

PERFORMANCE OBJECTIVES

ACHIEVE PERFORMANCE

Performance objectives are benchmarks of effective performance that describe the types of work activities students and affiliates will be involved in as trainee accountants. They also outline the values and attitudes trainees should demonstrate as they fulfil their practical experience requirements.

Trainees are required to achieve 13 performance objectives in total – all nine Essentials performance objectives and any four Options performance objectives.

Performance objectives are divided into nine areas which are closely linked to the exam syllabus – reinforcing that any knowledge developed through the exams process will have a clear application in the workplace.

Each trainee is required to plan with you as their workplace mentor which performance objectives they aim to achieve. This process will help you both to identify which performance objectives the trainee can realistically achieve in their current role. Trainees should consider:

- their role – they can complete a role profile using the trainee development matrix (TDM) which can be accessed through *myACCA*
- their responsibilities
- opportunities for gaining experience
- which exams they have passed or are currently studying.

As a workplace mentor, you should encourage trainees to think about ways they can achieve performance objectives and provide opportunities for them to do this eg secondments or job rotations, project work, or learning and undertaking new responsibilities. These types of activities will help the trainee to meet ACCA's practical experience requirements and benefit the organisation in which they work.

Once you and the trainee have identified which performance objectives the trainee is going to achieve, they will need to complete a period of work where they are gaining experience and developing their skills. You and the trainee will then need to review this experience. Using the trainee development matrix (TDM) trainees will need to answer a series of challenge questions that relate to the performance objective they are working towards achieving. In your role as workplace mentor, you will need to review and sign-off the performance objective if the trainee has achieved it or alternatively, provide further guidance on what future activity needs to be completed.

The table opposite outlines the performance objectives and detailed information to guide trainees on each performance objective is contained within this booklet.

LEARNING THE OBJECTIVES

Performance objectives

ESSENTIALS (all nine to be completed)

Professionalism, ethics and governance

- 1 Demonstrate the application of professional ethics, values and judgement
- 2 Contribute to the effective governance of an organisation
- 3 Raise awareness of non-financial risk

Personal effectiveness

- 4 Manage self
- 5 Communicate effectively
- 6 Use information and communications technology

Business management

- 7 Manage on-going activities in your area of responsibility
- 8 Improve departmental performance
- 9 Manage an assignment

OPTIONS (four to be completed)

Financial accounting and reporting

- 10 Prepare financial statements for external purposes
- 11 Interpret financial transactions and financial statements

Performance measurement and management accounting

- 12 Prepare financial information for management
- 13 Contribute to budget planning and production
- 14 Monitor and control budgets

Finance and financial management

- 15 Evaluate potential business/investment opportunities and the required finance options
- 16 Manage cash using active cash management and treasury systems

Audit and assurance

- 17 Prepare for and collect evidence for audit
- 18 Evaluate and report on audit

Taxation

- 19 Evaluate and compute taxes payable
- 20 Assist with tax planning

1

DEMONSTRATE THE APPLICATION OF PROFESSIONAL ETHICS, VALUES AND JUDGEMENT

You must be fully aware of the ethics, values and standards that apply to you as a professional and make their application a consistent feature in all aspects of your work. This will include taking personal responsibility for your actions and regularly reflecting on your experiences to inform future actions and decision making. You must both act and be seen to act ethically and with the utmost integrity.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- keeping up to date with all codes of conduct and professional standards
- providing a description of how you have dealt with situations where your professional ethics, values or judgement were challenged
- discussing with others (eg your manager) how you would deal with situations which could arise in the future where your professional ethics, values or judgement are challenged
- informing clients about the ethical standards that apply to professional activities
- monitoring compliance with relevant legislation, standards and regulations and raise any concerns with the appropriate person
- identifying the person or persons within your organisation responsible for providing ethical advice or managing compliance with relevant legislation (eg money laundering legislation).

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- uphold (and be seen to uphold) professional ethics, values and standards
- behave with integrity and objectivity eg act independently and avoid any conflict of interest
- maintain professional competence, confidentiality and due care.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

KEY KNOWLEDGE AND UNDERSTANDING: PROFESSIONALISM, ETHICS AND GOVERNANCE

- Demonstrating the application of professional values and judgement through an ethical framework that is in the best interests of society and the profession, in adherence with relevant professional codes, laws and regulations.
- Understanding the fundamental principles contained within the ACCA's Code of Ethics and Conduct.

LINKED EXAM PAPER

Paper P1, Professional Accountant.

