

Foreword

The chartered accountancy qualification - the ACA, of the Institute of Chartered Accountants of Nigeria (ICAN), with its integrated components (professional development, ethics and professionalism, practical work experience and professional examinations), is one of the advanced professional accountancy qualifications globally. Its components taken together, develop technical knowledge, professional competence, ethical considerations and practical experience which modern accountants need to function in the business environment. It is specifically designed to produce future ready accountants in line with the aspirations of the global accountancy profession. These components, which are complimentary, enable accountants apply theory to practice in their everyday work.

Professional development

Through professional development, students acquire abilities in key performance areas of technical competence, teamwork, problem solving and communication, which aid their decision-making capabilities by employing ethics and professionalism with a view to adding value in their work place.

Ethics and professionalism

Professional values, ethics and attitudes are core to ICAN - ACA qualification and have been incorporated into each of the 15 subjects of the professional examination including practical work experience. Focus is on students' ethical awareness, consciousness and ability to identify, understand implications of ethical dilemmas and make appropriate decisions.

Candidates will be required to write and pass a computer-based test (CBT) on professional values, ethics and attitudes which can be written at any time in the course of their studentship.

Practical work experience

The ICAN – ACA practical work experience may be prior or current. The prior experience to be approved by ICAN shall be a maximum of 12 months, provided the intending professional student has had at least 24 months acceptable practical work experience. For individuals, who are currently professional students of ICAN, practical work experience is gained as part of a training agreement with one of ICAN authorised training employers. The professional student needs to complete at least 36 months practical work experience.

Candidates in employment will be required to complete an online practical experience form to record their work experience covering the following key areas:

- a. Professional skills development
 - i. Professional values, ethics and attitudes
 - Professional Code of Conduct and ethics

- Business ethics
 - ii. Leadership
 - iii. Emotional intelligence
 - iv. Negotiation
 - v. Communication
 - vi. Conflict resolution
 - vii. Team work
 - viii. Strategy, governance and risk
 - ix. Problem solving
 - x. Technical competence

- b. Practical experience development
 - i. Accounting and business reporting
 - ii. Audit, assurance and forensics
 - iii. Financial management
 - iv. Information technology
 - v. Insolvency
 - vi. Advisory and consultancy
 - vii. Taxation
 - viii. Public finance

The professional examination

The professional examination comprises fifteen subjects with ethics embedded in each subject. This syllabus, which takes effect from March 2021 examination, has been designed to ensure that on completion, the newly qualified ICAN - ACA would have developed the necessary technical knowledge and skills with the ability to discuss, analyse and evaluate a variety of complex business cases in often unpredictable business environment exercising professional judgement to present and communicate better solutions. In addition, the newly qualified ACA would have developed the necessary business and professional ethical values to deal with and make informed judgements on complex, ethical and professional issues.

The requirements for ICAN - ACA qualification are set out in this syllabus in the form of learning outcomes and competencies. The fifteen subjects are grouped into three levels: Foundation; Skills; and Professional.

The contents of the Foundation level subjects provide for simple learning outcomes that form the building blocks for the higher-level subjects. There are four subjects at this level which may be taken in any order. The examination at this level may be paper-based or computer-based.

The Skills level builds on the foundation knowledge and takes students to a higher-level knowledge, developing further, their skills and competencies. The emphasis is on application of skills to business situations. There are six subjects at this level and candidates are at liberty to attempt them in any order.

The Professional level consisting of five subjects takes candidates to the level where they have to make professional judgments and evaluations based on more complex business situations linking competencies acquired at the Foundation and Skills levels. Case Study, at this level, develops students' ability to discuss, analyse and evaluate different business scenarios with a view to proffering solutions which are articulated in form of business reports.

All students must satisfy each of the four components of ICAN - ACA professional accountancy qualification before being admitted into membership.

The Institute of Chartered Accountants of Nigeria is a founding member of the International Federation of Accountants (IFAC). This syllabus has drawn input from and complies with the International Education Standards and Guidelines issued by International Panel on Accounting Education (IPAE)

Innocent Okwuosa, PhD, FCA

Chairman, Syllabus Review Technical Committee

Contents

	Page
Foreword	1
Preamble to the syllabus	5
 <u>Part One</u>	
Students' regulations and examination syllabus	6
Introduction.....	6
Objects and duties.....	6
Membership.....	6
Chartered Accountants.....	6
Designatory letters.....	6
The practice of accountancy in Nigeria.....	7
The library.....	7
District societies.....	7
Publications.....	7
Training schemes.....	8
a.. Definition of training.....	8
b. Approved work of accounting nature.....	8
c. Training avenues provided by approved employers	8
Practising licence.....	8
Institute's secretariat.....	8
 <u>Part Two</u>	
Studentship registration and training	
Approved qualifications for registration.....	10
Application for registration.....	10
Conditions to be satisfied.....	10
 <u>Part Three</u>	
Professional examinations	
Structure of the syllabus.....	11
Educational recognition.....	11
Dates and centres of examinations.....	11
Closing dates of entries.....	12
Examination entry.....	12
Examination results.....	12
Credit system.....	12
Pass mark.....	12
Conversion arrangements.....	13
Conversion table	14

Examination time table.....	15
Examination structure.....	15
Absence from an examination.....	16
Misconduct in an examination.....	16
Exemption guidelines.....	17-19
a. Academic qualifications.....	17
b. Subject by subject exemption.....	18
c. Professional qualifications.....	18
d. Lecturers in Higher Institutions.....	19

Part Four

The detailed syllabus	23-137
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Foundation Level	23-50
A1. Business, Management and Finance	23
A2. Financial Accounting	29
A3. Management Information.....	36
A4. Business Law	44

Skills Level	51-97
B1. Financial Reporting.....	51
B2. Audit and Assurance.....	58
B3. Taxation	64
B4. Corporate Strategic Management and Ethics.....	74
B5. Performance Management	82
B6. Public Sector Accounting and Finance	89

Professional Level	98-136
C1. Corporate Reporting	98
C2. Advanced Audit and Assurance	105
C3. Strategic Financial Management	116
C4. Advanced Taxation.....	123
C5. Case Study	132

Preamble to the syllabus

This syllabus is designed to help candidates plan their studies and provide detailed information on what could be assessed in any examination diet.

Structure of the syllabus

- a. Linkage with other subjects**
Each diagram depicts the relationship between a subject and other subjects. Some subjects are pre-requisites while some are follow-ups to other subjects.
- b. Aim of the syllabus**
It illustrates the overall objective of each subject and shows the competencies to be acquired.
- c. Main competencies**
The aim of each subject is broken down into main competencies which divide the syllabus into distinct sections.
- d. Linkage of the main competencies**
Each diagram illustrates the linkage among the main competencies of the syllabus. This is to assist candidates studying for the examination.
- e. Ethical considerations and professional judgement**
A professional accountant is expected to demonstrate: integrity; objectivity; professional competence and due care; confidentiality; and professional behaviour. Therefore, this syllabus incorporates ethical considerations into all aspects of the training of chartered accountants. Candidates are expected to apply the fundamental principles of ethics and exercise professional judgement to their day-to-day activities.
- f. Soft skills**
A future ready professional accountant is expected to demonstrate soft skills that are required to achieve optimal results in an organisation. Therefore, this syllabus incorporates soft skills such as leadership, emotional intelligence, negotiation, communication, conflict resolution, team work and problem solving skills. Candidates will be required to write and pass a computer-based test which will be conducted together with professional values, ethics and attitudes at any point during their studentship.

PART ONE

Students' regulations and examination syllabus

1. Introduction

The Institute of Chartered Accountants of Nigeria was initially formed under the name of "The Association of Accountants in Nigeria" which was established in 1960. The association was later absorbed into the Institute which was created by an Act of Parliament No.15 (The Act), which came into effect on September 1, 1965. The Institute had, as at July 31, 2020, fifty one thousand, four hundred and fifty nine (51,459) members and two hundred and thirty three thousand, two hundred and seventy two (233,272) on the students' list as at August 31, 2020.

2. Objects and duties

The objects and duties of the Institute, as laid down in section 1 (1) of the Act, are:

- (a) "Determining what standards of knowledge and skills are to be attained by persons seeking to become members of the accountancy profession and raising those standards from time to time as circumstances may permit;
- (b) Securing in accordance with the provisions of the Act, the establishment and maintenance of registers of Fellows, Associates and Registered Accountants entitled to practise as accountants and auditors and publishing same from time to time the list of those persons; and
- (c) Performing through the Council under this Act the functions conferred on it by the Act."

3. Membership

There are two main classes of membership of the Institute, namely; Chartered Accountants and Registered Accountants.

4. Chartered Accountants

A person shall be enrolled as a Chartered Accountant if he/she passes the qualifying examination for membership conducted by the Council of the Institute and completes the prescribed practical training under Section 8(1) (a).

5. Designatory letters

Members of the Institute are entitled to use the following designatory letters after their names:

In the case of a **Fellow**, the letters "FCA" (Fellow of the Institute of Chartered Accountants);

In the case of an **Associate**, the letters "ACA" (Associate of the Institute of Chartered Accountants); and

In the case of a **Registered Accountant**, the letters "RA" (Registered Accountant).

6. The practice of accountancy in Nigeria

A member of the Institute is not allowed to set up a public practice as an accountant until he/she has applied for, and has been granted a licence to practise by the Council.

7. The library

The Institute's library provides services to both members and registered students. The library at the secretariat situated at Plot 16, Idowu Taylor Street, Victoria Island, Lagos, caters for the information needs of members, while the students' library located at the Institute's secretariat annexe, No. 82, Murtala Muhammed Way, Ebute-Meta, Lagos. An ultra modern library is also located at the ICAN liaison office in Abuja to cater for the needs of both students and members.

The libraries provide the following services: reference service; reprographic service; readers' service; systematic dissemination of information (SDI) service in addition to the e-library services. Enquiries should be directed to the Librarian at the Victoria Island office or email: library@ican.org.ng.

8. District societies

As at July 31, 2020, there were 64 District Societies for members of the Institute in major cities and towns in Nigeria, UK, Canada, USA, Malaysia and Cameroun. The District Societies assist to disseminate information to students and prepare them for the qualifying examinations of the Institute.

9. Publications

The Institute publishes the following, in print and electronic formats, for the benefit of members, students and the general public:

- a. Membership Year Book, containing lists of members and other general information about the Institute;
- b. The Nigerian Accountant, a quarterly journal of the Institute, containing authoritative articles on accountancy and related fields;
- c. ICAN News, a quarterly journal for students of the Institute;
- d. Pathfinder, published after each examination, containing suggested solutions to the examination questions;
- e. Members' Handbook, a compendium of the Institute's enabling Act, professional code of conduct and guide for members, ethical and other legal provisions.
- f. ICAN Study Texts in hard and soft copies; and
- g. International Journal of Accounting and Finance (IJAF), the foremost research journal covering accounting and finance related issues.

10. Training agreement

ICAN training agreement is a joint agreement between the professional examination student and ICAN approved training partner (employer). This represents opportunity to relate students' training towards obtaining the ICAN – ACA certification to the demands of the work environment and International Education Standards (IES). ICAN training agreement towards the certification of a prospective member of the Institute, must contain the training commencement date, duration and examination support, amongst others.

11. Training avenues provided by approved employers

The Institute attaches considerable importance to practical training. Students are required to acquire their practical experience in training avenues provided by approved employers. The approved training employer, may either be (i) Accredited Training Employer (ATE) or (ii) Qualified Person Responsible for Training (QPRT).

12. Practising licence

The licence to practise will be issued only to those members who have been trained in professional offices and have acquired the minimum practical training as stated in paragraph 6 above. However, for those who qualify outside professional offices/firms, such practising experience could be acquired after qualifying as chartered accountants and the required period of post-qualification attachment will be 36 months for those with accounting qualifications, whilst those with non-accounting qualifications will be 42 months.

13. Institute's secretariat

The Institute's secretariat address:

Plot 16, Idowu Taylor Street

Victoria Island.

P O Box 1580, Marina, Lagos

Nigeria

Tel: +234 9053847510, +234 9053847511

e-mail: info.ican@ican.org.ng;

Website: or www.icanig.org

Students' Affairs Directorate

82, Murtala Mohammed Way

Ebute-meta

Lagos, Nigeria.

Tel: +234 9053847525, + 2 3 4 9 0 5 3 8 4 7 5 3 2

e-mail: studentsaffairs@ican.org.ng

linkedIn: www.linkedin.com

facebook: www.facebook/ICAN1965.com

- (a) **Abuja Liaison Office**
Akintola Williams House
Plot 2048, Michael Okpara Way
Wuse Zone 7
Abuja, FCT.
- (b) **Kaduna Liaison Office**
3, Kanta Road
Ali Turaki House
Kaduna.
- (c) **Kano Liaison Office**
Murtala Mohammed Library Complex
Ahmadu Bello Way
Kano.
- (d) **Enugu Liaison Office**
Block C 38/39, C to C Plaza
Nkpokiti by Presidential Road, Enugu
Contact Person: Mrs Ani, Chekwube Justina
Tel: +234 7030165884

All enquiries should be directed to the Registrar/Chief Executive.

PART TWO

14. Students' registration and training

Approved qualifications for registration

In order to register as a student with the Institute, an applicant must hold an acceptable qualification. The Council has accepted the following qualifications as entry requirements:

- (a) Recognised degree of any University or Higher National Diploma of any Polytechnic; and
- (b) Any other qualification for the time being approved by the Council.
Approved qualifications under this category are:
 - (i) The final examination of Accounting Technicians Scheme, West Africa (ATSWA);
 - (ii) The final examination of the Institute of Chartered Secretaries and Administrators;
 - (iii) The final examination of the Association of International Accountants;
 - (iv) The final examination of the Chartered Institute of Bankers of Nigeria;
 - (v) The final examination of the Chartered Institute of Stockbrokers;
 - (vi) The final examination of the Chartered Institute of Taxation of Nigeria;
 - (vii) The final examination of the Association of Accounting Technicians, U.K;
 - (viii) The final examination of the Association of National Accountants of Nigeria; and
 - (ix) Executive Management Accountancy (Federal Treasury Academy, Stage III).

15. Application for registration

Application for registration as a student must be made on-line, which requires an undertaking on the part of the applicant to abide by the rules and regulations laid down by the Council from time to time.

Every applicant will be required to produce satisfactory evidence of his/her name, age and character together with certified photocopies of educational certificates and one certified passport size photograph.

The Council reserves the right to grant or refuse any application or to terminate the registration of a student. Applicants must comply with the conditions set forth and must pay the applicable registration fee. If the application to register is unsuccessful, the registration fee is not refundable. The annual subscription for a successful applicant becomes payable immediately upon registration for the year of registration and thereafter on 1st January of each year of studentship.

16. Conditions to be satisfied

Every applicant for registration as a student must satisfy the Council that he/she:

- (a) Possesses the basic educational qualifications set out above; and
- (b) Is a fit and proper person to be registered.

PART THREE

17. Professional Examination

17.1 Structure of the syllabus

With effect from March 2021 diet, the professional examination of the Institute under this syllabus consists of the following three levels: Foundation; Skills; and Professional.

Foundation

Code	Subject	Abbreviation
A1.	Business, Management and Finance	BMF
A2.	Financial Accounting	FA
A3.	Management Information	MI
A4.	Business Law	BL

Skills

Code	Subject	Abbreviation
B1.	Financial Reporting	FR
B2.	Audit and Assurance	AA
B3.	Taxation	TAX
B4.	Performance Management	PM
B5.	Public Sector Accounting and Finance	PSAF
B6.	Corporate Strategic Management and Ethics	CSME

Professional

Code	Subject	Abbreviation
C1.	Corporate Reporting	CR
C2.	Advanced Audit and Assurance	AAA
C3.	Strategic Financial Management	SFM
C4.	Advanced Taxation	ATAX
C5.	Case Study	CS

17.2 Educational Recognition

ICAN is a founding member of IFAC, so this syllabus complies with International Panel on Accounting Education's (IPAE) International Educational Standards and Guidelines. The Institute seeks to enhance the academic recognition of its qualifications at both national and international levels. In doing so, ICAN aims to produce future ready accountants and ensure that its qualification is recognised and valued by governments, regulatory authorities and employers across all jurisdictions and sectors.

17.3 Examination Centres

The Institute has examination centres in the following locations for the time being: Aba; Abakaliki; Abeokuta; Abuja; Ado-Ekiti; Akure; Asaba; Auchi; Awka; Benin-City; Calabar; Enugu; Gombe; Ibadan; Ikeja1; Ikeja2; Ikeja3; Ikorodu; Ilesa; Ilisan-Remo; Ilorin; Jalingo; Jos; Kaduna; Kano; K e f f i ; L a f i a ; Lagos-Amuwo; Lekki; Lagos-Unilag; Lagos-Victoria Island; Lokoja; Maiduguri; Makurdi; Minna; M o w e / I b a f o ; Ogbomoso; Ojo; Osogbo; Onitsha; Ota; Owerri; Port Harcourt; Sokoto; Umuahia; Uyo, Warri; Yenagoa; Yola; Zaria; Buea (Cameroun); and London (U.K).

Council reserves the right to approve new examination centres and close existing ones as it deems fit.

17.4 Closing dates of entries

Entries for examinations would close two weeks before the examination dates.

17.5 Examination entry

No person may be allowed to sit any of the Institute's examinations unless he/she had been registered as a student of the Institute and had paid the required annual subscription and applicable examination fees.

17.6 Examination diets

The Institute's professional examination will hold three times a year – March, July and November.

17.7 Examination results

The results of the examination will be communicated to candidates by post, sms, e-mail and hosted on the Institute's website. Further correspondence relating to individual results may not be entertained. However, a candidate may request for a review of his/her script, subject to meeting the conditions set out by the Council of the Institute.

Candidate's score in each subject will be indicated on the result slip.

17.8 Credit system

- a. Candidates writing the examination may register for any number of papers at a level and shall be credited with each paper passed. However, they are expected to complete the examination at a level before attempting papers at a higher level.
- b. Candidates are not allowed to combine two levels of the examinations.
- c. Candidates are required to complete the Professional level of the Institute's qualifying examination within a period of ten diets. In the event of a student not completing the Professional level examination within the period of ten diets, he/she is deemed to have forfeited all the papers passed and credited to him/her at this level.

17.9 Pass mark

The pass mark for each paper of the Institute's examination is 50%.

17.10 Conversion arrangements

Examination on the basis of this syllabus will commence in March 2021. All candidates stand converted as stated in paragraph 17.10.2 below. No candidate may proceed to the next level of the examination without successfully completing all the subjects in the preceding level.

17.10.1 Conversion from the old to the new syllabus is as stated hereunder:

2019 Syllabus (15 Papers)	2021 Syllabus (15 Papers)
Foundation Level	Foundation Level
A1. Taxation	-
A2. Business, Management and Finance	A1. Business, Management and Finance
A3. Financial Accounting	A2. Financial Accounting
A4. Management Information	A3. Management Information
A5. Business Law	A4. Business Law
Skills Level	Skills Level
B1. Financial Reporting	B1. Financial Reporting
B2. Audit and Assurance	B2. Audit and Assurance
-	B3. Taxation
B3. Performance Management	B4. Performance Management
B4. Public Sector Accounting and Finance	B5. Public Sector Accounting and Finance
B5. Corporate Strategic Management and Ethics	B6. Corporate Strategic Management and Ethics
Professional Level	Professional Level
C1. Corporate Reporting	C1. Corporate Reporting
C2. Advanced Audit and Assurance	C2. Advanced Audit and Assurance
C3. Strategic Financial Management	C3. Strategic Financial Management
C4. Advanced Taxation	C4. Advanced Taxation
C5. Case Study	C5. Case Study

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

17.10.2 Conversion table

	2014 Syllabus	2019 Syllabus	
		To write	Credited with
A	Candidates who successfully completed 2014 Foundation Level		A1. Business, Management and Finance A2. Financial Accounting A3. Management Information A4. Business Law
B	Candidates who passed any of the subjects at 2014 Foundation level	<ul style="list-style-type: none"> ▪ Related subject(s) not yet passed in 2014 syllabus. 	<ul style="list-style-type: none"> ▪ Related subjects in 2014 and 2019 Foundation level syllabi: ▪ <u>2014</u> <u>2019</u> ▪ QTB for - ▪ BF for BMF ▪ FA for FA ▪ MI for MI ▪ BL for BL
C	Candidates who successfully completed 2014 Skills level	<ul style="list-style-type: none"> ▪ Professional level in 2019 syllabus 	<ul style="list-style-type: none"> ▪ All subjects at 2019 Skills level
D	Candidates who passed any of the subjects at 2014 Skills level	<ul style="list-style-type: none"> ▪ Equivalent subject(s) not yet passed in 2019 syllabus 	<ul style="list-style-type: none"> ▪ Equivalent subjects in 2014 and 2019 Skills level syllabi: ▪ <u>2014</u> <u>2019</u> ▪ FR for FR ▪ AA for AA ▪ Tax for Tax ▪ PM for PM ▪ PSAF for PSAF ▪ MGE for CSME
E	Candidates who failed Taxation at 2014 Skills level	<ul style="list-style-type: none"> ▪ Taxation in 2019 	<ul style="list-style-type: none"> ▪ All subjects already passed at Skills level in 2019 syllabus
F	Candidates who passed any of the subjects at 2014 Professional level	<ul style="list-style-type: none"> ▪ Equivalent subject(s) not yet passed in 2019 syllabus 	<ul style="list-style-type: none"> ▪ Equivalent subjects in 2014 and 2019 Professional level syllabi: ▪ <u>2014</u> <u>2019</u> ▪ CR for CR ▪ AAA for AAA ▪ SFM for SFM ▪ ATAX for ATAX ▪ CS for CS

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

Note:

Candidates are expected to migrate to 2021 syllabus, effective March 2021, in line with the above conversion arrangement.

18. Professional examination time table

DAY	TIME	FOUNDATION	SKILLS	PROFESSIONAL
TUESDAY	9.00 A.M. 12.15 PM	FINANCIAL ACCOUNTING	FINANCIAL REPORTING	CORPORATE REPORTING
	1.45 P.M. 5.00 P.M.	MANAGEMENT INFORMATION	TAXATION	ADVANCED TAXATION
WEDNESDAY	9.00 A.M. 12..15 PM	-	PERFORMANCE MANAGEMENT	STRATEGIC FINANCIAL MANAGEMENT
	1.45 P.M. 5.00 P.M.	BUSINESS, MANAGEMENT AND FINANCE	AUDIT AND ASSURANCE	ADVANCED AUDIT AND ASSURANCE
THURSDAY	9.00 A.M. 12..15 PM/1.00 P.M.	-	PUBLIC SECTOR ACCOUNTING AND FINANCE	CASE STUDY
	1.45 P.M. 5.00 P.M.	BUSINESS LAW	CORPORATE STRATEGIC MANAGEMENT AND ETHICS	-

Note: *Case study examination is from 9.00am to 1.00pm

19. Examination Structure

The examination structure is as stated below:

Foundation level

Each paper in Foundation level shall consist of two sections A and B

Section A: Shall comprise twenty (20) compulsory multiple-choice questions which shall cover the entire contents of the syllabus. This section shall make up 20% of the total marks.

Section B: Shall comprise six open-ended questions (essay, computational or scenario-based) carrying 20 marks each of which candidates will be required to answer any 4.

Skills and Professional levels

Examination at these levels will be in two sections.

Section A. A 30-mark compulsory scenario-based question on the core area of the subject.

Section B. 3 questions of 20 marks each and candidates will be required to attempt any two.

Section C. 3 questions of 15 marks each and candidates will be required to attempt any two.

Case Study. This will be a scenario-based paper, consisting of a pre-seen and an unseen part, which will require candidates to write a report based on two requirements from the case.

Duration: Each paper will be for **three** hours with additional fifteen minutes reading time, except Case Study which will be for **four** hours including reading time.

Pass mark: The pass mark for each ICAN examination subject is 50%.

Skills and competencies

The following are the skills and competencies required at the different levels of the examination:

Level	Competencies
Foundation:	Knowledge and understanding
Skills:	Analysis and interpretation
Professional:	Evaluation and exercise of professional judgement

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet. All new standards and laws may be examined after six months from the date of issue.

20. Absence from an Examination

Examination entries cannot be withdrawn after the closing date in any circumstance. If a candidate is unable to attend the examination, the fees paid will not be refunded nor transferred to subsequent examination.

21. Misconduct in an examination

The examination regulations prohibit a student from:

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

- (a) Taking into the examination room or possessing, while in that room, any book, note, programmable calculators, programmable wristwatches, GSM handsets or other materials except those which have been authorised in the examination attendance docket;
- (b) Aiding or attempting to aid another candidate, or obtaining or attempting to obtain aid from another candidate;
- (c) Refusing to obey any instruction from the examination supervisor, chief invigilator or invigilators;
- (d) Giving false or misleading information to examination officials;
- (e) Writing anything on the question paper except the candidate's examination number;
- (f) Writing anything on the candidate's examination docket; and
- (g) Impersonating another candidate.

Examination officials are empowered to stop any candidate suspected of misconduct and require him/her to leave the examination hall.

Any student who fails to comply with the above regulations may be liable to such penalties as the Council of the Institute may determine.

22 Exemption guidelines

22.1 Academic qualifications

	Academic qualifications	Exemptions
A	PhD (Accounting) with M.Sc. (Accounting) and B.Sc.(Accounting)	<ul style="list-style-type: none"> ▪ All subjects in Foundation and Skills levels
B	M.Sc. (Accounting) obtained from ICAN accredited institutions in addition to B.Sc. in Accounting.	<ul style="list-style-type: none"> ▪ All subjects in Foundation level ▪ B1. Financial Reporting ▪ B2. Audit and Assurance
C	M.Sc. (Accounting) obtained from ICAN accredited institutions but without B.Sc. in Accounting.	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A3. Management Information
D	M.Sc. (Accounting) obtained from non-accredited institutions in addition to B.Sc. in any accounting related discipline.	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A4. Business Law
E	B.Sc./HND (Accounting) obtained under the Mutual Co-operation Agreement with Tertiary Institutions (MCATI)	<ul style="list-style-type: none"> ▪ All subjects in Foundation and Skills Levels
F	ATSWA (from year 2010)	<ul style="list-style-type: none"> ▪ All subjects in Foundation Level ▪ B2. Audit and Assurance ▪ B3. Taxation
G	ATS II (pre-2010)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A3. Management Information
H	B.Sc./HND (Accounting) obtained from ICAN-accredited Institutions in Nigeria.	<ul style="list-style-type: none"> ▪ All subjects in Foundation Level ▪ B2. Audit and Assurance
	B.Sc./HND (Accounting) obtained from	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

	Academic qualifications	Exemptions
I	recognised institutions in Nigeria but not accredited by ICAN.	<ul style="list-style-type: none"> ▪ A2. Financial Accounting ▪ A4. Business Law
J	B.Sc./HND (Accounting)/ Masters in Accounting and Finance (MAF) obtained from foreign recognised institutions.	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A3. Management Information
K	B.Sc. Economics	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance
L	B.Sc. Actuarial Science	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
M	B.Sc./HND Insurance	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
N	B.Sc./HND/B.A Business Admin/Management/Public Administration	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
O	B.Sc./HND Banking and Finance	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
P	B.Sc./HND Marketing	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
Q	MBA/MBF in addition to B.Sc./HND in non-accounting discipline	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
R	B.Sc. (Ed.) Accounting or B.Ed. Business Education (Accounting option)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A4. Business Law
S	B.Ed. Education Management (Accounting Option)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
T	B.Ed. Business Education	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance
U	B.Sc./B.A Commerce	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
V	B.Sc./HND Cooperative and Rural Development	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
W	LL.B/LL.M/LL.D	<ul style="list-style-type: none"> ▪ A4. Business Law

22.2. Subject by subject exemption

Subject by subject exemption will be granted to students based on transcripts for qualifications not listed above.

22.3. Professional qualifications

	Qualifications	Exemptions
a.	Associate Chartered Institute of Bankers of Nigeria (ACIBN)	<ul style="list-style-type: none"> ▪ All subjects in Foundation level
b.	Associate Institute of Financial Services, UK (Formerly Chartered Institute of Bankers, London)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting
c.	Associate Chartered Institute of Stockbrokers of Nigeria (ACIS)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

	Qualifications	Exemptions
		<ul style="list-style-type: none"> ▪ A4. Business Law
d.	Associate Institute of Chartered Secretaries and Administrators (AICSA)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A4. Business Law
e.	Associate Chartered Institute of Insurance of Nigeria (ACIIN)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A4. Business Law
f.	Associate Chartered Institute of Taxation of Nigeria (ACITN)	<ul style="list-style-type: none"> ▪ All subjects in Foundation level except Management Information ▪ B3. Taxation
g.	Certified National Accountant of Nigeria (CNA)	<ul style="list-style-type: none"> ▪ All subjects in Foundation and Skills levels
h.	Federal Treasury Academy with effect from 1987 (Formerly Federal Treasury Training School) (EMA)	<ul style="list-style-type: none"> ▪ All subjects in Foundation Level ▪ B2. Audit and Assurance
i.*	ICAEW	<p>All levels except the following subjects in each of the levels:</p> <ul style="list-style-type: none"> ▪ A4. Business Law ▪ B5. Public Sector Accounting and Finance ▪ C4. Advanced Taxation
j.*	CIPFA, UK	<p>All levels except the following subjects in each of the levels:</p> <ul style="list-style-type: none"> ▪ A4. Business Law ▪ C4. Advanced Taxation
k.*	CIMA, UK	<p>All levels except the following subjects in each of the level:</p> <ul style="list-style-type: none"> ▪ A4. Business Law ▪ B5. Public Sector Accounting and Finance ▪ C2. Advanced Audit and Assurance ▪ C4. Advanced Taxation
l.*	ACCA, UK CPA, USA ICAS, UK ICAI, UK	<p>All levels except the following subjects in each of the levels:</p> <ul style="list-style-type: none"> ▪ A4. Business Law ▪ B5. Public Sector Accounting and Finance ▪ C4. Advanced Taxation
m.	AIA (Final) with effect from 1994 AAT (UK)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A3. Management Information ▪ B2. Audit and Assurance
n.	AIA (Pre-1994)	<ul style="list-style-type: none"> ▪ A1. Business, Management and Finance ▪ A2. Financial Accounting ▪ A3. Management Information

* Exemption for partly qualified students from approved foreign professional institutes.

Subject for subject exemption will be granted to partly qualified students of approved foreign professional institutes based on transcripts as listed above.

22.4 Lecturers in higher institutions

Lecturers in accounting departments of ICAN accredited institutions holding B.Sc./HND (Accounting) qualifications shall be given the same level of exemptions/ concession granted to graduates of those institutions.

DETAILED SYLLABUS

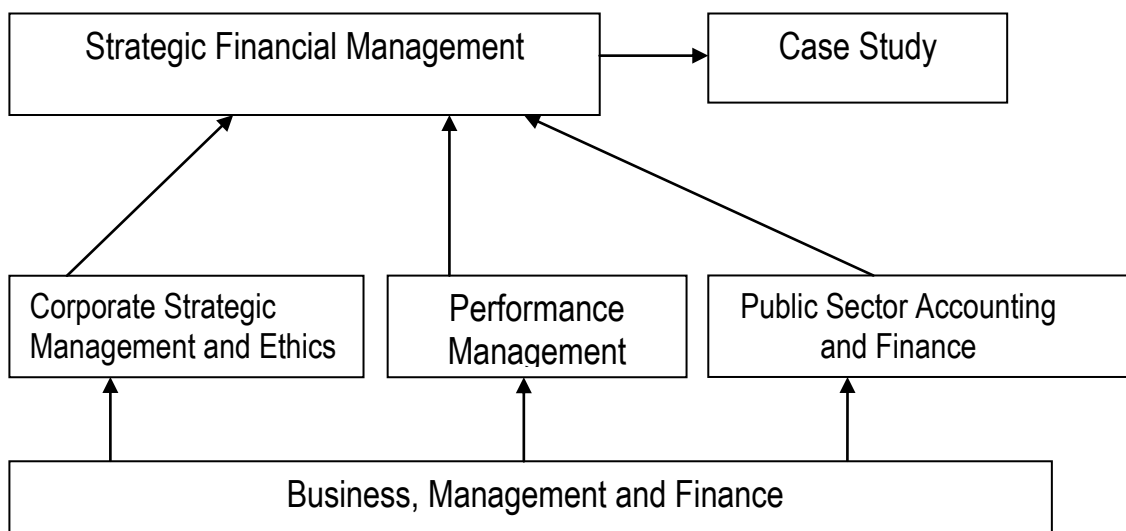
A1. BUSINESS, MANAGEMENT AND FINANCE

Aim

An understanding of business environment (global and local), markets, financial markets, entities and organisations provides a foundation for business professionals. This subject revolves around a basic understanding of the purpose, objectives of businesses; issues of business ethics, governance, corporate social responsibility and sustainability.

