Institute

Power, Scully / The Law and Practice of Irish Stamp Duty Finance Act 2013 / Irish Taxation Institute

Accountancy Plus.

CPA Students' e Bulletin.

Useful Websites
(as at date of publication)

www.icpasrilanka.lk

www.inlandrevenue.gov.lk

www.cpaireland.ie - CPA Ireland.

www.revenue.ie - The Revenue Commissioners' website.

www.taxworld.ie/ - Tax world.

There are a number of sources from which you can obtain a series of materials written for Accountancy Professional examinations. These are listed below:

Foulks Lynch – Contact number: +44 (0)20 8831 9990.Website: www.foulkslynch.com

Accountancy Tuition Centre (ATC), International, Contact number: +44 (0)141 880 6469. Website: www.ptc-global.com

BPP Contact number: +44 (0)20 8740 2211. Website: www.bpp.com

The Financial Training Company, Contact number: +44 (0)174 785 4302.Website: www.financial-training.comWider reading is also desirable, especially regular study of relevant articles in Accountancy and Finance journals and quality daily newspapers.

Level: Strategic

Subject Title: Strategic Corporate Finance

Examination Duration: 3 Hours 20 minutes (Open Book)

Aim

The aim of this module is to develop students' critical understanding of the key responsibilities and financing decisions facing today's strategic financial manager. Students should be able to develop detailed business plans, to assess potential financial risks, and to advise on suitable risk management strategies for entrepreneurial activities as well as established organisations.

Strategic Corporate Finance as an Integral Part of the Syllabus

Strategic Corporate Finance develops the financial management knowledge and skills acquired by students in Managerial Finance and other disciplines acquired in the earlier examination stages. Strategic Corporate Finance requires students to integrate and expand that knowledge so as to provide a framework for strategic financial management analysis and decisions

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	**Strategic Corporate Finance**	Strategic Performance Management	Advanced Corporate Reporting	Strategy & Leadership	Audit Practice and Assurance Services	Advanced Taxation
P1		**Managerial Finance**	Corporate Reporting	Corporate Laws& Governance	Auditing	
F2		Management Accounting	Financial Accounting	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Strategic Corporate Finance further integrates and builds on, as appropriate, the capabilities developed in the earlier subjects, as highlighted in the table above.

➢ Learning Outcomes

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

- Evaluate the financial objectives of an organisation and explain how they are determined and interrelate with the non-financial objectives and stakeholder interests.
- Discuss the legal regulations and the professional and ethical considerations facing financial managers.
- Value shares / businesses in the context of a proposed merger, acquisition or management buyout.
- Analyse the factors associated with corporate failure in order to predict its likelihood and to provide advice on actions that will prevent its occurrence.
- Evaluate and advise as to the optimum capital gearing structure, term structure and dividend policy for an organisation.
- Advise as to appropriate exchange risk and interest rate risk management strategies and discuss the use of derivatives in long-term risk management.
- Discuss the relevance of portfolio theory and the Capital Asset Pricing Model for financial managers.
- Prepare a business plan for an organisation, given prescribed information.
- Evaluate the financial management of an organisation over a period of time relative to its competitors and industry norms.

➢ Syllabus

1. Financial Environment

(a) Financial objectives in strategy

(b) Stakeholders

(c) Corporate social responsibility

(d) Agency Theory

(e) Professional, regulatory and legal framework

(f) Monetary regulation

(g) Treasury management

(h) The Efficient Market Hypothesis

2. Mergers and Acquisitions

(a) Mergers and acquisitions – overview

(b) M&A procedures

(c) Valuation of an organisation

(d) Value gaps

(e) Financing mergers and takeovers

(f) Defence tactics

(g) Legal and financial due diligence

(h) Management buy outs

(i) Privatisation of quoted companies

3. Sources of Finance

(a) Equity and debt financing

(b) Short, medium and long-term funding

(c) Gearing structure

(d) Modigliani and Miller's theory of corporate financing

(e) Capital structures

(f) Dividend policies

4. Financial Risk Management

(a) Key financial risks

(b) Currency risk

(c) Foreign exchange markets

(d) Foreign exchange and interest rates

(e) Forward exchange contracts

(f) Money market hedges

(g) Exchange rate risk management strategies

(h) Interest rate risk management strategies

(i) Long-term exposure to foreign currency risk

5. Cost Of Capital

(a) Risk and return

(b) Weighted average cost of capital

(c) Portfolio diversification

(d) Portfolio theory

(e) Capital asset pricing model

6. Financial Analysis and Business Planning

(a) Long-term business planning

(b) Capital investment appraisal

(c) Business plan evaluation

(d) Assessment of financial position

(e) Competition and industry norms

(f) Key financial management indicators

(g) Benchmarking

7. Fintech

(a) The future of fintech

(b) Data monetization

(c) Crypto technologies

(d) Regulation

Learning Guide

The financial environment

- Summarise financial objectives within the strategic planning process
- Identify key stakeholders of organisations and examine the interests of each stakeholder group
- Discuss Corporate Social Responsibility and assess its relationship to the objective of maximising shareholder wealth
- Explain agency theory and evaluate its relevance to financial managers