You will contribute to the effective governance of an organisation by providing support and information which will enable the organisation to operate effectively. This includes promptly providing information requested by senior management and/or decision making bodies in your organisation. You must also ensure that the work carried out in your own area of responsibility is in line with your organisation's policies and procedures.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDES:

- responding to requests for information from senior management and/or decision making bodies
- providing information on developments external to organisations eg economic, environmental or legislative
- helping to ensure that meetings in your organisation are well organised and effective.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- provide information, at the appropriate time, required by senior management to support decision making
- implement organisational policies and procedures in your area of responsibility
- ensure compliance with legal, regulatory and social requirements in your area of responsibility.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

KEY KNOWLEDGE AND UNDERSTANDING: PROFESSIONALISM, ETHICS AND GOVERNANCE

- Defining governance and explaining its function in the effective management and control of organisations and of the resources for which management are accountable.
- Evaluating the professional accountant's role in internal control and review.

LINKED EXAM PAPER

Paper P1, Professional Accountant.

3

RAISE AWARENESS OF NON-FINANCIAL RISK

In your work, you will take steps to identify any potential risks, including the probability of their occurrence and the likely consequences. Dealing with identified risks may include informing others of the risks identified and deciding how the risk will be managed. You must be risk aware, but at the same time not afraid to take decisions and undertake activities which involve levels of risk which have been assessed as acceptable.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- performing, or contributing to, risk assessments eg risks to health and safety, risks to achievement of work objectives etc
- consulting with risk experts within your organisation
- conducting full and proper client acceptance procedures
- taking part in the development of a Business Continuity/IT Disaster Recovery plan.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- evaluate activities in your area and identify potential risks, the nature of the risks, the probability of occurrence and consequence
- communicate information on identified risks to relevant people to enable decisions and actions to be taken in terms of accepting or treating the risks
- maintain knowledge and understanding of legislative and regulatory requirements in your area of work
- consult with others when faced with complex risk issues to ensure that the right decision is made.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

KEY KNOWLEDGE AND UNDERSTANDING: PROFESSIONALISM, ETHICS AND GOVERNANCE

- Explaining the role of the professional accountant in identifying and assessing risk
- Assessing and evaluating the role of the professional accountant in controlling risk.

LINKED EXAM PAPER

Paper P1, Professional Accountant.

As a professional, you are required to demonstrate an attitude and behaviours appropriate to the workplace. This includes organising and prioritising your own workload and aiming to deliver work of high quality that meets agreed objectives. You will need to work effectively with other people from both your own, and other organisations. You must also be committed to your own learning and development, and take action to address your identified learning and development needs.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- actively evaluate your own performance and participate in your organisation's appraisal process
- identifying your own development needs and regularly review your personal development plan
- working effectively and reliably to ensure that everything for which you are personally responsible is completed to a high standard
- working effectively as part of a team, providing support for others where appropriate
- working effectively on partnership/joint projects with workers in other organisations.

These examples illustrate how you might demonstrate your performance. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- prioritise and plan your work to meet objectives, managing conflicting pressures and making best use of time and resources
- ensure the quality of your work always meets or exceeds agreed requirements
- develop and maintain effective working relationships, being supportive to colleagues where required
- actively develop your own skills and knowledge, acting on feedback where appropriate
- demonstrate a professional attitude, appropriate to the culture of the organisation in which you work.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

LINKED EXAM PAPERS

All examination syllabuses test a range of personal effectiveness skills, including skills required for managing self.

5

COMMUNICATE EFFECTIVELY

You will need to communicate clearly in order to work effectively with others. This includes communicating clearly with colleagues at all levels in your organisation and with people external to your own organisation. You must identify and minimise any barriers to effective communication and convey information in a way that others will understand. You may also need to check your own understanding of information provided by others.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- chairing or actively participate in meetings
- exchanging information with colleagues and/or clients to support the achievement of work objectives
- making effective use of e-mail
- compiling written reports for management or clients
- delivering formal presentations to management or clients
- exchanging ideas and information, within appropriate boundaries of confidentiality, to develop supportive networks with other professionals.

These examples illustrate how you might demonstrate your performance. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- ensure verbal communication is clear and coherent
- ensure written communication is clear, well structured and professional
- listen effectively to gather information and understand other viewpoints
- check that information you have provided is understood and sufficient.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

LINKED EXAM PAPERS

All examination syllabuses test a range of personal effectiveness skills, including communications skills.