Linkage with other subjects

The diagram below depicts the relationship between this subject and other subjects.

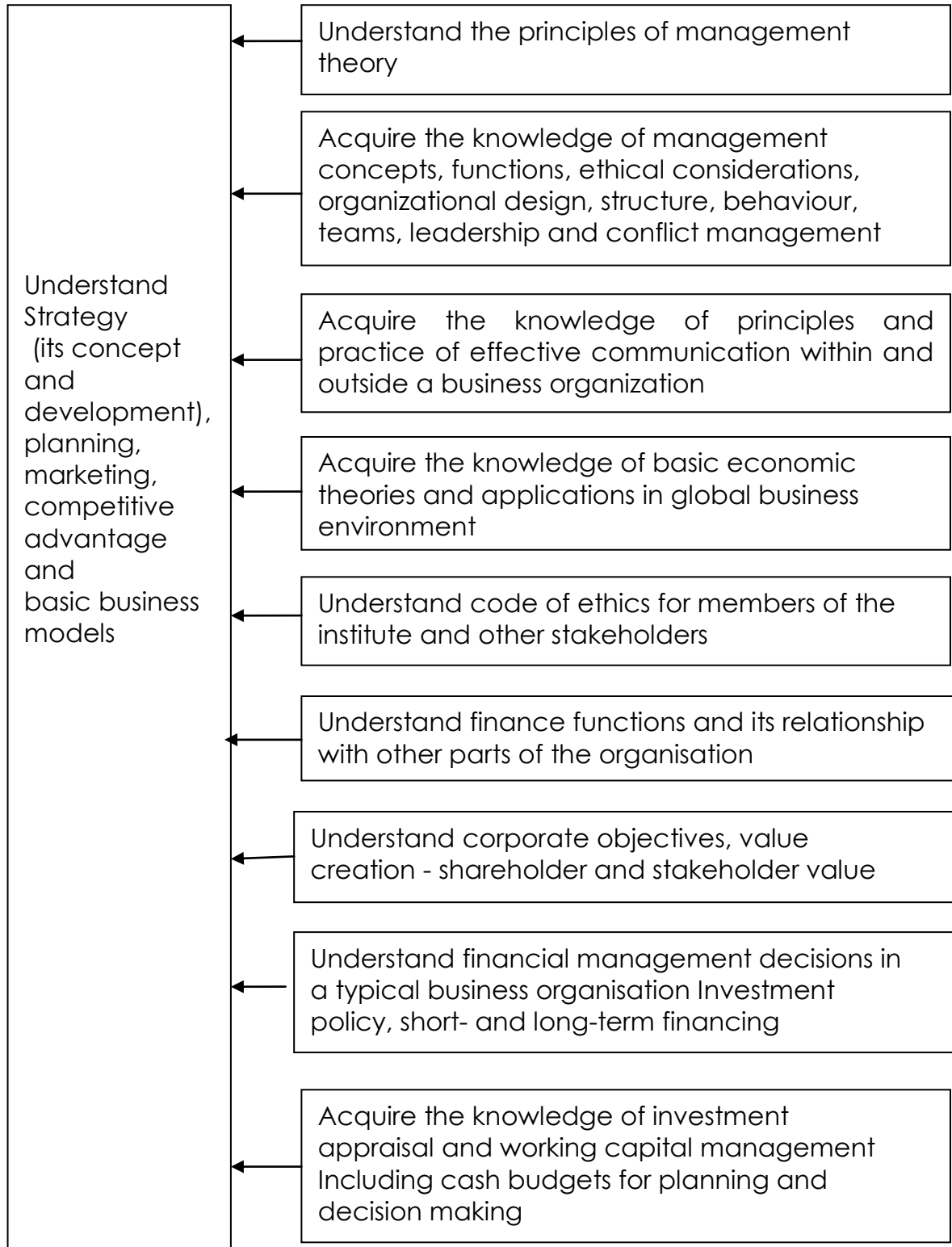
**Main competencies**

On successful completion of this paper, candidates should be able to:

- ❖ Explain the underlining principles of management theory in the context of concepts, functions, ethical considerations and recent developments in business management process;
- ❖ Explain behavioural aspects of management control and the importance of organizational structure and design;
- ❖ Understand the basic concepts of leadership and requirements for effective communication within and outside a business organization;
- ❖ Understand issues associated with building, leading and managing effective teams in the effective management of organisational conflict;
- ❖ Explain the concept of strategy, alternative approaches to strategy development towards sustainable competitive advantage;
- ❖ Prepare and present cash budgets for planning and explain main financial management decisions; and
- ❖ Understand the applications of basic economic theories and business planning to solving business environmental problems locally and globally for competitive edge.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed Syllabus

A. Business processes and environment

25%

1. Nature of business, types and objectives

- (a) Explain the nature, types and objectives of business organisation.
- (b) Explain the basic characteristics, purposes, merits and demerits of the following types of business organisation:
 - (i) Sole proprietorship;
 - (ii) Partnership:
 - General Partnership
 - Limited partnership
 - Limited liability partnership
 - (iii) Limited liability companies:
 - ❖ Private
 - Limited by shares
 - Limited by guarantee
 - Unlimited
 - ❖ Public
 - (iv) Non-governmental organisations;
 - (v) Public sector organisations;
 - (vi) Alliances;
 - (vii) Cooperative society; and
 - (viii) Joint Ventures.
- (c) Identify and explain the various business functions;
- (d) Explain the importance of business to its stakeholders;
- (e) Explain the different classifications of economic activities based on the following occupations:
 - (i) Profession/Vocation;
 - (ii) Employment; and
 - (iii) Business.
- (f) State the merits and demerits of each of the occupations listed above.

2. Business and organisational structures and choices

- (a) Explain the basic characteristics and purposes of the following organisational structures:
 - (i) Centralised;
 - (ii) Decentralised;
 - (iii) Matrix and mixed;
 - (iv) Networks; and
 - (v) Virtual arrangements.

- (b) Explain the advantages and disadvantages of each of the organisational structures listed above.

3. The business environment

- (a) Explain the meaning and importance of the following:
- (i) Globalisation/International business;
 - (ii) Macroeconomic/National environment;
 - (iii) Microeconomic/Markets and industries; and
 - (iv) Stakeholders.
- (b) Explain the concept of environmental scanning, its methods and importance.

B. The role of professional accountants in business and society 10%

1. Explain from the perspective of the public interest, the role of professional accountants in business and society.
2. Explain the basic principles of ethics and its importance to professional accountants.

C. Management and organisational behaviour 35%

1. Basic management functions

- (a) Give various definitions of management.
- (b) Identify and explain types of management skills.
- (c) Explain the following basic management functions, their importance and application in the field of accounting:
- (i) Planning;
 - (ii) Organising;
 - (iii) Controlling;
 - (iv) Coordinating;
 - (v) Directing; and
 - (vi) Supervising.
- (d) Identify and explain the various management roles.

2. Management, individual and organisational behaviour

- (a) Explain the nature and significance of formal and informal organisation.
- (b) Explain the role and importance of organisational culture.
- (c) Explain the relationship between leadership and management.
- (d) State the roles of individual and group behaviour in organisations.
- (e) Identify and explain conflict management and various resolution mechanisms.
- (f) Explain the nature and significance of team formation, development and management.
- (g) Explain the concept of employee motivation and its relationship with productivity.

- (h) State and explain the various management theories with emphasis on scientific, administrative and other modern management theories; such as Frank and Lillian Gilbreth's motion theory, Herzberg's Hygiene, Motivation factor theory and other related theories.
- (i) Explain the uses of technology business modelling.
- (j) Explain project management.
- (k) Explain emotional intelligence.
- (l) Explain social thinking.

3. Communications in business

- (a) Explain the basic elements of communication.
- (b) Explain verbal and non-verbal communication.
- (c) State the principles of effective listening.
- (d) Explain organisational communication:
 - (i) Formal and informal; and
 - (ii) Internal and external
- (e) Explain methods of business communication.
- (f) State the barriers to effective communication.
- (g) State the different communication patterns.
- (h) Explain the process and conduct at meetings.
- (i) Explain the basic elements of report writing.
- (j) Explain the process of electronic communication.

4. Digital Communication

Explain:

- (a) Email systems and its utilisation;
- (b) Website platforms and its utilisation;
- (c) Uses and management of social media accounts;
- (d) Uses and management of social media pages; and
- (e) Digital marketing.

D. The role of finance

30%

1. Basics of business finance and financial markets

- (a) Identify the various sources of finance that are available to business organisations.
- (b) Explain the characteristics of the different sources of finance, stating their advantages and disadvantages.
- (c) Describe the characteristics of financial market.
- (d) Explain finance functions and financial management objectives.
- (e) Explain the following concepts:
 - (i) Covenants;
 - (ii) Warranties; Guarantees; and
 - (iii) Indemnities.
- (f) Prepare a cash budget using given data.

2. Investment decisions

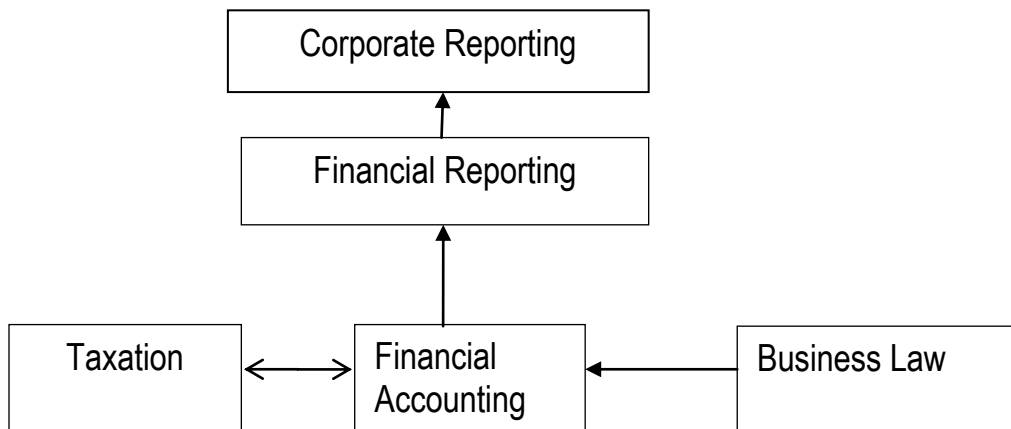
- (a) Explain and apply the key tools of mathematics used in solving business finance problems:
 - (i) Compound interest and simple interest;
 - (ii) Discounting;
 - (iii) Annuities;
 - (iv) Present value of annuities; and
 - (v) Sinking funds and amortisation.
- (b) Identify and apply the following investment appraisal techniques:
 - (i) Accounting rate of return;
 - (ii) Payback period;
 - (iii) Discounted payback;
 - (iv) Net present value; and
 - (v) Internal rate of return.

A2. FINANCIAL ACCOUNTING**Aim**

The purpose of financial accounting is to equip accounting professionals with knowledge of the essential framework of assumptions that underpin reliable reporting and the requisite skills to compile reliable financial statements for sole traders, partnerships, companies and not-for-profit entities.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects. Financial accounting as a subject is a pre-requisite to Financial Reporting and Corporate Reporting.

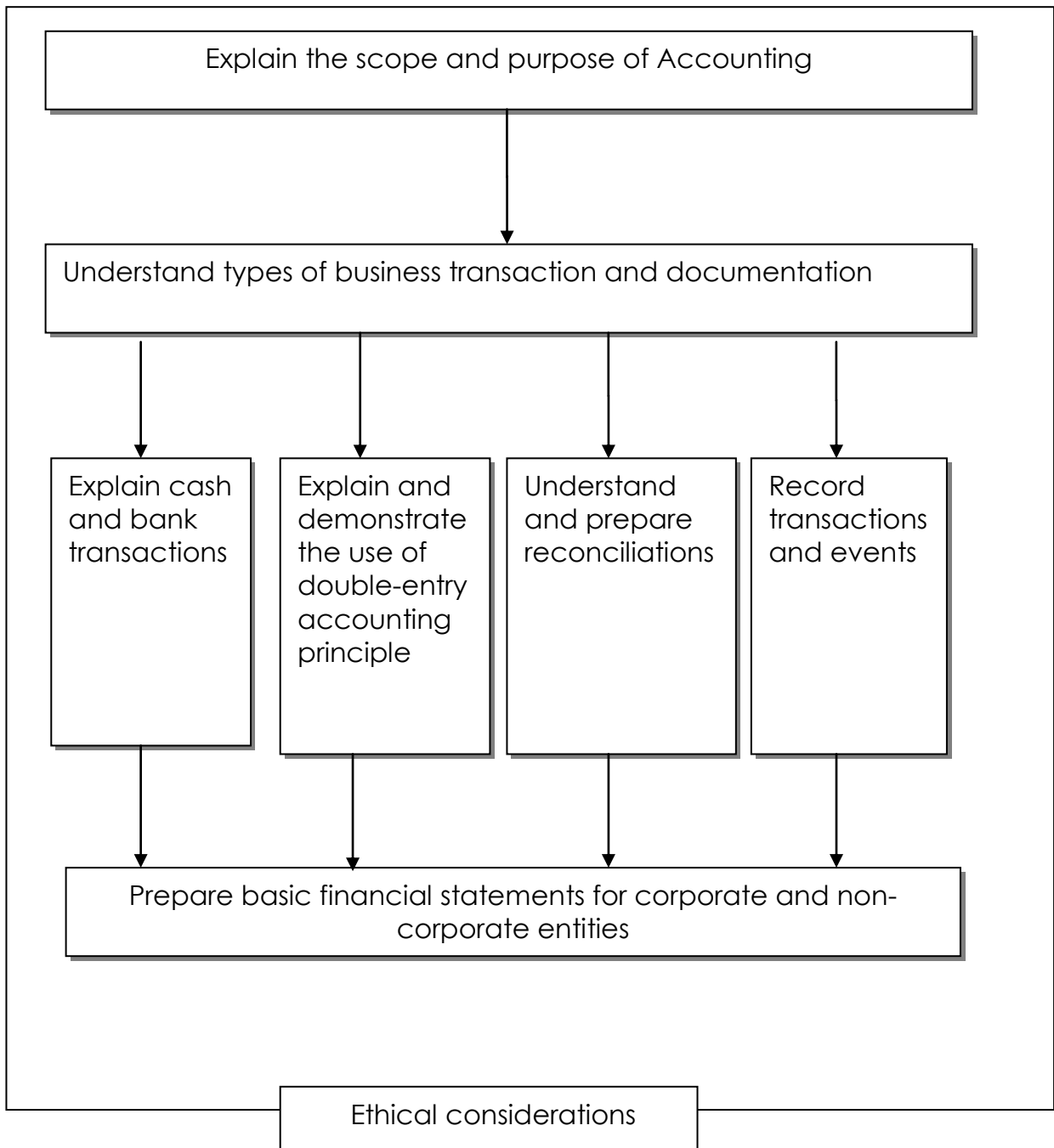
**Main competencies**

On successful completion of this paper, candidates should be able to:

- ❖ Explain the scope and purpose of accounting;
- ❖ Understand types of business transaction and documentation;
- ❖ Explain cash and bank transactions;
- ❖ Explain and demonstrate the use of double-entry accounting principle;
- ❖ Understand and prepare reconciliations;
- ❖ Record transactions and events; and
- ❖ Prepare basic financial statements for corporate and non-corporate entities.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed Syllabus

- A. Accounting framework** **10%**
- 1. Scope and purpose of accounting**
 - (a) Define accounting and state the objectives of accounting.
 - (b) Differentiate between accounting and book-keeping.
 - (c) Discuss the different types of accounting.
 2. Identify the users of accounting information and their information needs.
 3. Explain the qualitative characteristics of useful financial information.
 4. List and explain the elements of financial statements.
 5. Explain the following accounting concepts:
 - (a) Going concern;
 - (b) Accruals;
 - (c) Materiality and aggregation;
 - (d) Substance over form;
 - (e) Business entity concept;
 - (f) Fair presentation;
 - (g) Offsetting;
 - (h) Consistency of presentation; and
 - (i) Prudence.
 6. Bases of accounting
Discuss accrual and cash bases of accounting.
 7. The regulatory environment of accounting
 - (a) Explain the need for regulation of accounting practice.
 - (b) Identify the sources of regulation of accounting practice.
 8. State the roles of accountants in business and the economy.
- B. Recording financial transactions** **10%**
1. Identify source documents of accounting data and information such as invoices, receipts, credit notes, debit notes, purchase orders, goods received notes, cheque counterfoils, deposit slips, bank statements and payment vouchers.
 2. Record and account for transactions and events relating to revenue/incomes, expenses, assets, liabilities and equity in accordance with Generally Accepted Accounting Principles (GAAP) using:
 - (a) Books of prime entry; and
 - (b) Cash books including internal control over cash.
 3. Apply double entry principles to:
 - (a) Accounting equation;
 - (b) Basic rules of double entry book-keeping;
 - (c) Ledger accounts entry principle; and
 - (d) Balancing ledger accounts and extracting trial balance.

4. State the usefulness and limitations of trial balance.

C. Reconciliation in financial accounting

10%

1. Errors and omissions

- (a) Identify errors in the double entry system.
- (b) Identify errors not highlighted by the extraction of the trial balance.
- (c) Correct book keeping errors for given transactions.
- (d) Determine the effect of errors on profit or loss/surplus or deficit.
- (e) Explain the use of suspense account.

2. Control accounts and reconciliations

- (a) Explain the use of receivables control account.
- (b) Explain receivables control account.
- (c) Explain the use of payables control account.
- (d) Explain payables control account.
- (e) Explain the purpose of suppliers' statements and their reconciliation with the ledgers.

3. Bank reconciliation

- (a) State the purpose of bank reconciliation statement.
- (b) Identify the causes of difference between cash book and bank statement balances.
- (c) Prepare bank reconciliation statement.
- (d) Identify and correct cash book errors.
- (e) Explain the use of adjusted cash book to determine the cash position in the financial statements.

4. Accounting treatment for bad and doubtful debts

- (a) Account for the write off of bad debts.
- (b) Account for the recovery of bad debts.
- (c) Determine the balance on the allowance for doubtful debts accounts.
- (d) Account for the movement on the allowance for doubtful debts accounts.
- (e) Account for movements in receivables.

5. Accounting treatment for accruals and prepayments

- (a) Explain the meaning of an accrual.
- (b) Account for accruals.
- (c) Explain the meaning of a prepayment.
- (d) Account for prepayments.
- (e) Explain the meaning of accrued and unearned incomes.
- (f) Account for accrued and unearned incomes.

- D. Accounting for transactions in the financial statements 20%**
Accounting for property, plant and equipment (PPE) in accordance with IAS 16
1. Identify the elements of PPE cost.
 2. State how PPE cost are initially recorded and measured.
 3. Compute, explain and record depreciation using the straight line and reducing balance methods.
 4. Account for depreciation in the statement of profit or loss and other comprehensive income.
 5. Account for disposal of PPE.
 6. Prepare simple notes to account for movements in PPE.
- E. Accounting for partnership, not-for-profit entities and incomplete records 20%**
- 1. Partnership accounts**
 - (a) Discuss partnership business.
 - (b) Prepare partners' current and capital accounts.
 - (c) Determine partners' share of profits.
 - (d) Account for changes in partnership (excluding amalgamation and piecemeal realization).
 - 2. Not-for-profit entities' accounts**
 - (a) Prepare receipts and payments account.
 - (b) Prepare income and expenditure account.
 - (c) Prepare statement of assets and liabilities.
 - 3. Incomplete records**
 - (a) State the need for preparation of accounts from incomplete records.
 - (b) Determine profit from the opening and closing capital balances.
 - (c) Explain the use of accounting equation, gross profit percentage, cash book summaries, memoranda and control accounts to determine missing figures for financial statements.
- F. Financial statements 20%**
- 1. State and explain the purpose, nature and relationships among the main components of financial statements**
 - 2. Accounting policies, change in accounting estimates and errors (IAS 8)**
 - (a) Define accounting policies.
 - (b) Explain the guidance on the selection of accounting policies.

- (c) Account for changes in accounting policies.
- (d) Differentiate between accounting policies and accounting estimates.
- (e) Explain how to account for changes in estimates.
- (f) Identify and correct prior year errors.

3. Accounting for inventories (IAS 2)

- (a) Explain the nature of inventories.
- (b) Explain IAS 2 requirements for valuation of inventories.
- (c) Explain the elements of cost of inventories.
- (d) Explain the valuation and recognition of inventories on the basis of lower of cost and net realisable value.
- (e) Explain and measure the value of inventory using first-in-first-out (FIFO) and weighted average cost (WAC).
- (f) Explain the impact of various valuation methods on the profit or loss for a period.
- (g) Explain the adjustment of opening and closing values of inventory in the financial statements.
- (h) Explain the use of periodic and perpetual inventory methods.

4. Preparation of simple financial statements and supporting notes

- (a) Prepare statement of profit or loss and other comprehensive income in accordance with IAS 1.
- (b) Prepare statement of financial position in accordance with IAS 1.
- (c) Prepare simple statement of cash flows in accordance with IAS 7.
- (d) Prepare simple statement of change in equity.

Applicable accounting standards

Conceptual Framework for Financial Reporting

- ❖ IAS 1 - Presentation of Financial Statements
- ❖ IAS 2 - Inventories
- ❖ IAS 7 - Statement of Cash Flows.
- ❖ IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- ❖ IAS 16 - Property, Plant and Equipment (PPE).

Notes:

All new applicable standards may be examined after six months from the date of issue.

All applicable laws may be examined after six months from date of amendment or enactment.

G. Virtual accounting

10 %

- 1. Explain digitisation in financial accounting**
2. Explain the uses of the following in relation to financial accounting:
 - (a) Data structure;
 - (b) Block chain technology (distributed ledger);
 - (c) Virtual accounting principles and practices; and
 - (d) Fraud opportunities arising from working remotely.

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet.

All new standards and laws may be examined after six months from the dates of issue

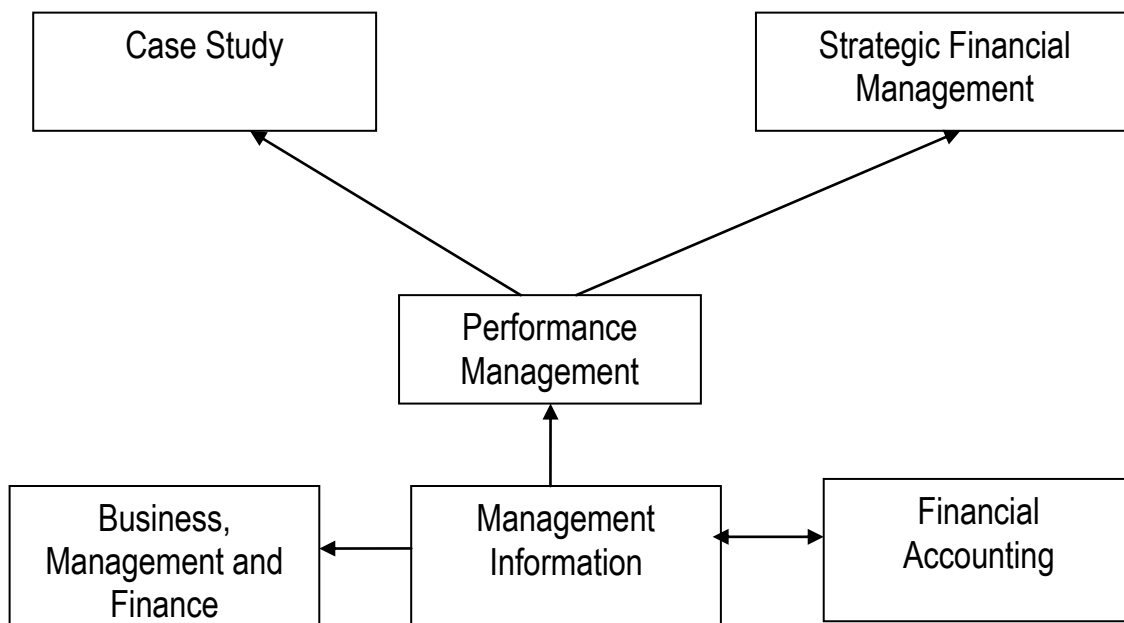
A3. MANAGEMENT INFORMATION

Aim

Accountants play vital roles in management, especially in management decision-making. Management information deals with the production of useful information to support management decision-making. Such information includes costing, management accounting and application of quantitative methods in financial management. Management information takes an integrated approach by developing an awareness of information technology and systems support.

Linkage with other subjects

All the fifteen subjects are interwoven especially in the aspect of information system. Management information is related to all other subjects at Foundation level, especially Business Management and Finance and Financial Accounting. It is a pre-requisite to Performance Management (PM) at Skills level.



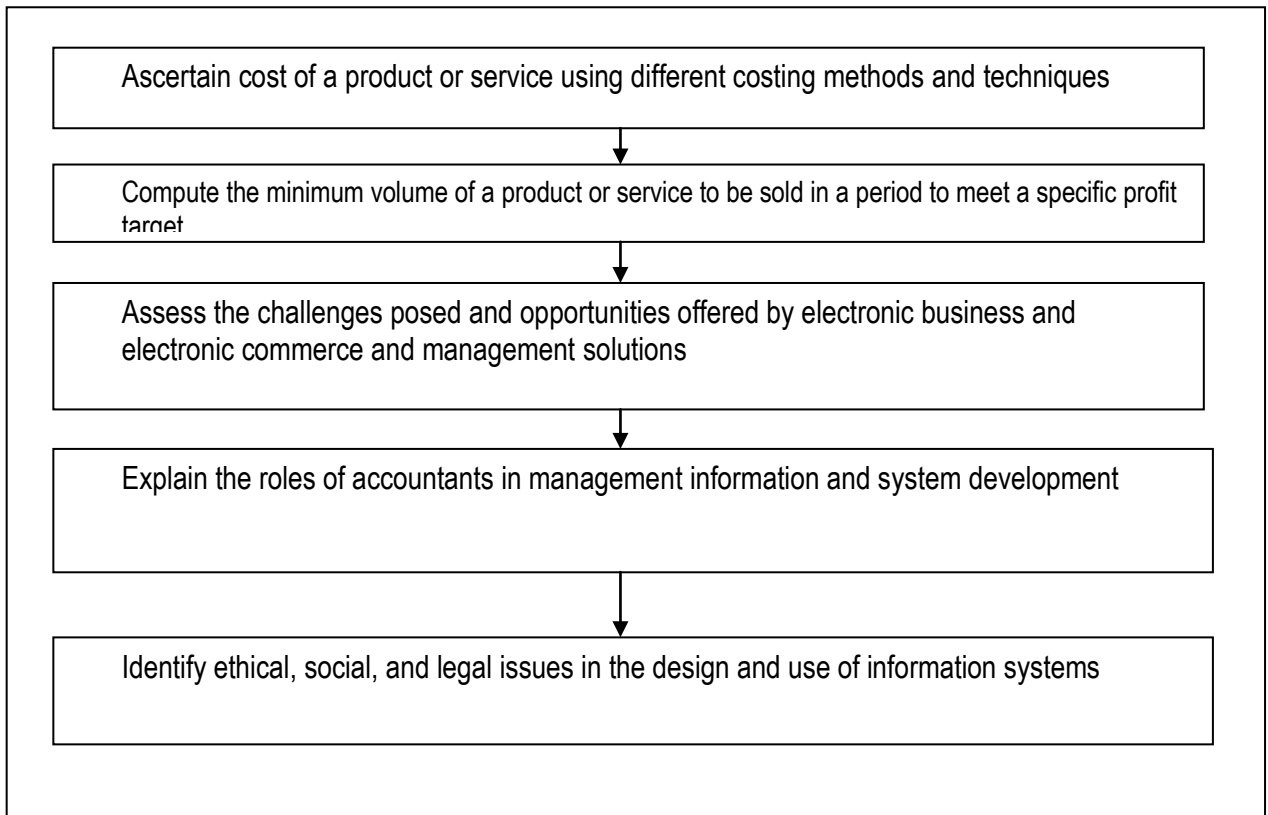
Main competencies

On successful completion of this subject, candidates should be able to:

- ❖ Ascertain cost of a product or service using different costing methods and techniques;
- ❖ Compute the minimum volume of a product or service to be sold in a period to meet a specific profit target;
- ❖ Assess the challenges posed and opportunities offered by electronic business and electronic commerce and management solutions;
- ❖ Explain the roles of accountants in information system development; and
- ❖ Identify ethical, social, and legal issues in the design and use of information systems.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed Syllabus

A. Cost accounting

30%

1 Introduction to cost accounting

- (a) Describe the purpose and role of cost accounting within an organisation considering the following:
 - (i) Definition of cost accounting;
 - (ii) Purpose of cost accounting;
 - (iii) Role of cost accountants; and
 - (iv) Advantages and disadvantages of cost accounting.
- (b) Differentiate between cost accounting and financial accounting.
- (c) Outline the managerial processes of planning, decision making and control.
- (d) Explain the concepts of strategic, tactical and operational planning.
- (e) Differentiate between cost data and information.
- (f) Explain the attributes of good information.

2 Cost classifications, codification, segregation and estimation

- (a) Cost classifications
 - (i) Explain the meaning of cost classification.
 - (ii) Explain the different classifications of cost.
 - (iii) Describe different types of cost behaviour using graphical illustrations.
- (b) Cost codification
 - (i) Define cost codification.
 - (ii) Explain the principles of a coding system.
 - (iii) Explain and illustrate the use of codes in categorising transactions.
- (c) Cost segregation and estimation
 - (i) Explain the meaning of cost segregation and cost estimation.
 - (ii) Explain the structure of linear functions and equations.
 - (iii) Demonstrate the use of the following cost segregation techniques:
 - ❖ Industrial engineering;
 - ❖ Account analysis;
 - ❖ Scatter graph;
 - ❖ High/low analysis; and
 - ❖ Regression analyses.
 - (iv) Calculate and explain simple correlation coefficient.

3 Accounting for cost elements

- (a) Accounting for inventory
 - (i) Describe the different procedures and documents necessary for material management:
 - ❖ Ordering;
 - ❖ Purchasing;
 - ❖ Receiving;
 - ❖ Storage; and
 - ❖ Issuing.
 - (ii) Explain inventory management and control procedures.
 - (iii) Identify, explain and calculate relevant inventory costs.
 - (iv) Compute optimal re-order quantities (involving quantity discounts).
 - (v) Explain and calculate the value of closing inventory and material issues to production using LIFO, FIFO and average methods.
 - (vi) Explain Just-In-Time (JIT).
- (b) Accounting for labour
 - (i) Explain labour recording and monitoring procedures.
 - (ii) Determine direct and indirect costs of labour.
 - (iii) Describe different remuneration methods: time-based systems, piecework systems, and individual and group incentive schemes.
 - (iv) Determine the level and ascertain the causes and costs of labour turnover.
 - (v) Prepare and explain the entries in payroll accounting.

- (c) Accounting for overheads
 - (i) Explain the components of overheads.
 - (ii) Distinguish amongst allocation, apportionment and absorption of overheads.
 - (iii) Describe the bases of overheads apportionment.
 - (iv) Apportion and re-apportion overhead costs between production and service centres (including using the reciprocal method where service cost centres work for each other and simultaneous equation method).
 - (v) Describe the bases and procedures involved in determining production overhead absorption rates.
 - (vi) Explain and calculate under- and over-absorption of overheads.
 - (vii) Explain activity based costing.

