

Level 5 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 working in the offshore financial environment who would like to build on their current knowledge and skills. It is ideal for those who are undertaking either a supervisory or junior management role and looking to progress their management career
- are Level 5 qualifications – which means they are set at second year undergraduate level
- comprise the following titles:
 - ICSA Level 5 Advanced Certificate in International Finance and Administration
 - ICSA Level 5 Subsidiary Diploma in International Finance and Administration
 - ICSA Level 5 Diploma 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 November 2016. The first certification opportunity will be August 2017.

Prior knowledge, skills and understanding

These qualifications are open to those who have successfully completed the ICSA Level 4 Certificate in International Finance and Administration (or the former COFA qualification), or have a university degree or Higher National Diploma (HND) or hold a Society of Trust and Estate Practitioners (STEP) Diploma in International Trust Management.

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 **four** closed-book examinations which are set and marked by ICSA.

- Paper 1: Trust and Company Administration – this paper assesses the core modules.
- Paper 2: Financial Reporting and Governance – this paper assesses the specialist Group A modules.
- Paper 3: Fund Administration – this paper assesses the specialist Group B modules
- Paper 4: Business Management in Practice – this paper assesses the specialist Group C 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 5, which is equivalent to second year undergraduate in the UK.

Module type

The ICSA Level 5 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 Level 5 International Finance and Administration suite of qualifications, these modules provide the opportunity to demonstrate knowledge, understanding and skills in financial reporting and governance, fund administration and business management in practice.

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 5 Advanced Certificate in International Finance and Administration

This qualification comprises six core modules and four specialist modules and students must successfully complete all 10 modules to receive the qualification. All permitted module combinations for this qualification are listed on pages 5–7.

Advanced Certificate – Combination 1

This qualification is assessed via **two** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 2: Financial Reporting and Governance – 3-hour examination covering Modules 7–10.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group A specialist modules – Financial Reporting and Governance	Total hours study time
7	The Form and Content of Financial Statements	80
8	Understanding and Analysing Financial Statements	40
9	Trust Accounts and Other Forms of Entity	15
10	Corporate Governance	15

Advanced Certificate – Combination 2

This qualification is assessed via **two** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 3: Fund Administration – 3-hour examination covering Modules 11–14.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group B specialist modules – Fund Administration	Total hours study time
11	Understanding the Investment Environment	20
12	Fund Administration and Regulation	70
13	Fund Products and Services	30
14	Fund Sector Regulation	30

Advanced Certificate – Combination 3

This qualification is assessed via **two** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 4: Business Management in Practice – 3-hour examination covering Modules 15–18.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group C specialist modules – Business Management in Practice	Total hours study time
15	Management and Leadership	40
16	Business Structures and Functions	40
17	Business Strategy	30
18	Innovation, Entrepreneurship and Change	40

Level 5 Subsidiary Diploma in International Finance and Administration

This qualification comprises six core modules and eight specialist modules and students must successfully complete all 14 modules to receive the qualification. All permitted module combinations for this qualification are listed on pages 8–10.

Subsidiary Diploma – Combination 1

This qualification is assessed via **three** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 2: Financial Reporting and Governance – 3-hour examination covering Modules 7–10
- Paper 3: Fund Administration – 3-hour examination covering Modules 11–14.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group A specialist modules – Financial Reporting and Governance	Total hours study time
7	The Form and Content of Financial Statements	80
8	Understanding and Analysing Financial Statements	40
9	Trust Accounts and Other Forms of Entity	15
10	Corporate Governance	15
Module number	Group B specialist modules – Fund Administration	Total hours study time
11	Understanding the Investment Environment	20
12	Fund Administration and Regulation	70
13	Fund Products and Services	30
14	Fund Sector Regulation	30

Subsidiary Diploma – Combination 2

This qualification is assessed via **three** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 2: Financial Reporting and Governance – 3-hour examination covering Modules 7–10
- Paper 4: Business Management in Practice – 3-hour examination covering Modules 15–18.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group A specialist modules – Financial Reporting and Governance	Total hours study time
7	The Form and Content of Financial Statements	80
8	Understanding and Analysing Financial Statements	40
9	Trust Accounts and Other Forms of Entity	15
10	Corporate Governance	15
Module number	Group C specialist modules – Business Management in Practice	Total hours study time
15	Management and Leadership	40
16	Business Structures and Functions	40
17	Business Strategy	30
18	Innovation, Entrepreneurship and Change	40

Subsidiary Diploma – Combination 3

This qualification is assessed via **three** closed-book examinations that are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 3: Fund Administration – 3-hour examination covering Modules 11–14.
- Paper 4: Business Management in Practice – 3-hour examination covering Modules 15–18.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group B specialist modules – Fund Administration	Total hours study time
11	Understanding the Investment Environment	20
12	Fund Administration and Regulation	70
13	Fund Products and Services	30
14	Fund Sector Regulation	30
Module number	Group C specialist modules – Business Management in Practice	Total hours study time
15	Management and Leadership	40
16	Business Structures and Functions	40
17	Business Strategy	30
18	Innovation, Entrepreneurship and Change	40

Level 5 Diploma in International Finance and Administration

This qualification comprises eight core modules and twelve specialist modules and students must successfully complete all 18 modules to receive the qualification. It is assessed via **four** closed-book examinations which are set and marked by ICSA:

- Paper 1: Trust and Company Administration – 3-hour examination covering Modules 1–6
- Paper 2: Financial Reporting and Governance – 3-hour examination covering Modules 7–10
- Paper 3: Fund Administration – 3-hour examination covering Modules 11–14.
- Paper 4: Business Management in Practice – 3-hour examination covering Modules 15–18.

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

Module number	Core modules – Trust and Company Administration	Total hours study time
1	Introducing Trusts	35
2	Directors, Companies and Company Officers	35
3	Trust and Company Administration	25
4	Reviews, Record Keeping and Decision Making	25
5	Regulation of Offshore Service Providers	20
6	Taxation and Tax Planning	10
Module number	Group A specialist modules – Financial Reporting and Governance	Total hours study time
7	The Form and Content of Financial Statements	80
8	Understanding and Analysing Financial Statements	40
9	Trust Accounts and Other Forms of Entity	15
10	Corporate Governance	15
Module number	Group B specialist modules – Fund Administration	Total hours study time
11	Understanding the Investment Environment	20
12	Fund Administration and Regulation	70
13	Fund Products and Services	30
14	Fund Sector Regulation	30
Module number	Group C specialist modules – Business Management in Practice	Total hours study time
15	Management and Leadership	40
16	Business Structures and Functions	40
17	Business Strategy	30
18	Innovation, Entrepreneurship and Change	40

Core modules

Module 1

Introducing Trusts

Level: **5**

Module type: **Core**

Total hours study time: **35**

Introduction

This module introduces the concept of a trust and trust legislation. It then explores how to create a valid trust, the parties involved in a trust and their rights throughout the lifetime of the trust. Finally, it covers the ways in which a trust arrangement may be terminated.

Learning outcomes

In this module you will:

- 1 Know about trusts and trust law
- 2 Understand how to create a valid trust
- 3 Understand the roles of the parties to a trust.

Module content

What needs to be learnt	
Topic	Exemplification
Trusts and trust law	<p>Including:</p> <ul style="list-style-type: none"> • the concept and definition of a trust • the Hague Convention on Trusts • trust law: <ul style="list-style-type: none"> • the Trustee Act 2000 and other relevant statute law • offshore jurisdiction-specific trust law • the proper law of a trust • typical components of a trust: <ul style="list-style-type: none"> • the settlor • the trustee(s) • the beneficiaries • the trust fund • the protector
Creating a valid trust	<p>Including:</p> <ul style="list-style-type: none"> • classification of trusts and their purpose: <ul style="list-style-type: none"> • express trust • implied trusts • resulting trusts – presumed • resulting trusts – automatic (constructive trusts) • creation of a valid trust as defined by trust law: • incomplete constituted trusts • the three certainties required to create a valid trust arrangement: <ul style="list-style-type: none"> • certainty of intent • certainty of subject matter • certainty of objects • the beneficiaries of a trust: <ul style="list-style-type: none"> • types of beneficiary • non-identifiable beneficiaries, e.g. charitable trusts • voidable and void trusts • modern uses of trusts: <ul style="list-style-type: none"> • family and estate planning • efficient tax planning • other reasons, e.g. to support a business • advantages and disadvantages of setting up offshore trusts • types of trust and their terms, rights and powers: <ul style="list-style-type: none"> • discretionary trust • settlor or reserved power trust • fixed-interest trust • bare trust • spendthrift or protective trust • non-charitable purpose trusts • STAR trust • VISTA trust • unit trust • charitable trust

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none">• termination of a trust:<ul style="list-style-type: none">• setting trusts aside• transfer of a trust to a new administrator
Parties to a trust	<p>Including:</p> <ul style="list-style-type: none">• settlors and dummy settlors• trustees:<ul style="list-style-type: none">• role of the trustee• offshore trustees• appointment of trustees• removal of a trustee from office• appropriate number of trustees required• duties of a trustee• duties in taking up office as trustee of a new or existing trust• administrative duties• duties, powers and responsibilities of trustees according to the Trustee Act 2000• duty of care to parties involved in a trust• remuneration of trustees• delegation of trustee duties• breaches of trust• types of trustee and their overall responsibilities• trustees of offshore investment funds• beneficiaries:<ul style="list-style-type: none">• identification of beneficiaries• the beneficiary principle and purpose trusts• beneficiaries' rights• beneficiaries' right to vary a trust• the protector – role and powers• the enforcer of a trust – role and duties

Module 2

Directors, Companies and Company Officers

Level: 5

Module type: **Core**

Total hours study time: **35**

Introduction

This module introduces company structures and the company constitutions that govern them. It then goes on to examine the roles of the director and company officers and their roles, duties, powers and liabilities.

Learning outcomes

In this module you will:

- 1 Understand the features and characteristics of companies
- 2 Know how the Companies Act 2006 impacts the constitution of a company
- 3 Understand how companies are created, financed and dissolved
- 4 Understand the roles, duties, powers and liabilities of directors and company officers.

