

Diploma in Governance, Risk and Taxation (UK)

For teaching being rolled out from February 2022 onwards

Version September 2021

This qualification is awarded through CIPFA's Royal Charter

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1. Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) is a UK-based international accountancy membership and standard-setting body. We are the only such body globally dedicated to public financial management and hold Chartered Status.

Our educational and advisory services support our members, students and other public finance professionals throughout their careers – helping them add value to their teams and the organisations for which they work.

The work of a Chartered Public Finance Accountant is both more complex and more critical to the public sector than at any point in our history. Digital technologies, highly charged political contexts, regulatory reform, climate change, increased service demand and the dramatic arrival of the COVID-19 pandemic – these are all impacting how public financial management, reporting and audit are conducted now and in the future.

At the heart of our mission to build trust by strengthening public financial management is CIPFA's professional accountancy qualification.

This CIPFA Diploma in Governance, Risk and Taxation is the next step to taking a lead in a career in finance and provides access to further study and career progression.

2. Availability

This qualification is available for approved UK and International Accredited Training Providers (ATPs).

There are four assessment windows per year. Two main sittings following tuition opportunities and two retake opportunities.

3. Support and resources to help teaching and learning

We've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

To enable your students to show their breadth of knowledge and understanding, we've created a simple and straightforward structure and layout.

Further information on teaching and learning resources and solutions can be found www.cipfa.org/qualifications/students/cipfa-education-and-training-centre.

4. Qualification information

This Qualification Specification contains what you need to know about the structure, assessment approach and delivery content for the CIPFA Diploma in Governance, Risk and Taxation.

4.1 Qualification objectives

The objective of the CIPFA Diploma in Governance, Risk and Taxation qualification is to provide students with the knowledge and skills required to advance within accounting and finance in an organisation.

The knowledge and skills acquisition offered through achievement of this qualification supports a wide range of transferable skills that can be applied to many different finance and accounting contexts.

This qualification has been developed in partnership with industry experts and employers. It will provide students with a nationally recognised qualification in professional accounting and audit and is suitable for those students:

- Aspiring to lead teams and processes in finance, risk and taxation
- That wish to progress and/or specialise in the CIPFA Diploma on either the Public Financial Management, Reporting and Business Change or the Public Financial Management, Reporting and Advanced audit.

4.2 Progression

Successful completion of the CIPFA Diploma in Governance, Risk and Taxation provides students with the opportunity for a wide range of academic progression including progression to the CIPFA Professional Accountancy Qualification (PAQ) qualifications which offers the chance to specialise.

While the majority of students will start their accountancy qualification at the CIPFA Certificate in Management and Financial Accounting of the Professional Accountancy Qualification (PAQ), some may enter directly onto other levels depending on their circumstances such as prior learning, experience or level at which they are currently working.

The CIPFA Diploma in Governance, Risk and Taxation has been developed with career progression and professional recognition in mind.

This qualification offers a recognised milestone qualification for those progressing their careers.

4.3 Qualification structure

This qualification can only be offered by ATPs. No part of this qualification may be altered by ATPs since it will compromise the integrity of our qualification and its respective assessment.

ATPs may not amend learning outcomes, assessment criteria, assessment approach, module or qualification titling or any other regulated guidance, to do so will deem the students' achievement null and void and ATPs may be subject to sanctions by CIPFA.

Qualification Title	CIPFA Diploma in Governance, Risk and Taxation
Start date	02/2022
Total Qualification Time (TQT)	455
Guided Learning Hours (GLH)	156
Credit value	45
Assessment	Externally set, externally marked
Overall grading type	Pass or Not Yet Achieved
Language of assessment	English

5. Total Qualification Time

Total Qualification Time (TQT) is the number of notional hours it is estimated that a candidate will take to demonstrate the level of attainment necessary to achieve this qualification from start to finish and includes guided learning hours, self-study, preparation and assessment.

Guided Learning Hours (GLH) is defined as the hours that a teacher, lecturer or other member of staff is available to provide immediate teaching support or supervision to a student working towards a qualification.

The GLH for this qualification are estimated at 156 hours which includes final assessment and the TQT is estimated at 455 hours.

6. Credit value

Credit value is defined as being the number of credits that may be awarded to a student for the successful achievement of the learning outcomes of a module.

One credit is equal to ten hours of TQT.

7. Achieving this qualification

There are two core mandatory modules that comprise this qualification and one option mandatory module. All must be successfully achieved (mastery) to be awarded the CIPFA Diploma in Governance, Risk and Taxation.

Modules	Total Module Time (TMT)	GLH (approx. hours)	Assessment time (hours)	Credit Value
Governance and risk management	149	36	3	15
Business reporting	153	60	3	15
Tax and law UK	153	60	3	15
Totals	455	156	9	45

If the complete qualification is not achieved, credit can be issued in the form of a statement of stand-alone module credit for those modules that have been passed. This will be subject to the currency of the existing qualification.