- Outline the professional, regulatory and legal framework relevant to financial management including: The City Code and stock exchange requirements, money laundering, directors' responsibilities

- Examine monetary regulation in the US and EU and its effect on Capital Markets

- Identify and discuss the key activities undertaken by treasury managers

- Summarise the advantages and disadvantages of centralised treasury management.

- Evaluate the Efficient Market Hypothesis and compare various forms of efficiency

Mergers and Acquisitions

- Describe organic and acquisitive corporate growth

- Critically analyse proposed mergers and acquisitions

- Describe procedures to be complied with during an acquisition

- Establish the valuation of an organisation in the context of a potential takeover using the earnings and asset- based methodologies, and market-based multiples

- Summarise the significance of Value Gaps and the information efficiency of capital markets

- Propose methods of financing mergers and takeovers, including cash, debt, equity and hybrids.

- Appraise defence tactics used during a potential hostile takeover

- Explain the role of legal and financial due diligence during a merger/acquisition

- Discuss the benefits and risks associated with Management Buy Outs (MBOs) and evaluate the sources of finance for MBOs

- Explain the advantages and disadvantages of management buy-ins (MBIs)

- Summarise the arguments for and against a quoted company going private

Sources of Finance

- Compare and contrast equity and debt financing. Explain the attractions and risks associated with each

- Identify the sources of short-term, medium-term and long-term funding

- Summarize Modigliani and Miller's theory of corporate financing in perfect capital markets

- Generalise the optimum capital structure of a firm in an imperfect market

- Explain Modigliani and Miller's theory of dividend irrelevance in perfect capital markets

- Illustrate the signaling and the clientele approaches to dividend policy

- Discuss the influence of taxation on dividend policy

- Assess and summarize other key considerations in financing including the Pecking Order Theory (Myers and Majluf), agency costs, and financial distress and bankruptcy costs

- Analyse various dividend payment policies including cash and stock dividends, and the use of share repurchase schemes

Financial Risk Management

- Evaluate the key financial risks facing an organisation including exchange rate (currency) risk and interest rate risk

- Identify different currency risks including transaction, translation and economic exposure

- Discuss strategies to mitigate currency risks including the use of money market instruments, financial derivatives, and other methods including netting, leading and lagging

- Show the workings of the foreign exchange markets

- Discuss the relationship between foreign exchange rates, interest rates, and inflation in different countries

- Explain various ways of managing interest rate risk including the use of options, swaps, forwards, futures and swaptions.

- Appraise long-term economic exposure of a firm to foreign currency risk and evaluate steps to mitigate such exposure

Cost of Capital

- Interpret risk and return and discuss the relationship between risk and return

- Discuss the factors impacting on the cost of equity capital

- Calculate the Weighted Average Cost of Capital (WACC) and discuss its uses and limitations

- Discuss portfolio theory and examine different risk-return profiles arising from various combinations for asset allocation and explain the relevance of the efficient frontier approach

- Explain the Capital Asset Pricing Model (CAPM) and discuss its assumptions, applications, and limitations

Financial Analysis and Business Planning

- Prepare long-term business plans from prescribed information

- Appraise capital investment options using NPV, IRR and Payback criteria

- Evaluate business plans from the perspective of an equity investor or provider of debt

- Evaluate an organisation’s current financial position

- Compare and evaluate the financial management of an organisation with that of competitors and industry norms

- Prepare, evaluate, and discuss key financial management indicators based on the published financial statements of an organisation

- Benchmark selected financial KPIs against companies in the same industry sector

Emerging Technologies in Finance

- Define Fintech and describe the evolution of fintech; recognise the potential impact of Fintech on financial intermediation (savings and credit) and digital currencies

- Discuss the potential impact of Fintech on payments, clearing and settlement services, and money creation

- Contrast TechFin from FinTech and describe opportunities and regulatory challenges brought about by data- driven finance

- Appraise blockchain (Distributed Ledger) technology and its types including public and private systems

- Recognise the potential application of DL technology in various business issues including smart contracts and supply chain management

➢ Assessment Strategy

Examination Approach

This examination uses a case-study approach to test students' ability to apply technical skills, critical analysis, and demonstrate synthesis and decision-making. It also tests communication skills and familiarity with contemporary business issues. Questions require students to write reports, which must be tailored to the technical knowledge of the target audience. Students are also presented with the opportunity to demonstrate professional judgement and ethical sensitivity.

