

# **Level 4 International Finance and Administration qualifications**

Syllabus

**icsa**

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# Key features

## The ICSA International Finance and Administration suite of qualifications:

- are aimed at individuals who are new to the offshore financial services industry and are undertaking administrator roles or those who have been working in the industry for some time with no recognisable qualification
- are Level 4 qualifications – equivalent to first year undergraduate level
- comprise the following titles:
  - ICSA Level 4 Award in International Finance and Administration
  - ICSA Level 4 Subsidiary Certificate in International Finance, Accounting and Administration
  - ICSA Level 4 Subsidiary Certificate in International Finance, Investment and Administration
  - ICSA Level 4 Certificate in International Finance and Administration
- contain core and specialist modules
- present knowledge in a work-related context
- are externally assessed – ICSA will set and mark all assessments
- are assessed twice a year – in June and November
- are graded at Pass (P), Merit (M) and Distinction (D) – students whose level of achievement is below Pass will be classified as Fail A, Fail B, Fail C or Fail D, depending on the number of marks achieved.

Students can register for these qualifications from January 2015. The first certification opportunity will be August 2015.

## Prior knowledge, skills and understanding

Students do not need to achieve any other qualifications before registering for an ICSA Level 4 International Finance and Administration qualification. No prior knowledge, skills or understanding are necessary. There are no formal entry requirements and the qualifications are suitable for non-degree holders, although it is helpful to be working in a relevant occupation.

## Assessment

All modules within these qualifications are externally assessed via closed-book examination. The examinations are set and marked by ICSA. See the *Qualification structure* section for further information.

The examinations will provide independent assessed evidence of learning. They will also enable students to demonstrate the range of transferable skills they have developed throughout their programme of study by requiring them to apply their knowledge in unfamiliar contexts.

The modules in this syllabus are assessed via **three** closed-book examinations which are set and marked by ICSA.

- Paper 1: International Finance and Administration – this paper assesses the core modules.
- Paper 2: Accounting – this paper assesses the specialist accounting modules.
- Paper 3: Investment – this paper assesses the specialist investment modules.

The pass mark is 50% for each of the examinations.

# Module format

## Module title

The title describes the content of the module.

## Level

All the modules and qualifications in this syllabus document are at Level 4, which is equivalent to first year undergraduate in the UK.

## Module type

The ICSA Level 4 International Finance and Administration suite of qualifications have core and specialist modules.

- **Core modules** – these modules are designed to cover the body of content that employers and educators within the sector consider essential for job roles at this level within the offshore financial services sector.
- **Specialist modules** – these are sector-specific modules that focus on a particular area of expertise. In the ICSA International Finance and Administration suite of qualifications, these modules provide the opportunity to demonstrate knowledge, understanding and skills in accounting and/or investment.

## Total hours study time

This is the total number of hours that students are expected to take to study the module. This time incorporates tuition, self-study with the study text, wider reading and reflection on work experiences, practice assessment tasks and exam preparation.

## Introduction

The introduction provides a snapshot of the module and summarises the learning outcomes.

## Learning outcomes

The learning outcomes of a module set out what a student is expected to know, understand or be able to do as the result of a process of learning.

## Module content

This section identifies the breadth of knowledge, skills and understanding needed to design and deliver a programme of learning to achieve each of the learning outcomes.

## Topic

Each learning outcome is broken down further into a series of themes that should be covered in the programme of learning for the module.

## Exemplification

The content of this section provides the range of subject material to be studied under each topic heading.

# Qualification structure

## Level 4 Award in International Finance and Administration

This qualification comprises eight core modules and is assessed via **one** 3-hour closed-book examination (Paper 1: International Finance and Administration) which is set and marked by ICSA. Students must pass this paper to be awarded the qualification. The pass mark is 50%.

Module number	Core modules	Total hours study time
1	Introducing Offshore Finance Centres	15
2	The Legal Environment in the Offshore Financial Services Sector	30
3	Taxation in Offshore Finance Centres	30
4	Banking in Offshore Finance Centres	30
5	Regulation and Supervision of Offshore Finance Centres	45
6	Creating a Valid Trust	50
7	Companies and Company Law	75
8	Other Vehicles and Trust and Company Administration	25

# Level 4 Subsidiary Certificate in International Finance, Accounting and Administration

This qualification comprises eight core modules and four specialist modules. It is assessed via **two** closed-book examinations which are set and marked by ICSA:

- Paper 1: International Finance and Administration – 3-hour examination covering Modules 1–8
- Paper 2: Accounting – 1½ hour examination covering Modules 9–12.

Students must pass both papers to be awarded the qualification. The pass mark is 50% for each examination.

<b>Module number</b>	<b>Core modules</b>	<b>Total hours study time</b>
1	Introducing Offshore Finance Centres	15
2	The Legal Environment in the Offshore Financial Services Sector	30
3	Taxation in Offshore Finance Centres	30
4	Banking in Offshore Finance Centres	30
5	Regulation and Supervision of Offshore Finance Centres	45
6	Creating a Valid Trust	50
7	Companies and Company Law	75
8	Other Vehicles and Trust and Company Administration	25
<b>Module number</b>	<b>Group A specialist modules – Accounting</b>	<b>Total hours study time</b>
9	The Accounting Environment	40
10	Recording Financial Information	40
11	Accounting Controls	40
12	Reporting and Analysing Financial Information	40

# Level 4 Subsidiary Certificate in International Finance, Investment and Administration

This qualification comprises eight core modules and four specialist modules. It is assessed via **two** closed-book examinations which are set and marked by ICSA:

- Paper 1: International Finance and Administration – 3-hour examination covering Modules 1–8
- Paper 3: Investment – 1½ hour examination covering Modules 13–16.

Students must pass both papers to be awarded the qualification. The pass mark is 50% for each examination.

<b>Module number</b>	<b>Core modules</b>	<b>Total hours study time</b>
1	Introducing Offshore Finance Centres	15
2	The Legal Environment in the Offshore Financial Services Sector	30
3	Taxation in Offshore Finance Centres	30
4	Banking in Offshore Finance Centres	30
5	Regulation and Supervision of Offshore Finance Centres	45
6	Creating a Valid Trust	50
7	Companies and Company Law	75
8	Other Vehicles and Trust and Company Administration	25
<b>Module number</b>	<b>Group B specialist modules – Investment</b>	<b>Total hours study time</b>
13	The Investment Scene	40
14	Company Formation and Value	40
15	Markets, Foreign Exchange and Derivative Products	40
16	Bonds and Investments	40

# Level 4 Certificate in International Finance and Administration

This qualification comprises eight core modules and eight specialist modules. It is assessed via **three** closed-book examinations which are set and marked by ICSA:

- Paper 1: International Finance and Administration – 3-hour examination covering Modules 1–8
- Paper 2: Accounting – 1½ hour examination covering Modules 9–12
- Paper 3: Investment – 1½ hour examination covering Modules 13–16.

Students must pass all three papers to be awarded the qualification. The pass mark is 50% for each examination.

Module number	Core modules	Total hours study time
1	Introducing Offshore Finance Centres	15
2	The Legal Environment in the Offshore Financial Services Sector	30
3	Taxation in Offshore Finance Centres	30
4	Banking in Offshore Finance Centres	30
5	Regulation and Supervision of Offshore Finance Centres	45
6	Creating a Valid Trust	50
7	Companies and Company Law	75
8	Other Vehicles and Trust and Company Administration	25
Module number	Group A specialist modules – Accounting	Total hours study time
9	The Accounting Environment	40
10	Recording Financial Information	40
11	Accounting Controls	40
12	Reporting and Analysing Financial Information	40
Module number	Group B specialist modules – Investment	Total hours study time
13	The Investment Scene	40
14	Company Formation and Value	40
15	Markets, Foreign Exchange and Derivative Products	40
16	Bonds and Investments	40



# Core modules

## Module 1

# Introducing Offshore Finance Centres

Level: 4

Module type: **Core**

Total hours study time: **15**

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### **Introduction**

This module introduces fundamental topics and issues in the offshore financial services industry, and the types of products and services offered by providers.

### **Learning outcomes**

In this module you will:

- 1 Understand key features of the offshore financial services industry
- 2 Know about products and services offered by offshore financial services providers
- 3 Understand how trust and company services are administered.

## Module content

What needs to be learnt	
Topic	Exemplification
The offshore financial environment	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining the characteristics of an offshore finance centre</li> <li>• 'onshore offshore' jurisdictions</li> <li>• the development of offshore industries</li> <li>• low-tax jurisdictions</li> <li>• characteristics of tax havens</li> </ul>
Uses and users of offshore centres	<p>Including:</p> <ul style="list-style-type: none"> <li>• the range of users of offshore centres – high net worth individuals (HNWIs)</li> <li>• the uses of offshore centres</li> <li>• locations of offshore and international finance centres</li> <li>• typical features of offshore centres</li> <li>• definition of 'exchange control regulations'</li> <li>• the factors that may influence a person's choice of offshore centre: <ul style="list-style-type: none"> <li>• niche markets that may have developed</li> <li>• characteristics of the legal system</li> <li>• the standard of regulation</li> <li>• reputation of the offshore centre</li> <li>• confidentiality and privacy provisions</li> <li>• desirable features of the political, physical and human infrastructure</li> <li>• the taxation environment</li> </ul> </li> <li>• the factors affecting a person's choice of offshore service provider</li> </ul>
Trust and company products and services	<p>Including:</p> <ul style="list-style-type: none"> <li>• services provided by the financial services sector in offshore centres</li> <li>• definitions of key terms: <ul style="list-style-type: none"> <li>• fiduciary relationship</li> <li>• client</li> <li>• entities</li> <li>• structures</li> <li>• overlying trusts/underlying companies</li> <li>• trust company</li> <li>• service provider</li> </ul> </li> <li>• trust and company products available offshore – trusts, companies, foundations, partnerships</li> <li>• trust company business services available offshore</li> </ul>

**What needs to be learnt**

<b>Topic</b>	<b>Exemplification</b>
Trust and company administration	Including: <ul style="list-style-type: none"> <li>• the role of the trust and company administrator</li> <li>• trust company administration-only services</li> <li>• company administration</li> <li>• trust administration</li> </ul>
Offshore insurance services	Including: <ul style="list-style-type: none"> <li>• offshore insurance sectors – domestic insurance, international insurance, insurance intermediaries</li> <li>• international insurance – captive insurance, commercial insurance, international life insurance, employee benefit trusts (EBTs)</li> <li>• advantages and disadvantages of establishing a captive insurance company or an offshore EBT</li> </ul>
Offshore legal services	Including: <ul style="list-style-type: none"> <li>• legal services provided by offshore centres, e.g. estate planning, strategy planning</li> </ul>
Offshore tax services	Including: <ul style="list-style-type: none"> <li>• tax planning services</li> <li>• tax compliance services</li> </ul>
Investment business services	Including: <ul style="list-style-type: none"> <li>• definition of the investment business sector offshore</li> <li>• fund management</li> <li>• portfolio management services</li> <li>• advisory, discretionary and execution-only investment services</li> </ul>

## Module 2

# The Legal Environment in the Offshore Financial Services Sector

Level: 4

Module type: **Core**

Total hours study time: **30**

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### Introduction

This module highlights the importance of English law in offshore jurisdictions, and the difference between common law and civil law jurisdictions.