7.1 Partial and full achievement of this qualification

All modules that comprise the qualification must be successfully completed within a ten-year period for candidates to be awarded the full qualification.

Students successful in one or two modules only will be awarded module credit certificates. Students can take the modules in any order.

8. Delivering this qualification

CIPFA do not specify the mode of delivery for this qualification, therefore CIPFA ATPs are free to deliver this qualification using any mode of delivery that meets the needs of their students. However, CIPFA ATPs should consider the students' complete learning journey when designing the delivery and formative assessment of programmes.

CIPFA ATPs must ensure that the chosen mode of delivery does not unlawfully or unfairly discriminate, whether directly or indirectly, or bias students and ensure that equality of opportunity is built into all teaching and learning.

GLH which are listed in each module provides ATPs with the expected number of hours of teacher supervised or direct study time likely to be required to deliver the qualification.

9. Language of the assessment

The assessments are delivered and assessed in English. If a student is not from a majority English-speaking country they should provide evidence to their ATP of English language competency in order to be able to access the demands of this qualification and its respective assessment.

For students to achieve success in our qualifications, which are taught and assessed in English, it is essential that they have an appropriate level of English language skills.

The following clarifies the requirements for all ATPs when accepting students onto our qualifications. Those students who have not undertaken their final two years of schooling in English can demonstrate capability in English at a standard equivalent to the levels identified below:

- Common European Framework of Reference (CEFR) level B2
- Pearson Test of English Academic (PTE Academic) 51
- IELTS 5.5; Reading and Writing must be at 5.5

ATPs must determine what evidence will be necessary to prove individual student proficiency prior to registering them with CIPFA.

10. Level equivalencies

This qualification represents the practical knowledge, skills, capabilities and competences that are equivalent in level to the following qualifications:

- Degree apprenticeship
- Degree with honours – for example Bachelor of the Arts (BA) honours, Bachelor of Science (BSc) honours
- Graduate certificate
- Graduate diploma
- Level 6 award
- Level 6 certificate
- Level 6 diploma
- Level 6 NVQ
- Ordinary degree without honours

Source: www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels

11. Entry guidance

This qualification is designed for students aged 18 plus.

The minimum requirements for studying CIPFA's Professional Qualification at all levels are as follows:

- Three GCSEs, grades A–C (or grades 4 and up), and two A-Levels, grades A–C, or accepted equivalent.
- Scottish, Northern and Southern Ireland equivalents are also accepted. Subjects must include Maths and English at either level.
- BTEC and SCOTVEC national diplomas are also accepted.
- The minimum vocational requirement is NVQ/GNVQ level 3, or Scottish equivalent.

If you do not meet the academic requirements, you can still study if you are 21 or over and have your employer's support and more than three years' relevant work experience. Unless you wish to register as a local auditor in terms of the Local Audit and Accountability Act 2014 this requirement is seven years' relevant work experience.

Further details can be found here:

www.cipfa.org/join/graduate-entry/minimum-entry-requirements

11.1 Graduate entry route

Holders of all university degrees can study to become Chartered Accountants with CIPFA and may formally apply to CIPFA for Chartered Public Finance Accountant (CPFA) status.

11.2 Recognition of Prior Learning (RPL) and exemptions

1. If you have a finance or accountancy related degree, or have passed certain professional body examinations, you may be entitled to exemptions.

Full details can be found here:

www.cipfa.org/qualifications/students/exemptions

2. Fully qualified accountants – Members of other professional accountancy bodies may be entitled to exemptions to become fully qualified CPFAs.

The number of exemptions will depend on the standing of your qualification and your relevant professional experience in the public sector.

Full details can be found here:

www.cipfa.org/join/joining-from-another-membership-organisation

3. Accelerated route for senior finance professionals

Senior executives in roles with significant financial responsibilities can take our accelerated route to the CIPFA professional accounting qualification in two years.

Further details can be found here:

www.cipfa.org/join/senior-finance-professionals

4. Students who have successfully completed the L7 Accountancy Apprenticeship with CIPFA may apply for relevant exemptions.

Further details can be found here:

www.cipfa.org/qualifications/student-policies-procedures-and-forms

Please also refer to our *Recognition of Prior Learning and Exemptions Policy* www.cipfa.org/qualifications/exemptions

12. Assessment

All modules within this qualification are externally set and marked by CIPFA. Students sit their assessments via an online examination platform.

All modules must achieve a pass mark of 50%. There are no merit or distinction grades, only Not Yet Achieved, or Pass.

The CIPFA Diploma in Governance, Risk and Taxation is comprised of three modules.

