

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA



**PROFESSIONAL EXAMINATIONS SYLLABUS 2025**  
**(UPDATED - 2026)**

## **FOREWORD**

The chartered accountancy qualification - ACA, of the Institute of Chartered Accountants of Nigeria (ICAN), is one of the most advanced professional accountancy qualifications globally. Its integrated components of professional development, ethics and professionalism, practical work experience, and professional examinations taken together build well-rounded chartered accountants. It also develops 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 complimentary components enable accountants to apply theory to practice in their everyday work.

### **Regular update and review**

To ensure that the knowledge and competences of members of the Institute of Chartered Accountants of Nigeria (ICAN) are relevant and up to date, the curriculum of the Chartered Accountancy Programme is updated annually to reflect emerging developments within the national and global accountancy profession.

In addition, a comprehensive review of the curriculum, covering both its structure and contents, is undertaken every three years. This ensures alignment with international standards and best practices, thereby equipping future accountants with the expertise required to remain competitive and market-ready in a dynamic professional environment.

This edition represents the update of the Institute's 2025 Professional Examinations Syllabus. Key amendments incorporated into the curriculum include:

- The Nigeria Tax Reform Acts, 2025;
- Nigerian Insurance Industry Reform Act, 2025;
- Updates to IFRS Accounting Standards (IFRS 17 and IFRS 18) and IFRS Practice Statements (1 and 2); and
- The International Sustainability Standards Board (ISSB) exposure drafts and proposed amendments to IFRS S2 – Climate-related Disclosures.

### **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, to add value in their workplaces.

## **Ethics and professionalism**

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

Students 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 during their studentship.

## **Practical work experience**

A student studying to obtain ICAN–ACA needs to complete at least thirty-six (36) months of practical work experience. The practical work experience is gained through a training agreement with one of ICAN's authorised training employers. Such practical work experience may include experience gained before registration. However, prior experience to be approved by ICAN shall be limited to a maximum of twelve (12) months, while the student must obtain the remaining twenty-four (24) months of acceptable practical work experience post-registration.

Students in employment will be required to complete an online practical work 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) Teamwork
  - (viii) Strategy, governance, and risk management
  - (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. Effective November 2025 examination, this syllabus aims to equip the newly qualified ICAN - ACA with essential technical knowledge and skills to address, analyse, and provide solutions for complex business cases in unpredictable environments. Additionally, it enhances their abilities to exercise professional judgements and effectively communicate solutions. 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 competences. 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 competences. 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 judgements and evaluations based on more complex business situations linking competences acquired at the Foundation and Skills levels. Case Study, at this level, develops students' abilities 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 the International Panel on Accounting Education (IPAE)

**Chief Chibuzor Noel Anyanechi, FCA**  
**Chairman, Syllabus Review Committee**

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## **PREAMBLE TO THE SYLLABUS**

This syllabus is designed to help students plan their studies and provide detailed information on the topics that could be assessed in any examination diet.

## **STRUCTURE OF THE SYLLABUS**

### **a. Linkage with other subjects**

Each diagram depicts the relationship between one subject and related 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 competences to be acquired.

### **c. Main competences**

The aim of each subject is broken down into main competences which divide the syllabus into distinct sections.

### **d. 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 ICAN chartered accountants. Students are expected to apply the fundamental principles of ethics and exercise judgement to their day-to-day activities.

### **e. 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 includes soft skills, such as leadership, emotional intelligence, negotiation, communication, conflict resolution, teamwork, 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 metamorphosed into the Institute which was created by an Act of Parliament No.15 (The Act), which came into effect on September 15, 1965. The Institute had, as at November 30, 2025, Seventy Thousand and Three (70,003) members, and Three Hundred Thousand, Four Hundred and Ninety-Seven (300,497) on the students' list as at December 31, 2025.

#### 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 publication from time to time of lists of those persons; and
- (c) performing through the Council under this Act the functions conferred on it by this Act."

#### 3. Membership

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

#### 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) or through other pathways as approved by the Council.

#### 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: reference services; reprographic services; reading and borrowing services; and systematic dissemination of information (SDI) services in addition to the e-library. Enquiries should be directed to the Librarian at the Victoria Island office or email: [library@ican.org.ng](mailto:library@ican.org.ng).

## **8. District societies**

As at December 31, 2025, there were Ninety – six (96) District Societies and Fourteen (14) Chapters for members of the Institute in major cities and towns in Nigeria, including United Kingdom, Canada, the United States of America, Malaysia, Cameroon and South Africa. The District Societies assist in disseminating information to students and prepare them for the qualifying examinations of the Institute.

## **9. Publications and Virtual Resources**

The Institute publishes the following, in print and electronic formats, for the benefits of its 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 Accountability Index;
- d. ICAN News, a quarterly journal for students of the Institute;
- e. Pathfinder, published after each examination, containing suggested solutions to the examination questions;
- f. Members' Handbook, a compendium of the Institute's enabling Act, Professional Code of Conduct and Guide for Members, ethical and other legal provisions.
- g. ICAN Study Texts in soft copies;
- h. International Journal of Contemporary Accounting Issues (IJCAI), the foremost research journal, covering accounting and finance related issues;
- i. ICAN on Air, where contemporary issues relating to the profession are discussed; and
- j. ICAN e-learning platforms.

## **10. Training agreement**

ICAN training agreement is a joint agreement between the professional examinations 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 opportunities 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 thirty-six (36) months for those with accounting degrees/diplomas, whilst those with non-accounting degrees/diplomas will be forty-two (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](mailto:info.ican@ican.org.ng);  
Website: or [www.icanig.org](http://www.icanig.org)

**Students' Affairs Directorate**

82, Murtala Mohammed Way  
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## **ICAN CHATBOT**

m.me/ICANngr

### **LIAISON OFFICES**

**(a) Abuja Liaison Office**

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**(b) Kaduna Liaison Office**

3, Kanta Road  
Ali Turaki House  
Kaduna.  
Tel: +234 0705 368 7707  
Email: icankaduna@ican.org.ng

**(c) Kano Liaison Office**

Murtala Mohammed Library Complex  
Ahmadu Bello Way  
Kano.  
Tel: +234 0705 368 0508  
Email: icankano@ican.org.ng

**(d) Enugu Liaison Office**

Block C 38/39, C to C Plaza  
Nkpokiti by Presidential Road  
Enugu.  
Tel: +234 0811 269 4193  
Email: icanenugu@ican.org.ng

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

## PART TWO

### 14. Students' registration and training

#### A. Approved qualifications for registration

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

- (a) Recognised degree of any University or Higher National Diploma of any Polytechnic in Nigeria; and
- (b) Any other qualification for the time being approved by the Council. These include:
  - (i) Membership of Accounting Technicians Scheme, West Africa;
  - (ii) Membership of the Institute of Chartered Accountants of England and Wales;
  - (iii) Membership of the Association of Certified Chartered Accountants, UK;
  - (iv) Membership of the Association of International Certified Professional Accountants (AICPA & CIMA);
  - (v) Membership of the Chartered Institute of Public Finance and Accountancy, UK;
  - (vi) Membership of the Institute of Chartered Accountants of Ghana;
  - (vii) Membership of the South Africa Institute of Chartered Accountants;
  - (viii) Membership of the Institute of Chartered Secretaries and Administrators, UK;
  - (ix) Membership of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN),
  - (x) Membership of the Association of International Accountants, UK;
  - (xi) Membership of the Association of National Accountants of Nigeria;
  - (xii) Membership of the Chartered Institute of Taxation of Nigeria;
  - (xiii) Membership of the Chartered Institute of Bankers of Nigeria;
  - (xiv) Membership of the Chartered Institute of Stockbrokers;
  - (xv) Membership of the Institute of Chartered Economists of Nigeria;
  - (xvi) Membership of Chartered Institute of Insurance of Nigeria;
  - (xvii) Membership of Nigerian Institute of Management;
  - (xviii) Membership of the Association of Accounting Technicians, U.K;
  - (xix) Executive Management Accountancy of the Federal Treasury Academy, Stage III Certificate; and
  - (xx) Membership of other professional bodies under PAFA and IFAC.
- (c) The foreign recognised degree of any University or Colleges or Higher learning (or its equivalent) of any Institution is that granted by the Federal Ministry of Education and the qualification is evaluated as being equivalent to the degree/Higher National Diploma of a Nigerian University/Polytechnic.
- (d) A certificate of completion, exemption or exclusion from the National Youth Service Corps (NYSC) scheme must be presented by Nigerians who obtained the necessary qualification, whether within or outside Nigeria.

**15. Application for registration**

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

Every applicant will be required to submit satisfactory evidence of his/her name and age, together with certified photocopies of educational certificates, one certified passport-size photograph and a current means of identification (such as National Identification card, International Passport, Driver's Licence and Permanent Voter's Card)

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 and 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 1<sup>st</sup> 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.

**17. Registration procedure**

Go to <https://icanportal.org/professional>

## PART THREE

### Professional Examination

#### 17.1 Structure of the Syllabus

With effect from November 2025 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 Environment	BE
A2.	Financial Accounting	FA
A3.	Management Accounting	MA
A4.	Corporate and Business Law	CBL

##### Skills

Code	Subject	Abbreviation
B1.	Financial Reporting	FR
B2.	Audit, Assurance and Forensics	AAF
B3.	Taxation	TAX
B4.	Performance Management	PM
B5.	Financial Management	FM
B6.	Public Sector Accounting and Finance	PSAF

##### Professional

Code	Subject	Abbreviation
C1.	Strategic Business Reporting	SBR
C2.	Advanced Audit, Assurance and Forensics	AAAF
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 the 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 qualifications are recognised and valued by governments, regulatory authorities and employers across all jurisdictions and sectors.

#### 17.3 Examination centres

The Institute currently has examination centres in the following locations:

Aba; Abakaliki; Abeokuta; Abuja (4 centres); Ado-Ekiti; Akure; Alimosho; Amuwo; Asaba; Auchi; Awka; Benin-City; Calabar; Cameroon; Enugu; Gombe; Ibadan; Ikeja (4 centres); Ikorodu (2 centres); Ilesha; Ilisan- Remo; Ilorin (2 centres); Jalingo; Jos; Kaduna; Kano; Keffi; Lafia; LASUED (Ojo, Lagos); Lokoja; London; Maiduguri; Makurdi; Minna; Mowe; Ogbomoso; Onitsha; Osogbo; Ota; Owerri; Oyo town; Port Harcourt; Sokoto; Umuahia; Unilag (2 Centres); Uyo; Victoria-Island (Lagos); Warri; Yenagoa; Yola; and Zaria.

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

#### **17.4 Closing dates of entries**

Entries for examinations would close one week before the examinations' dates.

#### **17.5 Examination entry**

No person may be allowed to sit any of the Institute's examinations unless he/she is a registered student of the Institute, has paid the required annual subscription and applicable examination fees. In addition, the student must have registered for the examination.

#### **17.6 Examination diets**

The Institute's professional examination will be held two times a year – May and November.

#### **17.7 Examination results**

The results of the examinations will be hosted on the Institute's website (students' portal). Candidate's score in each subject will be indicated on the result slip which can be downloaded from the portal. 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.

#### **17.8 Credit system**

- a. Students wishing to write the examinations 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, except when designated as special candidates (see note below).
- 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 of the examinations 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.

Note: Special candidates are members of professional accountancy organisations (PAOs) which are members of IFAC and approved by the Council to combine examinations across levels.

#### **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 commenced in November 2025. All candidates shall be 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:**

**2021 Syllabus (15 Papers)**

**Foundation Level**

- A1. Business Management and Finance
- A2. Financial Accounting
- A3. Management Information
- A4. Business Law

**Skills Level**

- B1. Financial Reporting
- B2. Audit and Assurance
- B3. Taxation
- B4. Performance Management
- B5. Public Sector Accounting and Finance
- B6. Corporate Strategic Management and Ethics

**Professional Level**

- C1. Corporate Reporting
- C2. Advanced Audit and Assurance
- C3. Strategic Financial Management
- C4. Advanced Taxation
- C5. Case Study

**2025 Syllabus (15 Papers)**

**Foundation Level**

- A1. Business Environment (BE)
- A2. Financial Accounting (FA)
- A3. Management Accounting (MA)
- A4. Corporate and Business Law (CBL)

**Skills Level**

- B1. Financial Reporting (FR)
- B2. Audit, Assurance and Forensics (AAF)
- B3. Taxation (TAX)
- B4. Performance Management (PM)
- B6. Public Sector Accounting and Finance (PSAF)
- Nil**
- B5. Financial Management (FM)

**Professional Level**

- C1. Strategic Business Reporting (SBR)
- C2. Advanced Audit, Assurance and Forensics (AAAF)
- C3. Strategic Financial Management (SFM)
- C4. Advanced Taxation (ATAX)
- C5. Case Study (CS)

### 17.10.2 Conversion table from the old to the new syllabus as approved

	2021 Syllabus	2025 Syllabus	
		To write	Credited with
A	Candidates who successfully completed Foundation Level	<b>None</b>	<b>A1.</b> Business Environment <b>A2.</b> Financial Accounting <b>A3 Management Accounting</b> <b>A4.</b> Corporate and Business Law
B	Candidates who passed any of the subjects at Foundation level, but yet to complete the level, will be converted to the new syllabus based on the mapping on the right.	Equivalent subject(s) not yet passed.  <b><u>2021</u></b> <b><u>2025</u></b>  BMF    for    BE FA      for    FA MI      for <b>MA</b> BL      for    CBL	Equivalent subject(s) in Foundation level passed:  <b><u>2021</u></b> <b><u>2025</u></b>  BMF    for    BE FA      for    FA MI      for <b>MA</b> BL      for    CBL
C	Candidates who successfully completed Skills level	<b>None</b>	FR, AAF, TAX, PM, <b>FM</b> and PSAF
D	Candidates who passed any of the subjects at Skills level, but yet to complete the level, will be converted to the new syllabus based on the mapping on the right.	Equivalent subject(s) not yet passed.  <b><u>2021</u></b> <b><u>2025</u></b>  FR      for    FR AAS    for    AAF TAX    for    TAX PM     for    PM PSAF   for    PSAF CSME (out) <b>NIL</b> <b>NIL</b> <b>FM (New)</b>	Equivalent subjects at Skills level passed:  <b><u>2021</u></b> <b><u>2025</u></b>  FR      for    FR AAS    for    AAF TAX    for    TAX PM     for    PM PSAF   for    PSAF CSME (out) <b>NIL</b>
F	Candidates who passed any of the subjects at Professional level, but yet to complete the level, will be converted to the new syllabus based on the mapping on the right.	Equivalent subject(s) not yet passed:  <b><u>2021</u></b> <b><u>2025</u></b> CR      for    SBR AAA    for    AAFF SFM    for    SFM ATAX   for    ATAX CS      for    CS	Equivalent subjects in Professional level syllabi:  <b><u>2021</u></b> <b><u>2025</u></b> CR      for    SBR AAA    for    AAFF SFM    for    SFM ATAX   for    ATAX CS      for    CS

**Note:**

- Candidates are expected to migrate to 2025 syllabus, effective November 2025, in line with the above conversion arrangement.
- Management Accounting (MA) is a direct replacement for Management Information (MI).
- Any candidate who has passed MI during May 2025 diet or before will be credited with MA.
- Any candidate who failed MI during May 2025 diet or before will write MA before proceeding to the Skills level.

## 18. Professional examination timetable

Day	Time	Foundation	Skills	Professional
Tuesday	9.00 A.M. 12.15 PM	Financial Accounting	Financial Reporting	Strategic Business Reporting
	1.45 P.M. 5.00 P.M.	Management Accounting	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 Environment	Audit, Assurance and Forensics	Advanced Audit, Assurance and Forensics
Thursday	9.00 A.M. 1.00 P.M.	-	-	*Case Study
	9.45 PM 1.00 P.M.	-	Public Sector Accounting and Finance	-
	1.45 P.M. 5.00 P.M.	Corporate and Business Law	Financial Management	-

Note: \*Case study examination starts at 9.00am while Public Sector Accounting and Finance (PSAF) starts at 9:45am and both papers end at 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 (MCQs) which shall cover the entire contents of the syllabus. This section shall make up 20% of the total marks.

**Section B:** Shall comprise six (6) open-ended questions (essay, computational or scenario-based) carrying 20 marks each of which candidates will be required to attempt any four (4).

### Skills and Professional levels

Examination at these levels will be in three (3) sections:

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

**Section B.** Three (3) questions of 20 marks each and candidates will be required to attempt any two (2).

**Section C.** Three (3) questions of 15 marks each and candidates will be required to attempt any two (2).

**Case Study.** This will be a scenario-based paper, consisting of pre-seen and unseen parts, 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** (4) hours, including reading time.

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

### Skills and competences

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

Level	competences
<b>Foundation:</b>	Knowledge and understanding
<b>Skills:</b>	Analysis, interpretation and application
<b>Professional:</b>	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. New standards and laws may be examined after six months from the date of issue, even if the effective dates are in the future.

### 20. Absence from an examination

Examination entries cannot be withdrawn in any circumstance. If a candidate is unable to sit an examination, for whatever reason, the fees paid will not be refunded nor transferred to subsequent examinations.

### 21. Misconduct in an examination

The examination regulations prohibit a candidate from:

- (a) taking into the examination hall or possessing, any book, note, programmable calculator/devices, wristwatches, any form of wristbands, ipod, earpiece, gsm handsets and other communication gadgets 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;
- (g) impersonating another candidate; and
- (h) writing another candidate's examination or registration number on his or her answer script.

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

Any candidate 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)	All subjects in Foundation and Skills levels

	<b>Academic qualifications</b>	<b>Exemptions</b>
B	M.Sc. (Accounting) obtained from ICAN accredited institutions in addition to B.Sc. in Accounting.	All subjects in Foundation level B1. Financial Reporting B2. Audit, Assurance and Forensics
C	M.Sc. (Accounting) obtained from ICAN accredited institutions but without B.Sc. in Accounting.	A1. Business Environment A2. Financial Accounting A3. Management Accounting
D	M.Sc. (Accounting) obtained from non-accredited institutions in addition to B.Sc. in any accounting related discipline.	A1. Business Environment A2. Financial Accounting A4. Business Law
E	B.Sc./HND (Accounting) obtained under the Mutual Co-operation Agreement with Tertiary Institutions (MCATI)	All subjects in Foundation and Skills Levels
F	ATSWA (from year 2010)	All subjects in Foundation Level B2. Audit, Assurance and Forensics B3. Taxation
G	ATS II (pre-2010)	A1. Business Environment A2. Financial Accounting A3. Management Accounting
H	B.Sc./HND (Accounting) obtained from ICAN- accredited institutions in Nigeria.	All subjects in Foundation Level B2. Audit, Assurance and Forensics
I	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria but not yet accredited by ICAN.	A1. Business Environment A2. Financial Accounting A4. Business Law
J	B.Sc./HND (Accounting) obtained from foreign recognised institutions	A1. Business Environment A2. Financial Accounting
K	B.Sc./HND (Accounting)/ Masters in Accounting and Finance (MAF) obtained from foreign recognised institutions.	A1. Business Environment A2. Financial Accounting A3. Management Accounting
L	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria and MBA Finance.	All subjects in Foundation Level B2. Audit, Assurance and Forensics

	<b>Academic qualifications</b>	<b>Exemptions</b>
M	B.Sc./HND (Accounting) obtained from recognised institutions in Nigeria but not yet accredited by ICAN plus MBA Finance.	A1. Business Environment A2. Financial Accounting A4. Business Law B
N	B.Sc. (Economics)	A1. Business Environment
O	B.Sc. (Economics/Statistics) B.Sc. (Economics/Computer Science)	A1. Business Environment
P	B.Sc. (Actuarial Science)	A1. Business Environment A4. Corporate and Business Law
Q	B.Sc./HND (Insurance)	A1. Business Environment A4. Corporate and Business Law
R	B.Sc./HND/B. A (Business Admin/Management/Public Administration)	A1. Business Environment A4. Corporate and Business Law
S	B.Sc./HND (Banking and Finance)	A1. Business Environment A4. Corporate and Business Law
T	B.Sc./HND (Marketing)	A1. Business Environment A4. Corporate and Business Law
U	MBA/MBF in addition to B.Sc./HND in non- accounting discipline	A1. Business Environment A4. Corporate and Business Law
V	B.Sc. (Ed.) Accounting or B.Ed. Business Education (Accounting option)	A1. Business Environment A2. Financial Accounting A4. Corporate and Business Law
W	B.Ed. Education Management (Accounting Option)	A1. Business Environment A2. Financial Accounting A4. Corporate and Business Law
X	B.Ed. (Business Education)	A1. Business Environment
Y	B.Sc./B. A (Commerce)	A1. Business Environment A4. Corporate and Business Law
Z	B.Sc./HND (Cooperative and Rural Development)	A1. Business Environment A4. Corporate and Business Law
AA	LL. B/LL.M/LL. D	A4. Corporate and 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

	<b>Qualifications</b>	<b>Exemptions</b>
a.	Associate Chartered Institute of Bankers of Nigeria (ACIBN)	All subjects in Foundation level B2. Audit, Assurance and Forensics

	Qualifications	Exemptions
b.	Associate Institute of Financial Services, UK (Formerly Chartered Institute of Bankers, London)	A1. Business Environment A2. Financial Accounting
c.	Associate Chartered Institute of Stockbrokers of Nigeria (ACIS)	A1. Business Environment A2. Financial Accounting A4. Corporate and Business Law
d.	Associate Institute of Chartered Secretaries and Administrators (AICSA)	A1. Business Environment A2. Financial Accounting A4. Corporate and Business Law
e.	Associate Chartered Institute of Insurance of Nigeria (ACIIN)	A1. Business Environment A4. Corporate and Business Law
f.	Associate Chartered Institute of Taxation of Nigeria (ACITN)	All subjects in Foundation level <b>except</b> Management Accounting B3. Taxation
g.	Certified National Accountant of Nigeria (CNA)	All subjects in Foundation and Skills levels
h.	Nigeria Institute of Management (Chartered)	A1. Business Environment
i.	Executive Management in Accounting (EMA) obtained from Federal Treasury Academy with effect from 1987 (Formerly Federal Treasury Training School)	All subjects in Foundation Level B2. Audit, Assurance and Forensics
j.*	ICAEW	All levels but to write examination of experience
k.*	CIPFA, UK	All levels <b>except</b> the following subjects in each of the levels: A4. Corporate and Business Law C4. Advanced Taxation
l.*	CIMA, UK	All levels <b>except</b> : C2. Advanced Audit and Assurance
m.*	ACCA, UK CPA, USA ICAS, UK ICAI, UK	All levels <b>except</b> the following subjects in each of the levels: A4. Corporate and Business Law B5. Public Sector Accounting and Finance C4. Advanced Taxation

	Qualifications	Exemptions
n.	ACCA, UK CPA, USA ICAS, UK ICAI, UK In addition to BSc/HND (Accounting) obtained from Nigeria	All levels <b>except</b> the following subjects in each of the levels: B5. Public Sector Accounting and Finance C4. Advanced Taxation
o.	AIA (Final) with effect from 1994 AAT (UK)	A1. Business Environment A2. Financial Accounting A3. Management Accounting B2. Audit, Assurance and Forensics
p.	AIA (Pre-1994)	A1. Business Environment A2. Financial Accounting A3. Management Accounting

\*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.

Notes:

- No candidate who has failed subject(s) in the professional examination will be exempted from the same subject(s). This rule will only be waived in individual cases, where the candidate provides evidence of having attained the requisite skills/competences being tested in the subject, through the additional qualification/certificate that might have qualified such a candidate for an exemption from the subject(s).**
- Professional membership eligible for exemption stipulated in (14A) above must have been attained through qualifying examinations, and not through any reciprocity or other arrangements.

## 22.4 Lecturers in higher institutions

Lecturers in accounting departments of ICAN-accredited institutions holding B.Sc./HND (Accounting) qualifications shall be given not less than the same level of exemptions/concession granted to graduates of those institutions.

## DETAILED SYLLABUS

### FOUNDATION LEVEL

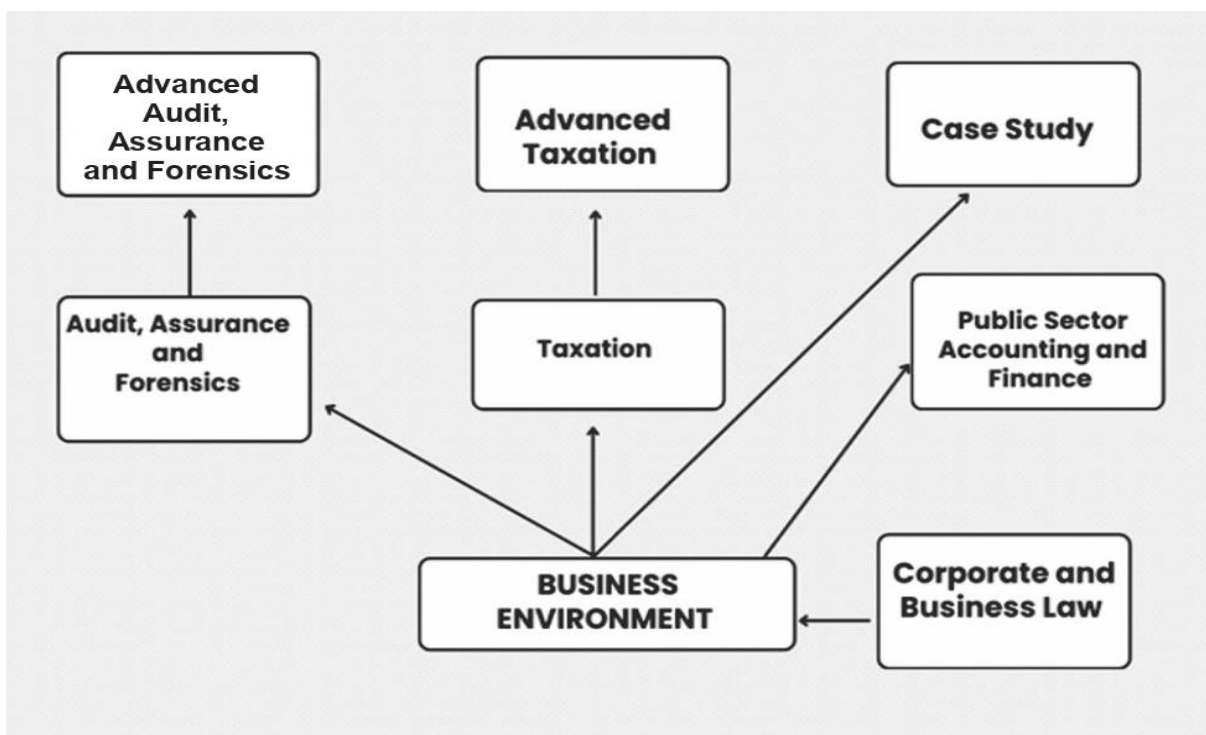
#### A1. BUSINESS ENVIRONMENT

##### AIM

To enable students gain an understanding of business environment (global and national). A sound knowledge of markets, financial markets, entities and organisations to provide a foundation for business professionals. This subject revolves around a basic understanding of economics, management of businesses; business ethics, governance, corporate social responsibility, management information and sustainability.

##### Linkage with other Subjects

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



##### Main competences

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 organisational structure and design;
- Understand the basic concepts of leadership and requirements for effective communication within and outside a business organisation;
- Understand issues associated with building, leading and managing effective

- teams and organisational conflict;
- Explain strategy, alternative approaches to strategy development, and sustainable competitive advantage; and
- Understand the applications of basic economic theories and business planning to solving business environmental problems locally and globally for competitive edge.

## **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

## **Method of assessment**

The Business Environment paper is for three (3) hours with additional fifteen (15) minutes reading time. The paper is in two (2) sections. Section A comprises twenty (20) multiple-choice questions (MCQs) that cover all areas of the syllabus. Section B comprises six (6) questions of which candidates are required to attempt four (4). Questions in Section B will focus on specific areas of the syllabus.

## **Ethics and professional skepticism**

Students should note that underlying ethical thinking is required in all business processes and procedures, relationships and guiding management in decision making. Students will also be expected to apply professional skepticism and critical thinking on the job.

## **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Review		
Grid		Weighting %
A	Business Processes and Environment	25
B	The role of Professional Accountants in business and society	15
C	Management and Organisational behaviour	20
D	Elements of Economics	20
E	Technology and data analysis	20
	TOTAL	100

## Detailed contents

### 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 organisations:
    - (i) Sole proprietorship;
    - (ii) Partnership:
      - general partnership;
      - limited partnership; and
      - limited liability partnership.
    - (iii) Limited liability and unlimited companies:
      - private
      - limited by shares
      - limited by guarantee
      - unlimited
      - public
    - (iv) Non-governmental organisations (NGOs);
    - (v) Public sector organisations;
    - (vi) Alliances;
    - (vii) Cooperative societies; 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.
  - (c) Identify the factors that may influence management choice of organisational structure.
  - (d) List and explain the consequences of poorly designed organisational structure.
  - (e) Describe organisational chart
  - (f) Explain the usefulness and limitations of organisational chart.
  - (g) Explain the purposes of committees in the organisational structures of a business organisation.
  - (h) State the advantages and disadvantages of committees.
  - (i) Explain the functions of the following board committees:
    - i. audit committee; and
    - ii. remuneration committee.
  - (j) State and explain the roles of the following board members:
    - i. Chairman;
    - ii. Secretary;
    - iii. Managing Director;
    - iv. Executive Director;
    - v. Non Executive Director; and
    - vi. Independent Non Executive Director.
3. The business environment
- (a) State the characteristics of business environment.
  - (b) Explain the impact of government policies on business.
  - (c) State the legal and regulatory frameworks that affect business operations.
  - (d) State and explain the two major models for analysing business environment.
  - (e) Identify and explain how firms can adapt to their environments.
  - (f) Explain the meaning and importance of the following:
    - i. globalisation/international business;
    - ii. macroeconomic/national environment;
    - iii. microeconomic/markets and industries; and
    - iv. stakeholders.