The module will also examine the elements required to form a binding contract, how to identify a breach of contract and the resulting consequences, followed by some of the potential remedies available when a breach of contract has been identified.

### Learning outcomes

In this module you will:

- 1 Understand the impact of English law in offshore jurisdictions
- 2 Know about statute law and statutory interpretation
- 3 Understand case law and the doctrine of binding precedent
- 4 Understand principles of contract law relating to offshore jurisdictions.

## Module content

What needs to be learnt	
Topic	Exemplification
Introducing English law	<p>Including:</p> <ul style="list-style-type: none"> <li>• the significance of English law to offshore practitioners</li> <li>• the development of English law – common law and equity</li> <li>• the distinction between legal and equitable rights</li> <li>• the distinction between civil law and common law offshore jurisdictions and how these affect offshore clients</li> </ul>
Trust law	<p>Including:</p> <ul style="list-style-type: none"> <li>• relevant statute law in the Trustee Act 2000 and the Trustee Act 1925</li> <li>• purpose trust</li> <li>• trust instrument</li> <li>• trust law in offshore jurisdictions</li> <li>• the rule against perpetuities</li> <li>• the proper law of a trust</li> <li>• the maximum statutory period in which property can be tied up in trust</li> </ul>
Legislation	<p>Including:</p> <ul style="list-style-type: none"> <li>• creating statutory laws through the process of legislation</li> <li>• advantages and disadvantages of legislation</li> <li>• statutory interpretation: <ul style="list-style-type: none"> <li>• the literal rule</li> <li>• the golden rule</li> <li>• the mischief rule</li> <li>• the contextual rule</li> </ul> </li> </ul>
Case law	<p>Including:</p> <ul style="list-style-type: none"> <li>• the doctrine of judicial precedent – applying a previous court decision from an earlier case to the facts of another/similar case</li> <li>• <i>ratio decidendi</i> – the reasons behind the decision made on a case</li> <li>• defining other terminology – <i>obiter dicta</i> and <i>stare decisis</i></li> <li>• the advantages and disadvantages of precedent</li> </ul>
Contract law	<p>Including:</p> <ul style="list-style-type: none"> <li>• the extent to which different offshore jurisdictions base their contract law on that of England and Wales</li> <li>• the essentials required to form a valid (legally binding) contract: <ul style="list-style-type: none"> <li>• agreement (made by an offer and acceptance)</li> <li>• consideration</li> <li>• intention to create legal relations</li> </ul> </li> </ul>

## What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"><li>• the offer:<ul style="list-style-type: none"><li>• differences between an offer and an invitation to treat</li><li>• accepting an offer and terminating an offer</li></ul></li><li>• consideration of a contract from each party</li><li>• legal intentions of the parties to a contract</li><li>• legal capacity of the parties entering into a contract</li><li>• legality of a contract – contracts deemed to be illegal cannot be enforced</li><li>• performance of a contract</li><li>• breach of the conditions of a contract and potential remedies:<ul style="list-style-type: none"><li>• damages</li><li>• equitable remedies:<ul style="list-style-type: none"><li>– specific performance</li><li>– injunction</li><li>– Mareva injunction</li><li>– rescission</li></ul></li></ul></li></ul>

## Module 3

# Taxation in Offshore Finance Centres

Level: 4

Module type: **Core**

Total hours study time: **30**

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### Introduction

This module examines the complexity of taxation and the need for expert tax advice by covering the main types of taxes that affect individuals and entities such as companies, trusts, partnerships and foundations.

The module also covers tax planning concepts, the effect of residence and domicile on how individuals may be taxed, and the use of offshore entities to reduce taxation. The module concludes with a look at the difference between tax avoidance and tax evasion, as well as harmful tax practices and measures in place to prevent them.

### Learning outcomes

In this module you will:

- 1 Understand the principles of taxation as applied to offshore jurisdictions
- 2 Understand how to prevent harmful tax practices.



## Module content

What needs to be learnt	
Topic	Exemplification
Introduction to taxation	<p>Including:</p> <ul style="list-style-type: none"> <li>• why offshore clients need expert advice</li> <li>• types of taxes</li> <li>• the differences between direct and indirect taxes</li> <li>• types of direct and indirect taxes</li> <li>• types of income tax systems: <ul style="list-style-type: none"> <li>• progressive</li> <li>• proportional</li> <li>• regressive</li> </ul> </li> </ul>
Types of taxes	<p>Including:</p> <ul style="list-style-type: none"> <li>• consideration of taxes that affect individuals and entities such as companies, trusts, partnerships and foundations</li> <li>• income tax – earned and unearned income</li> <li>• corporation tax</li> <li>• capital gains tax (CGT)</li> <li>• assets not subject to CGT</li> <li>• inheritance tax (IHT – also known as ‘estate tax’), including transfers that are exempt and potentially exempt from IHT</li> <li>• other taxes – wealth taxes, stamp duty, annual tax on enveloped dwellings (ATED), value added tax (VAT)/sales tax, withholding taxes</li> <li>• measures to counter cross-border tax evasion: <ul style="list-style-type: none"> <li>• the European Union Savings Directive (EUSD, also known as European Union Savings Tax Directive or EUSTD)</li> <li>• the US Foreign Account Tax Compliance Act (FATCA) and intergovernmental agreements</li> </ul> </li> </ul>
How individuals are taxed	<p>Including:</p> <ul style="list-style-type: none"> <li>• tax planning concepts – the effect of residence and domicile of an individual on tax law</li> <li>• basis of taxation – arising basis, remittance basis and the differences between them</li> </ul>
Taxation	<p>Including:</p> <ul style="list-style-type: none"> <li>• the use of offshore entities to reduce taxation</li> <li>• consideration of anti-avoidance legislation</li> <li>• taxation of companies: <ul style="list-style-type: none"> <li>• residence of companies</li> <li>• companies incorporated, managed and controlled outside the UK</li> <li>• corporation tax</li> </ul> </li> <li>• taxation of trusts: <ul style="list-style-type: none"> <li>• inheritance tax charges in relation to trusts – gift with reservation, excluded property trusts, 10-year anniversary charge</li> </ul> </li> </ul>

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"><li>• taxation of partnerships and foundations</li><li>• tax avoidance and tax evasion:<ul style="list-style-type: none"><li>• definitions and activities that constitute tax avoidance and tax evasion</li><li>• differences between tax avoidance and tax evasion</li><li>• Disclosure of Tax Avoidance Schemes (DOTAS)</li><li>• the UK General Anti-Avoidance Rule (GAAR)</li></ul></li></ul>
Avoiding/evading paying tax	Including: <ul style="list-style-type: none"><li>• the role of the Organisation for Economic Co-operation and Development (OECD) in preventing tax evasion and harmful tax practices:<ul style="list-style-type: none"><li>• <i>Harmful Tax Competition</i> report (1998)</li><li>• effective information exchange between countries</li><li>• the OECD's model tax convention</li><li>• the OECD model agreement on exchange of information on tax matters</li><li>• transfer pricing guidelines</li></ul></li></ul>

## Module 4

# Banking in Offshore Finance Centres

Level: 4

Module type: **Core**

Total hours study time: **30**

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### Introduction

This module covers the banking services provided from within offshore centres, the reasons for using offshore bank accounts, how to choose an offshore bank and the drawbacks of banking offshore.

The module then looks at choosing, opening and closing a bank account, payment methods and systems, and the roles of important bodies in the payments industry. The module concludes with a look at the regulation and supervision of offshore banks, and banking secrecy provisions in offshore centres.

### Learning outcomes

In this module you will:

- 1 Understand banking services provided by offshore centres
- 2 Know about bank accounts, payment methods and payment systems
- 3 Understand the regulation and supervision of offshore banks.

## Module content

What needs to be learnt	
Topic	Exemplification
Bank accounts	<p>Including:</p> <ul style="list-style-type: none"> <li>• types of bank accounts: <ul style="list-style-type: none"> <li>• basic bank accounts</li> <li>• current accounts</li> <li>• savings accounts</li> <li>• other types of accounts, e.g. Sharia-compliant accounts</li> </ul> </li> <li>• steps involved in opening a bank account for different types of customer</li> <li>• steps involved in closing bank accounts</li> </ul>
Payment methods	<p>Including:</p> <ul style="list-style-type: none"> <li>• cash</li> <li>• cheques</li> <li>• banker's drafts</li> <li>• bank cards – debit cards, credit cards, cheque guarantee cards, automated teller machine (ATM) cards</li> <li>• internet banking</li> <li>• telephone banking</li> <li>• automated payments – direct debits, direct credits, standing orders, international bank account numbers (IBANs)</li> </ul>
Payment systems	<p>Including:</p> <ul style="list-style-type: none"> <li>• Bacs payment system</li> <li>• the Faster Payments service</li> <li>• the Clearing House Automated Payment System (CHAPS)</li> <li>• the Society for Worldwide Interbank Financial Telecommunication (SWIFT)</li> <li>• the Single Euro Payments Area (SEPA) programme</li> <li>• Paym</li> <li>• the cheque clearing system – 2-4-6 and 2-6-6 cheque clearing timescales</li> <li>• payment industry bodies and other organisations: <ul style="list-style-type: none"> <li>• the Payments Council</li> <li>• the European Payments Council</li> <li>• UK Payments Administration Ltd</li> <li>• the International Organization for Standardization (ISO)</li> <li>• the Cheque and Credit Clearing Company (C&amp;CCC)</li> </ul> </li> </ul>
Offshore banking services	<p>Including:</p> <ul style="list-style-type: none"> <li>• reasons for having an offshore bank account</li> <li>• what to consider when choosing a bank in an offshore centre</li> <li>• depositor compensation schemes</li> <li>• banking services provided from offshore centres, e.g.: <ul style="list-style-type: none"> <li>• current accounts, deposit and savings accounts</li> </ul> </li> </ul>