4 Costing methods

- (a) Explain types of costing methods and compile cost using:
 - (i) Specific order costing of:
 - ❖ Job costing;
 - ❖ Batch costing; and
 - ❖ Contract costing.
 - (ii) Process costing
 - ❖ Determine the cost of a unit of output where there is normal loss, abnormal loss and abnormal gain.
 - ❖ Prepare process accounts (including accounting for normal loss, abnormal loss and abnormal gain).
 - ❖ Explain the concept of equivalent units.
 - ❖ Determine the value of complete units and work-in-progress (WIP) using weighted average and FIFO methods.
 - ❖ Differentiate between by-products and joint products.
 - ❖ Estimate the value of by-products and joint products at split-off point (the point of separation).
 - (iii) Service costing
 - ❖ Identify situations where the use of service/operation costing is appropriate.
 - ❖ Illustrate suitable unit cost measures that may be used in different service/operation situations.
 - ❖ Carry out service cost analysis in simple service industry situations.

5 Costing techniques

- (a) Explain the various types of costing techniques.
- (b) Prepare an income statement and determine the profit or loss under absorption and marginal costing.
- (c) Describe the advantages and disadvantages of absorption and marginal costing.
- (d) Reconcile the profits or losses computed under absorption and marginal costing.

B. Forecasting, budgeting and decision making**20%****1. Forecasting techniques**

- (a) Explain the principles of time series analysis (cyclical, trend, seasonal variation and random elements).
- (b) Explain the advantages and disadvantages of time series analysis.
- (c) Calculate moving averages; use trend and seasonal variation (additive and multiplicative) to make budget forecasts.

2. Budgeting

- (a) Explain the importance of budgeting system.
- (b) Describe the stages in the budgeting process.
- (c) Explain the importance of principal budget factor.
- (d) Prepare simple functional budgets.
- (e) Prepare simple cash budget.
- (f) Prepare simple master budget.

3. Basic variance analysis

- (a) The purpose and principles of standard costing
Identify types of standard and calculate the following basic variances:
 - i. Direct material price and usage;
 - ii. Direct labour rate and efficiency;
 - iii. Variable production overhead expenditure and efficiency;
 - iv. Fixed production overhead expenditure and volume; and
 - v. Sales price and volume.
- (b) Explain possible causes of the variances.

4. Cost-Volume-Profit (CVP) analysis

- (a) Explain the concept of cost-volume-profit analysis.
- (b) Calculate break-even point, margin of safety and target profit for a single product.
- (c) Prepare and explain break-even chart (traditional approach, contribution approach, profit/volume approach).
- (d) Explain the limitations of cost-volume-profit analysis.

5. Decision-making

- (a) Explain the concept of relevant cost and revenue.
- (b) Explain the concept of limiting factor.
- (c) Describe short-term decision-making situations involving make or buy decisions using relevant cost approach.
- (d) Explain and calculate optimal resource allocation to a product or service based on the concept of limiting factor (single constraint/bottleneck).

C. INFORMATION SYSTEMS AND ELECTRONIC BUSINESS TECHNOLOGIES 10%**1. Information systems**

- (a) Define and explain information systems.
- (b) State the approaches to information systems.
- (c) Explain the usefulness of information systems to the following business functions.
 - (i) Sales and marketing;
 - (ii) Manufacturing and production;
 - (iii) Finance and accounting; and
 - (iv) Human resources.
- (d) Describe the relationship among organisations, information systems and business processes.
- (e) State and explain the following classifications of information systems:
 - (i) Executive support systems (ESS);
 - (ii) Management information systems (MIS);
 - (iii) Decision support systems (DSS);
 - (iv) Knowledge management systems (KMS);
 - (v) Transaction processing systems (TPS); and
 - (vi) Office information systems (OIS).
- (f) Explain the ethical, social, and political issues of information systems.
- (g) Explain the impact of contemporary information systems and the Internet on the protection of individual privacy and intellectual property.
- (h) State management challenges in developing and using information systems in organisations.

2. Electronic business and e-commerce

- (a) Explain the modern information technology infrastructure for a digital firm.
- (b) Identify internet platforms and the use of e-business and e-commerce.
- (c) Describe the technologies used for e-business and e-business models.
- (d) Explain the internal and external applications of e-business and e-commerce.
- (e) Itemise management issues associated with e-business.
- (f) Explain the effect of internet technology on value propositions, business models, consumer retailing and business-to-business transactions.
- (g) Explain e-commerce payment systems.
- (h) State the role of internet technology in facilitating management and coordination of internal and inter-organisational business processes.
- (i) Explain the challenges posed by e-business and e-commerce in transactions.
- (j) Explain m-commerce and its applications in business.

D. COMPUTER HARDWARE, SOFTWARE AND DATA LIFE CYCLE **10%**

1. Explain the uses of computer hardware and software in business

2. Data life cycle and information storage
Explain the following concepts:
 - (a) Data acquisition
 - (b) Data processing
 - (c) Data analysis
 - (d) Data protection
 - (e) Database.
 - (f) Database management system
 - (g) Data warehousing
 - (h) Big data

E. BUSINESS PROCESS TECHNOLOGIES **10%**

1. Technologies for business

Explain the following Enterprise systems:
 - (a) Enterprise resource planning (ERP);
 - (b) Supply chain management (SCM);
 - (c) Customer relationship management (CRM) systems;
 - (d) Warehouse management system (WMS);
 - (e) Enterprise content management system (ECMS);
 - (f) Artificial intelligence systems;
 - (g) Robotic process automation system;
 - (h) Virtual reality systems; and
 - (i) Augmented technologies.

2. Explain the following business processing technologies:
 - (a) Multitasking;
 - (b) Multi-processing;
 - (c) Multi-programming;
 - (d) Centralized processing;
 - (e) Decentralized processing;
 - (f) Distributed processing;
 - (g) On-line processing;
 - (h) Real-time processing; and
 - (i) Blockchain technology.

F INFORMATION SYSTEM DEVELOPMENT AND SECURITY**10%**

1. Systems development technologies
Explain the following:
 - (a) The system development life cycle (SDLC);
 - (b) Structured systems analysis and design methodologies; and
 - (c) Agile systems development methodologies.

2. System security and control
 - (a) Explain the principle of data privacy and data protection.
 - (b) Explain the purpose for special protection from destruction, error, and abuse of information systems.
 - (c) Explain the business value of security and control.
 - (d) Explain the organisational and managerial frameworks for security and control.
 - (e) Identify various system vulnerabilities and abuses.
 - (f) State the preventive maintenance techniques and security controls.
 - (g) Explain disaster recovery planning.
 - (h) Explain quality control and quality assurance.
 - (i) Outline the tools and technologies for safeguarding information resources.
 - (j) Identify the challenges posed by information systems security and control, and management solutions.
 - (k) Define and explain computer forensic practices and applications.

3. Ethical considerations in information technology
Explain ethical issues in relationship with information technology.

G. CLOUD COMPUTING, STATISTICAL ANALYSIS AND MACHINE LEARNING TECHNOLOGIES**10%**

1. **Cloud computing**
Explain the following in relation to cloud computing:
 - (a) Cloud deployment models (private, public, hybrid and community infrastructure);
 - (b) Cloud service models.(IAAS, PAAS, SAAS);
 - (c) Cloud technology risks and controls; and
 - (d) Benefits of cloud technology to the accountant.

2. **Statistical analysis and machine learning**
Explain the following terms:
 - (a) Decision tree analysis;
 - (b) Statistical modelling;
 - (c) Simulation and Algorithms; and
 - (d) Machine learning.

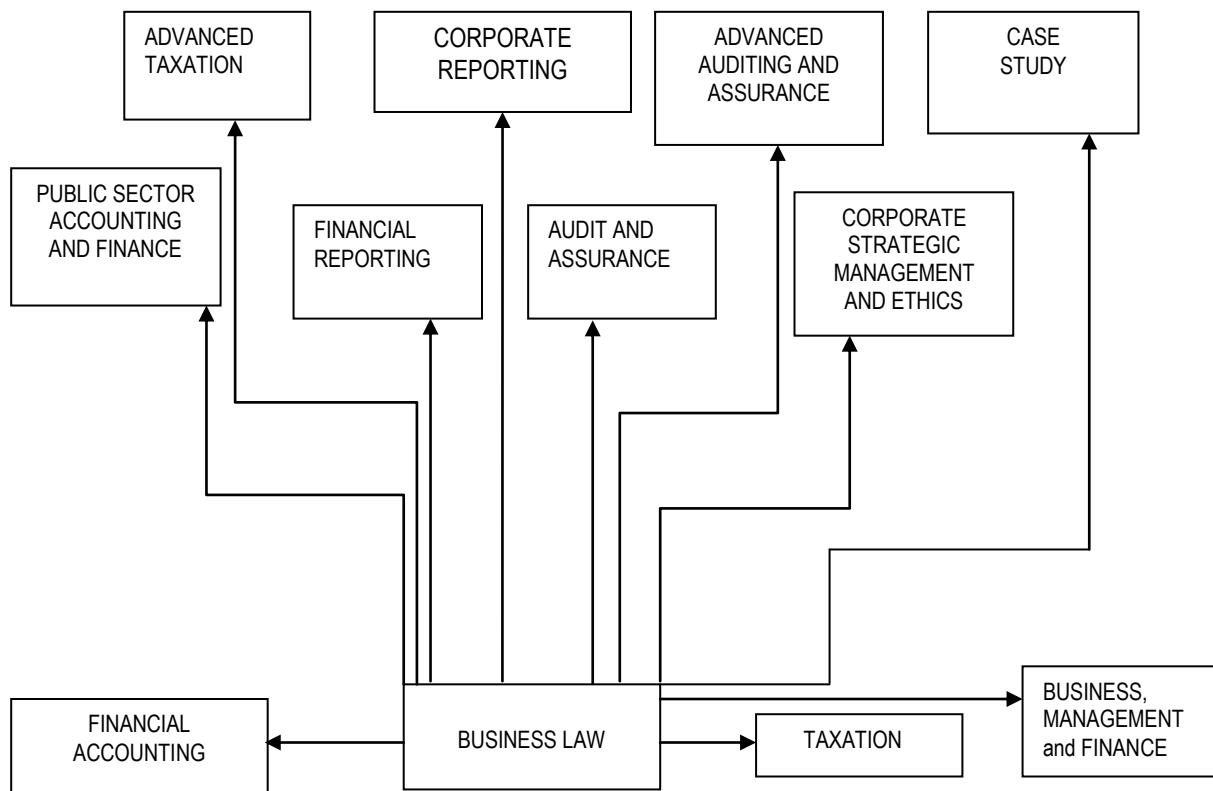
A4. BUSINESS LAW

Aim

Accountants as business finance professionals are expected to have a sound foundation in law that is relevant to businesses and their operations. Professional accountants need a strong background in company law and laws relevant to public sector entities. All business professionals also need knowledge of how laws affect them personally and in their employment and business activities.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects.



Main competencies

On successful completion of this paper, candidates should be able to:

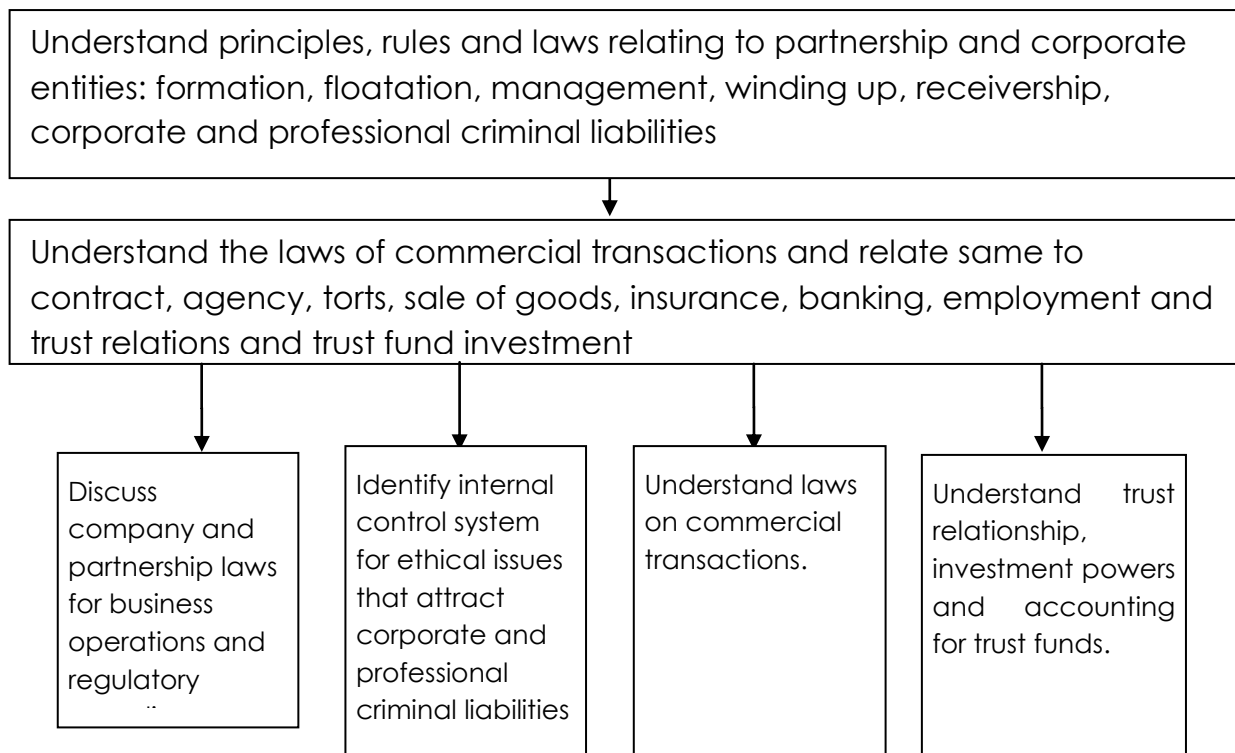
- ❖ Understand the nature, components and sources of Nigerian law as well as the court system in hierarchical order;
- ❖ Understand the law on the nature, formation and management of partnership and companies;
- ❖ Compare and contrast law and ethics;
- ❖ Explain law of contracts (including e-contract), agency types, duties and rights, negligence and vicarious liability in professional practice, as well as types of goods, duties and rights of seller and buyers of goods, formation of hire purchase contracts and the duties of parties thereto;

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

- ❖ Understand the key principles of insurance contract, negotiable instruments and the legal position of the parties to them;
- ❖ Explain the basic law on banking, including the functions and duties of the Central Bank of Nigeria, other banks and financial institutions under the Central Bank Act and Banks and Other Financial Institutions Act; and
- ❖ Understand alternative dispute resolution (ADR) mechanism.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. The Nigerian legal and court systems

5%

1. Identify and explain sources of Nigerian law.
2. Outline the distinction between civil law and criminal law.
3. Differentiate between case law and statutes.
4. Explain the hierarchy of courts in Nigeria.
5. Explain the application of virtual evidence in the Nigerian judicial system.

6. Explain the requirements of the Nigerian Cyber Security Act, 2015.
7. Explain the governing principles of the Nigerian Data Protection Regulation, 2019.

B Partnership and business name, company and insolvency laws 35%

1. Partnership law and business name registration

- (a) Explain the nature as well as types of, and the differences between a partnership and a company.
- (b) Describe the process by which a partnership may be formed including the preparation of relevant documents.
- (c) Identify the procedure for management of a partnership including the rights and duties of partners, their relationship *inter se* and with third parties.
- (d) Describe when and how a partnership may be dissolved.
- (e) Explain formation, incorporation and legal personality as well as proper description of Limited Liability Partnership and Limited Partnership (LLP and LP), eligibility to be partners, liability of partners and limited partnership as well as limitations thereto, relationship of partners, changes in partners and partnership business.
- (f) Explain limited partnership accounts and audit, annual returns, and assignability of partners' interest.
- (g) Explain investigation and litigation in limited partnership, limited liability partnership (LLP and LP), as well as criminal proceedings by the Attorney-General of the Federation.
- (h) Explain foreign limited partnership.
- (i) Explain winding up and dissolution of limited partnership
- (j) Explain business name registration, procedure and effect.

2. Company Law

- (a) Outline the composition and functions of the Corporate Affairs Commission.
- (b) Explain the functions and procedures of Administrative Hearing Committee of the Corporate Affairs Commission.
- (c) Describe the types of company, including single shareholder company and small company and their implications.
- (d) Explain the procedure for incorporation of a company, documents of incorporation and replacement of statutory declaration with statement of compliance with requirements of incorporation, pre-incorporation contracts, promoters and their duties.
- (e) Explain the consequences of incorporation and lifting the veil of incorporation.

- (d) Describe the contents of a Memorandum and Articles of Association and how each can be amended.
- (k) Explain modes of raising capital for the company, the procedures for issue of shares, redeemable preference shares, and debentures (corporate bonds).
- (l) Identify and explain ways in which the capital of a company is maintained and preserved including laws relating to acquisition of own share by company and distribution of profits.
- (m) Explain giving of assistance by the company to shareholders to acquire own shares.
- (n) Identify the types of directors
- (o) State how directors may be appointed (including appointment of a single director and minimum independent non-executive directors, in applicable situations), re-appointed, removed or in any other way cease to hold office, and restriction of multiple directorship.
- (p) Outline the duties of directors including fiduciary and other duties.
- (q) Explain the powers of directors.
- (r) Explain proceedings of directors
- (s) State the consequences of a breach of duty by a director.
- (t) State the requirements for share transfer, transmission of shares and disclosure of ownership.
- (u) Explain how shareholders can influence the composition of the board, strategy or decisions of a company.
- (v) Meetings of shareholder and procedure for requisitioning meetings.
- (w) Identify the rights of shareholders to challenge the management of a company.
- (x) Explain issues of appointment, powers, functions and removal/resignation of a company secretary, including dispensation with appointment of company secretary by single shareholder company and small company.
- (y) Describe types of company meeting (statutory meeting, annual general meeting, extraordinary general meeting), notices required and resolutions, right to receive notice, right to attend and requisition meeting, voting at meetings, companies that need not hold annual general meeting, authority of private company and small company to hold virtual meetings.
- (z) Differentiate between ordinary, special resolutions and resolutions requiring special notice.
- (aa) Describe statutory books and practical issues that relate to record keeping and filing.
- (bb) Explain the duties, powers and responsibilities of a company auditor, outlining the basic steps of appointment, removal and resignation, small company exempted from audit (including the advantages and disadvantages), composition and functions of audit committee, and certification of audit report by management.

- (cc) Explain the law on administration of companies, appointment of administrator and joint administrators, the roles of the court and directors in appointment of administrators, who may apply for appointment of administrator, functions of administrator, and effect of administration.
- (dd) Explain the modes and procedure for winding up of companies, committee of inspection, treatment of contributories and creditors, and effect of winding up (in outline).
- (ee) Explain arrangements, compromises and netting.

3. Law of Insolvency

- (a) Describe types of insolvency, power to appoint receivers and managers by the court and outside the court.
- (b) Explain the duties, powers and liabilities of receivers and managers, procedure after appointment, and enforcement of duty of receivers and managers
- (c) Outline the consequences of insolvency.
- (d) Explain nature of insolvency practice and the role of practitioners.
- (e) Explain the nature of and differences between fixed and floating charges.

C. Criminal Law

10%

Criminal law regulating businesses and professional accountancy practice

- 1. Distinguish among laws, ethics and ethical codes.
- 2. State the basic laws relating to theft, fraud and deception.
- 3. State the basic laws relating to bribery.
- 4. State the basic laws relating to money laundering.
- 5. Explain the basic laws relating to negotiable instruments.
- 6. Identify situations relating to data protection and computer misuse.
- 7. Outline electronic evidence.
- 8. Explain the role of an accountant as an expert witness in fraud cases including computer fraud.

D. Law of commercial transactions

35%

1. Law of contract

- (a) Explain the nature, framework and types of contract.
- (b) Describe how a contract may be made emphasizing the elements of a valid contract and how it can be enforced.
- (c) Explain vitiating elements and how a contract may be terminated as well as the remedies for breach of contract.

- (d) Describe the nature of e-contracts and outline how they can be enforced.

2. Agency

- (a) Explain the nature of an agency relationship.
- (b) Identify situations where agency exists.
- (c) Explain the duties, rights and legal capacity of an agent.

3. Law of torts

- (a) Explain the tort of negligence and damages for negligence, including professional negligence and its consequences.
- (b) Explain vicarious liability and passing off.

4. Sale of goods

- (a) Define goods.
- (b) Explain passing of property.
- (c) State the duties, rights and remedies of a seller and buyer.
- (d) Explain the duties and rights of a seller and buyer as well as elements of passing off in sale of property.

5. Hire purchase

- (a) Distinguish hire purchase from similar contracts.
- (b) State the mandatory contents of a Memorandum of hire purchase.
- (c) Explain the rights, duties and remedies of parties to a hire purchase contract.

6. Insurance

Explain the nature of insurance contract, insurable interest, subrogation and contribution as well as assignment of policy.

7. Banking and negotiable instruments

- (a) Explain the duties of banks and other financial institutions.
- (b) Describe the powers and duties of the Central Bank of Nigeria (Reference to Central Bank Act as well as Banks and Other Financial Institutions Act.
- (c) Explain types of Negotiable Instrument and the duties and liabilities of parties to a bill of exchange.
- (d) Define bill of lading and explain its nature and operation.
- (e) Describe letter of credit and letter of comfort.

E. Employment law

5%

- 1. Identify situations that give rise to employment contracts.
- 2. State the law relating to employment, including employment contracts, duties and rights, dismissal, unfair dismissal and other claims of the employee.

F. Law of trusts and administration of estate

5%

1. Explain creation of trusts, the duties, powers, rights and accounts of trustees as well as the rights of beneficiaries.
2. Explain the investments authorized by the Trustee Investment Act.
3. Differentiate between executors and administrators and explain their duties.

G. Alternative dispute resolution mechanisms

5%

1. Define alternative dispute resolution (ADR) mechanisms.
2. Explain the nature, operation, advantages and disadvantages of alternative dispute resolution mechanisms as against court-adjudicated disputes.
3. Explain arbitration and arbitral awards.

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet.

All new laws may be examined after six months from the dates of issue

B1. FINANCIAL REPORTING

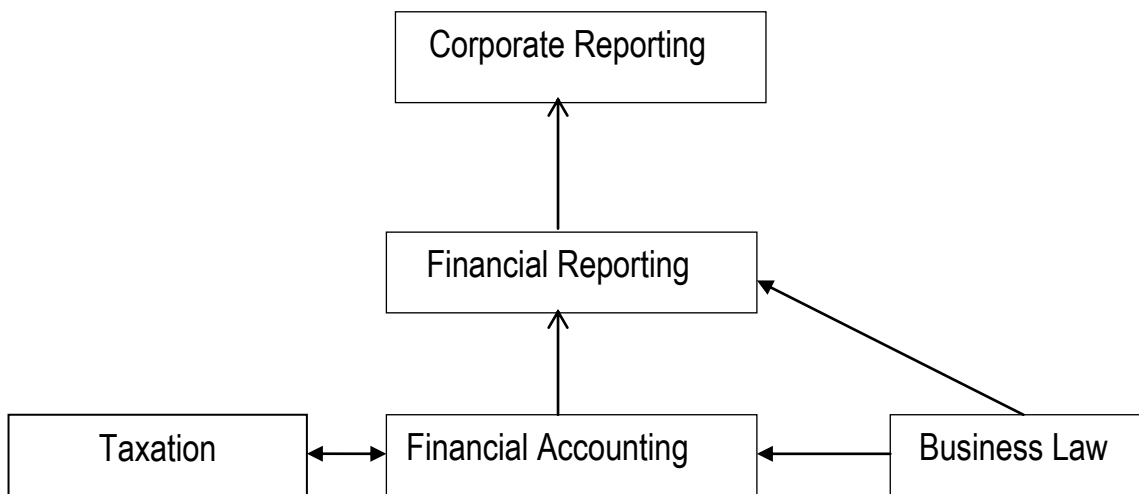
Aim

Financial accounting from the Foundation level is taken up a notch to financial reporting in the context of more complex events and transactions with a greater emphasis on compliance with regulations including international accounting standards and generally accepted accounting principles.

Candidates will be expected to demonstrate an understanding of and competence in financial statements preparation, analysis, interpretation and reporting.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects. Financial accounting is a pre-requisite to this subject.



Main competencies

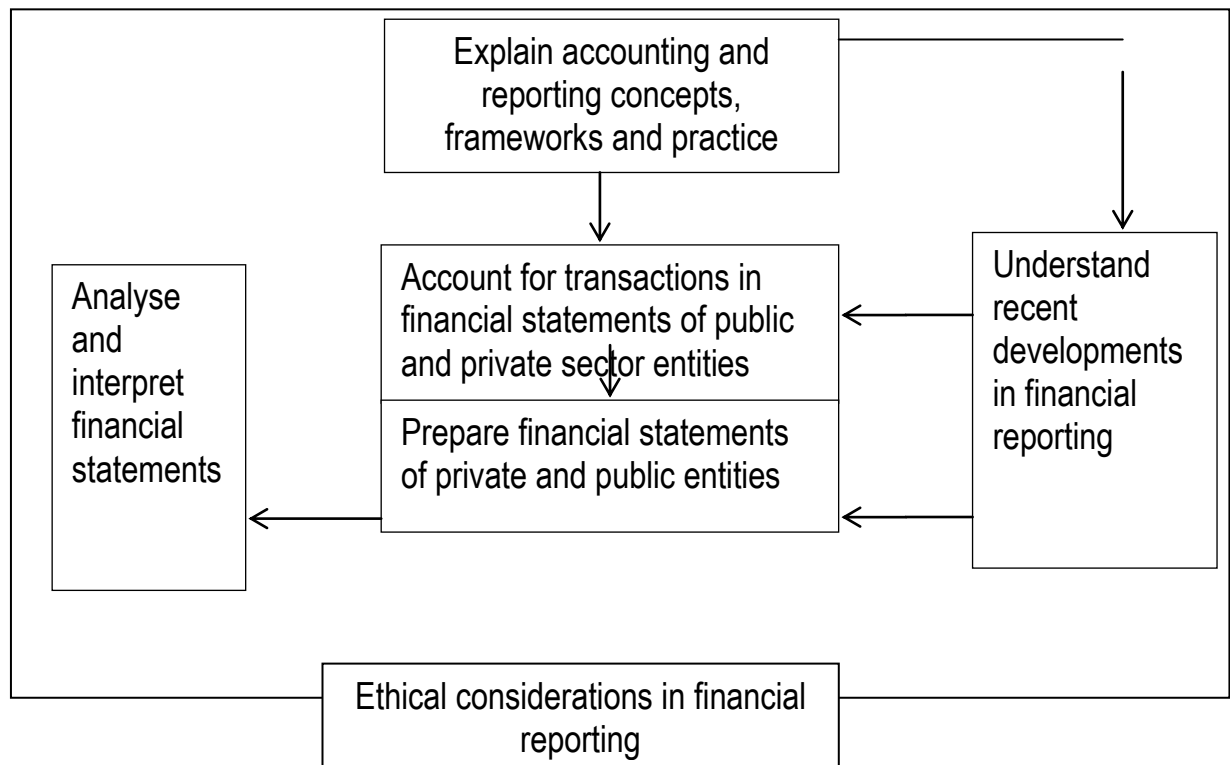
On successful completion of this paper, candidates are expected to be able to:

- ❖ Explain the importance of regulatory frameworks for accounting and reporting;
- ❖ Identify and state the circumstances in which private sector entities are required to prepare and present statutory financial statements;
- ❖ Identify and state the laws, regulations, accounting standards and other requirements that govern the preparation of financial statements by public and private sector entities;
- ❖ Account for specific transactions in accordance with relevant international accounting standards;
- ❖ Draft and present financial statements, or extract from them, of an entity and simple groups in accordance with its chosen policies and in accordance with International Financial Reporting Standards (IFRS) and local laws;
- ❖ Assess the circumstances in which the use of IFRS may not be required for companies;

- ❖ Analyse and interpret financial statements of entities and simple groups; and
- ❖ Understand recent developments and ethical issues in the area of financial reporting.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed Syllabus

A. Conceptual and regulatory frameworks for financial reporting 10%

1. Conceptual Framework

- (a) Explain the meaning and purpose of conceptual framework.
- (b) Explain the objectives, qualitative characteristics and limitations of financial statements.
- (c) Discuss the underlying assumptions in preparing financial statements.
- (d) Identify users of financial statements and their information needs.
- (e) Identify and discuss the elements of financial statements.
- (f) Explain the concept of capital maintenance.
- (g) Differentiate between principle-based and rule-based financial reporting frameworks.
- (h) Discuss accrual and cash bases of accounting.
- (i) Discuss financial statements in relation to reporting entities under the conceptual framework

2. Regulatory framework

- (a) Discuss the need for a regulatory framework in financial reporting.
- (b) Identify and discuss laws, regulations, accounting standards and other requirements that govern the preparation of financial statements.
- (c) Identify and discuss relevant provisions of Companies and Allied Matters Act 2020, and special pronouncements by regulatory authorities (CBN, NDIC, FRCN, NAICOM, NSE, SEC, PENCOM, etc.).
- (d) Explain the standard setting process of International Accounting Standards Board (IASB) and the relationship with national standard setters.
- (e) Discuss the process for revision of standards.
- (f) Discuss the process of adoption of IFRSs and application of local standards.
- (g) Explain the peculiar nature and relevant frameworks of specialized, not-for-profit and public sector entities including IFRS, national standards and International Public Sector Accounting Standards (IPSAS).

B. Accounting standards and policies relating to specific transactions in financial statements 20%

1. Tangible non-current assets

Calculate, where necessary, discuss and account for tangible non-current assets in accordance with the provisions of relevant accounting standards (IAS 16, IAS 20, IAS 23, IAS 40, IFRS 5, and IFRS 16).

2. Intangible non-current assets (IAS 38)

Calculate, where necessary, discuss and account for intangible non-current assets in accordance with the provisions of IAS 38.

3. Impairment of tangible and non-intangible assets (IAS 36)

Calculate, where necessary, discuss and account for impairment of tangible and intangible non-current assets (excluding financial assets and liabilities) in accordance with the provisions of IAS 36.

4. Fair value measurement, financial assets and liabilities

- (a) Differentiate between debt and equity financial instruments.
- (b) Calculate, where necessary, discuss and account for financial instruments using amortised cost or fair value measurement in accordance with the provisions of relevant accounting standards (IAS 32, IFRS 7, IFRS 9 and IFRS 13) with respect to measurement (including fair value and amortised cost), recognition, de-recognition and disclosures, excluding hedging but including simple impairment cases.

5. **Inventories and revenue from contracts (IAS 2, IFRS 15)**
Calculate, where necessary, discuss and account for inventories and revenue from contracts in accordance with the provisions of relevant accounting standards (IAS 2 and IFRS 15).
6. **Provisions, contingent liabilities and assets, and events after the reporting period (IAS 10, IAS 37)**
Calculate, where necessary, discuss and account for provisions, contingent liabilities and assets as well as events after the reporting period in accordance with the provisions of relevant accounting standards (IAS 10, IAS 37).
7. **Income taxes (IAS 12)**
Calculate, where necessary, discuss and account for income tax including current and deferred tax in accordance with the provisions of IAS 12.
8. **Earnings per share (IAS 33)**
Calculate, discuss and account for earnings per share (EPS) in accordance with provisions of IAS 33.

C. Preparation and presentation of general purpose financial statements 20%

Preparation of financial statements

1. Discuss accounting policies and changes in accounting policies in accordance with the provisions of IAS 8, where necessary.
2. Prepare and present general purpose financial statements including statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and relevant notes in accordance with IAS 1.
3. Prepare and present statement of cash flows for single entities in accordance with IAS 7, using direct and indirect methods.
4. Prepare value added statement and five year financial summary in accordance with Companies and Allied Matters Act 2020.

D. Preparing and presenting financial statements of simple group (parent, one subsidiary and an associate) 25%

1. Understanding a simple group

- (a) Explain the concept of group especially a simple group and the objectives of preparing group financial statements.
- (b) Discuss the provisions of the relevant accounting standards for the preparation and presentation of financial statements of simple group – (IAS 27, IAS 28, IFRS 3 and IFRS 10), including the use of fair value for non-controlling interest.