You will use information and communications technology to improve your work output. You must make yourself aware of the software packages used in your workplace and make practical use of the software available to support your own work objectives. This might include using technology to gather and present information, calculate and interpret data, and to communicate with others.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- using standard software packages including word processing and spreadsheet applications
- using standard accounting software packages
- using the Internet and other IT resources for research purposes
- using standard software packages for organising and analysing data eg databases
- using standard software packages for the design and/or delivery of presentations
- using e-mail applications to communicate both inside and outside your organisation.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- select the appropriate software for the task, according to the needs and resources of your organisation
- access files on your computer or your organisation's network
- create, edit and format files
- use formulae, functions and tools to manipulate, analyse and interpret data
- use a search engine to find information on the Internet or Intranet
- send and receive e-mails (using features such as address books, attachments etc)
- protect software and data from security risks such as theft, viruses or unauthorised access.

Achievement of this performance objective requires consistent performance over a period of time. Evidence of this may include validation from third parties, and may be demonstrated as part of carrying out other activities.

KEY KNOWLEDGE AND UNDERSTANDING: BUSINESS MANAGEMENT

- Apply information systems and knowledge management to implement and support business functions and strategic objectives.

LINKED EXAM PAPERS

All examination syllabuses test a range of personal effectiveness skills, including communications skills.

7

MANAGE ON-GOING ACTIVITIES IN YOUR AREA OF RESPONSIBILITY

You are required to effectively manage day-to-day activities in your area of responsibility. You must ensure that you plan activities and those activities support the achievement of your organisation's objectives. You must remain aware of potential risks which could affect your work and take action to manage those risks. If you work in a team or department, you will allocate work to others and monitor the progress of their work. You will monitor the satisfaction of customers/clients/management, taking action to identify and meet their reasonable expectations.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- developing, implementing and reviewing plans for the activities of your department
- delegating work to team members
- reviewing the work of others and provide feedback where appropriate
- monitoring progress against agreed timetables and amend those timetables where necessary
- monitoring customer/client feedback and take action to improve customer/client satisfaction

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- develop and implement operational plans for your area of responsibility, in line with your organisation's objectives
- identify potential risks associated with achieving stated objectives and how these will be managed
- allocate and monitor the progress and quality of work in your area of responsibility
- manage business processes in your area of responsibility
- encourage innovation in your area of responsibility
- recognise and effectively manage the expectations of others.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: BUSINESS MANAGEMENT

- Recognise the political, economic, social, and technological context within which the accounting function operates
- Apply information systems and knowledge management to implement and support business functions and strategic objectives.

LINKED EXAM PAPERS

Paper F1, Accountant in Business

Paper P3, Business Analysis.

You will constantly seek to improve departmental performance, either in your own organisation or an external organisation (a department could be any part of an organisation, including a team of people). You must identify and implement changes which will improve departmental performance and monitor progress towards desired changes. You must ensure that you involve others affected by improvements to departmental performance, maintaining an awareness of their views and concerns.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- development and implementation of accounting processes (including making improvements to existing systems)
- monitoring business performance and setting performance measures
- suggesting improvements to business processes within your department
- advising managers on how performance can be made more cost effective
- working with individuals on your team to improve their personal performance levels and therefore the performance of the department.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- identify measures and systems to evaluate the performance of the department
- recognise opportunities where departmental performance could be improved
- make considered and sensible suggestions for improvements that have been fully researched
- ensure that any improvements made are in line with the organisation's vision and objectives
- monitor the process of change and progress towards desired outcomes.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: BUSINESS MANAGEMENT

- Evaluate, select and implement the development of appropriate strategic alternatives to take the business from where it is to where it needs to be
- Utilize and apply management and organisational behaviour theory to promote personal and operational effectiveness to support and implement strategic business objectives.

LINKED EXAM PAPERS

Paper F1, Accountant in Business

Paper F3, Business Analysis

Paper P5, Advanced Performance Management.

9

MANAGE AN ASSIGNMENT

You will take the lead in managing an assignment, either in your own organisation or in an external organisation. You will develop and implement a plan to achieve the objectives of the assignment and monitor your progress towards its successful completion. You must adjust your plan and activities where required and effectively communicate progress and the end results to relevant people (in particular to any person/s who initiated the assignment).

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- managing a project or a clearly defined piece of work from beginning to end eg an external audit assignment, and internal audit assignment, set up a budgetary system.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- discuss and agree the objectives and scope of the proposed assignment and the available resources with the relevant people
- develop a realistic and thorough plan for undertaking the assignment and achieving the key objectives
- select and apply a range of project management tools and techniques to monitor, control and review progress
- implement the plan to achieve the objectives of the assignment, making any changes as required
- evaluate the success of the assignment, identifying any lessons which can be learned.