## What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"><li>• overdraft facilities</li><li>• mortgage and lending facilities</li><li>• payments facilities, including online and telephone banking</li><li>• debit cards, credit cards, cheque books</li><li>• foreign exchange</li><li>• forward exchange contracts</li></ul>
The offshore banking sector	<p>Including:</p> <ul style="list-style-type: none"><li>• regulation and supervision of offshore banking:<ul style="list-style-type: none"><li>• the Group of International Finance Centre Supervisors (GIFCS)</li><li>• the Basel Committee on Banking Supervision – Bank for International Settlements (BIS)</li><li>• recommendations on banking regulations – the Basel Accords (Basel I, II and III)</li><li>• the Basel Committee’s core principles for effective banking supervision</li></ul></li><li>• obtaining a banking licence from regulators</li><li>• offshore regulator supervision of licensed banks</li><li>• managed banks and their advantages</li><li>• banking secrecy laws</li></ul>

## Module 5

# Regulation and Supervision of Offshore Finance Centres

Level: 4

Module type: **Core**

Total hours study time: **45**

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### Introduction

This module covers the regulation of financial services and the role of the regulator in both the UK and offshore centres. This is followed by a look at data protection issues, criminal insider dealing legislation and market abuse.

The module then examines money laundering and anti-money laundering (AML) initiatives, and concludes with the principles of customer due diligence.

### Learning outcomes

In this module you will:

- 1 Understand how the offshore financial services sector is regulated
- 2 Know about data protection issues, insider dealing and market abuse
- 3 Understand money laundering and measures used to prevent it.

## Module content

What needs to be learnt	
Topic	Exemplification
Regulation in the financial services sector	<p>Including:</p> <ul style="list-style-type: none"> <li>• the need for regulation</li> <li>• the development of regulation</li> <li>• regulation of offshore financial services: <ul style="list-style-type: none"> <li>• primary and secondary legislation</li> <li>• codes of practice</li> <li>• guidance</li> <li>• the importance of regulating trust and company service providers</li> </ul> </li> <li>• the Alternative Investment Fund Managers Directive (AIFMD)</li> <li>• regulation in the UK – the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA): <ul style="list-style-type: none"> <li>• regulatory approach, objectives, powers and general functions</li> <li>• FCA principles of good regulation and ten supervision principles</li> <li>• principles-based legislation</li> <li>• principles for businesses</li> <li>• the FCA and PRA regulatory handbooks</li> <li>• authorisation to conduct regulated activity and ongoing supervision by the PRA and FCA</li> </ul> </li> </ul>
Data protection	<p>Including:</p> <ul style="list-style-type: none"> <li>• the Data Protection Act (DPA) 1998: <ul style="list-style-type: none"> <li>• principles of the DPA</li> <li>• offences under the DPA</li> <li>• penalties for non-compliance with the DPA</li> </ul> </li> </ul>
Insider dealing	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining incidences of insider dealing according to the Criminal Justice Act 1993</li> <li>• the three offences that constitute insider dealing</li> <li>• insider dealing defences</li> <li>• penalties for insider dealing convictions</li> </ul>
Market abuse	<p>Including:</p> <ul style="list-style-type: none"> <li>• the seven types of behaviour that can amount to market abuse: <ul style="list-style-type: none"> <li>• insider dealing</li> <li>• improper disclosure of insider information</li> <li>• misuse of information</li> <li>• manipulating transactions</li> <li>• manipulating devices</li> <li>• dissemination</li> <li>• distortion and misleading behaviour</li> </ul> </li> </ul>

**What needs to be learnt**

<b>Topic</b>	<b>Exemplification</b>
<p>Raising standards and the regulation of offshore financial services</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• the Retail Distribution Review (RDR):               <ul style="list-style-type: none"> <li>• the three main elements of the RDR – adviser charging, independent advice and professionalism</li> <li>• impact of the RDR on offshore centres</li> </ul> </li> <li>• the role, objectives and principles of international bodies in regulating the offshore financial services sector:               <ul style="list-style-type: none"> <li>• the International Organization of Securities Commissions (IOSCO)</li> <li>• the International Association of Insurance Supervisors (IAIS)</li> <li>• the Group of International Insurance Centre Supervisors (GIICS)</li> </ul> </li> </ul>
<p>Money laundering</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining the term ‘money laundering’ – how the definition can differ between jurisdictions</li> <li>• why offshore jurisdictions are particularly vulnerable to money laundering activities</li> <li>• the stages of the traditional model of money laundering – placement, layering, integration</li> <li>• examples of crimes involving the proceeds of money laundering, e.g.:               <ul style="list-style-type: none"> <li>• organised crime</li> <li>• drug dealing</li> <li>• illegal arms trades</li> <li>• people trafficking</li> <li>• embezzlement</li> <li>• insider dealing</li> <li>• theft</li> <li>• tax evasion</li> <li>• terrorist financing</li> </ul> </li> <li>• the harmful effects of money laundering</li> <li>• terrorist financing:               <ul style="list-style-type: none"> <li>• the Terrorism Act 2000 definition of terrorism</li> <li>• the UN Security Council Resolution 1373</li> <li>• international finance sanctions</li> <li>• financial offences under the Terrorism Act 2000</li> <li>• the Financial Action Task Force’s (FATF) nine special recommendations</li> </ul> </li> </ul>



## What needs to be learnt

Topic	Exemplification
Anti-money laundering (AML) and combating the financing of terrorism (CFT) initiatives	<p>Including:</p> <ul style="list-style-type: none"><li>• the Financial Action Task Force (FATF) on money laundering</li><li>• FATF's non-co-operating countries and territories (NCCTs) initiative</li><li>• the Vienna Convention</li><li>• the Palermo Convention</li><li>• the International Monetary Fund (IMF)</li><li>• the Group of International Finance Centre Supervisors (GIFCS)</li><li>• the European Union</li><li>• the Wolfsberg Group</li><li>• the Basel Committee on Banking Supervision</li><li>• the United Nations Office on Drugs and Crime (UNODC)</li><li>• AML legislation – primary legislation, secondary legislation, industry guidance</li><li>• identification requirements – know your customer (KYC) and customer due diligence (CDD)</li></ul>
AML and CFT frameworks in offshore centres	<p>Including:</p> <ul style="list-style-type: none"><li>• secrecy laws and confidentiality provisions</li><li>• asset protection legislation</li><li>• products and services that increase the vulnerability of offshore centres to money laundering</li><li>• ways of recognising money laundering</li><li>• the impact of AML/CFT legislation on the administration environment in offshore centres</li></ul>

## Module 6

# Creating a Valid Trust

Level: 4

Module type: **Core**

Total hours study time: **50**

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### **Introduction**

This module examines the significance of English law and how the main trust law in offshore centres is based on this. This is followed by how to create and administer a valid trust and the parties involved in this process.

### **Learning outcomes**

In this module you will:

- 1 Know about trust law
- 2 Understand how to create a valid trust
- 3 Know about the parties to a trust
- 4 Understand the features of different types of trust available in offshore centres.

## Module content

What needs to be learnt	
Topic	Exemplification
Trust law	<p>Including:</p> <ul style="list-style-type: none"> <li>• definition of a trust</li> <li>• systems of law in offshore jurisdictions – how different systems of law impact trust clients</li> <li>• trust law in offshore jurisdictions</li> <li>• the rule against perpetuities</li> <li>• the proper law of a trust</li> <li>• the maximum statutory period in which property can be tied up in trust</li> </ul>
Creating a trust	<p>Including:</p> <ul style="list-style-type: none"> <li>• ways in which trusts are created, e.g. by oral declaration, by an instrument in writing, <i>inter vivos</i>, death of the settlor</li> <li>• classifications of trusts: <ul style="list-style-type: none"> <li>• express trusts</li> <li>• constructive trusts and how they arise</li> <li>• resulting trusts</li> <li>• implied trusts</li> </ul> </li> <li>• validity of a trust</li> <li>• three certainties: <ul style="list-style-type: none"> <li>• certainty of intent</li> <li>• certainty of object</li> <li>• certainty of subject</li> </ul> </li> <li>• users of trusts</li> <li>• advantages and disadvantages of a trust</li> <li>• the trust instrument: <ul style="list-style-type: none"> <li>• the trust deed</li> <li>• declaration of trust</li> <li>• differences between the trust deed and declaration of trust documents</li> </ul> </li> <li>• the letter of wishes and its purpose</li> </ul>
The parties to a trust	<p>Including:</p> <ul style="list-style-type: none"> <li>• the settlor: <ul style="list-style-type: none"> <li>• the relationship between the settlor and the trustee</li> <li>• sham trusts – <i>Rahman v Chase Bank Trust Company</i></li> <li>• dummy settlors</li> </ul> </li> <li>• the trustee: <ul style="list-style-type: none"> <li>• the fiduciary relationship between a trustee and beneficiaries</li> <li>• duties of a trustee</li> <li>• trustee records</li> <li>• liability for breach of conduct</li> <li>• trustees' powers</li> <li>• number of trustees to be appointed</li> <li>• remuneration and expenses for a trustee</li> </ul> </li> </ul>

**What needs to be learnt**

<b>Topic</b>	<b>Exemplification</b>
	<ul style="list-style-type: none"> <li>• offshore trustees</li> <li>• choosing a professional service provider to act as a trustee</li> <li>• the beneficiaries:               <ul style="list-style-type: none"> <li>• identification of beneficiaries</li> <li>• blind trusts</li> <li>• the addition and exclusion of beneficiaries</li> <li>• the rights of beneficiaries</li> </ul> </li> <li>• the protector:               <ul style="list-style-type: none"> <li>• reasons for appointing a protector</li> <li>• powers of the protector</li> </ul> </li> <li>• the enforcer:               <ul style="list-style-type: none"> <li>• duties of the enforcer</li> </ul> </li> </ul>
<p>Features of different types of trusts</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• revocable and irrevocable trusts</li> <li>• discretionary trusts</li> <li>• settlor reserved powers trusts (RPTs)</li> <li>• fixed interest trusts, e.g. life interest trusts</li> <li>• bare trusts and use of nominee shareholders</li> <li>• spendthrift or protective trusts</li> <li>• accumulation and maintenance trusts</li> <li>• charitable trusts</li> <li>• non-charitable purpose trusts, e.g. the Cayman Islands 'STAR' trust</li> <li>• VISTA trusts:               <ul style="list-style-type: none"> <li>• the Virgin Islands Special Trusts Act 2004</li> <li>• features of a VISTA trust</li> </ul> </li> <li>• unit trusts</li> <li>• employee trusts</li> </ul>

## Module 7

# Companies and Company Law

Level: 4

Module type: **Core**

Total hours study time: **75**

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### Introduction

This module covers what a company is, its main features and how it can be financed. The module examines the main steps involved in forming a company and the documentation required for this process according to the Companies Act 2006.