Examination Format

This examination is unseen, open book and 4 hours in duration. Each exam will also have an additional 20- minute reading time.

All exam papers at the Strategic Level will be prepared in accordance with the following format:

Section A: 80 marks. All questions are compulsory. There will be no multi-choice questions at this level.

Section B: 20 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of the subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks Allocation

Marks

Section A	
Compulsory question (Case study)	50
Section B	
Choice of 2 questions out of 3 (25 marks allocated to each question)	50
	Total 100

➢ Learning Resources

Core Texts

Arnold / Corporate Financial Management 6th Edition/ Pearson 2019 / ISBN-13: 978 12922140445.

Berk, J. and DeMarzo, P. (2023). Corporate Finance, Global Edition. 6th edition. Pearson International Content.

Manuals

Griffith College, CPA Strategic Level - Strategic Corporate Finance (Latest edition)

Supplementary Texts and Journals

Power, Walsh and O Meara 3rd ed / Financial Management / An Irish Text, Gill and Mc Millan / 2009 / ISBN- 13: 978-0717145546

Pilbeam / Finance and Financial Markets / 4th edition McMillan 2018 / ISBN-13: 978-1137515629.

CPA Students' eBulletin
Harvard Business Review
Investment International
Accounting & Business
Accountancy Plus

Arner, D., Barberis, J., and Buckley, R., 2019. The Evolution of Fintech: A New Post-Crisis Paradigm? Available at SSRN: https://ssrn.com/abstract=2676553

Pilkington, M., 2015. "Blockchain Technology: Principles and Applications". Available at SSRN: ssrn.com/ abstract=2662660

Thakor, A., 2020. Fintech and banking: What do we know? Journal of Financial Intermediation 41, 100833.

Zetzsche, D., Buckley, R., Arner, D., Barberis, J., 2017. From FinTech to TechFin: The Regulatory Challenges of Data-Driven Finance. Available at SSRN: https://ssrn.com/abstract=2959925

Level: Strategic

Subject Title: Strategic Performance Management

Examination Duration: 3.5 Hours (Open Book)

Aim

The aim of this module is to ensure that students have the necessary management accounting expertise and competence to conduct a critical, strategic analysis of unfamiliar business situations. This includes the ability to select, integrate and apply the appropriate techniques and approaches in order to identify problems, opportunities and recommend strategic solutions.

Strategic Performance Management as an Integral Part of the Syllabus

This module builds on the learning from the domains of statistics, economics, management accounting and finance. Performance Management requires students to integrate and expand that technical knowledge so as to provide a framework for strategic analysis of business issues.

Stage	Subject	Subject	Subject	Subject	Subject	Subject
P2	Strategic Corporate Finance	Strategic Performance Management	Advanced Corporate Reporting	Strategy & Leadership	Audit Practice and Assurance Services	Advanced Taxation
P1		**Managerial Finance**	Corporate Reporting	Corporate Laws& Governance	Auditing	
F2		**Management Accounting**	Financial Accounting	Information Systems	Taxation	
F1		Introduction to Cost & Management Accounting	Introduction to Accounting Management in Organisations	Economics and Business Planning	Business Law and Professional Ethics	

Strategic Performance Management further integrates and builds on, as appropriate, the capabilities developed in the earlier subjects as highlighted in the table above.

➢ Learning Outcomes

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

- Select and apply performance management techniques to given business situations to develop relevant options for the decision maker(s)
- Propose relevant performance management techniques for a given organisation assessing the strategic advantages or adverse side effects arising from their implementation
- Identify performance management structures that can be applied to improved performance management in an organisation
- Assess the impact of existing, or proposed, performance structures on organizational performance, behaviours, and work practices and make suggestions for improvements
- Describe and interpret analytical models in a performance management context
- Identify and discuss emerging developments relevant to an organisation’s performance management systems and discuss the impact on the role of the management accountant.