- (g) Explain the concept of environmental scanning, its methods and importance.
- (h) Explain the various sources of information for environmental scanning.
- (i) Identify and explain the steps involved in conducting a SWOT analysis.
- (j) Explain the benefits of SWOT analysis to business firms.
- (k) State the pitfalls of using SWOT analysis by firms.
- (l) Describe the context environment in which an organisation operates, including the primary political, economic, sociocultural, technological, environmental, legal and regulatory aspects (PESTEL).
- (m) Identify and explain the steps involved in conducting a PESTEL analysis.
- (n) Explain the benefits of PESTEL analysis to business firms.
- (o) State the pitfalls of using PESTEL analysis by firms.
- (p) Define and explain the importance of corporate social responsibility (CSR) and sustainability practices by firms.
- (q) List and describe ways that businesses can adopt in affecting their environment for the benefits of all stakeholders.

## **B. The Role of Accountancy in Business and Society**

**15%**

1. Finance function
  - (a) List the roles and accounting functions within an organisation, including:
    - i. financial reporting;
    - ii. management accounting; and
    - iii. treasury management.
  - (b) Explain internal checks and internal controls.
  - (c) Explain internal audit functions within an organisation.
  - (d) Explain the role statutory audit and assurance play in the performance of an organisation.
2. Ethics and code of corporate governance
  - (a) Define ethics and explain its importance to the professional accountant.
  - (b) Describe the roles of professional bodies and regulators in promoting ethical awareness and discipline.
  - (c) State the fundamental principles of ethics.
  - (d) Explain the code of conduct as established by ICAN and IFAC for professional accountants.
  - (e) Describe organisational values that promote ethical behaviours.
  - (f) Explain the concept of “acting in public interest”.
  - (g) Explain actions that could create ethical conflicts in a business.

## **C. Management and Organisational Behaviour**

**20%**

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 emphases 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 of 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 their utilisation;
  - (c) Uses and management of social media accounts;
  - (d) Uses and management of social media pages; and
  - (e) Digital marketing.

## **D. Elements of Microeconomics and Macroeconomics**

**20%**

1. Introduction to economics and the market

- (a) Explain basic economic concepts.
  - (b) Explain microeconomics and macroeconomics.
  - (c) Identify and explain basic economic problems.
2. Demand and supply, and price mechanism  
Explain:
- (a) concepts of demand and supply;
  - (b) application of demand and supply; and
  - (c) market determination of equilibrium price and quantity.
3. Costs, revenue and productivity  
Identify and explain cost, revenue and profit concepts
4. Market structures  
Identify and explain:
- (a) perfect competition (shut-down point for a perfect competitive firm);
  - (b) pure monopoly; and
  - (c) monopolistic competition.
5. Market failure, externalities and interventions  
Identify and explain market failure, types of externalities and interventions.
6. National income accounting  
Explain:
- (a) basic concepts of national income;
  - (b) methods of computing national income;
  - (c) problems of measuring national income; and
  - (d) uses of national income estimates.
7. Financial institutions  
Explain the following:
- (a) central banking;
  - (b) universal/commercial banking;
  - (c) development banking;
  - (d) other financial institutions;
  - (e) money and capital markets; and
  - (f) foreign exchange markets (NAFEM, NAFEX, interbank rates, etc.).
8. Issues in monetary and fiscal policy  
Identify and explain:
- (a) monetary policy variables; and
  - (b) fiscal policy variables.
9. Issues of inflation and unemployment  
Identify and explain:
- (a) inflation – types and causes;
  - (b) unemployment – types and causes; and
  - (c) Phillips curve.
10. Issues of economic growth and development  
Explain:
- (a) economic growth and development;
  - (b) sources of economic growth; and
  - (c) economic planning.

## **E. Technology and Data Analysis**

**20%**

1. Business uses of computers and information technology (IT)
  - (a) Explain the following:
    - (i) Database systems;
    - (ii) Accounting software;
    - (iii) Spread sheet applications;
    - (iv) Enterprise resource planning (ERP);
    - (v) Artificial intelligence (AI); and
    - (vi) Customer relationship management (CRM).
  - (b) Describe how the application of big data and data analytics can improve business operations.
  - (c) Define cybersecurity.
  - (d) List the key risks to data that can occur through cyber attacks.
  - (e) List and explain actions that can be put in place to mitigate cyber attacks.
2. E-commerce and electronic businesses
  - (a) Explain:
    - (i) business case scenarios for firms' e-commerce proposition;
    - (ii) IT policies as stepping stone to e-commerce and e-business;
    - (iii) making choices for e-commerce and e-business deployment;
    - (iv) benefits and challenges of e-commerce and e-business;
    - (v) business operations outsourcing methodologies; and
    - (vi) data centre disaster recovery, contingency plans and recovery alternatives.
  - (b) Discuss the following concepts in relation to e-commerce:
    - (i) IT infrastructure requirements for e-commerce and e-business;
    - (ii) the internet as the backbone for e-commerce;
    - (iii) social media platforms;
    - (iv) e-commerce models;
    - (v) payment systems including mobile payment platforms; and
    - (vi) digitisation of the middleman with examples such as Amazon, eBay, Konga, JiJi, etc.
3. Emerging technologies and the accountancy profession

Explain the following emerging technologies and how they affect business operations:

  - (a) Cloud computing;
  - (b) Block chain;
  - (c) Fintech;
  - (d) Statistical Modelling;
  - (e) Internet of things (IoT);

## A2. FINANCIAL ACCOUNTING

### AIM

To equip students with the essential framework and assumptions necessary for recording and summarising financial transactions that will enable them compile financial statements for sole traders, partnerships, companies, and not-for-profit entities.

### Linkage with other subjects

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



### Main competences

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

- explain the scope and purposes of accounting;
- identify the users of accounting information and their needs;
- understand the fundamental accounting concepts and demonstrate the bases of accounting;
- record financial transactions, articulate procedures for banking money received and associated documentation;
- record and account for transactions and events related to revenue, expenses, assets, liabilities, and equity in accordance with the relevant IFRS Accounting Standards and generally accepted accounting principles (GAAP);
- demonstrate the understanding and application of double-entry principles;

- discuss the usefulness and limitations of a trial balance;
- identify and correct errors;
- explain the use of control accounts and reconciliations;
- understand the accounting treatment for bad and doubtful debts;
- state the accounting treatment for accruals and prepayments;
- explain ethical considerations for preparers of financial statements;
- state accountants' roles in business, and recognise the duties and responsibilities of those in governance;
- understand the regulatory environment and the IASB Conceptual Framework for Financial Reporting;
- record and account for property, plant and equipment (PPE), intangible assets and impairment of asset:
- explain management and accounting for inventory:
- compile financial accounts for partnerships, not-for-profit entities, and in cases of incomplete records, demonstrate the ability to generate precise financial statements:
- prepare basic financial statements of companies according to IFRS accounting standards, document the issue of shares, record income tax (including under/over- estimates from the prior year) in the statements of comprehensive income, changes in equity, cash flows and financial position;
- explain the interrelationship between the components of financial statements, and offer a clear interpretation of the financial statements; and
- explain computerised accounting systems, demonstrate knowledge of digitisation in financial accounting, and explain the application of key concepts relating to virtual accounting.

## **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

## **Method of assessment**

The Financial Accounting paper is for three (3) hours with additional fifteen (15) minutes reading time. The paper is in two (2) sections. Section A comprises twenty (20) Multiple-choice questions (MCQs) that cover all areas of the syllabus. Section B comprises six (6) questions of which candidates are required to attempt four (4). Questions in Section B will focus on specific areas of the syllabus.

## **Ethics and professional skepticism**

Candidates taking the financial accounting paper must adhere to principles, such as integrity, objectivity, professional competence, confidentiality, and professional behaviour. Furthermore, they are encouraged to cultivate a questioning mindset, bias for figures, and apply critical thinking when providing answers to questions.

### Specification grid

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Review		
Grid		Weighting %
A	Accounting framework	10
B	Recording financial transactions	15
C	Reconciliation in financial accounting	15
D	Accounting for transactions in the financial statements	20
E	Accounting for partnership, not-for-profit entities and incomplete records	15
F	Financial statements	15
G	Virtual Accounting	10
	TOTAL	100

### Detailed Contents

#### A. Accounting Framework

10%

1. Scope and purposes of accounting
  - (a) Define accounting and state the objectives of accounting.
  - (b) Differentiate between accounting and book-keeping.
  - (c) Explain the different types of accounting.
2. Identify users of accounting information and their information needs.
3. Explain IASB Conceptual Framework for Financial Reporting in relation to:
  - (a) Objectives of general purpose financial reporting;
  - (b) Qualitative characteristics of useful financial information;
  - (c) Financial statements and the reporting entity; and
  - (d) Elements of financial statements, including:
    - (i) recognition and derecognition;
    - (ii) measurement; and
    - (iii) presentation and disclosure.
4. Explain the following accounting concepts and conventions:
  - (a) going concern;

- (b) accruals;
  - (c) duality;
  - (d) historical cost and current cost conventions;
  - (e) materiality and aggregation;
  - (f) substance over form;
  - (g) business entity;
  - (h) fair presentation;
  - (i) offsetting;
  - (j) consistency of presentation; and
  - (k) prudence.
5. Bases of accounting  
Explain accrual and cash bases of accounting.
  6. The regulatory environment of accounting:
    - (a) explain the need for regulation of accounting practice; and
    - (b) identify the regulator of accounting practice in Nigeria – Financial Reporting Council (FRC) of Nigeria.
  7. Explain the ethical considerations for preparers of financial statements.
  8. State the roles of accountants in business and the economy.
  9. State the duties and responsibilities of those charged with governance.

## **B. Recording Financial Transactions**

**15%**

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. Procedures and documentation for banking of monies received
  - (a) Explain the methods of funds transfer, including handling, storing and security of monies.
  - (b) Explain the uses of debit and credit cards.
3. 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.
4. The double entry principle
  - (a) explain the double entry principle.
  - (b) explain the accounting equation.
  - (c) explain the basic classifications of the ledger.
  - (d) post transactions into the ledger, using, the double entry principle.
  - (e) explain the general principles of the operations of the value added tax.
  - (f) calculate value added tax and post to the ledger, transactions with elements of VAT.
  - (g) balance ledger accounts and extract trial balance.

5. State the usefulness and limitations of trial balance.

**C. Reconciliation in Financial Accounting**

**15%**

1. Errors
  - (a) Identify errors in the double entry system.
  - (b) Identify errors not detected 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 control account and its uses.
  - (b) Prepare receivables control account and explain its uses.
  - (c) Prepare payables control account and explain its uses.
  - (d) 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 differences 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 Financial Statements**

**20%**

1. Accounting for property, plant and equipment (PPE) in accordance with IAS 16
  - (a) Identify the elements of PPE cost.
  - (b) Explain the differences between capital and revenue expenditure.
  - (c) Code assets.
  - (d) Explain the functions and purposes of assets register.

- (e) State how cost of non-current assets is initially recorded and measured.
  - (f) Compute, explain and record depreciation, using the straight line and reducing balance methods.
  - (g) Account for depreciation in the statement of profit or loss and other comprehensive income.
  - (h) Account for disposal of PPE.
  - (i) Calculate depreciation on an item of PPE that is revalued.
  - (j) Calculate and adjust for gain or loss on revaluation of PPE in the financial statements.
  - (k) Prepare simple schedules to account for movements in PPE.
2. Accounting for intangible assets (IAS 38)
- (a) State the difference between PPE and intangible assets.
  - (b) State the different types of intangible assets.
  - (c) Explain the difference between research and development expenditure.
  - (d) Determine the amount of research and development expenditure to be expensed or capitalised.
  - (e) Calculate and account for amortisation in financial statements.
3. Accounting for impairment of assets (IAS 36) - excluding impairment of assets in a cash generating unit
- (a) Define impairment loss, recoverable amount, fair value and value in use.
  - (b) Explain indicators of impairment.
4. Accounting for inventories (IAS 2)
- (a) Explain the requirements of IAS 2 for valuation of inventories.
  - (b) Explain the elements of cost of inventories.
  - (c) Explain the valuation and recognition of inventories.
  - (d) Measure inventories at cost, and lower of cost and net realisable value.
  - (e) Determine the cost 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 nature of inventories.
  - (h) Reconcile inventories and pass appropriate adjustments to opening and closing values of inventories in the financial statements.
  - (i) Explain the use of periodic and perpetual inventory methods.
5. Accounting for Provisions, Contingent Liabilities and Contingent Assets (IAS 37)
- (a) Define provisions, contingent liabilities and contingent assets.
  - (b) Explain the recognition criteria for provisions, contingent liabilities and contingent assets.
  - (c) Discuss the measurement basis.

- (d) Explain the disclosure requirements.

**E. Accounting for Partnership, Not-for-Profit Entities and Incomplete Records** **15%**

1. Partnership accounts
  - (a) Discuss partnership business.
  - (b) Prepare partners' current and capital accounts.
  - (c) Determine partners' shares of profits.
  - (d) Account for changes in partnership (excluding amalgamation and piecemeal realisation).
2. Not-for-profit entities' accounts
  - (a) Prepare receipts and payments account.
  - (b) Prepare statement of income and expenditure.
  - (c) Prepare statement of financial position.
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 the accounting equation, gross profit percentage, cash book summaries, memoranda and control accounts to determine missing figures in financial statements.

**F. Financial Statements** **15%**

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. Account for current income tax in the financial statements in relation to:
  - (a) adjusting for prior year tax over-estimate and under-estimate; and
  - (b) calculating the amount of tax expense and income tax payable.
4. Accounting for issue of shares and borrowing in a limited liability company
  - (a) Describe the capital structure of a limited liability company including:
    - i. Ordinary shares and Preference shares (redeemable and irredeemable)
      - Explain share premium and state its uses.
      - Account for issue of shares, fully subscribed for, at application.
      - Account for the effect of bonus issue in the financial statements.
      - Describe the nature of equity, including retained earnings and other components of equity.

- Identify and record the other components of equity which may appear in the statement of financial position.
    - ii. Borrowings
  - (b) Account for dividends and finance costs in the financial statements.
5. Preparation of simple financial statements and basic 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 changes in equity.
  6. Interpretation of simple financial statements
    - (a) Explain the importance and purpose of analysis of financial statements.
    - (b) Compute profitability, efficiency, short-term liquidity and long-term solvency ratios.
    - (c) Explain whether the ratios calculated show a better or worse position than the benchmark.

## **G. Computerised and Virtual Accounting Systems**

**10 %**

1. Computerised accounting systems
  - (a) State forms and explain functions of accounting records in a computerised accounting system.
  - (b) State types of accounting packages and their uses.
  - (c) Explain the use of computer tools to process business transactions, including entering and editing accounting information.
  - (d) State the advantages and disadvantages of the computerised accounting system.
2. Explain digitisation in financial accounting.
3. Explain the uses of the following in relation to financial accounting:
  - (a) data structure;
  - (b) block chain technology (distributed ledger);
  - (c) artificial intelligence (AI);
  - (d) virtual accounting principles and practices; and
  - (e) fraud opportunities arising from working remotely.

## **Applicable regulatory Frameworks and IFRS Accounting Standards**

### **Applicable Regulatory Frameworks and Laws**

- Conceptual Framework for Financial Reporting
- Financial Reporting Council of Nigeria, Act 2023

### **IFRS accounting standards**

- 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 12 – Income Taxes
- IAS 16 - Property, Plant and Equipment (PPE)
- IAS 36 - Impairment of Assets
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
- IAS 38 - Intangible Assets

### **Notes:**

New applicable IFRS accounting standards may be examined after six months from the dates of issue, even if the effective date is in the future.

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

### **Guide to examination assessment**

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

New standards and laws may be examined after six months from the dates of issue, even if the effective date is in the future.

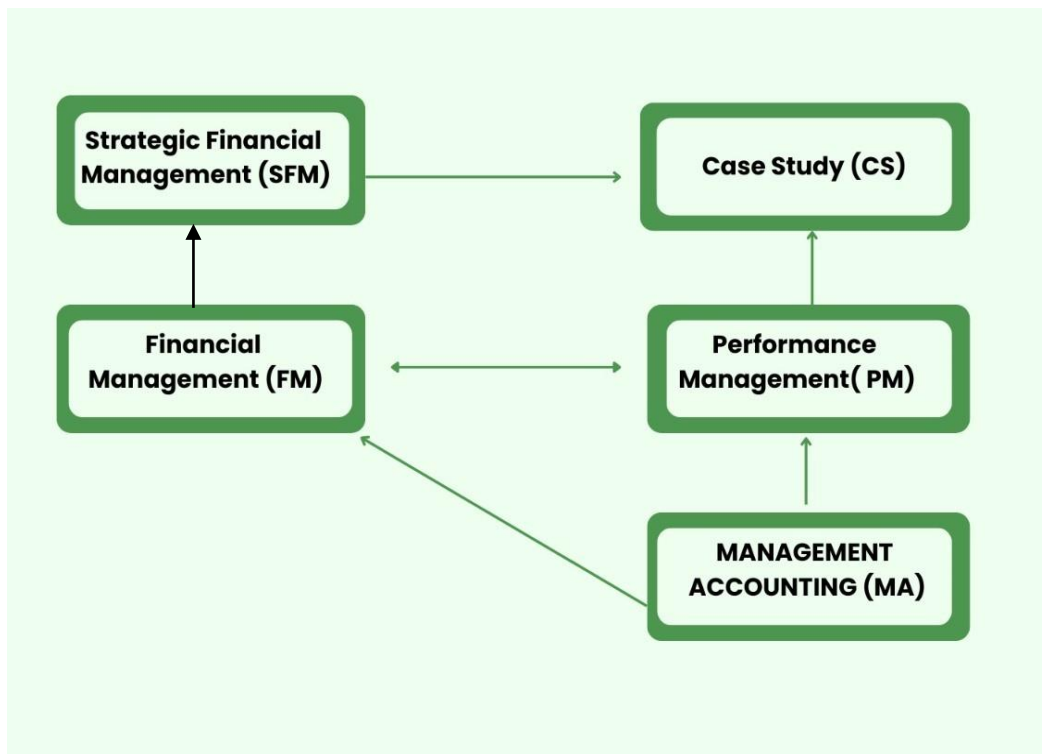
### A3. MANAGEMENT ACCOUNTING

#### AIM

To develop candidates' knowledge and understanding of costing and management accounting techniques to support management in planning, controlling and monitoring performance under various organisational contexts.

#### Linkage with other subjects

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



#### Main competences

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

- explain the nature, source and purpose of management information;
- explain and analyse data for cost elements;
- explain, ascertain and apply cost accounting methods and techniques;
- explain, analyse, forecast and prepare budgets for planning and control;
- compare actual costs with standard costs and analyse any variances arising therefrom; and
- explain and apply decision making techniques in facilitating business performance in situations of scarce resources.

#### Ethics

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the

organisational level and for individuals, particularly with respect to the accountant in business.

### Method of assessment

The Management Accounting paper is for three (3) hours with additional fifteen (15) minutes reading time. The paper is in two (2) sections. Section A comprises twenty (20) Multiple-choice questions (MCQs) that cover all areas of the syllabus. Section B comprises six (6) questions of which candidates are required to attempt four (4). Questions in Section B will focus on specific areas of the syllabus.

### Ethics and professional skepticism

Candidates should note that underlying ethical thinking is required in sourcing and collecting information and in taking management decisions. Candidates will also be expected to apply professional skepticism and critical thinking on the job.

### Specification grid

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Review		
Grid		Weighting %
A	Management information	15
B	Accounting for cost elements	10
C	Costing methods and techniques	20
D	Forecasting, budgeting and budgetary control	20
E	Standard costing and variance analysis	15
F	Performance measurement	20
Total		100

## DETAILED CONTENTS

### A. Management Information

15%

1. Nature and purposes of management accounting
  - (a) Identify the differences amongst financial, cost and management accounting.
  - (b) State the roles of the management accountant.
  - (c) Explain the importance of management information for planning, control and decision making.
2. Management information systems (MIS)
  - (a) Explain the role of information systems in organisations.
  - (b) Differentiate between data and information.
  - (c) Identify and explain the attributes of good information.
  - (d) Explain the limitations of management information in providing guidance for managerial decision making.
  - (e) Describe the sources of information from within and outside an organisation.
  - (f) Explain the uses and limitations of published information/data, including information from the internet.
3. Spreadsheets
  - (a) Identify the features and uses of spreadsheets.
  - (b) Explain the use of spreadsheets in data analysis, cost and management accounting.
4. Big data and data analytics
  - (a) Explain big data and describe the characteristics (volume, velocity, veracity and value).
  - (b) Explain the purposes of big data pyramid (data, information, knowledge, wisdom).
  - (c) List and explain the benefits and uses of data mining and data analytics.
  - (d) State the risks an organisation faces when applying data mining and analytics.
5. 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 behaviours using graphical illustrations.
  - (b) Cost codification
    - (i) Define cost codification.
    - (ii) Explain the principles of 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:
  - high/low analysis; and
  - least squares/regression analysis.
- (iv) Calculate and explain simple correlation coefficient.

**B. Accounting for Cost Elements**

**10%**

1. Accounting for inventory
  - (a) Describe the different procedures and documents necessary for the following material management actions:
    - (i) ordering;
    - (ii) purchasing;
    - (iii) receiving;
    - (iv) storing; and
    - (v) issuing.
  - (b) Explain inventory management and control procedures.
  - (c) Identify, explain and calculate relevant inventory costs.
  - (d) Compute optimal re-order quantities (involving quantity discounts).
  - (e) Explain and calculate the value of closing inventory and materials issued to production, using Last-In-First-Out (LIFO), First-In-First-Out (FIFO) and average methods.
  - (f) Explain Just-In-Time (JIT).
2. Accounting for labour
  - (a) Explain labour recording and monitoring procedures.
  - (b) Determine direct and indirect costs of labour.
  - (c) Describe different remuneration methods: time-based systems, piecework systems, and individual and group incentive schemes.
  - (d) Determine the level, the causes and costs of labour turnover.
  - (e) Prepare and explain the entries in payroll accounting.
3. Accounting for overheads
  - (a) Explain the components of overheads.
  - (b) Distinguish amongst allocation, apportionment and absorption of overheads.
  - (c) Describe the bases of overheads apportionment.
  - (d) Apportion and re-apportion overhead costs between production and service centres, using the reciprocal method (where service cost centres work for one another) and simultaneous equations method.
  - (e) Describe the bases and procedures involved in determining production overhead absorption rates.
  - (f) Explain and calculate under-absorption and over-absorption of overheads.
  - (g) Explain activity-based costing.

## C. Costing Methods and Techniques 20%

### 1. Costing methods

(a) Explain types of costing methods and compile costs under each of the following methods:

(i) Specific order using:

- job costing; and
- batch costing.

(ii) Process costing

- Determine the cost of a unit of output where there is normal loss, abnormal loss or 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.

### 2. 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.

### 3. Introduction to cost control and cost reduction

(a) Explain the meaning of cost control.

(b) Explain the meaning of cost reduction.

(c) Distinguish between cost control and cost reduction.

(d) Explain the following processes of cost reduction:

- (i) improving efficiency and standards;
- (ii) reducing the labour costs;
- (iii) applying work study;
- (iv) using organisation and methods (O & M); and
- (v) applying value analysis and value engineering.

**D. Forecasting, Budgeting and Budgetary Control**

**20%**

1. Forecasting techniques
  - (a) Explain the principles of time series analysis (cyclical, trend and seasonal variations 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:
    - (i) sales budget;
    - (ii) production budget;
    - (iii) material usage and purchase budget without losses; and
    - (iv) labour budget.
  - (e) Prepare simple cash budget without cash discount.
  - (f) Prepare simple master budget.

**E. Standard Costing and Basic Variance Analysis**

**15%**

1. Purpose and principles of standard costing
  - (a) Explain standard costing system.
  - (b) State the purposes of standard costing.
  - (c) Describe the operation of a standard costing system.
  - (d) Prepare cost standards card.
  - (e) State the types of cost standards.
2. Calculate basic variances and their analyses
  - (a) Material cost variance
    - (i) Price variance
    - (ii) Usage variance
  - (b) Labour cost variance
    - (i) Rate variance
    - (ii) Idle time variance
    - (iii) Efficiency variance
  - (c) Variable overhead cost variance
    - (i) Expenditure (rate) variance
    - (ii) Efficiency variance
  - (d) Fixed overhead cost variance
    - (i) Expenditure variance
    - (ii) Capacity variance
    - (iii) Efficiency variance
  - (e) Sales variance
    - (i) Selling price variance
    - (ii) Sales quantity variance
3. Interpret the various variances.

4. State the causes and remedies for the variances.
5. Reconcile the budgeted and actual profits under standard, marginal and absorption costing methods.

**F. Decision Making Techniques**

**20%**

1. Cost volume profit (CVP) analysis
  - (a) Explain the concept of CVP.
  - (b) Calculate breakeven point, margin of safety and target profit for a single product.
  - (c) Prepare and explain breakeven chart (traditional approach, contribution approach and profit volume approach) for single product.
  - (d) Explain the limitations of CVP analysis.
2. Relevant cost analysis
  - (a) Explain the concept of relevant cost and revenue.
  - (b) Identify and calculate relevant cost for specific decision situations from given data.
  - (c) Explain and apply the concept of opportunity costs.
3. Limiting factors
  - (a) Identify limiting factors in a scarce resource situation and select an appropriate technique.
  - (b) Determine the optimal production plan, where an organisation is restricted by a single limiting factor within the context of make-or-buy decisions.

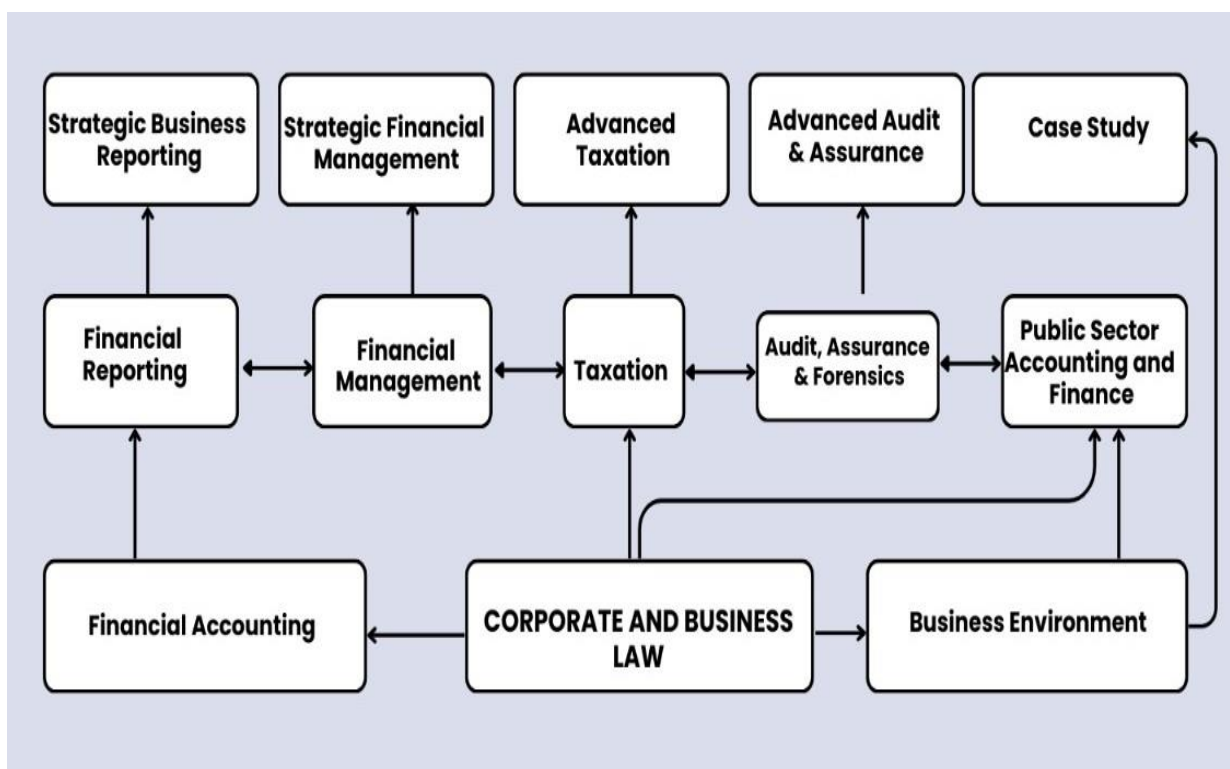
## A4. CORPORATE AND BUSINESS LAW

### AIM

To equip candidates with understanding and knowledge of law relevant to business and its operations. As professional accountants, there is need for a strong background in corporate and business law, particularly, the laws that regulate business organisations, commercial activities, employment relations, as well as those that are relevant to public sector entities.