This is followed by a look at the roles, powers and duties of the members, directors, secretary and auditor of a company, and the requirements surrounding meetings and resolutions of the directors and of the shareholders. The module concludes with the ways in which a company is wound up.

### Learning outcomes

In this module you will:

- 1 Understand the main features of companies and how they are financed
- 2 Know the steps involved in incorporating a company and post-incorporation procedures
- 3 Understand the roles, powers and duties of members, directors, the secretary and the auditor of a company
- 4 Understand the requirements surrounding meetings and resolutions of directors and shareholders
- 5 Know about the ways in which a company is wound up.

## Module content

What needs to be learnt	
Topic	Exemplification
Features of a company	<p>Including:</p> <ul style="list-style-type: none"> <li>• features of a company: <ul style="list-style-type: none"> <li>• members/shareholders and directors</li> <li>• articles of association and model articles</li> <li>• Companies Act 2006</li> <li>• incorporation and the corporate veil</li> <li>• the company as a separate legal personality</li> <li>• limited shareholder liability</li> <li>• easily transferable shares</li> <li>• perpetual succession</li> <li>• reasons for dissolution of companies</li> <li>• confidentiality of ownership, e.g. use of nominee shareholders</li> </ul> </li> <li>• advantages and disadvantages of using a company</li> <li>• types of company: <ul style="list-style-type: none"> <li>• private</li> <li>• public</li> <li>• listed and quoted</li> <li>• limited liability</li> <li>• unlimited</li> <li>• limited by guarantee</li> <li>• protected cell</li> <li>• incorporated cell</li> </ul> </li> </ul>
Members, directors, secretary and auditor	<p>Including:</p> <ul style="list-style-type: none"> <li>• members: <ul style="list-style-type: none"> <li>• who members of a company are</li> <li>• rights of members</li> </ul> </li> <li>• appointment of directors: <ul style="list-style-type: none"> <li>• <i>de jure</i> and <i>de facto</i> directors</li> <li>• shadow directors</li> <li>• alternate directors</li> <li>• executive and non-executive directors</li> <li>• corporate directors</li> <li>• termination of a director's appointment</li> </ul> </li> <li>• powers and duties of directors</li> <li>• secretary: <ul style="list-style-type: none"> <li>• qualifications of secretaries of public companies</li> <li>• duty to keep a register of secretaries</li> <li>• liability of the secretary</li> <li>• duties and powers of the secretary</li> </ul> </li> <li>• auditor: <ul style="list-style-type: none"> <li>• appointment of an auditor</li> <li>• duties and rights of an auditor</li> </ul> </li> </ul>

**What needs to be learnt**

Topic	Exemplification
Company incorporation	<p>Including:</p> <ul style="list-style-type: none"> <li>• steps involved in forming a company</li> <li>• certificate of incorporation</li> <li>• fast incorporations</li> <li>• shelf companies</li> <li>• reserved companies</li> <li>• steps involved in ensuring desired company name is available</li> <li>• contents of a memorandum of association</li> <li>• contents of a company's articles of association</li> <li>• clauses contained in model articles</li> <li>• information required when applying to the registrar to form a company</li> <li>• statement of compliance</li> <li>• applying for a trade certificate</li> <li>• post-incorporation procedures: <ul style="list-style-type: none"> <li>• certificate of incorporation</li> <li>• matters to discuss at an inaugural meeting</li> <li>• the register of members</li> <li>• register of directors</li> </ul> </li> <li>• the requirement to have a registered office</li> <li>• documentation to be kept at the registered office</li> <li>• the common seal of the company and the sealing company</li> </ul>
Shares and share capital	<p>Including:</p> <ul style="list-style-type: none"> <li>• share capital: <ul style="list-style-type: none"> <li>• authorised share capital</li> <li>• issued share capital</li> <li>• called-up share capital</li> <li>• paid-up share capital</li> <li>• par value companies</li> <li>• no par value companies</li> </ul> </li> <li>• function and purpose of different types of shares: <ul style="list-style-type: none"> <li>• ordinary shares</li> <li>• preference shares</li> <li>• redeemable shares</li> <li>• bearer shares</li> <li>• rights of shareholders with different types of shares</li> </ul> </li> <li>• transferability of shares – pre-emption rights</li> <li>• how shares are evidenced – share certificates</li> <li>• dividends</li> <li>• share allotments</li> </ul>
Company meetings and resolutions	<p>Including:</p> <ul style="list-style-type: none"> <li>• directors' meetings: <ul style="list-style-type: none"> <li>• notice of a directors' meeting</li> <li>• the chairman</li> <li>• agenda</li> <li>• quorum</li> </ul> </li> </ul>

**What needs to be learnt**

<b>Topic</b>	<b>Exemplification</b>
	<ul style="list-style-type: none"> <li>• resolutions and voting</li> <li>• minutes</li> <li>• keeping company records</li> <li>• general meetings:               <ul style="list-style-type: none"> <li>• notice of general meetings</li> <li>• quorum</li> <li>• chairing general meetings</li> <li>• attendance and speaking by directors and non-shareholders</li> </ul> </li> <li>• annual general meetings (AGM):               <ul style="list-style-type: none"> <li>• when companies are required to hold an annual general meeting</li> <li>• what business may be covered in an AGM</li> </ul> </li> <li>• class meetings – when these are required</li> <li>• voting – poll votes and proxies</li> <li>• resolutions:               <ul style="list-style-type: none"> <li>• ordinary resolutions and special notice</li> <li>• special resolutions</li> <li>• extraordinary resolutions</li> <li>• written resolutions of the members – when these are permitted to be used</li> </ul> </li> </ul>
Winding up companies	<p>Including:</p> <ul style="list-style-type: none"> <li>• voluntary liquidation and the steps involved:               <ul style="list-style-type: none"> <li>• members' voluntary liquidation</li> <li>• creditors' voluntary liquidation</li> </ul> </li> <li>• compulsory liquidation:               <ul style="list-style-type: none"> <li>• circumstances under which companies may be wound up by a court</li> <li>• steps involved in compulsory liquidation</li> </ul> </li> <li>• voluntary striking off:               <ul style="list-style-type: none"> <li>• circumstances under which companies in offshore centres may be struck off</li> </ul> </li> </ul>



## Module 8

# Other Vehicles and Trust and Company Administration

Level: 4

Module type: **Core**

Total hours study time: **25**

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### Introduction

This module covers the key terms used within the trust company business sector and trust company business services provided by offshore service providers. This is followed by key aspects and activities of the role of the trust and company administrator.

The module concludes with a look at the wide range of entities that are available in offshore centres, including foundations, partnerships (including those that are legal bodies and those that are not), special purpose vehicles and private trust companies.

### Learning outcomes

In this module you will:

- 1 Know the range of entities available in offshore centres
- 2 Understand the principles of trust and company administration
- 3 Understand the role of the trust and company administrator.

## Module content

What needs to be learnt	
Topic	Exemplification
The range of entities available in offshore centres	<p>Including:</p> <ul style="list-style-type: none"> <li>• foundations: <ul style="list-style-type: none"> <li>• differences between a foundation and a company</li> <li>• the founder</li> <li>• the charter and regulations</li> <li>• restrictions on council members</li> <li>• guardians</li> <li>• uses of foundations</li> </ul> </li> <li>• partnerships and how they are operated: <ul style="list-style-type: none"> <li>• general partnerships</li> <li>• limited liability partnerships</li> <li>• limited partnerships</li> <li>• incorporated limited partnerships</li> <li>• separate limited partnerships</li> </ul> </li> <li>• special purpose vehicles and how they are operated</li> <li>• private trust companies and how they are operated</li> </ul>
Trust and company administration	<p>Including:</p> <ul style="list-style-type: none"> <li>• typical tasks and duties involved in trust and company administration</li> <li>• definitions of key terms: <ul style="list-style-type: none"> <li>• fiduciary relationship</li> <li>• client</li> <li>• entities</li> <li>• structures</li> <li>• overlying trusts/underlying companies</li> <li>• trust company</li> <li>• service provider</li> <li>• trust and company administrators</li> </ul> </li> <li>• trust company business – the provision of: <ul style="list-style-type: none"> <li>• company administration services</li> <li>• trustee or fiduciary services</li> <li>• services to foundations and partnerships</li> </ul> </li> <li>• the provision of limited services</li> </ul>
The role of the trust and company administrator	<p>Including:</p> <ul style="list-style-type: none"> <li>• understanding the commercial rationale for the structures – knowing what the client is trying to achieve</li> <li>• fiduciary duties</li> <li>• understanding the constitutional documentation</li> <li>• the importance of following the policies and procedures of organisations</li> <li>• customer due diligence (CDD) and what a risk-based approach to CDD involves</li> <li>• risk awareness</li> </ul>

# **Specialist modules: Accounting**

## Module 9

# The Accounting Environment

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

This module introduces the concept and purpose of accounting and how the production of accounting information assists decision making. The module looks at how businesses identify, collect, measure, record, summarise and communicate the financial aspects of their activities.

Accounting terminology is also covered, along with how financial information is reported and assessed for its usefulness in making business decisions.

### Learning outcomes

In this module you will:

- 1 Know about the concept and purpose of accounting
- 2 Understand the needs of users of accounting information
- 3 Understand the main features of financial statements
- 4 Know about the accounting regulatory framework.