➢ Syllabus

1. Advanced Decision-Making

(a) Pricing decisions

(b) Target and Lifecycle costing

(c) Profitability analysis

(d) Theory of constraints, throughput and backflush accounting

(e) Activity based management & analysis

(f) Measuring and managing uncertainty

(g) Multiple limiting factors / constraints

(h) Process improvement

2. Planning And Control

(a) Budgetary control systems.

(b) Alternative approaches to budgeting

(c) Control of engineered, committed and discretionary costs.

(d) Advanced variance analysis

(e) Standard costing and variance analysis in modern manufacturing

(f) Scenario planning

3. Analytics in performance measurement

(a) Business analytics

(b) Predictive analytics: regression analysis and software tools

(c) Predictive analytics: model evaluation

(d) Data visualisation

4. Divisional performance evaluation

(a) Divisional profitability: return on investment and residual income

(b) Economic and managerial performance evaluation

(c) Economic value added

(d) Value-based management

(e) Transfer pricing

(f) Transfer pricing and taxation

5. Performance Measurement Systems

(a) Mission statements, objectives, strategies and goals

(b) Performance measurement in modern manufacturing environments

(c) Alternative competitive strategies

(d) Monitoring the external environment

(e) Financial and non-financial performance measurement

(f) Benchmarking

(g) Performance measurement models

(h) Incentive schemes

6. Emerging and disruptive technologies

(a) Technologies such as blockchain, artificial intelligence and Internet of Things

Learning Guide

Advanced decision making

- Understand the importance of costs in pricing decisions, price-setting and price-taking firms. Understand and apply short and long-term pricing including strategic considerations and pricing policy, revenue management, profit optimisation, services pricing, product mix and pricing.

- Explain and apply target costing as a pricing mechanism, understand target costing in a cost management and value creation context

- Explain the stages of lifecycle, illustrate the allocation of costs to various stages of lifecycle including committed costs and disposal/de-commissioning/environmental costs.

- Analyse product, service, segment or customer profitability including the incorporation of activity-based costing; evaluate decisions on making or buying products, ceasing products/services/activities, in-sourcing and outsourcing - including use of contribution analysis.

- Explain key elements of the theory of constraints

  - Understand the concept of throughout accounting
  - Calculate and apply the throughput accounting ratio and throughput contribution per factory hour
  - Understand and apply backflush accounting entries in a just-in-time environment.

- Identify business activities (activity analysis) and interpret the use of activity-based techniques (including activity- based costing) in broader management.

- Understand risk attitudes; apply risk appraisal techniques including expected values, maximax/maximin/regret criteria, decision trees and sensitivity analysis.

- Understand and formulate linear programming models

  - Determine solutions to linear programming models using the graphical method; understand the use of spreadsheets to solve linear programming models.

- Describe general concepts of continuous improvement (Kanban), techniques such as business process engineering Total Quality Management, Lean Management and Six Sigma.

Planning and control

- Understanding budgeting and how is it used as a means of planning and control within organisations through the identification of the various purposes of budgetary control systems.

- Distinguish between the alternative approaches to budgeting including incremental, zero-based, activity based, rolling budgets and ‘beyond’ budgeting techniques.

  - Compare and contrast these alternative approaches and critique the benefits and drawbacks of each.

- Explain how the control of engineered, committed and discretionary costs impacts on the budgeting process.

- Demonstrate the ability to understand, apply and interpret advanced variance analysis, including – sales mix and quantity variances, sales market size and sales market share variances; material mix and yield variances; labour mix and yield variances and planning and operational variances.

- Understand and apply the learning curve effect in the calculation of variances

- Appreciate controllable and non-controllable variances as applicable to individuals and/or departments/segments within organisations.

- Examine the factors that influence the decision to investigate variances and outline the various techniques that can be adopted in making such decisions.

- Critically appraise the use of standard costing and variance analysis as applied to modern manufacturing.

- Describe and apply what is meant by scenario planning e.g., 'what if' analysis

Analytics in performance measurement

- Define business analytics (1)

- Explain data sources, internal and external, which may be useful in a forecasting and performance management context (1)

- Describe multiple regression analysis and the use of statistical software in a forecasting and performance management context (1)

- Understand and evaluate the assumptions underlying multiple regression analysis - linear relationship, multivariate normality, multicollinearity, auto-correlation, homoscedasticity (2)

- Evaluate statistical model outputs including the coefficient of determination (r2), t-value and p-value (2)

- Define data visualisation (1)

- Describe visualisation tools within spreadsheets and other tools such as Tableau (1).