Module content

What needs to be learnt	
Topic	Exemplification
Companies	<p>Including:</p> <ul style="list-style-type: none"> • features of a company: <ul style="list-style-type: none"> • separate legal personality • the veil of incorporation • perpetual succession • transferable ownership • limited liability • advantages of a companies • disadvantages of companies incorporated offshore • financing a company – shares and share capital: <ul style="list-style-type: none"> • authorised and issued share capital • called-up and paid-up share capital • par value and no par value companies • the company constitution – the Companies Act 2006: <ul style="list-style-type: none"> • articles of association • model articles • memorandum of association • registered office: <ul style="list-style-type: none"> • information and documentation to be held at the registered office address • changing the registered office • funding of companies through capital or debt • withdrawing funds from offshore companies • types of companies: <ul style="list-style-type: none"> • differences between public and private companies • listed and quoted companies • single-member companies • limited liability companies • companies limited by guarantee • unlimited companies • limited duration companies • limited life companies • cell companies – protected cell and incorporated cell • variable capital companies • international business companies • hybrid companies • charitable companies • resident or non-resident companies for tax purposes • re-domiciliation • dissolution and winding up of a company: <ul style="list-style-type: none"> • methods of dissolution • voluntary member's winding up or liquidation • declaration of solvency • voluntary creditor's winding up or liquidation • compulsory liquidation • administration • the concept of 'striking off' • restoration to the Register of Companies

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • the 'just and equitable' ground • role and powers of the liquidator
Directors and company officers	<p>Including:</p> <ul style="list-style-type: none"> • directors: <ul style="list-style-type: none"> • Companies Act requirements to have directors • appointment of directors: <ul style="list-style-type: none"> - service contracts and employment agreements - de jure and de facto directors - shadow directors • types of director: <ul style="list-style-type: none"> - corporate directors - alternate directors - executive and non-executive directors • duties, powers and liabilities according to the Companies Act 2006 • removal of directors from office • members: <ul style="list-style-type: none"> • rights, duties and liabilities according to the Companies Act 2006 • limitations of members' rights • beneficial owners: <ul style="list-style-type: none"> • role and power of the beneficial owner • disclosures required of the beneficial owner • nominee shareholders • the company secretary: <ul style="list-style-type: none"> • the role, duties and powers of the company secretary • qualifications of the secretary of the company according to the Companies Act 2006 • the register of secretaries • the liabilities of the company secretary

Module 3

Trust and Company Administration

Level: 5

Module type: **Core**

Total hours study time: **25**

Introduction

This module explores the policies and procedures that are used within the offshore finance sector for accepting new business. It incorporates due diligence measures, risk management processes and other issues that need to be considered when entering into new business relationships.

The module then covers some of the basic tasks involved in trust and company administration, how transactions should be monitored, and how administrators should manage trusts and companies under their management. It examines the difficulties administrators may encounter when managing trusts and companies and looks at the statutory records that company administrators are required to maintain.

Learning outcomes

In this module you will:

- 1 Understand business acceptance policies and procedures
- 2 Understand customer due diligence requirements when accepting new business or maintaining customer relationships
- 3 Understand the tasks involved in effective trust and company administration.

Module content

What needs to be learnt	
Topic	Exemplification
Accepting new business	<p>Including:</p> <ul style="list-style-type: none"> • definition of key terms: <ul style="list-style-type: none"> • fiduciary relationship • structures • entities • the service provider • overlying trusts or underlying companies • service providers • business acceptance policies and procedures: <ul style="list-style-type: none"> • the importance of comprehensive business acceptance policies and procedures • types of procedures that may be covered in business acceptance policies, for example: <ul style="list-style-type: none"> – customer due diligence requirements – risk profiling of customers – an assessment of the services to be provided – terms and conditions • new business enquiries: <ul style="list-style-type: none"> – meeting with the client and/or their advisors – completion of an application form – obtaining and verifying customer due diligence information – reviewing of taxation or legal advice • customer due diligence: <ul style="list-style-type: none"> • the importance of maintaining customer due diligence procedures to meet statutory and regulatory requirements • customer due diligence procedures: <ul style="list-style-type: none"> – verifying identities of clients and parties involved in the business relationship – identifying third parties customers may be acting for – obtaining information on the purpose and intended nature of the business relationship • circumstances where enhanced due diligence is required • enhanced due diligence procedures • the role of an introducer • contents of customer due diligence profiles • risk profiling: <ul style="list-style-type: none"> – risk scoring systems – identifying politically exposed persons – identification information • drafting of documentation required to create the entity • establishment of the entity: <ul style="list-style-type: none"> • procedures involved in taking on a new trust • procedures involved in taking on a new company • accepting appointment as a trustee of an existing trust

What needs to be learnt

Topic	Exemplification
Trust and company administration	<p>Including:</p> <ul style="list-style-type: none"> • management and control of trust and company assets • importance to offshore service providers following regulatory and statutory duties • company administration duties, checks and procedures • trust administration duties, checks and procedures • monitoring of activities carried out during a business relationship • management and control of offshore entities: <ul style="list-style-type: none"> • sham trusts • communicating with clients and their advisors • administration of trust and company assets: <ul style="list-style-type: none"> • cash and bank deposits • property (realty) • stocks and shares (investments) • chattels • unquoted investments and/or non-managed assets holding companies • receipts and payments: <ul style="list-style-type: none"> • types of receipts and payments received/paid from client entities • additional checking procedures for: <ul style="list-style-type: none"> – loans – trust fund distributions • when to use a Benjamin order • investing trust and company assets: <ul style="list-style-type: none"> • investment duties and powers of trustees according to the Trustee Act 2000 • the importance of adhering to standard investment criteria • the requirement of trustees to obtain investment advice • appointing an investment advisor • monitoring of investments • investment in family companies • court orders relating to trusts: <ul style="list-style-type: none"> • applications to the court for direction • prohibitory or restrictive injunctions • Anton Piller orders • Mareva injunctions • disclosure requests: <ul style="list-style-type: none"> • reasons why trustees may be requested to disclose information • disclosure of information to beneficiaries • audit disclosure • third parties disclosure and International Cooperation Agreements • statutory returns and filings • implications to companies of failing to file an annual return

Module 4

Reviews, Record Keeping and Decision Making

Level: 5

Module type: **Core**

Total hours study time: **25**

Introduction

This module examines why reviews are undertaken by offshore service providers and the different types of reviews required to meet industry standards and legal requirements. The module then explores how offshore service providers can meet trust and company record keeping requirements, how accounting records and annual reports are kept and how accounts are prepared.

Learning outcomes

In this module you will:

- 1 Know about reviews of trusts and companies undertaken by offshore service providers
- 2 Understand trust and company record keeping as required by law
- 3 Understand trust and company accounting and audit processes and procedures.

Module content

What needs to be learnt	
Topic	Exemplification
Reviewing trusts and companies	<p>Including:</p> <ul style="list-style-type: none"> • reasons why offshore service providers undertake reviews of trusts and companies they provide services to • risk reviews: <ul style="list-style-type: none"> • trigger events • best practice for risk assessment • reviewing risk assessment after trigger events • initial reviews • periodic reviews: <ul style="list-style-type: none"> • considerations for companies • actions arising from periodic reviews • exit or closing reviews
Record keeping and decision making	<p>Including:</p> <ul style="list-style-type: none"> • record keeping requirements in relation to trusts and companies • the importance to offshore service providers of meeting record keeping requirements • maintaining key client records within a client database • trustee meetings: <ul style="list-style-type: none"> • legal requirements for trustees to keep accurate accounts and records of their trusteeship • use of trust administration committees in regulated trust companies • best practice for agendas and minutes • board meetings: <ul style="list-style-type: none"> • notice and best practice for agendas and minutes • contents of the first meeting of the board of directors • decision making at company meetings: <ul style="list-style-type: none"> • importance of the decision-making location • decision making process at board meetings and member meetings • ordinary and special resolutions • written or circular resolutions • members (general) meetings: <ul style="list-style-type: none"> • annual general meetings (AGMs): <ul style="list-style-type: none"> – notice of an AGM, short notice and special notice – agenda – proxy forms • company minute books: <ul style="list-style-type: none"> – how to prepare minutes in accordance with company law – recording decisions – content of minutes • statutory records of a company – company registers • compliance records and reports

Module 5

Regulation of Offshore Service Providers

Level: 5

Module type: **Core**

Total hours study time: **20**

Introduction

This module explores how offshore trust and company service providers are regulated and how to apply codes of practice and guidance to meet regulator requirements. It then examines the role and power of financial services regulators and outlines the criteria a regulator may use when granting authorisation to a trust or company service provider. It then looks at how offshore services providers can operate effectively under ongoing supervision.

The module also covers the importance of preventing money laundering activities in offshore finance centres and the guidance available to service providers.

Learning outcomes

In this module you will:

- 1 Understand how offshore trust and company service providers are regulated
- 2 Understand the role of regulators and the regulatory frameworks within which service providers are required to operate
- 3 Understand how to prevent money laundering activities in offshore finance centres.