## Module content

What needs to be learnt	
Topic	Exemplification
Accounting principles	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining accounting, e.g. American Accounting Association definition</li> <li>• reasons why businesses need to produce accounts</li> <li>• users of accounting information: <ul style="list-style-type: none"> <li>• managers</li> <li>• shareholders</li> <li>• lenders</li> <li>• financial analysts</li> <li>• suppliers</li> <li>• government bodies</li> <li>• customers</li> <li>• employees</li> <li>• the general public</li> </ul> </li> <li>• qualitative characteristics of accounting information: <ul style="list-style-type: none"> <li>• fundamental characteristics: <ul style="list-style-type: none"> <li>– relevance</li> <li>– faithful representation</li> </ul> </li> <li>• enhancing characteristics: <ul style="list-style-type: none"> <li>– comparability</li> <li>– verifiability</li> <li>– timeliness</li> <li>– understandability</li> </ul> </li> <li>• completeness</li> <li>• objectiveness</li> </ul> </li> <li>• business structures: <ul style="list-style-type: none"> <li>• sole trader</li> <li>• partnership</li> <li>• limited liability company</li> </ul> </li> </ul>
Financial statements	<p>Including:</p> <ul style="list-style-type: none"> <li>• income statement (profit and loss account)</li> <li>• statement of financial position (balance sheet)</li> <li>• business transactions for different types of business structure: <ul style="list-style-type: none"> <li>• capital expenditure</li> <li>• revenue expenditure</li> <li>• capital income</li> <li>• revenue income</li> <li>• effect of incorrectly classifying capital and revenue items when calculating profit</li> </ul> </li> </ul>
The accounting regulatory framework	<p>Including:</p> <ul style="list-style-type: none"> <li>• Financial Reporting Standards (FRS)</li> <li>• International Financial Reporting Standards (IFRS)</li> </ul>

## What needs to be learnt

Topic	Exemplification
Accounting concepts	<p>Including:</p> <ul style="list-style-type: none"><li>• basic accounting concepts:<ul style="list-style-type: none"><li>• going concern</li><li>• accruals or matching</li><li>• prudence</li><li>• consistency</li></ul></li><li>• other accounting concepts:<ul style="list-style-type: none"><li>• materiality</li><li>• money measurement</li><li>• business entity</li><li>• historic cost</li><li>• stable monetary unit</li><li>• units of constant purchasing power</li><li>• objectivity</li><li>• realisation</li><li>• duality</li><li>• substance over form</li><li>• periodicity</li></ul></li></ul>

## Module 10

# Recording Financial Information

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

How do accountants record the financial position of a business? This module looks at the accounting equation that underpins the process and structure of accounting and financial statements, followed by the outputs from business transactions.

The module concludes with an introduction to the double-entry system that is the basis for accounting and financial reporting systems.

### Learning outcomes

In this module you will:

- 1 Understand the accounting equation and how to classify capital, assets and liabilities
- 2 Understand the layout of financial statements and the impact of different transactions on the accounting equation
- 3 Be able to report business transactions
- 4 Be able to record the double entry for different business transactions.

## Module content

What needs to be learnt	
Topic	Exemplification
The accounting equation	<p>Including:</p> <ul style="list-style-type: none"> <li>defining the accounting equation – representing the relationship between the assets, liabilities, and owner's equity of a business:</li> </ul> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <math display="block">\text{Capital} - (\text{Revenues} + \text{Expenses}) = \text{Total assets} + \text{Total liabilities}</math> </div> <ul style="list-style-type: none"> <li>characteristics of the accounting equation, e.g.: <ul style="list-style-type: none"> <li>value of the assets are the same as the value of the liabilities</li> <li>for each transaction, the total debits equal the total credits</li> </ul> </li> </ul>
Classifying capital, assets and liabilities	<p>Including:</p> <ul style="list-style-type: none"> <li>capital</li> <li>liabilities – the debts of a business: <ul style="list-style-type: none"> <li>long-term liabilities</li> <li>current liabilities</li> </ul> </li> <li>fixed assets: <ul style="list-style-type: none"> <li>tangible fixed assets</li> <li>intangible fixed assets</li> <li>investments</li> </ul> </li> <li>current assets</li> </ul>
Financial statements	<p>Including:</p> <ul style="list-style-type: none"> <li>layout and components of: <ul style="list-style-type: none"> <li>a statement of financial position (balance sheet)</li> <li>an income statement (profit and loss account)</li> </ul> </li> <li>the impact of different transactions on the accounting equation</li> <li>the impact of trading on the owner's investment in the business</li> </ul>
Reporting business transactions	<p>Including:</p> <ul style="list-style-type: none"> <li>source documents used to record business transactions: <ul style="list-style-type: none"> <li>sales order</li> <li>purchase order</li> <li>invoice from suppliers</li> <li>invoice sent to customers</li> <li>credit notes for goods returned</li> <li>goods received note (GRN)</li> </ul> </li> <li>books of prime entry: <ul style="list-style-type: none"> <li>sales daybook</li> <li>sales returns daybook</li> <li>purchases daybook</li> </ul> </li> </ul>



## What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"><li>• purchases returns daybook</li><li>• reasons to maintain separate returns daybooks</li><li>• cash books:<ul style="list-style-type: none"><li>• petty cash book</li><li>• petty cash account</li><li>• maintaining petty cash using the imprest system</li></ul></li><li>• the journal</li><li>• ledger accounts:<ul style="list-style-type: none"><li>• sales or debtors ledger</li><li>• purchases or creditors ledger</li><li>• nominal (or general) ledger</li></ul></li></ul>
Double-entry bookkeeping	Including: <ul style="list-style-type: none"><li>• how to record the double entry (debit and credit) for different business transactions:<ul style="list-style-type: none"><li>• purchases</li><li>• purchase of fixed assets</li><li>• stock items</li><li>• sales</li><li>• goods returns – purchase and sales returns</li><li>• payment to creditors</li><li>• payment from debtors</li></ul></li></ul>

## Module 11

# Accounting Controls

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

How do you move from processing the information in ledger accounts to producing financial statements for end users? This module covers how to progress from ledger accounts to produce financial statements at the end of the accounting period.

The module examines the accounting adjustments that have to be made to a trial balance before year-end financial statements can be produced, and introduces the accounting for the purchase, use and disposal of fixed assets. It concludes with a look at internal controls used in conjunction with the double entry to provide a check on the double-entry bookkeeping system.

### Learning outcomes

In this module you will:

- 1 Know about adjustments made to ledger account balances before preparing financial statements
- 2 Understand the principles of accounting for fixed (non-current) assets
- 3 Understand internal controls within the double-entry bookkeeping system.

## Module content

What needs to be learnt	
Topic	Exemplification
Adjustments made to ledger account balances before preparing financial statements	<p>Including:</p> <ul style="list-style-type: none"> <li>• stock adjustments: <ul style="list-style-type: none"> <li>• calculating gross profit:</li> </ul> </li> </ul> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <math display="block">\text{Gross profit} = \text{Sales} - \text{Cost of sales}</math> </div> <ul style="list-style-type: none"> <li>• double-entry accounting for stock</li> <li>• adjustments for accruals and prepayments</li> <li>• debtor adjustments: <ul style="list-style-type: none"> <li>• bad debts</li> <li>• provision for doubtful debts</li> <li>• changes in the provision for doubtful debt</li> <li>• increasing the provision for doubtful debt</li> <li>• reducing the provision for doubtful debt</li> </ul> </li> <li>• discounts: <ul style="list-style-type: none"> <li>• trade discount</li> <li>• settlement discount</li> </ul> </li> </ul>
Accounting for fixed (non-current) assets	<p>Including:</p> <ul style="list-style-type: none"> <li>• capital expenditure</li> <li>• revenue expenditure and income</li> <li>• the importance of distinguishing between capital and revenue items of expenditure</li> <li>• depreciation: <ul style="list-style-type: none"> <li>• through use or physical deterioration</li> <li>• through obsolescence</li> <li>• over time</li> <li>• the accruals concept</li> </ul> </li> <li>• methods of depreciation: <ul style="list-style-type: none"> <li>• straight-line method:</li> </ul> </li> </ul> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <math display="block">\frac{\text{Cost of asset} - \text{Residual value}}{\text{Expected useful life of the asset}}</math> </div> <ul style="list-style-type: none"> <li>• reducing-balance method</li> <li>• double-entry accounting for depreciation</li> <li>• impact of depreciation methods on financial statements</li> <li>• influence of the application of accounting concepts on the recording of depreciation in financial statements <ul style="list-style-type: none"> <li>• choosing the most appropriate depreciation method</li> </ul> </li> <li>• revaluating fixed assets to reflect current market value</li> <li>• stages of accounting for the disposal of fixed assets</li> <li>• accounting for intangible fixed assets</li> <li>• influence of the application of accounting concepts on the recording of depreciation in financial statements</li> </ul>

## What needs to be learnt

Topic	Exemplification
Internal controls within the double-entry bookkeeping system	<p>Including:</p> <ul style="list-style-type: none"><li>• features of a trial balance</li><li>• the trial balance as the bridge between recording and reporting of financial information</li><li>• types of error the trial balance is unable to detect – errors of:<ul style="list-style-type: none"><li>• commission</li><li>• omission</li><li>• principle</li><li>• reversal of entry</li><li>• original entry</li><li>• compensation</li></ul></li><li>• bank reconciliation:<ul style="list-style-type: none"><li>• reasons why bank reconciliations are needed</li></ul></li><li>• control accounts:<ul style="list-style-type: none"><li>• purpose of control accounts</li><li>• sales ledger control account</li><li>• purchase ledger control account</li></ul></li></ul>

## Module 12

# Reporting and Analysing Financial Information

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

This module covers the content and purpose of financial statements for sole traders, limited companies and not-for-profit organisations. It looks at how to use accounting ratios to interpret the information in financial statements and to communicate financial information to end users in a meaningful way.

### Learning outcomes

In this module you will:

- 1 Know how to prepare financial statements for a sole trader
- 2 Understand the format of financial statements of limited and public limited companies
- 3 Know how to prepare financial statements for not-for-profit organisations
- 4 Be able to interpret financial statements.