### Linkage with other related subjects

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



### Main competences

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 partnerships and companies;
- compare and contrast law and ethics;
- explain law of contracts, including e-contract.
- explain law of agency: types, duties and rights, negligence and vicarious liability in professional practice, as well as types of goods, duties and rights of sellers and buyers of goods, formation of hire purchase contracts and the duties of parties thereto;
- 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, 2023 (as amended) and Banks and Other Financial Institutions Act, 2020 (as amended); and

- understand alternative dispute resolution (ADR) mechanisms.

### Ethics

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### Method of assessment

The Corporate and Business Law paper is for three (3) hours with additional fifteen (15) minutes reading time. The paper is in two (2) sections. Section A comprises twenty (20) multiple-choice questions (MCQs) that cover all areas of the syllabus. Section B comprises six (6) questions of which candidates are required to attempt four (4). Questions in Section B will focus on specific areas of the syllabus.

### Ethics and professional skepticism

Candidates should recognise that ethics is not law, but ethics form the basis of law in every society and profession. This will ensure that laws are just and fair. Candidates are therefore expected to demonstrate professional skepticism and consideration for ethics in addressing any issues raised in any question in Corporate and Business Law. Critical thinking is essential to meet this requirement.

### Specification grid

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

Syllabus Review		
Grid		Weighting %
A	The Nigerian legal and court systems	5
B	Partnership and business name, and company and insolvency laws	35
C	Criminal law	10
D	Law of commercial transactions	35
E	Employment law	5
F	Law of trusts and administration of estate	5
G	Alternative dispute resolution mechanisms	5
	TOTAL	100

## Detailed Syllabus

### A. The Nigerian Legal and Court Systems

5%

1. Identify and explain sources of Nigerian law, excluding customary law.
2. Identify and explain the statutory sources of Nigerian tax law.
3. State the composition, functions and powers of the Joint Revenue Board.
4. Outline the distinctions between civil law and criminal law.
5. Differentiate between case law and statutes.
6. Explain the hierarchy of Courts in Nigeria.
7. Explain the establishment, composition, jurisdiction and powers of the Tax Appeal Tribunal.
8. Explain the application of virtual evidence in the Nigerian judicial system.
9. Explain the requirements of the Nigerian Cyber Crime (Prohibition, Protection, etc.) Amendment Act, 2024.
10. Explain the governing principles of the Nigerian Data Protection Regulations (NDPR), 2023 (as amended).

### B. Partnerships and Business Name, and Company and Insolvency Laws

35%

1. Partnerships law and business name registration
  - (a) Explain the nature and types of partnerships.
  - (b) Differentiate between each type of partnership and a company.
  - (c) Describe the process by which each type of partnership may be formed, including the preparation of the relevant documents.
  - (d) Explain eligibility to be a partner of each type of partnership, liability of the partners and limitations, (if any) thereto, relationship of the partners as well as changes in partners, and partnership business.
  - (e) Identify the procedure for management of each type of partnership, including the rights and duties of partners, their relationship *inter se* and with third parties.
  - (f) Explain limited partnership (LP) and limited liability partnership (LLP) accounts and audit, annual returns as well as assignability of partners' interest.
  - (g) Explain chargeability of partners in a partnership business to tax, under the Nigeria Tax Act, 2025.
  - (h) Explain investigation and litigation in relation to limited partnership, and limited liability partnership as well as criminal proceedings by the Attorney-General of the Federation.
  - (i) Explain foreign limited partnerships.
  - (j) Explain the reasons and procedure for winding up and dissolution of each type of partnership.
  - (k) Explain the law and procedure of business name registration as well as the effects of business name registration.
2. Company Law
  - (a) Outline the composition and functions of the Corporate Affairs Commission.
  - (b) Explain the functions and procedures of Administrative Committee of the Corporate Affairs Commission.

- (c) Describe the types of companies, including single shareholder companies and small companies, and their implications.
- (d) Explain chargeability of small companies and large companies to tax, including joint ventures under the Nigeria Tax Act, 2025.
- (e) Explain tax exemptions of some companies under the Nigeria Tax Act, 2025.
- (f) Explain economic development tax incentives under the Nigeria Tax Act, 2025.
- (g) Explain the procedure for incorporation of a company, documents of incorporation, and replacement of statutory declaration with statement of compliance, pre-incorporation contracts, promoters and their duties.
- (h) Explain the consequences of incorporation and lifting of the veil of incorporation.
- (i) Describe the contents and effects of the memorandum and articles of association (including the ultra vires rule and its effect) and how each could be amended.
- (j) Explain modes of raising capital for a company, the procedures for issue of shares, redeemable preference shares, and debentures (corporate bonds).
- (k) Identify and explain ways in which the capital of a company is maintained or preserved, including laws relating to acquisition of own share by a company and distribution of profits.
- (l) Explain the law on imposition of tax on income, profits, and gains of companies as well as capital gains of investors under the Nigeria Tax Act, 2025.
- (m) Explain the securities of a company as defined by the Investments and Securities Act, 2025, and creation (including types) of charges over its properties.
- (n) State the provisions of the law on taxation of digital and virtual transactions as well as assets, and of virtual assets service providers (VASP) under the Nigeria Tax Administration Act, 2025.
- (o) State the provisions of the law on giving of assistance by the company to shareholders to acquire its own shares, and pre-emptive right of a shareholder of a private company to be allotted more shares.
- (p) Identify types of directors.
- (q) State how directors may be appointed (including appointment of a single, executive, non-executive and independent director).
- (r) State how directors may be reappointed, removed and restriction of multiple directorships.
- (s) Outline the powers, fiduciary and other duties of directors.
- (t) Explain proceedings of directors' meetings.
- (u) State directors entitlement to remuneration.
- (v) State the consequences of a breach of duty by a director.
- (w) State the requirements for share transfer, transmission of shares, and disclosure of ownership.
- (x) Explain how shareholders could influence the composition of the board, strategies, or decisions of a company.

- (y) Discuss meetings of shareholders and procedures for requisitioning meetings.
- (z) Identify the rights of shareholders to challenge the management of a company.
- (aa) Explain issues of appointment, powers, functions, removal and resignation of a company secretary, including dispensation with appointment of company secretary by single shareholder company and small company.
- (bb) Describe types of company meetings (statutory meeting, annual general meeting, extraordinary general meeting).
- (cc) State the types of notices required, including traditional written notices and electronic notices delivered via e-mail, WhatsApp, and text messages.
- (dd) State the rights of members to receive notices for meetings, resolutions, to attend meetings, and to requisition meetings.
- (ee) Explains the procedures for voting, including provisions for electronic voting.
- (ff) Identify companies that are not required to hold annual general meetings.
- (gg) State the statutory authority granted to companies to convene and conduct meetings virtually.
- (hh) Differentiate between ordinary resolutions, special resolutions, and resolutions requiring special notice.
- (ii) Describe statutory books and practical issues that relate to record keeping and filing.
- (jj) Explain the duty of a company to keep books and accounts under the Nigeria Tax Administration Act, 2025 and state the penalty for non-compliance.
- (kk) Explain the duty of companies to file tax returns and state the penalty for non-compliance under the Nigeria Tax Administration Act, 2025.
- (ll) Explain the duties, powers and responsibilities of a company auditor, outlining the basic steps of appointment, removal and resignation.
- (mm) State the criteria for a small company to be exempted from audit (including the advantages and disadvantages).
- (nn) State the composition and functions of audit committee, and certification of audit report by management.
- (oo) 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.
- (pp) Explain the modes and procedures for winding up of companies, committee of inspection, treatment of contributories and creditors as well as the effects of winding up.
- (qq) Explain arrangements, compromises and netting.
- (rr) State the tax obligations of companies in business restructuring under the Nigeria Tax Act, 2025.
- (ss) State the highlights of the Business Facilitation (Miscellaneous Provisions) Act, 2023 that amended the relevant provisions in CAMA, 2020 (as amended).

3. Law of Insolvency
  - (a) Describe types of insolvency (including the rule on cash flow insolvency) as well as 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.

**C. Criminal Law**

**10%**

1. Criminal law regulating businesses and professional accountancy practice
  - (a) Distinguish among laws, ethics and ethical codes.
  - (b) State the basic laws relating to theft, fraud and deception.
  - (c) State the basic laws relating to bribery.
  - (d) State the basic laws relating to money laundering.
  - (e) Explain the basic criminal laws relating to negotiable instruments.
  - (f) Identify situations relating to data protection and computer misuse.
  - (g) Outline electronic evidence.
  - (h) Explain the role of an accountant as an expert witness in fraud cases, including computer fraud.

**D. Laws of Commercial Transactions**

**35%**

1. Law of contract
  - (a) Explain the nature, framework and types of contracts.
  - (b) Describe how a contract may be made, emphasising 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 their enforcement and explain artificial intelligence (AI) and smart contracting.
2. Agency
  - (a) Explain the nature of an agency relationship.
  - (b) Identify situations where agency exist.
  - (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.

- (e) State the provisions of the law on VAT on supplies under the Nigeria Tax Act, 2025.
- 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
  - (a) State the nature and classification of insurance business under the Nigeria Insurance Industry Reform Act, 2025.
  - (b) State the capitalisation requirements for each type of insurance business.
  - (c) State the duties of insurance agents in relation to premiums.
  - (d) Explain formation and contents of insurance contracts, insurable interest, conditions, warranties, indemnity, subrogation and contribution, as well as assignment of insurance policy.
  - (e) Explain duties of insurance intermediaries and records to be kept by an insurer.
- 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 under the Central Bank Act, 2024 (as amended) as well as the Banks and Other Financial Institutions Act, 2020 (as amended).
  - (c) Explain types of negotiable instruments and the duties as well as the liabilities of parties to a bill of exchange.
  - (d) List dutiable negotiable instruments under the Nigeria Tax Act, 2025.
  - (e) Define bill of lading and explain its nature and operation.
  - (f) 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.
- 3. Explain the duties and rights of employer and employee, dismissal, unfair dismissal, as well as remedies and other claims of the employee.
- 4. State requirements for employment bond, non-compete, confidentiality, and data protection provisions in employment contracts.

**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 authorised by the Trustee Investment Act, 2004 (as amended).
- 3. Differentiate between executors and administrators and explain their duties.
- 4. Explain differences between probate and letter of administration.
- 5. State the regulations of trustees by the Securities and Exchange Commission (SEC).

**G. Alternative Dispute Resolution Mechanisms**

**5%**

1. Describe 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 briefly, arbitration and arbitral awards, as well as other types of ADRs.

**Guide to examination assessment**

ICAN reserves the right to examine any topic in the syllabus at any examination diet. New laws may be examined after six months from the dates of issue, even if the effective date is in the future.

## SKILLS LEVEL

### B1. FINANCIAL REPORTING

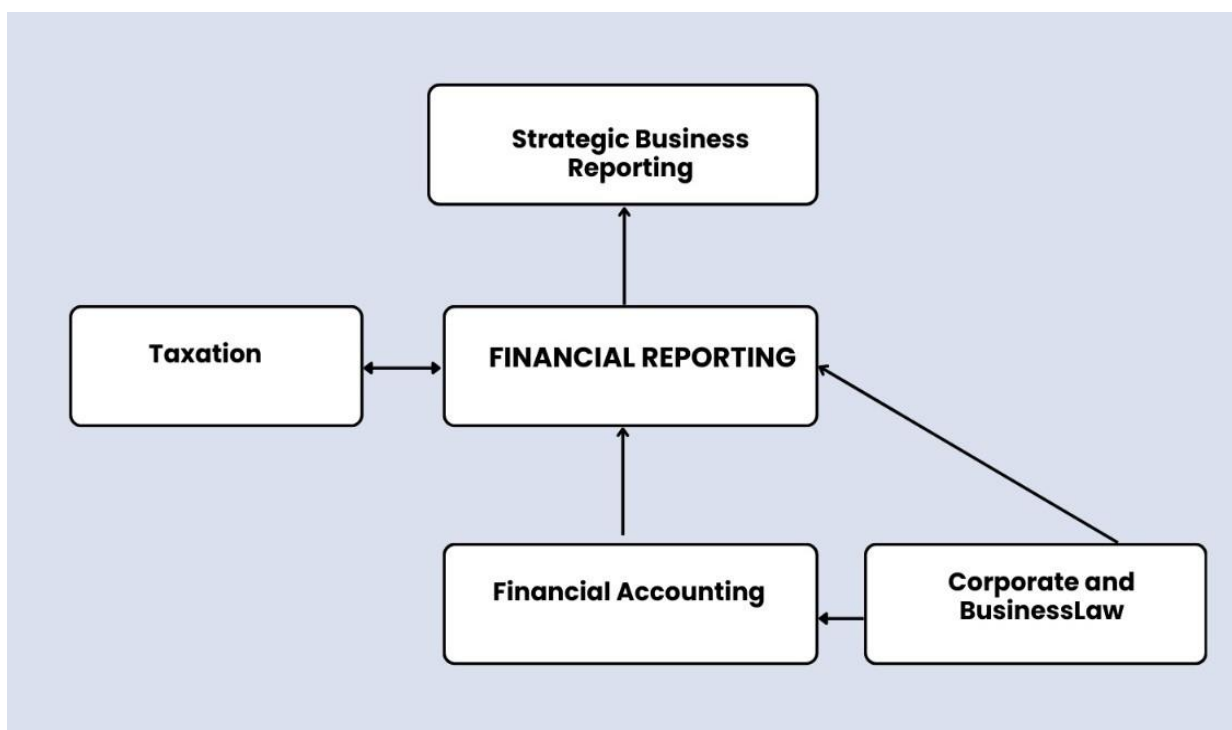
#### AIM

To enable candidates develop their knowledge of Financial Accounting to a higher level of skills and ability to prepare financial statements, including consolidated financial statements and sustainability disclosures, in accordance with IFRS accounting standards and IFRS Sustainability Disclosure Standards issued by the International Accounting Standards Board (IASB).

Candidates are also expected to demonstrate an understanding of and competence in financial statements analyses, interpretation and knowledge of sustainability reporting.

#### Linkage with other related subjects

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



#### Main competences

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 in line with IFRS accounting standards;
- 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 IFRS accounting standards;

- draft and present general purpose financial statements, or extract therefrom, of an entity and simple groups in accordance with relevant accounting policies and in line with IFRS accounting standards and local laws;
- assess the circumstances in which the use of IFRS accounting standards may not be required for companies;
- analyse and interpret financial statements of entities and simple groups;
- explain the basis of sustainability reporting using IFRS sustainability disclosure standards; and
- explain recent developments and ethical issues in the area of financial reporting.

### **Prior knowledge**

Financial Reporting assumes and develops on the knowledge and skills acquired in Financial Accounting. Background knowledge in Management Accounting, and Corporate and Business Law will be needed by candidates.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Financial Reporting paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in financial reporting and sustainability reporting processes.

Candidates will also be required to demonstrate professional skepticism, substance over form and critical thinking when making all judgements.

### **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

<b>Syllabus Review</b>		
<b>Grid</b>		<b>Weighting %</b>
<b>A</b>	<b>Conceptual and regulatory frameworks for financial reporting</b>	<b>10</b>
<b>B</b>	<b>Accounting standards and policies relating to specific transactions in financial statements</b>	<b>15</b>
<b>C</b>	<b>Preparation and presentation of single entity general purpose financial statements</b>	<b>20</b>
<b>D</b>	<b>Preparing and presenting financial statements of simple group (parent, one subsidiary and an associate)</b>	<b>20</b>
<b>E</b>	<b>Analyses and interpretation of financial statements</b>	<b>15</b>
<b>F</b>	<b>Sustainability reporting framework</b>	<b>10</b>
<b>G</b>	<b>Ethics, current, and technological developments in financial reporting</b>	<b>10</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### **A. Conceptual and Legal Frameworks for Financial Reporting 10%**

1. Discuss the need for regulatory frameworks in financial reporting.
2. Conceptual framework
  - (a) Explain the meaning and purpose of conceptual framework of financial reporting.
  - (b) Explain the objectives, qualitative characteristics and limitations of financial statements.
  - (c) Discuss the underlying assumptions in preparing financial statements and how they are applied to financial reporting.
  - (d) Identify users of financial statements and their information needs.
  - (e) Identify and discuss the elements of financial statements.
  - (f) Discuss recognition and measure of elements of financial statements.
  - (g) Explain the concept of capital maintenance.
  - (h) Differentiate between principle-based and rule-based financial reporting frameworks.

- (i) Discuss accrual and cash bases of accounting.
- (j) Discuss financial statements in relation to reporting entities under the conceptual framework.
- (k) Explain the standard setting process of International Accounting Standards Board (IASB) and the relationship with national standard setters.
- (l) Discuss the due process for revision of standards.
- (m) Discuss the process of adoption of IFRS accounting standards and application of local standards.
- (n) Explain the peculiar nature and relevant frameworks of specialised, not-for-profit and public sector entities including IFRS accounting standards, national standards and International Public Sector Accounting Standards (IPSAS).
- (o) Discuss the need and role of the International Sustainability Standards Board (ISSB)

**2. Legal framework**

- (a) Identify and discuss laws and regulations that govern the preparation of financial statements.
- (b) Identify and discuss relevant provisions of Companies and Allied Matters Act 2020 (as amended), Financial Reporting Counting of Nigeria (amendments) Act, 2023 and special pronouncements by regulatory authorities, including:
  - (i) Central Bank of Nigeria (CBN);
  - (ii) Nigeria Deposit Insurance Corporation (NDIC);
  - (iii) Financial Reporting Council of Nigeria (FRC);
  - (iv) National Insurance Commission (NAICOM);
  - (v) Nigerian Exchange Group (NGX);
  - (vi) Securities and Exchange Commission (SEC); and
  - (vii) Pension Commission (PENCOM) etc.

**B. IFRS Accounting Standards and Policies Relating to Specific Transactions in Financial Statements 15%**

- 1. **Tangible non-current assets**  
Calculate, 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, discuss and account for intangible non-current assets in accordance with the provisions of IAS 38.
- 3. **Impairment of assets (IAS 36)**  
Calculate, 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. **Financial instruments: financial assets and liabilities**
  - (a) Differentiate between debt and equity financial instruments.

- (b) Calculate, discuss and account for financial instruments using amortised cost, fair value through profit or loss and fair value through other comprehensive income 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 and derivatives but including expected credit losses using simplified approach.
- 5. Inventories and revenue from contracts with customers (IAS 2, IFRS 15)  
Calculate, discuss and account for inventories and revenue from contracts with customers 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, 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, 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 disclose earnings per share (EPS) in accordance with provisions of IAS 33.
- 9. Effects of changes in foreign exchange rates (IAS 21)
  - (a) Accounts for foreign currency transactions
  - (b) Translate financial statements
  - (c) Report exchange rate changes

### **C. Preparation and Presentation of Single Entity General Purpose Financial Statements** **20%**

- 1. Preparation of financial statements
  - (a) Discuss accounting policies in accordance with the provisions of IAS 8, in relation to:
    - (i) selection of accounting policies;
    - (ii) consistency in the application of accounting policies;
    - (iii) changes in accounting policies;
    - (iv) disclosure of material accounting policy information; and
    - (v) changes in accounting estimates and accounting for material errors in prior period.
  - (b) Prepare and present single entity 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 and other relevant IFRS accounting standards.
  - (c) Explain changes introduced by IFRS 18 to IAS1.

- (d) Prepare and present statement of cash flows for single entities in accordance with IAS 7, using direct and indirect methods.
- (e) Discuss the objectives, limitations and features of general purpose financial reporting.
- (f) Other national disclosures in accordance with Companies and Allied Matters Act 2020 (as amended):
  - (i) prepare value added statement; and
  - (ii) prepare five-year financial summary.

**D. Preparing and Presenting Financial Statements of Simple Group (Parent, a Subsidiary and an Associate) 20%**

1. Understanding a simple group
  - (a) Explain the concept of 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 of simple group financial statements
  - (a) Prepare and present statement of financial position of a simple group (a subsidiary and an associate in accordance with its accounting policies and the provisions of relevant international financial reporting 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 (a subsidiary and an associate), in accordance with its accounting policies and the provisions of relevant international financial reporting standards (IAS 1, IAS 27, IAS 28, IFRS 3 and IFRS 10).
  - (c) Explain changes introduced by IFRS 18 to IAS 1.
  - (d) Prepare and present statement of cash flows of a simple group (a subsidiary and an associate), in accordance with the provisions of IAS 7.
  - (e) Discuss management disclosures, analyses and commentaries on simple group financial statements.
  - (f) Explain the application of IFRS accounting standards to specified simple group scenarios.

**E. Analyses and Interpretation of Financial Statements 15%**

1. Analyses of financial statements
  - (a) Identify and discuss types of analysis and interpretation of financial statements.
  - (b) Discuss various aspects of financial position and performance that may be assessed (profitability, efficiency, liquidity, solvency, 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 with:
    - (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 (a subsidiary and an associate) in comparison with:
    - (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) Identify and assess non-financial information relevant to the assessment of the performance and financial position of an entity.
  - (h) 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.
  - (i) 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 specialised and not-for-profit organisations differ from those of profit-oriented organisations.
  - (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. Sustainability Reporting Framework**

**10%**

1. Discuss the movement from social and environmental accounting to sustainability reporting.
2. Discuss sustainability reporting and methods of reflecting its impacts in financial statements and narratives for investors.
3. Discuss factors responsible for the increasing demand for sustainability reporting – internationally and locally.
4. Evaluate the problems and limitations of sustainability reporting.
5. Discuss the principles and content elements of Global Reporting Initiative (GRI) and United States (US) Sustainability Accounting Standards Board (SASB) frameworks for sustainability reporting and Nigeria Exchange Group's guidelines on sustainability reporting.
6. Evaluate the impact of sustainability reporting on corporate performance measures.
7. Discuss the emergence of International Sustainability Standards Board (ISSB).
8. Discuss international sustainability standard issued by ISSB: IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information.
9. Explain the roadmap for adopting IFRS S1 and S2 issued by the Financial Reporting Council (FRC) of Nigeria for the implementation of S1 and S2:
  - (a) early adopters for accounting period ending on or before December 31, 2023;
  - (b) voluntary adopters for accounting period ending or before December 31, 2026;
  - (c) mandatory adopters for accounting period beginning on or after January 1, 2027; and
  - (d) public sector entities - to be communicated later.
10. Identify and explain the documents to be submitted by entities adopting IFRS S1 and S2 to the Financial Reporting Council of Nigeria for readiness test assessment, including the timeline for those to be submitted:
  - (a) at least three (3) months before the beginning of the reporting date:
    - (I) board resolution approving the adoption of IFRS sustainability disclosure standards;
    - (II) GAP Analysis Report; and
    - (III) implementation plan.
  - (b) not more than three (3) months after the beginning of the reporting date:
    - (i) IFRS sustainability disclosure policies;
    - (ii) identification and application of transitional reliefs;
    - (iii) enterprise risk management and sustainability framework;
    - (iv) evidence of board approval of the IFRS sustainability disclosure policies;
    - (v) evidence of board-approval of enterprise risk management and sustainability framework; and
    - (vi) evidence of sustainability and ESG-specific training for board members, management, and preparers by reputable training providers acceptable by the FRC.
  - (c) not more than six (6) months after the beginning of the reporting date:

- (i) evidence of registration of the entity and professionals engaged in the sustainability reporting process with FRC;
- (ii) description of models used for scenario analysis;
- (iii) identification of sustainability and climate-related risks and opportunities;
- (iv) evidence of the establishment of a governance structure for sustainability reporting;
- (v) targets and metrics set to manage and measure identified risks and opportunities;
- (vi) identification of aspects of financial reports requiring updates;
- (vii) identification of current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and
- (viii) internal control over sustainability reporting.

**G. Ethics, Current and Technological Developments in Financial Reporting**  
**10%**

1. Discuss and apply ethical and professional issues in financial reporting and identify appropriate actions.
2. Discuss new accounting standards in issue as may be specified from time to time.
3. Identify and explain current and emerging issues in financial reporting.
4. Identify and discuss the uses and application of cloud accounting, digital assets, blockchain, distributed ledger technologies, fintech, etc;
5. Discuss the effect of technological developments in financial reporting, relating to artificial intelligence, machine learning, etc.

**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 21 - The Effects of Changes In Foreign Exchange Rates
- 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
- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

### **Guide to examination assessment**

New standards may be examined after six months from the dates of issue, even if the effective date is in the future.

Applicable laws may be examined after six months from dates of amendment or enactment, even if the effective date is in the future.

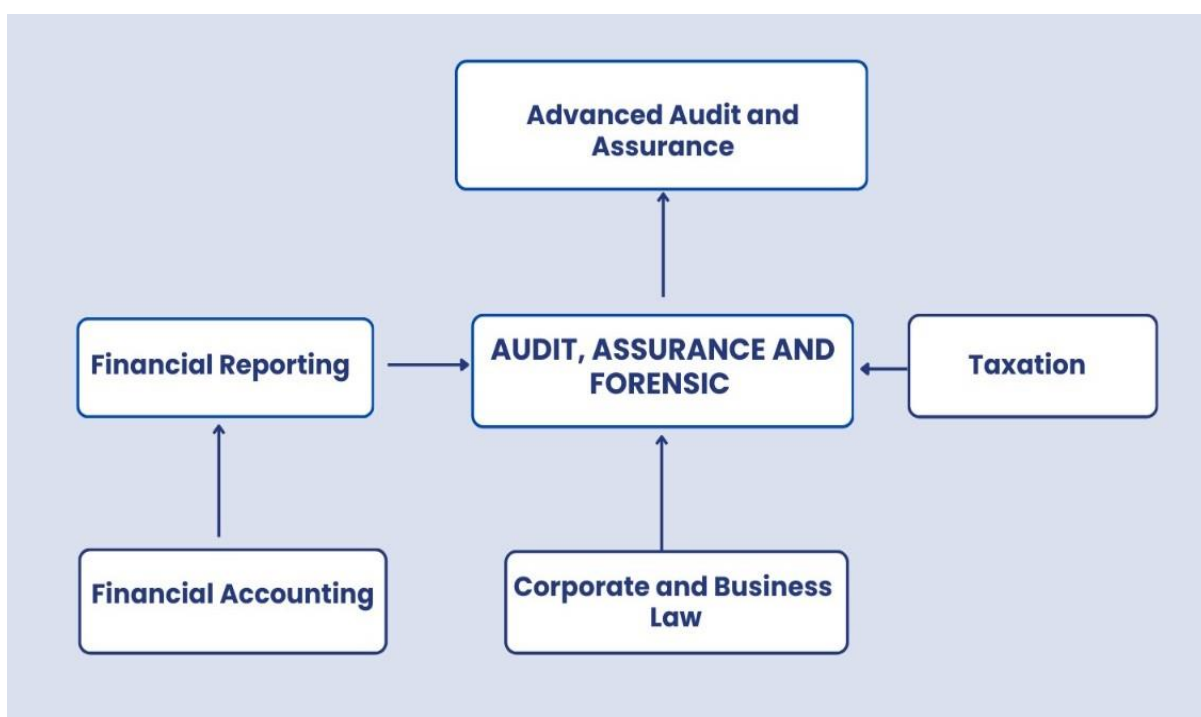
## B2. AUDIT, ASSURANCE AND FORENSICS

### AIM

To equip the candidates with the knowledge, skills, and abilities required to effectively plan, gather appropriate and sufficient evidence, analyse and evaluate the evidence to enable them form opinion and report on audited financial statements and assurance engagements. It will also equip them with skills to carry out forensics engagements as expert witnesses in court.

### Linkages with other related subjects

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



### Main competences

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 from audit and assurance assignments;
- apply core audit and assurance 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;
- assess the risk of material misstatements (whether arising from fraud or other irregularities) and plan an audit of financial statements;
- explain how an auditor will gather relevant and sufficient evidence on an audit assignment;
- describe the various forensic audit services and their procedures;
- illustrate how technology is used in the audit and assurance process;

- describe and evaluate internal control system;
- discuss audit evidence and evaluate its sufficiency and appropriateness as basis for audit opinion; and
- prepare audit report and submit to those that are charged with the governance of companies, in line with regulations and standards.

### **Prior knowledge**

This subject requires candidates to have background knowledge and skills in Corporate and Business Law, Taxation, Financial Accounting and Financial Reporting.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Audit, Assurance and Forensics paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Audit, Assurance and Forensics requires ethical thinking which must be at the forefront of the skills candidates are expected to demonstrate. Candidates will be required to consider ethical issues involved in audit, assurance and forensics engagements, procedures or processes in line with the professional code of conduct and ethics. In addition, candidates will be required to take into consideration the fundamental principle of “true and fairness”. This is guided by specific focus across a range of considerations from client’s management responsibility and the auditor’s responsibility. Professional skepticism will need to be evidenced in each stage of the audit, assurance and forensics processes, recognising bias and gaps in evidence.