Module content

What needs to be learnt	
Topic	Exemplification
Regulation of trust and company service providers	<p>Including:</p> <ul style="list-style-type: none"> • regulated services relating to the provision of trust and company administration • the role of company officers provided by licensed trust and company services providers – provision of: <ul style="list-style-type: none"> • of directors • a company secretary • a registered agent or resident representative services • nominee shareholders • other services, e.g. filing statutory forms, providing a registered office • the financial services regulator in offshore jurisdictions: <ul style="list-style-type: none"> • role and objectives • powers • impact of the regulator on trust and company administration • the regulatory framework: <ul style="list-style-type: none"> • primary and secondary legislation • codes of practice and supporting guidance notes • authorisation of trust and company service providers – the fit and proper test • ongoing supervision of offshore service providers from regulators • how offshore service providers demonstrate robust risk management systems: <ul style="list-style-type: none"> • ensuring there are written policies and procedures covering the way trusts and companies are administrated • ensuring employees are trained to regulator-required standards and knowledge is kept up-to-date • by having an effective compliance function: <ul style="list-style-type: none"> – the role of compliance – robust risk management processes, policies and procedures – adopting a risk-based approach – internal controls and systems to manage risk
Preventing money laundering and bribery	<p>Including:</p> <ul style="list-style-type: none"> • money laundering: <ul style="list-style-type: none"> • defining money laundering and types of money laundering activity • the consequences for a service provider of becoming involved in money laundering • the traditional model of money laundering – placement, layering and integration • anti-money laundering legislation (AML): <ul style="list-style-type: none"> • primary and secondary legislation • industry guidance

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none">• methods to help prevent money laundering:<ul style="list-style-type: none">• know your customer (KYC)• customer due diligence (CDD)• adequate staff training• adopting a risk-based approach to CDD• applying enhanced due diligence where appropriate• avoiding offering products and services that can be used to launder money• money laundering in offshore centres:<ul style="list-style-type: none">• secrecy laws and confidentiality provisions• asset protection legislation• how to recognise money laundering activities• the impact of AML and Countering Financing of Terrorism (CFT) legislation on the administration environment in offshore finance centres:<ul style="list-style-type: none">• AML controls and monitoring• the role, duties and responsibilities of the money laundering reporting officer• the six guiding principles of the UK Bribery Act 2010

Module 6

Taxation and Tax Planning

Level: 5

Module type: **Core**

Total hours study time: **10**

Introduction

This module covers the fundamental concepts of tax planning and the impact these concepts have upon clients of offshore centres. It explores different types of taxes, the basis of taxation in offshore jurisdictions and measures governments have recently enacted to combat tax evasion and avoidance.

The module then examines how trusts and companies are taxed, double taxation treaties, withholding tax and concludes with information on tax information exchange agreements.

Learning outcomes

In this module you will:

- 1 Understand the fundamental concepts of tax planning in offshore finance centres
- 2 Know about different types of tax in offshore finance centres
- 3 Understand the taxes applicable to trusts and companies
- 4 Understand methods of preventing tax avoidance and tax evasion.

Module content

What needs to be learnt	
Topic	Exemplification
Taxation and tax planning in offshore finance centres	<p>Including:</p> <ul style="list-style-type: none"> • fundamental concepts of tax planning: <ul style="list-style-type: none"> • residence and domicile • the impact of residence and domicile on tax planning for: <ul style="list-style-type: none"> - companies - trustees - settlors - beneficiaries - beneficial owners • using offshore entities to reduce tax liabilities • decisions made out of the jurisdiction in which an entity is registered • identifying the tax status of individuals/entities required to pay tax • the role of domicile and tax • remittance and arising basis of taxation in offshore jurisdictions • types of tax and who pays them: <ul style="list-style-type: none"> • income tax • inheritance tax • capital gains tax (CGT) • wealth taxes • stamp duty • value added tax (VAT) • tax avoidance and tax evasion: <ul style="list-style-type: none"> • definition • consequences of tax avoidance and evasion • the impact of the Foreign Account Tax Compliance Act (FATCA) in preventing tax avoidance and evasion • the impact of Base Erosion and Profit Shifting (BEPS) initiative and the Diverted Profits Tax on multinational companies • measures to tackle avoidance of CGT – Annual Tax on Enveloped Dwellings (ATED) • taxation of companies: <ul style="list-style-type: none"> • types of tax applicable to companies • transferring offshore entities to reduce tax liabilities • taxation of trusts: <ul style="list-style-type: none"> • inheritance tax charges in relation to trusts • CGT on an interest in possession trust • taxation of trustees of non-resident trusts • flee clauses • double taxation treaties • withholding (retention) tax • Tax Information Exchange Agreements

Specialist modules: Group A

Module 7

The Form and Content of Financial Statements

Level: 5

Module type: **Specialist**

Total hours study time: **80**

Introduction

This module covers the provisions of the UK Companies Act 2006 that relate to financial reporting and the accounting frameworks within which UK companies must operate. It also examines the use of different accounting frameworks in offshore centres, and outlines the IASB's draft conceptual framework.

The module then looks at the reason for, and content of, each of the major statements in a full set of financial statements and provides an insight into how revenue or turnover is calculated, the main types of company expenses and different types of asset and liability.

Learning outcomes

In this module you will:

- 1 Know about the financial reporting environment for different types of company
- 2 Understand the Conceptual Framework for Financial Reporting
- 3 Understand how financial statements are prepared and presented
- 4 Understand the application of IFRS and GAAP when compiling and interpreting financial statements.

Module content

What needs to be learnt	
Topic	Exemplification
The financial reporting environment	<p>Including:</p> <ul style="list-style-type: none"> • UK Companies Act 2006: <ul style="list-style-type: none"> • types of company: <ul style="list-style-type: none"> – public-interest entities (PIEs) and non-PIEs – traded and untraded companies – quoted and unquoted companies – public and private companies – micro, small, medium, large companies – size criteria for micro, small, medium, large companies • accounting rules • content required in the Annual Report and Accounts (ARA) • preparation of group accounts and individual accounts • importance of financial statements that give a true and fair view • requirements for companies to follow accounting standards • benefits to companies of following accounting standards • International Financial Reporting Standards (IFRS): <ul style="list-style-type: none"> • at global level – the role and aim of the International Accounting Standards Board (IASB) in setting global accounting standards • at local level – General Accepted Accounting Principles or Practices (GAAP) • definition of accounting interpretations • differences in the US and the role of the Financial Accounting Standards Board (FASB) • the EU and IFRS – EC IAS Regulation • the UK and IFRS –the Alternative Investment Market (AIM) • benefits and drawbacks of one set of global standards • UK GAAP – the role of the Financial Reporting Council (FRC) in setting Financial Reporting Standards (FRS) • accounting standards permitted in offshore finance centres
The Conceptual Framework for Financial Reporting	<p>Including:</p> <ul style="list-style-type: none"> • the importance of having a conceptual framework to underpin accounting standards • the purpose of the IASB's Conceptual Framework • advantages and disadvantages of a conceptual framework • the objective, importance and limitations of general purpose financial reports • qualitative characteristics of useful financial information: <ul style="list-style-type: none"> • fundamental qualitative concepts – relevance and faithful representation • enhancing qualitative characteristics – comparability, verifiability, timeliness, understandability • other accounting concepts – materiality and prudence

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • financial information and the reporting entity – preparing accounts on a going concern basis • preparing financial statements: <ul style="list-style-type: none"> • identifying: <ul style="list-style-type: none"> – assets – liabilities – equity – income – expenses • the importance of control in relation to assets • substance over form • when an item should appear in the financial statements – recognition and derecognition • how items are measured in financial statements – historical cost, current value and fair value • the importance of well-presented financial statements to ensure they are properly understood by users • the importance of sufficient high quality disclosure within financial statements
Financial statement presentation	<p>Including:</p> <ul style="list-style-type: none"> • the basic business model – how businesses operate • how a business' operations are portrayed in financial reporting: <ul style="list-style-type: none"> • classifying information presented into: <ul style="list-style-type: none"> – current and non-current assets and liabilities – equity – income – expenses – other changes in equity – cash flows • summarising how categories of information interact in different financial statements • presentation and content of financial statements under IAS 1: <ul style="list-style-type: none"> • statement of financial position (balance sheet) • statement of comprehensive income (profit and loss) • statement of changes in equity • cash flow statement • disclosure notes • general features of financial reporting: <ul style="list-style-type: none"> • fair presentation and compliance with IFRS • going concern • preparing statements on an accruals basis • materiality and aggregation • offsetting • the importance of providing comparative information • disclosure of discontinued operations • the presentation of operating segments in large companies • events after the reporting period – adjusting and non-adjusting events

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • share-based payments: <ul style="list-style-type: none"> • use of shares/share options as part of employee bonus/incentive arrangements • the effect of share-based payment transactions on a business' profit and loss and financial position: <ul style="list-style-type: none"> – equity-settled share-based payments – cash-settled share-based payments • recognition of share-based payments transactions as assets or expenses • measurement of share-based payments transactions: <ul style="list-style-type: none"> – fair value – grant date – vesting condition
Reporting of foreign currency transactions and exchange rates (IAS 21)	<p>Including:</p> <ul style="list-style-type: none"> • the role of IAS 21 in governing the accounting impact of changes in foreign currency exchange rates • how businesses account for transactions in foreign currencies and foreign operations in their financial statements: <ul style="list-style-type: none"> • identifying the functional currency of the statements • identifying transactions in foreign currency • translating transactions in foreign currency into the functional currency
Reporting of income taxes	<p>Including:</p> <ul style="list-style-type: none"> • accounting for taxes paid on profits: <ul style="list-style-type: none"> • accounting profits • taxable profits • definition of income tax • recognising current and deferred taxation • measurement of current and deferred tax liabilities or assets • disclosure of taxation in company financial statements
Reporting of non-current assets	<p>Including:</p> <ul style="list-style-type: none"> • property, plant and equipment (IAS 16): <ul style="list-style-type: none"> • recognising items of property, plant and equipment • measurement of cost or revaluation of property, plant and equipment • depreciation – reviewing the residual value and useful life of an asset • derecognition of an item and its removal from financial statements • appropriate disclosure of items in financial statements • intangible assets (IAS 38): <ul style="list-style-type: none"> • definition of an intangible asset • the scope and objective of IAS 38 in covering intangible assets not covered by other standards