## Module content

What needs to be learnt	
Topic	Exemplification
Preparing financial statements for a sole trader	<p>Including:</p> <ul style="list-style-type: none"> <li>• preparing a trial balance before creating financial statements</li> <li>• adjustments to make to accounting the trial balance before preparing period-end financial statements</li> <li>• preparing a profit and loss statement for a sole trader</li> <li>• key headings in the profit and loss statement for a sole trader</li> <li>• accounting for returns, carriages and discounts: <ul style="list-style-type: none"> <li>• purchase returns</li> <li>• sales returns</li> <li>• carriage inwards</li> <li>• carriage outwards</li> <li>• discounts allowed</li> <li>• discounts received</li> </ul> </li> <li>• preparing a balance sheet for a sole trader</li> </ul>
Preparing financial statements for limited and public limited companies	<p>Including:</p> <ul style="list-style-type: none"> <li>• understanding the format of financial statements for a limited company: <ul style="list-style-type: none"> <li>• income statement (profit and loss account)</li> <li>• statement of financial position (balance sheet)</li> <li>• requirement to adopt Financial Reporting Standards (FRS) 102</li> </ul> </li> <li>• understanding the format of financial statements for a public limited company: <ul style="list-style-type: none"> <li>• statement of comprehensive income (profit and loss account)</li> <li>• statement of financial position (balance sheet)</li> </ul> </li> <li>• differences in terminology between the financial statements of limited and public limited companies</li> </ul>
Preparing financial statements for not-for-profit organisations	<p>Including:</p> <ul style="list-style-type: none"> <li>• recording and reporting the financial transactions of clubs and societies: <ul style="list-style-type: none"> <li>• income and expenditure account</li> <li>• receipts and payments account</li> <li>• subscription income</li> <li>• recording other income, e.g. preparing a trading account to calculate profit and loss on bar sales</li> </ul> </li> </ul>
Interpreting financial statements	<p>Including:</p> <ul style="list-style-type: none"> <li>• understanding the concept of accounting ratios and ratio analysis</li> <li>• profit margins: <ul style="list-style-type: none"> <li>• gross profit margin</li> <li>• net profit margin</li> </ul> </li> </ul>

## What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"><li>• operating profit margin</li><li>• solvency:<ul style="list-style-type: none"><li>• current (working capital) ratio</li><li>• acid test (quick ratio)</li></ul></li><li>• working capital management:<ul style="list-style-type: none"><li>• inventory holding days</li><li>• collection of trade debtors (trade receivables)</li><li>• payment of creditors (trade payables)</li></ul></li><li>• gearing:<ul style="list-style-type: none"><li>• gearing ratio</li><li>• interest cover ratio</li></ul></li><li>• limitations of accounting ratios</li></ul>

# **Specialist modules: Investment**



## Module 13

# The Investment Scene

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

Save or invest? This module looks at the differences between savings and investment products and examines the investment market in light of the 2007–08 credit crisis and the resulting global recession.

This is followed by an introduction to economic statistics and measurements used to make informed investment decisions, followed by supply and demand theory as applied to markets.

### Learning outcomes

In this module you will:

- 1 Understand savings and investment products and how they are managed
- 2 Understand economic statistics relevant to investment
- 3 Know about business cycles
- 4 Understand supply and demand theory and the conditions required for a perfect market.

## Module content

What needs to be learnt	
Topic	Exemplification
Save or invest?	<p>Including:</p> <ul style="list-style-type: none"> <li>• reasons for investing</li> <li>• regulating how investments are managed and traded</li> <li>• the impact of taxation on investment decisions</li> <li>• the importance of keeping up to date with the latest investment products and trends</li> <li>• how to distinguish between savings and investment</li> </ul>
Savings and investment products	<p>Including:</p> <ul style="list-style-type: none"> <li>• cash savings: <ul style="list-style-type: none"> <li>• characteristics of cash savings</li> <li>• the effect of inflation on cash savings</li> <li>• deposit accounts</li> </ul> </li> <li>• investment products with a fixed rate of return (fixed interest securities): <ul style="list-style-type: none"> <li>• bonds – government, local government, corporate, gilts</li> <li>• debentures</li> <li>• capital return</li> <li>• the rate of interest payable to fixed interest securities</li> <li>• overcoming the effects of inflation on fixed interest securities – index-linked bonds</li> </ul> </li> <li>• equities: <ul style="list-style-type: none"> <li>• definition of equities</li> <li>• ‘stocks’ and ‘shares’ – why these terms mean different things in different countries</li> </ul> </li> <li>• equities versus bonds: <ul style="list-style-type: none"> <li>• impact of an investor’s approach to risk and return on investment choices</li> <li>• total return</li> <li>• annual return</li> <li>• dividends from shares versus interest from bonds</li> </ul> </li> <li>• life assurance: <ul style="list-style-type: none"> <li>• whole-life policies</li> <li>• endowment policies</li> </ul> </li> <li>• pensions: <ul style="list-style-type: none"> <li>• defined benefit pensions</li> <li>• defined contribution pensions</li> <li>• the work of the Organisation for Economic Co-operation and Development (OECD)</li> </ul> </li> <li>• property investments: <ul style="list-style-type: none"> <li>• mortgage loans – different types of mortgage loan</li> <li>• ‘buy to let’</li> <li>• property funds</li> </ul> </li> <li>• other investment options: <ul style="list-style-type: none"> <li>• commodities</li> <li>• alternative investments, e.g. art, antiques, fine wines, woodlands</li> </ul> </li> </ul>

**What needs to be learnt**

Topic	Exemplification
<p>Managing savings and investments</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• intermediation</li> <li>• liquidity</li> <li>• maturity mismatch</li> <li>• maturity transformation</li> <li>• the financial crisis of 2007–08:               <ul style="list-style-type: none"> <li>• impact of the crisis on investments</li> <li>• response to the crisis, e.g. new laws, regulations and supervisory arrangements</li> </ul> </li> <li>• the resulting 2008–12 global recession</li> </ul>
<p>Economic statistics relevant to investment</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• understanding why economic statistics affect investment decisions</li> <li>• measuring economic activity:               <ul style="list-style-type: none"> <li>• gross domestic product (GDP)</li> <li>• gross national product (GNP)</li> <li>• the difference between GDP and GNP</li> <li>• understanding a country's balance of payments</li> <li>• level of employment</li> </ul> </li> <li>• understanding the concepts of inflation and deflation</li> <li>• quantitative easing (QE)</li> <li>• positive effects of QE</li> <li>• measuring levels of QE:               <ul style="list-style-type: none"> <li>• consumer price index (CPI)</li> <li>• retail sales index (RSI)</li> <li>• the public sector net cash requirement (PSNCR)</li> <li>• money supply</li> <li>• interest rates</li> </ul> </li> <li>• risks associated with quantitative easing, e.g. hyperinflation</li> </ul>
<p>The business cycle</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• the five stages of the business cycle (also known as the economic or trade cycle):               <ol style="list-style-type: none"> <li>1 growth (expansion)</li> <li>2 peak</li> <li>3 recession (contraction)</li> <li>4 trough</li> <li>5 recovery</li> </ol> </li> <li>• characteristics of business cycles:               <ul style="list-style-type: none"> <li>• regularity</li> <li>• frequency</li> <li>• magnitude</li> <li>• duration</li> </ul> </li> </ul>

## What needs to be learnt

Topic	Exemplification
Supply and demand	Including: <ul style="list-style-type: none"><li>• the three laws of supply and demand</li><li>• elasticity of demand</li><li>• measuring elasticity of demand</li><li>• factors affecting price elasticity of demand</li><li>• responsiveness of demand to price changes</li></ul>
The perfect market theory	Including: <ul style="list-style-type: none"><li>• the five conditions required for a perfect market:<ul style="list-style-type: none"><li>• homogenous commodity</li><li>• a large number of buyers and sellers</li><li>• buyers and sellers in close contact with each other</li><li>• no preferential treatment</li><li>• transferability of a commodity</li></ul></li><li>• definition of 'arbitrage'</li></ul>

## Module 14

# Company Formation and Value

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### **Introduction**

This module covers the different company types and how companies finance their overall operations and growth by using different sources of funds and different strategies, such as mergers and acquisitions.

The module then looks at the wider picture that investors need to consider when making investment decisions and the valuable sources of information available to help them make those decisions.

### **Learning outcomes**

In this module you will:

- 1 Know about different company structures in the UK
- 2 Understand how companies finance their overall operations and growth
- 3 Know about securities markets
- 4 Understand sources of information available to assess the value of share prices.

## Module content

What needs to be learnt	
Topic	Exemplification
UK company structures	<p>Including:</p> <ul style="list-style-type: none"> <li>• requirements for registering a company at Companies House</li> <li>• types of UK company: <ul style="list-style-type: none"> <li>• private unlimited companies</li> <li>• private companies limited by guarantee</li> <li>• private companies limited by shares</li> <li>• public limited companies</li> </ul> </li> <li>• use of hybrid companies and parties involved in them – shareholders, guarantors, directors</li> <li>• re-registering the alteration of a company status</li> </ul>
Capital structure	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining capital structure – how companies finance their overall operations and growth by using different sources of funds</li> <li>• main types of capital finance: <ul style="list-style-type: none"> <li>• gearing</li> <li>• debt capital</li> <li>• equity/share capital – ordinary and preference shares</li> </ul> </li> <li>• advantages and disadvantages of ordinary share ownership</li> <li>• rights of ordinary shareholders</li> <li>• advantages and disadvantages of preference shares</li> </ul>
Securities markets	<p>Including:</p> <ul style="list-style-type: none"> <li>• the primary market – for new issues (bringing new securities to the market)</li> <li>• reasons why companies bring new securities to market</li> <li>• the secondary market – for buying and selling second-hand securities</li> <li>• the process for admission of a company to the London Stock Exchange</li> <li>• permitted issue methods for unlisted companies bringing securities to the market for the first time: <ul style="list-style-type: none"> <li>• an introduction</li> <li>• a placing</li> <li>• an intermediaries offer</li> <li>• an offer for sale (a public offer)</li> <li>• an offer for subscription (a public offer)</li> </ul> </li> <li>• use of underwriting to ensure new issues succeed</li> <li>• rights issues – raising additional capital by selling new shares: <ul style="list-style-type: none"> <li>• method of issue</li> <li>• nil-paid value (nil-paid form)</li> <li>• cum rights and ex rights</li> <li>• the implications of rights issues</li> </ul> </li> </ul>