### **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

<b>Syllabus Review</b>		
<b>Grid</b>		<b>Weighting %</b>
<b>A</b>	<b>Introduction to assurance, legal and regulatory frameworks, and the audit process</b>	<b>20</b>
<b>B</b>	<b>The nature and use of internal control</b>	<b>20</b>
<b>C</b>	<b>Gathering evidence and audit report</b>	<b>25</b>
<b>D</b>	<b>Forensic accounting services</b>	<b>15</b>
<b>E</b>	<b>Professional ethics and the public interest</b>	<b>15</b>
<b>F</b>	<b>Application of technology in audit and assurance</b>	<b>5</b>
<b>TOTAL</b>		<b>100</b>

## Detailed contents

### A. Introduction to Legal and Regulatory Frameworks of Audit and Assurance 20%

1. Objectives and need for audit, assurance and forensics
  - (a) Discuss the concepts of audit, assurance and forensics attestation services, and relationship among these concepts.
  - (b) Discuss the concept of forensics and its objectives.
  - (c) Identify and explain the reasons for audit and assurance.
  - (d) Explain the benefits of different types of audit and assurance assignments.
  - (e) Discuss the objectives of external audit.
  - (f) Identify the parties in audit and assurance engagements, including the members of the audit and assurance team, and discuss their roles, duties and rights.
  - (g) Compare and contrast the different levels of assurance that may be obtained from audit and assurance assignments.
  - (h) Discuss audit expectation gap, including reasonableness gap and performance gap.
  - (i) Discuss the role of the internal audit department in maintaining an effective internal control system.
  - (j) Compare internal and external audits.
  - (k) 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 (as amended);
    - (ii) Financial Reporting Council (FRC) of Nigeria (amendment) Act, 2023;
    - (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;
      - obtaining evidence (ISA 500);
      - records and working papers;
      - testing and other works; and
      - 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 skepticism in carrying out audit and assurance engagements.
  - (c) Discuss the concept of materiality (ISA 320).
  - (d) Explain reasonable assurance.
  - (e) Describe the elements, objectives, and phases of assurance engagements, including assurance on sustainability information.
  - (f) Explain international standards on assurance or other relevant assurance standards, laws and regulations, including those applicable to assurance on sustainability information.
  - (g) Explain types of audit opinions, and assurance reports, including circumstances under which each can be issued.
  - (h) Discuss the concept of misstatement and material misstatement.
  - (i) Discuss the different type of misstatements.
  - (j) Discuss the procedures for evaluating and concluding on material misstatement.

**B. The Nature and Use of Internal Control (ISA 315 Revised) 20%**

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

5. Discuss the main components of internal control system.
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 (ISA 530).
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 computerised accounting environment (ISA 315).
12. Discuss the different frameworks for implementing systems of internal control.
13. Discuss the concept of risk and control matrix.
14. Discuss the methods and techniques for gathering information required to build an effective system of internal control.
15. Discuss the management responsibility on Internal Control in Financial Reporting (ICFR) reporting.
16. Discuss information security measures.

**C. Gathering Evidence and Audit Report**

**25%**

1. Gathering evidence  
The nature of audit evidence and the selection of sufficient and appropriate audit evidence (ISA 500 and ISA 570 revised)
  - (a) Justify the need to maintain and keep working papers and other documentations.
  - (b) Evaluate the different sources and quality of evidence and the methods of obtaining evidence.
  - (c) Document appropriate procedures for gathering evidence based on a given scenario (ISA 505, ISA 520).
  - (d) Identify the circumstances where written representations may be required (ISA 580).
  - (e) Evaluate the circumstances requiring discussion with senior assurance team members (ISA 450) and advise on how this should be communicated and documented.
  - (f) Identify relevant assurance evidence, including contradictory evidence, to form judgements, make decisions and reach informed conclusions.
2. Audit report
  - (a) Discuss the various types of audit reports.
  - (b) Explain the basic contents of the auditor's report in a given circumstance.
  - (c) Differentiate the unmodified from the modified audit report.
  - (d) Discuss the matters an auditor is required to evaluate before reaching an opinion.

- (e) Assess the correctness of the contents of an unmodified auditor's report.
- (f) Specify circumstances leading to the inclusion of the "Material Uncertainty Related to Going Concern" paragraph in the audit report.
- (g) Justify the inclusion of Key Audit Matters (KAM) in the audit report.
- (h) Justify when an "Emphasis of Matter" paragraph is to be included in the auditor's report.
- (i) Explain the responsibilities of directors and auditors in respect of the financial statements.
- (j) Explain how the auditor's report is signed.
- (k) Identify and explain the matters that must be expressly stated in the audit report, in compliance with CAMA 2020, (as amended).
- (l) State and evaluate the factors to be considered when forming an audit opinion.
- (m) Justify the appropriateness of audit opinions considering the results of the audit procedures carried out.
- (n) Draft auditor's reports suitable for given circumstances.
- (o) Advise on the actions auditor may take when a modified opinion is considered.
- (p) Explain the contents of reports to management and directors.

**D. Forensic Accounting Services**

**15%**

1. Discuss the meaning, objectives and nature of forensic engagements.
2. Identify the types of forensic accounting services.
3. Explain how economic damage (through contract or tort) is calculated.
4. Discuss the need for electronic discovery of frauds (computer forensics).
5. Document the process of getting litigation support.
6. Explain the process of investigating different types of frauds (business, financial, securities, employee, etc.).
7. Explain the process of discovering hidden assets.
8. Discuss how the incidence of professional negligence can occur when conducting forensic investigation.
9. Explain the contents of the expert report.

**E. Professional Ethics and Public Interest**

**15%**

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 required 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, and non-compliance with laws and regulations (NOCLAR).

**F. Application of Technology in Audit, Assurance and Forensic 5%**

1. Explain the use of statistical analysis in identifying outliers in a client's records.
2. Discuss the need to interrogate client's accounting software systems and the procedures to be followed.
3. Explain the role of blockchain in aiding the audit process.
4. Discuss how algorithm review will help in the examination of blockchain.
5. Explain how artificial intelligence (AI) tools - robotic process automation (RPA), and natural language processing (NLP) - assist in auditing clients.
6. Discuss the different types of generative AI in organisational processes.
7. Discuss the different risks generative AI poses to auditing.
8. Discuss the types of Cyber, technological and other risks associated with Information technology.
9. Discuss how drones and optical code recognition tools help in inventory count.
10. Explain the procedures involved in using revenue assurance tools.

**Applicable Standards**

**International Standards on Auditing (ISA):**

- 200 – Overall objectives of the Independent Auditor and the conduct of an Audit in Accordance with the 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:** Approved and released standards may be examined after six months from dates of issue, even if the effective date is in the future.

### **Guide to examination assessment**

New standards may be examined after six months from the dates of issue, even if the effective date is in the future.

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

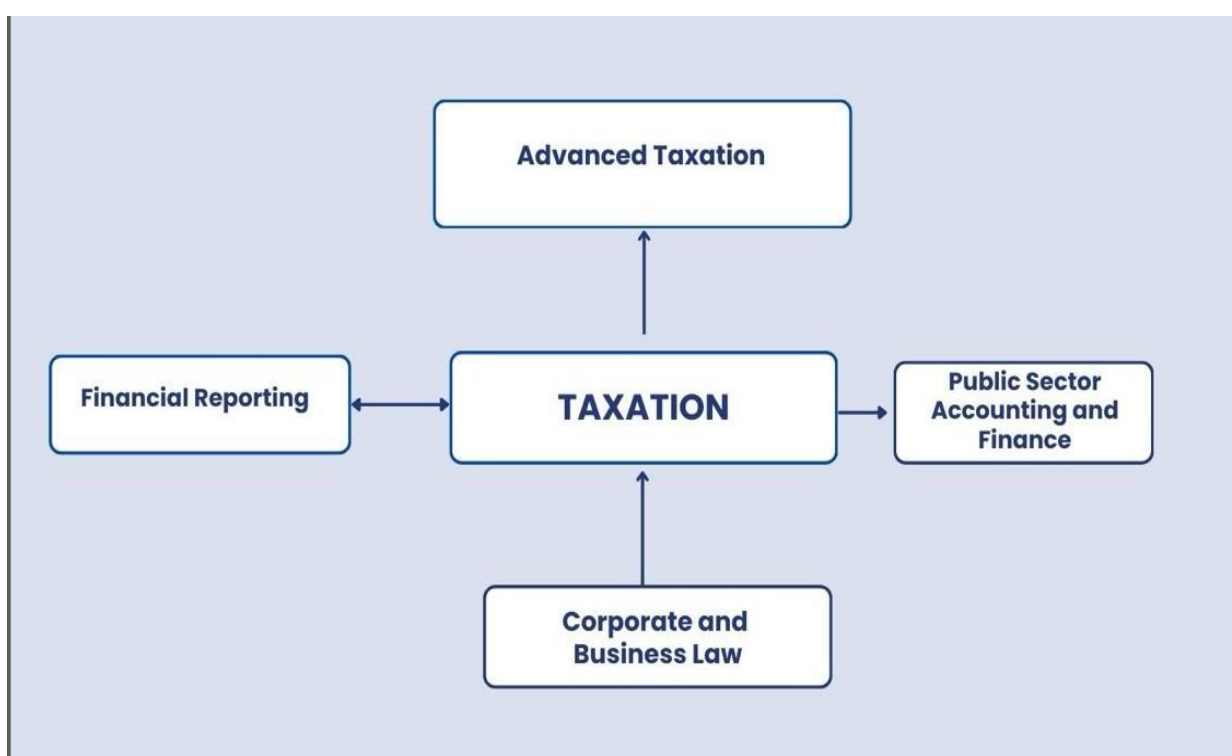
### B3. TAXATION

#### Aim

To enable candidates to understand principles of taxation and laws and apply them to individuals and corporate entities in simple situations to be able to support compliance and provide effective professional advice. They are also expected to be able to explain the consequences of tax activities of individuals and corporate entities.

#### Linkage with other related subjects

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



#### Main competences

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;
- explain and apply the five fundamental principles of ethics as specified by the International Ethics Standards Board for Accountants (IESBA) and ICAN to any given scenario;
- identify the applicable rates of transactions taxes, compute the tax liabilities and know payment and returns timelines (including offences and penalties);
- apply basic knowledge of tax legislations in computing income tax liabilities relating to individuals and corporate entities in simple situations;
- explain the application of information technology in taxation; and

- attend to queries from relevant tax authorities.

## **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

## **Method of assessment**

The Taxation paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

## **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in arriving at appropriate tax liabilities and relationship with tax authorities and clients. Candidates will also be expected to apply professional skepticism and critical thinking when making appropriate judgements.

## **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Content and competencies – Overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Introduction to taxation, tax administration and ethics</b>	<b>20</b>
<b>B</b>	<b>Transaction taxes</b>	<b>20</b>
<b>C</b>	<b>Personal income tax</b>	<b>25</b>
<b>D</b>	<b>Companies income tax</b>	<b>30</b>
<b>E</b>	<b>Information technology in taxation</b>	<b>5</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed Contents

### **A. Introduction to Taxation, Tax Administration and Ethics 20%**

1. Introduction to taxation
  - (a) Explain the concept and objectives of taxation.
  - (b) Explain the types of taxes and tax systems.
  - (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 levies.
  - (e) Explain the principles/canons of taxation.
  - (f) Explain and differentiate between tax avoidance and tax evasion.
  - (g) Explain the following in relation to taxation in Nigeria:
    - (i) enabling Acts; and
    - (ii) sources of the tax laws.
2. Tax administration in Nigeria
  - (a) Discuss the objectives and application of Nigeria Tax Administration Act (NTAA), 2025.
  - (b) Discuss the composition, functions, and powers of:
    - (i) Joint Revenue Board;
    - (ii) Nigeria Revenue Service and its Governing Board;
    - (iii) State Internal Revenue Service and its Management Board;
    - (iv) State Joint Revenue Committee;
    - (v) Local Government Revenue Committee;
  - (c) Explain the jurisdiction of tax authorities;

- (d) Identify and explain the taxes and levies collectible by local governments; and
  - (e) Tax Appeal Tribunal.
  - (f) Explain the following in relation to tax administration:
    - (i) disclosure of tax planning;
    - (ii) accreditation of tax agents;
    - (iii) prohibited tax avoidance arrangement;
    - (iv) exchange of information and joint audits;
    - (v) establishment of national single window portal;
    - (vi) powers of a relevant tax authority to deploy technology to automate tax administration;
    - (vii) endorsement of transactions by the Chairman of a relevant tax authority;
    - (viii) power of the President to exempt companies from income tax;
    - (ix) obligations during the pendency of legal proceedings;
    - (x) power of the relevant tax authority to compound offences;
    - (xi) power of the relevant tax authority to prosecute any of the offences under the Act; and
    - (xii) place of an offence.
3. Discuss the role and relationship between Fiscal Policy, Tax legislation and Administration
4. 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, including:
      - 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).

5 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 to a third party by a tax practitioner.
- (c) Explain what a tax practitioner should do when there is a conflict of interest.

6. Assessments, objections, appeals and remittances

- (a) Explain the basis for registration and filing of returns with the revenue authorities covering the following:
  - (i) the objectives, uses, and registration for tax identification (ID), including the display of tax identification number 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;
  - (vi) due dates of filing returns by bankers, virtual assets service providers, etc.;
  - (vii) time within which to pay tax assessed; and
  - (viii) the penalties for non-compliance with filing and remittance obligations.
- (b) Explain the following:
  - (i) self - assessment of tax payable;
  - (ii) additional assessment / back duty assessment;
  - (iii) best of judgement (BOJ)/administrative assessment;
  - (iv) deemed profit assessment or income assessment;
  - (v) assessment based on substitution of dividend for total profit;
  - (vi) assessment based on undistributed profits treated as distributed; and
  - (vii) when an assessment is final and conclusive.
- (c) Explain the collection and enforcement procedures for assessments.
- (d) Explain service of notice of assessment.
- (e) Identify and explain the offences and penalties of general application.

- (f) Explain the following dispute resolution mechanisms put in place by the government to minimise tax disputes between taxpayers and tax authorities:
  - (i) advance ruling by a relevant tax authority;
  - (ii) settlement of disputes between the relevant tax authority and the taxable person; and
  - (iii) establishment of the office of the Tax Ombud.
- (g) Explain the following procedures in respect to tax objections and appeals:
  - (i) time limit for objection and appeal;
  - (ii) contents of a notice of objection and appeal;
  - (iii) revision of assessment in case of objection; and
  - (iv) procedure of the Tax Appeal Tribunal;
  - (v) procedure following decision of the Tribunal; and
  - (vi) appeal to the Federal High Court.
- (h) Explain the following in respect of a tax clearance certificate (TCC):
  - (i) explanation of TCC and its 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 persons required to make deductions at source.
  - (c) Explain the deduction at source, including the treatment of WHT on payment made to a non-resident recipient.
  - (d) Explain the eligible transactions subject to WHT and applicable rates.
  - (e) Explain the exemptions from withholding tax.
  - (f) Identify the relevant tax authority for collection of WHT.
  - (g) Explain the obligation to deduct at source.
  - (h) Discuss the requirement that deductions shall be receipted.
  - (i) Explain the procedure for filing WHT returns; list its contents and time frame for compliance.
  - (j) Discuss the procedures and provisions relating to WHT refunds and grounds for objection.
  - (k) Explain the procedure for remittance of WHT to tax authorities.
  - (l) Discuss the administrative bottlenecks and other problems of WHT.
  - (m) Discuss the merits and demerits of WHT scheme.
  - (n) Explain penalties for non-compliance with withholding tax obligations.
2. Value added tax (VAT)
  - (a) Explain the nature, objectives and administration of VAT.

- (b) Explain registration and deregistration of value added tax (VAT) for the following:
  - (i) residents; and
  - (ii) non-residents.
- (c) Explain the requirements for filing of VAT returns and remittance of VAT liability.
- (d) Explain the following:
  - (i) goods (tangible and intangible);
  - (ii) services;
  - (iii) taxable persons;
  - (iv) tax invoice;
  - (v) taxable supplies of goods and services;
  - (vi) value added tax fiscalisation system; and
  - (vii) when goods and services shall be deemed to be supplied in Nigeria in accordance with the provisions of the relevant Act.
- (e) Explain the following in relation to VAT:
  - (i) Input VAT;
  - (ii) credit for input tax and remission of VAT;
  - (iii) output VAT;
  - (iv) exempt supplies;
  - (v) exemption by Order of the President;
  - (vi) zero-rated supplies and services;
  - (vii) taxable supply by non-residents;
  - (viii) items on which tax is suspended;
  - (ix) items on which the Minister may vary the classification;
  - (x) rate of tax;
  - (xi) time of supply; and
  - (xii) VAT reverse charge.
- (f) Compute VAT liability, including the treatment of opening and closing inventories.
- (g) Explain the obligations to keep proper records.
- (h) Explain collection of VAT by persons other than the supplier.
- (i) Explain the treatment of VAT on imported and exported goods and services.
- (j) Explain the treatment of Input VAT under exempt and zero-rated VAT.
- (k) Explain the treatment of VAT on business restructuring.
- (l) Explain taxable services rendered by financial institutions and their VAT exempt income.
- (m) Explain the provision on VAT refund.
- (n) Explain the provision of tax compliance threshold.
- (o) Explain the VAT sharing formula amongst the tiers of government.
- (p) Discuss the types of VAT.
- (q) Discuss the offences and penalties associated with VAT.

### 3. Stamp Duties

- (a) Explain the nature and objectives in relation to stamping of instruments.

- (b) Explain the imposition of duties on instruments, including the relevant terminologies.
- (c) Identify and explain the dutiable instruments.
- (d) Identify and explain the instruments exempt from stamp duties.
- (e) Identify the relevant tax authority for collection of stamp duties.
- (f) Explain the types of stamp duties.
- (g) Explain the following in connection with stamp duties:
  - (i) the administration of stamp duties;
  - (ii) electronic documents received in Nigeria in accordance with IFRS information circular Number 2020/05 dated April 29, 2020; and
  - (iii) manner of denoting duty.
- (h) Explain the obligation to stamp.
- (i) Explain admissible evidence.
- (j) Explain the recoverability of outstanding duties.
- (k) Explain the process of adjudication, the limits and appeals procedure.
- (l) Explain the legal implications of unstamped dutiable instruments.
- (m) Explain the mode of calculating ad-valorem duty.
- (n) Explain stamp duty payable on electronic money transfer, including exemptions.
- (o) Explain the duty on the following:
  - (i) exchange of a real property for another;
  - (ii) leases with respect to the letting of land and building;
  - (iii) share capital;
  - (iv) loan capital;
  - (v) instrument for the purpose of issuing marketable security;
  - (vi) appraisalment or valuation;
  - (vii) duplicates and counterparts of an instrument chargeable;
  - (viii) one instrument covering multiple transactions;
  - (ix) multiple instruments covering same transaction; and
  - (x) non-monetary consideration.
- (p) Compute stamp duty payable.
- (q) Explain the offences and penalties.

#### 4. Customs and excise duties

- (a) Explain the nature, objectives and administration of customs and excise duties in accordance with the provisions of Nigeria Customs Service Act, 2023.
- (b) Discuss post clearance audit.
- (c) Discuss the use of consultants.
- (d) Discuss the determination of duties and customs duties on imported and exported goods.
- (e) Explain the collection and remittance of customs duty.
- (f) Identify excisable goods and discuss the valuation.
- (g) Discuss the imposition, collection, and remittance of excise customs duties.
- (h) Discuss the provision of information for customs formalities and controls.

- (i) Discuss the provisions relating to the furnishing of information by manufacturers and keeping of books.
  - (j) Explain the offences and penalties.
5. Surcharge on fossil fuel products
- (a) Explain imposition of surcharge.
  - (b) Identify and explain the chargeable transaction and base for surcharge.
  - (c) Explain the administration of surcharge.
  - (d) Identify and explain the products exempt from surcharge.
  - (e) Explain the filing of returns for surcharge.
  - (f) Explain the offences and penalties.

**C. Personal Income Tax**

**25%**

1. Taxation of employment income
  - (a) Explain contract of service and contract for service.
  - (b) Explain the following types of employments:
    - (i) Nigerian employment; and
    - (ii) Foreign employment.
  - (c) Distinguish among employment, vocation and profession.
  - (d) Identify the relevant tax authority.
  - (e) Describe the registration process of an employee and employer with the relevant tax office for the purposes of Pay As You Earn.
  - (f) Explain an itinerant worker.
  - (g) Explain the following terminologies:
    - (i) employment income;
    - (ii) cash emoluments;
    - (iii) benefits-in-kind; and
    - (iv) compensation for loss of employment and injury; and taxable and tax-exempt incomes.
  - (h) Explain the taxation of employment income, gains or profit of a resident individual.
  - (i) Explain the exemption of minimum wage earners from the payment of personal income tax.
  - (j) Determine and explain the importance of the term “residency” for personal income tax purposes.
  - (k) Discuss the dispute resolution over residence rule application.
  - (l) Ascertain the following in respect of an employee:
    - (i) basis of assessment;
    - (ii) gross income
    - (iii) non-chargeable gains of an employee;
    - (iv) deductions allowed and not allowed;
    - (v) other deductions as specified under section 28(2)(b) of NTA;
    - (vi) total income;
    - (vii) eligible deductions;
    - (viii) chargeable income; and
    - (ix) income tax rates.
  - (m) Discuss the requirement of the relevant tax authority for proof of claims from an employee.

- (n) Compute personal income tax.
  - (o) Explain the filing of returns for employees and employers.
  - (p) Discuss offences and penalties.
2. Taxation of trusts, settlements and estates
- (a) Discuss trusts, settlements and estates.
  - (b) Identify persons chargeable.
  - (c) Identify the relevant tax authority.
  - (d) Ascertain the basis period.
  - (e) Explain allowable and non-allowable expenses.
  - (f) Compute income from trusts, settlements and estates.
  - (g) Compute the income assessable in the hands of the trustee.
  - (h) Compute tax liability in the hands of beneficiaries and trustees.
  - (i) Explain the taxation of non-resident trustees.
  - (j) Identify the accounting period of an estate.
  - (k) Explain the procedure for objections and appeals.
  - (l) Explain the responsibility of the trustee to pay tax to the relevant tax authority.
  - (m) Explain the offences and penalties.
3. Taxation of sole proprietorship
- (a) Explain the meaning of a trade or profession and badges of trade.
  - (b) Ascertain gross income.
  - (c) Computation of assessable profit of a trade or profession:
    - (i) Identify taxable and non-taxable incomes; and
    - (ii) Identify and explain allowable and non-allowable deductions.
  - (d) Ascertain total income.
  - (e) Identify and explain eligible deductions.
  - (f) Ascertain chargeable income.
  - (g) Explain the basis period for assessment in relation to rules for commencement, change of accounting date and cessation of business.
  - (h) Identify and explain types of loss reliefs.
  - (i) Explain the treatments of losses under commencement and cessation of business.
  - (j) Explain qualifying capital expenditure and capital allowance.
  - (k) Explain the types of capital allowances and qualifying capital expenditure.
  - (l) Discuss the conditions for granting capital allowance.
  - (m) Explain the treatment of capital allowances for small companies.
  - (n) Identify capital allowance rates and restrictions.
  - (o) Explain the treatment of capital allowances under hire purchase or finance lease agreement.
  - (p) Explain the treatment of capital allowances under an operating lease.
  - (q) Compute personal income tax liability.
- (4) Taxation of partners in a partnership business

- (a) Explain partnership.
  - (b) Explain the need to register the partnership deed with the relevant tax authority.
  - (c) Explain the continuity of trades as it relates to a partnership business.
  - (d) Explain the principal place of residence of a partner in a partnership business.
  - (e) Explain allowable and non-allowable expenses.
  - (f) Explain the tax treatments under change in a partnership business.
  - (g) Compute the income of a partnership business.
  - (h) Explain the treatment of capital allowances under a partnership.
  - (i) Identify the taxable income of partners.
  - (j) Compute the income tax payable by partners.
  - (k) Discuss the taxation of profits of companies in partnership.
- (5) 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 in the hand of the beneficiary.
  - (d) Explain the bases of assessments and payment of taxes on investment incomes.
  - (e) Explain franked investment income.

## **D. Companies Income Tax**

**30%**

1. Taxation of non-specialised businesses
- (a) Identify persons chargeable to companies' income tax.
  - (b) Identify types of companies based on turnover and applicable income tax rates.
  - (c) Explain effective tax rate.
  - (d) Identify and explain income, profits or gains chargeable to tax.
  - (e) Identify and explain income, profits or gains that are tax exempt.
  - (f) Identify and explain allowable and non-allowable expenses.
  - (g) Explain the tax implications of business restructuring.
  - (h) Explain the basis period for assessment in relation to the rules for commencement, change of accounting date and cessation of business in accordance with the provisions of the relevant Act(s).
  - (i) Compute assessable profit.
  - (j) Explain the types of loss reliefs.
  - (k) Explain loss relief principles.
  - (l) Explain the treatment of losses under commencement, change of accounting date and cessation of business in accordance with the provisions of the relevant Act(s).
  - (m) Explain the types of qualifying capital expenditure.
  - (n) Explain annual allowance.
  - (o) Explain the conditions for granting capital allowances.

- (p) Identify and apply capital allowance rates and restrictions.
- (q) Compute annual allowance.
- (r) Compute companies income tax liability in accordance with the provisions of the relevant Act(s), taking the following into consideration:
  - (i) total profit;
  - (ii) substitution of dividend for total profit;
  - (iii) deemed profit assessment or income assessment; and
  - (iv) effective tax rate.
- (s) Identify income, dividend or payment that cannot be treated as substitution for total profit.
- (t) 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 trade or business.
- (d) Discuss the tax provisions and compute tax liability on income from transportation, telecommunication, banks and insurance businesses.
- (e) Explain the taxation of a collective investment scheme.
- (f) Identify and explain the criteria that must be met for exemption of profits of a small company from companies income tax (CIT).
- (g) Discuss the basis for taxation of export processing and free trade zones entities.
- (h) Explain the tax implications of the operation of the regulated securities lending transactions in Nigeria.
- (i) Discuss the tax provisions of non-governmental organisations (NGOs) in Nigeria, other obligations, and exemptions as specified under the relevant tax legislations.
- (j) Explain the incentives that are granted to companies engaged in gas utilisation (downstream operations).
- (k) Discuss the taxation of institutions offering non-interest financial products and services in Nigeria in line with the provisions of Non- Interest Finance (Taxation) Regulations, 2022.
- (l) Discuss the tax and other incentives available to a labelled startup under the Nigeria Startup Act, 2022.
- (m) Explain the tax implication of the establishment of the defence and security infrastructure fund.
- (n) Discuss the taxation of lottery and gaming trade or business.
- (o) Discuss the taxation of digital and virtual assets related activities.
- (p) Explain digital taxation (including taxation on income from e-commerce and e-business).
- (q) Explain the purpose and the effective date of Federal Development levy.

- (r) Explain the administration of Federal Development levy.
- (s) Identify the rate and compute Federal Development levy.
- (t) Identify taxpayers that are exempt from the payment of Federal Development levy.
- (u) Explain the distribution of Federal Development levy paid into a special account created for that purpose.
- (v) Explain the requirement that every beneficiary agency shall submit their income and expenditure to the National Assembly for appropriation.
- (w) Explain the offences and penalties relating to Federal Development levy.

**E. Application of Information Technology in Taxation 5%**

1. Explain the impact of information technology on tax practice and administration.
2. Explain the operations of the FIRS TaxPro Max solution relating to filing requirements and procedures.
3. Discuss taxes applicable to technology-based transactions.
4. Discuss the challenges of technology on tax practice and administration.

**Guide to examination assessment**

ICAN reserves the right to examine any topic in the syllabus at any examination diet. New laws, regulations and relevant tax circulars may be examined after six months from the dates of issue, even if they take effect in the future.

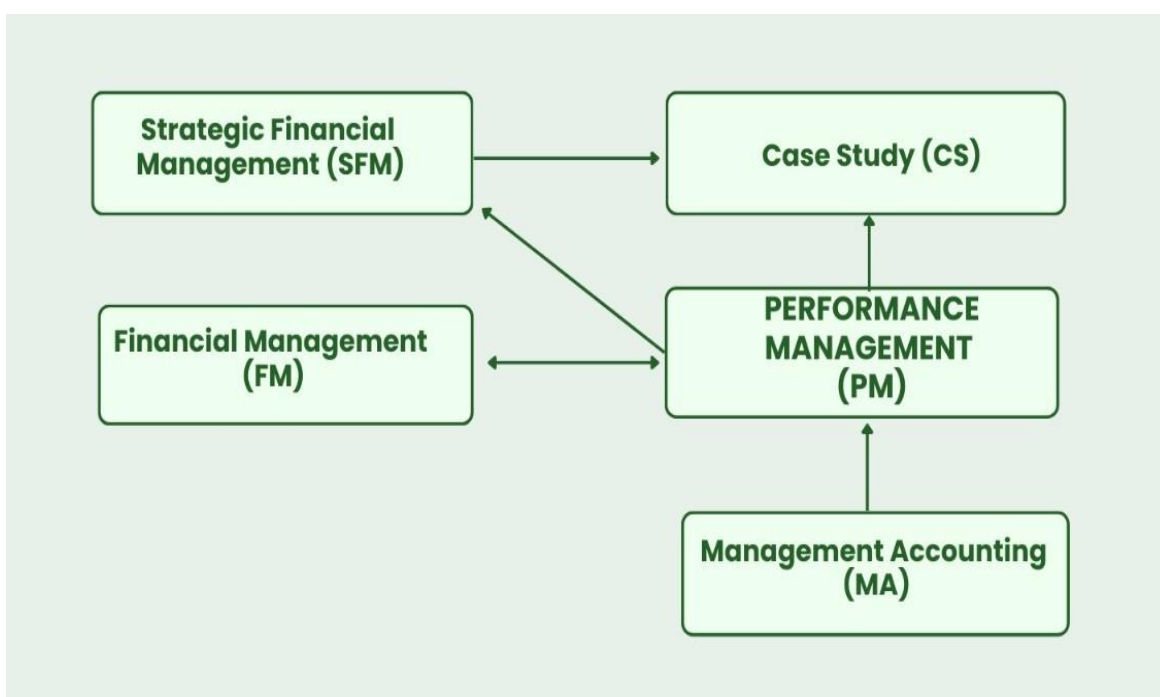
## B4. PERFORMANCE MANAGEMENT

### Aim

To develop candidates' knowledge and skills in the application of management accounting techniques to prepare data, information and apply appropriate technology to support management decision making on setting metrics and targets, planning and budgeting, cost management, quality control, performance measurement and comparative analysis.