- (c) Calculate non-controlling interest using alternative methods and effect necessary adjustments required to prepare the financial statements of simple group.

2. Preparation and presentation

- (a) Prepare and present statement of financial position of a simple group (one subsidiary and an associate in accordance with the provisions of relevant standards (IAS 1, IAS 27, IAS 28, IFRS 3 and IFRS 10).
- (b) Prepare and present statement of profit or loss and other comprehensive income of a simple group (one subsidiary and an associate), in accordance with the provisions of relevant standards (IAS 1, IAS 27, IAS 28, IFRS 3 and IFRS 10).
- (c) Prepare and present statement of cash flows of a simple group (one subsidiary and an associate), in accordance with the provisions of IAS 7.
- (d) Discuss management disclosures, analysis and commentaries on financial statements.

E. Analyses and interpretation financial statements

20%

1. Analyses of financial statements

- (a) Identify and discuss types of analyses and interpretation of financial statements.
- (b) Discuss various aspects of financial position and performance that may be assessed (profitability, liquidity/solvency, gearing, investors' returns) through the analyses and interpretation of financial statements.
- (c) Define ratio, identify and calculate various types of ratios used in the assessment of financial position and performance of a business entity.
- (d) Analyse and interpret computed ratios and assess the current period financial position and performance of a business entity in comparison to:
 - (i) Its prior period;
 - (ii) Another given entity for the same period; and
 - (iii) Industry average for the same period.
- (e) Analyse and interpret computed ratios and assess the current period financial position and performance of a simple group (one subsidiary and associate) in comparison to:
 - (i) Its prior period;
 - (ii) Another given simple group entity for the same period; and
 - (iii) Industry average for the same period.
- (f) Discuss the use of statement of cash flows in assessing liquidity and compare its usefulness with that of a statement of profit or loss and other comprehensive income when assessing liquidity and going concern of a business entity.

- (g) Explain the use of earnings per share (EPS) in assessing the performance of corporate entities in the capital market, especially capital market reaction to earnings announcement.
- (h) Where necessary, write reports as may be required when analysing and interpreting the financial position and performance of a business entity and simple group, drawing conclusions, making recommendations and giving advice from the perspectives of different stakeholders.

2. Limitations of analyses and interpretation of financial statements

- (a) Discuss the limitations of historic financial information in the analyses and interpretation of financial statements.
- (b) Explain how financial statements may be manipulated and discuss the impact of window dressing and creative accounting on calculated ratios and how they can distort analyses and interpretation of financial statements.
- (c) Explain how analyses and interpretation of financial statements of specialized and not-for-profit organizations differ from those of profit-oriented organizations.
- (d) Explain why earnings per share (EPS) trend may be a better indicator of performance when compared with a company's profit trend and discuss the limitations of using EPS as a performance measure.
- (e) Explain why and how the use of consolidated financial statements might limit analyses and the use of interpretation techniques.
- (f) Discuss the use of other information, including non-financial information relevant to the assessment of an entity's performance.

F. Ethics and current developments in financial reporting

5%

- 1. Discuss and apply ethical issues in financial reporting.
- 2. Discuss developments around the inclusion of non-financial information in financial reporting.
- 3. Discuss new accounting standards in issue as may be specified from time to time.
- 4. Discuss the application of block chains and related technologies

Applicable Accounting Standards

- ❖ Preface to IFRS
- ❖ Conceptual Framework for Financial Reporting
- ❖ IAS 1 - Presentation of Financial Statements
- ❖ IAS 2 - Inventories
- ❖ IAS 7 - Statement of Cash Flows
- ❖ IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- ❖ IAS 10 - Events after the Reporting Period
- ❖ IAS 12 - Income Taxes
- ❖ IAS 16 - Property, Plant and Equipment
- ❖ IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- ❖ IAS 23 - Borrowing Costs
- ❖ IAS 27 - Separate Financial Statements
- ❖ IAS 28 - Investments in Associates
- ❖ IAS 32 - Financial Instruments: Presentation
- ❖ IAS 33 - Earnings Per Share
- ❖ IAS 36 - Impairment of Assets
- ❖ IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
- ❖ IAS 38 - Intangible Assets
- ❖ IAS 40 - Investment Property
- ❖ IFRS 3 - Business Combinations
- ❖ IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- ❖ IFRS 7 - Financial Instruments: Disclosures
- ❖ IFRS 9 - Financial instruments
- ❖ IFRS 10 - Consolidated Financial Statements
- ❖ IFRS 13 - Fair Value measurement
- ❖ IFRS 15 - Revenue from contracts with customers
- ❖ IFRS 16 - Leases

Guide to examination assessment

New standards may be examined after six months from the date of issue.

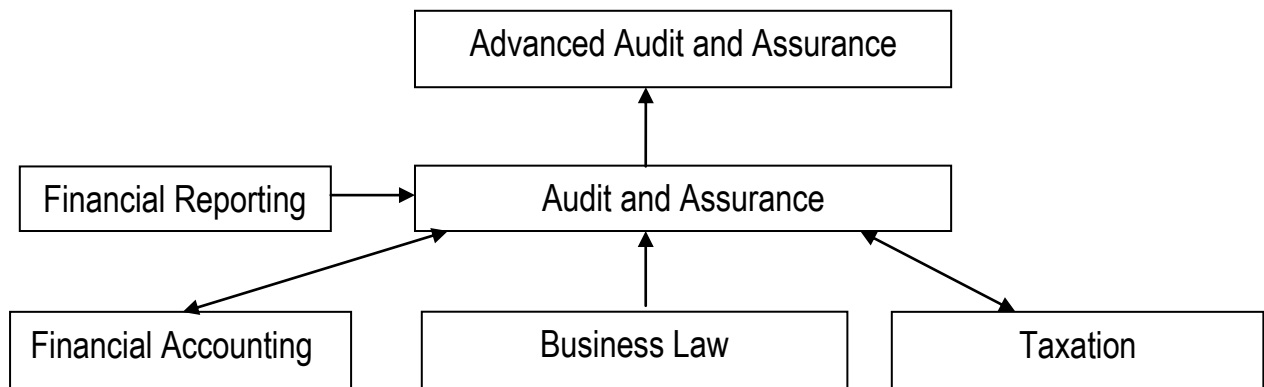
All applicable laws may be examined after six months from dates of amendment or enactment.

B2. AUDIT AND ASSURANCE**Aim**

Candidates are expected to possess knowledge of accounting systems, generally accepted accounting principles, audit and assurance principles and practice to build a firm foundation for internal and external audit engagements. There is an emphasis on knowledge of international auditing standards and their application to simple situations requiring audit opinion.

Linkage with other subjects

The diagram below depicts the relationship between this subject and other subjects in the syllabus.

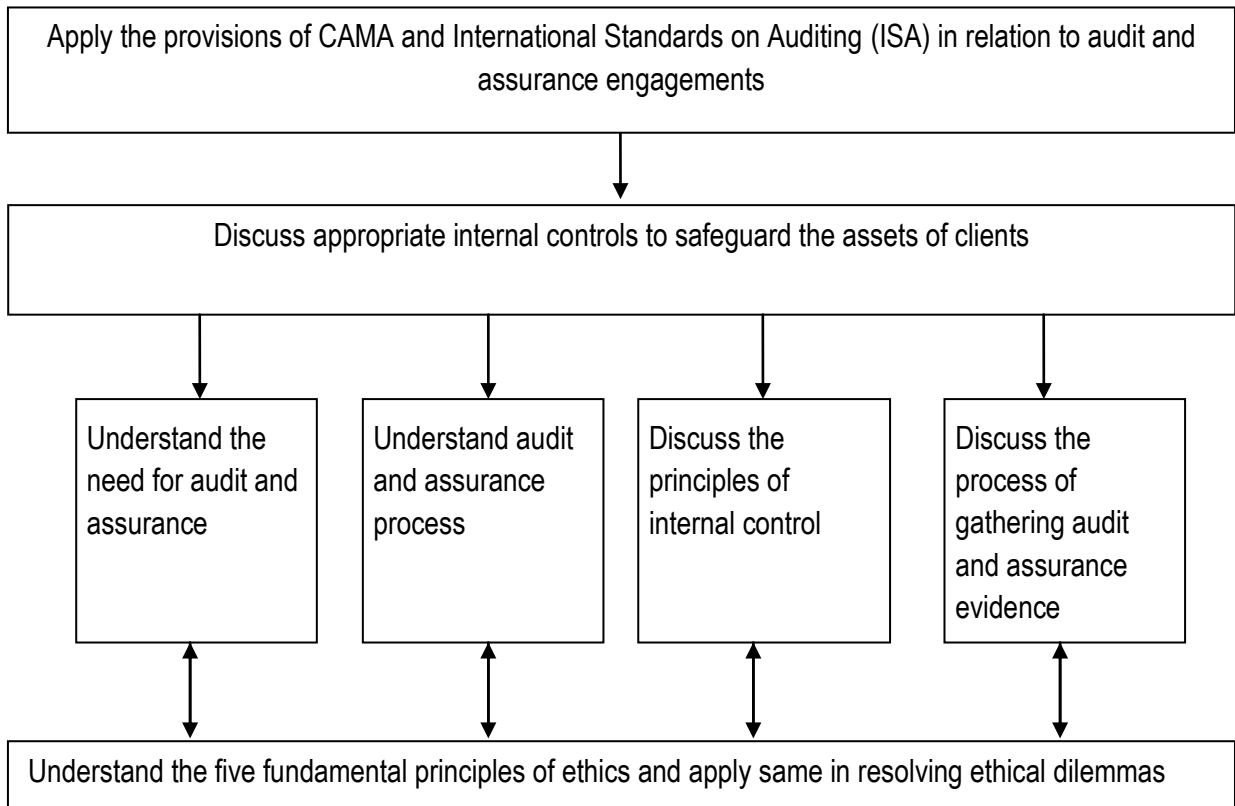
**Main competencies**

On successful completion of this paper, candidates should be able to:

- ❖ Appreciate the objectives, processes and need for external audit and assurance;
- ❖ Recognise and explain ethical and legal issues arising in audit and assurance scenarios;
- ❖ Apply core principles and provide advice on the specific provisions of the applicable laws and regulations in carrying out the audit of companies;
- ❖ Explain how an auditor obtains an understanding of the entity and its environment, assesses the risk of material misstatement (whether arising from fraud or other irregularities) and plans an audit of financial statements;
- ❖ Describe and evaluate internal controls implemented to or prevent, errors or frauds in the financial reporting process;
- ❖ Discuss audit evidence and evaluate the sufficiency and appropriateness of such audit evidence for the purpose expression of opinion on financial statements, in line with the International Standards on Auditing; and
- ❖ Report to those that are charged with the governance of companies, in line with regulations and standards.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed Syllabus

A. Introduction to assurance, legal, regulatory framework and process of audit 30%

1. Objectives and need of audit and assurance

- (a) Discuss the concepts of audit, assurance, attestation services, and relationship among these concepts.
- (b) Identify and explain the reasons for audit and assurance.
- (c) Explain the benefits of different types of audit and assurance assignments.
- (d) Discuss the objectives of external audit.
- (e) Identify the parties in audit and assurance engagements including the members of the audit and assurance team and discuss their roles, duties and rights.
- (f) Compare and contrast the different levels of assurance that may be obtained from audit and assurance assignments.
- (g) Discuss audit expectation gap, including reasonableness gap and performance gap.
- (h) Discuss the role of the internal audit department in maintaining an effective internal control system.
- (i) Compare internal and external audits.
- (j) Discuss the peculiarities of public sector audit.

2. The legal and regulatory framework for audit and other assurance engagements

- (a) Discuss the legal and regulatory frameworks for statutory audit and assurance in line with the provisions of:
 - (i) Companies and Allied Matters Act 2020;
 - (ii) Financial Reporting Council of Nigeria Act, 2011;
 - (iii) International standards on auditing (ISAs); and
 - (iv) International standards on assurance engagement (ISAEs).

3. Process of audit and assurance

- (a) Explain the basic steps of audit and assurance process in relation to:
 - (i) Nomination;
 - (ii) Acceptance;
 - (iii) Engagement;
 - (iv) Planning (ISA 300, ISA 320);
 - (v) Execution :
 - ❖ Evaluation of internal control;
 - ❖ Evidence and obtaining evidence (ISA 500);
 - ❖ Records and working papers;
 - ❖ Testing and other works;
 - ❖ Evaluating results (ISA 450);
 - (vi) Conclusion;
 - (vii) Reporting (ISA 700); and
 - (viii) Determination and disclosure requirements for key audit matters (ISA 701).
- (b) Explain public interest and the need for professional scepticism in carrying out audit and assurance engagements.
- (c) Discuss the concept of materiality (ISA 320).
- (d) Explain reasonable assurance.
- (e) Explain types of audit opinion and assurance report including circumstances under which each can be issued.

B. The nature and use of internal control (ISA 315 revised)

20%

1. Discuss the meaning, objectives and nature of internal control.
2. Discuss effective internal control.
3. Discuss the different types of internal control.
4. Discuss responsibilities for instituting and evaluating the effectiveness of internal control.
5. Discuss the main components of internal control.

6. Explain how accounting systems and related internal controls may be identified, recorded and analysed.
7. Discuss the techniques required for evaluating internal controls (walk-through, spot check, compliance test, substantive test)(ISA530)
8. Evaluate internal controls in a given scenario.
9. Discuss the limitations of internal control.
10. Discuss the contents of a management letter.
11. Discuss internal controls in a computerized accounting environment (ISA 315).
12. Discuss information security.

C. Gathering evidence

30%

The nature of audit evidence and the selection of sufficient and appropriate audit evidence (ISA 500 and (ISA 570 revised))

1. Justify the need to maintain and keep working papers and other documentation.
2. Evaluate the different sources and quality of evidence and the methods of obtaining evidence.
3. Document appropriate procedures for gathering evidence based on a given scenario (ISA 505, ISA 520).
4. Identify the circumstances where written representations may be required (ISA 580).
5. Evaluate the circumstances requiring discussion with senior assurance team members (ISA 450) and advise on how this should be communicated and documented.
6. Application of information technology in audit process
Discuss the following:
 - (a) Statistic analysis;
 - (b) Algorithm review; and
 - (c) Artificial intelligence tools in auditing such as Repetitive process automation, clone for stock taking, block chain for audit and revenue assurance tools.

D. Professional ethics and public interest**20%**

1. Discuss the importance of professional ethics.
2. Differentiate between rule-based and principle-based approaches to professional ethics.
3. Explain the meaning of public interest in the context of audit and assurance.
4. Discuss ethical issues under IFAC code and ICAN professional code of ethics and guide for members.
5. Compare ethical issues in the governance of private and public entities.
6. Discuss actions to deal with ethical dilemmas.
7. Assess the ethical threats to independence and safeguards.
8. Assess the ethical conflicts an accountant faces as an employee in a private or public entity.
9. Assess the ethical conflicts facing an accountant when charged with governance in a private or public entity.
10. Discuss the concept of whistle blowing in relation to audit and assurance (non compliance with rules and regulations - NOCLAR).

Applicable Standards**a. International Standards on Auditing (ISA):**

- ❖ 200 - Overall Objectives of the Independent Auditor and the Conduct of an Audit in accordance with International Standards on Auditing.
- ❖ 230 - Audit documentation
- ❖ 300 - Planning an Audit of Financial Statements
- ❖ 315 - Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment
- ❖ 320 - Materiality in Planning and Performing an Audit
- ❖ 450 - Evaluation of Misstatements Identified during the Audit
- ❖ 500 - Audit Evidence
- ❖ 505 - External Confirmations
- ❖ 520 - Analytical Procedures
- ❖ 530 - Audit Sampling
- ❖ 540- Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures
- ❖ 580 - Written Representations
- ❖ 700 - The Auditor's Report on Financial Statements.

- ❖ International standards on assurance engagement (ISAEs).

Note: All the approved and released standards may be examined after six months from date of issue.

Guide to examination assessment

New standards may be examined after six months from the date of issue.

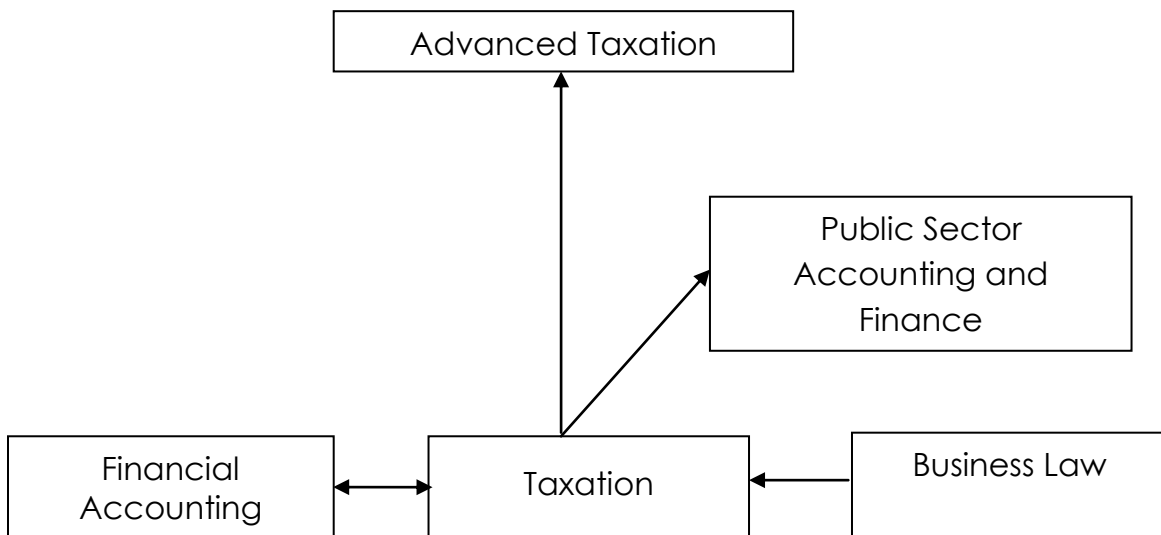
All applicable laws may be examined after six months from dates of amendment or enactment.

B3. TAXATION**Aim**

Professional accountants need to understand taxation principles and laws to support compliance and effective professional advice. The emphasis here is on basic knowledge and application of tax legislations relating to individuals and corporate entities in simple situations. Candidates are expected to be able to explain tax consequences of activities of individuals and corporate entities.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects of the syllabus.

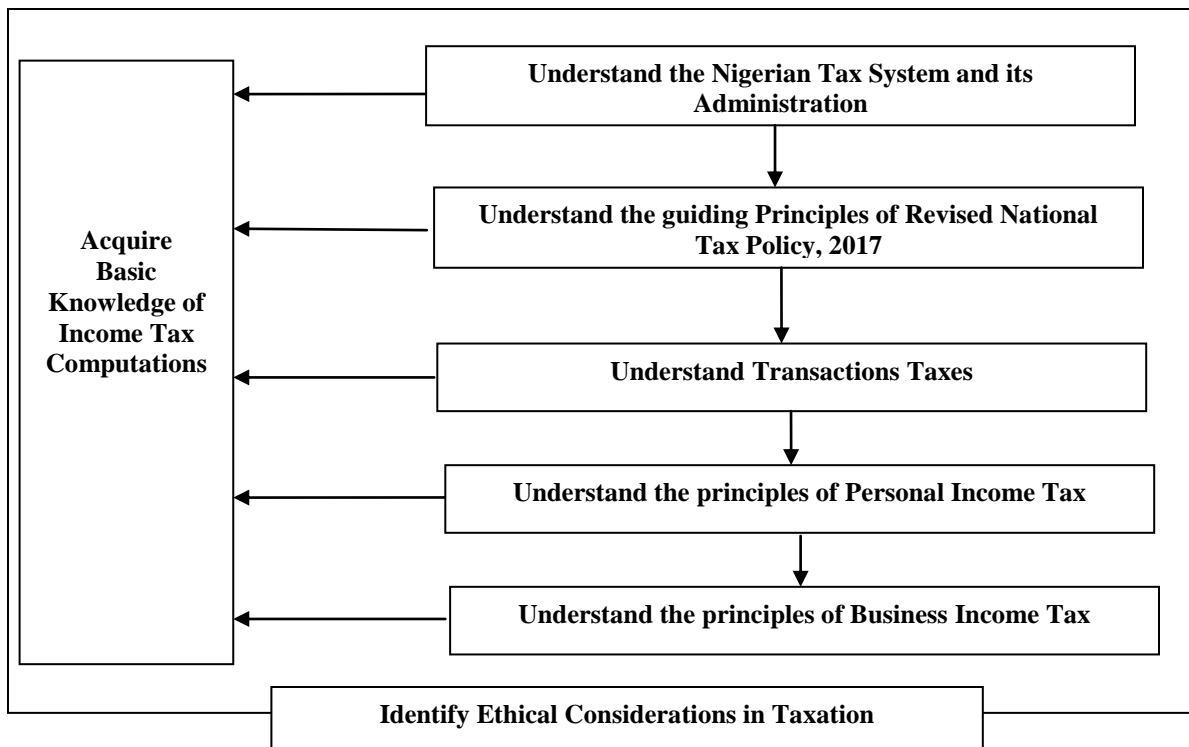
**Main competencies**

On successful completion of this paper, candidates should be able to:

- ❖ Explain the structure of the tax system including the roles, duties and powers of various organs of tax administration in Nigeria;
- ❖ Explain the guiding principles of the revised national tax policy (NTP), 2017;
- ❖ Identify and explain the five fundamental principles of ethics as specified by the International Ethics Standards Board for Accountants (IESBA);
- ❖ Understand applicable rates of transactions taxes, compute and know payment and returns timelines (including offences and penalties); and
- ❖ Apply basic knowledge of tax legislations in computing income tax liabilities relating to individuals and corporate entities in simple situations.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Introduction to taxation and tax administration

20%

1. Introduction to taxation

- (a) Explain the objectives of taxation.
- (b) Explain the types of taxes and tax system.
- (c) Explain the basic concepts in taxation:
 - (i) Tax base, tax yield, tax rate, tax incidence; and
 - (ii) Tax burden, tax impact, tax shift, tax effect.
- (d) Differentiate between tax and other levies.
- (e) Explain the principles/canons of taxation.
- (f) Explain the following in relation to taxation in Nigeria:
 - (i) Enabling Acts; and
 - (ii) Sources of the tax laws.
- (g) Explain the objectives of tax identification number (TIN)
- (h) Discuss tax amnesty in relation to voluntary assets and income declaration scheme (VAIDS) and voluntary offshore assets regularisation scheme (VOARS).

2. Tax administration in Nigeria

Discuss the roles, functions, compositions and powers of:

- (a) Joint Tax Board;
- (b) State Board of Internal Revenue;
- (c) Federal Inland Revenue Service and its management Board;
- (d) Joint State Revenue Committee;
- (e) Local Government Revenue Committee;
- (f) Tax Appeal Tribunal; and
- (g) Discuss the role and relationship between Fiscal Policy, Tax legislation and Administration

3. Revised National Tax Policy (NTP), 2017

- (a) Explain the objectives of this policy.
- (b) Explain the policy guidelines as they relate to:
 - (i) Guiding principles of Nigerian Tax System; and
 - (ii) Taxation as a tool for economic management and development:
 - ❖ Wealth creation and employment;
 - ❖ Taxation and diversification;
 - ❖ Focus on indirect taxation;
 - ❖ Convergence of tax rates;
 - ❖ Special arrangements and other incentives;
 - ❖ Creating a competitive edge; and
 - ❖ International and regional treaties.
- (c) Explain the responsibilities of the following stakeholders:
 - (i) The government;
 - (ii) The taxpayer;
 - (iii) Revenue agencies;
 - (iv) Professional bodies, tax practitioners, consultants and agents; and
 - (v) Media and advocacy groups.
- (d) Explain the administration of the mandates of the three-tiers of government in accordance with the following:
 - (i) Registration of taxable persons;
 - (ii) Tax compliance;
 - (iii) Efficiency of administration;
 - (iv) Technology and tax intelligence; and
 - (v) Dispute resolution.
- (e) Explain the implementation measures by:
 - (i) The President and Governors;
 - (ii) Legislature;
 - (iii) Ministry of Finance;
 - (iv) Ministries, departments and agencies (MDAs);

- (v) Tax authorities; and
- (vi) Independent National Electoral Commission (INEC).

4. Basic ethical issues in taxation

- (a) Explain the following five fundamental principles of ethics as specified by the International Ethics Standards Board for Accountants (IESBA):
 - (i) Integrity;
 - (ii) Objectivity;
 - (iii) Professional competence and due care;
 - (iv) Confidentiality; and
 - (v) Professional behaviour.
- (b) Discuss the conditions when information on taxpayers may be disclosed.
- (c) Explain what a tax practitioner should do when there is a conflict of interest.

5. Assessments, objections, appeals and remittances

- (a) Explain the following types of assessments:
 - (i) Self assessment;
 - (ii) Additional assessment;
 - (iii) Best of judgment (BOJ)/administrative assessment; and
 - (iv) Back duty assessment.
- (b) Explain the procedures for tax objections and appeals, covering the following:
 - (i) Time limit for objection and appeal;
 - (ii) Contents of a notice of objection and appeal;
 - (iii) Amendment of assessment and refusal to amend; and
 - (iv) Appeal procedures and processes: Tax Appeal Tribunal, Federal High Court, Court of Appeal and Supreme Court.
- (c) Explain the basis for registration and filing of returns with the revenue authorities covering the following:
 - (i) The need for tax registration and the display of tax identification number (TIN) on all documents;
 - (ii) Time within which to register;
 - (iii) Registration requirements and process;
 - (iv) Contents of a tax return;
 - (v) Due date for filing of tax returns; and
 - (vi) Time within which to pay tax assessed.
- (d) Explain the following in respect of a tax clearance certificate (TCC):
 - (i) Definition and contents;
 - (ii) The conditions for granting a TCC;
 - (iii) The transactions for which a TCC is required; and
 - (iv) The procedure for processing TCC.

B. Transactions taxes**20%****1. Withholding tax (WHT)**

- (a) Explain the nature, objectives and administration of WHT.
- (b) Explain the transactions/incomes subject to WHT and applicable rates.
- (c) Identify the relevant tax authority for collection of WHT.
- (d) Explain the procedure for filing WHT return; list its contents and time frame for compliance.
- (e) Discuss the procedures and provisions relating to WHT refunds and grounds for objection.
- (f) Explain the procedure for remittance of WHT to tax authorities.
- (g) Discuss the administrative bottlenecks and other problems of WHT.
- (h) Discuss the merits and demerits of WHT scheme.

2. Value added tax (VAT)

- (a) Explain the nature, objectives and administration of VAT.
- (b) Explain the following:
 - (i) Goods (tangible and intangible);
 - (ii) Services;
 - (iii) Taxable persons;
 - (iv) Taxable supplies of goods and services; and
 - (v) When goods and services shall be deemed to be supplied in Nigeria in accordance with S33 (2) of the Finance Act 2019
- (c) Explain the following in relation to VAT:
 - (i) Input tax;
 - (ii) Output tax;
 - (iii) Exemptions;
 - (iv) Zero-rated supplies and services;
 - (v) Reverse VAT;
 - (vi) Basic tax point;
 - (vii) Actual tax point; and
 - (viii) Standard rate in line with provisions of the Finance Act, 2019.
- (d) Explain registration and deregistration of value added tax (VAT) for the following:
 - (i) Residents; and
 - (ii) Non-residents.
- (e) Compute VAT liability, including the treatment of opening and closing inventories.
- (f) Explain the obligations for registration, records and accounts keeping, and valid VAT Invoice.
- (g) Explain the requirements for filing of VAT returns and remittance of VAT liability.
- (h) Explain the self-account provision for all supplies for which VAT was not charged.
- (i) Explain the treatment of VAT on imported and exported goods and services.

- (j) Explain the provisions of the Finance Act, 2019 in relation to sale and transfer of assets amongst related parties in business reorganisation and restructuring.
- (k) State the offences and penalties associated with VAT.
- (l) Explain the provision on VAT recovery.
- (m) Explain the provision of tax compliance threshold.

3. Stamp Duties

- (a) Explain the nature and objectives.
- (b) Discuss the various terms relating to stamp duties in line with the provisions of the Finance Act, 2019.
- (c) Explain the instruments and receipts liable to stamp duties.
- (d) Explain the instruments exempted from stamp duties.
- (e) Identify the relevant tax authority for collection.
- (f) Explain the types and forms.
 - (i) Explain the administration of stamp duties.
 - (ii) Explain electronic documents received in Nigeria in accordance with IFRS information circular Number 2020/05 dated April 29, 2020
 - (iii) Explain modes of denoting stamp duties.
 - (iv) Discuss the functions of the Commissioner for Stamp Duties.
- (g) Explain the time limit for stamping and implications of non-stamping.
- (h) Explain the recoverability of outstanding duties.
- (i) Discuss the stamp duties on loans and credit facilities.
- (j) Explain the process of adjudication, the limits and appeals procedure.
- (k) Explain lost instruments and treatment under stamp duty in accordance with Finance Act 2019.
- (l) Explain instruments which are not properly stamped.
- (m) Explain mode of calculating ad-valorem duty,
- (n) Explain the stamping of instruments after execution.
- (o) Explain duty upon receipts.
- (p) Explain duty on contracts.
- (q) Discuss the consequences for non-compliance with the provisions of the Stamp Duties Act.

4. Customs and excise duties

- (a) Explain the nature, objectives and administration of customs and excise duties.
- (b) Explain the rates and basis of computation.
- (c) Identify excisable items taking into consideration the provisions of the Finance Act, 2019.
- (d) Discuss provisions relating to the furnishing of information by manufacturers and keeping of books.
- (e) Explain offences and penalties.

5. Luxury tax

- (a) Explain luxury tax.
- (b) Explain the relevant goods and services.
- (c) Identify the applicable rate for each of the goods and services.
- (d) Explain the benefits of taxation of luxury goods.

6. Land use charge (computation, assessment and dispute resolution)

C. Personal income tax

30%

1. Taxation of employment income

- (a) Explain contract of service and contract for service.
- (b) Explain the following types of employment:
 - (i) Nigerian employment; and
 - (ii) Foreign employment.
- (c) Distinguish among employment, vocation and profession.
- (d) Explain an itinerant worker.
- (e) Explain the following terminologies in employment income:
 - (i) Cash emolument;
 - (ii) Benefits-in-Kind; and
 - (iii) Taxable and tax-exempt incomes.
- (f) Explain the conditions for taxation of income from employment.
- (g) Explain allowable and non-allowable deductions.
- (h) Explain the following:
 - (i) Registration for Pay-As-You-Earn (PAYE);
 - (ii) Basis of assessment;
 - (iii) Computation of consolidated relief allowance;
 - (iv) Computation of personal income tax; and
 - (v) Filing of returns: employees and employers.
- (i) Identify relevant tax authority.
- (j) Discuss offences and penalties.

2. Taxation of trusts, settlements and estates

- (a) Discuss trusts, settlements and estates.
- (b) Explain allowable and non-allowable expenses.
- (c) Compute income from trusts, settlements and estates.
- (d) Compute taxable income.
- (e) Compute tax liability in the hands of beneficiaries and trustees.
- (f) Identify relevant tax authority.
- (g) Explain offences and penalties.

3. Taxation of investment income

- (a) Explain investment income.
- (b) Compute rental income chargeable to tax on property, including contractor-financed projects.
- (c) Explain the tax implications of dividends, royalties and interests.
- (d) Explain the bases of assessments and payment of taxes on investment incomes.
- (e) Explain franked investment income.

D Taxation of business income

30%

1. Taxation of business income

- (a) Sole proprietorship
 - (i) Explain the meaning of a trade or profession and badges of trade.
 - (ii) Computation of assessable profit of a trade or profession
 - ❖ Identify taxable and non-taxable income.
 - ❖ Identify and explain allowable and non-allowable expenses.
 - (iii) Basis period for assessment
 - ❖ Define basis period and state types.
 - ❖ State the rules for commencement, change of accounting date and cessation.
 - (iv) Capital allowance computation
 - ❖ Define qualifying capital expenditure and capital allowance.
 - ❖ Explain the types of capital allowances and qualifying capital expenditure.
 - ❖ Discuss the conditions for granting capital allowance.
 - ❖ Explain the treatment of capital allowances for small companies
 - ❖ Identify capital allowance rates and restrictions.
 - ❖ Compute balancing adjustments on disposal of qualifying capital expenditure.
 - (v) Loss relief
 - ❖ Identify and explain types of loss reliefs and their treatments.
 - ❖ Explain the treatments of losses under commencement and cessation of business.
 - (vi) Computation of tax liabilities
 - ❖ Compute total profits.
 - ❖ Compute tax liabilities for small, medium-sized and large companies taking into consideration the provisions of Finance Act, 2019.