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> <li>• capital and income distributions:               <ul style="list-style-type: none"> <li>• capitalisation issues</li> <li>• stock split – reasons why company boards may decide to do a stock split</li> <li>• stock consolidation</li> <li>• dividends and special dividends</li> <li>• deferred shares</li> </ul> </li> <li>• the secondary market and its participants – investors, brokers and market makers</li> <li>• mergers and acquisitions – a corporate strategy for business expansion:               <ul style="list-style-type: none"> <li>• acquisitions (takeovers) and how they are financed</li> <li>• mergers and de-mergers</li> <li>• consolidations</li> <li>• the business rationale for mergers and acquisitions</li> </ul> </li> </ul>
<p>Sources of information available to assess the value of share prices</p>	<p>Including:</p> <ul style="list-style-type: none"> <li>• differences between ‘price’ and ‘value’ of shares</li> <li>• stock exchanges, for example:               <ul style="list-style-type: none"> <li>• UK – London Stock Exchange (LSE)</li> <li>• France – Euronext Paris (formerly Paris Bourse)</li> <li>• Germany – Deutsche Börse AG (Deutsche Börse Group)</li> <li>• US – New York Stock Exchange (NYSE)</li> <li>• Japan – Tokyo Stock Exchange (TSE)</li> </ul> </li> <li>• financial information subscription service providers, e.g.:               <ul style="list-style-type: none"> <li>• Bloomberg</li> <li>• Reuters</li> </ul> </li> <li>• independent financial advisers (IFAs)</li> <li>• newspapers and other useful publications, for example:               <ul style="list-style-type: none"> <li>• ICSA’s <i>Governance + Compliance</i> magazine</li> <li>• <i>Investors Chronicle</i></li> <li>• <i>The Economist</i></li> </ul> </li> <li>• other sources of information, e.g.:               <ul style="list-style-type: none"> <li>• television, radio, internet</li> <li>• stockbrokers</li> <li>• seminars, courses and lectures</li> <li>• specialist investment blogs and webinars</li> </ul> </li> <li>• company annual reports and accounts:               <ul style="list-style-type: none"> <li>• directors’ report</li> <li>• directors’ remuneration report</li> <li>• financial statements, e.g. statement of financial position, statement of comprehensive income</li> </ul> </li> <li>• stock market announcements – classes of announcements</li> <li>• principal shareholder ratios:               <ul style="list-style-type: none"> <li>• earnings per share (EPS) ratio</li> <li>• price/earnings (P/E or PER) ratio</li> <li>• dividend yield (DY) and dividend cover</li> <li>• outcomes and applications of ratios</li> <li>• assumptions and limitations of ratios</li> </ul> </li> </ul>

## Module 15

# Markets, Foreign Exchange and Derivative Products

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### Introduction

This module begins by looking at the role, operation and regulation of stock markets and trading platforms, the procedures around dealing and settlement requirements, and the importance of counterparties.

Aspects of the derivatives market – futures, options, warrants and interest-rate swaps – are then examined, as well as pricing, rights and contractual obligations of relevant parties involved and reasons why derivatives are so attractive to investors.

The final part of the module covers the money market and its instruments and participants, followed by foreign exchange markets, products and strategies.

### Learning outcomes

In this module you will:

- 1 Understand the role, operation and regulation of stock markets and trading platforms
- 2 Understand the derivatives market and derivative instruments
- 3 Know about money markets and money market instruments
- 4 Understand principles of foreign exchange.



## Module content

What needs to be learnt	
Topic	Exemplification
Dealing on a regulated market	<p>Including:</p> <ul style="list-style-type: none"> <li>• differences between quote-driven and order-driven trades</li> <li>• recognised investment exchanges (RIEs) in the UK: <ul style="list-style-type: none"> <li>• the London Stock Exchange (LSE)</li> <li>• ICAP Securities and Derivatives Exchange (ISDX)</li> <li>• the changing role of traditional stock markets</li> <li>• the Alternate Investment Market (AIM)</li> </ul> </li> <li>• international exchanges, e.g. New York Stock Exchange, NASDAQ, Tokyo Stock Exchange, Euronext Paris</li> <li>• trading platforms/services at the LSE: <ul style="list-style-type: none"> <li>• the Stock Exchange Trading System (SETS)</li> <li>• the Stock Exchange Automated Quotations (SEAQ)</li> <li>• SETSqx (Stock Exchange Electronic Trading Service – quotes and crosses)</li> </ul> </li> <li>• financial data vendors – types of data and services provided, e.g.: <ul style="list-style-type: none"> <li>• Thomson Reuters</li> <li>• SIX Financial Information</li> <li>• Bloomberg L.P.</li> </ul> </li> </ul>
Dealing platforms	<p>Including:</p> <ul style="list-style-type: none"> <li>• the Markets in Financial Instruments Directives (MiFID and MiFID II)</li> <li>• the effects of MiFID on financial markets</li> <li>• automated trading systems – utilising algorithmic and high frequency trading</li> <li>• use of dark pools</li> <li>• the main changes expected with MiFID II</li> <li>• large international exchanges and multi-lateral trading facilities (MTFs): <ul style="list-style-type: none"> <li>• e.g. BATS Chi-X Europe, Intercontinental Exchange (ICE), NASDAQ OMX Group</li> <li>• differences between MTFs and traditional exchanges</li> </ul> </li> </ul>
Settlement	<p>Including:</p> <ul style="list-style-type: none"> <li>• why deals need to be settled</li> <li>• central counterparty (CCP) dealing system used in stock exchanges</li> <li>• use of clearing houses and how they work, e.g. LCH.Clearnet</li> <li>• the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2) and TARGET2-Securities (TS2)</li> <li>• European Code of Conduct for Clearing and Settlement</li> </ul>

What needs to be learnt

Topic	Exemplification
Derivatives	<p>Including:</p> <ul style="list-style-type: none"> <li>• the development of the derivatives market and derivative instruments</li> <li>• futures: <ul style="list-style-type: none"> <li>• futures terminology</li> <li>• contract specifications</li> <li>• users and uses of futures</li> <li>• clearing house functions on a futures exchange</li> </ul> </li> <li>• options: <ul style="list-style-type: none"> <li>• differences between traditional and exchange-traded options</li> <li>• definitions and obligations of holders (purchasers) and writers (sellers) of options contracts</li> <li>• options terminology</li> <li>• call options</li> <li>• put options</li> <li>• users and uses of options</li> <li>• risks and rewards of options</li> <li>• pricing of option premiums</li> <li>• in-the-money options, at-the-money options and out-of-the-money options</li> </ul> </li> <li>• company warrants: <ul style="list-style-type: none"> <li>• warrant terminology</li> <li>• characteristics of warrants</li> <li>• pricing and value of warrants</li> <li>• advantages and disadvantages of warrants</li> </ul> </li> <li>• covered warrants: <ul style="list-style-type: none"> <li>• call covered warrants</li> <li>• put covered warrants</li> <li>• American versus European exercise styles for covered warrants</li> <li>• choices for covered warrant holders</li> <li>• advantages and disadvantages of covered warrants</li> <li>• settlement of covered warrants</li> </ul> </li> <li>• interest-rate swaps: <ul style="list-style-type: none"> <li>• fixed for floating (plain vanilla) interest-rate swaps – fixed and floating rate interest payments</li> <li>• users and uses of interest-rate swaps</li> <li>• controlling interest rate risk</li> </ul> </li> <li>• contracts for the difference (CFDs) <ul style="list-style-type: none"> <li>• advantages and disadvantages of CFDs</li> </ul> </li> <li>• turbos <ul style="list-style-type: none"> <li>• advantages and disadvantages of turbos</li> </ul> </li> </ul>
Money markets	<p>Including:</p> <ul style="list-style-type: none"> <li>• definition of money markets</li> <li>• key participants in money markets: <ul style="list-style-type: none"> <li>• governments</li> </ul> </li> </ul>

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> <li>• central banks</li> <li>• commercial banks</li> <li>• large companies (including insurance companies and pension funds)</li> <li>• institutional investors</li> <li>• money market instruments (MMIs):               <ul style="list-style-type: none"> <li>• definition of MMIs</li> <li>• deposits</li> <li>• treasury bills (T-bills) and why governments may issue them</li> <li>• commercial paper</li> <li>• certificates of deposit</li> </ul> </li> </ul>
Foreign exchanges	<p>Including:</p> <ul style="list-style-type: none"> <li>• reasons why investors may use foreign exchange (FX) instruments, e.g. speculation, hedging</li> <li>• foreign exchange contract types:               <ul style="list-style-type: none"> <li>• spot contracts</li> <li>• forward contracts</li> </ul> </li> <li>• quotation and calculation of forward exchange rates</li> <li>• interest rate parity</li> <li>• factors that influence currency rates, e.g.:               <ul style="list-style-type: none"> <li>• yield differential</li> <li>• government budget surplus or deficit</li> <li>• a country's balance of payments</li> <li>• economic conditions</li> <li>• political considerations</li> <li>• inflation rates</li> <li>• natural resources</li> <li>• non-political events</li> <li>• government controls</li> <li>• central bank intervention</li> <li>• FX 'fixes' and fraudulent manipulation of the FX 'fix' rates</li> </ul> </li> <li>• currency futures contracts:               <ul style="list-style-type: none"> <li>• definition</li> <li>• features of a currency futures contract specification</li> </ul> </li> <li>• users of currency futures – hedgers and speculators</li> <li>• currency swaps:               <ul style="list-style-type: none"> <li>• uses of currency swaps</li> <li>• characteristics of currency swaps</li> <li>• risks associated with currency swaps</li> </ul> </li> <li>• carry trade:               <ul style="list-style-type: none"> <li>• carry trade methodology</li> <li>• risks associated with carry trade</li> </ul> </li> </ul>

## Module 16

# Bonds and Investments

Level: 4

Module type: **Specialist**

Total hours study time: **40**

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### **Introduction**

This module covers fixed-interest securities (also known as fixed-income securities) such as bonds, corporate bonds and Eurobonds.

The module then looks at collective investments available to investors, including how to assess a collective investment and the differences between open-ended and close-ended investments.

### **Learning outcomes**

In this module you will:

- 1 Know about fixed-interest securities
- 2 Understand the characteristics of different types of bonds
- 3 Understand the risks involved in investing in bonds
- 4 Understand the features of collective investment schemes.