For further information on how each module is assessed, please see the detailed table below:

Module	Assessment	Marks available	Pass mark	Exam duration
Governance and Risk Management	15 Multiple Choice Questions (MCQs)	30	50	3 hours
	6 Objective questions	30		
	Scenario based questions	40		
Business Reporting	7 objective questions	35	50	3 hours
	Preparation of single and consolidated accounts	65		
Tax and Law (UK)	15 Multiple Choice Questions (MCQs)	30	50	3 hours
	6 Objective questions	30		
	Scenario computational	40		

13. Resits

If a student fails a module, they will be able to resit the module they failed in the following assessment window.

CIPFA do not cap the number of times a student is able to resit a module.

Students will always receive a new assessment paper when resitting a module in line with CIPFA's policies and procedures.

All students have ten years in which to complete the PAQ. For apprentices, funding considerations will need to be taken into account in respect of available time to complete the PAQ.

14. Equality, diversity and bias

CIPFA expects all staff and Subject Matter Experts (SMEs) to have due regard to our Equality and Diversity Policy and the requirements of the Equality Act 2010 in relation to our qualifications.

We develop and revise our qualifications to avoid, where possible, any features that might disadvantage students because of any protected characteristics.

If a specific qualification requires a feature that might disadvantage a particular group this will be clarified in the qualification specification.

Our assessments are developed by SMEs and follow a rigorous process of quality assurance and evaluation, including ensuring that they do not represent bias, whether actual or unconscious.

CIPFA ATPs must ensure that the chosen mode of delivery does not unlawfully or unfairly discriminate, whether directly or indirectly, and that equality of opportunity is promoted.

Where it is reasonable and practicable to do so, ATPs must take steps to address identified inequalities or barriers that may arise throughout the duration of the programme delivery.

15. Module structure

Level – this positions the level of the module within the Regulated Qualifications Framework (RQF).

Credit value – is the value given to the module and the credit value is equal to the Total Qualification Time (TQT) divided by ten and rounded to the nearest whole number.

Total Module Time (TMT) – is the average amount of time it will take to complete the module. This includes guided learning hours, practical and work-based learning, assessment preparation time and assessment time.

Module purpose and aim – gives a summary of the purpose of the module.

What you will learn – details the knowledge and skills a learner will cover.

Learning outcomes – set out what a learner will know, understand or be able to do as a result of successful completion, including the standard required to achieve via assessment.

Assessment criteria – set out the assessment requirements for the module.

Indicative content – provides guidance on current curriculum coverage required to achieve the learning outcomes and assessment criteria. It is advised that students cover all of the indicative content throughout the duration of their studies, for success in their synoptic exams.



Modules

Governance and Risk Management

Core mandatory

Credit value	15
Module Guided Learning Hours (GLH)	36
Total Module Time (TMT)	149

Module purpose and aim

The Governance and Risk Management (GRM) module covers the essential principles and practices involved in the effective governance of business and public sector organisations. This includes the key principles typically contained in governance codes and the requirements of ethical behaviour. There is a focus on risk management, including the role of internal control systems and internal audit, as well as an introduction to the counter fraud measures associated with good governance. Students will be introduced to the key considerations in, and the different options for, designing an organisation's structure and managing human resources effectively. The module also covers the main features of performance management systems, the sources of information for them and the importance of balancing financial and non-financial performance measures as part of the effective strategic governance of organisations. The GRM module has links with all other modules of the PAQ, particularly to the Strategy Development, Audit and Assurance, Financial Management and the Implementing Business Change modules.

Assessment: Online examination, 3 hours – multiple choice, objective and scenario-based questions.

What has changed: This is a new module. It includes content on ethical principles, risk management and governance that has been drawn from the PQ modules Corporate Governance and Law, Strategy and Policy Development, Business and Change Management and Strategic Public Finance. This content has been drawn together to highlight the importance of ethics and effective governance in public sector organisations. There is a greater emphasis on effective organisational risk management systems and on the nature and application of big data and data analytics to performance management. Sustainability and environmental reporting and performance measures, including the impact of United Nations Sustainable Development Goals, are explored.

Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Principles of good governance and ethical conduct	Understand the principles of good governance and ethical conduct to private and public sector organisations	30%
Risk management and internal control systems	Understand the features of effective organisational risk management systems	30%
Organisational structure and human resource management	Understand the types of organisational configuration that can be used as part of effective governance arrangements	20%
Performance management	Understand the features of performance management systems in the effective governance of organisations	20%

Module	Assessment	Marks available	Pass mark
Governance and risk Management	15 Multiple Choice Questions (MCQs)	30	50
	6 objective questions	30	
	Scenario based questions	40	

Learning Outcomes and Assessment Criteria

LO1	Understand the principles of good governance and ethical conduct to private and public sector organisations
AC1.1	Evaluate the overarching principles of governance
AC1.2	Evaluate good governance principles and practices contained in corporate governance codes
AC1.3	Assess the main provisions of governance in the public services
AC1.4	Evaluate the principles of ethical behaviour