- (b) Partnerships
 - (i) Explain partnership.
 - (ii) Explain allowable and non-allowable expenses.
 - (iii) Compute the income of a partnership business.
 - (iv) Identify the taxable income of partners.
 - (v) Explain the tax treatment under admission and resignation of a partner.
- (c) Limited liability companies
 - (i) Identify persons chargeable to companies income tax.
 - (ii) Identify and explain allowable and non-allowable expenses, including the changes introduced by the Finance Act, 2019
 - (iii) Computation of assessable profit
 - (iv) Basis period for assessment
 - ❖ Explain types.
 - ❖ Explain the rules for commencement, change of accounting date and cessation of business in accordance with the provisions of the Finance Act, 2019.
 - (v) Capital allowance computation
 - ❖ Explain types of capital allowance.
 - ❖ Explain types of qualifying capital expenditure.
 - ❖ Explain the conditions for granting capital allowance.
 - ❖ Identify and apply the capital allowance rates and restrictions.
 - ❖ Compute balancing adjustments on disposal of qualifying capital expenditure.
 - (vi) Loss relief
 - ❖ Explain Loss relief principles.
 - ❖ Explain the treatment of losses under commencement, change of accounting date and cessation of business in accordance with the provisions of the Finance Act, 2019.
 - (vii) Compute companies income tax liability in accordance with the provisions of the Finance Act, 2019, taking the following into consideration:
 - ❖ Total profit;
 - ❖ Minimum tax;
 - ❖ Dividend distribution;
 - ❖ Ascertain dividends paid out of retained earnings; and
 - ❖ Gross Revenue/Turnover.
 - (ix) Compute and explain the bases for computing deferred tax.

2. Taxation of specialised businesses

- (a) Explain the terms relating to specialised businesses.
- (b) Discuss the relevant tax provisions for real estate investment companies which are approved by the Securities and Exchange Commission (SEC) under the relevant provisions of real estate investment schemes (REIS).

- (c) Discuss relevant tax provisions relating to agricultural business.
- (d) Discuss the tax provisions and compute tax liability on income from transportation, telecommunication, banks and insurance businesses.
- (e) Discuss the modifications introduced by the Finance Act, 2019 to the tax rules for insurance companies and the presentation of accounts for life assurance and non-life insurance companies.
- (f) Explain the circumstances when the Revenue can assess a company based on its turnover.
- (g) Identify and explain criteria that must be met for exemption of profits of a small company from companies income tax (CIT).
- (h) Explain the basis for taxation of enterprises in free trade zones.
- (i) Explain the criteria for exempting the profits of a Nigerian company in respect of goods exported from Nigeria.
- (j) Explain the tax implications of the operation of the regulated securities lending transactions in Nigeria.
- (k) Explain the provisions of the Nigerian Information Technology Development Agency Act (NITDA) 2007 (as amended) as it relates to taxation.
- (l) Explain the provisions of the Nigeria Police Trust Fund (Establishment) Act, 2019 as it relates to the levy of 0.005% of the net profit of companies operating in Nigeria.
- (m) Explain digital taxation (including taxation on income from e-commerce and e-business).

3. Tertiary education tax

- (a) Explain tertiary education tax.
- (b) Explain the objectives and basis of computation of tertiary education tax as provided in the enabling Act.
- (c) Explain why a small company should not pay tertiary education tax.
- (d) Explain the imposition, assessment and collection of the tax.
- (e) Discuss the management and administration of the tertiary education tax fund (TETFund).
- (f) Explain the composition and functions of the board of trustees.
- (g) Explain the allocation and distribution of the tax.
- (h) Explain the offences and penalties for non-compliance.

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet.

All new laws, regulations and relevant tax circulars may be examined after six months from the dates of issue.

B4. CORPORATE STRATEGIC MANAGEMENT AND ETHICS

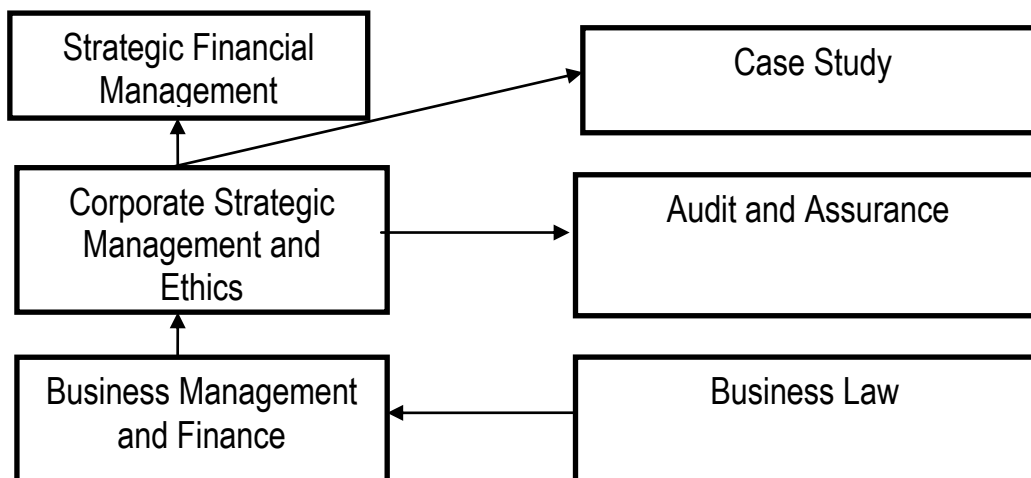
Aim

This syllabus element takes knowledge from the first level to contemporary professional and business contexts in which excellence in corporate strategic management, effective risk management, sound corporate governance and good ethics support professional practice and business operations in private and public-sector entities.

Candidates will be equipped with knowledge and skills that will position them to effectively achieve objectives, meet expectations and remain focused on long-term sustainable success as professional accountants. Candidates are expected to be capable of analysing simple scenarios in terms of global best practices and compliance with laws and regulations in the context of the knowledge and skills they have cumulatively acquired and developed.

Linkage with other subjects

Corporate Strategic Management and Ethics (CSME) derives from the foundation laid in Business, Management and Finance (BMF) and Business Law (BL) and feeds directly into Strategic Financial Management (SFM) and Case Study (CS) at the Professional level. It must however be noted that the ethics component of this subject feeds into virtually all the subjects at the professional level.



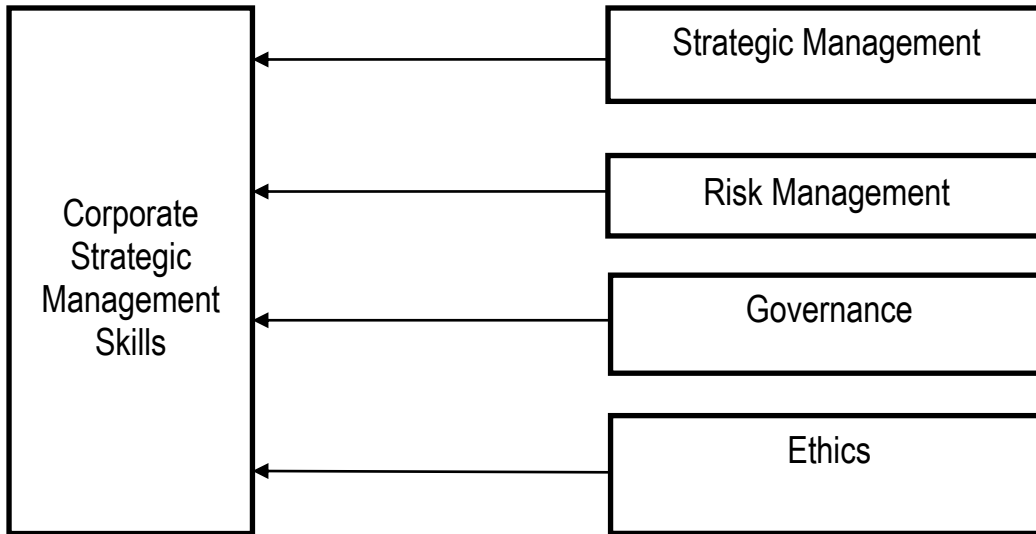
Main competencies

On successful completion of this paper, candidates should be able to:

- ❖ Analyse a business position, make informed choices and implement chosen strategies;
- ❖ Appreciate the impact of risk on corporate performance and implement programmes to mitigate it;
- ❖ Differentiate between management and corporate governance and adopt best global practices to direct the affairs of an organisation; and
- ❖ Appreciate the impact of ethics on organisations and develop skills for ethical decision-making.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Introduction

5%

1. Explain the concept of strategic management and its importance.
2. Distinguish strategic management from strategic planning, long term planning and corporate planning.
3. Distinguish the various levels of strategy: corporate; business; and functional.
4. Explain approaches to strategic planning, using:
 - (a) Rational model;
 - (b) Logical incremental model; and
 - (c) Freewheeling opportunism model.
5. Discuss the strategic management process: analysis; choice; implementation; and evaluation.
6. Explain the concept of corporate governance and discuss:
 - (a) Perspectives on corporate governance;
 - (b) Historical development of corporate governance: global and national; and
 - (c) Structure, principles, functions and mechanisms of corporate governance.

B. Strategic management

30%

1. Strategic analysis

- (a) Analyse a business and its strategy, given its purpose, mission, vision and objectives from shareholders' and other stakeholders' perspectives.
- (b) Analyse the external business environments and examine the opportunities and threats that could arise from events or potential events at the global, national, industry or competitive levels.

- (c) Analyse the internal environment of a business to identify the strengths and weaknesses and align them with the opportunities and threats in the external environments.
- (d) Analyse the position of a business in terms of its competitive strategy, plans and current markets, drawing conclusions and giving simple recommendations on the chosen plans.
- (e) Analyse the position of a business with a chosen strategy in the context of its environment, based on an assessment of its resources, processes, people, information technology (IT), products, core capabilities and competences. Give simple recommendations on the best options.
- (f) Draft an overall analysis, drawing conclusions with recommendations based on given financial and non-financial data and information from a variety of sources in a given scenario.
- (g) Determine sustainable competitive advantage and the core competence of a business in a given scenario.
- (h) Discuss techniques for conducting strategic analysis, such as brainstorming, interview, questionnaire, elicitation method, mind mapping, process design, business case development and scope definition.

Note: Models for analyses include PESTEL, SWOT, SOAR, Porter's diamond, Porter's Five Forces, Life Cycle, Value Chain, Benchmarking, Customer Relationship Management and BCG Matrix.

2. Strategic choice

- (a) Analyse the appropriate choices of strategy that a company may adopt based on a given scenario. This should include competitive advantage, the strategic clock, cost leadership differentiation, lock-in strategies and collaboration.
- (b) Identify and explain, based on an analysis of choices of strategy, the impact of strategy on commercial, ethical, corporate social responsibility and sustainability objectives.
- (c) Evaluate the appropriateness of a chosen strategy that supports business objectives, considering constraints, conflicts and other issues based on a given scenario. The following models and tools may be employed in carrying out the evaluation:

Models

- (i) Porter's generic competitive strategies;
- (ii) Johnson, Scholes and Whittington (JSW) model of strategic planning; and
- (iii) Boston Consulting Group (BCG) model in strategic management.

Tools

- (i) Forecasting tools;
- (ii) Trend analysis;
- (iii) System modelling; and
- (iv) Delphi technique.

- (d) Draw conclusions based on market and product analyses that support a business strategy concerning pricing, positioning, placing and other product decisions in a strategic marketing plan.
- (e) Determine the appropriate corporate growth strategy in a given scenario:
 - (i) Internal development;
 - (ii) Diversification;
 - (iii) Forward and backward integration;
 - (iv) Mergers and acquisitions;
 - (v) Product portfolio management;
 - (vi) Griener's Growth Model; and
 - (vii) Other growth models.
- (f) Select a strategic growth direction of a company using Ansoff's matrix.

3. Strategic implementation

- (a) Discuss and evaluate the alternative functional strategies that are appropriate to deliver a chosen strategy in a given scenario such as production, marketing, finance, IT and human resources.
- (b) Develop and evaluate alternative business plans and proposals and select the best option to implement a chosen strategy.
- (c) Evaluate the tools and techniques for strategy implementation applicable to different business units in a given scenario.
- (d) Evaluate strategic performance using: balanced scorecard, performance pyramid, and Fitzgerald and Moon building blocks.
- (e) Appraise organisational structures and related activities that may be appropriate to deliver a chosen strategy set out in a given scenario: entrepreneurial, functional, divisional, conglomerate and matrix.
- (f) Communicate chosen strategies and performance targets to operational and tactical managers through annual budgets, monthly and weekly targets, linking critical success factors (CSFs) to key performance indicators (KPIs) and strategy.
- (g) Evaluate and explain how information technology and information systems can support the effective implementation of a business strategy including issues of competitive advantage.
- (h) Evaluate and explain the potential issues of change that may arise from a chosen or given business strategic implementation plan.
- (i) Evaluate the impact of organisational change on organisation culture including cultural web and Mckinsey's 7S model.
- (j) Evaluate the role of leadership in managing the change process, including building and managing effective teams.
- (k) Evaluate tools, techniques and strategies for managing and leading the change process.

4. Application of technology to strategy implementation
Discuss the following:
 - (a) technology strategic management and business modelling;
 - (b) technology risk management and cyber security;
 - (c) digital marketing; and
 - (d) Internet of Things (IoT)

C. Risk management

25%

1. Explain the meaning of risk, including risks arising internally or externally and relate them to achievement of:
 - (a) Strategic objectives;
 - (b) Operational efficiency and effectiveness;
 - (c) Reliable reporting; and
 - (d) Legal, regulatory and ethical compliance.
2. Identify and assess risks in a given scenario in relation to their impact(s) on objectives.
3. Measure and prioritise risks, including quantitative assessment.
4. Discuss the role of board of directors in risk identification and assessment, including enterprise risk management (ERM) and 3-lines model emphasising first line functions - control, assurance, executive management and board.
5. Minimise risk using the as low as reasonably practicable (ALARP) principle (objective and subjective risk principles; related and correlated risk factors).
6. Evaluate appropriate responses to risks identified in a given scenario, including alternative risk management approaches: risk diversification; risk transfer; risk sharing; and risk hedging.
7. Explain the roles of a risk manager and risk committees in risk management.
8. Discuss risk auditing and monitoring.
9. Identify and explain appropriate high-level procedures to mitigate risks in a given scenario using TARA (transfer, avoidance, reduction and acceptance) framework.
10. Identify and explain appropriate mechanisms to monitor risk and risk management processes including information and communication systems such as enterprise risk management and COSO framework - ISO 31000 framework on risk management.

11. Evaluate both inherent and residual risks after mitigation in relation to shareholders' and stakeholders' risk appetites in a given scenario.
12. Discuss technology risk management and cyber security

D. Governance

20%

1. Identify the issues and bases of decision making, employing theories and philosophies of corporate governance in a given scenario. These include:
 - (a) Agency theory;
 - (b) Transaction cost theory;
 - (c) Stewardship theory;
 - (d) Resources dependency theory;
 - (e) Managerial and class hegemony theory;
 - (f) Psychological and organisational perspective theory;
 - (g) Stakeholders' theory; and
 - (h) Systems theory.
2. Explain the nature, significance and scope of enterprise governance and threats to effective governance, including:
 - (a) Concept of good governance;
 - (b) Roles of internal and external auditors;
 - (c) Board structure; and
 - (d) Audit committee.
3. Identify and assess roles and responsibilities of an effective board in a given scenario.
4. Discuss 'non-compliance with laws and regulations' (NOCLAR) in relation to the responsibilities of the board.
5. Discuss oversight functions of a board and institutional shareholders over management in a given scenario.
6. Assess transparency of an entity through the quality of its disclosures.
7. Discuss the importance and implications of probity as a principle of governance.
8. Assess the extent to which a board in the public entities focuses on the value of sustainable long-term success.
9. Assess the extent to which a board in the public sector focuses on: delivery of an effective and appropriate public service; and acting in the public interest.

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

10. Discuss global developments in enterprise and corporate governance and elucidate the rules-based and principles-based approaches to corporate governance. Also, evaluate relevant national and international codes of corporate governance.
11. Discuss the concept of corporate social responsibility and specify its background and scope.
12. Discuss the concept of sustainability in business, sustainable asset management (SAM) and full cost analysis (FCA).
13. Explain governance and management issues relating to the use of information technology in organisations.
14. Discuss the following soft skills relevant to accountants:
 - (a) Leadership (including people management);
 - (b) Emotional intelligence;
 - (c) Social thinking (influence);
 - (d) Creative thinking;
 - (e) Service orientation;
 - (f) Cognitive flexibility; and
 - (g) Negotiation.

E. Ethics

20%

1. Explain the nature, scope and sub-divisions of ethics (descriptive, normative and meta-ethics; professional ethics and business ethics), and the relationship between
 - (a) Morality and ethics; and
 - (b) Ethics and law.
2. Explain and illustrate, using information in a given scenario, the importance of professional and business ethics in the public and private sectors.
3. Discuss and apply ethical theories to decision-making in professional practice: consequential or teleological theories (egoism and utilitarianism); non-consequential or deontological theories (ethics of duties and ethics of rights and justice); ethical relativism; ethical absolutism; ethical subjectivism; and situation ethics.
4. Discuss influences (individual, situational, cultural and religious), stages (Kohlberg's stages of moral development and the Heinz's dilemma) and models for ethical decision-making (Tucker's five question model, American Accounting Association (AAA) model, systems development ethics,).

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

5. Discuss the alternative models of professional-client relationship; agency, contract, paternalism and fiduciary.
6. Identify and explain in the context of a given scenario, how the issues of moral duties and moral dilemma may arise in professional and business ethics.
7. Discuss the nature of ethical conflicts and ethical threats confronting the accountant in a professional practice, ethical safeguards and tests for resolving the conflicts.
8. Examine the nature, procedure and challenges of whistle-blowing in the accountancy profession.
9. Discuss the alternative ethical stances and culture of an entity (personal versus corporate ethical stance), using:
 - (a) Johnson and Scholes four ethical stances;
 - (b) Gray, Owen and Adam's seven-level classification of social responsibilities;
 - (c) Johnson and Scholes conception of the cultural web; and
 - (d) Edgar Schein's three levels of culture.
10. Identify and assess issues of professional ethics and corporate governance as they may arise within the context of ICAN code of professional conduct and IFAC code of ethics for professional accountants in a given scenario.
11. Discuss the ethical dimension of corruption (bribery, money laundering, embezzlement, theft, fraud, extortion, and blackmail).

Guide to examination assessment

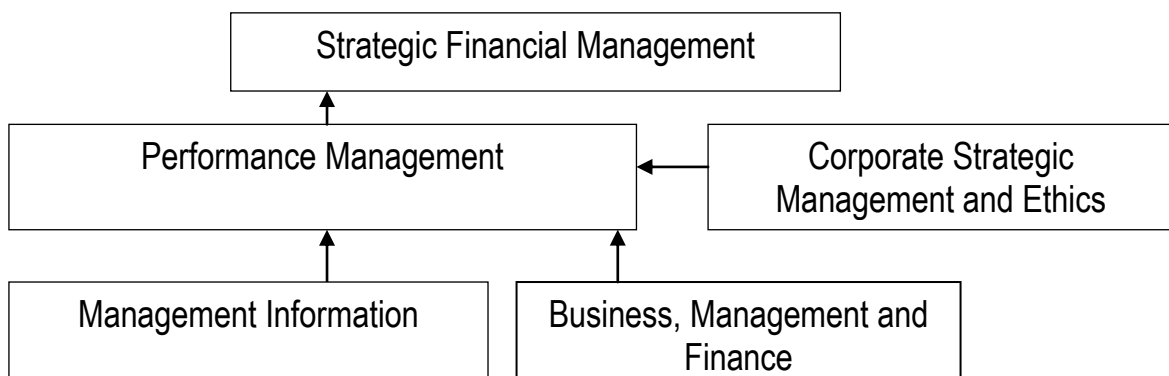
ICAN reserves the right to examine any topic in the syllabus at any examination diet. All new standards and laws may be examined after six months from the dates of issue.

B5. PERFORMANCE MANAGEMENT**Aim**

Performance management develops and deepens candidates' capability to provide information and decision-support to management in operational and strategic contexts with a focus on linking costing, management accounting and quantitative methods to critical success factors and operational strategic objectives whether financial, operational or with a social purpose. Candidates are expected to be capable of analysing financial and non-financial data and information to support management decisions.

Linkage with other subjects

The diagram below depicts the relationship between this subject and other subjects.

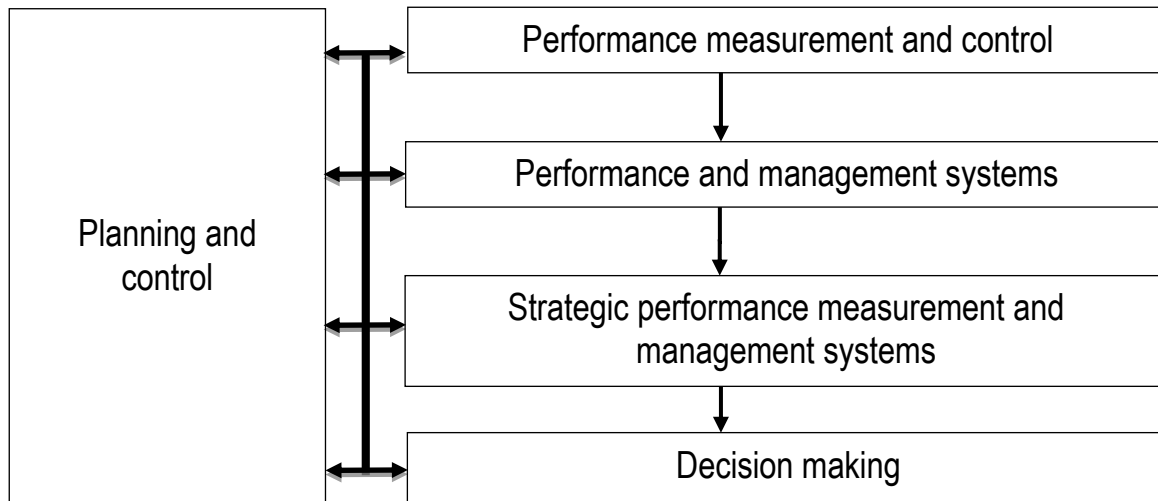
**Main competencies**

On successful completion of this paper, candidates should be able to:

- ❖ Identify and apply appropriate budgeting techniques and standard costing to planning and control in business;
- ❖ Select and apply performance measurement techniques;
- ❖ Apply strategic performance measurement techniques in evaluating and improving organizational performance;
- ❖ Discuss the accounting information requirements and the role of accountants in project management; and
- ❖ Select and apply decision-making techniques to facilitate efficient and effective business decisions in the use of scarce resources.

Linkage with main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Cost planning and control

20%

- 1. Overview of costs for planning and control**
 - (a) Discuss and evaluate the sources of performance management information.
 - (b) Analyse fixed and variable cost elements from total cost data using high/low method and regression analysis.
 - (c) Differentiate between marginal costing and absorption costing.
 - (d) Analyse overhead costs using activity based costing.

- 2. Cost planning and control for competitive advantage**
 - (a) Discuss and apply the principles of:
 - (i) Target costing;
 - (ii) Life cycle costing;
 - (iii) Theory of constraints (TOC);
 - (v) Throughput accounting;
 - (vi) Back flush accounting;
 - (vii) Environmental accounting; and
 - (viii) Kaizen costing.

 - (b) Learning and experience curve theory
 - (i) Discuss and apply the learning and experience curve theory to pricing, budgeting and other relevant problems.
 - (ii) Calculate and apply learning rate to cost estimation.

- (c) Cost of quality
 - i) Explain quality costs.
 - ii) Analyse quality costs into costs of conformance and costs of non-conformance.
 - iii) Discuss the significance of quality costs for organisations.

3. Ethical issues in performance management

- (a) Discuss ethical issues in performance management.
- (b) Discuss the professional accountants' code of ethics as it relates to performance management.

B. Budgeting and control

20%

1. Budgetary system, planning and control

- (a) Discuss and apply forecasting techniques to planning and control.
- (b) Discuss budgetary system in an organization as an aid to performance management.
- (c) Evaluate the information used in budgetary system.
- (d) Discuss the behavioural aspects of budgeting.
- (e) Discuss the usefulness and problems associated with different types of budget.
- (f) Explain *beyond budgeting* models.

2. Variance Analysis

- (a) Explain the uses of standard cost and types of standard.
- (b) Discuss the methods used to derive standard cost.
- (c) Explain and analyse the principle of controllability in the performance management system.
- (d) Calculate and apply the following variances:
 - (i) Material usage and price variances;
 - (ii) Material mix and yield variances;
 - (iii) Labour rate, efficiency and idle time variances;
 - (iv) Variable overhead expenditure and efficiency variances;
 - (v) Fixed overhead budget, volume, capacity and productivity variances;
 - (vi) Sales volume variance;
 - (vii) Sales mix and quantity variances;
 - (viii) Sales market size and market share variances; and
 - (ix) Planning and operational variances.
- (e) Identify and explain causes of various variances and their inter-relationship.
- (f) Analyse and reconcile variances using absorption and marginal costing techniques.

C. Performance measurement and control**20%****1. Performance analysis for profit oriented organisations**

- (a) Select and calculate suitable financial performance measures for a business from a given data and information.
- (b) Evaluate the results of calculated financial performance measures based on business objectives and advise management on appropriate actions.
- (c) Select and calculate suitable non-financial performance measures for a business from a given data and information.
- (d) Evaluate the results of calculated non-financial performance measures based on business objectives and advise management on appropriate actions.
- (e) Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view.
- (f) Discuss sustainability consideration in performance measurement of a business.
- (g) Select and explain stakeholders based measures of performance that may be used to evaluate social and environmental performance of a business.
- (h) Explain and interpret the Balanced Scorecard and Fitzgerald and Moon Building Block model.

2. Performance analysis in not-for-profit organisations

- (a) Discuss the problems of having non-quantifiable objectives in performance management.
- (b) Explain how performance may be measured in not-for-profit organisations.
- (c) Discuss the problems of having multiple objectives.
- (d) Demonstrate the Value for Money (VFM) as a public sector objective.
- (e) Calculate and evaluate non financial performance of not-for-profit organisations.
- (f) Explain the causes and problems created by short-termism and financial manipulation of results and suggest methods to encourage a long term view.

3. Divisional performance and transfer pricing

- (a) Discuss the various methods of setting transfer prices and evaluate the suitability of each method.
- (b) Determine the optimal transfer price, using appropriate models.
- (c) Explain the benefits and limitations of transfer pricing methods.
- (d) Demonstrate and explain the impact of taxation and repatriation of funds on international transfer pricing.
- (e) Select and explain suitable divisional performance measures for a given business using return on investment, residual income and economic value added approaches. Evaluate the results and advise management.

D. Decision making**30%****1. Advanced decision-making and decision-support**

- (a) Select and calculate suitable relevant cost based on given data and information. Evaluate the results and advise management.
- (b) Select, calculate and present cost-volume-profit analyses based on given data and information including single and multiple products, using both numerical and graphical techniques. Advise management based on the results.
- (c) Apply relevant cost concept to short term management decisions including make or buy, out-sourcing, shut down, one-off contracts, adding a new product line, sell or process further, product and segment profitability analysis, etc.
- (d) Apply key limiting factors in a given business scenario to:
 - (i) Single constraint situation, including make or buy; and
 - (ii) Multiple constraint situations involving linear programming using simultaneous equations, graphical techniques and simplex method. (The simplex method is limited to formulation of initial tableau and interpretation of final tableau).

NB. Computation and interpretation of shadow prices are also required.

- (e) Explain different pricing strategies, including:
 - (i) Cost-plus;
 - (ii) Skimming;
 - (iii) Market penetration;
 - (iv) Complementary product;
 - (v) Product-line;
 - (vi) Volume discounting; and
 - (vii) Market discrimination.
- (f) Calculate and present numerically and graphically the optimum selling price for a product or service using given data and information by applying relevant cost and economic models and advise management.
- (g) Evaluate how management can deal with uncertainty in decision-making including the use of simulation and algorithms, decision-trees, replacement theory, expected values, sensitivity analysis and value of perfect and imperfect information.

2. Working capital management

- (a) Discuss the nature, elements and importance of working capital.
- (b) Calculate and explain the cash operating cycle.
- (c) Evaluate and discuss the use of relevant techniques in managing working capital in relation to:
 - (i) Inventory, including economic order quantity model and Just-in-Time techniques;
 - (ii) Account receivables including cash discounts, factoring and invoice discounting;
 - (iii) Account payables; and
 - (iv) Cash including Baumol and Miller-Orr Models.

3. Capital budgeting decisions

- (a) Discuss the characteristics of capital budgeting decisions.
 - (b) Calculate and discuss various investment appraisal techniques such as:
 - (i) Traditional techniques:
 - ❖ Accounting Rate of Return; and
 - ❖ Pay-back period.
 - (ii) Discounted cash flow technique:
 - ❖ Net Present Value; and
 - ❖ Internal Rate of Return.
- NB: These may include basic profitability index and inflation but excluding tax consideration and capital rationing.
- (c) Evaluate asset replacement decision for mutually exclusive projects with unequal lives.

E. Strategic performance measurement

5%

Analyse and evaluate business objectives, strategies and performance measures using the following:

1. Value chain analysis;
2. Economic value added (EVA) including economic profit methods;
3. Market value added (MVA);
4. Value based management (VBM);
5. Profitability (GP, ROCE, ROI, EPS, EBITDA, etc.);
6. Liquidity; and
7. Solvency.

F. Performance and management system

5%

1. Evaluate and advise management on suitable information technology and strategic performance management system, covering:
 - (a) Sources of information;
 - (b) Information technology tools for performance management at various levels (strategic, tactical and operational); and
 - (c) Use of internet technologies for performance management and key performance indicators.

2. Evaluate and advise management on suitable approaches that may be used to manage people, issues and change when implementing performance management systems.
3. Discuss the accounting information requirements and analyse the different types of information systems used for strategic planning, management control and operational control, and decision-making.
4. Discuss roles of accountants in:
 - (a) Project management;
 - (b) Project planning; and
 - (c) Project control methods and standards.

B6. PUBLIC SECTOR ACCOUNTING AND FINANCE

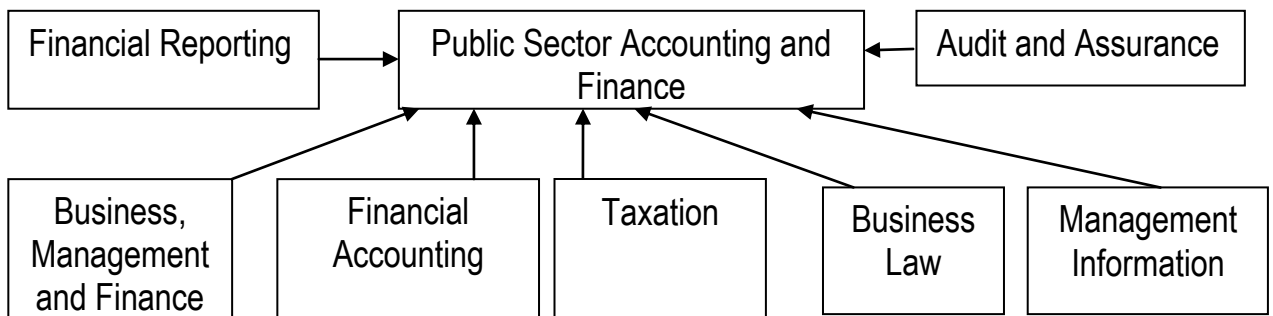
Aim

Candidates are expected to:

- Understand the activities/services in the public sector environment, legislative and financial frameworks as well as the accounting practices required to ensure accountability in the sector;
- Identify the nature of public sector organizations and their objectives, the role and significance of accounting standards, the structure of government and key aspects of legislations in public sector accounting; and
- Understand the concept of public goods and how the government finances and optimally provides these goods.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects.