### Linkage with other related subjects

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



### Main competences

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

- identify and discuss requirements in management information systems (MIS) and developments in technology essential for organisations to manage and measure performance;
- explain and apply cost accounting techniques;
- select and apply appropriate decision-making techniques to setting metrics and targets, and facilitate business decisions and promote efficient and effective use of scarce business resources taking into consideration inherent risks and uncertainty in such businesses and their control;
- identify and apply appropriate budgeting techniques and methods for planning and control;

- use standard costing systems to measure and control business performance and recommend remedial actions;
- evaluate the performance of an organisation, products and business segments, products and services against metrics and targets;
- assess organisational performance from both financial and non-financial perspectives, considering the problems associated with the control of divisions within an organisation and the importance of allowing for external considerations;
- advise clients and senior management on strategic business performance evaluation and recognising vulnerability to corporate failure;
- apply appropriate technology and techniques to support management decision making, including product costing, variance analysis, inventory management, budgeting and forecasting, and value chain analysis; and
- advise clients and top management of business organisation on emerging issues in performance management.

### **Prior knowledge**

Performance management assumes and develops on the knowledge and skills acquired in Management Accounting. Background knowledge in Financial Accounting and Business Environment will be needed by candidates.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Performance Management paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in the management decision making process, performance evaluation and recognising business vulnerability. Candidates will also be expected to apply professional skepticism and critical thinking when making all judgements.

### **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the

assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Content and competencies – Overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Management information systems and data analytics</b>	<b>10</b>
<b>B</b>	<b>Advanced costing techniques</b>	<b>15</b>
<b>C</b>	<b>Decision making techniques</b>	<b>25</b>
<b>D</b>	<b>Budgeting and control</b>	<b>20</b>
<b>E</b>	<b>Performance measurement, control and Management systems</b>	<b>15</b>
<b>F</b>	<b>Performance evaluation and corporate failure</b>	<b>10</b>
<b>G</b>	<b>Emerging issues in performance management</b>	<b>5</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### **A. Management Information Systems and Data Analytics 10%**

1. Management information systems
  - (a) Explain the role of information systems in organisations.
  - (b) Discuss the costs and benefits of information systems.
  - (c) Explain the uses of the internet, intranet, wireless technology and networks.
  - (d) Identify the accounting information requirements and describe the different types of information systems used for strategic planning, management and operational control and decision making.
  - (e) Define and discuss the main characteristics of transaction processing systems (TPS); management information systems (MIS); executive information systems (EIS); enterprise resource planning systems (ERPS) and customer relationship management systems (CRMS).
  - (f) Identify and discuss the social and ethical issues that may impact on an organisation's strategy formulation and assess the role of the

management accountant in data collection for measurement and reporting of social and environmental factors, to demonstrate a wider view in performance reporting.

2. Application of big data and data analytics
  - (a) Discuss and apply the principles of big data in management information and decision making.
  - (b) Discuss the purposes and application of the big data pyramid.
  - (c) Discuss the uses and benefits of big data, data mining and data analytics.
  - (d) Discuss the challenges and risks associated with application of big data and data analytics in an organisation.

**B. Advanced Costing Techniques**

**15%**

1. Activity based costing (ABC)
  - (a) Discuss ABC and its uses as a costing technique.
  - (b) Identify the suitable cost drivers under ABC.
  - (c) Calculate the cost per driver and per unit, using ABC.
  - (d) Compare ABC and the traditional method of overhead absorption.
2. Target costing
  - (a) Discuss the principles of target costing and its uses as a costing technique.
  - (b) Evaluate the target cost in manufacturing and service industries.
  - (c) Discuss the challenges of applying target costing in service industries.
  - (d) Advise on how a target cost gap can be managed.
3. Life cycle costing
  - (a) Discuss the principles of life cycle costing and its uses as a costing technique.
  - (b) Identify and discuss the various stages in the life cycle of a product and the associated cost involved.
  - (c) Evaluate the life cycle cost or profit in manufacturing and service industries.
  - (d) Explain the benefits of life cycle costing.
4. Throughput accounting
  - (a) Discuss the principles of throughput accounting and its uses as a costing technique.
  - (b) Assess and apply the theory of constraints [TOC].
  - (c) Evaluate and draw conclusions from the throughput accounting ratio (TAR).
  - (d) Advise on ways in which the TAR could be improved.
  - (e) Discuss the application of throughput accounting in multi-product decision making.

5. Accounting for environmental and sustainability factors
  - (a) Discuss the concept of environmental accounting and sustainability in business.
  - (b) Discuss the issues involved in managing environmental costs.
  - (c) Evaluate the different methods of accounting for environmental costs.
  - (d) Discuss the challenges faced in accounting for environmental and sustainability factors.
  - (e) Assess the principal roles of the management accountant in supporting the business to develop sustainability practices and sustainability reporting.

**C. Decision Making Techniques**

**25%**

1. Relevant cost analysis
  - (a) Explain the concept of relevant cost and revenue.
  - (b) Identify and calculate relevant costs for specific decision situations from given data.
  - (c) Explain and apply the concept of opportunity costs.
2. Cost volume profit analysis (CVP)
  - (a) Explain the concept of CVP analysis.
  - (b) Calculate and interpret the break-even point and margin of safety.
  - (c) Calculate the contribution to sales ratio in single and multi-product situations, and demonstrate an understanding of its uses.
  - (d) Calculate target profit and revenue in single and multi-product situations and demonstrate an understanding of its uses.
  - (e) Interpret break-even charts and profit-volume charts and interpret the information contained within each, including multi-product situations.
  - (f) Discuss the limitations of CVP analysis for planning and decision-making.
3. Limiting factors
  - (a) Identify limiting factors in a scarce resource situation and select appropriate technique for allocation of the scarce resource(s).
  - (b) Determine the optimal production plan where an organisation is restricted by a single limiting factor, within the context of make-or-buy decisions.
  - (c) Formulate and solve multiple scarce resource problems using, both linear programming, graphs and simultaneous equations as appropriate (excluding simplex and sensitivity to changes in objective functions).
  - (d) Explain and calculate shadow prices (dual prices) and discuss their applications for decision making and performance management.
  - (e) Calculate slack and explain the implications of the existence of slack for decision-making and performance management.

4. Pricing decisions
  - (a) Discuss the factors that influence the pricing of a product or service.
  - (b) Calculate and explain the price elasticity of demand.
  - (c) Derive and apply a straight-line demand equation and also an equation for the total cost function (including volume based discounts).
  - (d) Calculate the optimum selling price and quantity for a product, equating marginal cost and marginal revenue.
  - (e) Evaluate a decision to increase production and sales levels, considering incremental costs, incremental revenues and other factors.
  - (f) Determine prices and output levels for profit maximisation, using the demand-based approach to pricing (both tabular and algebraic methods).
  - (g) Discuss different pricing strategies, including:
    - (i) all forms of cost-plus;
    - (ii) skimming;
    - (iii) penetration;
    - (iv) complementary products;
    - (v) product-line;
    - (vi) volume discounting;
    - (vii) discrimination; and
    - (viii) relevant cost.
  - (h) Calculate a price from a given strategy using cost-plus and relevant cost.
5. Make-or-buy and other short-term decisions
  - (a) Explain the issues surrounding make-or-buy and outsourcing decisions.
  - (b) Calculate and compare “make” costs with “buy-in” costs.
  - (c) Compare in-house costs and outsource costs of completing tasks and consider other issues surrounding this decision.
  - (d) Apply relevant costing principles in situations involving shut down, one-off contracts and further processing of joint products.
6. Dealing with risk and uncertainty in decision making
  - (a) Identify and evaluate research techniques to reduce uncertainty, for example, focus groups, market research.
  - (b) Explain the use and application of simulation, expected values and sensitivity to decision making.
  - (c) Explain the use and application of the following techniques: maximax, maximin, and minimax regret to decision making, including the production of profit tables.

- (d) Interpret a decision tree and use it to solve a multi-stage decision problem.
- (e) Explain and calculate the value of perfect and imperfect information.

#### **D. Budgeting and Control**

**20%**

1. Budgetary systems and types of budgets
  - (a) Select and explain appropriate budgetary system for an organisation, including fixed, flexible, top-down, bottom-up, rolling, zero-based, activity-based, incremental and feed-forward control.
  - (b) Discuss the usefulness and problems associated with different budget types (including fixed, flexible, zero-based, activity based, incremental, rolling, top-down and bottom-up).
  - (c) Prepare fixed budget, flexed budget, rolling budget and activity-based budget including functional and master budgets.
  - (d) Explain the beyond budgeting model, including the benefits and problems that may be faced if it is adopted in an organisation.
  - (e) Explain the benefits and difficulties of the participation of employees in the budgeting process and negotiation of targets.
  - (f) Discuss ethical and sustainability considerations when setting budgets.
2. Analytical techniques in budgeting and forecasting
  - (a) Analyse fixed and variable cost elements from total cost data, using high/low method.
  - (b) Explain and apply analysis techniques including correlation, regression and time series.
  - (c) Estimate the learning rate and learning effect.
  - (d) Apply the learning curve model to a budgetary problem, including calculations on steady states.
  - (e) Discuss the benefits and limitations of correlation, regression and time series techniques, and also the reservations with the learning curve model.
3. Standard costing
  - (a) Explain the use of standard costs.
  - (b) Outline the methods used to derive standard costs and discuss the different types of standard costs.
  - (c) Calculate basic variances, such as:
    - (i) material price and usage variances;
    - (ii) labour rate, efficiency and idle time variances; and
    - (iii) labour mix and yield variances.
4. Material mix and yield variances
  - (a) Calculate, identify the cause of, and explain material mix and yield variances.

- (b) Explain the wider issues involved in changing material mix, for example, cost, quality and performance measurement issues.
  - (c) Identify and explain the relationship of the material usage variance with the material mix and yield variances.
- 5. Sales mix and quantity variances
  - (a) Explain, calculate and identify the causes of sales mix and quantity variances.
  - (b) Identify and explain the relationship of the sales volume variances with the sales mix and quantity variances.
- 6. Planning and operational variances
  - (a) Discuss the concept of planning and operational variances.
  - (b) Prepare a revised budget.
  - (c) Identify and explain those factors that could lead to revision of an original budget.
  - (d) Explain, calculate and identify the causes of planning and operational variances, for:
    - (i) sales, including market size and market share;
    - (ii) materials; and
    - (iii) labour, including the effect of the learning curve.
- 7. Performance analysis
  - (a) Discuss the effects of variances on staff motivation and actions.
  - (b) Describe the dysfunctional nature of some variances in the environment of JIT and TQM.
  - (c) Discuss the behavioural problems resulting from using standard costs in rapidly changing environments.

**E. Performance Measurement, Control and Management System 15%**

- 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 result 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 associated with short-termism and financial manipulation of results and suggest methods to encourage a long-term view.
  - (f) Discuss sustainability considerations in performance measurement of a business.

- (g) Select and explain stakeholder-based measures of performance that may be used to evaluate environmental, social and governance (ESG) performance of a business.
  - (h) Explain and interpret the balanced scorecard.
- 2. Performance analysis in not-for-profit organisations
  - (a) Discuss the problems of using 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 value for money (VFM) as a public sector objective.
- 3. Divisional Performance and Transfer Pricing
  - (a) Discuss the various methods of setting transfer price 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 measures for a given business using return on investment (ROI), residual income (RI) and economic value added (EVA) approaches. Evaluate the results and advise management.
- 4. Analyse and evaluate business objectives and strategies using value chain analysis.
- 5. Analyse and evaluate suitable performance measures for profitability, liquidity and solvency.

**F. Performance Evaluation and Corporate Failure**

**10%**

- 1. Strategic performance issues in complex business structures
  - (a) Evaluate the problems encountered in planning, controlling and measuring performance level, including, productivity, quality, profitability and service levels in complex business structure.
  - (b) Assess the impact of the use of business models, including business alliances, complex supply chain structure, joint ventures, etc on performance management.
- 2. Alternative views of performance measurement and management
  - (a) Assess and evaluate the effectiveness of the performance pyramid in linking strategy, operations, and performance.
  - (b) Assess and evaluate the use of balanced scorecard approach in improving the range and linkage between performance measures.
  - (c) Evaluate and advise on the value-based management approaches to performance management.
- 3. Predicting and preventing corporate failure
  - (a) Assess how long-term survival brings about the necessity of considering life cycle issues.

- (b) Calculate and advise on the potential likelihood of corporate failure utilising qualitative and quantitative performance measures and models, including Z-score and Argenti.
- (c) Identify the advantages and disadvantages of each of quantitative and qualitative corporate failure prediction models.
- (d) Identify and advise on performance management strategies that may be adopted to prevent corporate failure.
- (e) Evaluate the operational changes in organisational performance management system required to implement performance improvement strategies.

**G. Emerging Issues in Performance Management**

**5%**

- 1. Current developments in management accounting
  - (a) Identify and evaluate the various ways in which new techniques are made available to management accounting practitioners.
  - (b) Evaluate the use of benchmarking in public sector performance (league tables) and its effect on operational and strategic management and client behaviour.
  - (c) Identify the challenges of setting targets in public sector organisations.
- 2. Current issues and trends in performance management
  - (a) Assess the changing role of the management accountant in modern business environment.
  - (b) Evaluate contemporary issues in performance management.

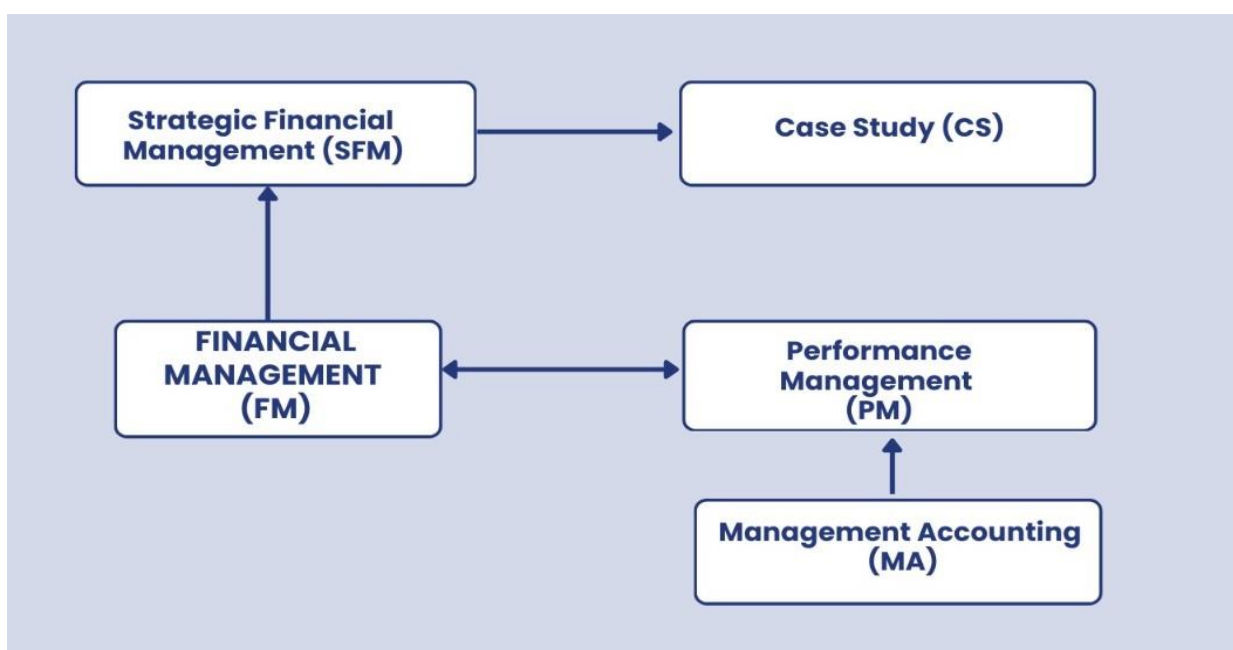
## B5. FINANCIAL MANAGEMENT

### AIM

To enable candidates understand the role and purpose of the finance function, recommend relevant options for financing a business, manage working capital, make appropriate investment decisions, carry out business valuation, and recognise and manage financial risks.

### Linkage with other related subjects

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



### Main competences

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

- discuss the role and purpose of the financial management function;
- understand and apply working capital management techniques;
- carry out effective investment appraisal;
- identify and evaluate alternative sources of business finance;
- discuss and apply principles of business valuation; and
- understand and apply risk management techniques in business.

### Ethics

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### Method of assessment

The Financial Management paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### Ethics and professional skepticism

Candidates should note that underlying ethical thinking is required in identifying financing options, arriving at appropriate investment decisions, managing working capital and financial risks. The implications of financial strategy for all stakeholders must be considered and evaluated, and any ethical dilemmas must be resolved. Candidates will also be expected to apply professional skepticism and critical thinking when making all judgements.

### Specification grid

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

<b>Content and competencies – Overview</b>		
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Financial management function and environment</b>	<b>10</b>
<b>B</b>	<b>Working Capital Management</b>	<b>15</b>
<b>C</b>	<b>Investment Appraisal</b>	<b>25</b>
<b>D</b>	<b>Business Finance</b>	<b>20</b>
<b>E</b>	<b>Business valuations</b>	<b>15</b>
<b>F</b>	<b>Risk management</b>	<b>15</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

- A. Financial Management Function and Environment** **10%**
1. The nature and purpose of financial management
    - (a) Explain the nature and purpose of financial management.
    - (b) Explain the relationship between financial management, and each of financial accounting and management accounting.
    - (c) Identify and describe various financial objectives, including:
      - (i) stakeholders value creation;
      - (ii) shareholder wealth maximisation;
      - (iii) profit maximisation; and
      - (iii) earnings per share growth.
  2. Corporate objectives and the influence of stakeholders
    - (a) Discuss the key stakeholders of an organisation and advise on their interests.
    - (b) Assess possible conflicts between stakeholder objectives.
    - (c) Evaluate management's role in managing stakeholder objectives, including the application of agency theory.
    - (d) Assess the various methods of achieving stakeholder objectives, including:
      - (i) regulatory requirements – corporate governance codes and stock exchange listing regulations; and
      - (ii) management reward schemes – share options and performance related pay.
    - (e) Advise on the various ways of evaluating corporate objectives, including:
      - (i) ratio analysis; and
      - (ii) total shareholders' return changes.
  3. Financial management in not-for-profit organisations
    - (a) Evaluate the various objectives of a not-for-profit organisation.
    - (b) Discuss the ways of measuring achievement of objectives in a not-for-profit organisation.
  4. The economic environment of business
    - (a) Evaluate major macroeconomic policy targets.
    - (b) Illustrate the role of fiscal, monetary, interest rate and exchange rate policies in achieving macro-economic policy targets.
    - (c) Assess the influence of government economic policies on decision making in business.
  5. Financial markets and institutions
    - (a) Assess the role of money and capital markets both nationally and internationally.

- (b) Evaluate the functions of stock market and the corporate bond market.
- (c) Evaluate the impact of technology on the changing role of financial markets and institutions.
- (d) Evaluate the role of money market in providing short term liquidity and short-term trade finance.
- (e) Compare and contrast money market and capital market operations.
- (f) Evaluate the role of banks and other financial institutions in the operation of the money markets.
- (g) Evaluate the role of principal money market instruments, including:
  - (i) interest bearing instruments;
  - (ii) discount instruments; and
  - (iii) derivative products.

**B. Working Capital Management**

**15%**

1. The nature, elements and importance of working capital
  - (a) Describe the nature of working capital and identify its elements.
  - (b) Identify the objectives of working capital management in terms of liquidity and profitability and discuss the conflict between them.
  - (c) Discuss the central role of working capital management in financial management.
2. Management of inventories, accounts receivable, accounts payable and cash
  - (a) Explain and calculate the cash operating cycle.
  - (b) Explain and apply relevant accounting ratios, including:
    - (i) current ratio and quick ratio;
    - (ii) inventory turnover ratio, average collection period and average payable period; and
    - (iii) sales revenue/net working capital ratio.
  - (c) Discuss, apply and evaluate the use of relevant techniques in managing inventory, including the economic order quantity (EOQ) model and just-in-time (JIT) techniques.
  - (d) Discuss, apply and evaluate the use of relevant techniques in managing accounts receivables, including:
    - (i) assessing credit worthiness;
    - (ii) collecting amounts owing;
    - (iii) offering early settlement discounts; and
    - (iv) using factoring and invoice discounting.
  - (e) Discuss and apply the use of relevant techniques in managing accounts payable, including:
    - (i) using trade credit effectively; and

- (ii) evaluating the benefits of early settlement and bulk purchase discounts.
- (f) Explain the various reasons for holding cash, discuss and apply the use of relevant techniques in managing cash, including:
  - (i) preparing cash flow forecasts to determine future cash shortages or surpluses;
  - (ii) assessing the benefits of centralised treasury management and cash control;
  - (iii) cash management models, such as the Baumol model and the Miller-Orr model; and
  - (iv) short-term investment.
- 3. Determining working capital needs
  - (a) Calculate the level of working capital investment in current assets and discuss the key factors determining this level, including:
    - (i) the length of the working capital cycle and terms of trade;
    - (ii) an organisation's policy on the level of investment in current assets; and
    - (iii) the industry in which the organisation operates.
  - (b) Evaluate and discuss the key factors in determining working capital funding strategies, including:
    - (i) the distinction between permanent and fluctuating current assets;
    - (ii) the relative cost and risk of short-term and long-term finance;
    - (iii) the matching principle; and
    - (iv) the relative costs and benefits of aggressive, conservative and matching funding policies.

## **C. Investment Appraisal**

**25%**

- 1. Investment appraisal methods
  - (a) Identify and calculate relevant cash flows for investment projects.
  - (b) Calculate and discuss the usefulness of each of the following investment appraisal methods:
    - (i) payback period;
    - (ii) accounting rate of return (ARR);
    - (iii) net present value (NPV); and
    - (iv) internal rate of return (IRR).
  - (c) Evaluate capital investment decisions, using capital budgeting techniques that incorporate strategic factors.
  - (d) Discuss the superiority of discounted cash flow (DCF) methods over non-DCF methods.
  - (e) Discuss the relative merits of NPV and IRR.
- 2. Inflation and taxation in DCF

- (a) Apply and discuss the real-terms and nominal-terms approaches to investment appraisal.
  - (b) Calculate the taxation effects of relevant cash flows, including tax benefits of tax-allowable depreciation.
- 3. Risk and uncertainty in investment appraisal
  - (a) Describe and discuss the difference between risk and uncertainty in relation to investment appraisal.
  - (b) Discuss and apply the following techniques of dealing with risk and uncertainty in investment appraisal:
    - (i) sensitivity analysis;
    - (ii) expected value criterion, including, value of information;
    - (iii) decision tree;
    - (iv) simulation; and
    - (v) risk-adjusted discount rates.
- 4. Specific investment decisions
  - (a) Evaluate leasing and borrowing-to-buy decisions, using Nigerian tax rules.
  - (b) Evaluate asset replacement decisions, using equivalent annual cost/value method and least cost method (LCM).
  - (c) Evaluate investment decisions under single-period capital rationing, including:
    - (i) the calculation of profitability indices for divisible investment projects;
    - (ii) the calculation of the NPV of combinations of non-divisible investment projects; and
    - (iii) a discussion of the reasons for capital rationing.

#### **D. Business Finance**

**20%**

- 1. Sources of finance
  - (a) Identify and discuss the range of short-term sources of finance available to businesses, including overdraft, bank loan, trade credit, etc.
  - (b) Identify and discuss the range of long-term sources of finance available to businesses, including equity, debt finance, finance lease and venture capital.
  - (c) Identify and discuss methods of raising equity finance, including rights issue, placing, public offer, introduction, etc.
  - (d) Discuss the major differences between islamic finance and the other forms of business finance.
  - (e) Identify and discuss methods of raising short-term and long-term islamic finance, including:
    - (i) The concept of riba (interest) and how returns are made by Islamic financial securities.

- (ii) Islamic financial instruments available to businesses including:
      - Murabaha (trade credit);
      - Ijara (lease finance);
      - Mudaraba (equity finance);
      - Sukuk (debt finance); and
      - Musharaka (venture capital).
  - (f) Identify and discuss internal sources of finance, including:
    - (i) retained earnings;
    - (ii) efficient management of working capital;
    - (iii) the relationship between dividend policy and the financing decision; and
    - (iv) the theoretical approaches to, and the practical influences on, the dividend decision (including legal constraints, liquidity, shareholder expectations and alternatives to cash dividends).
2. Cost of capital
- (a) Evaluate the cost of equity, including:
    - (i) application of the dividend growth model (its assumptions, advantages and disadvantages);
    - (ii) explanation and discussion of systematic and unsystematic risk;
    - (iii) relationship between portfolio theory and the capital asset pricing model (CAPM); and
    - (iv) application of the CAPM (its assumptions, advantages and disadvantages).
  - (b) Evaluate the cost of debt relating to the following:
    - (i) irredeemable debt;
    - (ii) redeemable debt;
    - (iii) convertible debt;
    - (iv) preference shares; and
    - (v) bank debt.
  - (c) Calculate the overall cost of capital, using weighted average cost of capital (WACC).
3. Sources of finance and their relative costs
- (a) Discuss the relative risk-return relationship and the relative costs of equity and debt.
  - (b) Outline and discuss the problem of high gearing.
  - (c) Evaluate and discuss the impact of sources of finance on financial position, financial risk and shareholder wealth using appropriate measures, including:
    - (i) ratio analysis using statement of financial position gearing, operational and financial gearing, interest coverage ratio and other relevant ratios; and
    - (ii) cash flow forecasting.
  - (d) Discuss the effects of cost of capital on investments, including the:
    - (i) relationship between company value and cost of capital;

- (ii) circumstances under which WACC can be used in investment appraisal;
  - (iii) advantages of the CAPM over WACC in determining a project-specific cost of capital; and
  - (iv) application of the CAPM in calculating a project-specific discount rate.
- 4. Capital structure theories and practical considerations
  - (a) Explain the traditional view of capital structure and its assumptions.
  - (b) Discuss the views of Miller and Modigliani (M&M) on capital structure, both with and without corporate taxation, and their assumptions.
  - (c) Identify a range of capital market imperfections and describe their impact on the views of M&M on capital structure.
  - (d) Discuss the relevance of pecking order theory to the selection of sources of finance.
- 5. Finance for micro, small and medium sized entities (MSMEs)
  - (a) Explain the nature of financing problems for small businesses in terms of the funding gap, the maturity gap and inadequate security.
  - (b) Describe measures used to ease MSMEs financing problems.
  - (c) Outline and evaluate the effects of financing sources for MSMEs, including:
    - (i) business angel financing;
    - (ii) government assistance;
    - (iii) crowd funding; and
    - (iv) supply chain financing.

## **E. Business Valuations**

**15%**

- 1. Nature and purpose of the valuation of business and financial assets
  - (a) Outline and explain the rationale for businesses and financial assets valuation.
  - (b) Explain the information required in carrying out valuation of businesses and financial assets
- 2. Choice of assets valuation bases
  - (a) Discuss and apply asset valuation methods, including:
    - (i) historical cost method;
    - (ii) net realisable method; and
    - (iii) replacement cost method.
  - (b) Discuss and apply income-based valuation method, including:
    - (i) price/earnings ratio methods;
    - (ii) earnings yield methods; and
    - (iii) enterprise value/EBITDA multiple methods.
  - (c) Discuss and apply cash flow-based valuation methods, including:

- (i) discounted cash flow method; and
  - (ii) dividend valuation method
- 3. The valuation of debt and other financial assets
  - (a) Explain and apply appropriate valuation methods to:
    - (i) irredeemable bond;
    - (ii) redeemable bond;
    - (iii) convertible bond;
    - (iv) irredeemable preference shares; and
    - (v) redeemable preference shares.
- 4. Efficient Market Hypothesis (EMH) and practical considerations in the valuation of shares
  - (a) Distinguish amongst and discuss weak form efficiency, semi-strong form efficiency and strong form efficiency.
  - (b) Discuss practical considerations in the valuation of shares and businesses, including:
    - (i) marketability and liquidity of shares;
    - (ii) availability and sources of information;
    - (iii) market imperfections and pricing anomalies; and
    - (iv) market capitalisation.