Indicative Content

Overarching principles of governance

- Types of organisation, ownership models, impact on governance
- Definition and purposes of governance
- Agency concept in governance
- Stakeholders and governance relationships
- Models of corporate governance
- Principles of good governance
- Rules and principles-based, voluntary and statutory approaches to governance
- Governance as inhibitor or enabler
- Risks to effective governance and appropriate responses
- Features of governance failures

Good governance principles and practices

- Global governance principles – Organisation for Economic Cooperation and Development (OECD) and ICGN
- The UK Code of Corporate Governance – the 2018 UK Corporate Governance Code
- Role of the Board
- Division of responsibilities
- Governance roles – Chair, CEO, directors, including non-executives and Senior Independent Director
- Roles of committees – remuneration, nominations, audit
- Board composition, development, succession and evaluation
- Engagement with shareholders, employees and other stakeholders
- Remuneration
- Whistleblowing procedures and legal context

- Codes of conduct
- Equality and diversity
- Board reporting
- Data protection and privacy procedures and legal context

Main provisions of governance in the public services

- Characteristics of public sector organisations and decision making – implications for governance
- CIPFA/IFAC's code – International Framework: Good Governance in the Public Sector principles
- UK Committee on Standards in Public Life – the Nolan principles
- Governance in the public sector: role of governing body, appointed and elected governors, executives and non-executives, engaging with stakeholders, responsibility, accountability and transparency, including Freedom of Information legal context
- Examples of sectoral codes of governance in the public sector – UK central government, local government, NHS, and charity examples
- Examples of government administration codes – UK Civil Service and Ministerial Codes

Principles of ethical behaviour

- Good governance and ethics: business ethics, professional ethics
- Corporate codes of ethics
- Ethical decision-making framework – American Accounting Association and Tucker 5 question models
- Conflicts of interest in organisations
- Consequences of unethical behaviour by organisations

LO2	Understand the features of effective organisational risk management systems
AC2.1	Evaluate the main features of an organisational risk management system
AC2.2	Compare the types of cyber risk facing organisations and the implications for risk management practices
AC2.3	Investigate the nature of fraud and the mechanisms to counter it
AC2.4	Explain the principles of effective organisational internal control systems
AC2.5	Analyse the role of audit in relation to internal control in organisations

Indicative Content

Main features of an organisational risk management system

- Definition of risk and the consequences of risk
- Types and sources of risks, sector and industry-specific risks
- Nature of risk management frameworks and systems
- Risk appetites
- Dynamics of risk
- Risk assessment models, including the ALARP principle
- Risk clustering
- Related and correlated risks
- Role of risk registers and heat maps
- Assurance mapping
- 4Ts risk management model
- Assumption Based Communication Dynamics risk management model
- Risk culture and embedding risk management
- Risk maturity and how to measure it
- Ethical dilemmas in risk management
- UK Treasury Orange Book on risk management

Types of cyber risk facing organisations and the implications for risk management practices

- Cyber-security and nature of associated risks
- Threats to cyber-security: malware; application attacks, hackers; phishing; data leakage
- Organisational impact of cyber security breaches
- Cyber-security processes
- Cyber risk management tools

Nature of fraud and the mechanisms to counter it

- Fraud, bribery and corruption, and legal context
- Types of fraud and the circumstances under which it is likeliest to arise
- Implications of fraud for organisations
- Features of effective counter fraud strategies – anti-fraud culture; tone from the top; prevention; deterrence; investigation; sanctions; redress
- CIPFA Code of Practice on Managing the Risk of Fraud and Corruption
- Nature and stages of money laundering, including legal context
- Methods of preventing and detecting money laundering
- Role of the Financial Action Task Force
- Insider trading, including legal context

Principles of effective organisational internal control systems

- Nature and importance of, and responsibilities for, internal control systems in organisations
- Treadway Commission COSO Internal Control framework
- Typical internal control weaknesses and compliance failures

Role of audit in relation to internal control in organisations

- Relevance of internal audit to public and private sector organisations
- Independence of internal audit
- Contribution of internal audit to organisational governance arrangements
- Internal audit reporting and role of the audit committee
- Organisation and staffing of internal audit including outsourced, shared services and internal management options

LO3	Understand the types of organisational configuration that can be used as part of effective governance arrangements
AC3.1	Evaluate the different organisational configurations
AC3.2	Assess the importance of effective human resource management practices as part of good governance of organisations

Indicative Content

Different organisational configurations

- Mintzberg's components of the organisation
- Considerations when configuring an organisation: layers of management; span of control; allocation of decision-making responsibilities; grouping of activities; responsibility, authority and accountability; vertical and horizontal relationships; differentiation and integration; centralisation and decentralisation
- Simple (entrepreneurial) structures
- Functional structures
- Divisional structures
- Matrix structures
- Hybrid/intermediate structures
- Corporate group structures
- Organic versus mechanistic approaches, bureaucracy and post-bureaucracy
- Boundaryless structures – network, virtual, hollow and modular organisations
- Role of, and structural options for, finance departments/functions in organisations