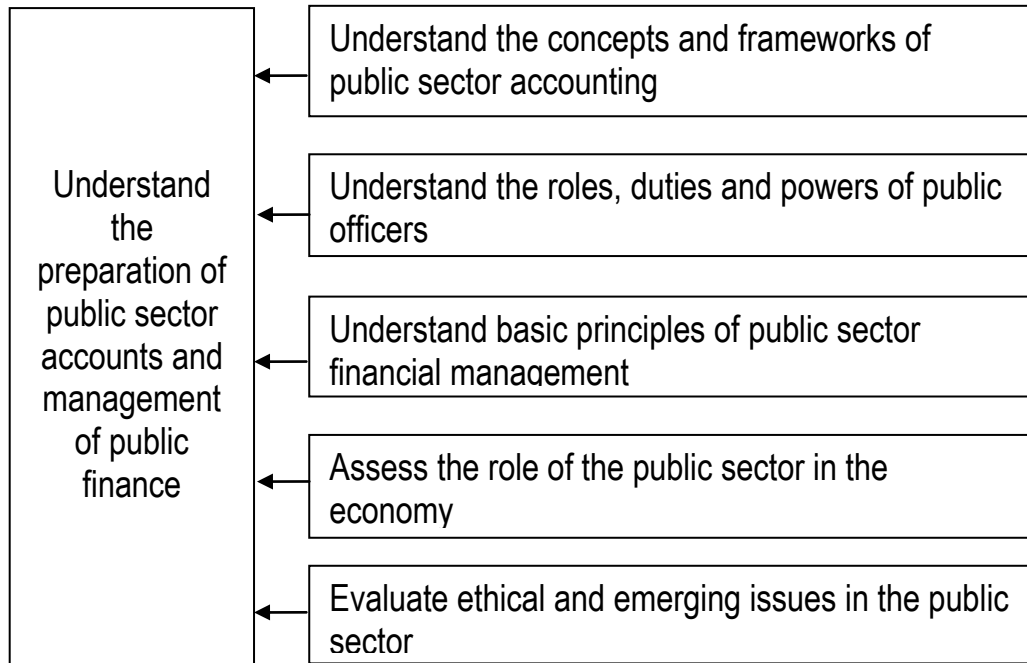
Main competencies

On successful completion of this paper, candidates should be able to:

- ❖ Understand the concepts and frameworks of public sector accounting;
- ❖ Understand the roles, duties and powers of officers and various organs in the public sector;
- ❖ Understand basic principles of public sector financial management;
- ❖ Assess and evaluate the economic environment and role of the public sector in the economy;
- ❖ Evaluate ethical and emerging issues in the public sector; and
- ❖ Evaluate the performance of each level of government and government entities in public finance management.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A Regulatory and conceptual frameworks of public sector accounting 20%

1. **The constitutional and regulatory frameworks of public sector accounting**
 - (a) Discuss the importance of the constitutional, legislative and regulatory contexts of Public Sector Accounting with specific emphasis on:
 - (i) The constitutional provisions on revenue, revenue allocation and public expenditure (federal, states and local governments);
 - (ii) The provisions of the Finance (Control and Management) Act of 1958 (as amended); and
 - (iii) Financial regulations for Federal and State Governments and financial memoranda for Local Government Councils.
 - (b) Discuss the provisions of:
 - (i) Fiscal Responsibility Act, 2010 in relation to:
 - ❖ The medium term expenditure framework (MTEF);
 - ❖ The annual budget (computational question may be examined);
 - ❖ Budget execution and achievement of targets (computational question may be examined);
 - ❖ Savings and assets management;
 - ❖ Transparency and accountability; and

- ❖ Enforcement.
 - (ii) Public Procurement Act, 2007 in relation to:
 - ❖ Fundamental principles of procurement;
 - ❖ Organisation of procurement;
 - ❖ Procurement methods (goods and services);
 - ❖ Special and restricted methods of procurement;
 - ❖ Procurement of consultant (services);
 - ❖ Disposal of public property; and
 - ❖ Offences.
 - (iii) International Public Sector Accounting Standards
IPSAS 11 - Construction Contracts (IAS 11). Computational question may be examined; and
 - (iv) IPSAS 12- Inventories (IAS 2). Computational question may be examined.
- c) Assess ethical issues in public sector accounting in respect of functions and powers (offences and penalties) of the following bodies:
- (i) Economic and Financial Crimes Commission (EFCC);
 - (ii) Independent Corrupt Practices and Other Related Offences Commission (ICPC);
 - (iii) Code of Conduct Bureau (CCB);
 - (iv) Code of Conduct Tribunal (CCT); and
 - (v) Public Accounts Committee (PAC).

2. Public sector accounting concepts and pronouncements

- a) Discuss:
- (i) Accounting concepts, bases and principles relevant to public sector accounting;
 - (ii) Concept of funds, its relationship to the entity concept and its implications for income measurement and valuation;
 - (iii) Professional pronouncements on public sector accounting by the United Nations, the International Committee on Public Sector Financial Management and International Federation of Accountants (IFAC) through IPSAS Board; and
 - (iv) Standardisation of Federal, State and Local Governments reporting formats in Nigeria.
- b) Discuss Pension Reform Act, 2014, in respect of:
- (i) Objectives;
 - (ii) Rates of contribution to scheme;
 - (iii) Exemption from the scheme;
 - (iv) Retirement benefits;
 - (v) Retirement savings account;
 - (vi) Transitional provisions for the public sector;
 - (vii) Pension fund administrators (PFA) and pension fund custodians (PFC);

- (viii) Investment of pension fund; and
- (ix) Offences, penalties and enforcement powers.
- (c) Discuss IPSAS 39 -.
- (d) Assess emerging issues in Nigerian public sector in relation to:
 - (i) Government Integrated Financial Management Information System (GIFMIS);
 - (ii) Integrated Payroll and Personnel Information System (IPPIIS);
 - (iii) Treasury Single Account (TSA); and
 - (iv) Accounting Transaction Recording and Reporting System (ATRRS).
- (e) Discuss Finance Act, 2019 in respect of:
- (f) i. Objectives;
- (g) ii. Ease of doing business; and
- (h) iii Compensation for loss of employment

B. Planning and budgeting

20%

1. Discuss the:
 - (a) Importance of planning and budgeting in the public sector; and
 - (b) Objectives and the use of annual budget in the public sector.
2. Evaluate types of budget:
 - (a) Line-item budgeting system;
 - (b) Traditional/incremental budgeting system;
 - (c) Planning programming budgeting system (PPBS);
 - (d) Programme performance budgeting system (PPBS); and
 - (e) Zero-base budgeting system (ZBB).
3. Distinguish among rolling, development and perspective plans.
4. Discuss the steps in the budgeting process and budgetary control.
5. Evaluate and discuss IPSAS 24 - Presentation of Budget Information in Financial Statements. Computational question may be examined.

C. Report and audit

30%

1. Accounting and financial reporting

- (a) Present and evaluate the public sector accounting processes in relation to:
 - (i) Treasury cash book and transcripts;
 - (ii) Cash management and borrowing guidelines;
 - (iii) Types of vouchers and their uses;
 - (iv) Bank reconciliation statements;
 - (v) Subsidiary accounts - deposits, advances and imprest;
 - (vi) Journal entries for loss of public funds;
 - (vii) Vote book and expenditure control; and

- (viii) Revenue control procedures.

- (b) Discuss the roles of the following bodies:
 - (i) Federation Accounts Allocation Committee (FAAC); and
 - (ii) Revenue Mobilization, Allocation and Fiscal Commission (RMAFC).
- (c) Prepare and discuss the following:
 - (i) Federation Accounts;
 - (ii) Federal public sector independent revenue; and
 - (iii) Charges to the Consolidated Revenue Fund (CRF).
- (d) Prepare statutory financial statements for federal, state and local government treasury in accordance with cash basis IPSAS in respect of the following:
 - (i) Cash Flow Statement;
 - (ii) Statement of Consolidated Revenue Fund;
 - (iii) Statement of Capital Development Fund;
 - (iv) Notes to the accounts;
 - (v) Performance reports;
 - (vi) Statistical reports; and
 - (vii) Accounting policies.
- (e) Prepare statutory financial statements for federal, state and local government treasury in accordance with Accrual Basis IPSAS in respect of the following:
 - (i) Cash Flow Statement;
 - (ii) Statement of financial performance (Consolidated Revenue Fund);
 - (iii) Statement of financial position (statement of assets and liabilities);
 - (iv) Statements of changes in net assets/equity;
 - (v) Comparison of budget and actual amounts; and
 - (vi) Notes to the accounts.
- (f) Discuss IPSAS 33 - First-time Adoption of Accrual Basis IPSAS.
- (g) Interpret public sector financial statements using relevant and appropriate techniques such as:
 - (i) Ratio analysis;
 - (ii) Variance analysis;
 - (iii) Budget performance indices; and
 - (iv) Revenue and expenditure profiles.

2. Accounting for public sector organisations and government business entities

- (a) Discuss the general nature of and differences among public sector organisations:
 - (i) Organisations without the features of a private company e.g. Independent National Electoral Commission (INEC), Niger-Delta Development Commission (NDDC), etc; and
 - (ii) Government business entities (i.e. hybrid organisations that have features of private companies and public organisations e.g. Nigerian Ports Authority (NPA), Central Bank of Nigeria (CBN), Nigerian

Security Printing and Minting Company (NSPMC) Ltd, Securities and Exchange Commission (SEC), etc.

- (b) Discuss financial provisions of enabling laws for relevant utilities, authorities, parastatals, boards, corporations, agencies and tertiary educational institutions.
- (c) Prepare the financial statements of relevant utilities, authorities, parastatals, boards, corporations, agencies and tertiary educational institutions in accordance with Accrual Basis IPSAS, considering the following:
 - (i) Statement of financial position;
 - (ii) Statement of financial performance;
 - (iii) Statements of changes in net assets/equity;
 - (iv) Cash flow statement; and
 - (v) Notes to the accounts.
- (d) Discuss the International Public Sector Accounting Standards (IPSAS) on cash basis in relation to its structure, objectives, responsibility, characteristics, and components.
- (e) Discuss the following International Public Sector Accounting Standards (IPSAS) on accrual basis in relation to the definitions, applications, recognition, measurement and disclosures;

IPSAS – Standards

IPSAS 1- Presentation of Financial Statements

IPSAS 2 - Cash Flow Statements

IPSAS 3- Accounting Policies, Changes in Accounting Estimates and Errors

IPSAS 4- The Effects of Changes in Foreign Exchange Rates

IPSAS 5- Borrowing Costs

IPSAS 9- Revenue from Exchange Transactions

IPSAS 10- Financial Reporting in Hyperinflationary Economies

IPSAS 13- Leases

IPSAS 14- Events After the Reporting Date

IPSAS 16- Investment Property

IPSAS 17- Property, Plant and Equipment

IPSAS 18- Segment Reporting

IPSAS 19- Provisions, Contingent Liabilities and Contingent Assets

IPSAS 20- Related Party Disclosures

IPSAS 21- Impairment of Non-Cash-Generating Assets

IPSAS 22- Disclosure of Financial Information About the General Government Sector

IPSAS 23- Revenue from Non-Exchange Transactions (Taxes and Transfers)

IPSAS 26- Impairment of Cash-Generating Assets

IPSAS 27- Agriculture

IPSAS 28- Financial Instruments: Presentation

IPSAS 29- Financial Instruments: Recognition and Measurement

IPSAS 30- Financial Instruments: Disclosures

IPSAS 31- Intangible Assets

IPSAS 32- Service Concession Arrangements: Grantor

IPSAS 34- Separate Financial Statements

IPSAS 35- Consolidated Financial Statements

IPSAS 36- Investments in Associates and Joint Ventures

IPSAS 37- Joint Arrangements

IPSAS 38- Disclosure of Interests in Other Entities

IPSAS 40- Public Sector Combinations

Note: Applicable new standards and laws may be examined six months after the date of issue.

3. Public Sector Audit

Discuss the:

- (a) Legal requirements for audit in the public sector and the roles of the Accountant-General and Auditor-General;
- (b) Processes of appointing auditors in the public sector;
- (c) Basic steps in the process of auditing public sector financial statements;
- (d) Concept of public accountability in the public sector;
- (e) Financial guidelines for the operation of the public sector;
- (f) Financial responsibilities of public sector officers;
- (g) Nature and types of financial control in the public sector;
- (h) Financial control institutions within the public sector (including their functions and procedures), in respect of:
 - (i) Ministry of Finance;
 - (ii) Office of the Auditor-General for the Federation;
 - (iii) Office of the Accountant-General of the Federation;
 - (iv) Budget office;
 - (v) Expenditure control unit; and
 - (vi) Fund section.
- (i) Roles of national and state assemblies, and local government councils in financial management and control;
- (j) Financial management and virement procedures;
- (k) Application of International Standards of Supreme Audit Institutions (ISSAI), standards for assurance and audit and their relationship with International Standards on Auditing (ISA's); and
- (l) Value-for-money audit.

D. Public finance

25%

- 1. Evaluate the roles of the public sector in relation to the:
 - (a) Performance of the Nigerian economy; and
 - (b) Objectives of fiscal responsibilities.

- 2. Discuss the main sources of revenue and capital finance.

3. Discuss the roles of revenue collection agencies, such as:
 - (a) Nigerian National Petroleum Corporation (NNPC);
 - (b) Federal Inland Revenue Service (FIRS);
 - (c) State Internal Revenue Service (SIRS);
 - (d) Department of Petroleum Resources (DPR);
 - (e) Nigerian Customs Service (NCS); and
 - (f) Local Government Revenue Authorities.
4. Assess revenue collection and monitoring procedures.
5. Justify the importance of grants as a source of revenue to federal, state and local governments.
6. Assess and evaluate the expenditure and revenue frameworks of public finance in relation to:
 - (a) Public expenditure:
 - (i) Efficient provision of public goods:
 - ❖ Deriving the efficiency contribution; and
 - ❖ Problems in achieving efficiency.
 - (b) Public goods:
 - (i) Justify government intervention in the provision of public goods; and
 - (ii) Evaluate how government spending creates positive externalities in provision of public goods.
7. Discuss the national privatisation policy with respect to:
 - (a) Public versus private provision;
 - (b) Public versus private production;
 - (c) Public goods and public choice; and
 - (d) Bureau of Public Enterprises (BPE).
8. Assess borrowing policy and public debts in the context of:
 - (a) Funded and unfunded debts;
 - (b) Debt burden;
 - (c) Deficit financing (to tax or to borrow?); and
 - (d) External loans: multilateral, Paris Club, London Club, promissory notes and others.
9. Evaluate debt management strategies in relation to:
 - (a) Loans pooling and consolidation;
 - (b) Loan re-scheduling;
 - (c) Debt-equity swap; and
 - (d) Debt forgiveness.

10. Evaluate and discuss principles and practice of federalism (fiscal federalism, fiscal capacity and needs in multi-level public sector structures).
11. Evaluate inter-public sectoral fiscal relations and Nigeria's experience with revenue allocation.
12. Appraise projects in the public sector, using:
 - (a) Cost-benefit analysis;
 - (b) Cost-outcome analysis;
 - (c) Cost-effectiveness analysis; and
 - (d) Net present value and internal rate of return.
13. Discuss the nature, causes and types of externalities.
14. Evaluate emerging issues in Nigerian Public Finance.

E. Public finance management and accountability

5%

Discuss the role of ICAN accountability index in public finance management and accountability covering the following:

1. Policy based fiscal strategy and budgeting;
2. Budgets credibility;
3. Management of assets and debts;
4. Control in budget execution, accounting and reporting; and
5. External audit and legislative scrutiny.

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet.

All new standards and laws may be examined after six months from the dates of issue.

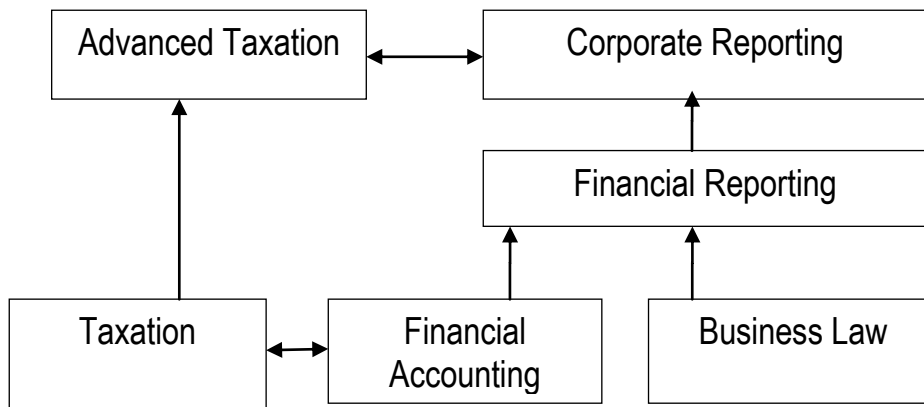
C1. CORPORATE REPORTING

Aim

This syllabus extends candidates' coverage of generally accepted accounting principles (GAAP), deepens their understanding of financial reporting and their ability to apply principles and practices to more complex situations.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects. Financial Accounting and Financial Reporting are pre-requisites to this subject.



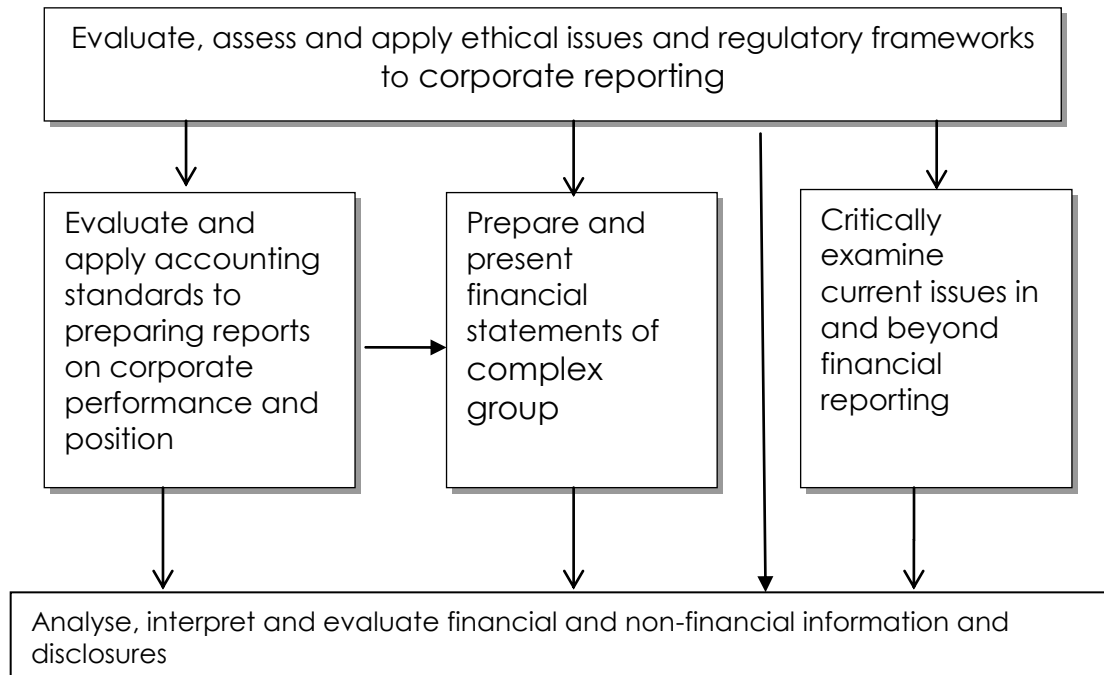
Main competencies

On successful completion of this paper, candidates should be equipped to:

- ❖ Prepare and report information in financial statements and notes on complex single-entity, group (subsidiaries and associates) and all forms of business combinations;
- ❖ Select, assess and present suitable accounting policies;
- ❖ Analyse, interpret and evaluate financial information and disclosures;
- ❖ Prepare and analyse financial statements to show the position, performance, prospect and risks of business;
- ❖ Understand current issues in the reporting framework and corporate reporting; and
- ❖ Understand and assess creative accounting and aggressive earnings management.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Ethical issues in and regulatory framework of corporate reporting 10%

1. Ethical issues in corporate reporting
 - (a) Discuss professional accountants' code of ethics as it relates to corporate reporting.
 - (b) Discuss and evaluate the ethical considerations that may arise in corporate reporting, including ethical dilemmas.
 - (c) Assess, recommend and justify actions to be taken where ethical issues arise in given corporate reporting scenarios.

2. Regulatory framework of corporate reporting
 - (a) Discuss the need for convergence in international regulatory frameworks of financial reporting standards.
 - (b) Evaluate the desirability, feasibility and implications of global financial reporting convergence using International Financial Reporting Standards (IFRS).
 - (c) Differentiate between rules-based and principles-based accounting standards.
 - (d) Assess the applicable regulations as sources of Nigerian GAAP;
 - (e) Discuss the merits and demerits of international convergence of financial reporting standards.
 - (f) Evaluate disclosures of corporate governance, chairman's report and audit committee report as they relate to a company's annual report.

- (g) Discuss the roles of Financial Reporting Council of Nigeria (FRCN) in financial reporting regulations and enforcement including IFRS compliance.

B. Reporting of entity's performance to stakeholders 20%

1. Performance reporting

- (a) Evaluate how different bases of measurement and recognition of assets and liabilities affect reported financial performance.
- (b) Apply accounting standards relating to performance reporting such as IFRS 15; IFRS 8; IFRS 5; IAS 33; and IAS 34 to the preparation of financial statements.
- (c) Formulate and evaluate entity's accounting policies (including group entities) in accordance with the provisions of IAS 8.
- (d) Discuss the financial statement disclosure requirements on performance reporting
- (e) Prepare entity's financial statements in accordance with legal requirements and applicable financial reporting standards.

2. Non- financial assets

- (a) Assess the effects of different recognition and measurement methods and timing of recognition of non-financial assets on reported financial position.
- (b) Discuss and appraise accounting treatments of non-current assets, such as: Property, Plant and Equipment - IAS 16; Intangible Assets - IAS 38; Investment Properties - IAS 40; Leases - IFRS 16; Non-current Assets Held for Sale - IFRS 5; Inventories -IAS 2; Agriculture – IAS 41; Accounting for Government Grants and Disclosure of Government - IAS 20; and Borrowing Costs - IAS 23.
- (c) Discuss the financial statement disclosure requirements for non-financial assets.

3. Non-financial liabilities

- (a) Evaluate how different methods and timing of recognition and measurement of non-financial liabilities affect reported financial position.
- (b) Appraise accounting treatments of non-financial liabilities, such as: Employees' Benefits – IAS 19; Share-based Payment –IFRS 2; Income Tax – IAS 12; Provisions, Contingent Liabilities and Contingent Assets – IAS 37; and Leases - IFRS 16.
- (c) Discuss the financial statement disclosure requirements for non-financial liabilities.

4. Financial assets and liabilities

- (a) Determine and assess how different bases for recognition, measurement and classification of financial assets and financial liabilities impact on reported performance and position.
- (b) Appraise the accounting treatment of financial instruments (IFRS 7 and IFRS 9); borrowing costs (IAS 23); and government grant (IAS 20) including impairment and hedge accounting under IFRS 9 for financial assets and liabilities.

5. Segment reporting

- (a) Determine and assess the nature and extent of reportable segments (IFRS 8).
- (b) Discuss the nature of segment information to be disclosed and its overall impact on reported performance of the reporting entity.

6. Related party transactions

Appraise the effect of related parties' transactions and disclosures on reported performance in line with relevant accounting standards.

C. Group financial statements

30%

1. Introduction to consolidating complex group structure

- (a) Identify and discuss complex group relationships including the criteria used to identify a subsidiary and an associate.
- (b) Identify and discuss the circumstances in which a group is required to prepare group financial statements and when an exemption can be granted.
- (c) Identify and discuss the criteria used to determine how different types of investment are recognised and measured.
- (d) Discuss and apply the treatment given to a subsidiary acquired exclusively with a view to its subsequent disposal.
- (e) Discuss why directors may not wish to consolidate a subsidiary and when this will be permitted.
- (f) Outline and apply the key definitions and accounting methods relating to interests in associates and joint arrangements.

2. Preparation of group financial statements of a complex group

- (a) Apply the provisions of relevant standards in determining the cost of acquisition in business combination under different scenarios.
- (b) Determine and apply appropriate procedures to be used in preparing group financial statements.
- (c) Determine, apply and disclose from financial information or other data in a given scenario, the amounts to be included in group financial statements in respect of acquisitions achieved one time or in stages involving subsidiaries, associates and joint ventures.
- (d) Calculate, determine and disclose, from financial information or other data in a given scenario, the amounts to be included in group financial statements in respect of full or partial disposals involving subsidiaries, associates and joint ventures.
- (e) Discuss and appraise how foreign currency transactions of a single entity or group entities are measured and accounted for in the financial statements.
- (f) Discuss and appraise how the financial statements of overseas entities are translated and consolidated.
- (g) Calculate, determine and disclose, from financial information or other data in a given scenario, the amounts to be included in group financial

statements relating to part of a group, the activities of which have been discontinued, or have been acquired or disposed of in the period.

- (h) Prepare group financial statements where necessary in (c) to (g) above.

D. Current developments in and beyond financial reporting

20%

1. Global convergence of financial reporting and Nigerian Generally Accepted Accounting Principles (NGAAP)

- (a) Determine, discuss and apply the accounting treatment of issues arising from the first-time transition to international accounting standards, such as IFRS from NGAAP.
- (b) Discuss accounting issues relating to applicable Nigerian accounting standards after IFRS adoption.

2. New international accounting standards and exposure drafts

- (a) Discuss and apply newly issued international financial reporting standards that are effective 6 months from examination date.
- (b) Discuss and apply newly issued exposure drafts.
- (c) Discuss any current issue in relation to the conceptual framework for financial reporting.

3. Social, environmental and ethical reporting

- (a) Discuss the need for social, environmental and ethical reporting and why companies may engage in these types of reporting.
- (b) Appraise the impact of social, environmental and ethical factors on corporate performance measurement.

4. Sustainability and integrated reporting

- (a) Discuss the progress from social and environmental accounting to sustainability reporting.
- (b) Discuss the principles and content elements of Global Reporting Initiative (GRI) and United States (US) Sustainability Accounting Standards Board (SASB) frameworks for sustainability reporting.
- (c) Evaluate the impact of sustainability reporting on corporate performance measures.
- (d) Discuss the principles and contents of International Integrated Reporting Council (IIRC) Integrated Reporting (IR) framework.
- (e) Discuss the need for and advantages of integrated reporting.
- (f) Discuss the progress towards global adoption of integrated reporting.

5. Technology and soft skills in corporate reporting

Discuss the following concepts in relation to corporate reporting:

- (a) Multiple capitals;
- (b) Integrated thinking;
- (c) Distributed ledger and related technologies;
- (d) Cloud computing; and

- (e) Reporting in a virtual environment.

E. Analysis of financial and other reports to appraise entity's financial performance and position 20%

1. Suitability of accounting policies and reported numbers

- (a) Assess the suitability of an entity's accounting policies to meet their reporting requirements.
- (b) Assess accounting treatments adopted in financial statements and assess their validity, suitability and acceptability.
- (c) Appraise the nature and validity of information disclosed in annual reports, including integrated reporting and other voluntary disclosures.
- (d) Appraise the nature and validity of items included in published financial statements.

2. Analyses, interpretation and appraisal of financial and other reports

- (a) Evaluate relevant indicators of financial and non-financial performance.
- (b) Analyse and evaluate the performance, including stock market performance, liquidity, efficiency and solvency of an entity using different techniques of analysis, such as: horizontal; vertical; ratios; trends; and common size.
- (c) Adjust reported earnings of an entity to make it comparable over time, with similar entities and industry average.
- (d) Assess the potential complex economic environment in which an entity operates, and its strategies based on financial and operational information contained within the annual report (such as Chairman and CEO/CFO business and performance reports, management commentary, corporate governance disclosures, financial summaries and highlights).
- (e) Make inferences from the analyses of information taking into account the limitations of the information, the analytical methods used and the business environment in which the entity operates.
- (f). Discuss and evaluate earnings management and creative accounting and assess their impact on the usefulness of ratios.

3. Limitations of financial analyses

- (a) Appraise the limitations of financial analyses.
- (b) Appraise the significance of inconsistencies and omissions in reported information in evaluating performance.

Applicable Accounting Standards:

- ❖ Preface to IFRS
- ❖ The Conceptual Framework for Financial Reporting
- ❖ IAS 1 - Presentation of Financial Statements
- ❖ IAS 2 - Inventories
- ❖ IAS 7 - Statement of Cash Flows

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

- ❖ IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- ❖ IAS 10 - Events after the Reporting Period
- ❖ IAS 12 - Income Taxes
- ❖ IAS 16 - Property, Plant and Equipment
- ❖ IAS 19 - Employee Benefits
- ❖ IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- ❖ IAS 21 - The Effects of Changes in Foreign Exchange Rates
- ❖ IAS 23 - Borrowing Costs
- ❖ IAS 24 - Related Party Disclosures
- ❖ IAS 26 - Accounting and Reporting by Retirement Benefit Plans
- ❖ IAS 27 - Separate Financial Statements
- ❖ IAS 28 - Investments in Associates and Joint ventures
- ❖ IAS 29 - Financial Reporting in Hyperinflationary Economies
- ❖ IAS 33 - Earnings per Share
- ❖ IAS 34 - Interim Financial Reporting
- ❖ IAS 36 - Impairment of Assets
- ❖ IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
- ❖ IAS 38 - Intangible Assets
- ❖ IAS 40 - Investment Property
- ❖ IAS 41 - Agriculture
- ❖ IFRS 1 - First-Time Adoption of IFRS
- ❖ IFRS 2 - Share-based Payment
- ❖ IFRS 3 - Business Combinations
- ❖ IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- ❖ IFRS 6 - Exploration for and Evaluation of Mineral Resources
- ❖ IFRS 7 - Financial Instruments: Disclosures
- ❖ IFRS 8 - Operating Segments
- ❖ IFRS 9 - Financial Instruments
- ❖ IFRS 10 - Consolidated Financial Statements
- ❖ IFRS 11 - Joint Arrangements
- ❖ IFRS 12 - Disclosure of Interest in other entities
- ❖ IFRS 13 - Fair Value Measurement
- ❖ IFRS 14 - Regulatory Deferral Accounts
- ❖ IFRS 15 - Revenue from Contract with Customers
- ❖ IFRS 16 - Leases
- ❖ IFRS 17 - Insurance
- ❖ IFRS for SMEs
- ❖ NGAAP - SAS 32 - Statement for Not-for-profit

Guide to examination assessment

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All new standards and laws may be examined after six months from the dates of issue.

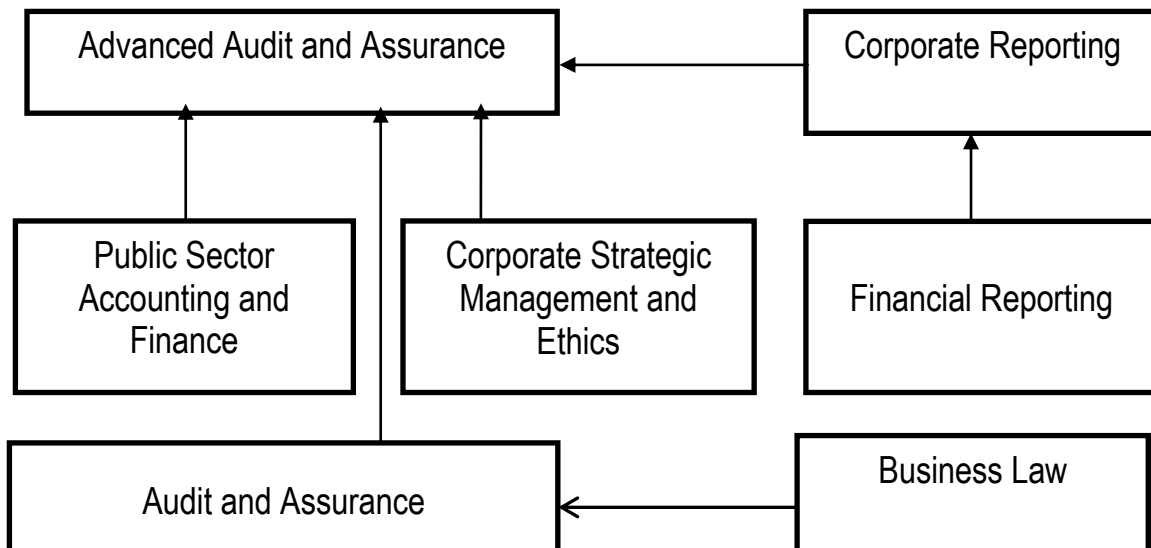
C2. ADVANCED AUDIT AND ASSURANCE

Aim

The candidate is expected to understand the critical aspects of managing audit and assurance engagements: acceptance; planning; concluding; and reporting.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects.