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • recognising intangible assets • measurement of intangible assets • internally generated goodwill and intangibles • accounting for research and development • amortisation – reviewing the useful life of an intangible asset • derecognition of intangible assets and their removal from financial statements • appropriate disclosure of intangible assets in financial statements • specialist assets, e.g. investment property, biological assets (agriculture), exploration assets for oil and gas <p>Knowledge of details on specialist assets is not required for the examination</p>
Reporting of impaired assets	<p>Including:</p> <ul style="list-style-type: none"> • scope and objective of IAS 36: <ul style="list-style-type: none"> • procedures an entity needs to apply to ensure that its assets are carried at no more than their recoverable amount • carrying amount • impairment loss • indicators of impairment: <ul style="list-style-type: none"> • external and internal sources of information • dividend from a subsidiary, joint venture or associate • assessing the recoverable amount of an asset • calculating value in use • recognition and measurement of an impaired asset • appropriate disclosure of an impaired asset
Reporting of inventories	<p>Including:</p> <ul style="list-style-type: none"> • scope and objective of IAS 2 in providing guidance on reporting requirement for inventories • measuring of inventories • cost of inventories – fixed and variable production overheads • net realisable value of items in inventories • derecognition and disclosure of inventories
Reporting of financial instruments	<p>Including:</p> <ul style="list-style-type: none"> • scope and objective of IFRS 9 in providing guidance on reporting requirements for financial instruments • identifying financial instruments – financial assets and derivatives • basic recognition and measurement rules • expected losses on financial assets at amortised cost • payment of dividends • hedging • derecognition of financial arrangements

What needs to be learnt

Topic	Exemplification
Reporting of liabilities	<p>Including:</p> <ul style="list-style-type: none">• provisions, contingent liabilities and contingent assets:<ul style="list-style-type: none">• the scope and objective of IAS 37 in providing guidance on how to appropriately recognise and measure provisions, contingent liabilities and contingent assets• defining provisions, contingent liabilities and contingent assets• recognising, measuring and disclosure of provisions, contingent liabilities and contingent assets• financial liabilities:<ul style="list-style-type: none">• recognition and derecognition of financial liabilities on statements of financial position• measurement of financial liabilities• distinguishing between liabilities and equity in the presentation of financial statements• leases:<ul style="list-style-type: none">• the scope and objective of IAS 17 in providing guidance on accounting for leases• classifying leases – finance lease, operating lease• the importance of distinguishing between finance and operating leases when preparing financial statements• treatment of leases in statements of financial position• leases in IFRS 16 from 2019

Module 8

Understanding and Analysing Financial Statements

Level: 5

Module type: **Specialist**

Total hours study time: **40**

Introduction

This module looks at different types of investment that a parent company may have in other businesses and provides a broad understanding of how each is treated for accounting purposes. This includes how parent companies prepare groups accounts, the main rules around their preparation and the treatment of business combinations.

The module then explores the use of financial ratio analyses and covers the key ratios used for measuring liquidity, profitability, efficiency and gearing. It concludes by examining how a single performance measure looked at in isolation cannot tell the whole story about the financial performance of a company.

Learning outcomes

In this module you will:

- 1 Understand how parent companies prepare accounts for other businesses they invest in
- 2 Understand key financial ratios and other indicators used to measure the financial performance of companies
- 3 Understand the limitations of using ratios to measure financial performance.

Module content

What needs to be learnt	
Topic	Exemplification
Group accounts and related party transactions	<p>Including:</p> <ul style="list-style-type: none"> • legally defining a group – parent and subsidiaries • relevant accounting standards for treatment of different investments and how they are accounted for – IFRS 9–12 and IAS 39, IAS 27 and 28 • how company law governs whether group accounts should be prepared • consolidating financial statements of a parent and its subsidiaries: <ul style="list-style-type: none"> • determining which entity is the parent – control of the investee • subsidiary investors – non-controlling/minority interests • how a parent consolidates its subsidiary investments • joint arrangements associates and equity accounting: <ul style="list-style-type: none"> • differences between joint control, joint operation and joint venture • situations where entities would be considered as associates – the concept of significant influence • the scope and objective of IAS 28 in providing guidance on accounting for investment in associates • use of the equity method when preparing financial statements • differences between consolidation and equity accounting
Financial ratio analysis	<p>Including:</p> <ul style="list-style-type: none"> • the purpose of the use of financial ratios in accounting for users of financial information • profitability ratios: <ul style="list-style-type: none"> • purpose of profitability ratios • profit margins – gross and net profit margins • return on capital employed (ROCE) • return on investment (ROI) • return on equity (ROE) • return on assets (ROA) • earnings per share (EPS) • liquidity ratios: <ul style="list-style-type: none"> • purpose of liquidity ratios • current ratio • quick ratio (acid test) • liquidity (cash) ratio • cash and cash equivalents/current assets • cash flow ratios • efficiency ratios: <ul style="list-style-type: none"> • purpose of efficiency ratios • return on capital employed (ROCE) • asset turnover • non-current asset turnover • inventory turnover

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none">• revenue to net working capital• debtor days• creditor days• gearing ratios<ul style="list-style-type: none">• purpose of gearing ratios• debt to equity• debt to debt plus equity (or debt ratio or gearing ratio)• interest cover (or interest times covered)• earnings per share (EPS) and other key investor ratios<ul style="list-style-type: none">• use of the EPS ratio as an indicator of a company's profitability• ordinary shares and potential ordinary shares• price to earnings ratio (P/E ratio)• dividend cover• dividend yield• dividend payout ratio• advantages, disadvantages and limitations of using ratios when measuring an entity's financial performance• use of Key Performance Indicators (KPIs) in assessing company performance

Module 9

Trust Accounts and Other Forms of Entity

Level: 5

Module type: **Specialist**

Total hours study time: **15**

Introduction

This module covers trust income and capital and the significance of the income and capital split in the context of life interest trusts. It will then go on to examine the main financial statements and the components they are comprised of.

The module also explores different types of company that may be formed in the UK and offshore jurisdictions and how they can be financed.

Learning outcomes

In this module you will:

- 1 Understand the principles of trust accounting
- 2 Know about the types of company that may be formed in the UK and offshore jurisdictions
- 3 Understand how companies are financed.

Module content

What needs to be learnt	
Topic	Exemplification
Trust accounting	<p>Including:</p> <ul style="list-style-type: none"> • trusts, trust law and trustees: <ul style="list-style-type: none"> • definition of a trust • trust law and the use of trusts • principles of trust law: <ul style="list-style-type: none"> – UK recognition of offshore trusts – parties involved in a trust – fiduciary, settlor, protector enforcer – the trust deed • definition of a trustee • types of trust: <ul style="list-style-type: none"> – discretionary trusts – life interest trusts • accounting for income and capital: <ul style="list-style-type: none"> • trust capital • trust income • difficulties when accounting for income and capital • preparing and interpreting trust accounts: • income account • capital account • statement of financial position (balance sheet) • schedule of investments
Companies, partnerships and other vehicles	<p>Including:</p> <ul style="list-style-type: none"> • UK corporate vehicles and their characteristics: <ul style="list-style-type: none"> • definition of a company as a separate legal entity • public and private limited companies • unlimited companies • private companies limited by shares • private companies limited by guarantee • re-registration of a UK private company as public and vice versa <ul style="list-style-type: none"> • case law – Salomon versus A. Salomon & Co. Ltd [1897] • offshore corporate vehicles and their characteristics: <ul style="list-style-type: none"> • differences between offshore and UK companies • private and public limited companies • jurisdictional differences • cell companies • foundations – benefits and drawbacks of foundations • sole trader • types of UK and offshore partnerships and their characteristics: <ul style="list-style-type: none"> • general and limited partnerships • limited liability partnerships • jurisdictional differences

What needs to be learnt

Topic	Exemplification
How companies are financed	<p>Including:</p> <ul style="list-style-type: none">• the legal formalities and tax treatment of different forms of finance:<ul style="list-style-type: none">• long term financing through issuing equity shares or debt shares• share capital:<ul style="list-style-type: none">- ordinary shares- preference shares- authorised share capital- issued share capital- called up share capital- paid up share capital• loan capital• legal reserves that can be distributed to shareholders:<ul style="list-style-type: none">- the principle of capital maintenance- share capital- share premium- revaluation reserve- retained profits- distributions and distributable profits• the advantages, disadvantages and implications to companies of issuing equity or debt• implications of gearing and taxation on a company's choice of financing

Module 10

Corporate Governance

Level: 5

Module type: **Specialist**

Total hours study time: **15**

Introduction

This module covers the key issue of corporate governance and why it is necessary for companies to implement good governance practices to ensure their sustainability. The module examines cases of governance failure during the financial crisis of 2007-8 and the resulting developments in legislation and regulation designed to prevent such failures in the future.

The module then explores the duties of directors according to the UK Companies Act 2006 and the development of additional corporate governance codes for listed companies and financial institutions. This will cover board conduct and composition, board remuneration, the role of the audit and other board committees and internal controls.

The module concludes with a look at key issues surrounding the controversial issue of directors' remuneration and how it is regulated in the UK and finally, examines the issue of wider corporate responsibility in the context of narrative reporting to support a company's audited financial statements.

Learning outcomes

In this module you will:

- 1 Understand principles and codes of good governance practice
- 2 Know about narrative reporting and corporate social responsibility
- 3 Know about developments in EU and US legislation and regulation to improve corporate governance practices.