## Module content

What needs to be learnt	
Topic	Exemplification
Principles of bonds	<p>Including:</p> <ul style="list-style-type: none"> <li>• defining fixed-interest/income securities – securities that pay an annual fixed rate of interest (known as ‘coupons’)</li> <li>• types of fixed-interest securities</li> <li>• types of bonds: <ul style="list-style-type: none"> <li>• government bonds</li> <li>• corporate bonds</li> <li>• Eurobonds</li> </ul> </li> <li>• parties to a bond: <ul style="list-style-type: none"> <li>• bond issuer (borrower or debtor)</li> <li>• initial purchaser (lender, creditor or investor)</li> <li>• bondholder (current owner)</li> </ul> </li> <li>• definition of straight bonds</li> <li>• features of bonds: <ul style="list-style-type: none"> <li>• negotiability</li> <li>• nominal amount</li> <li>• principal amount</li> <li>• bond price</li> <li>• maturity (redemption) date</li> </ul> </li> <li>• types of coupon: <ul style="list-style-type: none"> <li>• straight (fixed-coupon) bonds</li> <li>• stepped coupon bonds</li> <li>• zero-coupon bonds</li> <li>• variable coupons</li> </ul> </li> <li>• redeemable bonds – single- and double-dated bonds</li> <li>• irredeemable bonds</li> <li>• callable bonds and risks associated with them</li> <li>• puttable bonds</li> <li>• bond credit ratings (grades)</li> </ul>
Government bonds (gilts)	<p>Including:</p> <ul style="list-style-type: none"> <li>• uses of gilts and why they are issued</li> <li>• key participants in the UK gilt market</li> <li>• purchase and sale of gilts</li> <li>• conventional gilts</li> <li>• gilt maturities</li> <li>• index-linked gilts</li> <li>• other types of gilts, e.g.: <ul style="list-style-type: none"> <li>• double-dated conventional gilts</li> <li>• undated gilts</li> <li>• rump gilts</li> </ul> </li> <li>• how to calculate gilt yields: <ul style="list-style-type: none"> <li>• flat-yield rate</li> <li>• interest (running) yield</li> <li>• gross redemption yield (GRY – yield to maturity)</li> </ul> </li> <li>• prices and pricing of gilts</li> <li>• ex-dividend and cum dividend</li> </ul>

**What needs to be learnt**

Topic	Exemplification
	<ul style="list-style-type: none"> <li>• gilt STRIPS (Separate Trading of Registered Interest and Principal Securities)</li> <li>• settling gilts through the Euroclear settlement system</li> <li>• taxation of gilts</li> </ul>
Corporate bonds	<p>Including:</p> <ul style="list-style-type: none"> <li>• reasons why companies may issues corporate bonds</li> <li>• suitability profile</li> <li>• classification of corporate bonds – investment-grade and high-yield (junk) bonds</li> <li>• liquidation profile</li> <li>• buying and selling corporate bonds</li> </ul>
Eurobonds	<p>Including:</p> <ul style="list-style-type: none"> <li>• naming conventions of Eurobonds</li> <li>• characteristics of Eurobonds</li> <li>• reasons why Eurobonds may be issued</li> <li>• issuing Eurobonds</li> <li>• regulation of the Eurobonds market</li> <li>• participants in the Eurobond market – issuer, purchaser (investors), intermediaries</li> </ul>
Risks involved in investing in bonds	<p>Including:</p> <ul style="list-style-type: none"> <li>• types of potential risks and ways to mitigate them:               <ul style="list-style-type: none"> <li>• default risk</li> <li>• issue-specific risks</li> <li>• market risk</li> <li>• inflation</li> <li>• interest-rate risk</li> <li>• maturity risk</li> <li>• event risk</li> <li>• fiscal and currency risks</li> <li>• commissions and spreads</li> </ul> </li> </ul>
Collective investment schemes	<p>Including:</p> <ul style="list-style-type: none"> <li>• the six objectives of the findings of the Retail Distribution Review (RDR)</li> <li>• types of collective investment scheme available:               <ul style="list-style-type: none"> <li>• open-ended investment funds, trusts or companies</li> <li>• closed-end investments companies</li> </ul> </li> <li>• reasons for investing in collective investment schemes</li> <li>• benefits of investing in collective investment schemes</li> <li>• governing open-ended collective investment schemes in the European Union – Undertakings for Collective Investment in Transferable Securities (UCITS) directives</li> </ul>

## What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> <li>• most common open-ended investment structures in the UK:               <ul style="list-style-type: none"> <li>• unit trusts</li> <li>• open-ended investment companies (OEICs)</li> <li>• European variants of OEICs:                   <ul style="list-style-type: none"> <li>– investment company with variable capital (ICVC)</li> <li>– Société d’investissement à Capital Variable (SICAVs)</li> <li>– fonds communs de placement (FCPs)</li> </ul> </li> </ul> </li> <li>• fund supermarkets:               <ul style="list-style-type: none"> <li>• reasons for using fund supermarkets</li> <li>• advantages and disadvantages of fund supermarkets</li> <li>• the Alternative Investment Fund Managers Directive (AIFMD)</li> </ul> </li> <li>• types of closed-ended investment funds:               <ul style="list-style-type: none"> <li>• investment trust companies (ITCs)</li> <li>• split capital trusts (SCTs)</li> <li>• capital structure of ITCs and SCTs</li> <li>• advantages of ITCs and SCTs</li> <li>• risks associated with ITCs SCTs</li> <li>• assessing ITCs and SCTs</li> </ul> </li> <li>• real estate investment trusts (REITs)</li> <li>• exchange traded funds (ETFs)</li> <li>• closed-ended companies – venture capital trusts (VCTs):               <ul style="list-style-type: none"> <li>• advantages of investing in VCTs</li> </ul> </li> <li>• hedge funds:               <ul style="list-style-type: none"> <li>• how they work</li> <li>• risks, advantages and disadvantages of investing in hedge funds</li> <li>• short selling</li> </ul> </li> <li>• private equity (PE) structures:               <ul style="list-style-type: none"> <li>• limited partnerships</li> <li>• PE investment companies</li> <li>• ‘funds of funds’ companies</li> <li>• advantages of investing in a PE company</li> </ul> </li> <li>• things to consider when assessing a collective investment:               <ul style="list-style-type: none"> <li>• total expense ratio (TER)</li> <li>• fund performance</li> <li>• investment risk</li> <li>• performance of the fund manager</li> </ul> </li> <li>• comparing open-ended and closed-ended funds</li> </ul>

## Appendix A: Qualifications at a glance

Module number	Module title	Award	Subsidiary Certificate – Accounting	Subsidiary Certificate – Investment	Certificate
1	Introducing Offshore Finance Centres	✓	✓	✓	✓
2	The Legal Environment in the Offshore Financial Services Sector	✓	✓	✓	✓
3	Taxation in Offshore Finance Centres	✓	✓	✓	✓
4	Banking in Offshore Finance Centres	✓	✓	✓	✓
5	Regulation and Supervision of Offshore Finance Centres	✓	✓	✓	✓
6	Creating a Valid Trust	✓	✓	✓	✓
7	Companies and Company Law	✓	✓	✓	✓
8	Other Vehicles and Trust and Company Administration	✓	✓	✓	✓
9	The Accounting Environment		✓		✓
10	Recording Financial Information		✓		✓
11	Accounting Controls		✓		✓
12	Reporting and Analysing Financial Information		✓		✓
13	The Investment Scene			✓	✓
14	Company Formation and Value			✓	✓
15	Markets, Foreign Exchange and Derivative Products			✓	✓
16	Bonds and Investments			✓	✓

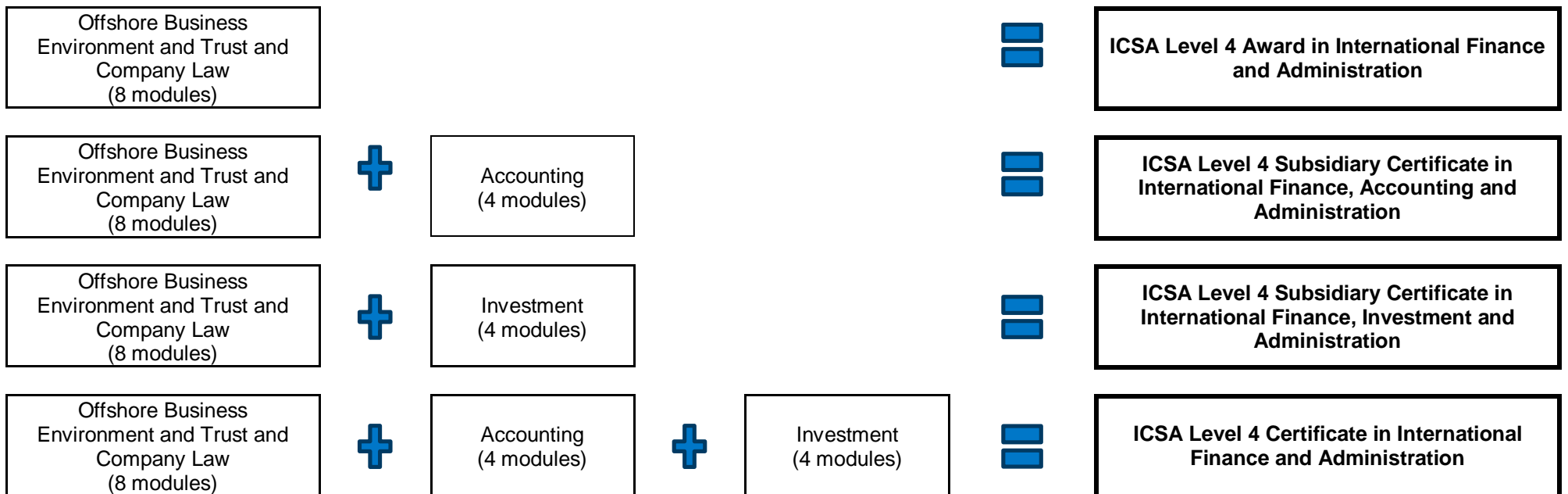


# Appendix B: Qualification study routes: comparison of old to new

## ICSA Certificate in Offshore Finance and Administration (COFA)



## ICSA Level 4 International Finance and Administration suite of qualifications





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