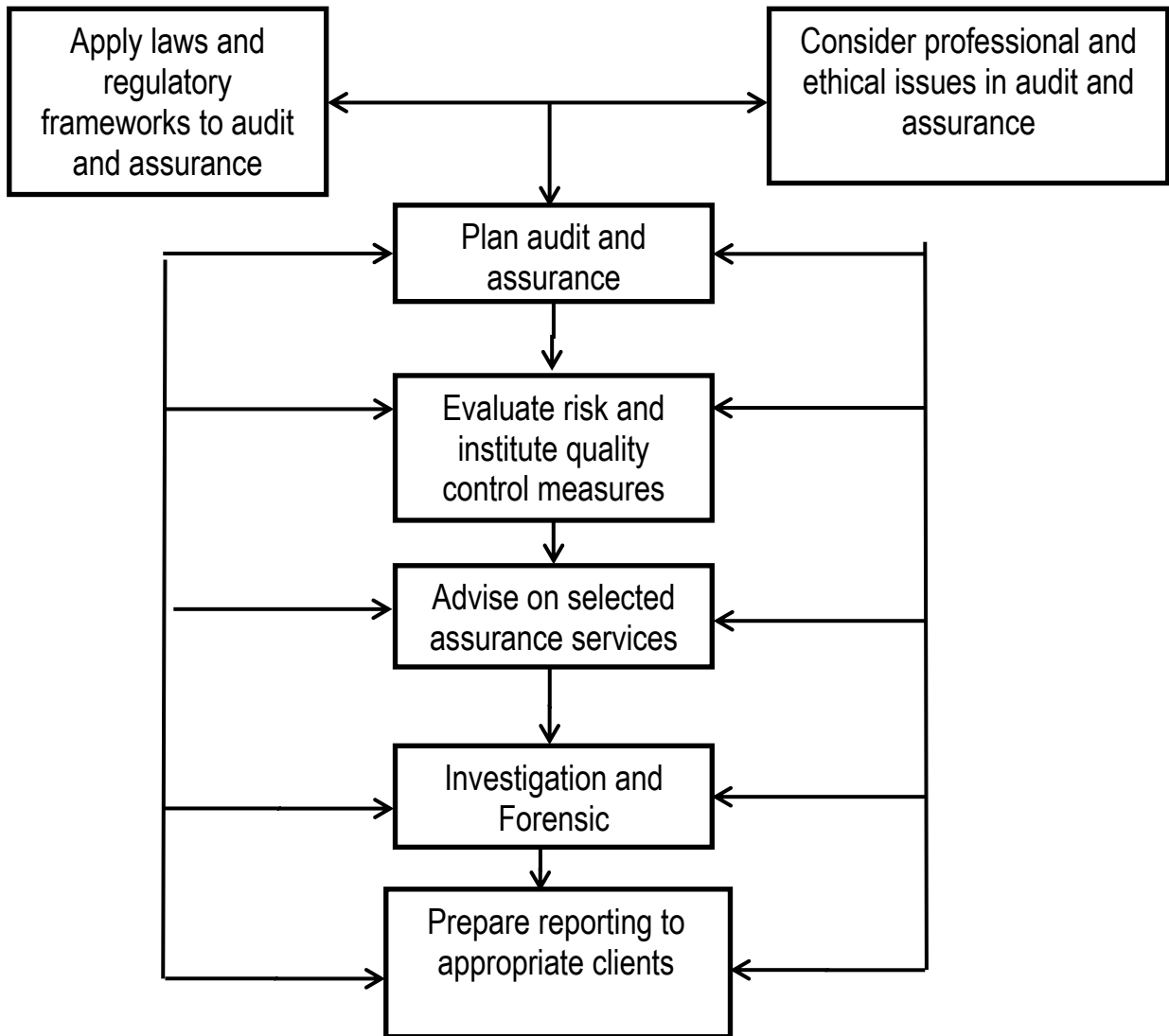
Main Competencies

On successful completion of this paper, candidates should be able to:

- ❖ Explain and advise on professional, ethical and legal issues arising during assurance engagements;
- ❖ Advise on various planning procedures involved in carrying out assurance engagements;
- ❖ Advise on risks associated with assurance engagements and various types of business and relevant control measures to mitigate those risks;
- ❖ Understand the nature and procedures of forensic audit; and
- ❖ Identify features of assurance engagement reports and also be able to write relevant reports after concluding the assignment on assurance engagements.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Laws and regulations on audit and assurance engagements 20%

Laws, regulations and ethical issues

1. Advise on technical, professional and ethical issues that may arise during assurance engagements in the public and private sectors including evaluation and communication with any party to the engagement.
2. Identify and make judgements on when it may be appropriate to refer a matter to a senior colleague or for third party advice or consultation.
3. Identify and explain the nature and purposes of laws, regulations, standards and codes in the context of assurance engagements.

4. Evaluate, explain and communicate the process and issues involved in standards setting process at national and international levels.
5. Evaluate and communicate the interactions between national laws and regulations and the requirements of an assurance engagement.
6. Evaluate and communicate the differences between various jurisdictions and how they deal with audit issues including national and international approaches such as the US Sarbanes-Oxley and related requirements for audit.
7. Evaluate and explain how audits may fail to meet users' expectations.
8. Evaluate and explain the extent of legal liabilities including criminal and civil law liabilities and professional negligence and how they can be mitigated.
9. Evaluate organisation's internal audit and code of ethics.

B. Accepting professional engagements and managing assignments 15%

1. Accepting engagements

- (a) Discuss the processes that must be followed before acceptance of audit engagements.
- (b) Analyse and evaluate the issues that may arise during the process of obtaining audit work.
- (c) Identify and explain the legal, professional and ethical issues that may arise during the acceptance of assurance or audit assignments.
- (d) Analyse and evaluate the potential issues that determine the nature, scope and extent of an assurance or audit engagement.
- (e) Discuss the basic elements of an engagement letter, including those agreed with the client or those imposed by laws and regulations

2. Practice management

- (a) Evaluate and apply appropriate procedures and policies for management of an assurance or audit engagement.
- (b) Evaluate and apply appropriate quality control measures that may be used by a firm during the course of an assurance or audit engagement.
- (c) Identify and evaluate the extent to which assurance and audit functions within an entity can be used or relied upon.
- (d) Evaluate and apply appropriate monitoring and review procedures to effectively manage an audit or assurance engagement.
- (e) Identify and explain the purposes of external monitoring of audit and assurance assignments and how this might ensure engagement or firm's quality.

- (f) Identify and evaluate the considerations by an auditor of risk issues identified prior to accepting an engagement.

C. Planning and undertaking audit work

30%

1. Overall audit strategy

- (a) Analyse, evaluate and explain the key areas of a business that are important to understand in developing an effective strategy or plan based on a business scenario. **(ISA 300 – Planning an audit of financial statements)**
- (b) Analyse and evaluate the relevant techniques needed for an effective understanding of the audit work.
- (c) Analyse and evaluate the situations when third party expertise may be required **(ISA 620 - Using the Work of an Auditor’s Expert)**
- (d) Evaluate and advise on elements of audit risks, including inherent and control (risk of material misstatement), sampling and non-sampling (detection risk) and their relationships with audit planning procedures **(ISA 315 – Identifying and Assessing the Risk of Material Misstatement through Understanding the Entity and its Environment).**
- (e) Identify and evaluate the components of risk for any assurance engagement.
- (f) Evaluate and explain how business process effectiveness may affect an audit assignment.
- (g) Identify and evaluate the risks arising from accounting manipulation, error, fraud or other irregularities in a business scenario.
- (h) Identify and evaluate the risks arising from business and financial issues in a business scenario.
- (i) Evaluate and apply judgements and measures of materiality in carrying out an audit or assurance engagement **(ISA 320 – Materiality in Planning and Performing an Audit).**
- (j) Evaluate and apply analytical procedures that may be used to plan an audit or assurance engagement, including data analytics.
- (k) Analyse and evaluate how risk and materiality judgements affect the planning of an assurance or audit engagement, including the nature, timing and extent of work.
- (l) Develop an audit plan, justifying judgements made on an audit or assurance engagement based on a business scenario, including considerations relating to:
 - (i) Materiality decisions;
 - (ii) Internal control assessments including information technology (IT);
 - (iii) Reliance on internal audit, specialists and the work of other auditors;
 - (iv) Use of client’s generated data, information and reports;

- (v) Tests of control, substantive and analytical procedures; and
- (vi) Visits to locations, branches and departments.
- (m) Describe the appropriate procedures for assurance engagements in respect of corporate social responsibility and sustainability reports.
- (n) Describe the differences between assurance engagements and audit engagements for profit and not-for-profit entities, including those in the public sector.
- (o) Explain local and international frameworks for auditing and assurance work in private and public sectors.

2. **Assessment of risks, internal controls, internal financial controls**

- (a) Identify and assess reporting and compliance risks in the context of an assurance or audit engagement in the public or private sector based on a given business scenario.
- (b) Give an advice based on the assessment above.
- (c) Analyse the role of information technology control framework in internal control.
- (d) Analyse technology risk management and cyber security.

3. **Evaluation of accounting treatments**

Evaluate and draw conclusions on the appropriateness of stated accounting treatments in the context of a given scenario for public or private sector based on national and international standards on auditing and international financial reporting standards (IFRS).

- ❖ IAS1 - Presentation of Financial Statements
- ❖ IAS 2 - Inventories
- ❖ IAS 7 - Statement of Cash Flows
- ❖ IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- ❖ IAS 10 - Events after the Reporting Period
- ❖ IAS 12 - Income Taxes
- ❖ IAS 16 - Property, Plant and Equipment
- ❖ IAS 19 - Employee Benefits
- ❖ IAS 20- Accounting for Government Grants and Disclosure of Government Assistance
- ❖ IAS 21 - The Effects of Changes in Foreign Exchange Rates
- ❖ IAS 23 - Borrowing Costs
- ❖ IAS 24 - Related Party Disclosures
- ❖ IAS 26 - Accounting and Reporting by Retirement Benefit Plans
- ❖ IAS 27 - Separate Financial Statements
- ❖ IAS 28 - Investments in Associates and Joint ventures
- ❖ IAS 29 - Financial Reporting in Hyperinflationary Economies
- ❖ IAS 32 - Financial Instruments: Presentation
- ❖ IAS 33 - Earnings per Share
- ❖ IAS 34 - Interim Financial Reporting
- ❖ IAS 36 - Impairment of Assets
- ❖ IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

- ❖ IAS 38 - Intangible Assets
- ❖ IAS 40 - Investment Property
- ❖ IAS 41 - Agriculture
- ❖ IFRS 1 - First-Time Adoption of IFRS
- ❖ IFRS 2 - Share-based Payment
- ❖ IFRS 3 - Business Combinations
- ❖ IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- ❖ IFRS 6 - Exploration for and Evaluation of Mineral Resources
- ❖ IFRS 7 - Financial Instruments: Disclosures
- ❖ IFRS 8 - Operating Segments
- ❖ IFRS 9 - Financial Instruments
- ❖ IFRS 10 - Consolidated Financial Statements
- ❖ IFRS 11 - Joint Arrangements
- ❖ IFRS 12 - Disclosure of Interest in other entities
- ❖ IFRS 13 - Fair Value Measurement
- ❖ IFRS 14 - Regulatory Deferral Accounts
- ❖ IFRS 15 - Revenue from Contract with customers
- ❖ IFRS 16 - Leases
- ❖ IFRS 17 - Insurance

4. **Specialised audits and investigations**

- (a) Understanding special features of certain types of audit and investigation
 - (i.) Forensic investigation and reporting
 - ❖ Describe the major applications of forensic auditing e.g. fraud, negligence, insurance claims and analyse the role of a forensic auditor as an expert witness.
 - ❖ Distinguish among forensic accounting, forensic investigation and forensic audit.
 - ❖ Identify the various government agencies associated with forensic auditing.
 - ❖ Apply the fundamental ethical principles to forensic auditor's engagement.
 - ❖ Describe the procedures to be adopted in forensic audit.
 - ❖ Select investigative procedures and evaluate the evidence appropriate to determine the amount of loss in specific circumstances.
 - (ii) Not-for-profit organisations – charities, non-governmental organisations (NGOs).
 - ❖ Identify and explain various types and objectives of not-for-profit organisations.
 - ❖ Explain how the audit of a not-for-profit organisation differs from the audit of a profit oriented organisation.
 - ❖ Assess the audit risks associated with not-for-profit organisations.
 - ❖ Develop plans and procedures for the audit of not-for-profit organisations.

- ❖ Suggest various control measures that can be applied by a not-for-profit organisation in its operations.
 - ❖ Determine the form and contents of audit report for a not-for-profit organisation.
- (b) Joint audits
- (i) Explain the term joint audit.
 - (ii) Develop a plan for a joint audit.
 - (iii) Identify circumstances under which a joint audit occurs.
 - (iv) Describe the factors to consider in sharing audit work in joint audits.
 - (v) Advise management on the merits and demerits of joint audits.
 - (vi) Advise on matters to consider by firms engaging in joint audits.
- (c) Group audits
- (i) Discuss situations requiring group audits
 - (ii) Discuss roles of group auditors and component auditors
 - (iii) Advise on considerations for setting component materiality and determining scope
 - (iv) Discuss reports issued by component auditors; and
 - (v) Discuss on how to obtain sufficient and appropriate audit evidence in a group audit scenario (ISA 600).
- (d) Investigations
- (i) Identify and discuss various circumstances under which an investigation may be conducted.
 - (ii) Differentiate between investigation and statutory audit.
 - (iii) Analyse and evaluate various stages involved in conducting investigations.
 - (iv) Write an appropriate report on each investigation.
 - (v) Discuss the nature and methods of investigation relating to liquidation and bankruptcy.
- (e) Due diligence reviews for mergers, acquisitions and business combinations
- (i) Differentiate between due diligence and external audit.
 - (ii) Describe the procedures involved in carrying out due diligence.
 - (iii) Write a report on the outcome of a due diligence assignment.
- (f) Discuss the duties and responsibilities of a reporting accountant in raising capital.

D. Drawing conclusions and reporting

25%

1. Drawing conclusions

- (a) Analyse, evaluate and propose how issues identified during the course of an assignment may be raised and dealt with in communication with management, directors and those charged with governance, including actions taken when issues cannot be agreed.

- (b) Identify, explain and apply procedures that may be used and considerations relating to the identification of subsequent events that may require adjustments or disclosures.
 - (c) Identify, explain and apply procedures that may be used and considerations relating to the identification of risk issues that require disclosures.
 - (d) Evaluate and apply quantitative and qualitative judgements based on the results of tests and evidence obtained.
- 2. Audit report**
- (a) Discuss the concept of key audit matters (KAM) and justify the basis for reporting same.
 - (b) Explain the responsibilities of an auditor with respect to KAM.
 - (c) Explain the audit documentation requirements of ISA 701 with respect to KAM.
 - (d) Identify the additional national requirements beyond those of ISA 701 for entities that should be within the scope of ISA 701 per the requirements of the Financial Reporting Council of Nigeria.
 - (e) Appraise the form and contents of the audit report under ISA 700 (revised), given a specific situation.
 - (f) Explain the responsibilities of auditors in respect of other information in line with the requirements of ISA 710.
 - (g) Explain circumstances under which emphasis of matters or other matters paragraph may be appropriate to an audit report.
 - (h) Explain the various forms of audit report and circumstances under which each can be issued.
 - (i) Draft extracts of suitable audit, assurance and management reports based on a given scenario in accordance with Nigerian laws and international standards on auditing.
 - (j) Evaluate and apply suitable judgments on when it may be appropriate to refer to a specialist in giving an opinion or preparing a report.
 - (k) Evaluate and apply suitable judgments on when it may be appropriate to withhold an opinion, withdraw an opinion or take other such appropriate actions on an audit or assurance engagement.
 - (l) Identify and explain the issues that may be relevant and the nature of report that may be given relating to risk management, internal controls and governance.

E. Applicable Standards

1. International standards on auditing (ISA)

- ❖ 200 - Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing
- ❖ 210 - Agreeing the Terms of Audit Engagements
- ❖ 220 - Quality Control for an Audit of Financial Statements
- ❖ 230 - Audit Documentation
- ❖ 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

- ❖ 250 - A Consideration of Laws and Regulations in an Audit of Financial Statements
- ❖ 260 - Communication with Those Charged with Governance
- ❖ 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management
- ❖ 300 - Planning an Audit of Financial Statements
- ❖ 315 - Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- ❖ 320 - Materiality in Planning and Performing an Audit
- ❖ 330 - The Auditor's Procedures in Response to Assessed Risks Contents
- ❖ 402 - Audit Considerations Relating to an Entity Using a Service Organisation
- ❖ 450 - Evaluations of Misstatements Identified during the Audit
- ❖ 500 - Audit Evidence
- ❖ 501 - Audit Evidence - Specific Considerations for Selected Items
- ❖ 505 - External Confirmations.
- ❖ 510 - Initial Audit Engagements - Opening Balances
- ❖ 520 - Analytical Procedures
- ❖ 530 - Audit Sampling
- ❖ 540- Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures
- ❖ 550 - Related Parties
- ❖ 560 - Subsequent Events
- ❖ 570 - Revised Going Concern
- ❖ 580 - Written Representations
- ❖ 600 - Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors)
- ❖ 610 - Using the Work of Internal Auditors
- ❖ 620 - Using the Work of an Auditor's Expert
- ❖ 700 - Revised Forming an Opinion and Reporting on Financial Statements
- ❖ 701 - Communicating Key Audit Matters in the Independent Auditor's Reports
- ❖ 705 - Modifications to the Opinion in the Independent Auditor's Report
- ❖ 706 - Revised emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
- ❖ 710 - Revised Comparative Information – Corresponding Figures and Comparative Financial Statements
- ❖ 720 - Revised The Auditor's Responsibility Relating to Other Information in Documents Containing Audited Financial Statements
- ❖ 800- Special Considerations – Audits of Financial Statements prepared in Accordance with Special Purpose Frameworks
- ❖ 805- Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or items of a Financial Statement
- ❖ 810 - Engagements to Report on Summary Financial Statements

2. International Standards on Review Engagements (ISREs)

- ❖ 2400 - Engagements to Review Financial Statements
- ❖ 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity

3. International Standards on Assurance Engagements (ISAEs)

- ❖ 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information
- ❖ 3400 - The Examination of Prospective Financial Information
- ❖ 3402 - Assurance Reports on Controls at a Service Organisation

4. International Standards on Related Services (ISRSs)

- ❖ 4400- Engagements to Perform Agreed-upon Procedures Regarding Financial Information
- ❖ 4410 - Engagements to Compile Financial Statements

5. IFAC Statements

- ❖ ISQC1- Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
- ❖ IFAC - IESBA Code of Ethics for Professional Accountants

6. Other relevant laws and pronouncements including:

- (a) Insurance Act;
- (b) BOFIA, including prudential guidelines and other circulars issued by CBN from time to time;
- (c) Money (Prohibition) Laundering Act 2011 (as amended);
- (d) Corporate Governance Codes;
- (e) ICAN Professional Code of Ethics and Guide for Members;
- (f) International Financial Reporting Standards (IFRS); and
- (g) Companies and Allied Matters Act (CAMA) 2020

F. APPLICATION OF INFORMATION TECHNOLOGY IN AUDITING

10%

1. Discuss the impact of IT in an auditing environment.
2. Analyse the benefits of IT control frameworks in internal controls (example COBIT Framework).
3. Discuss cyber security in relation to audit and investigation
4. Discuss application and web trust assurance
5. Evaluate application of algorithm reviews in business

6. Discuss application of digital forensics
7. Discuss data protection regulation audit
8. Discuss utilisation of robotic process automation in audit
9. Discuss audit in a blockchain environment

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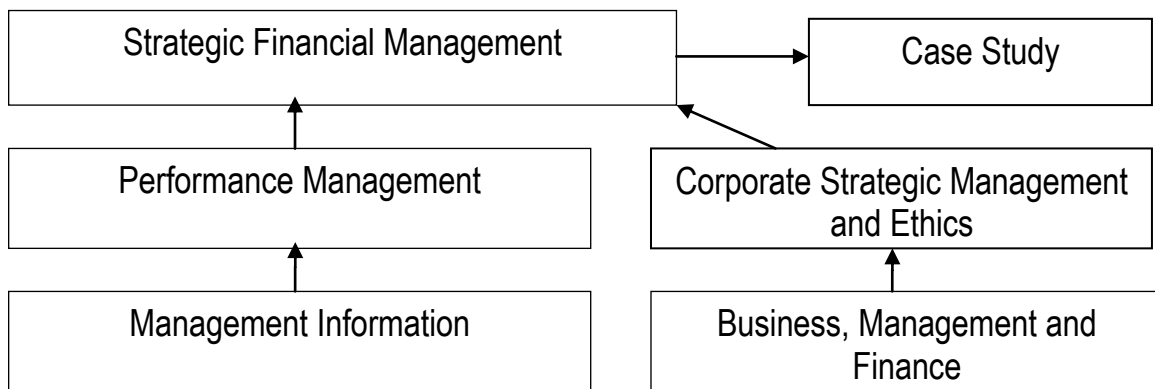
C3. STRATEGIC FINANCIAL MANAGEMENT

Aim

Strategic Financial Management supports management in making informed decisions. Candidates are expected to apply relevant knowledge, skills and exercise professional judgement in recommending appropriate options for financing a business, recognising and managing financial risks, dividend decisions and investments.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects.



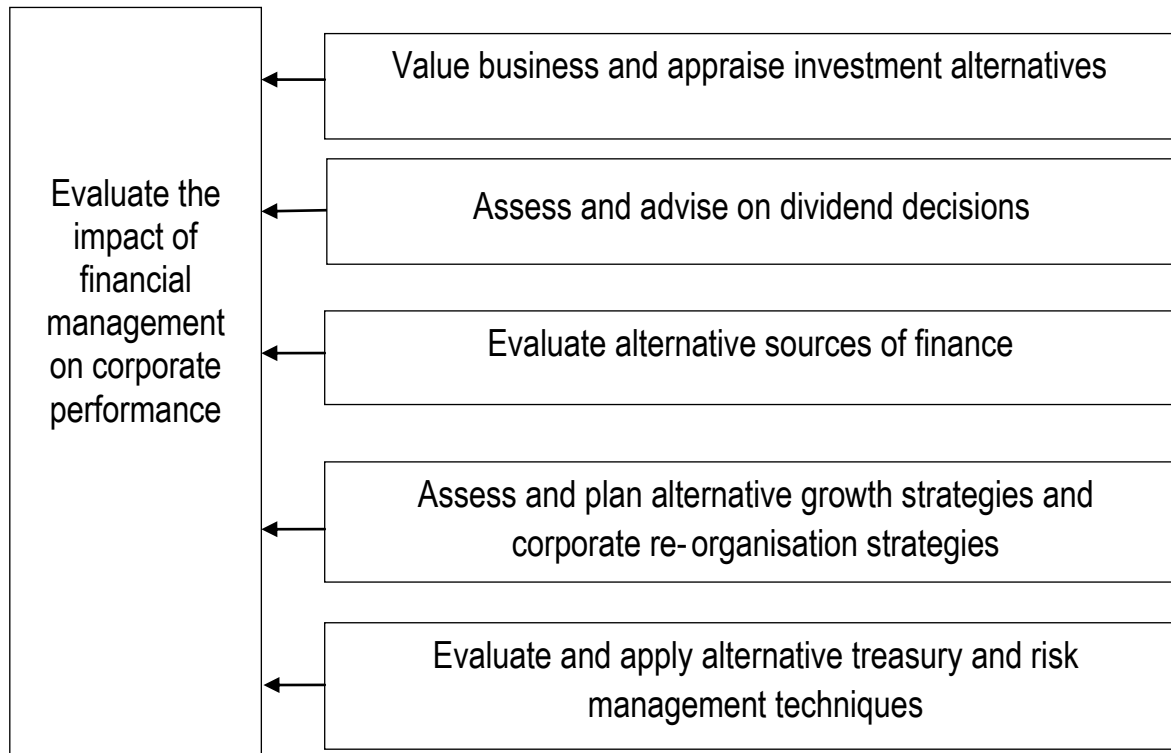
Main competencies

On successful completion of this paper, candidates should be able to:

- ❖ Explain the purpose of financial management and evaluate the impact of macroeconomic environment on it;
- ❖ Assess and advise on dividend decisions;
- ❖ Evaluate and assess investment alternatives and the value of business;
- ❖ Evaluate alternative sources of finance;
- ❖ Assess and plan alternative growth strategies and corporate re-organisation strategies; and
- ❖ Evaluate and apply alternative treasury and risk management techniques.

Linkage of main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

A. Financial environment, role of financial manager and money market Institutions 15%

1. Financial environment and role of financial manager

- (a) Evaluate financial objectives within the strategic planning process of an organisation.
- (b) Identify key stakeholders of organisations and advise on their interests.
- (c) Evaluate the impact of macroeconomic environment and the role of international financial institutions in strategic financial management.
- (d) Evaluate and apply the concept of corporate social responsibility and its relationship with the objective of maximising shareholders' wealth.
- (e) Assess and advise on agency theory and its relevance to financial management.
- (f) Report on the professional, regulatory and legal frameworks relevant to financial management, including stock exchange requirements, anti-money laundering regulations and directors' responsibilities.
- (g) Evaluate and communicate the key activities undertaken by treasury managers.
- (h) Analyse and evaluate centralised and decentralised treasury management and the arguments for and against each.
- (i) Identify and assess the impact of emerging issues in strategic financial management. These include the changing landscape of financial

markets regulation, digitization Artificial Intelligence (AI) & Blockchain, new asset classes such as crypto currencies, newer financing methods such as sustainable finance/green bonds, emerging risks beyond currency and interest rate risk.

- (j) Discuss ethical issues in strategic financial management.

2. The nature and roles of financial markets and institutions

- (a) Identify the nature and roles of money and capital markets, both nationally and internationally.
- (b) Explain the roles of financial intermediaries.
- (c) Explain the functions of stock market and corporate bond market.

3. The nature and roles of money markets

- (a) Describe the roles of money markets in providing:
 - (i) Short-term liquidity to private and public sectors, and
 - (ii) Short-term trade finance.
- (b) Explain the functions of banks and other financial institutions in the operations of money markets.
- (c) Explain the characteristics and roles of the following principal money market instruments:
 - (i) Interest-bearing instruments;
 - (ii) Discount instruments; and
 - (iii) Derivative products.
- (d) Compare and contrast capital and money market operations.

B. Business analysis

30%

- 1. Evaluate and assess the value of businesses and give advice on the value of shares and business, in a given scenario, using:
 - (a) Dividend yield based valuation techniques;
 - (b) Price earnings ratio based valuation techniques;
 - (c) Discounted cash flow based valuation techniques and free cash flow models;
 - (d) Asset-based measures of value;
 - (e) Option-based techniques;
 - (f) Shareholder value analysis;
 - (g) Short and long term growth rates and terminal values;
 - (h) Cash flow return on investment;
 - (i) Total shareholder return;
 - (j) and
 - (m) Efficient Market Hypothesis (EMH) and practical considerations in the valuation of shares.

2. International Valuation Standards

Carry out financial valuation in accordance with guidelines provided by International Valuation Standards (IVS) Council:

- (a) IVS 200: Business and business interest;
- (b) IVS 210: Intangible assets;
- (c) IVS 410: Development property; and
- (d) IVS 500: Financial instruments.

3. Bond valuation and analysis

- (a) Evaluate and advise on the worth of a bond using value of bond or yield to maturity.
- (b) Assess an organisation's yield volatility using simple Macaulay duration and modified duration methods.
- (c) Assess and apply terms interest rate (yield curves).
- (d) Assess the benefits and limitations of duration including the impact of convexity. (Note: calculation of convexity not required).
- (e) Discuss credit rating (rating factors and implications).
- (f) Discuss securitisation, credit tranching and value at risk models.

4. Forecast and evaluate long term financial performance and position of a business, using:

- (a) Statement of profit or loss;
- (b) Statement of financial position; and
- (c) Statement of cash flows.

5. Investment appraisal

- (a) Discounted cash flow techniques
 - (i) Evaluate potential value added to an organisation arising from a specified capital investment project, using the net present value (NPV) model covering:
 - ❖ Inflation and specific price variation;
 - ❖ Taxation;
 - ❖ Single period and multi-period capital rationing, including linear programming formulation and interpretation of final tableau;
 - ❖ Probability and sensitivity analyses;
 - ❖ Decision tree, simulation, certainty equivalent;
 - ❖ Value of perfect and imperfect information;
 - ❖ Project duration as a measure of risk; and
 - ❖ Risk adjusted discount rates.
 - (ii) Establish the potential economic return (using internal rate of return (IRR) and modified internal rate of return).
 - (iii) Assess the relative merits of NPV and IRR.
- (b) Specific investment decisions
 - (i) Evaluate leasing and borrowing to buy.
 - (ii) Evaluate asset replacement decisions using equivalent annual cost and equivalent annual benefits.

- (c) Impact of financing on investment decisions
Assess the worth of projects using adjusted net present value (ANPV).
- (d) International investment decisions
 - (i) Assess factors affecting foreign investment decisions and associated risks.
 - (ii) Apply interest rate parity and purchasing power parity to assess appropriate discount rate for foreign projects.
 - (iii) Evaluate NPV of foreign projects.
- (e) Real options in investment appraisal
 - (i) Identify possible embedded real options within a project.
 - (ii) Advise on the value of options to delay, expand, abandon and redeploy, using the Black-Scholes option pricing model.

C. Financing decisions

25%

1. Sources of finance

- (a) Assess the range of long-term sources of finance available to businesses, including equity, debt and venture capital.
- (b) Evaluate and discuss methods of raising equity finance, including:
 - (i) Rights issue;
 - (ii) Placement;
 - (iii) Public offer;
 - (iv) Stock exchange listing; and
 - (v) Financial market dealers quotations over the counter (FMDQOTC).
- (c) Methods of raising short and long term Islamic finance including major differences between Islamic finance and the other forms of business finance
 - (i) Evaluate the concept of *riba* (interest) and how returns are made by Islamic financial securities.
 - (ii) Evaluate Islamic financial instruments available to businesses, including:
 - ❖ *Murabaha* (trade credit);
 - ❖ *Ijara* (lease finance);
 - ❖ *Mudaraba* (equity finance);
 - ❖ *Sukuk* (debt finance); and
 - ❖ *Musharaka* (venture capital).

(Note: calculations are not required)
- (d) Assess and advise on appropriate dividend policy.

2. Estimating cost of capital

Evaluate and apply:

- (a) Cost of equity, using dividend growth model and capital asset pricing model (CAPM);
- (b) Cost of fixed interest capital;
- (c) Weighted average cost of capital (WACC);
- (d) Project specific cost of capital; and
- (e) Business and financial risk, asset and equity beta.

3. Capital structure theories

- (a) Assess the traditional view of capital structure and its assumptions.
- (b) Evaluate and apply Modigliani and Miller models 1 and 2 on capital structure.
- (c) Discuss the limitations of Modigliani and Miller models 1 and 2 on capital structure.
- (d) Discuss and evaluate pecking order theory.