## **F. Risk Management**

**15%**

- 1. The nature and types of risks and approaches to risk management
  - (a) Discuss different types of foreign currency risks, including transaction risk, translation risk and economic risk.
- 2. Causes of exchange rate differences and interest rate fluctuations
  - (a) Explain the causes of exchange rate fluctuations, including:
    - (i) balance of payments;
    - (ii) purchasing power parity theory;
    - (iii) interest rate parity theory; and
    - (iv) four-way equivalence.
  - (b) Carry out a forecast of exchange rates, using:
    - (i) purchasing power parity; and
    - (ii) interest rate parity.
  - (c) Discuss and apply covered interest arbitrage.
- 3. Hedging techniques for foreign currency risk
  - (a) Explain and apply method of foreign currency risk management, including traditional and basic methods.
    - (i) currency of invoice;
    - (ii) netting and matching;
    - (iii) leading and lagging;
    - (iv) forward exchange contracts; and

- (v) money market hedging.
  - (b) Discuss and apply the main types of foreign currency derivatives used to hedge foreign currency risk and explain how they are used in hedging.  
(Simple numerical questions will be required)
4. Hedging techniques for interest rate risk
- (a) Explain and apply the following methods of hedging interest rate risk, including both traditional and basic methods:
    - (i) matching and smoothing;
    - (ii) asset and liability management; and
    - (iii) forward rate agreements.
  - (b) Outline and explain the main types of interest rate derivatives used to hedge interest rate risk and explain their uses.  
(Simple numerical questions will be required).

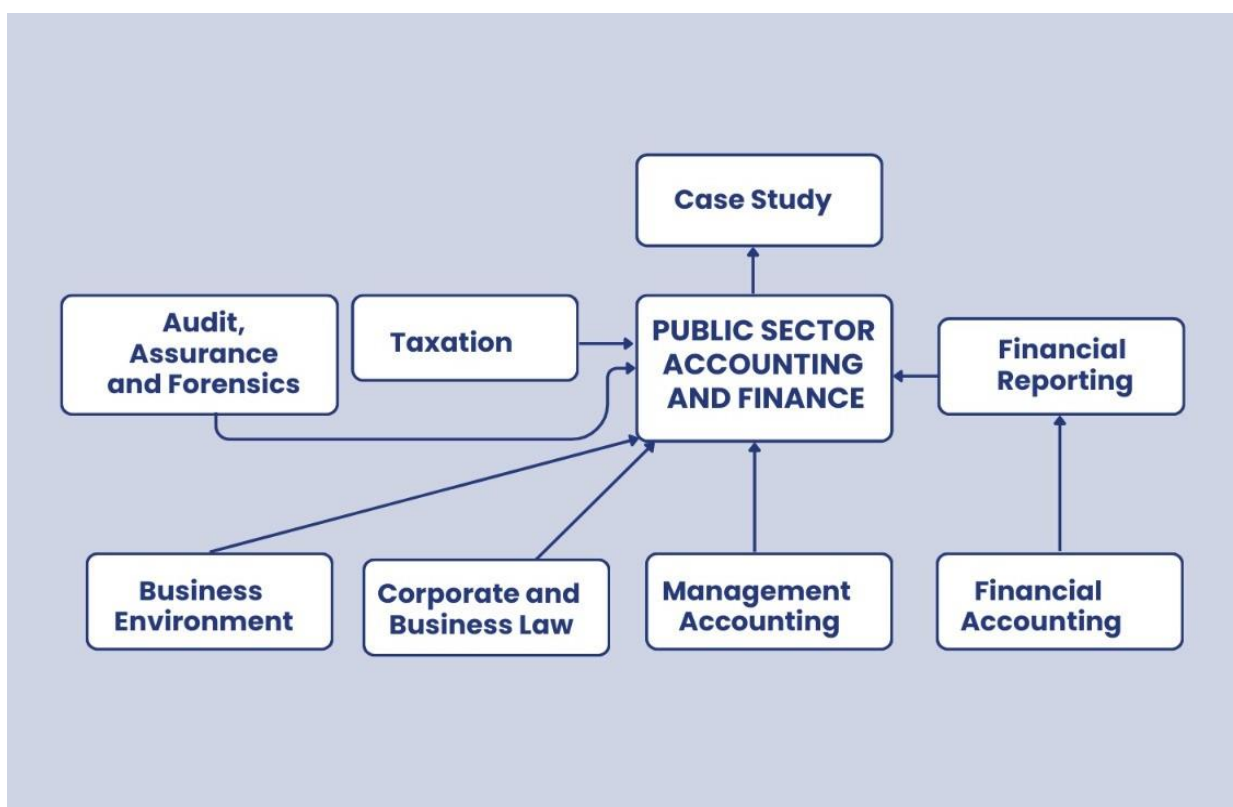
## B6. PUBLIC SECTOR ACCOUNTING AND FINANCE

### AIM

To enable candidates have an understanding of the activities and services, legislative and financial frameworks, as well as the accounting practices required to ensure accountability in the public sector with a view to developing skills to optimally utilise government finances to provide public goods.

### Linkage with other related subjects

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



### Main competences

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

- identify and analyse the concepts and frameworks of public sector accounting and finance;
- discuss the roles, duties and powers of officers and various organs in the public sector;
- discuss the role of ethics in public finance management (PFM), and recommend appropriate actions and safeguards to mitigate ethical threats in PFM;
- prepare and interpret public sector management reporting information in evaluating public sector performance;
- evaluate the roles and limitations of public sector entities in delivering public goods and services;

- explain and evaluate factors affecting the selection and implementation of key public sector management decisions, including acquisitions and strategic alliances;
- understand and explain the role of audit and assurance in PFM;
- assess and evaluate the economic environment and role of the public sector in the economy;
- understand the provisions of Fiscal Responsibility Act, 2010 (as amended) and Public Procurement Act, 2007 (as amended);
- evaluate the role of International Public Sector Accounting Standards (IPSAS) in ensuring quality financial reports in the public sector;
- discuss the role of planning and budgeting in PFM;
- assess borrowing policies and public debts management;
- discuss the role of the ICAN accountability index (ICAN AI) in PFM in Nigeria;
- appraise and evaluate the achievements of the sustainable development goals (SDGs) by the government; and
- appraise the current state of IPSASB's proposal for sustainability reporting framework (Reporting sustainability program information – RPDs 1 and 3).

### **Prior knowledge**

This subject assumes and develops on the knowledge and skills acquired in Financial Accounting. Candidates will also be required to apply the knowledge and skills acquired in Business Environment and Corporate and Business Law.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Public Sector Accounting and Finance paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in public sector accounting and finance management. Candidates will also be expected to apply professional skepticism and critical thinking when making decisions.

## Specification grid

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Content and competencies - Overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Regulatory and conceptual frameworks of public sector accounting</b>	<b>20</b>
<b>B</b>	<b>Planning and Budgeting</b>	<b>20</b>
<b>C</b>	<b>Report and Audit</b>	<b>20</b>
<b>D</b>	<b>Public Finance</b>	<b>20</b>
<b>E</b>	<b>Public finance management and accountability</b>	<b>10</b>
<b>F</b>	<b>Sustainability and sustainable development</b>	<b>10</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### 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 emphases 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 (instructions) 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;
    - budget execution and achievement of targets;
    - savings and assets management;
    - transparency and accountability; and
    - enforcement.
  - (ii) Public Procurement Act, 2007 (as amended) in relation to:
    - fundamental principles of procurement;
    - organisation of procurement;
    - procurement methods (goods and services);
    - special and restricted methods of procurement;
    - procurement of consultants (services);
    - disposal of public property; and
    - offences and penalties.
  - (iii) IPSAS 11- Construction Contracts; and
  - (iv) IPSAS 12 - Inventories.
- (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);
  - (v) Public Accounts Committee (PAC); and
  - (vi) Courts.

## 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;
  - (iv) Pan African Federation of Accountants (PAFA) African Professionalisation Initiatives (API) in the public sector; and
  - (v) standardisation of federal, state and local governments reporting formats in Nigeria.
- (b) Discuss Pension Reform Act, 2014 (as amended), in respect of:
  - (i) objectives;
  - (ii) rates of contribution to the 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 - Employee Benefits
- (d) Assess emerging issues in the 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);
  - (iv) Accounting Transaction Recording and Reporting System (ATRRS); and
  - (v) Open Treasury Portal
  - (vi) Mandatory Federal Treasury e-Receipt (FTeR) and Nigeria Revenue Service (NRS) e-Invoicing

**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 the following types of budgets:
  - (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 amongst rolling, development and perspective plans.
4. Discuss the steps in the budgeting process and budgetary control.
5. Discuss IPSAS 24 - Presentation of Budget Information in Financial Statements.

**C. Report and Audit 20%**

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 policies 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 revenue control procedures.
  - (b) Discuss the roles of the following bodies:
    - (i) Federation Accounts Allocation Committee (FAAC);
    - (ii) Joint Allocation Account Committee (JAAC);

- (iii) Joint Revenue Board of Nigeria
  - (iv) Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC); and
  - (v) Ministry of Finance Incorporated (MOFI).
- (c) Prepare and explain the following:
  - (i) Federation Account;
  - (ii) Special funds account;
  - (iii) Federal public sector independent revenue; and
  - (iv) Charges to the Consolidated Revenue Fund (CRF).
- (d) Explain the roles of revenue collection agencies, such as:
  - (i) Nigeria Revenue Service (NRS);
  - (ii) State Internal Revenue Service (SIRS);
  - (iii) Local Government Revenue Authorities;
  - (iv) Nigerian Upstream Petroleum Regulatory Commission (NUPRC)
  - (v) Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA);
  - (vi) Nigeria Customs Service (NCS); and
  - (vii) Nigerian National Petroleum Company Limited (NNPCL) – (CBN as collecting agent).
- (e) Assess revenue collection and monitoring procedures.
- (f) Discuss the International Public Sector Accounting Standards (IPSASs) on cash basis in relation to its structure, objectives, responsibility, characteristics, and components.
- (g) 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.
- (h) Discuss IPSAS 33 - First-time Adoption of Accrual Basis IPSAS.
- (i) Discuss IPSAS 34 - Separate Financial Statements.
- (j) Discuss the applicable International Public Sector Accounting Standards (IPSAS) on accrual basis in relation to the definitions, applications, recognition, measurement and disclosures:
- (k) Prepare statutory financial statements for federal, state and local government treasury in accordance with Accrual Basis IPSAS 33 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.
- 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, such as 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, such as 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) statement of changes in net assets/equity;
    - (iv) cash flow statement; and
    - (v) notes to the accounts.
- 3. Public Sector Audit
  - (a) Discuss the following:
    - (i) legal requirements for audit in the public sector and the roles of the accountant- general and auditor-general;
    - (ii) process of appointing auditors in the public sector;
    - (iii) basic steps in the process of auditing public sector financial statements;
    - (iv) concept of public accountability in the public sector;
    - (v) financial guidelines for the operation of the public sector;
    - (vi) financial responsibilities of public sector officers;
    - (vii) nature and types of financial controls in the public sector;

- (viii) financial control institutions within the public sector (including their functions and procedures), in respect of:
  - Ministry of Finance;
  - Office of the Auditor-General for the Federation;
  - Office of the Accountant-General of the Federation;
  - Budget office;
  - Expenditure control unit; and
  - Fund section.
- (ix) Roles of national and state assemblies, and local government councils in financial management and control;
- (x) Financial management and virement procedures;
- (xi) Application of International Standards of Supreme Audit Institutions (ISSAI), standards for assurance and audit and their relationship with International Standards on Auditing (ISA's);
- (xii) Performance audit or Value-for-money audit;
- (xiii) Risk based audit; and
- (xiv) Environmental audit.

**D. Public Finance**

**20%**

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. Justify the importance of grants as a source of revenue to federal, state and local governments. 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.
4. Discuss the National Privatisation Policy (NPP) 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).
5. 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?);

- (d) external loans: multilateral, Paris Club, London Club, promissory notes and others; and
  - (e) Central Bank of Nigeria Ways and Means Financing.
- 6. Evaluate debt management strategies in relation to:
  - (a) loans pooling and consolidation;
  - (b) loan re-scheduling;
  - (c) debt-equity swap; and
  - (d) debt forgiveness.
- 7. Evaluate and discuss principles and practice of federalism (fiscal federalism, fiscal capacity and needs in multi-level public sector structures).
- 8. Evaluate intra-public sectorial fiscal relations and Nigeria's experience with revenue allocation.
- 9. Appraise projects in the public sector, using:
  - (a) cost-benefit analysis;
  - (b) cost-outcome analysis; and
  - (c) cost-effectiveness analysis.
- 10. Discuss the nature, causes and types of externalities.
- 11. Discuss emerging issues in Nigerian Public Finance Management.

**E. Public Finance Management and Accountability 10%**

1. Discuss the role of ICAN Accountability Index (ICAN-AI) in public finance management and accountability covering the following:
  - (a) policy based fiscal strategy and budgeting;
  - (b) budget credibility;
  - (c) management of assets and debts;
  - (d) probity, accountability, transparency and disclosures;
  - (e) controls in budget execution, accounting and reporting; and
  - (f) external audit and legislative scrutiny.

**F. Sustainability and Sustainable Development 10%**

1. Discuss the United Nations Sustainable Development Goals (SDGs).
2. Discuss the Federal Government's Sustainable Development Goals.
3. Discuss sustainability reporting in the public sector.

**Applicable 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 10 - Financial Reporting in Hyperinflationary Economies
- IPSAS 14 - Events After the Reporting Date
- IPSAS 16 - Investment Property

- 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 26 - Impairment of Cash-Generating Assets
- IPSAS 27 - Agriculture
- IPSAS 28 - Financial Instruments: Presentation
- IPSAS 30 - Financial Instruments: Disclosures
- IPSAS 31 - Intangible Assets
- IPSAS 32 - Service Concession Arrangements: Grantor
- 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
- IPSAS 41 - Financial Instruments (replaced IPSAS 29)
- IPSAS 42- Social Benefits
- IPSAS 43 - Leases (Replaced IPSAS 13 - effective date January 1, 2025)
- IPSAS 44 - Non-current Assets Held for Sale and Discontinued Operations - effective date January 1, 2025
- IPSAS 45 - Property, Plant and Equipment (Replaced IPSAS 17 - effective date January 1, 2025)
- IPSAS 46 - Measurement (effective date January 1, 2025)
- IPSAS 47 - Revenue (replaced IPSAS 9 and IPSAS 23 - effective date January 1, 2026)
- IPSAS 48 - Transfer Expenses - effective date January 1, 2026)
- IPSAS 49 - Retirement Benefit Plans - effective date January 1, 2026)
- IPSAS 50- Exploration for and Evaluation of Mineral Resources

### **Guide to examination assessment**

ICAN reserves the right to examine any topic in the syllabus at any examination diet. New standards and laws may be examined after six months from the dates of issue, even if the effective date is in the future.

## PROFESSIONAL LEVEL

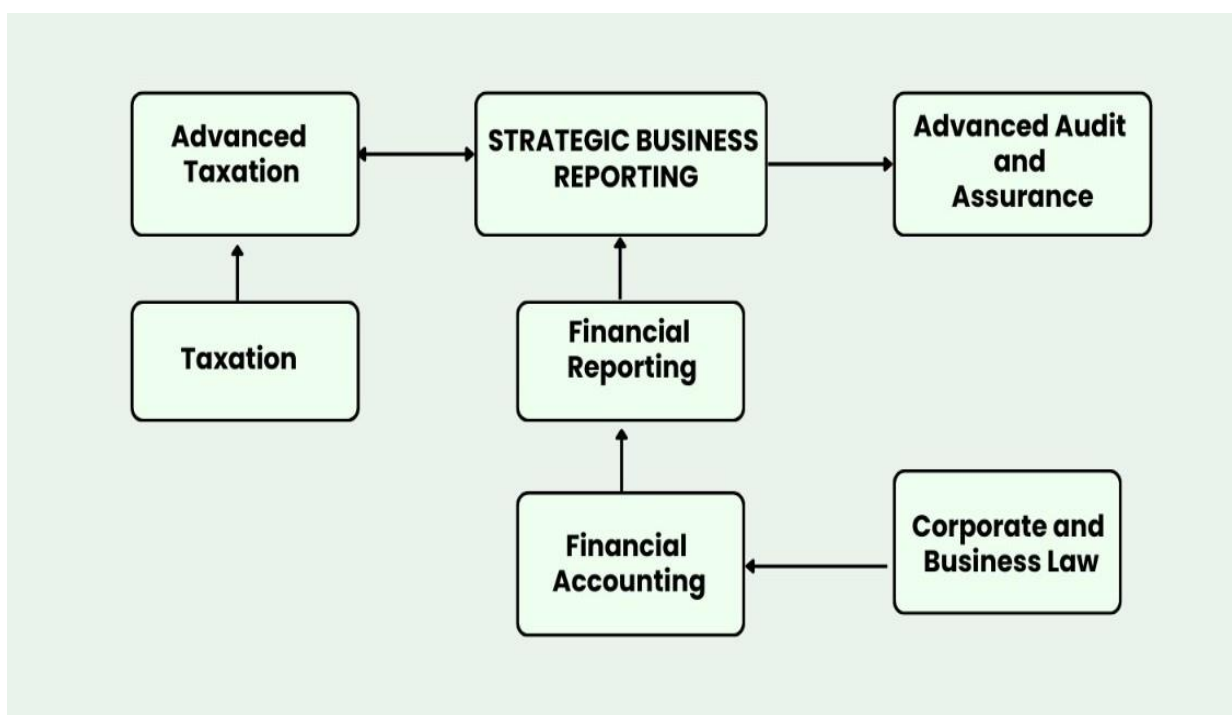
### C1. STRATEGIC BUSINESS REPORTING

#### Aim

To develop candidates knowledge of generally accepted accounting principles (GAAP), deepen their understanding and application of accounting standards on financial reporting and sustainability reporting and their ability to apply and evaluate principles and practices in the preparation and interpretation of corporate disclosures and reports in the context of complex groups.

#### Linkage with Other Related Subjects

The relationship between this subject and other related subject encompasses financial accounting, financial reporting, management accounting, corporate and business law, taxation, ethics, and internal audit.



#### Main competences

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

- prepare financial statements and notes and sustainability disclosures on complex single-entity, group (subsidiaries and associates) and all forms of business combinations.
- evaluate the appropriateness of accounting and other policies used in preparing financial statements and other disclosures and reports.
- prepare and analyse financial statements to show the position, performance, prospects and risks of a business entity.

- interpret financial statements, sustainability disclosures, non-financial data and information, and other related disclosures and reports.
- understand current issues in the reporting framework and business reporting.
- understand and apply ethical and professional principles to ethical dilemmas and assess and discuss the consequences of creative accounting, window dressing and aggressive earnings management.

### **Prior Knowledge**

Thorough knowledge of Financial Accounting and Financial Reporting is required for good performance in this paper. Background knowledge in Management Accounting, Corporate and Business Law, Taxation and Ethics will be required by candidates.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of Assessment**

The Strategic Business Reporting paper is for three (3) hours with fifteen (15) minutes of reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and Professional Skepticism**

Candidates should note that underlying ethical thinking is required in the financial reporting process, sustainability reporting process and scepticism about business error and fraud. Candidates will also be expected to apply professional scepticism, substance over form and critical thinking when making all business reporting judgements.

### **Specification Grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Syllabus overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Ethical issues in and regulatory framework of strategic business reporting</b>	<b>5</b>
<b>B</b>	<b>Reporting of entity's performance to stakeholders</b>	<b>25</b>
<b>C</b>	<b>Group financial statements</b>	<b>30</b>
<b>D</b>	<b>Analysis of financial and other reports to appraise entity's financial performance and position</b>	<b>20</b>
<b>E</b>	<b>Sustainability and integrated reporting</b>	<b>10</b>
<b>F</b>	<b>The impact of changes and potential changes in accounting regulations</b>	<b>5</b>
<b>G</b>	<b>Other current developments in and beyond financial reporting</b>	<b>5</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### A. Ethical Issues in, and Regulatory Framework of Strategic Business Reporting 5%

1. Ethical issues in strategic business reporting
  - (a) Discuss professional accountants' code of ethics as it relates to strategic business reporting.
  - (b) Discuss and evaluate the ethical considerations that may arise in strategic business reporting, including ethical dilemmas.
  - (c) Assess, recommend and justify actions to be taken where ethical issues arise in given strategic business reporting scenarios.
  - (d) Evaluate the implications of non-compliance with IESBA Code of Ethics and Professional Conduct for accountants in strategic business reporting contexts.
2. Regulatory framework of strategic business 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 IFRS accounting standards.

- (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 policies and the chairman's report as they relate to a company's annual report.
- (g) Discuss the roles of Financial Reporting Council of Nigeria (FRC) in financial reporting regulations and enforcement, including IFRS accounting standards compliance.

## **B. Reporting of Entity's Performance to Stakeholders**

**25%**

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 5; IFRS 8, IFRS 15, IAS 33 and IAS 34 to the preparation of financial statements.
  - (c) Formulate and evaluate the entity's accounting policies (including group entities) in accordance with the provisions of IAS 8.
  - (d) Prepare financial statements and sustainability disclosures in accordance with IFRS accounting standards and or other relevant 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 the accounting treatments of non-current assets, such as:
    - (i) Property, Plant and Equipment - IAS 16;
    - (ii) Intangible Assets – IAS 38;
    - (iii) Investment Properties – IAS 40;
    - (iv) Leases – IFRS 16;
    - (v) Non-current Assets Held for Sale – IFRS 5;
    - (vi) Inventories - IAS 2;
    - (vii) Agriculture - IAS 41;
    - (viii) Accounting for Government Grants and Disclosure of Government Assistance – IAS 20; and
    - (ix) Borrowing Costs – IAS 23.
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:
    - (i) Employees' benefits – IAS 19;
    - (ii) Share-based payments – IFRS 2;
    - (iii) Income tax – IAS 12;
    - (iv) Provisions, contingent liabilities and contingent assets – IAS 37;

- and
- (v) Leases - IFRS 16.
- (c) Evaluate the effect of related parties' transactions and disclosures on reported performance in line with relevant accounting standards.
- 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) Discuss the accounting treatment of financial instruments (IFRS 7 and IFRS 9), 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 the reported performance of the reporting entity.

### **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 investments 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 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 and 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 of 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 whose activities have been discontinued or have been acquired or disposed of in the period.
- (h) Prepare group financial statements and sustainability disclosures in accordance with IFRS accounting standards or other relevant standards.

**D. Interpret Financial Statements, Sustainability Disclosures, Non-financial Data and Information, and Other Related Disclosures and Reports**

**20%**

1. Suitability of accounting policies and reported numbers
  - (a) Evaluate the appropriateness of accounting and other policies used to prepare financial statements and other disclosures and reports.
  - (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 sustainability 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:
    - (i) horizontal analysis;
    - (ii) vertical analysis;
    - (iii) ratio analysis;
    - (iv) trend analysis; and
    - (v) common size analysis.
  - (c) Adjust reported earnings of an entity to make it comparable over time with similar entities and the 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 MD/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, window dressing 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.

**E. Sustainability and Integrated Reporting 10%**

1. Evolution and development of sustainability reporting
  - (a) Discuss the progress from environmental, social and governance (ESG) accounting to sustainability reporting.
  - (b) Discuss sustainability reporting and methods of reflecting its impacts in financial statements and narratives for investors.
  - (c) Discuss factors responsible for increasing demand for sustainability reporting – internationally and locally.
  - (d) Evaluate the problems and limitations of sustainability reporting.
2. Sustainability reporting frameworks
  - (a) Discuss the principles and content elements of the Global Reporting Initiative (GRI) and United States (US) Sustainability Accounting Standards Board (SASB) frameworks for sustainability reporting.
  - (b) Discuss the emergence and role of International Sustainability Standards Board (ISSB) in standardising sustainability disclosures globally.
  - (c) Discuss the key differences amongst the IFRS Sustainability Disclosure Standards, Global Reporting Initiative (GRI) and United States (US) Sustainability Accounting Standards Board (SASB) frameworks for sustainability reporting.
3. IFRS Sustainability Disclosure Standards (IFRS S1 and S2)
  - (a) Discuss the scope, conceptual foundations, objectives and core content of ISSB standards.
  - (b) Explain IFRS S1 – General Requirements for Disclosure of Sustainability-Related Financial Information in relation to:
    - (i) purpose and applicability to all reporting entities;
    - (ii) core content elements: governance, strategy, risk management, and metrics and targets;
    - (iii) connectivity with financial reporting; and
    - (iv) double materiality assessment methodology.
  - (c) Explain IFRS S2 – Climate-Related Disclosures in relation to:
    - (i) scope covering scope 1, scope 2, and scope 3 greenhouse gas emissions;
    - (ii) climate-related risks and opportunity identification and assessment;
    - (iii) climate scenario analysis and resilience testing requirements; and
    - (iv) transition planning and climate commitments disclosure.
  - (d) Explain the roadmap for adopting IFRS S1 and S2 issued by the Financial Reporting Council (FRC) of Nigeria for the implementation in respect of:
    - (i) early adopters for the accounting period ending on or before

- December 31, 2023;
- (ii) voluntary adopters for accounting periods ending on or before December 31, 2026;
  - (iii) mandatory adopters for accounting periods beginning on or after January 1, 2027; and
  - (iv) public sector entities – to be communicated later.
- (e) Identify and explain, the documents to be submitted by entities adopting IFRS S1 and S2 to the Financial Reporting Council of Nigeria for the readiness test assessment, including the timeline for those to be submitted:
- (i) at least three (3) months before the beginning of the reporting date:
    - board resolution approving the adoption of IFRS sustainability disclosure standards;
    - gap analysis report; and
    - implementation plan.
  - (ii) not more than three (3) months after the beginning of the reporting date:
    - IFRS sustainability disclosure policies;
    - identification and application of transitional reliefs;
    - enterprise risk management and sustainability framework;
    - evidence of board approval of the IFRS sustainability disclosure policies;
    - evidence of board approval of enterprise risk management and sustainability framework; and
    - evidence of sustainability and ESG-specific training for board members, management, and preparers by reputable training providers acceptable by the FRC.
  - (iii) not more than six (6) months after the beginning of the reporting date:
    - evidence of registration of the entity and professionals engaged in the sustainability reporting process with FRC;
    - description of models used for scenario analysis;
    - identification of sustainability and climate-related risks and opportunities;
    - evidence of the establishment of a governance structure for sustainability reporting;
    - targets and metrics set to manage and measure identified risks and opportunities;
    - Identification of aspects of financial reports requiring updates;
    - Identification of current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and
    - Internal control over sustainability reporting.
- (f) Discuss and apply newly issued ISSB exposure drafts on:
- (i) nature-related disclosures (Biodiversity, Eco-System, Eco-System Services);
  - (ii) updates to IFRS S2 on greenhouse gas emissions and climate

- resilience; and
- (iii) alignment with updated SASB Standards.
- (g) Evaluate the usefulness of corporate disclosures of climate-related risks and opportunities.
- (h) Discuss, apply and prepare a sustainability report in accordance with the international sustainability standards issued by ISSB:
- (i) IFRS S1 – General requirements for disclosure of sustainability-related financial information; and
- (ii) IFRS S2 – Climate-related disclosures.

**F. The Impact of Changes and Potential Changes in Accounting Regulations 5%**

1. First-time adoption of new standards and exposure drafts
  - (a) Discuss and apply the accounting implications of the first-time adoption of new accounting standards that are effective six (6) months to the examination date.
  - (b) Identify issues and deficiencies which have led to proposed changes to an accounting standard.
  - (c) Discuss developments in devising a structure for business reporting that addresses the needs of stakeholders.
  - (d) Discuss the impact of current issues in business reporting.
  - (e) Discuss and apply newly issued exposure drafts relevant to strategic business reporting and how it gives more qualitative s.
  - (f) Evaluate the impact of IFRS 18 – Presentation and Disclosure in Financial Statements on the structure and presentation of financial statements.
  - (g) Explain the rational for IFRS 18 structure and how it enhances IAS 7 Statement of cash flow structure
  - (h) Discuss and apply the accounting treatment under IFRS 19 – Subsidiaries Without Public Accountability: Disclosures and its implications for unlisted entities.

**G. Other Current Developments in and Beyond Financial Reporting 5%**

1. Global convergence and Nigerian generally accepted accounting principles
  - (a) Determine, discuss and apply the accounting treatment of issues arising from the first-time transition to international accounting standards such as IFRS accounting standards from NGAAP.
  - (b) Discuss accounting issues relating to applicable Nigerian accounting standards after IFRS accounting standards adoption.
  - (c) Discuss the role of the Financial Reporting Council of Nigeria in ensuring compliance with IFRS and IFRS sustainability standards.
2. Technology and other employability skills in business reporting
  - (a) Discuss the following in relation to business reporting:
    - (i) multiple capitals and integrated thinking;
    - (ii) distributed ledger and related technologies (blockchain applications in financial reporting);
    - (iii) cloud computing and data security in financial reporting

- systems;
  - (iv) reporting in a virtual and digital environment;
  - (v) artificial intelligence and machine learning applications in financial analysis and auditing;
  - (vi) cybersecurity risks in sustainability reporting systems; and
  - (vii) data governance and privacy in integrated reporting.
- 3. Insurance contracts and emerging regulatory issues
  - (a) Discuss the accounting treatment of insurance contracts under IFRS 17 – Insurance Contracts in relation to:
    - (i) scope and definitions;
    - (ii) recognition and measurement of insurance contracts;
    - (iii) presentation and disclosure requirements; and
    - (iv) transition provisions and application date.
  - (b) Discuss the implications of Nigeria Insurance Reform Acts 2025 on financial reporting:
    - (i) requirements for financial institutions engaged in insurance activities;
    - (ii) impact on consolidated financial statements involving insurance entities; and
    - (iii) enhanced disclosure requirements for insurance-related risks.
- 4. IASB practice statements
  - (a) Discuss the application of IASB Practice Statement 1 – Management Commentary in relation to:
    - (i) purpose and objectives of management commentary;
    - (ii) core content elements and narrative requirements; and
    - (iii) integration with financial statements and other disclosures.
  - (b) Discuss the application of IASB Practice Statement 2 – Making Materiality Judgements:
    - (i) process for identifying and assessing materiality;
    - (ii) qualitative and quantitative thresholds; and
    - (iii) applying materiality in sustainability and integrated reporting contexts.