Module content

What needs to be learnt	
Topic	Exemplification
Good governance practice	<p>Including:</p> <ul style="list-style-type: none"> • defining corporate governance • the importance of good governance practice in businesses • using agency theory to explain the actions of directors (who control a company) and shareholders (who own a company) and the issues that can arise: <ul style="list-style-type: none"> • definition of principals and agents • fiduciary responsibility of directors • ownership versus control • goal congruence • asymmetry of information • the role of non-executive directors • the practice of satisficing • UK Companies Act 2006 and directors' duties: <ul style="list-style-type: none"> • acting in the best interests of the company • Section 174 and the duty to exercise reasonable care, skill and diligence • wider stakeholders and the impact of Section 172 on companies • conflicts of interest – Sections 175–177 • directors' remuneration: <ul style="list-style-type: none"> • UK Companies Act 2006 requirements on directors' remuneration • Directors' Remuneration Report • impact in practice of new legislation giving shareholders more power to restrict directors' pay • having company accounts checked by an independent third party: <ul style="list-style-type: none"> • the role of auditors and audit committees • Companies Act 2006 requirements for audit • regulation of statutory auditors • components of an audit report • benefits and criticisms of the use of auditors
UK and offshore corporate governance codes	<p>Including:</p> <ul style="list-style-type: none"> • role of the Financial Reporting Council (FRC) in promoting corporate governance • differences between the definition of a UK listed company and a UK quoted company • UK Corporate Governance Code: <ul style="list-style-type: none"> • development and aims of the code • applying the main principles of the code in companies • the principle of 'comply or explain' • disclosure requirements in a company's annual report

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • aims and purpose of: <ul style="list-style-type: none"> • the UK Stewardship Code • The Association of Investment Companies (AIC) codes and guides on Corporate Governance • relevant offshore jurisdiction-specific codes, e.g. Guernsey Finance Sector Code of Corporate Governance
Narrative reporting and corporate social responsibility	<p>Including:</p> <ul style="list-style-type: none"> • the role of narrative reporting in supporting audited financial statements • UK company law requirements – purpose and content of the Strategic Report • corporate social responsibility (CSR): <ul style="list-style-type: none"> • defining CSR • European Commission policies on CSR • UK government CSR-related reporting requirements relating to, e.g. Modern Slavery Act 2015, payment practices, gender pay gap • internationally-recognised principles and guidelines, e.g.: <ul style="list-style-type: none"> – OECD Guidelines for Multinational Enterprises – 10 principles of the United Nations Global Compact – ISO 26000 Guidance Standard on Social Responsibility – ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy – United Nations Guiding Principles on Business and Human Rights • the purpose of sustainability reporting • Integrated Reporting (IR): <ul style="list-style-type: none"> • definition and purpose of IR • role of the International Integrated Reporting Council (IIRC) in developing IR
Improving corporate governance practices	<p>Including:</p> <ul style="list-style-type: none"> • developments in EU and US legislation and regulation around corporate governance and finance: <ul style="list-style-type: none"> • EU projects related to corporate governance in response to the financial crisis of 2007-8 • the US Sarbanes-Oxley Act 2002 • establishment of the Public Company Accounting Oversight Boards (PCAOB) • the role and powers of the US Securities and Exchange Commission (SEC) • the US Dodd-Frank Act 2010 • the work of the Financial Stability Board (FSB)

Specialist modules: Group B

Module 11

Understanding the Investment Environment

Level: 5

Module type: **Specialist**

Total hours study time: **20**

Introduction

This module explores the world of investment, the drivers behind it and the objectives people seek to achieve through investment. It then goes on to consider how investment aims can impact on decision making and risk versus reward.

The module also examines how portfolios are constructed, the risk considerations during this process. Finally, the module covers how modern portfolio theory has evolved to enable the use of a mathematical basis for designing a balanced portfolio that is appropriate for the aims of the investor.

Learning outcomes

In this module you will:

- 1 Understand the role of investment in generating wealth
- 2 Understand how modern portfolio theory defines risk.

Module content

What needs to be learnt	
Topic	Exemplification
Markets and participants	<p>Including:</p> <ul style="list-style-type: none"> • defining investment • difference between capital markets and money markets • the risks of investing in debt versus equity • the benefits of investment, e.g. increasing wealth • bonds: <ul style="list-style-type: none"> • corporate bonds • investment-grade bonds • high-yield bonds • sovereign debt or government bonds • the benefits and risks of investing in bonds • benefits and risks of investing in shares
Risk	<p>Including:</p> <ul style="list-style-type: none"> • the meaning of risk • volatility risk – valuing shares: <ul style="list-style-type: none"> • dividend yield • price/earnings (P/E) ratio • net asset value (NAV) • investor attitude to risk and risk tolerance • role of investment advisor in helping investors assess their risk tolerance
Asset allocation	<p>Including:</p> <ul style="list-style-type: none"> • definition of asset allocation • factors to consider when allocating assets: <ul style="list-style-type: none"> • time horizon • risk tolerance • diversification: <ul style="list-style-type: none"> • the purpose of diversification – to reduce risk in a portfolio • benefits of diversification • how to achieve stronger diversification • diversification and narrowly-focussed funds – issues to consider • rebalancing the asset allocation: <ul style="list-style-type: none"> • the importance of rebalancing • minimising the costs of rebalancing
Modern portfolio theory	<p>Including:</p> <ul style="list-style-type: none"> • rationale for modern portfolio theory • history of modern portfolio theory • definition of efficient capital and financial markets • methods used to create an investment portfolio: <ul style="list-style-type: none"> • valuation of investments • calculating the asset allocation

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • optimising the portfolio • monitoring the portfolio • managing and maintaining a portfolio – the impact of risk and variance on a portfolio • benefits of risk reduction through diversification • risk analysis: <ul style="list-style-type: none"> • defining risk – systematic and unsystematic, specific • how modern portfolio theory defines risk • correlation – the impact of correlated investments on risk and return for investors • variance: <ul style="list-style-type: none"> • defining variance • portfolio variance: <ul style="list-style-type: none"> – defining portfolio variance – calculating portfolio variance – how portfolio variance can be reduced • covariance: <ul style="list-style-type: none"> – defining covariance – the use of covariance • optimum portfolios: <ul style="list-style-type: none"> – why optimum portfolios improve portfolio performance – the impact of Markowitz’s two-asset portfolio on modern portfolio theory • portfolio theory formulae and data presentation: <ul style="list-style-type: none"> • the efficient frontier • perfect positive correlation • perfect negative correlation • imperfect correlation • indifference curves • multi-asset portfolios • the capital asset pricing model (CAPM): <ul style="list-style-type: none"> • definition of CAPM • assumptions: <ul style="list-style-type: none"> – risk-free investments – the market portfolio • investment evaluation tools – the security market line • assessing the beta of a portfolio • efficient market hypothesis: <ul style="list-style-type: none"> • defining an efficient market • degrees of efficiency: <ul style="list-style-type: none"> – weak form – semi-strong form – strong form • standard statistical risk measurements: <ul style="list-style-type: none"> • beta • standard deviation • alpha • Sharpe ratio • R-squared <p>Formulae will be provided in the exam</p>

Module 12

Fund Administration and Regulation

Level: 5

Module type: **Specialist**

Total hours study time: **70**

Introduction

This module examines how an investment fund comes together from the spark of an idea through to expertise and structuring. In considering this, the module explores the roles of the key principals to any fund, the fund manager, the fund administrator and the fund's governing body (such as its board of directors). It then breaks down the key components of the fund administrator's role. Finally, the module considers the over-arching concept of governance and its growing place in fund administration practice.

Learning outcomes

In this module you will:

- 1 Understand the processes involved in creating a fund and the challenges it faces
- 2 Know about fund accounting and offshore fund administration
- 3 Understand how net asset valuation (NAV) is used to assess performance of a fund
- 4 Understand the role of custodians and depositaries in safekeeping assets.

Module content

What needs to be learnt	
Topic	Exemplification
Creating a fund structure	<p>Including:</p> <ul style="list-style-type: none"> • investment objective – what the fund aims to do: <ul style="list-style-type: none"> • investing in: <ul style="list-style-type: none"> – stocks – equity securities – private equity funds – venture capital funds – real estate funds – infrastructure funds – esoteric funds • management structure – delivering the investment objective: <ul style="list-style-type: none"> • role of the promoter and fund manager • considerations for investors when choosing a fund manager: <ul style="list-style-type: none"> – the track record of the manager – the track record of its key people – proposed management and performance fees – whether the manager will have ‘skin in the game’ • investor types – who the fund/market is aimed at: <ul style="list-style-type: none"> • investor types – retail, institutional, sophisticated • understanding the intended investor: <ul style="list-style-type: none"> – level of investor sophistication – legal obligations and restrictions – geographical location – adherence to religious codes, e.g. Sharia-compliant investment • factors affecting legal structure of a fund: <ul style="list-style-type: none"> • choice of entity type(s): <ul style="list-style-type: none"> – companies and their characteristics – limited liability, non-cellular and cell companies, unincorporated and incorporated cells – partnerships – limited partnerships and limited liability partnerships – unit trusts • efficiency of taxation • nature of return required (capital, income or both) • the structure of the return (equity, debt or both): <ul style="list-style-type: none"> – different types of equity classes – class, preference, participation, debt interests • after acceptance of an investor into a fund: <ul style="list-style-type: none"> • agreement of investing funds on an upfront or commitment basis • investing and redeeming investor capital – open- and closed-ended funds • closed-ended fund raising – private placement and public offerings • borrowing money – leveraged and unleveraged funds: <ul style="list-style-type: none"> – how to leverage a fund – benefits of leveraging a fund • private and publicly-quoted funds

What needs to be learnt

Topic	Exemplification
Scrutiny and investor protection	<p>Including:</p> <ul style="list-style-type: none"> • the purpose of scrutinising and regulating funds • regulated funds – the importance of meeting regulation requirements of funds and fund managers • unregulated funds and jurisdictional differences in regulation of unregulated funds • near-unregulated (light-touch regulation) funds and jurisdictional differences in regulation of these funds • custodians: <ul style="list-style-type: none"> • when it is appropriate or required to use a custodian • typical administration duties • aligning custodian duties with general investor protection rules
Key documents	<p>Including:</p> <ul style="list-style-type: none"> • key documents to be produced that establish and underpin the structure of the fund: <ul style="list-style-type: none"> • offering document • statutory document • application/subscription form • adherence agreement • investment management agreement/investment advisory agreement • custodian agreement • administration agreement
Other vehicles – consolidated structures	<p>Including:</p> <ul style="list-style-type: none"> • other methods of accepting investors: <ul style="list-style-type: none"> • co-investment/side-by-side vehicles • parallel vehicles • master/feeder • fund of funds • series/vintage funds • management vehicles: <ul style="list-style-type: none"> • why separate vehicles may be established to assume management responsibilities of a fund • general partner vehicles • separation of risk management and investment management • carry vehicles