4. Finance for small and medium-sized entities (SMEs)

Discuss the various sources and problems of access to finance for SMEs including:

- (a) Business angel;
- (b) Government assistance;
- (c) Supply chain financing; and
- (d) Crowd funding.

5. Portfolio theory and asset pricing models

- (a) Portfolio theory
Assess and apply:
 - (i) Risk and return relationship in investments;
 - (ii) Risk (standard deviation) of 2-asset portfolio; and
 - (iii) Risk reduction through diversification.
- (b) Capital asset pricing model (CAPM)
 - (i) Discuss:
 - ❖ Systematic and unsystematic risks;
 - ❖ Capital market line (CML) and the security market line (SML); and
 - ❖ Alpha value and its use.
 - (ii) Calculate Beta factor and explain its uses.
- (c) Evaluate return on assets using multi factor model (MFM).

D. Mergers and acquisitions, organic growth and corporate restructuring 15%

1. Acquisition and merger

Assess and advise on:

- (a) The arguments for and against the use of acquisitions and mergers as a method of corporate expansion;
- (b) The criteria for choosing an appropriate target for acquisition;
- (c) The reasons for high failure rate of acquisitions;
- (d) The use of the reverse takeover as a method of acquisition;
- (e) Defensive strategies in hostile takeover bids;
- (f) Valuation of an organisation in the context of a potential takeover;
- (g) Due diligence during a merger/acquisition; and
- (h) Management buy-out (MBO), management buy-in and buy-in management buy-out (BIMBO).

2. Organic growth

Evaluate and discuss organic growth.

3. Corporate reconstruction and re-organisation

(a) Corporate failure

Assess and advise on:

- (i) Causes and symptoms of corporate failure; and
- (ii) Corporate failure using Altman Z-score model.

(b) Financial reconstruction

- (i) Assess the suitability of financial reconstruction as a survival strategy.
- (ii) Assess market reaction to reconstruction schemes.

(c) Business re-organisation

- (i) Advise on strategies for unbundling parts of a quoted company.
- (ii) Evaluate the likely financial and other benefits of unbundling.
- (iii) Advise on de-merger, equity carve out, equity carve in, spin off, asset stripping and liquidation.
- (iv) Discuss the arguments for and against a quoted company going private.

E. Management of financial risks

15%

1. Assess and advise on:

- (a) Different types of foreign currency risk;
- (b) The causes of exchange rate fluctuations (balance of payments, purchasing power parity theory and interest rate parity theory);
- (c) The causes of interest rate fluctuations (structure of interest rates and yield curves, expectations theory, liquidity preference theory, market segmentation, spot and forward interest rates);
- (d) The traditional and basic methods of foreign currency risk management, (currency of invoice, netting and matching, leading and lagging, forward exchange contracts, money market hedging, asset and liability management);
- (e) The appropriate derivative instruments for hedging foreign currency risks, (forward contracts, futures contracts, currency options and currency swaps); and
- (f) The appropriate derivative instruments for hedging interest rate risk, (forward interest rate agreement, interest rate futures, interest rate options and interest rate swaps).

2. Assess and apply financial options in capitalisation:

- (a) Value of call and put options using Black-Scholes option pricing model and the Binomial option pricing model; and
- (b) Option sensitivities (delta, gamma, rho, theta and vega).

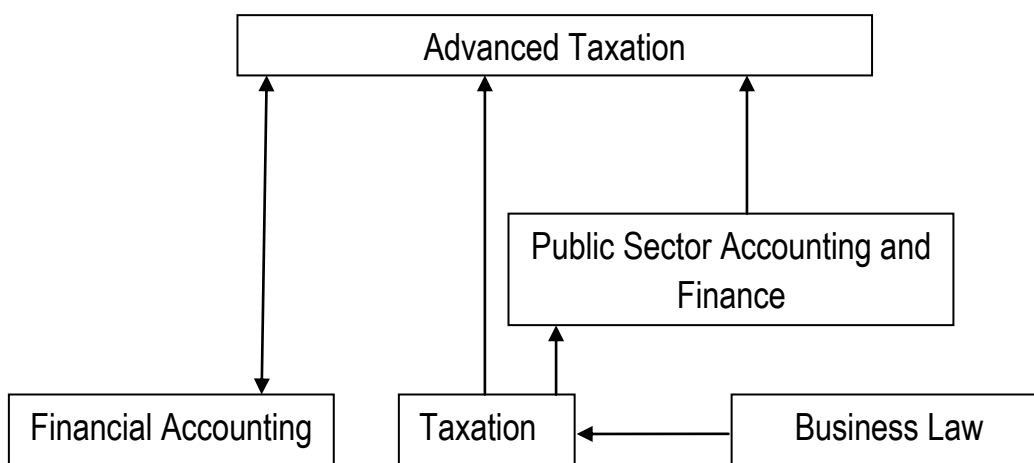
C4. ADVANCED TAXATION

Aim

Candidates are expected to apply technical knowledge, professional skills and exercise professional judgement to resolve tax and ethical issues that may arise in given taxation scenarios and to advise on tax planning and mitigation strategies for individuals and businesses.

Linkage with other subjects

This diagram depicts the relationship between this subject and other subjects.



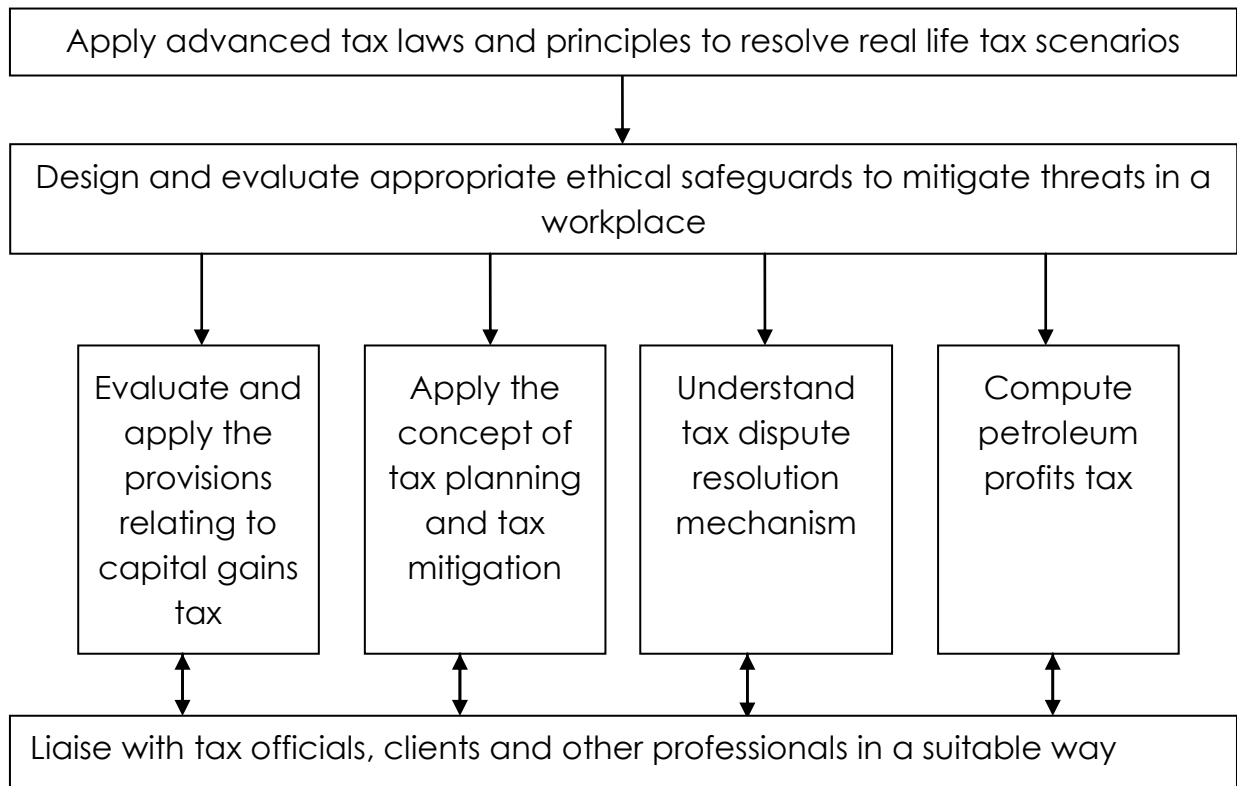
Main competencies

On successful completion of this paper, candidates should be able to:

- ❖ Apply and advise on specific provisions of the tax laws in computing the tax liabilities of companies;
- ❖ Recognize and explain ethical and legal issues arising in taxation scenarios;
- ❖ Gain knowledge of how to run and manage a tax practice firm
- ❖ Advise on tax planning including alternative tax treatments to defer or minimize tax liabilities;
- ❖ Understand tax dispute resolution mechanisms;
- ❖ Discuss tax policy formulation and apply the principles of the National Tax Policy to contextual scenarios;
- ❖ Understand taxation of the digital economy and other contemporary issues in international taxation;
- ❖ Prepare petroleum profits tax computation in accordance with the relevant provisions of the Petroleum Profits Tax Act; and
- ❖ Liaise with tax officials, clients and other professionals in a suitable way.

Linkage of the main competencies

This diagram illustrates the linkage between the main competencies of this subject and is to assist candidates in studying for the examination.



Detailed syllabus

Candidates are expected to:

- ❖ Explain the roles, duties and powers of the various organs of tax administration in Nigeria;
- ❖ Explain the guiding principles and application of the national tax policy (NTP), 2017;
- ❖ Identify and explain the five fundamental principles of ethics as specified by the International Ethics Standards Board for Accountants (IESBA); and
- ❖ Acquire basic knowledge of tax legislations in computing the income tax liabilities relating to individuals and corporate entities in complex situations.

A Tax administration and taxation of business and investment income

40%

1 Tax administration

(a) Introduction to tax administration

Explain the Nigerian tax administration system with focus on:

- (i) Constitutional provisions regarding fiscal federalism;
- (ii) Structure and taxing rights of different levels of government;
- (iii) Role of the three arms of government;
- (iv) Functions of the various tax organs; and
- (v) Challenges of multiplicity of taxes and possible solutions.

(b) Dispute resolution

- (i) Discuss the elements of a valid objection and appeal, covering:
 - Time limit for objection and appeal;
 - Content of a notice of objection and appeal;
 - Amendment of assessment and refusal to amend; and
 - Appeal procedures and process: Tax Appeal Tribunal, Federal High Court, etc.
- (ii) Draft a report on the procedure for the presentation of cases before a Tax Appeal Tribunal.

(c) Domestic tax policy

- (i) Discuss key principles and cannons of tax policy formulation.
- (ii) Advise on the key provisions and application of the 2017 National Tax Policy in Nigeria.
- (iii) Explain the interaction of fiscal policy, monetary policy and trade policy.

2 Companies income tax (CIT)

(a) Legal framework

Explain the legal framework for the imposition of taxes on business and investment income.

(b) Basis period

Determine, in line with the Finance Act 2019, basis period and explain the rules on:

- (i) Commencement of business;
- (ii) Change of accounting date; and
- (iii) Cessation of business.

(c) Computation of companies income tax (CIT)

(d) Advise on income tax liability of companies based on the following, considering the changes introduced by the Finance Act, 2019:

- (i) Assessable profit and total profit;
- (ii) Minimum tax;
- (iii) Dividend distribution; and
- (iv) Gross Revenue/turnover.

3 Taxation of investment income

(a) Discuss the taxation of the following investment income of Nigerian and non-Nigerian companies:

- (i) Dividend;
- (ii) Interest;
- (iii) Royalty; and
- (iv) Rent.

- 4** (b) Discuss the taxation of real estate investment companies' income
- Taxation incentives**
- (a) Discuss the tax implications of the following pioneer legislations: Industrial Development (Income Tax Relief) Act, 1971 (as amended); pioneer status incentive regulations released by Nigerian Investment Promotion Commission (NIPC) in 2014 and 2017; and application guidelines for pioneer status incentive issued by Federal Ministry of Trade and Industries on August 2017, on the:
- (i) Various pioneer industries and products on the pioneer list;
 - (ii) Procedure for applying and obtaining pioneer status and how pioneer certificate can be amended;
 - (iii) Provisions relating to retrospective operations and the date of production certification;
 - (iv) Conditions relating to qualifying capital expenditure for pioneer industries;
 - (v) Circumstances for the cancellation of pioneer certificates;
 - (vi) Tax relief period and the conditions for extension of pioneer period;
 - (vii) Tax incentives available to pioneer industries;
 - (viii) Application of the commencement and cessation provisions to pre- and post-pioneer period, together with the treatment of losses and capital allowances of pioneer period;
 - (ix) Various restrictions applicable to pioneer industries;
 - (x) Appraise the tax incentives for gas utilisation as specified by the CITA and Finance Act 2019; and
 - (xi) Appraise the tax incentives for manufacturing, agricultural and exports business.
- (b) Explain the tax implications of operations in the free trade zones.

- 5** **Capital gains tax (CGT)**
- (a) Discuss the concept, scope and administration of capital gains tax.
 - (b) Compute chargeable gains and capital gains tax.
 - (c) Discuss special situations under CGT, such as artificial or fictitious transactions, location of assets, determination of market value, anti-tax avoidance provision.
 - (d) Planning and reliefs:
 - (i) Explain the provisions relating to the replacement of business assets (rollover relief); and
 - (ii) Explain the provisions relating to delayed remittances.
 - (e) Outline and explain the offences and penalties.
 - (f) Discuss restricted tax exemption on compensation for loss of office.
 - (g) Discuss capital gains tax in relation to business combination amongst related parties.

B International taxation**20%****1 Non-resident taxation**

- (a) Explain the various forms of tax presence of a non-resident company doing business in Nigeria.
- (b) Evaluate the tax implications of non-resident companies doing business in Nigeria.

2 Taxation of the digital economy

- (a) Explain the concept of digital economy.
- (b) Evaluate the key challenges of taxing digital goods and services.
- (c) Discuss the existing legal/administrative framework for taxing digital transactions taking into consideration the provisions of the Finance Act, 2019.
- (d) Discuss the provisions of the Finance Act, 2019 on digital services and other services in relation to significant economic presence (SEP) of a foreign entity and the SEP order signed by the Minister of Finance.

3 Tax treaties

- (a) Define and explain the following:
 - (i) Unilateral relief;
 - (ii) Double taxation agreements; and
 - (iii) Multilateral treaties.
- (b) Advise on the application of tax rules and reliefs available as follows:
 - (i) Administrative process of obtaining a relief issued by the FIRS;
 - (ii) Reliefs under the commonwealth tax relief;
 - (iii) Impact of double tax treaty;
 - (iv) Resolution of conflicts between double taxation agreements (DTAs) and Nigerian tax laws; and
 - (v) Nigerian double tax agreements (DTAs) in respect of the following:
 - Permanent establishment;
 - Taxation of business profits and incomes from movable and immovable properties;
 - Taxation of investment incomes; and
 - Dispute resolution mechanisms.

4 Transfer pricing**(a) Introduction to transfer pricing**

- (i) Advise on transfer pricing (TP) by reference to the guidelines of Organisation for Economic Cooperation and Development (OECD), United Nations (UN) and Pacific Association of Tax Administrators (PATA).

- (ii) Justify the application of transfer pricing regulations by multinationals and developing countries.

(b) Nigerian transfer pricing regulations

Evaluate and apply the provisions of the Nigerian Income Tax (Transfer Pricing) Regulations, 2012, and Income Tax (Transfer Pricing) Regulations, 2018, in respect of:

- (i) Objectives and scope of transfer pricing regulations;
- (ii) Commencement date;
- (iii) Connected taxable persons;
- (iv) Transfer pricing methods such as traditional transaction methods and transactional profit methods or any other method;
- (v) Advance pricing agreements (APA);
- (vi) Functional analysis in transfer pricing;
- (vii) The basic comparability factors in the process of transfer pricing benchmarking;
- (viii) The basic documentation requirements for transfer pricing benchmarking; and
- (ix) Offences and penalties as specified by the new regulations.

5 Actions against base erosion and profit shifting (BEPS)

- (a) Explain the 13 BEPS action plans of the OECD.
- (b) Advise on the provisions and application of the Income Tax (Country By Country Reporting) Regulations, 2018, issued by the Federal Inland Revenue Service.

6 Regional integration and trade blocs

- (a) Discuss the formation and fiscal policy objectives of the Economic Community of West African States (ECOWAS).
- (b) Explain the application of ECOWAS common external tariffs.
- (c) Discuss other regional trading blocs in Africa in comparison to the European Union (EU) and North American Free Trade Agreement (NAFTA).

7 Current issues and emerging trends:

Explain the following:

- (a) Tax inspectors without borders;
- (b) Cooperative compliance;
- (c) Common reporting standards;
- (d) Foreign Account Tax Compliance Act; and
- (e) African Continental Free Trade Area Agreement (AfCFTA).

8 International tax policy

- (a) Evaluate the roles being played by inter-governmental and supranational organizations that shape tax policy.
- (b) Discuss the effectiveness of global cooperation and assistance on tax matters.

- (c) Evaluate the use of neutralities in international tax policy.

C Tax management and planning

20%

1 Mergers and acquisitions

- (a) Advise on the bases periods for assessment relating to mergers and acquisitions.
- (b) Discuss tax considerations for mergers and acquisitions.
- (c) Advise entities involved in business re-organisation and restructuring, taking into consideration the specified tax concessions and conditions to be met before qualifying for such concessions.

2 Tax practice management

- (a) Explain the legal requirements for a professional accountant in practice.
- (b) Describe the process involved in client and engagement acceptance.
- (c) Advise on the risks and benefits of running a professional tax practice.
- (d) Discuss submission of objection letter via electronic and physical means.
- (e) Discuss the role of technology in running a contemporary tax practice.

3 Tax planning, avoidance and evasion

- (a) Advise management on tax planning activities and strategies.
- (b) Differentiate between tax avoidance and evasion.
- (c) Evaluate the tax implications of the following:
 - (i) Thin capitalisation;
 - (ii) Tax havens;
 - (iii) Treaty shopping; and
 - (iv) Non-tax factors.

4 Tax audit and tax investigation

- (a) Differentiate between tax audit and tax investigation.
- (b) Identify and advise on the different types of tax audit.
- (c) Advise on the powers of tax authority to request for an audit.
- (d) Advise management on tax audit procedures, covering:
 - (i) Pre-audit;
 - (ii) Field audit; and
 - (iii) Post-audit including various reports and correspondence.
- (e) Discuss the main causes of tax investigation and state the procedures involved.
- (f) Discuss the provisions backing the power to distrain for non-payment.
- (g) Advise on ethical issues – implications of confidentiality, conflict of interest and disclosure of information in tax practice.
- (h) Advise on interpretation of tax laws using decided cases.
- (i) Advise on the nature of communication with clients, tax authorities and other stakeholders.

5 Ethics and professionalism in tax management

- (a) Apply the five fundamental principles and guidance in International Ethics Standards Board for Accountants (IESBA) codes to recommend and justify appropriate legal actions where ethical dilemmas arise.
- (b) Advise on legal and ethical issues arising from tax work undertaken and explain the significance of these issues in the preparation of returns and in reporting.
- (c) Design and evaluate appropriate ethical safeguards to mitigate threats that could arise when professionals deal with employers, clients, government agencies and other stakeholders.
- (d) Explain the practical process to follow in addressing a tax violation under the NOCLAR framework as a:
 - (i) Professional accountant in tax practice; and
 - (ii) Tax professional in business.

6 Tax accounting and reporting

- (a) Discuss the treatment of income tax items in annual reports prepared in line with International Financial Reporting Standards.
- (b) Discuss the computation and accounting for deferred taxes in line with International Financial Reporting Standards (IFRS).
- (c) Advise on potential risks of wrong or misleading tax disclosures.

D Taxation of incomes of extractive industries

20%

1 Oil and gas taxation

- (a) Discuss the general overview of the oil and gas industry in Nigeria.
- (b) Discuss the roles of regulatory agencies in the oil and gas industry such as the Nigerian National Petroleum Corporation (NNPC), National Petroleum Investment Management Services (NAPIMS), Department of Petroleum Services (DPR) and Federal Inland Revenue Service (FIRS).
- (c) Consider the effects of the provisions of The Petroleum Industry Governance (PIG) Bill.
- (d) Discuss the fiscal/operating arrangement/regimes in the upstream sector, with emphasis on:
 - (i) Joint Venture (JV);
 - (ii) Production sharing contract (PSC) taking into consideration the provisions of Deep Offshore and Inland Basin Production Sharing Contract (Amendment) Act, 2019;
 - (iii) Risk service arrangement;
 - (iv) Oil and gas free trade zones; and
 - (v) Marginal field operators.
- (e) Advise on what constitutes accounting period for tax purposes.
- (f) Ascertain the sources of income accruing to petroleum companies.

- (g) Evaluate and advise management on adjusted profit, assessable profit, chargeable profit, and tax liabilities (including withholding tax on dividend) in accordance with the provisions of the Finance Act, 2019.
- (h) Advise on allowable and disallowable expenses and other deductions.
- (i) Discuss the treatment of losses in the computation of petroleum profits tax liabilities.
- (j) Identify and describe qualifying capital expenditure for capital allowance purposes and compute capital allowances claimable by petroleum companies.
- (k) Advise on petroleum profits tax (PPT) under Joint Ventures (JV), production sharing contracts (PSC), marginal field operators, etc.
- (l) Discuss tax payable based on the incentives available to companies under production sharing agreements with the Federal Government of Nigeria.
- (m) Describe the tax regime applicable to sole risk and marginal field operators.
- (n) Advise on the offences and penalties applicable to petroleum companies.
- (o) Discuss the requirements for registration and filing of returns for petroleum companies.
- (p) Advise on the scope and administration of the Nigeria Extractive Industries Transparency Initiative (NEITI) Act, 2007

2 Mining taxation

- (a) Advise on the scope and administration of the Nigerian Minerals and Mining Act, 2007 (as amended) and section 36 of the Companies Income Tax Act, in respect of:
 - (i) Mining incentives;
 - (ii) Minerals titles;
 - (iii) Possession and purchase of minerals;
 - (iv) Environmental considerations and rights of host communities;
 - (v) Offences and penalties;
 - (vi) Allowable and disallowable expenses;
 - (vii) Rates of capital allowances;
 - (viii) Computation of capital allowances;
 - (ix) Total profits; and
 - (x) Treatment of losses.

- (b) Advise on the scope and administration of the Nigeria Extractive Industries Transparency Initiative (NEITI) Act, 2007.

Guide to examination assessment

ICAN reserves the right to examine any topic in the syllabus at any examination diet.

All new laws, regulations and relevant tax circulars may be examined after six months from the dates of issue.

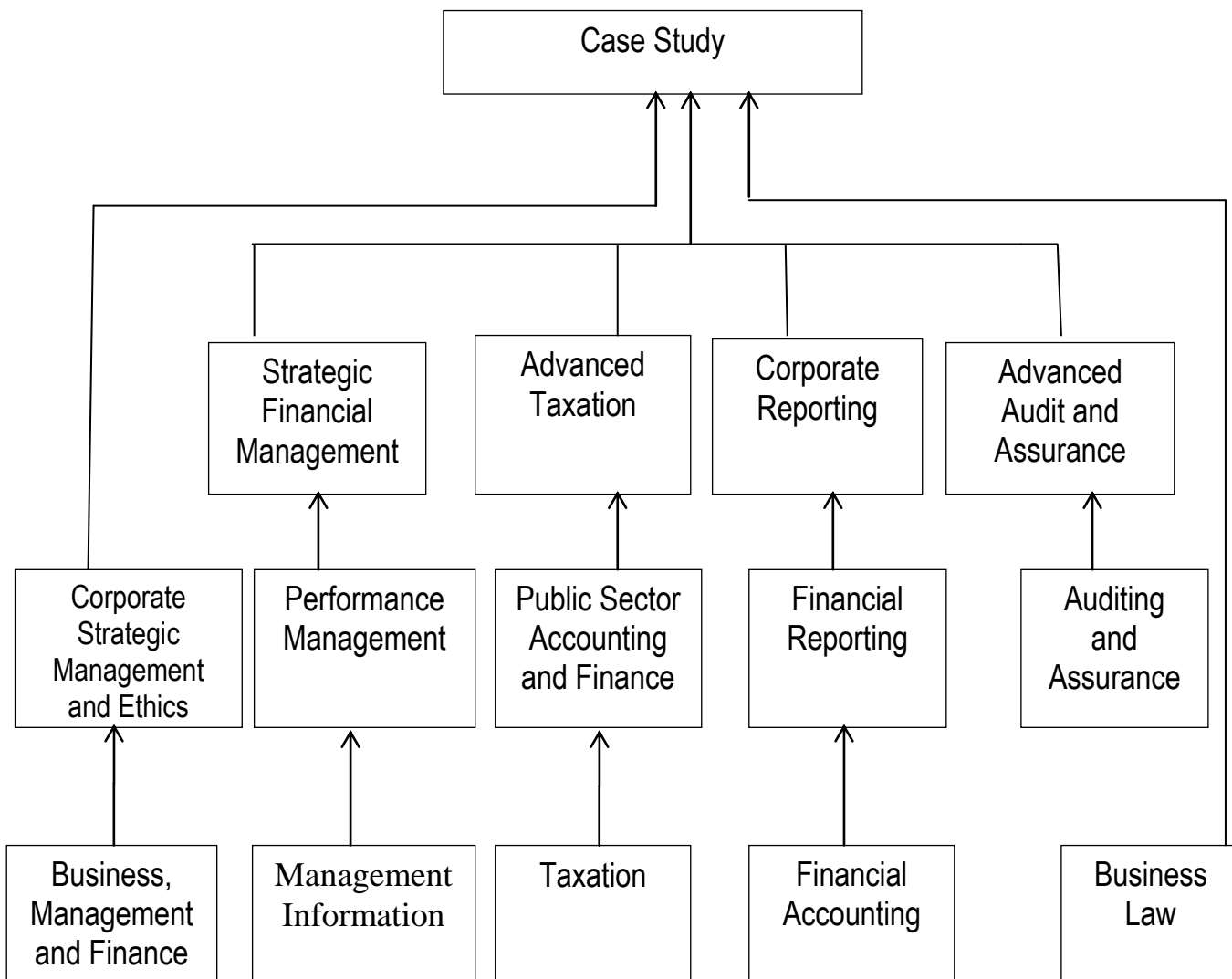
C5. CASE STUDY

Aim

To ensure that candidates can provide advice in respect of complex business issues in the form of a written report. The objective of Case Study is to assess candidates' understanding of complex business issues and their ability to analyse financial and non-financial data, exercise professional and ethical judgements, draw conclusions and make recommendations.

Linkage with other subjects

The diagram below depicts the relationship between this subject and other subjects.



A. The Case Study Approach

The case study approach is based on a vision of a newly qualified accountant as:

1. A rounded business professional capable of contributing real value in business management;
2. A professional accountant with the core values that enable him to act in the public interest as well as the interest of his employer and or client; and

3. Someone possessing the competencies that include sound knowledge and higher value technical skills expected of a finance professional.

Case Study is an integrated approach to the subject matter bringing together and synthesising streams of knowledge and skills into an assessment approach. This approach embraces competences that are not generally tested in individual examination paper.

The case study will present candidates with more information than in a conventional examination question and in an unstructured way that requires a process of familiarisation, analyses and evaluation. It also requires events and issues to be put into context in such a way that judgement would be made and communicated to a third party or a more senior member of staff. Candidates will be required to apply underpinning business and accounting knowledge and skills in the process of creating an output.

B. Main competencies

The competencies that will be assessed under the Case Study paper include:

1. The core technical knowledge, skills and practical application acquired at the Foundation and Skills levels;
2. The technical, analytical, evaluative and integration skills from the Professional level; and
3. The advisory, judgmental and communication skills acquired through practical work experience.

C. Detailed syllabus

The case study assesses the capability of a candidate who has covered all other ICAN examination papers to understand issues in a relatively unstructured scenario enabling the production of a professional report based on the use of financial and business knowledge and skills acquired in earlier examination subjects. It requires the use of underpinning tools that support both financial and business analyses.

It will consist of a single scenario, comprising **pre-seen** and **unseen**. Candidates will receive the pre-seen electronically two (2) weeks before the examination date while the unseen will be given to them on the day of the examination. The scenario is a complete and highly realistic scenario based on a private, public or charitable sector entity or entities in a current business environment that is stated and explained.

The scenario is followed by two requirements

The candidate will be required to write a report based on a given business scenario from a brief. This will include:

1. Executive summary, introduction, main body, conclusion and recommendation; and
2. Appendices.

The assessment will be evidence based on the content of the script submitted by the candidate in an examination that lasts for four (4) hours. The first purpose is to test the

capability of the candidate to show evidence of his understanding of specified issues in the scenario in an answer that is a written report but that may include the presentation of some financial or non-financial information. The other purpose is to assess the capability of the candidate to produce a professional report dealing with two specific requirements based on a combination of financial and business analyses of the information in the scenario. The report produced may include appendices to show evidence of analyses undertaken.

D. Scenario requirements

The scenario requirements may involve the following:

1. Informed business judgement;
2. Managerial judgement;
3. Professional scepticism;
4. Professional ethics;
5. Business ethics;
6. Risk assessment;
7. Due diligence;
8. Corporate social responsibility;
9. Governance;
10. Social issues;
11. Efficiency, economy and effectiveness;
12. Managing shareholders' and other stakeholders' interest;
13. Globalisation issues; and
14. Business sustainability issues.
15. Application of technology strategies, including:
 - (a) Block Chain;
 - (b) Artificial Intelligence; and
 - (c) Digital Communications.
16. Soft skills, including:
 - (a) Originality and initiative;
 - (b) Creative thinking;
 - (c) Integrated thinking
 - (d) Persuasion and negotiation;
 - (e) Cognitive flexibility;
 - (f) Multiple capitals;
 - (g) Leadership;
 - (h) Emotional intelligence;
 - (i) Social thinking;
 - (j) Project management; and
 - (k) Technology design, strategy and business modelling.

E. Analytical tools

The following strategic management tools will be tested:

1. Strategic tools which include PESTEL, SWOT, Porter's five forces, Benchmarking, Porter's value chain analysis, Porter's generic strategies, Porter's diamond, Boston consulting group model (BCG), Ansoff's matrix, gap analysis, business capacity analysis, resource audit, Boston and business process model;
2. Performance management tools such as Critical success factors (CSF), key performance indicators (KPIs), balanced scorecard, value for money, economic value added (EVA);
3. Tools to analyse a basic set of financial statements consisting of statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and supporting notes such as trend analysis, ratio analysis and common size analysis;
4. Tools that can be used with management information such as budgets and forecasts;
5. Tools that can be used for management short term decisions such as marginal costing and contribution analysis;
6. Financial engineering assessment tools;
7. Business valuation tools;
8. Analyses and evaluation of key types of business risks and assessment of their implications within a given scenario;
9. Appraisal and evaluation of financial reconstruction proposals in a given scenario; and
10. Advise on investment proposals appropriate to the objectives of a given business organisation.

F. Ethical consideration

Ethical issues are component of Case Study. They will be assessed in a contextual and broad way using case study examination. Ethics will not be more than 15% of the content. However, candidates will not be asked about ethics directly, they will have to recognise and include ethical matters and concerns in their output as part of the case study. They include professional issues and how businesses are conducted - sustainability, social and environmental impact. Ethics may be seen in the context of regulations, regulatory oversight, professional duties, public interest and reputation.

G. Assessment procedure

The Case Study requirements are relatively open and there is no single solution or model. However, candidate's report will be assessed based on the content and in-depth analysis of the scenario. The assessment will be based on the following factors:

1. Use of data and information provided in the case scenario and appendices appropriately;

REGULATIONS AND EXAMINATIONS SYLLABUS FOR ICAN

2. Use of professional tools and knowledge – those acquired in the other subjects of the examination;
3. Use of analytical skills;
4. Identification of issues and options;
5. Application of professional scepticism and ethical judgement;
6. Evaluation of issues and options;
7. Arriving at appropriate conclusions; and
8. Proposing appropriate recommendations.

The candidate's overall report will be assessed based on the following factors:

1. Inclusion of appropriate appendices;
2. Good structure; and
3. Appropriate style and language.