## **Applicable Accounting Standards And Regulations**

International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

### **Conceptual Framework**

- Preface to IFRS
- The Conceptual Framework for Financial Reporting

### **Presentation and Disclosure Standards**

- IAS 1 - Presentation of Financial Statements
- IFRS 18 - Presentation and Disclosure in Financial Statements

### **Asset Standards**

- IAS 2 - Inventories
- IAS 7 - Statement of Cash Flows
- IAS 16 - Property, Plant and Equipment

- IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 - Borrowing Costs
- IAS 36 - Impairment of Assets
- IAS 38 - Intangible Assets
- IAS 40 - Investment Property
- IAS 41 - Agriculture

#### **Liability and Equity Standards**

- IAS 12 - Income Taxes
- IAS 19 - Employee Benefits
- IFRS 2 - Share-based Payment
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

#### **Financial Instruments Standards**

- IFRS 7 - Financial Instruments: Disclosures
- IFRS 9 – Financial Instruments
- IFRS 13 – Fair Value Measurement

#### **Lease Standards**

- IFRS 16 – Leases

#### **Insurance Contracts**

- IFRS 17 – Insurance Contracts

#### **Group and Business Combination Standards**

- IFRS 3 – Business Combinations
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 - Disclosure of Interest in Other Entities
- IAS 27 - Separate Financial Statements
- IAS 28 - Investments in Associates and Joint Ventures

#### **Other Operational Standards**

- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 - Events after the Reporting Period
- IAS 21 - The Effects of Changes in Foreign Exchange Rates
- IAS 24 - Related Party Disclosures
- IAS 26 - Accounting and Reporting by Retirement Benefit Plans
- IAS 29 - Financial Reporting in Hyper-inflationary Economies
- IFRS 1 - First-Time Adoption of IFRS
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- IFRS 6 - Exploration for and Evaluation of Mineral Resources
- IFRS 8 - Operating Segments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IAS 33 - Earnings per Share
- IAS 34 - Interim Financial Reporting

- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- IFRS for SMEs

### **Sustainability Standards**

- IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information
- IFRS S2 - Climate-Related Disclosures

### **IASB Practice Statements**

- IASB Practice Statement 1 - Management Commentary
- IASB Practice Statement 2 - Making Materiality Judgements

### **Nigerian Standards and Regulations**

- NGAAP - SAS 32 - Statement for Not-for-profit Organisations
- Financial Reporting Council of Nigeria (FRC) Guidelines on IFRS Implementation and Compliance
- Nigeria Insurance Reform Acts 2025
- Investments and Securities Act 2007 (as amended)
- Companies and Allied Matters Act, 2020 (CAMA)

### **IMPORTANT NOTES**

1. Candidates are required to understand interpretations of the relevant standards.
2. New standards may be examined six months after dates of issue, even if the effective date is in the future.
3. Applicable laws and regulations may be examined six months after dates of amendment or enactment.
4. The alignment of SASB Standards with ISSB standards is an important consideration in assessing sustainability disclosure frameworks.
5. Candidates are expected to demonstrate understanding of the double materiality concept in sustainability reporting and its integration with financial materiality assessments.

## C2. ADVANCED AUDIT AND ASSURANCE

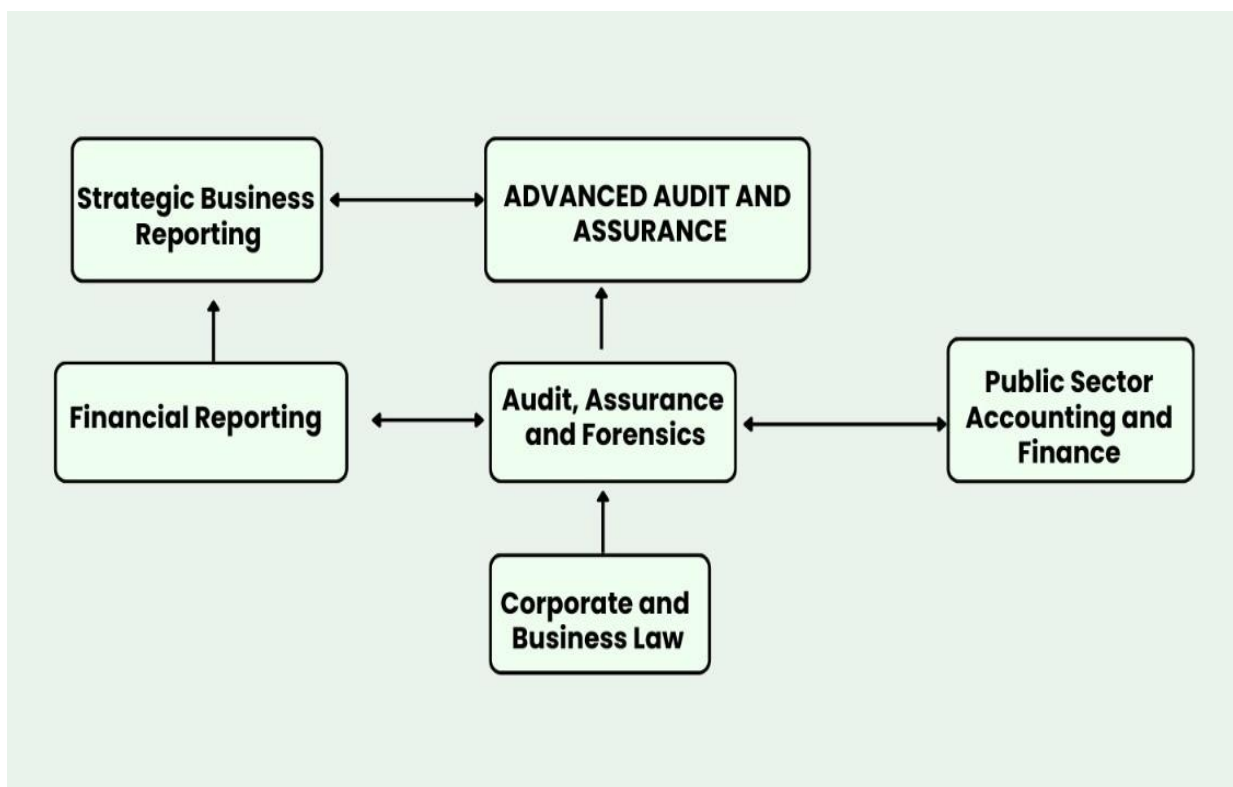
### AIM

To enhance candidates knowledge and skills in managing critical aspects of audit, review and assurance engagements. It will also equip them with critical thinking and risk management skills, and application of professional skepticism and judgement to audit engagement.

Candidates will also be equipped to produce reports to management and other stakeholders of relevant organisations.

### Linkage with other related subjects

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



### Main competences

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

- analyse and evaluate the legal and regulatory environments and their impact on audit and assurance practice;
- assess an audit and other related assignments and advise on how the assignment can be carried out efficiently within professional and ethical frameworks;
- develop a comprehensive plan on assurance engagement in accordance with the terms of the engagements and appropriate standards;
- assess and recommend effective management policies and procedures in

practice management and recognise the auditor's position in relation to the acceptance and retention of professional appointments;

- develop plans and formulate the work required to meet the objectives of audit assignments and apply the relevant international Standards on Auditing;
- evaluate findings and communicate the result of work performed and draft suitable reports on assignments;
- develop plans and formulate the work required to meet the objectives of non-audit assignments, including sustainability reporting assurance; and
- evaluate and communicate on current issues and development relating to the provision of audit related and assurance services.

### **Prior knowledge**

Advanced Audit and Assurance assumes and develops on the knowledge and skills acquired in Audit, Assurance and Forensics. Background knowledge in Financial Reporting, Corporate and Business Law, Taxation and Business Environment will be required by candidates.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Advanced Audit and Assurance paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Ethical considerations are the bed rock of effective conduct of an audit engagement. Candidates should be mindful of legal, professional regulations and ethical considerations in accepting and managing audit and assurance engagements. Candidates will also be required to demonstrate the crucial role of professional skepticism in the judgement they apply.

### **Specification grid**

The grid below shows the relative weightings of topics within this subject and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Syllabus overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Laws and regulations on audit and assurance engagements</b>	<b>20</b>
<b>B</b>	<b>Accepting professional engagements and managing assignments</b>	<b>15</b>
<b>C</b>	<b>Planning and undertaking audit work</b>	<b>30</b>
<b>D</b>	<b>Analysis of financial and other reports to appraise entity's financial performance and position</b>	<b>20</b>
<b>E</b>	<b>Application of information technology in auditing</b>	<b>10</b>
<b>F</b>	<b>Current issues and development in audit and assurance</b>	<b>5</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### A. Laws and Regulations on Audit and Assurance Engagements 20%

1. Laws and regulations
  - (a) Explain the need for laws, regulations, standards and codes in the context of audit and assurance engagements.
  - (b) Discuss laws and regulations that guide conduct of audit in Nigeria, such as CAMA 2020 (as amended), ICAN Act, FRC Act (as amended), guidelines issued by FRC and other audit regulations.
  - (c) Evaluate and explain the process and issues involved in standards setting at national and international levels.
  - (d) Explain the need for public oversight and corporate governance principles in audit and assurance practice.
  - (e) Evaluate and communicate the interactions between national laws and regulations and the requirements of an assurance engagement.
  - (f) 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 Act and related requirements for audit.
  - (g) Explain the role of audit committee and its impact on audit and assurance practice.
  - (h) Compare and contrast the respective responsibilities of management and auditors concerning compliance with laws and regulations in an audit of financial statements.

2. Professional and ethical issues
  - (a) Identify the fundamental principles guiding IFAC Code of Ethics and ICAN Code of Professional conduct, and other ethical statements.
  - (b) Advise on technical, professional, and ethical issues that may arise during audit and assurance engagements in the public and private sectors, including evaluation and communication with any party to the engagement.
  - (c) Evaluate and explain the extent of legal liabilities, including criminal and civil law liabilities and professional negligence and how they can be mitigated.
  - (d) Identify situations that may impair or threaten integrity, objectivity and independence.
  - (e) 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.
  - (f) Evaluate an organisation's internal audit and code of ethics.
  - (g) Discuss and appraise the principal causes of audit failure and other factors that contribute to the 'expectation gap' (responsibilities for fraud and error) and recommend ways in which that gap may be bridged.

**B. Quality Management for Professional Firms and Engagements 15%**

1. Accepting engagements
  - (a) Discuss the process 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 may determine the nature, scope and extent of an assurance or audit engagement.
  - (e) Discuss the key 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 policies and procedures 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) Quality management (ISQM1 & ISQM2)
    - (i) Explain the principles and purpose of quality management of audit and other assurance engagements.
    - (ii) Describe the elements of a system of quality management relevant to a given firm.

- (iii) Evaluate the quality management procedures in place in a given firm and assess if they have been appropriately applied in a given engagement.
- (iv) Discuss the changes to ISA 220 as regards the responsibility of the engagement partner.
- (f) Identify and evaluate the considerations by an auditor of risk, prior to accepting an engagement.
- (g) Apply quantitative methods and appropriate automated tools and techniques that are used in audit engagements.

## **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 risk, 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) Sustainability assurance:
    - (i) Discuss the need for and the process of sustainability reporting and assurance;
    - (ii) Identify and evaluate the issues to be considered before accepting sustainability assurance, including ethical and professional considerations;
    - (iii) Discuss the type of assurance an auditor can provide in sustainability assurance, either as part of annual corporate report or as a standalone report; and
    - (iv) Discuss sustainability assurance in accordance with ISSA 5000.
  - (g) Evaluate and explain how business process effectiveness may affect an audit assignment.
  - (h) Identify and evaluate the risks arising from accounting manipulation, error, fraud or other irregularities in a business scenario.
  - (i) Identify and evaluate the risks arising from business and financial issues in a business scenario.
  - (j) 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).
  - (k) Evaluate and apply analytical procedures that may be used to plan an audit or assurance engagement, including data analytics.

- (l) 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.
  - (m) Develop an audit plan, justifying judgements made on an audit or assurance engagement, based on a business scenario, including considerations relating to:
    - (i) materiality;
    - (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.
  - (n) Describe the appropriate procedures for assurance engagements in respect of corporate social responsibility and sustainability reports.
  - (o) Describe the differences between assurance engagements and audit engagements, for profit and not-for-profit entities, including those in the public sector.
  - (p) Discuss local and international frameworks for auditing and assurance work in private and public sectors.
2. Assessment of risks, internal controls and 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 entities, based on national and international standards on auditing and IFRS accounting standards.

### **Applicable IFRS Accounting Standards**

- 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) Special features of certain types of audits and investigations
- (i) Forensic investigation and reporting
- Describe the major applications of forensic auditing, such as 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 applicable 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 organisation.
  - 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) Discuss 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 audit.
  - (vi) Advise on matters to consider by firms engaging in joint audits.
- (c) Group audit
  - (i) Discuss situations requiring group audit.
  - (ii) Discuss roles of group auditors and component auditors.
  - (iii) Discuss the concept and purpose of scoping in group audit, including group risk assessment.
  - (iv) Discuss considerations for setting group and component materiality.
  - (v) Discuss reports issued by component auditors, considering communication of audit referral instructions – contents, purpose and importance.
  - (vi) Discuss how to obtain sufficient and appropriate audit evidence in a group audit scenario (ISA 600).
  - (vii) Identify and describe the matters to be considered and the procedures to be performed at the planning stage, when a group auditor considers the use of the work of component auditors.
- (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) Explain the term due diligence.
  - (ii) Differentiate between due diligence and external audit.
  - (iii) Describe the procedures involved in carrying out due diligence.
  - (iv) Write a report on the outcome of a due diligence assignment.
- (f) Discuss the need for and the process of sustainability reporting and assurance.
- (g) Discuss the guidelines issued by the Financial Reporting Council (FRC) of Nigeria on assurance engagement, on internal control over financial reporting.
- (h) Discuss the guidelines issued by the Financial Reporting Council (FRC) of Nigeria - guidance on management report on internal control over financial reporting.
- (i) Discuss the process and procedure for carrying out sustainability reporting assurance, taking into consideration the provisions of ISSA 5000 – International Standard on Sustainability Assurance.

#### **D. Drawing Conclusions and Reporting**

**20%**

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 resolved.
  - (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 disclosure.
  - (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 720.
  - (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 judgement on when it may be appropriate to refer to a specialist in giving an opinion or preparing a report.
- (k) Evaluate and apply suitable judgement 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. Application of Information Technology (IT) in Auditing 10%**

- 1. Discuss the impact of IT on 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 compliance audit.
- 8. Discuss the utilisation of robotic process automation in audit.

**F. Current Issues and Development in Audit And Assurance 5%**

- 1. Discuss audit in a blockchain environment.
- 2. Discuss the use of artificial intelligence (AI) in audit.
- 3. Discuss the deployment virtual reality in audit and assurance.
- 4. Discuss the use of cloud based audit tools.
- 5. Discuss the role of data analytic in auditing.
- 6. Discuss audit firm/partners' rotation.
- 7. Discuss transnational audit.

**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
- 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 - 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
  - ISSA 5000 – International Standard on Sustainability Assurance
  
- 5. IAASB Statements
  - ISQM 1 - Quality Management For Firms that Perform Audits Or Reviews of Financial Statements Or Other Assurance Or Related Services Engagements
  - ISQM 2 - Engagement Quality Reviews
  - IFAC - IESBA Code of Ethics for Professional Accountants
  
- 6. Other relevant laws and pronouncements
  - (a) Insurance Act 2003 (as amended)
  - (b) BOFIA 2020, 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 – FRC, SEC, CBN etc
  - (e) ICAN Professional Code of Ethics and Guide for Members
  - (f) IFRS accounting standards
  - (g) Companies and Allied Matters Act (CAMA) 2020 (as amended)

### **Guide to examination assessment**

ICAN reserves the right to examine any topic in the syllabus at any examination diet. New standards and laws may be examined after six months from the dates of issue, even if the effective date is in the future.

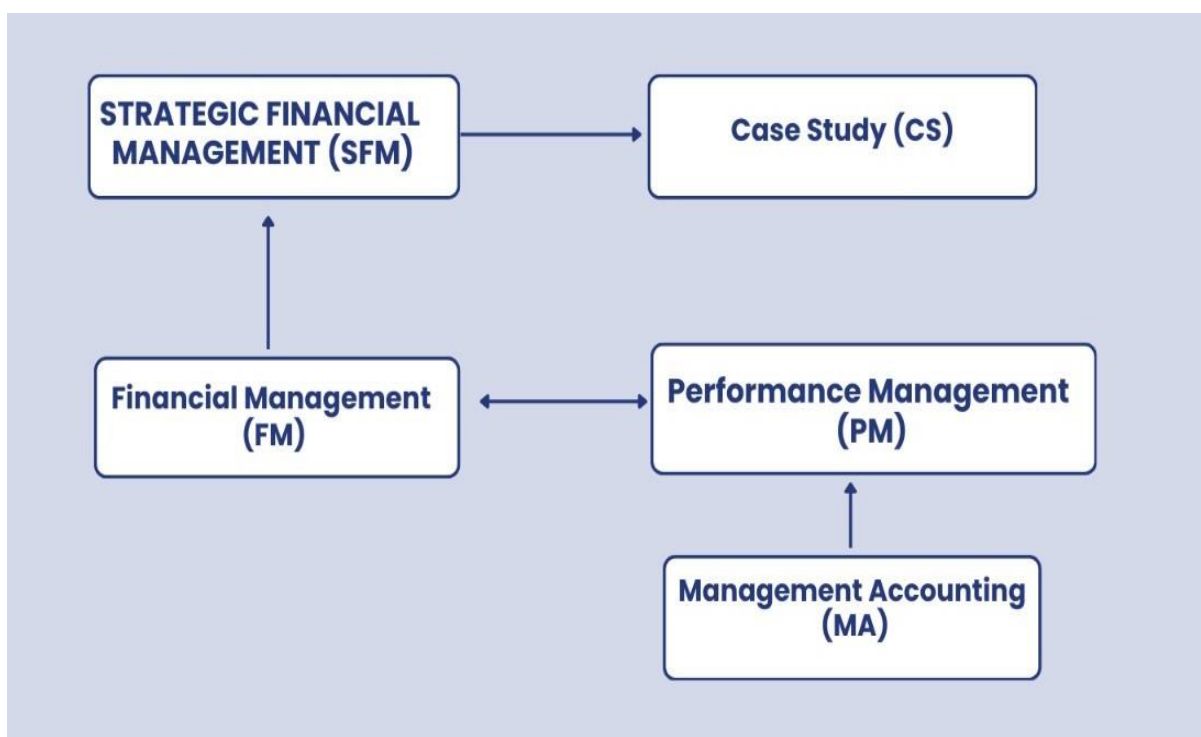
### C3. STRATEGIC FINANCIAL MANAGEMENT

#### AIM

To enable candidates to develop relevant knowledge and technical skills, and apply professional judgement to support management in making informed strategic decisions as required of a senior finance manager or adviser, taking into consideration the overall strategic management of an organisation.

#### Linkage with other related subjects

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



#### Main competences

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

- appreciate the place of financial strategy as a part of the overall corporate and business strategies of an organisation;
- understand the role of the financial management function in the development and implementation of strategy;
- use analytical tools and models to analyse the industry and the market in which an organisation operates;
- use analytical tools and models to understand and measure the performance of the organisation;
- use business information for decision making from an organisational perspective;
- identify and explain the key challenges faced in the implementation of strategy;

- apply critical thinking skills in formulating broad strategies for consideration and application in the organisational environment;
- analyse and evaluate organisational business risk management plan, processes and procedures;
- analyse and evaluate organisational governance principles and mechanisms and their effects on stakeholders;
- evaluate potential investment decisions and assess their financial and strategic consequences, both domestically and internationally;
- assess and plan acquisitions and mergers as an alternative growth strategy;
- evaluate and advise on alternative corporate re-organisation strategies; and
- apply and evaluate alternative advanced treasury and risk management techniques.

### **Prior Knowledge**

Strategic Financial Management assumes and develops on the core knowledge and technical skills covered in Financial Management and Performance Management. Background knowledge in Management Accounting, Financial Accounting, Financial Reporting, Business Environment, Corporate and Business Law will be required by candidates.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Strategic Financial Management paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in arriving at appropriate investment decisions, managing capital reconstructions, corporate reorganisation and financial risk. The implications of financial strategy for all stakeholders must be considered and evaluated, and any ethical dilemmas must be resolved. Candidates will also be expected to apply professional skepticism and critical thinking when making all judgements.

### **Specification grid**

The grid below shows the relative weightings of the main sections within this syllabus and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Syllabus overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Introduction to business strategy and financial management</b>	<b>10</b>
<b>B</b>	<b>Strategic management</b>	<b>10</b>
<b>C</b>	<b>Risk management</b>	<b>5</b>
<b>D</b>	<b>Governance</b>	<b>5</b>
<b>E</b>	<b>Advanced investment appraisal</b>	<b>30</b>
<b>F</b>	<b>Acquisitions, mergers, corporate reconstruction and re-organisation</b>	<b>25</b>
<b>G</b>	<b>Advanced risk management techniques</b>	<b>15</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### **A. Introduction to Business Strategy and Financial Management 10%**

1. The role and responsibility of senior finance executive/adviser
  - (a) Formulate strategies for achievement of the organisational goals in line with the organisation's agreed policy framework.
  - (b) Develop and recommend appropriate strategies for management of the financial resources of the organisation to ensure effectiveness, efficiency and transparency.
  - (c) Advise management and the board of directors of the organisation in developing financial goals and organisational financial policies, taking into considerations the following:
    - (i) investment and capital resource allocation decisions;
    - (ii) optimising the cost of capital;
    - (iii) distribution and retention policy; and
    - (iv) risk management.
  - (d) Discuss the emerging role of the Chief Financial Officer (CFO) as a strategic partner to the CEO, contributing to the overall business success by providing financial leadership, driving performance, managing risks, optimising costs, embracing technology, fostering stakeholder relationships and ensuring compliance with laws and regulations.
  - (e) Discuss the changing role of a company's head of finance from a CFO to Chief Value Officer (CVO).

2. Financial strategy formulation
  - (a) Assess and evaluate organisational performance using ratios, trends analysis, etc.
  - (b) Recommend an optimum capital mix and structure appropriate to specified business organisation's capital asset structure.
  - (c) Advise an appropriate distribution and retention policy.
  - (d) Evaluate organisation's exposure to risks - business and financial risks (strategic, operational, reputational, political, economic, regulatory and fiscal risks).
  - (e) Advise an appropriate risk management framework, including risk identification, risk mitigation, hedging and diversification strategies.
3. Corporate environmental, social, governance (ESG) and ethical issues
  - (a) Assess the impact on the physical environment and the sustainability of natural resources arising from alternative organisational business, financial and investment decisions.
  - (b) Examine how the organisation manages its stakeholder groups as part of its social responsibility.
  - (c) Assess and advise on the impact of investment and financing strategies and decisions on the organisation's stakeholders.
  - (d) Explore the areas within the ethical and governance framework of the organisation which may be undermined by agency issues and/or stakeholder conflicts and establish strategies for dealing with them.
  - (e) Recommend appropriate strategies for the resolution of stakeholder conflict in specific situations and advise on alternative approaches that may be adopted.
  - (f) Assess the impact of ethical and governance issues on the management of an organisation's financial resources.
  - (g) Recommend ethical and governance framework for the development of an organisation's financial management policies, which is based on the highest standards of probity and is fully aligned with the ethical principles of ICAN.
4. Management of international trade and finance
  - (a) Discuss the theory and practice of free trade and the management of barriers to trade.
  - (b) Evaluate and advise on the impacts of the actions of the World Trade Organisation (WTO), the International Monetary Fund (IMF), The World Bank (WB) and Central Banks on multinational organisations.
5. Dividend policy in multinationals and transfer pricing
  - (a) Determine a company's dividend capacity and its policy given the:
    - (i) company's short- and long term reinvestment strategy;
    - (ii) companies income tax regime within the host jurisdiction; and
    - (iii) organisational policy on the transfer pricing of goods and services across international borders.
6. Financial management and ethical issues and emerging technologies
  - (a) Identify and assess the impact of emerging technologies on strategic financial management. These include the changing landscape of financial markets regulations, digitisation, Artificial Intelligence (AI), blockchain; new asset classes, such as crypto currencies; newer

financing methods such responsible investment, sustainable finance/green bond; emerging risks beyond currency and interest rate risks.

- (b) Evaluate the ethical implications of an organisation's financial strategy (including those for the organisation, individuals and other stakeholders) and recommend appropriate courses of action to resolve any ethical dilemmas that may arise.

## **B. Strategic Management**

**10%**

### **1. Strategic analysis**

- (a) Analyse and evaluate an organisation's purpose, in terms of its stated mission, objectives and critical success factors, highlighting omissions, inconsistencies and weaknesses, and considering the different objectives of stakeholders.
- (b) Analyse the external environmental factors which may impact upon an organisation's performance and position, evaluating significant issues in areas, such as natural capital and climate change; macroeconomic forces; international trade, financial systems and global economic factors; government policies; its industry and markets, including competition; cultural environment; stakeholders, markets for finance, labour and other resources; supply chain factors; technology developments, and ecosystem and participant impact.
- (c) Explain and evaluate the significance and impact of the internal environmental factors which affect or may influence an organisation's ability to achieve its chosen strategy, including its: current resources; product/service portfolio; value chain and networks; organisational, operational and technological capabilities (including core competences, existing business processes, human capital and workforce flexibility).
- (d) Analyse and evaluate an organisation's current position and performance using both financial and non-financial data, presented in different formats, applying appropriate statistical and data analytical tools.
- (e) Discuss how business strategy and financial strategy can interrelate in a given scenario.
- (f) Explain and evaluate the ethical and business trust issues to be considered in determining the scope and nature of an organisation's objectives and its strategic analysis, considering the legitimate interests of all stakeholder groups and the public interest.
- (g) Evaluate the corporate strategy, business unit strategy and operational level strategies.
- (h) Analyse and evaluate current technology developments, including those relating to big data, internet of things, digital assets, automation, intelligent systems, the platform economy, distributed ledger technology, such as blockchain, cryptocurrencies, etc. and explain how an organisation can align its strategies with these technologies, using Strategic Alignment Model.
- (i) Explain, demonstrate and evaluate how data from multiple sources can be selected, captured and analysed to provide management

information, recognising the causes and effects of different types of data bias, data omissions, data limitations and data trends and applying an appropriate degree of professional skepticism.

- (j) Discuss techniques for conducting strategic analysis, such as brainstorming, interview, questionnaire, elicitation method, mind mapping, process design, business case development and scope definition.
- (k) Demonstrate how strategic analysis tools can be used in a given scenario. Note: Models for analyses include PESTEL, SWOT, SOAR, Porter's diamond, Porter's Five Forces, Life Cycle, Benchmarking, Customer Relationship Management and BCG Matrix.

## 2. Strategic choice

- (a) Assess, advise on and propose appropriate business strategies to meet stated objectives, including sustainability targets.
- (b) Explain and demonstrate how strategic business models can be used in a given scenario, to identify factors that a business may consider in choosing between competing strategies. This should include competitive advantage, the strategic clock, cost leadership differentiation, lock-in strategies, valuable, rare, inimitable and non-substitutable/value, rarity, imitability and organisation (VRIN/VRIO) framework for analysing sustainable competitive advantage (SCA) and collaboration.
- (c) Identify and evaluate business unit strategies to achieve sustainable competitive advantage.
- (d) Explain and demonstrate how financial and non-financial data can be analysed in order to select an optimal business strategy, including the impact of big data on business models.
- (e) Explain international strategies; appraise international value chains and markets; including the concepts of globalisation and the borderless business; and show the impact on individual and group financial statements of changes in foreign exchange rates.
- (f) Evaluate digital strategies, including the use of cloud accounting, software selection, digital assets, automation, artificial intelligence, machine learning and robotic process automation.
- (g) Explain and demonstrate how management information can be used to select from proposed strategies, taking account of limitations of data, including data bias.
- (h) 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: Porter's generic competitive strategies; Johnson, Scholes and Whittington (JSW) model of strategic planning; Boston Consulting Group (BCG) model in strategic management; Forecasting tools; Trend analysis; System modelling; and Delphi technique.
- (i) 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.