Divisional performance evaluation

- Understanding differences between divisional and non-divisional organisational structures and the resultant approach to performance evaluation

- Explain the various types of responsibility centres – investment, profit, revenue, cost and understand the best metrics of assessing performance within each

- Apply and interpret the key measures of divisional profitability - return on investment and residual income and critically evaluate the benefits and drawbacks of each.

    - Understand such measures in the context of overall divisional performance.

- Understand the challenges associated with allocating costs to divisions and consider the impact this has on divisional performance evaluation (controllable v non controllable costs)

- Recognise the importance of the distinction between economic and managerial performance evaluation

- Understand and apply the economic value-added technique of performance evaluation arising thereon.

- Explain the principles underlying value-based management

- Understand options available to establish transfer prices within an organisation (e.g., cost-plus, market based, negotiated and dual prices), and demonstrate an ability to apply these in given scenarios.

- Critically evaluate the appropriateness of each option as a measure of divisional evaluation considering factors such as goal congruence, divisional autonomy and sub-optimisation.

- Outline the connections between transfer pricing options adopted by organisations and the taxation implications arising thereon.

Performance measurement systems

- Define the meaning of a performance measurement system

- Explain the importance of an organisations mission statements, objectives, strategies and goals in developing an effective performance measurement system.

- Describe and evaluate performance measurement in modern manufacturing environments including Just-in-time (JIT), Total Quality Management (TQM), and lean manufacturing.

- Understand and describe alternative competitive strategies available to an organisation, providing critical analysis as to the applicability of Performance Management System options in a given scenario

- Outline and explain how an organisation may monitor its external environment - including the use of competitor accounting

- Outline, with examples, what is meant by financial and non-financial performance measurement, demonstrate an ability to interpret the results and draw conclusions thereon

    - Understand the concept of external benchmarking as a method of performance measurement.

- Understand and describe the various performance measurement models, including the balanced scorecard, providing critical analysis on the benefits and drawbacks of the models.

- Document the nature of incentive schemes that could be adopted by an organisation and evaluate their effectiveness as a method of assisting in performance measurement.

Emerging and disruptive technologies

- Discuss emerging and disruptive technologies – concepts such as machine learning, artificial intelligence, internet of things, blockchain and robotics and their use in/effect on performance measurement and performance management.

➢ Assessment Strategy

Examination Approach

Students are expected to demonstrate the management accounting expertise needed to conduct a critical and strategic analysis of unfamiliar business problems. This includes the ability to select, justify, and apply management accounting techniques which are appropriate to particular business scenarios described in the examination questions. Students will be required to prepare management reports encompassing both quantitative and qualitative analysis. A peripheral knowledge of the topics on the syllabus is not sufficient.

Examination Format

This examination is unseen, closed book and 3.5 hours in duration. Each exam will also have an additional 10-minute reading time.

All exam papers at the professional level will be prepared in accordance with the following format: Section A: 60 - 80 marks. All questions are compulsory. (This section may include a multi-choice or multi- part question at the discretion of subject examination team).

Section B: 20-40 marks. This section will contain a number of optional questions. The exact number and mark weighting of these questions will vary at the discretion of subject examination team.

The individual subject examination team will decide upon the exact question style considered most appropriate to their specific subject. This format will be followed in subsequent exams. Should a change to the exam format be deemed appropriate this will be notified, in advance, in the annual Educator's Briefing. Please refer to the CPA Ireland website for latest Educators Briefing.

Marks
Marks Allocation

Each question carries 20 marks. The total for the assessment is 100 marks, with a minimum of 50 marks required for the attainment of a pass standard.

➢ Learning Resources

Core Texts

Drury / Management & Cost Accounting 11 ed / Cengage 2018 / ISBN-13: 978-1473773615

W. Seal, C. Rohde, R. H. Garrison & E. W. Noreen / Management Accounting / McGraw-Hill 6th ed 2018 / ISBN-13: 978-0077185534.

A. Bhimani, C. T. Horngren, S. M. Datar & M. Rajan / Management and Costing Accounting / 7th ed 2019 Pearson/ ISBN-13: 978 1292232669.

Additional texts

Evans / Business Analytics, 3ed Global / Pearson 2021 / ISBN-13: 978-1-292-339061

Camm et al. / Business Analytics, 4ed/Cengage 2021 / ISBN-13: 978-0-357-131787

Why Accountants Must Embrace Machine Learning by *Donny C. Shimamoto, IFAC, April 2018*

Richard Busulwa, Nina Evans /Digital Transformation in Accounting, Routledge 2021 / ISBN:9780429344589.

The Internet of Things and Accounting: Lessons from China
ACAEW Thought Leadership, Business & Management Faculty, 2019