KEY KNOWLEDGE AND UNDERSTANDING: BUSINESS MANAGEMENT

- Develop business process modelling and project management techniques to implement operational plans and support business strategy.

LINKED EXAM PAPERS

Paper F1, Accountant in Business

Paper P3, Business Analysis.

You will prepare financial statements for external purposes in line with the appropriate regulations, accounting standards and guidelines. This includes obtaining relevant information and checking its completeness and accuracy. The financial statements and other supporting information you compile must be in an appropriate format (which may vary depending on whether you work in the public, private or voluntary sectors).

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- compiling financial statements and/or accounts
- compiling supporting schedules/notes to accounts
- compiling cover statements for bank reports
- compiling statements of affairs.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- collect complete and accurate information in order to compile financial statements
- compile financial statements and accounts in line with appropriate standards and guidelines
- provide supporting information to make statements and accounts more understandable to users.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: FINANCIAL ACCOUNTING AND REPORTING

- Recognise and apply the external legal and professional framework and regulations to financial reporting
- Record and understand financial transactions for single companies and combined entities
- Prepare financial statements for single and combined entities.

LINKED EXAM PAPERS

Paper F3, Financial Accounting

Paper F7, Financial Reporting

Paper P2, Corporate Reporting.

11

INTERPRET FINANCIAL TRANSACTIONS AND FINANCIAL STATEMENTS

You will analyse and interpret financial transactions and financial statements in order to arrive at valid conclusions. You must be able to explain your analysis and justify any conclusions reached.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- analysing inventory levels, revenue figures or any other sub-ledger data
- analysing and review the profitability of an organisation or department
- analysing and review balance sheet accounts and working capital requirement
- analysing trends within financial data
- meeting with clients to present and discuss financial statements and any issues that may arise from them.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- analyse and interpret financial data from sections of the finance function responsible for the different business cycles
- identify unusual features or significant issues within financial statements or financial data
- interpret the relationships between the elements within financial statements
- draw valid conclusions from the information contained within financial statements or financial data
- clearly present issues, interpretations and conclusions.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: FINANCIAL ACCOUNTING AND REPORTING

- Analyse, evaluate and report upon the financial performance and position of single and combined entities from externally available information.

Linked exam papers

Paper F3, Financial Accounting

Paper F7, Financial Reporting

Paper P2, Corporate Reporting.

You will prepare financial information for management including the initial preparation of financial information and/or remodelling using new information. You must check the completeness and accuracy of any information obtained and prepare financial information in an appropriate format. You will also provide any supporting advice and/or documentation to assist management in making use of the financial information.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- preparing regular management accounts
- providing analysis of performance against financial key performance indicators (KPIs)
- producing a cost-benefit analysis
- preparing management information to assist with decision making.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- collect data for the preparation of financial information to meet management requirements
- investigate areas where there is doubt as to the completeness, accuracy and validity of information
- summarise and present financial information in an appropriate format for management purposes.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: PERFORMANCE MEASUREMENT AND MANAGEMENT ACCOUNTING

- Explain the role of management accounting and performance measurement and management
- Collect, record and process management accounting information
- Select and apply appropriate statistical and mathematical techniques for business decision-making.

Linked exam papers

Paper F2, Management Accounting

Paper F5, Performance Management

Paper P5, Advanced Performance Management.

13

CONTRIBUTE TO BUDGET PLANNING AND PRODUCTION

You will actively contribute to the process of planning and producing budgets. You will need to negotiate with others and resolve any outstanding issues in order to agree budgets. You must clearly communicate agreed budgets to the appropriate people and review budgets on a regular basis.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- contributing to meetings to discuss and agree budgets
- preparing budgets based on the best available information to an appropriate level of detail
- amending budgets to reflect changes in circumstances
- preparing forecasts and conduct sensitivity analysis to assess the potential impact of changes to the budget
- producing cash flow forecasts to project the organisation's future cash position.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- provide information to allow the creation of detailed and accurate budgets and cash flow forecasts
- understand the impact of forecasts on the wider organisation
- communicate agreed budgets to those who are responsible for administering or controlling funds
- update existing budgets on a regular basis in light of new information.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: PERFORMANCE MEASUREMENT AND MANAGEMENT ACCOUNTING

- Identify, describe, calculate and forecast business costs and revenues and their behaviour
- Plan, monitor, and control the use of business and financial resources.