Importance of effective human resource management practices as part of good governance of organisations

- Recruitment and selection of employees – stages, methods
- Diversity and equality policies and practices
- Job design
- Delegation and empowerment
- Learning and development
- Performance appraisal
- Talent management

LO4 Understand the features of performance management systems in the effective governance of organisations

AC4.1 Explain the sources of performance management information for organisations

AC4.2 Explain performance measures for different types of organisations

Indicative Content

Sources of performance management information for organisations

- Role of information systems in performance management, including impact of different organisation structures
- Internal and external sources of performance information, including the role of benchmarking
- Management information systems, including the role of Enterprise Resource Planning Systems and Strategic Enterprise Management Systems
- Nature of big data and data analytics and its application to performance management
- Risks and challenges with big data, including ethical and governance issues

Performance measures for different types of organisations

- Hierarchy of organisational objectives and performance indicators and targets, application of SMART criteria
- Performance dashboards, including design considerations
- Organisational stance on corporate social responsibility and performance measurement implications
- Financial performance measures for business organisations – profitability, gearing and liquidity
- Role and types of non-financial performance measures
- Performance measurement issues for public sector bodies, including the 3 E's (plus equity) framework, outputs versus outcomes
- The balanced scorecard approach, including the public sector version
- The performance pyramid
- The building blocks model
- Sustainability and environmental reporting and performance measures, including impact of United Nations Sustainable Development Goals
- Baldrige performance excellence model

15.1

Business Reporting

Core mandatory

Credit value	15
Module Guided Learning Hours (GLH)	60
Total Module Time (TMT)	153

Module purpose and aim

The Business Reporting module builds on the knowledge and skills learned in Financial Accounting, particularly around recording financial transactions and preparing limited company financial statements. There is a focus on the International Financial Reporting Standards (IFRSs) regulatory framework and the application of the requirements of the (examinable) standards to the preparation of financial statements.

Students will be required to explain how financial information has been determined and to demonstrate how accounting concepts are applied in line with the requirements of IFRSs. They will also be required to analyse and interpret the content of financial statements and use these to advise users and aid decision making. The role of integrated reporting (IR) is explored, as is green and sustainability accounting.

Assessment: Online examination, 3 hours – objective questions and preparation of single and consolidated accounts.

What has changed: This module is equivalent to the PQ's Company Financial Reporting module. BR builds on the content of the revised Audit and Assurance module and the ethics e-learning and there is also a greater emphasis on green and sustainability accounting.

Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
IFRS regulatory framework	Understand the IFRS regulatory framework	15%
Single-entity financial statements	Be able to apply the requirements of examinable IFRSs to prepare financial statements for single-entity companies	30%
Consolidated financial statements	Be able to apply the requirements of examinable IFRSs to prepare consolidated financial statements for companies	35%
Analysis and interpretation of financial statements	Be able to interpret company financial statements	20%

Module	Assessment	Marks available	Pass mark
Business Reporting	7 objective questions	35	50
	Preparation of single and consolidated accounts	65	

Learning Outcomes and Assessment Criteria

LO1	Understand the IFRS regulatory framework
AC1.1	Explain the role of the International Accounting Standards Board (IASB), the standard-setting process, and the status of IFRSs and other IASB pronouncements
AC1.2	Analyse the nature and benefits of the global harmonisation of financial reporting standards

Indicative Content

Role of the IASB, the standard-setting process, and the status of IFRSs and other IASB pronouncements

- Objectives and membership of IASB
- Process of setting IFRSs
- Role of other pronouncements – exposure drafts, interpretations, practice statements
- Conceptual framework – objectives, assumptions, qualitative characteristics, elements of financial statements, recognition, measurement, capital maintenance

Nature and benefits of the global harmonisation of financial reporting standards

- National and international financial reporting
- Development of common conceptual frameworks
- Advantages and disadvantages of convergence of national and international standards

LO2	Be able to apply the requirements of examinable IFRSs to prepare financial statements for single-entity companies
AC2.1	Define the main requirements of examinable IFRSs
AC2.2	Justify the information to be disclosed in financial statements, including the application of relevant standards to transactions and events
AC2.3	Prepare financial statements and relevant disclosure notes in accordance with the requirements of examinable standards

Indicative Content

Main requirements of examinable IFRSs

- Prescribed accounting treatments and disclosures
- Fair presentation of accounts

Information to be disclosed in financial statements, including the application of relevant standards to transactions and events

- Quantitative disclosures
- Qualitative disclosures
- Challenges
- Sources of information
- Timing considerations
- Standards

Financial statements and relevant disclosure notes in accordance with the requirements of examinable standards

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows – indirect and direct methods

LO3 Be able to apply the requirements of examinable IFRSs to prepare consolidated financial statements for companies

AC3.1 Evaluate the principles underlying the preparation of consolidated financial statements

AC3.2 Prepare a consolidated statement of financial position and a consolidated statement of comprehensive income for a simple group