What needs to be learnt

Topic	Exemplification
Competing with onshore jurisdictions	<p>Including:</p> <ul style="list-style-type: none"> • providing greater levels of investor protection through regulation and legislation • the European Union: <ul style="list-style-type: none"> • purpose of creation of the Alternative Investment Fund Managers Directive (AIFMD) • objectives, benefits and disadvantages of the AIFMD • Undertakings for the Collective Investment of Transferable Securities (UCITS) and UCITS V • depositories • light-touch regulation, e.g. introduction of the Lux RAIF • impact of Brexit on the UK's position in the funds sector • Financial Conduct Authority's (FCA) 'sandbox' initiative to create a safe space for the creation of new fund types • the United States: <ul style="list-style-type: none"> • competing with low tax, light-touch regulation jurisdictions such as Delaware • barriers to marketing funds in the US – protective measures • Asia – the emergence of Singapore and Hong Kong as significant offshore centres
Challenges to fund structures	<p>Including:</p> <ul style="list-style-type: none"> • impact of changes in the legal environment • impact of changes in the tax environment – anti-evasion legislation: <ul style="list-style-type: none"> • creation of Base Erosion Profit Shifting (BEPS) legislation • the Foreign Account Tax Compliance Act (FATCA) • the Common Reporting Standard (CRS) • negative perception of offshore centres • OECD tax haven criteria and blacklisting
The three parties to a fund	<p>Including:</p> <ul style="list-style-type: none"> • roles and duties of the fund manager: <ul style="list-style-type: none"> • attracting investor capital • key considerations for investors when choosing a fund manager • managing the fund investments • the relationship between the fund manager and the fund: <ul style="list-style-type: none"> – the Investment Management Agreement (IMA) – key terms of the IMA – establishing the tasks, level of authority and fees to be paid to the fund manager • the fund administrator: <ul style="list-style-type: none"> • role and duties • regulatory requirements that must be fulfilled by fund administrators • jurisdictional differences in regulatory requirements for fund administrators

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • the fund's governing body: <ul style="list-style-type: none"> • purpose of the governing body • identification of the governing body • responsibilities of the governing body: <ul style="list-style-type: none"> - fiduciary duties - statutory duties - regulatory duties - contractual duties - governance responsibilities • fund governance: <ul style="list-style-type: none"> • jurisdictional differences in approaches to fund governance • the role of the administrator in fund governance • interrelationships between the three parties to a fund: <ul style="list-style-type: none"> • the relationship between the fund manager and the governing body • the relationship between the governing body and the fund administrator • the role of the company secretary and why this is often fulfilled by the fund administrator • the relationship between the fund manager and the fund administrator
Offshore fund administration	<p>Including:</p> <ul style="list-style-type: none"> • definition and purpose of fund administration • reasons why fund sectors have grown across the world in offshore locations
Fund accounting	<p>Including:</p> <ul style="list-style-type: none"> • definition of fund accounting • fund accounting specifics for different types of funds: <ul style="list-style-type: none"> • investment funds: <ul style="list-style-type: none"> - mutual funds - equity funds - fixed income (or bond) funds - money market funds • hedge funds • private equity funds • real estate (or property) funds • role of the fund accountant versus the fund administrator • key aspects of IT systems for fund accounting • stages in the process of the production of fund accounts • importance of prepare financial statements in accordance with a recognised accounting framework • recent developments in UK accounting standards and the implications for fund accounting: <ul style="list-style-type: none"> • replacement of UK Generally Accepted Accounting Practices (UK GAAP) with Financial Reporting Standard 102 (FRS 102)

What needs to be learnt

Topic	Exemplification
Net asset valuations (NAV)	<p>Including:</p> <ul style="list-style-type: none"> • the ultimate purpose of NAV • basics of NAV: <ul style="list-style-type: none"> • formula for NAV • building a NAV: <ul style="list-style-type: none"> - day one - asset prices and valuations - interrogating the figures - liabilities • the end result • how the NAV influences pricing • the relationship between NAV and performance of a fund • the connection between NAV and open-ended and closed-ended funds • cost benefits of frequently recalculating the NAV of a fund • the effect of the nature of assets on NAV • the fund administrator: <ul style="list-style-type: none"> • the role of the administrator in the pricing of assets • potential impact on the administrator in the event of an incorrectly calculated NAV • effect on NAV where a price cannot be found: <ul style="list-style-type: none"> • assets with no present value • unavailability or delay in the price
Safekeeping assets	<p>Including:</p> <ul style="list-style-type: none"> • considerations for the board of a fund when appointing a custodian: <ul style="list-style-type: none"> • credit rating of the potential custodian • capital base (financial stability) of the custodian • track record • fees charged • level and standard of reporting • benefits of appointing a custodian • duties and limitations of a custodian • segregation of assets: <ul style="list-style-type: none"> • importance of the custodian separating the assets of the fund from their own • jurisdictional requirements for the segregation of assets • role and duties of the custodian in the safekeeping of physical assets • responsibility for the oversight of the custodian • depositaries: <ul style="list-style-type: none"> • purpose of a depositary according to the AIMFD • differences between a custodian and a depositary • AIMFD criteria for who can act as the depositary of a fund • role and responsibilities of a depositary

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none">• regulatory frameworks setting out the responsibilities of a depositary:<ul style="list-style-type: none">– jurisdictional differences– how frameworks help to ensure the independence and oversight role of the custodian function to reduce risk to fund assets

Module 13

Fund Products and Services

Level: 5

Module type: **Specialist**

Total hours study time: **30**

Introduction

This module breaks down individual asset classes and the nuances each brings with it. In exploring those nuances, the module examines key components as well as challenges and opportunities to assist fund administrators not only to perform the practicalities of their role, but also to consider the value-added role of the fund administrator when administering different types of fund.

Learning outcomes

In this module you will:

- 1 Understand different fund types, structures and services available to investors in offshore jurisdictions
- 2 Understand how investor assets are protected when investing in fund products
- 3 Understand how fund products create returns for investors.

Module content

What needs to be learnt	
Topic	Exemplification
Offshore private equity funds	<p>Including:</p> <ul style="list-style-type: none"> • definition of a private equity fund and how they are funded • the purpose of private equity firms • the life cycle of a private equity fund • basic structure of private equity funds – general partner and limited partners • reasons why offshore jurisdiction are appealing to private equity funds • financial services provided by offshore jurisdictions • the effect of regulatory requirements on where private equity firms decide to set up funds • legislation, structuring and structure selection: <ul style="list-style-type: none"> • why legislation in some jurisdictions makes them appealing for setting up private equity funds • factors to consider when selecting the structure of a fund • jurisdictional differences in the structures of private equity funds • reasons why the limited partnerships are the most popular structure for private equity funds • the administrator's role in private equity funds • taxation issues affecting private equity funds • recent trends in private equity funds
Offshore real estate funds	<p>Including:</p> <ul style="list-style-type: none"> • definition of real estate • background to creation of real estate funds • investment objectives of real estate funds – by type of property and in terms of the activity they perform • considerations for investors when choosing to invest in real estate funds • challenges for real estate funds: <ul style="list-style-type: none"> • supply and demand • price and pricing of properties • grade/quality of properties • managing unpredictability factors, e.g. default of tenants, construction delays • the property manager: <ul style="list-style-type: none"> • role and responsibilities • services provided • property derivatives – most common types: <ul style="list-style-type: none"> • property index notes (PIN) • total return swaps (TRS) • forwards/futures • role of investment manager in real estate funds • role and responsibilities of the fund administrator in real estate funds • global perspectives on investing in real estate funds

What needs to be learnt

Topic	Exemplification
Bond funds	<p>Including:</p> <ul style="list-style-type: none">• role of bond funds• bond fund management:<ul style="list-style-type: none">• bond issuers – government and corporate• types of bond:<ul style="list-style-type: none">– straight bond– convertible bond– callable bonds– term bonds– junk bonds– angel bonds• credit rating of bonds• apportioning interest:<ul style="list-style-type: none">• the concept of day count convention• 30/360 or 30/365 convention for calculating fixed-rate bond interest• actual/actual basis of calculating interest• classifying the duration of a bond – short-, medium- or long-term• benefits and disadvantages of investing in bonds• risks to investors in bond funds

Module 14

Fund Sector Regulation

Level: 5

Module type: **Specialist**

Total hours study time: **30**

Introduction

This module examines the legislative framework in place in relation to funds, the management and administration of them within the European Union and the effect of being outside of the EU for the marketing of funds into Europe. It then covers the role of international regulatory bodies in relation to management and oversight of financial crime, securities regulation and stability of global financial markets and the interaction between different regulators.

Finally, the module explores the different regulatory and legislative forces that impact upon the operation of funds, the parties that provide services to them, and the jurisdictions in which they are based.

Learning outcomes

In this module you will:

- 1 Know the process involved in implementing a directive
- 2 Understand the impact of the main directives that apply to the funds sector
- 3 Understand how international regulatory bodies impact upon the funds sector.

Module content

What needs to be learnt	
Topic	Exemplification
Directives	<p>Including:</p> <ul style="list-style-type: none"> • how directives come into being • the Alternative Investment Fund Managers Directive (AIFMD): <ul style="list-style-type: none"> • reasons for the implementation of the AIFMD • application of the AIFMD in collective investment schemes • the Alternative Investment Fund Manager (AIFM): <ul style="list-style-type: none"> • responsibilities of an AIFM – portfolio management and risk management • regulatory responsibilities and obligations if activities are delegated • objective reasons for delegating portfolio or risk management activities • letterbox entities: <ul style="list-style-type: none"> – definition of a letterbox entity – how application of the criteria of the AIFMD helps to prevent the formation of letterbox entities • AIFMD criteria regarding delegation where conflicts of interest have arisen • regulatory reporting requirements under the AIFMD • remuneration of key staff in AIFMs – purpose of the Remuneration Code • the Marketing in Financial Instruments Directive (MiFID): <ul style="list-style-type: none"> • definition and purpose of the MiFID • areas covered by the MiFID framework • changes to the MiFID: <ul style="list-style-type: none"> – implementation of MiFID II in January 2018 – rationale for MiFID II – implementation of a new Markets in Financial Instruments Regulation (MiFIR) • undertakings for the collective investment in transferable securities – the UCITS V Directive: <ul style="list-style-type: none"> • purpose and background to the Directive • areas covered by the UCITS V Directive • Solvency II: <ul style="list-style-type: none"> • purpose and objectives of the Solvency II regime • the three pillars to Solvency II • Dodd-Frank: <ul style="list-style-type: none"> • purpose, background, objectives and impact • Foreign Account Tax Compliance Act (FATCA): <ul style="list-style-type: none"> • purpose and objectives • areas covered by FATCA