LINKED EXAM PAPERS

Paper F2, Management Accounting

Paper F5, Performance Management

Paper P5, Advanced Performance Management.

You will monitor and control budgets – these may be budgets produced by others, or those you were involved in producing. This will include monitoring and control of revenue, costs, cash, working capital and capital assets. You will detect and analyse variations between budgets and actual figures and communicate your findings clearly to the appropriate people.

EXAMPLES OF RELEVANT ACTIVITIES

- preparing regular variance analysis reports
- giving explanations and make recommendations based on variance analysis
- incorporating significant variances in future budget planning.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- identify and record actual revenue and costs on a timely basis
- compare actual figures with budget and identify and explain any differences
- ensure that forecasts are reviewed regularly to provide accurate management information
- summarise and report to management on the analysis of budgets.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: PERFORMANCE MEASUREMENT AND MANAGEMENT ACCOUNTING

- Plan, monitor, and control the use of business and financial resources
- Analyse, evaluate and report on the financial performance and position of entities from internally available data and information.

LINKED EXAM PAPERS

Paper F2, Management Accounting

Paper F5, Performance Management

Paper P5, Advanced Performance Management.

15

EVALUATE POTENTIAL BUSINESS/INVESTMENT OPPORTUNITIES AND THE REQUIRED FINANCE OPTIONS

You will evaluate potential business or investment opportunities, appraising the costs, benefits and any associated risks, including a consideration of any external factors (eg economic or political developments) which may affect your recommendations. You will also explore the options available for raising any necessary finance and support managers to understand the various options.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- performing cost-benefit analysis of potential investments
- identifying the advantages and constraints of potential corporate action (eg buyout, merger, takeover)
- appraising different potential capital investment opportunities
- discussing the risks and potential returns associated with business/investment opportunities
- researching and appraising available sources of finance
- assessing the 'value for money' of investments.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- review and monitor the effective employment of non-current assets within the organisation
- research any business/investment opportunities
- evaluate the risks and potential returns associated with business/investment opportunities and make recommendations based on this evaluation
- investigate the finance options available and analyse the costs and benefits of each option
- discuss options with managers and support them to choose the most appropriate options.

Achievement of this performance objective requires consistent performance over a period of time.

Key knowledge and understanding: Finance and financial management

- Describe, develop and evaluate the strategic and operational financial management objectives of an organisation within the context of a formal system of corporate governance
- Value companies, financial instruments and securities, using appropriate economic and mathematical techniques
- Apply efficient financial management techniques to the acquisition and management of short, medium and long-term corporate finance to meet the investment requirements of single and combined entities in domestic and multi-national business markets.

LINKED EXAM PAPERS

Paper F9, Financial Management

Paper P4, Advanced Financial Management.

You will manage cash using active cash management and treasury systems. Your management of cash will seek to optimise returns and minimise charges, within an acceptable level of risk.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- pooling cash from various sources to place on deposit
- setting up an overseas deposit to meet a future overseas liability
- setting up and using “sweep” accounts to maximise cash available at any given time
- negotiating overdrafts or other short-term sources of finance
- exploring the availability and cost of long-term sources of finance to offset persistent or long-term deficits.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- understand and apply finance knowledge to optimise returns for cash held on deposit
- where appropriate, manage cash on a centralised basis to both maximise returns and minimise charges
- minimise risk by ensuring that deposits are appropriately spread
- ensure that any financial instruments held to meet liabilities mature on a timely basis
- minimise charges associated with both short-term and long-term finance options.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: FINANCE AND FINANCIAL MANAGEMENT

- Recognise, manage and control financial risk, using relevant tools, techniques and instruments.

Linked exam papers

Paper F9, Financial Management

Paper P4, Advanced Financial Management.

17

PREPARE FOR AND COLLECT EVIDENCE FOR AUDIT

You will prepare for, and collect evidence for statutory audits, internal reviews or investigations. You will need to understand the nature of the client's organisation, its areas of operation and the industry in which it operates. You must thoroughly plan your approach to this work and ensure that your recommendations are based on sufficient and appropriate evidence. You must keep accurate records and communicate effectively in order to resolve issues and queries arising during the audit.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- preparing and reviewing audit programmes
- conducting or attending audit planning meetings with both client and audit staff
- collecting and analysing information about the organisation and its trading position
- documenting and reviewing the client's systems (accounting, reporting etc)
- preparing working papers that document and evaluate audit tests
- discussing and resolving issues arising during the audit with appropriate members of client staff
- planning and conducting substantive tests
- planning and conducting tests of control procedures and activities.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- understand the client's business objectives, personnel and the industry in which they operate
- identify key risk areas and understand how management seeks to mitigate these risks
- plan your approach based on your understanding of risks and management approach to them
- test and evaluate the adequacy of the client systems
- plan and conduct work in order to obtain sufficient and appropriate audit evidence
- record and evaluate further information provided by the client where previously there was insufficient evidence
- ensure that all work undertaken is complete and accurate and queries are dealt with as fully as possible
- test and evaluate evidence and draw conclusions.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: AUDIT AND ASSURANCE