Indicative Content

Principles of underlying the preparation of consolidated financial statements

- Reasons for preparing consolidated statements
- Control and significant influence
- Processes and adjustments required to prepare consolidated statements
- Analysis of consolidated statements

Preparation of a consolidated statement of financial position and a consolidated statement of comprehensive income for a simple group

- Company with a single subsidiary:
 - Goodwill – definition, process for determining goodwill, negative goodwill
 - Steps involved in preparing consolidated statement of financial position
 - Dealing with intra-group trading and balances
 - Accounting for unrealised profit
 - Fair value adjustments
 - Steps involved in preparing consolidated statement of comprehensive income
 - Accounting for dividends
- Accounting for an associate
 - Definition of significant influence
 - Treatment of associate in company's own financial statements
 - Principles of treatment of associate in consolidated statements – equity method
 - Transactions between company and its associate – trading, dividends
 - Treatment of unrealised profits

LO4	Be able to interpret company financial statements
AC4.1	Discuss the scope and limitations of published financial information in meeting the needs of a variety of users
AC4.2	Calculate and apply ratios to address the needs of relevant users of financial statements
AC4.3	Interpret financial statements and other information to prepare relevant analysis for specified users

Indicative Content

Scope and limitations of published financial information in meeting the needs of a variety of users

- Limitations of income statement, statement of financial position, statement of cash flows, other financial information
- Limitations of comparisons between years and between organisations
- Focus of different users/user groups in using financial statements and related information to make decisions

Calculation and application of ratios to address the needs of relevant users of financial statements

- Ratios on profitability, short-term liquidity, long-term solvency, efficiency, investment decisions
- Other relevant indicators of financial performance
- Interpreting cash flow information

Financial statements and other information, and prepare relevant analysis for specified users

- Use of ratios to prepare appropriate analysis and interpretation
- Developing reports for users with relevant recommendations for action
- Explaining limitations
- Combining information from different sources and of different types (including non-financial)
- Role of integrated reporting (IR)
- Relating information to the company's context, circumstances, objectives
- Green accounting
- Sustainability accounting

Tax and Law (UK)

Module purpose and aim

The Tax and Law module covers the policy-making structures, principles of law and the tax calculations that apply to many organisations operating in the private and public sector across the world. There is a focus on UK tax legislation and the administration and calculation of the main taxes that students encounter. Comparisons are drawn between the UK tax system and the approaches applied in a number of other countries. Students will also study the essential features of commercial and business law: the law in relation to contracts, employment, companies, partnerships, financing and insolvency, and are encouraged to consider the specific arrangements in countries familiar to them. The module builds on the knowledge gained in Financial Accounting and the ethics e-learning. It also provides links to other modules including Governance and Risk Management and Strategic Public Financial Management.

Assessment: Online examination, 3 hours – multiple choice, objective questions and computational scenario.

What has changed: This module combines the PQ Taxation and Corporate Governance and Law modules. This combination demonstrates how these two subject disciplines are interrelated and has enabled the addition of new content on the key drivers and structures in the national public policy-making process, and the connections and power relations between them. Computational scenario-based questions where spreadsheets can be used have been introduced in the assessment.

Assessment weighting across the learning outcomes

Syllabus area	Learning outcome	Weighting
Law and policymaking structures	Understand the key drivers and structures in national public policy-making processes including the connections and power relations between them	10%
Theory, principles and rules of taxation	Understand the theory, principles and rules that underpins taxation and how they are applied	10%
Corporation tax	Be able to calculate the corporation tax liability of companies	15%
Taxation of individuals	Be able to calculate the income tax and national insurance contributions for individuals	15%
Value added tax	Be able to discuss operational aspects of VAT registration/deregistration and calculate VAT for a tax period	10%
Law of contract, agency law and tort	Understand the formation and termination of contracts, the law relating to agents and the law relating to tort	15%
Employment law	Understand the legislation relating to employment, employment contracts, employee rights, dismissal and redundancy	15%
Business structures, formation, administration, financing, insolvency and partnership law	Understand the legal requirements relating to the formation and management of companies and partnerships	10%

Module	Assessment	Marks available	Pass mark
Tax and Law (UK)	15 Multiple choice questions (MCQs)	30	50
	6 Objective questions	30	
	Scenario computational	40	

Learning Outcomes and Assessment Criteria

LO1	Understand the key drivers and structures in the national public policy-making processes including the connections and power relations between them
AC1.1	Analyse the main concepts relating to the different forms of state and governmental structures
AC1.2	Discuss key constitutional theories in relation to national public policy-making processes
AC1.3	Compare the roles of parliament, the government, the judiciary and the monarchy in the UK constitution
AC1.4	Examine the nature, sources and operation of English law
AC1.5	Discuss the role of international bodies and their influence on national legislation and international policy making and regulation
AC1.6	Examine the nature of public administration within the UK and judicial review of administrative actions