What needs to be learnt

Topic	Exemplification
International regulators	<p>Including:</p> <ul style="list-style-type: none"> • Moneyval: <ul style="list-style-type: none"> • background and remit of activities • representatives in Moneyval of a member state • interaction with other regulatory bodies and organisations • the work of the Moneyval Committee • evaluation cycles and visits • remit of Moneyval's Plenary • International Organization of Securities Commissions (IOSCO): <ul style="list-style-type: none"> • background, objectives, principles and structure of IOSCO • categories of membership • purpose of the Multilateral Memorandum of Understanding • purpose and activities of the Assessment Committee • benefits to jurisdictions of undertaking a country review • purpose of the thematic review programme • the purpose of road maps • International Monetary Fund (IMF): <ul style="list-style-type: none"> • purpose and activities of the IMF • Financial Action Task Force (FATF): <ul style="list-style-type: none"> • purpose, background and mandate of FATF • activities of the FATF Plenary • purpose and impact of the Non-Cooperative Countries and Territories list (FATF or OECD Blacklist) • European Securities and Markets Authority (ESMA): <ul style="list-style-type: none"> • purpose, objectives and structure of ESMA • Securities and Exchange Commission (SEC): <ul style="list-style-type: none"> • purpose and remit • responsibilities and organisation of the SEC • Cayman Islands Monetary Authority: <ul style="list-style-type: none"> • purpose, functions and divisional structure • Monetary Authority of Singapore: <ul style="list-style-type: none"> • background, purpose, structure and functions • Sharia law: <ul style="list-style-type: none"> • Sharia-compliant equity funds and commodities funds • Ijarah investment funds • investment restrictions

Specialist modules: Group C

Module 15

Management and Leadership

Level: 5

Module type: **Specialist**

Total hours study time: **40**

Introduction

This module introduces the fundamentals of effective management and leadership in business. It explores the differences between leadership and management and examines the different theories, styles and techniques managers and leaders apply to achieve organisational objectives.

The module also looks at how leaders and managers can motivate groups and manage conflict to ensure effective group performance.

Learning outcomes

In this module you will:

- 1 Understand the principles of effective management and leadership
- 2 Understand how to motivate others
- 3 Understand how to manage groups to perform effectively in an organisation.

Module content

What needs to be learnt	
Topic	Exemplification
Management	<p>Including:</p> <ul style="list-style-type: none"> • defining management • types and level of manager and their duties: <ul style="list-style-type: none"> • first line manager • middle manager • senior manager • chain of command and the span of control • Mintzberg's 10 Management Roles • management theory and models: <ul style="list-style-type: none"> • scientific management and rational goals • bureaucratic management • the human relations approach • open systems models, e.g. Transformational Process Model • contingency (determinism) management • benefits of applying management theory in organisations • the effect of different management styles on employees: <ul style="list-style-type: none"> • autocratic management • permissive management
Leadership	<p>Including:</p> <ul style="list-style-type: none"> • the difference between leadership and management • leadership theory – benefits and drawbacks of different styles of leadership: <ul style="list-style-type: none"> • transactional versus transformational leadership • charismatic leadership • contingency theory • how leadership type, style and behaviour impacts on leadership effectiveness • leadership attributes and their effectiveness: <ul style="list-style-type: none"> • power • influence • empowerment • accountability • international leadership: <ul style="list-style-type: none"> • relevance of leadership theories across the world • issues leaders face when leading across cultures
Motivating others	<p>Including:</p> <ul style="list-style-type: none"> • theories, tools and techniques of motivation: <ul style="list-style-type: none"> • intrinsic versus extrinsic motivation • Maslow's hierarchy of needs • Herzberg's two-factor (or motivation-hygiene) theory • McGregor's Theory X and Theory Y • Vroom's expectancy theory • Locke's goal-setting theory • Adams' equity theory

What needs to be learnt

Topic	Exemplification
Managing groups effectively	<p>Including:</p> <ul style="list-style-type: none">• definition of formal and informal groups• group formation and development – Tuckman’s group formation model• advantages and disadvantages of group decision-making• the impact of groupthink on group decision-making processes• motivation in groups• managing group conflict:<ul style="list-style-type: none">• defining conflict• types of conflict – intra-group and inter-group conflict• positive and negative consequences of conflict in the workplace• techniques to manage conflict

Module 16

Business Structures and Functions

Level: 5

Module type: **Specialist**

Total hours study time: **40**

Introduction

This module explores how business functions can be organised into effective structures and how work can be efficiently organised, resourced and supported to help organisations achieve business objectives.

Learning outcomes

In this module you will:

- 1 Understand how organisations are structured to achieve business objectives
- 2 Understand how business functions and processes are organised to support organisational design and orientation
- 3 Understand how business functions and processes are supported by effective systems and technology.

Module content

What needs to be learnt	
Topic	Exemplification
Organising the workforce	<p>Including:</p> <ul style="list-style-type: none"> • organising the workforce: <ul style="list-style-type: none"> • why organising the workforce is necessary • The Systems Approach and its importance to the success of a business: <ul style="list-style-type: none"> - the production subsystem - supportive subsystem - maintenance subsystem - adaptive subsystem - managerial subsystem • structuring the workforce: <ul style="list-style-type: none"> • by work specialisation • horizontally and vertically • chain of command – hierarchy and authority • deciding on an appropriate span of control • centralisation of decentralisation of decision making • organisation configurations and designs: <ul style="list-style-type: none"> • functional structure – based on primary and secondary activities of the organisation, e.g. production, finance, marketing • product structure – based on products and/or services offered • area (geographic) structure – organising by country or region • divisional and matrix structures • benefits and drawbacks of different organisational configurations • determinants of organisational design: <ul style="list-style-type: none"> • Mintzberg’s forces: <ul style="list-style-type: none"> - direction - innovation - concentration - efficiency - proficiency • vertical and horizontal divisions within the workforce • structuring organisations for innovation, responsiveness and engagement: <ul style="list-style-type: none"> • components of an innovative/entrepreneurial organisation • the role of creativity and innovation in entrepreneurship • offering flexible working options, e.g. part time, overtime, job sharing, shift work • effective methods to improve and enhance employee engagement • benefits to the organisation of more engaged employees

What needs to be learnt

Topic	Exemplification
<p>Organising work – business functions and processes</p>	<p>Including:</p> <ul style="list-style-type: none"> • horizontal and vertical work flows • issues associated with the silo effect in organisations • the process (horizontal) view of organisations: <ul style="list-style-type: none"> • classifying business processes: <ul style="list-style-type: none"> – core and primary processes – functional and cross functional processes • business orientation: <ul style="list-style-type: none"> – business process orientation – functional business orientation – process enterprise • work design principles – effective job design • the benefits of job simplification and the streamlining of tasks • other ways jobs can be shaped to increase engagement and productivity, e.g. job enlargement • business functions and their purpose, processes and activities: <ul style="list-style-type: none"> • marketing and sales • operations management – logistics, warehousing and production • purchasing/procurement • human resource management • finance and accounting • the holistic view – coordinating and integrating the functions and activities of different groups, units or divisions
<p>Enabling work – integrated systems and technology</p>	<p>Including:</p> <ul style="list-style-type: none"> • integrating technology and systems to support work processes: <ul style="list-style-type: none"> • sociotechnical systems approach – combining the needs of people with the needs of technical efficiency • technology and the impact on work culture • information resources – data, information and knowledge: <ul style="list-style-type: none"> • defining data • data processing to produce information • deriving knowledge from information • effective knowledge management • information systems and technology: <ul style="list-style-type: none"> • how organisations use information systems to manage data and information • information technology – the hardware and software used to store, retrieve and manipulate information • definition of a business information system • classifying components of a business information system <ul style="list-style-type: none"> – transaction processing systems – management information system • functional systems to support the specific and local needs of different parts of an organisation • functional systems and the benefit to organisations

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none">• use of enterprise (integrated) systems and Enterprise Resource Planning, e.g. CRM systems• the role of e-business and e-commerce systems in facilitating business network building

Module 17

Business Strategy

Level: 5

Module type: **Specialist**

Total hours study time: **30**

Introduction

This module explores how organisations can analyse the business environment in which they operate to assist in the development of business strategy. The module then examines how development, management and realisation of effective strategies can help businesses achieve their organisational objectives, improve business performance, develop new market opportunities and remain appealing to customers.

Learning outcomes

In this module you will:

- 1 Understand how organisations analyse their business environment
- 2 Understand how organisations develop and manage strategies to meet business objectives
- 3 Understand how organisations monitor and control implemented strategies.