- Implement efficient and effective audit assignments and other audit and assurance based services for clients
- Describe the audit regulatory and legal framework and identify other professional and ethical considerations and constraints in auditing, assurance and practice management
- Explain the overall role and process of internal audit, review and control.

LINKED EXAM PAPERS

Paper F8, Audit and Assurance

Paper P7, Advanced Audit and Assurance.

You will evaluate and report on statutory audits, internal reviews or investigations. You will clarify and resolve any outstanding issues or inconsistencies and produce a formal written report.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- completing analytical reviews of financial statements and the information on which they are based (in the context of statutory audits, internal reviews or investigations)
- discussing any issues contributing to the final report with management
- drafting written reports
- presenting reports to management.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- review the completed audit work, considering the significance of any errors or mis-statements
- investigate inconsistencies or areas of concern arising from audit work
- draft a report in accordance with current relevant standards, legislation, regulations and any terms of engagement
- ensure the audit files accurately document the opinion, together with any relevant discussions before the report is signed or issued.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: AUDIT AND ASSURANCE

- Evaluate, report and conclude upon findings obtained from both the internal and external audit and assurance review process
- Describe the audit regulatory and legal framework and identify other professional and ethical considerations and constraints in auditing, assurance and practice management
- Explain the overall role and process of internal audit, review and control.

LINKED EXAM PAPERS

Paper F8, Audit and Assurance

Paper P7, Advanced Audit and Assurance.

19

EVALUATE AND COMPUTE TAXES PAYABLE

You will compute taxes payable for individuals or organisations in line with current tax legislation. This can apply to all forms of tax including (where relevant) company taxes, income taxes, payroll taxes and sales taxes.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- preparing computations of revenue taxes for individuals
- preparing computations of capital taxes
- preparing computations of taxes for incorporated businesses
- reporting to the tax authorities on payroll taxes
- reporting to the relevant authorities on sales taxes
- communicating with the tax authorities on issues arising from the submission of tax correspondence.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- be aware of potential tax liabilities and their implications in the light of existing information
- collect the necessary data to make accurate estimates and calculations of tax payable
- ensure that calculations and returns conform to current legal requirements
- keep up-to-date with changing legal requirements.

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: TAXATION

- Compute direct and indirect tax liabilities of individuals, individual companies, and groups of companies
- Calculate capital taxes for individuals, individual companies, and groups of companies on the accretion of and transfer of assets.

LINKED EXAM PAPERS

Paper F6, Taxation

Paper P6, Advanced Taxation.

You will assist with tax planning for individuals and companies in line with current tax legislation. This can apply to all forms of tax including (where relevant) company taxes, income taxes, payroll taxes and sales taxes.

EXAMPLES OF RELEVANT ACTIVITIES INCLUDE:

- informing clients or management of their tax liabilities and any issues arising
- providing reminders of due dates for submission of tax returns/payment of tax liabilities
- reviewing the implication of changes in tax rates for individuals or companies
- evaluating the tax implications for the future plans of individuals or companies.

These examples illustrate how you might demonstrate this performance objective. They are not obligatory – you may prefer to think of other ways that show how you perform effectively in this area.

TO PERFORM EFFECTIVELY YOU NEED TO:

- provide information about tax liabilities and payments (verbally and/or in writing)
- discuss any changes or developments which may have tax implications
- forecast future tax payable and the cashflow effects
- support clients/management to ensure the best possible future tax position
- be aware of the potential impact of all taxes (both direct and indirect).

Achievement of this performance objective requires consistent performance over a period of time.

KEY KNOWLEDGE AND UNDERSTANDING: TAXATION

- Plan and advise upon the efficient management and minimisation of tax liabilities for individuals, individual companies, and groups of companies relating to income and capital.

LINKED EXAM PAPERS

Paper F6, Taxation

Paper P6, Advanced Taxation.

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