Indicative Content

Main concepts relating to the different forms of state and governmental structures

- Democracy vs authoritarian rule
- Federal systems vs unitary states
- Centralised vs decentralised systems
- Presidential vs prime ministerial systems
- Parliamentary systems

Key constitutional theories

- Classification of constitutions
 - codified/uncodified
 - federal/unitary
 - flexible/inflexible and
- Strengths and weaknesses of each

Roles of parliament, the government, the judiciary and the monarchy in the UK constitution

- Parliamentary sovereignty, cabinet and national government, the judiciary, royal prerogative, separation of powers
- National, regional and local government (including the devolved nations arrangements)

Nature, sources and operation of English law

- Civil and criminal law
- Sources of law: common law and equity, case law and precedent, interpretation of statutes by the court, primary and delegated legislation, EU law, devolution
- Human rights law and the role of the ECHR
- Structure and operation of the courts and tribunals in England and Wales, the appeals system
- Judicial precedent
- Comparison with other UK judicial systems

Role of international bodies and their influence on national legislation and regulation and international policy making and regulation

- European Union
- United Nations/World Bank
- World Trade Organisation
- Organisation for Economic Cooperation and Development (OECD)
- International Monetary Fund
- Need for international policy making
- The need for international co-operation

Nature of public administration within the UK and judicial review of administrative actions

- The nature of public administration and administrators
- Public bodies, tribunals, boards, commissions
- Judicial review: Administrative Court, tests of irrationality and proportionality, Parliamentary and Health Service Ombudsman

LO2	Understand the theory, principles and rules that underpins taxation and how they are applied
AC2.1	Evaluate economic and political ideologies
AC2.2	Discuss the main principles of the UK taxation system and the alternative approaches to global taxation
AC2.3	Explain the administration of tax and discuss penalties as imposed by HMRC
AC2.4	Discuss the ethical issues that underpin a fair tax system within HMRC powers
AC2.5	Explain the operational aspects of local taxes
AC2.6	Assess the impact of international aspects of taxation on businesses and individuals including the impact of VAT

Indicative Content

Economic and political ideologies

- Command economies
- Free market economies
- Mixed market economies
- Left-wing versus right-wing ideology

Main principles of taxation theory

- Functions of taxation
- Types of taxation
- UK taxation system and compare alternative approaches
- The UK tax system
- International tax systems

Administration of tax and discuss penalties as imposed by HMRC

- Administration of corporation tax, including filing regulations
- Administration of income tax
- Administration of VAT
- Penalties within corporation tax, income tax and VAT will be examinable for discursive purposes only

Ethical issues that underpin a fair tax system and understand HMRC powers

- Tax planning, tax avoidance and tax evasion
- Ethical behaviour within taxation
- HMRC powers and responsibilities

Operational aspects of local taxes

- Legislation of local taxation, including devolved nations
- Objectives of local taxation
- Domestic and business taxes
- Discounts and exemptions

Impact of international aspects of taxation on individuals

- Residence and domicile for individuals including ethical considerations
- Overseas income and Double tax relief for individuals
- Double tax treaties – OECD model
- Impact of international aspects of taxation on businesses
 - Residence for companies including ethical considerations
 - Overseas income, and double tax relief for companies
- International impact of VAT and rest of world transactions

LO3	Be able to calculate the corporation tax liability of companies
AC3.1	Calculate the taxable trading profits of a company and determine the amount and due dates of corporation tax payable
AC3.2	Calculate a company's chargeable gains in relation to disposal of capital assets
AC3.3	Calculate the impact that group structures have on corporation tax
AC3.4	Calculate the impact that losses have on corporation tax

Indicative Content

Calculation of the taxable trading profits of a company and determine the amount and due dates of corporation tax payable

- Taxable trading profits
- Capital allowances
- Property income
- Corporation tax liability
- Dates of payment of corporation tax by companies

Calculation of a company's chargeable gains in relation to disposal of capital assets

- Chargeable gains basic computation
- Reliefs for business assets

Impact that group structures have on corporation tax

- Subsidiaries (75% group) and the reliefs that are available to members of a 75% group
- Associates and the effect of being an associated company for corporation tax purposes
- Transfer pricing

Impact that losses have on corporation tax

- Relief for trading and non-trading losses
- Losses within group structures
- Anti-avoidance provisions

LO4	Be able to calculate the income tax and national insurance contributions (NIC) for individuals
AC4.1	Assess the criteria used by HMRC to distinguish between employment and self-employment
AC4.2	Calculate the taxable income from employment for individuals and NIC implications for individuals and companies
AC4.3	Calculate the income tax payable by individuals

Indicative Content

Criteria used by HMRC to distinguish between employment and self-employment

- Badges of trade
- Drivers that determine employment or self-employment including IR35 legislation

Calculation of taxable income from employment for individuals and NIC implications for individuals and companies