Module content

What needs to be learnt	
Topic	Exemplification
Analysing the environment	<p>Including:</p> <ul style="list-style-type: none"> • the benefits to organisations of analysing the business environment • different levels of the business environment – internal and external • analysing the external environment: <ul style="list-style-type: none"> • political, economic, sociocultural, technological, legal and ecological (PESTLE) analysis • enhanced and broader analysis of local, national and global factors – LoNGPESTLE • the competitive environment • competition spectrum and the extent of rivalry • competition laws • using Porter's 5 Forces of Competition to determine a company's opportunities and threats: <ul style="list-style-type: none"> – threat of new entrants – threat of substitutes – bargaining power of buyers – bargaining power of suppliers – competitive rivalry • analysing the internal environment: <ul style="list-style-type: none"> • definition of strategic capability • analysing the strategic capability and core competencies of an organisation • using Porter's Value Chain model to determine a company's strengths and weaknesses • using strengths, weaknesses, opportunities and threats (SWOT) analysis to align organisational resources and capabilities within the competitive environment
Managing strategy	<p>Including:</p> <ul style="list-style-type: none"> • decision making: <ul style="list-style-type: none"> • the effects of applying classical decision or rational decision making models in the workplace • the decision making process • structured, semi-structured and unstructured decisions • defining strategy, e.g. Mintzberg's 5 Ps for Strategy • developing strategy to achieve business objectives: <ul style="list-style-type: none"> • types of strategy – planned (intended) and emergent • establishing organisation purpose through mission and vision statements and goal and objective setting • levels of strategy – corporate, business, functional • competitive strategies: <ul style="list-style-type: none"> – cost leadership – differentiation – focus

What needs to be learnt

Topic	Exemplification
	<ul style="list-style-type: none"> • developing a strategic direction: <ul style="list-style-type: none"> – use of Ansoff's Matrix to consider the relationship between strategic direction and market opportunities • methods of pursuing strategy to meet organisational objectives: <ul style="list-style-type: none"> – organic growth – mergers and acquisitions – strategic alliances
Realising strategy	<p>Including:</p> <ul style="list-style-type: none"> • monitoring and control implementation of strategy: <ul style="list-style-type: none"> • using the 7-S Framework to bridge the gap between strategy, content and implementation • using business models to represent core aspects of the business and how it will meet its objective and meet customer needs • mechanisms of strategic control • applying budgetary controls • applying balanced scorecard methodology to monitor business performance and strategy • corporate governance: <ul style="list-style-type: none"> • definition • purpose • the importance of ensuring good governance practices are implemented in organisations • corporate social responsibility and ethics – guiding employees on what is considered acceptable practice • quality and quality management practices • risk management: <ul style="list-style-type: none"> • defining and identifying risk • types of risk and how they may be classified • developing a robust risk management process • business continuity and crisis management

Module 18

Innovation, Entrepreneurship and Change

Level: 5

Module type: **Specialist**

Total hours study time: **40**

Introduction

This module explores how organisations create innovative and entrepreneurial strategies to implement change and grow their business. It looks at how organisations manage the change process and implement effective methods to overcome resistance to change within their organisations. The module then examines the drivers for organisations to develop into multinational enterprises and the challenges involved in managing their operations on a global scale.

Learning outcomes

In this module you will:

- 1 Understand how organisations create innovative and entrepreneurial business strategies
- 2 Understand how organisations manage change
- 3 Understand strategies for globalisation and how organisations effectively manage their operations on a global scale.

Module content

What needs to be learnt	
Topic	Exemplification
Managing innovation	<p>Including:</p> <ul style="list-style-type: none"> • The nature of innovation: <ul style="list-style-type: none"> • defining innovation • types of innovation: <ul style="list-style-type: none"> - product - process - organisational - management - commercial/marketing - service • creative destruction and the impact of innovation on disruption to customers: <ul style="list-style-type: none"> • continuous and discontinuous innovation • continuous innovation • the challenges of creative destruction – installed base effect • innovation strategies to introduce new products and services: <ul style="list-style-type: none"> • market pull, technology push • industry and product life-cycle models • the life-cycles of services and products • developing an innovation stance: <ul style="list-style-type: none"> - pioneers and first movers - follower organisations - imitators - defender organisations • challenging industry assumptions – Red and Blue Ocean strategies • creating an innovative and entrepreneurial organisation: <ul style="list-style-type: none"> • the importance of creating cultures, structures and ways of working that support innovation • characteristics that aid the innovation process, e.g. development of a growth orientation, committing resources and time, accepting risk • use of social media in contemporary and innovative business practices: <ul style="list-style-type: none"> • definition, purpose and uses of social media, e.g. Facebook, LinkedIn, Twitter • use of social media for internal and external communications in organisations • use of social media to build communities and customer bases to communicate with customers or advertise and sell products and services • using social media to recruit new employees – social recruitment practices • benefits to organisations of developing and implementing an effective social media strategy • limitations of social media for businesses

What needs to be learnt

Topic	Exemplification
Managing change	<p>Including:</p> <ul style="list-style-type: none"> • the nature and types of change based on magnitude of the change: <ul style="list-style-type: none"> • planned change • continuous change/adaption • emergent change • transactional change • episodic change • radical change • transformational change • understanding triggers of change • understanding resistance to change – applying Maslow’s hierarchy of needs • effectively managing and overcoming resistance to change • change models: <ul style="list-style-type: none"> • applying change models and processes to implement change in organisations, for example: <ul style="list-style-type: none"> – Nadler and Tushman’s congruence model – Lewin’s three-stage process – unfreezing, movement, refreezing – Kotter’s eight-step plan for implementing change • using Lewin’s force field analysis to identify driving and restraining forces of change • leaders, agents and facilitators of change: <ul style="list-style-type: none"> • the role of change leaders in implementing strategic and transformational change • the use of change agents to promote the change agenda to stakeholders in organisations going through transition • communicating change in organisations: <ul style="list-style-type: none"> • preparing an effective change message • appropriate messaging to employees and stakeholders • making use of available formal and informal communication channels • the importance of appropriately timing change communications
Global management	<p>Including:</p> <ul style="list-style-type: none"> • internationalisation: <ul style="list-style-type: none"> • defining internationalisation • drivers for internationalisation: <ul style="list-style-type: none"> – market drivers – cost drivers – competitive drivers – government drivers • location and country-specific advantages, e.g. access to scarce materials, availability of cheap labour • models of internationalisation – market entry strategies

What needs to be learnt

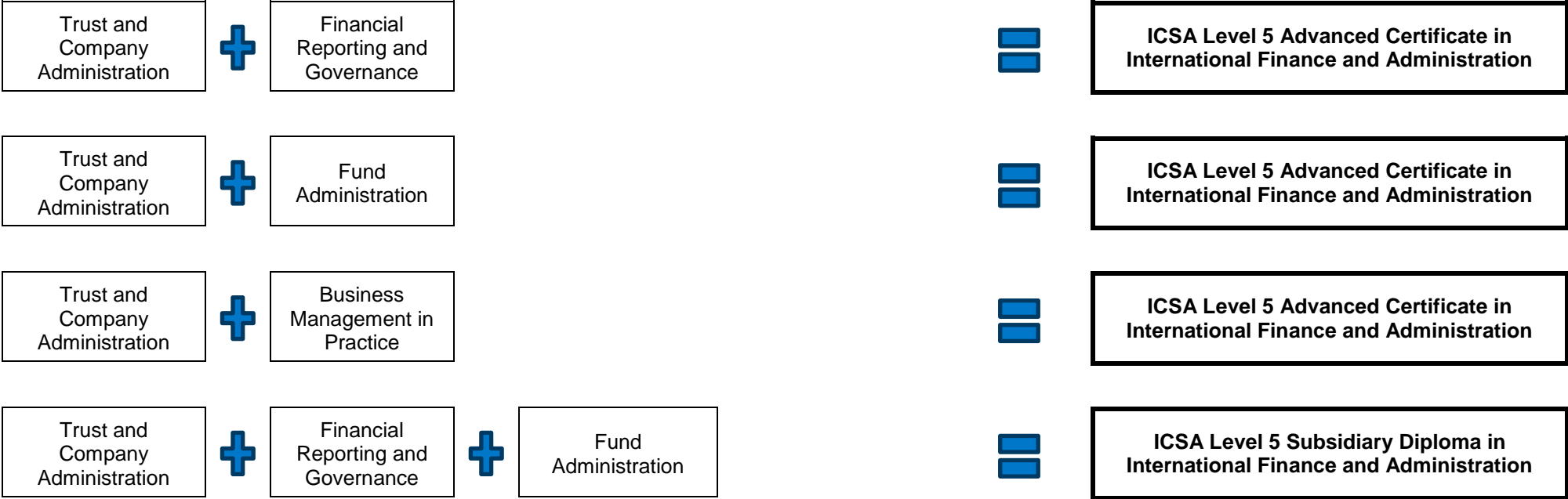
Topic	Exemplification
	<ul style="list-style-type: none">• globalisation:<ul style="list-style-type: none">• defining globalisation• differences between globalisation and internationalisation• the impact and consequences of globalisation on organisations• implementing global strategies and structures in organisations• attitudes of international executives and managers towards building a multinational enterprise – ethnocentric versus geocentric attitude• cultural considerations:<ul style="list-style-type: none">– national (country level) cultural considerations when developing a global strategy and structure:– the benefits to managers of using Hofstede’s cultural dimensions theory to prepare for intercultural encounters• developing appropriate competences to work in or with other people from other countries• benefits and issues associated with managing globally

Appendix A: Qualification study routes: comparison of old to new

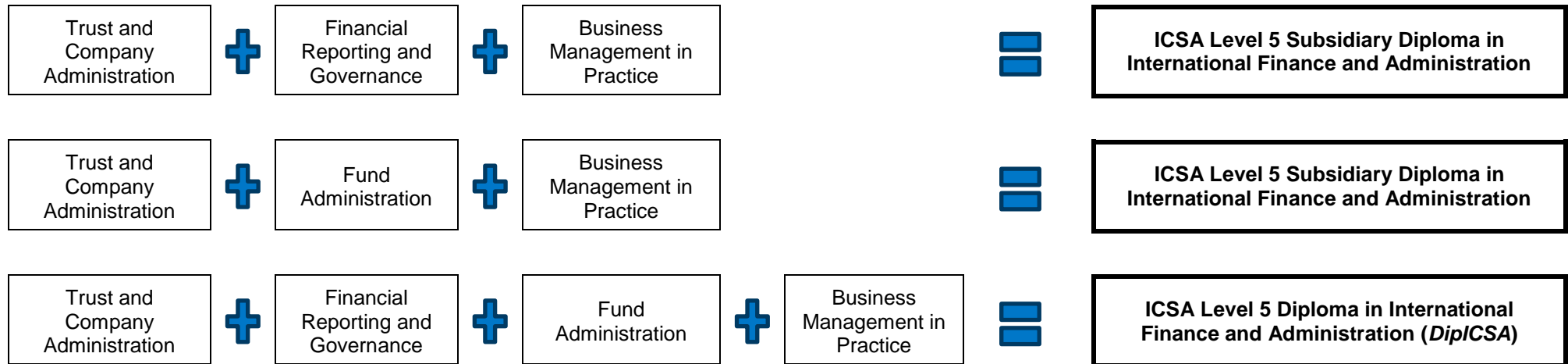
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ICSA Level 5 International Finance and Administration suite of qualifications (continued...)






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