- Employment income
- Benefits in kind
- NIC
 - Class 1 NIC
 - Class 1a NIC
 - Apprenticeship Levy
- The PAYE system
- Tax codes
- Operation of the PAYE system

Calculation of the income tax payable by individuals

- Personal tax computations
- Personal allowances
- Tax effect of Defined Benefit and Money Purchase pension schemes

LO5	Be able to calculate VAT contributions for organisations
AC5.1	Explain when organisations should register for VAT
AC5.2	Assess the operational aspects of VAT
AC5.3	Calculate the VAT payable or reclaimable for a tax period

Indicative Content

When organisations should register for VAT

- Registration, including group registration
- De-registration

Operational aspects of VAT

- Different types of supply
- VAT schemes in operation
- VAT impact on government institutions
- International perspective on GST/Sales Tax/VAT
- Scope for changes after leaving EU
- Partial exemption
- De-minimus for local authorities.

Calculation of VAT payable or reclaimable for a tax period

- Output and input VAT
- Fuel scale charges
- Voluntary registration

LO6	Understand the formation and termination of contracts, the law relating to agents and the law relating to tort
AC6.1	Explain the law relating to the formation of a contract and contract terms
AC6.2	Explain the law relating to termination of a contract
AC6.3	Explain the law that governs agency relationships
AC6.4	Explain the law relating to tort

Indicative Content

Law relating to the formation of a contract and contract terms

- Contract formation: offer and acceptance, consideration, intention to create legal relations
- Privity of contract
- Contractual terms, warranties, representations
- Implied terms: sale of goods and supply of services
- Contractual defects: misrepresentation, mistake, duress and undue influence, illegality and incapacity

Law relating to termination of a contract

- Discharge of contract
- Breach of contract and frustration
- Remedies for breach of contract
- Exclusion clauses in contracts

The law that governs agency relationships

- Creation of an agency relationship
- Rights and duties of the agent and principal
- Authority of the agent to enter into contracts on behalf of a principal

The law relating to tort

- The nature of tort
- Negligence
 - duty of care and its breach
 - causality
 - remoteness of damage
- Professional negligence

LO7	Understand the legislation relating to employment, employment contracts, employee rights, dismissal and redundancy
AC7.1	Explain the law relating to contracts of employment and employee rights
AC7.2	Explain the law relating to termination of employment

Indicative Content

The law relating to contracts of employment and employee rights

- Distinguish between contracts of service and contracts for service (IR35)
- Nature and terms of the contract of employment
- Statutory duties of employer and employee, employee rights
- Discrimination and employment law

The law relating to termination of employment

- Termination of employment by notice
- Dismissal, constructive dismissal
- Wrongful dismissal: definition and remedies
- Unfair dismissal: definition, eligibility, grounds and remedies
- Redundancy: definition, eligibility and remedies

LO8	Understand the legal requirements relating to the formation and management of companies and partnerships
AC8.1	Compare the main types of business structure and the effect of limited liability on the legal status of business owners
AC8.2	Discuss the procedures for the formation of a company
AC8.3	Discuss the law relating to the main features of company administration
AC8.4	Discuss the main features of law relating to business partnerships
AC8.5	Discuss the law that governs raising and maintaining capital by companies
AC8.6	Discuss the law that governs companies in financial difficulties

Indicative Content

Main types of business structure and the effect of limited liability on the legal status of business owners

- Sole traders, partnerships and companies (public and private)
- Meaning and effect of limited liability

Procedures for the formation of a company

- Formation of a company, company constitution, model articles
- Consequences of company incorporation: legal personality, the veil of incorporation, legal liabilities of the company and its members
- Business names and company names

Law relating to the main features of company administration

- Directors: powers and statutory duties, types of director (executive and non-executive), appointment and re-election of directors
- Administrative consequences of company registration: company records, role and functions of the company secretary, procedures for registering a company
- Company meetings: types, procedures and conduct, voting, proxies, resolutions
- Rights and powers of shareholders

Main features of law relating to business partnerships


- Legislation governing unlimited and limited partnerships
- Partnership agreement
- Authority of partners and liability for debts of the partnership
- Termination of partnerships

Law that governs raising and maintaining capital by companies

- Types of shares: classes of shares, class rights, treasury shares
- Procedures for issuing (allotting) and transferring shares, rights issues, scrip issues, share premium
- Capital maintenance, reduction/alteration of share capital, distribution of dividends, share buybacks
- Protection of minority shareholders
- Ability of a company to borrow money, loan capital and debentures, security for lending – fixed and floating charges, registration of charges
- Issuing securities at a discount

Law that governs companies in financial difficulties

- Receivership
- Company voluntary arrangements
- Company termination/insolvency: members' voluntary liquidation, creditors' voluntary liquidation, compulsory liquidation, priorities in the distribution of assets
- Administration as an alternative to liquidation, powers and duties of an administrator
- Fraudulent and wrongful trading



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