- (j) Determine the appropriate corporate growth strategy in a given scenario: Internal development; diversification; forward and backward integration; mergers and acquisitions; product portfolio management; Griener's growth model; and other growth models; and select a strategic growth direction of a company using Ansoff's matrix.
3. Strategic implementation
- (a) Evaluate and explain the relationship between business strategy and organisational structure.
  - (b) Evaluate, in a given scenario, the functional strategies necessary to achieve a business's overall strategy.
  - (c) Develop business plans and proposals and advise on technical issues relating to business and organisational plans, assessing the impact on historic and projected corporate reporting information.
  - (d) 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.
  - (e) Demonstrate and explain the impact of acquisitions and strategic alliances in implementing corporate strategy and evaluate the nature and role of assurance procedures in selecting and monitoring such strategies.
  - (f) Explain and evaluate the nature and methods of change management and advise on the implementation of change in complex scenarios using Strategic Change Models, including climate change transition.
  - (g) Demonstrate and explain the techniques that may be used in implementing a strategy to reduce costs, for example, supply chain management, business process re-engineering and outsourcing.
  - (h) Demonstrate and explain the interplay between business strategy, technology strategy, innovation strategy, technological innovation, and non-technological innovation for organisational performance.
  - (i) Identify and explain barriers to implementation of digital strategy, including digital transformation, and make recommendations as to how they may be overcome.
  - (j) Demonstrate an understanding of, and provide advice on, data security issues, including cyber security issues, arising from communications, shared systems and data sharing throughout the supply chain and with strategic partners.

## **C. Risk Management**

**5%**

- 1. Analyse and evaluate key internal and external business risks and evaluate their impacts on:
  - (a) attainment of strategic objectives;
  - (b) operational efficiency and effectiveness;
  - (c) reliable reporting; and
  - (d) legal, regulatory and ethical compliance.

2. Assess risks involved in business plans, discuss them and advice on risk management to mitigate them to cover strategic, operational and financial risks, including those arising from climate change,
3. Discuss the role of those in governance in risk management, and assess the impact of risk on key stakeholders, considering both inherent and residual risks after mitigation.
4. Discuss alternative risk management approaches: risk diversification; risk transfer; risk sharing; and risk hedging.
5. Evaluate the limitations of risk management processes and approaches and discuss risk monitoring and auditing.
6. Explain and evaluate appropriate mechanisms to monitor risk and risk management processes, including information and communication systems such as enterprise risk management and ISO 31000 framework on risk management.

#### **D. Governance**

**5%**

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. Discuss the roles and responsibilities of an effective board, including 'non-compliance with laws and regulations' (NOCLAR) and IT governance.
4. Discuss the oversight functions and impact of a board and institutional shareholders for determining strategic direction, monitoring corporate performance and risk, and responsibilities to stakeholders for environmental, social and governance (ESG) and sustainability policies. Advise on the corporate disclosures relating to them.
5. Evaluate the suitability of corporate governance and organisational structures, including assurance processes for implementing strategy and meeting stakeholders' expectations.
6. Discuss the importance of probity as a principle of governance and assess transparency of an entity through the quality of its disclosures.
7. Assess the extent to which a board in the public sector focuses on the value of sustainable long-term success, delivery of effective and appropriate public services and acting in the public interest.

8. Discuss the impact of the legal and regulatory frameworks within which businesses, assurance and governance systems operate, including company law, laws against corruption (bribery, money laundering, embezzlement, theft, fraud, extortion, and blackmail), Whistle Blower Act, Independent Corrupt Practices and Other Related Offences Commission (ICPC) Act; and Economic and Financial Crimes Commission (EFCC) Act, employment law, contract law, tort and environmental laws on governance mechanisms and processes.
9. Discuss global developments in enterprise and corporate governance and review the rules-based and principles-based approaches to corporate governance. Also, evaluate relevant national and international codes of corporate governance.
10. Discuss how an organisation can manage its stakeholder groups as part of its social responsibilities.

#### **E. Advanced Investment Appraisal**

**30%**

1. Discounted cash flow techniques
  - (a) Evaluate complex capital investment, using net present value (NPV) and internal rate of return (IRR) methods, including:
    - (i) specific and general inflation;
    - (ii) taxation (including tax allowable depreciation);
    - (iii) capital rationing (multi-period rationing, limited to discussion only);
    - (iv) probability analysis;
    - (v) sensitivity analysis;
    - (vi) certainty equivalent;
    - (vii) risk adjusted discount rate;
    - (viii) decision tree;
    - (ix) value of perfect information and value of imperfect information;
    - (x) project duration as a measure of risk; and
    - (xi) simulation.
  - (b) Establish the potential economic return-modified internal rate of return. Discuss the relative merits of NPV and IRR.
  - (c) Evaluate an organisation's commitment to ESG criteria when undertaking business, financial and investment decisions, and explain and proffer solutions on how conflicts between the criteria may be resolved.
  - (d) Evaluate and discuss the impact on the physical environment and the sustainability of natural resources arising from alternative organisational business, financial and investment decisions.
  - (e) Evaluate capital investment decisions, using advanced capital budgeting techniques that incorporate strategic factors.
2. Application of option pricing theory in investment decisions
  - (a) Utilise the Black-Scholes Option Pricing (BSOP) model to financial product valuation and to asset valuation:

- (i) enumerate and discuss, using published data, the five principal drivers of option value (value of the underlying, exercise price, time to expiry, volatility and the risk-free rate); and
    - (ii) evaluate the underlying assumptions, applications and limitations of the BSOP model.
  - (b) Calculate and advise on the value of options to delay, expand, redeploy and withdraw, using the BSOP model.
3. Impact of financing on investment decisions and adjusted present values
- (a) Identify and assess the appropriateness of the range of sources of finance available to an organisation including equity, debt, hybrids, venture capital, business angel finance, private equity, asset securitisation and sale, Islamic finance and security token offerings.
  - (b) Evaluate and advise on the impact of investment and financing strategies and decisions on the organisation's stakeholders.
  - (c) Discuss finance options, including green finance available for organisations that have adopted environmental, social and governance (ESG) into their business model.
  - (d) Determine the cost of capital of an organisation, including the cost of equity and cost of debt, based on the range of equity and debt sources of finance. Discuss the appropriateness of using the cost of capital to establish project and organisational value, and discuss its relationship to such value.
  - (e) Compute and evaluate project specific cost of equity and cost of capital, including their impact on the overall cost of capital of an organisation. Demonstrate detailed knowledge of business and financial risk, the capital asset pricing model and the relationship between equity and asset betas.
  - (f) Evaluate an organisation's debt exposure to interest rate changes using the simple Macaulay duration and modified duration methods.
  - (g) Discuss the benefits and limitations of duration, including the impact of convexity.
  - (h) Evaluate the impact of financing and capital structure upon the organisation with respect to:
    - (i) Modigliani and Miller propositions, before and after tax;
    - (ii) Static trade-off theory;
    - (iii) Pecking order propositions; and
    - (iv) Agency effects.
  - (i) Utilise the adjusted present value technique to the appraisal of investment decisions that entail significant alterations in the financial structure of the organisation, including their fiscal and transactions cost implications.
4. Valuation and the use of free cash flows
- (a) Utilise asset based, income based and cash flow based models to value equity. Utilise appropriate models, including term structure of interest rates, the yield curve and credit spreads, to value corporate debt.

- (b) Estimate an organisation's free cash flow and its free cash flow to equity (pre and post capital reinvestment).
  - (c) Assess and advise on the value of an organisation using its free cash flow and free cash flow to equity under alternative horizon and growth assumptions.
  - (d) Discuss the role of option pricing models, such as the BSOP model, in the assessment of the value of equity, the value of debt and of default risk.
5. International investment and financing decisions
- (a) Estimate project or organisation free cash flows in any specified currency and determine the project's net present value or organisation value.
  - (b) Assess the significance of exchange controls for a given investment decision and strategies for dealing with restricted remittance.

**F. Acquisitions, Mergers, Corporate Reconstruction and Re-organisation**  
**25%**

1. Acquisitions and mergers versus other growth strategies
- (a) Discuss the arguments for and against the use of acquisitions and mergers as a method of corporate expansion.
  - (b) Assess and advise upon the criteria for choosing an appropriate target for acquisition.
  - (c) Discuss the reasons for the frequent failure of acquisitions to enhance shareholder value as expected, including the problem of over valuation.
  - (d) Assess from a given context, the potential for synergy separately classified as:
    - (i) revenue synergy;
    - (ii) cost synergy; and
    - (iii) financial synergy;
2. Valuation for acquisitions and mergers
- (a) Evaluate the potential near-term and continuing growth levels of a corporation's earnings using both internal and external measures.
  - (b) Evaluate and advise on the value created from an acquisition or merger of both quoted and unquoted entities using models such as:
    - (i) 'book value-plus' models;
    - (ii) market based models;
    - (iii) cash flow models, including free cash flows; and
    - (iv) residual income model – including economic value added (EVA) and market value added (MVA).
  - (c) Utilise appropriate methods, such as: risk-adjusted cost of capital, adjusted net present values and changing price earnings multipliers, resulting from the acquisition or merger to the valuation process where appropriate.

3. Regulatory framework and processes
  - (a) Discuss the key factors influencing the development of the regulatory framework for mergers and acquisitions globally and, in particular, be able to compare and contrast the shareholder versus the stakeholder models of regulation.
  - (b) Enumerate and explain the main regulatory issues which are likely to arise in the context of a given offer, and:
    - (i) determine whether the offer is likely to be in the shareholders' best interests; and
    - (ii) assess and advise the directors of a target entity on the most appropriate defence if a specific offer is to be treated as hostile.
4. Financing acquisitions and mergers
  - (a) Evaluate the various sources of financing available for a proposed cash based acquisition.
  - (b) Assess the advantages and disadvantages of a financial offer for a given acquisition proposal using pure or mixed mode financing and recommend the most appropriate offer to be made.
  - (c) Evaluate the impact of a given financial offer on the reported financial position and performance of the acquirer.
5. Financial reconstruction
  - (a) Appraise an organisational situation and determine whether a financial reconstruction is an appropriate strategy for a given business situation.
  - (b) Evaluate and communicate the likely response of the capital market and/or individual suppliers of capital to any reconstruction scheme and the impact their response is likely to have upon the value of the organisation.
6. Business re-organisation
  - (a) Appraise and recommend, with reasons, strategies for unbundling parts of a quoted company.
  - (b) Evaluate the likely financial and other benefits of unbundling a company.
  - (c) Discuss and advise on the financial issues relating to a management buy-out and buy-in.

## **G. Advanced Risk Management Techniques**

**15%**

1. The role of the treasury function in large organisations
  - (a) Discuss the role of the treasury management function within the:
    - (i) short-term management of an organisation's financial resources;
    - (ii) longer-term maximisation of corporate value; and
    - (iii) management of risk exposure.
  - (b) Discuss the operations of the derivatives market, including:
    - (i) the relative advantages and disadvantages of exchange traded versus OTC agreements; and
    - (ii) risks such as delta, gamma and theta, and how these can be managed.

2. The use of financial derivatives to hedge against foreign exchange risk
  - (a) Analyse and evaluate the impact on an organisation to exposure in translation, transaction and economic risks and how these can be managed.
  - (b) Evaluate and apply, for a given hedging requirement, which of the following is the most appropriate strategy, given the nature of the underlying position and the risk exposure:
    - (i) the use of the forward exchange market and the creation of a money market hedge;
    - (ii) exchange-traded currency futures contracts;
    - (iii) currency swaps; and
    - (iv) currency options.
  - (c) Advise on the use of bilateral and multilateral netting and matching as tools for minimising FOREX transactions costs.
3. The use of financial derivatives to hedge against interest rate risk
  - (a) Assess and advise, for a given hedging requirement, which of the following is the most appropriate given the nature of the underlying position and the risk exposure:
    - (i) forward rate agreements (FRAs);
    - (ii) interest rate futures;
    - (iii) interest rate swaps; and
    - (iv) interest rate options (including dollars)

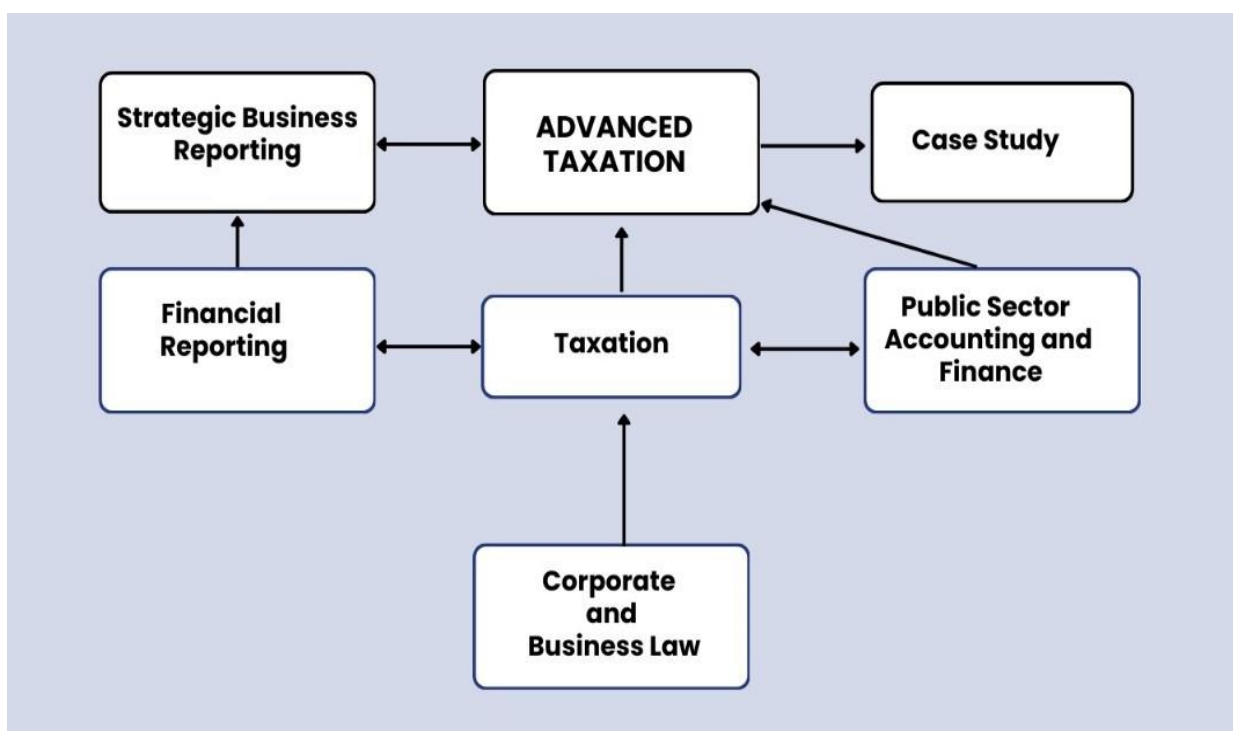
## C4. ADVANCED TAXATION

### AIM

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

### Linkage with other related subjects

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



### Main competences

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

- discuss tax policy formulation and apply the principles of the National Tax Policy to contextual scenarios;
- apply and advise on specific provisions of the tax laws, such as Nigeria Tax Act, 2025 and Nigeria Tax Administration Act, 2025, in computing the tax liabilities of companies;
- apply knowledge of tax legislations to the computation of income tax liabilities relating to corporate entities in complex situations;
- compute capital gains tax in accordance with the provisions of the relevant Acts;
- understand taxation of the digital economy and other contemporary issues in international taxation;

- evaluate and advise petroleum companies on hydrocarbon tax and companies income tax in accordance with the relevant provisions of the Petroleum Industry Act, 2021 as amended by relevant sections of the Nigeria Tax Act, 2025;
- evaluate and advise mining companies on taxes payable in accordance with the provisions of the relevant Acts.
- understand tax dispute resolution mechanisms;
- advise on tax planning, including alternative tax treatments to defer or minimise tax liabilities;
- gain knowledge of how to run and manage a tax practice; and
- recognise and explain ethical and legal issues arising from real life taxation scenarios.

### **Prior knowledge**

This subject assumes and develops the knowledge and skills acquired in Taxation. Background knowledge of Corporate and Business Law, Financial Accounting and Financial Reporting are required by candidates as pre-requisites for this paper.

### **Ethics**

Applicable ethical codes will be those issued by International Ethics Standards Board for Accountants (IESBA) and ICAN. These ethical considerations will be at both the organisational level and for individuals, particularly with respect to the accountant in business.

### **Method of assessment**

The Advanced Taxation paper is for three (3) hours with fifteen (15) minutes reading time. The paper is in three (3) sections, consisting of seven (7) questions in all. Section A comprises one (1) compulsory question, while sections B and C comprise three (3) questions each and candidates are required to attempt any two (2) questions from each section. The compulsory question could be an integrated question combining two (2) or more areas of the syllabus.

### **Ethics and professional skepticism**

Candidates should note that underlying ethical thinking is required in arriving at appropriate tax liabilities, tax planning and management and in the relationship with tax authorities and clients. Candidates will also be expected to apply professional skepticism and critical thinking when making all judgements.

### **Specification grid**

The grid below shows the relative weightings of topics within this subject and should guide the study time spent on each. Over time, the marks available in the assessment will be within the ranges of weightings below, while slight variations may occur in individual assessments to enable suitably rigorous questions to be set.

	<b>Syllabus overview</b>	
	<b>Grid</b>	<b>Weight %</b>
<b>A</b>	<b>Tax administration</b>	<b>5</b>
<b>B</b>	<b>Taxation of companies and investment income</b>	<b>35</b>
<b>C</b>	<b>International taxation</b>	<b>20</b>
<b>D</b>	<b>Current issues and emerging trends</b>	<b>10</b>
<b>E</b>	<b>Tax management, planning, and ethics</b>	<b>10</b>
<b>F</b>	<b>Taxation of Incomes of extractive industries</b>	<b>20</b>
	<b>TOTAL</b>	<b>100</b>

## Detailed contents

### A. Tax Administration

5%

1. Review of tax administration
  - (a) National tax policy
    - (i) Discuss key principles and canons of tax policy formulation.
    - (ii) Advise on the application of the key provisions of the National Tax Policy (NTP), 2017 in Nigeria, covering:
      - objectives of the NTP;
      - guiding principles of NTP;
      - relevance of the tax system to wealth creation and employment as provided for in the NTP;
      - responsibilities of the stakeholders under the NTP; and
      - mandates of the three-tiers of government under NTP.
    - (iii) Explain the process of assignment of tax debts by the relevant tax authorities.
    - (iv) Discuss the issuance of advance rulings by the relevant tax authorities.
    - (v) Explain the interaction of fiscal policy, monetary policy and trade policy.
  - (b) Introduction to tax administration
    - (i) Explain the Nigerian tax administration system with focus on:
      - Constitutional provisions regarding fiscal federalism;
      - structure and taxing rights of different tiers of government;
      - roles of the three arms of government; and
      - composition and functions of the various tax organs.

- (c) Objections and appeals
  - (i) Discuss the elements of a valid objection and appeal procedures in line with the provisions of the relevant Acts:
    - time limit for objections and appeals;
    - contents of a notice of objection and appeal;
    - amendment of assessment and refusal to amend;
    - appeal procedures and processes (Tax Appeal Tribunal, Federal High Court, Federal Court of Appeal and the Supreme Court);
    - functions of the Tax Ombud;
    - tax refund; and
    - alternative dispute resolution (ADR) mechanisms.
  - (ii) Draft a report to your client on the procedure for the presentation of cases before a Tax Appeal Tribunal.

## **B. Taxation of Companies and Investment Income**

**35%**

1. Companies income tax (CIT)
  - (a) Explain the legal framework for the imposition of taxes on companies and investment income.
  - (b) Determine, in line with the provisions of relevant Acts, the basis period and explain the rules on:
    - (i) commencement of business;
    - (ii) change in accounting date; and
    - (iii) cessation of business.
  - (c) Compute and advise on income tax liability of companies based on the relevant Acts, covering:
    - (i) assessable profit and total profit;
    - (ii) effective tax rate (ETR);
    - (iii) federal development levy;
    - (iv) substitution of dividend for total profit; and
    - (v) deemed profit assessment or income assessment.
2. Taxation of investment income
  - (a) Discuss the taxation of the following investment income of Nigerian and non-Nigerian companies, in line with provisions of the relevant Acts and Withholding Tax Regulations 2024:
    - (i) Nigerian dividends;
    - (ii) interest;
    - (iii) royalty; and
    - (iv) rent.
  - (b) Discuss the taxation of real estate investment companies.
3. Tax incentives
  - (a) Explain the income tax exemptions;
  - (b) Discuss the underlisted in respect of the economic development tax incentives:
    - (i) priority sectors;
    - (ii) eligibility for economic development incentive certificate;
    - (iii) application for economic development incentive certificate;
    - (iv) approval of application;

- (v) terms of economic development incentive certificate;
  - (vi) addition of product to the economic development incentive certificate;
  - (vii) application of economic development incentive certificate;
  - (viii) production day and qualifying capital expenditure;
  - (ix) cancellation of economic development incentive certificate;
  - (x) information;
  - (xi) publication of economic development incentive certificate;
  - (xii) economic development tax credit;
  - (xiii) economic development incentive period;
  - (xiv) books and records for priority products;
  - (xv) returns of profits;
  - (xvi) cancellation or discountenance of economic development tax credit;
  - (xvii) provisions for plantation industry;
  - (xviii) exclusion from other reliefs and transition arrangements; and
  - (xix) meaning of minister, relevant authority, and sunset.
  - (c) Explain the tax implications of operations in the free trade zones.
4. Ascertainment of chargeable gains
- (a) Discuss the provisions of the relevant Acts in respect of the ascertainment of chargeable gains, taking into consideration:
    - (i) concepts of chargeable gains, chargeable assets, and disposal of assets;
    - (ii) disposal of assets, provisions as to considerations;
    - (iii) compulsory acquisition of land;
    - (iv) date of acquisition or disposal;
    - (v) computation of chargeable gains;
    - (vi) rates of capital gains tax;
    - (vii) expenses incurred for disposal of chargeable assets;
    - (viii) part disposal;
    - (ix) consideration due after time of disposal;
    - (x) assets lost or destroyed;
    - (xi) bargains comprising two or more transactions;
    - (xii) valuation at market value;
    - (xiii) location of assets;
    - (xiv) indirect transfer of ownership of companies or assets;
    - (xv) life assurance policies;
    - (xvi) rights under policies of insurance, other than life assurance policies;
    - (xvii) personal injury;
    - (xviii) principal private residences;
    - (xix) personal chattels;
    - (xx) motor vehicles;
    - (xxi) gifts; and
    - (xxii) assets held in trust for charities.
  - (b) Identify and explain the offences and penalties.
5. Taxation of leases
- (a) Discuss the following guidelines on the tax implications of leasing in line with the provisions of the relevant Acts:

- (i) concept of leases;
- (ii) classes of leases, such as;
  - finance lease;
  - operating lease;
  - sub-leases; and
  - sale and leaseback.
- (b) Discuss the tax implications of lease arrangements, on both the lessee and the lessor, covering:
  - (i) companies income tax;
  - (ii) value added tax; and
  - (iii) capital gains tax.
- (c) Explain capital allowances under lease arrangements.
- (d) Explain leasing as a separate line of business.
- (e) Explain recognition, measurement, presentation and disclosure of leases by corporate entities.
- (f) Discuss the treatment of COVID-19- related rent concessions.
- (g) Discuss the interest rate benchmark reform - Phase 2 relating to changes in the bases for determining contractual cash flows of financial assets, financial liabilities and lease liabilities.
- (h) Explain lessor's forgiveness of lease payments.
- (i) Explain lease term and useful life of leasehold improvements.
- (j) Explain lease liability in a sale and leaseback.

### **C. International Taxation**

**20%**

1. Non-resident taxation  
Discuss the provisions of the relevant Acts, in respect of non-resident taxation, covering:
  - (a) non-resident person;
  - (b) the various forms of tax presence of a non-resident company doing business in Nigeria.
  - (c) taxable profits of non-residents;
  - (d) the tax implications of non-resident companies doing business in Nigeria; and
  - (e) minimum tax for non-resident companies.
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 relevant Finance Acts.
  - (d) Discuss the provisions of the relevant Finance Acts 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.
  - (e) Discuss global trends in digital taxation, such as the OECD's Pillar One and Pillar Two initiatives.

3. Tax treaties

- (a) Discuss the following in line with the provisions the relevant Acts:
  - (i) unilateral relief of double taxation;
  - (ii) double taxation agreements; and
  - (iii) method of calculating relief to be allowed for double taxation;
- (b) Discuss the role of Vienna convention in application and interpretation of tax treaties.

4. Transfer pricing

- (a) Introduction to transfer pricing
  - (i) Discuss the following:
    - Transfer price/pricing;
    - The legal framework for transfer pricing in Nigeria;
    - The significance of transfer pricing;
    - The various tax convention Models, including:
      - Organisation for Economic Cooperation and Development (OECD);
      - United Nations (UN); and
      - Pacific Association of Tax Administrators (PATA); and
      - Justifications for the application of transfer pricing regulations by multinationals and developing countries.
  - (ii) Discuss the administrative framework and procedures for conducting transfer pricing.
  - (iii) Explain benchmarking databases and technology in the transfer pricing analysis.
- (b) Nigerian transfer pricing regulations
  - (i) Evaluate and apply the provisions of the Income Tax (Transfer Pricing) Regulations, 2018, in respect of:
    - objectives and scope of transfer pricing regulations;
    - commencement date;
    - connected taxable persons;
    - transfer pricing methods such as traditional transaction methods and transactional profit methods or any other method;
    - advance pricing agreements (APA);
    - functional analysis in transfer pricing;
    - the basic comparability factors in the process of transfer pricing benchmarking;
    - dispute resolution mechanisms; and
    - offences and penalties as specified by the regulations.
  - (ii) Deduct payment for intangibles to non-resident companies.
  - (iii) Explain types of transfer pricing returns and due dates for filing the returns.
- (c) Discuss the provisions of the relevant Acts, in respect of:
  - (i) artificial transactions; and
  - (ii) transactions between related parties to be at arm's length.

5. Actions against base erosion and profit shifting (BEPS)
  - (a) Explain the thirteen (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) Explain the objectives, operations and challenges in implementing of the African Continental Free Trade Area Agreement (AfCFTA).
  - (d) Discuss other regional trading blocs in Africa in comparison to the European Union (EU) and North American Free Trade Agreement (NAFTA).
  
7. International tax policy
  - (a) Discuss the concept and objectives of international tax policy.
  - (b) Explain jurisdiction as it relates to:
    - (i) tax;
    - (ii) limits;
    - (iii) collection and enforcement of cross-border tax due;
    - (iv) source and residence; and
    - (v) controlled foreign companies.
  - (c) Evaluate the roles being played by inter-governmental and supranational organisations that shape tax policy.
  - (d) Examine the roles of World Trade Organisation (WTO), General Agreement on Tariffs and Trade (GATT) and their significance to international taxation.
  - (e) Evaluate international cooperation between tax administrators in different tax jurisdictions in respect of exchange of information, covering:
    - (i) exchange of information on request;
    - (ii) automatic exchange of information; and
    - (iii) spontaneous exchange of information.
  - (f) Identify and explain practical aspects of Nigeria's exchange of information framework, its effectiveness and challenges encountered in enforcing cross-border compliance.
  - (g) Discuss the effectiveness of global cooperation and assistance on tax matters.
  - (h) Evaluate the use of neutralities in international tax policy.

**D. Current Issues and Emerging Trends**

**10%**

1. Current tax issues
  - (a) Discuss the following:
    - (i) tax inspectors without borders;
    - (ii) cooperative compliance (with particular reference to the Nigerian Revenue Services (NRS) policies promoting taxpayer engagement and cooperative compliance principles);

- (iii) simultaneous tax examination;
    - (iv) the common reporting standards;
    - (v) foreign account tax compliance; and
    - (vi) mutual agreement procedures (MAP).
  - (b) Disruptive technologies affecting tax administration
    - (i) Explain the use of artificial intelligence (AI) in data analysis and fraud detection by tax authorities and other government agencies.
    - (ii) Discuss the e-filing systems and mobile tax apps, such as the FIRS e-tax, which simplifies compliance for taxpayers.
2. Emerging trends
- (a) Taxation and sustainable development goals (SDGs)
    - (i) Discuss the following:
      - core goals of sustainable development;
      - role of taxation in achievement of SDGs;
      - tax challenges in Africa and its impact on SDGs;
      - United Nations Development Programme 2021 on tax for SDGs, covering:
    - (ii) objectives of the programme; and
    - (iii) outcomes of programme.
  - (b) Explain the various disruptive technologies affecting tax administration.

## **E. Tax Management and Planning**

**10%**

- 1. Mergers and acquisitions
  - (a) Discuss the concepts of mergers and acquisitions.
  - (b) Explain the regulatory landscape of mergers and acquisitions in Nigeria.
  - (c) Discuss the reporting requirements and statutory filings with the Corporate Affairs Commission (CAC) and the Securities and Exchange Commission (SEC).
  - (d) Advise on the bases periods for assessment relating to mergers and acquisitions.
  - (e) Discuss tax considerations for mergers and acquisitions.
  - (f) Advise entities involved in business re-organisations and restructuring, taking into consideration the specified tax concessions and conditions to be met before qualifying for such concessions.
  - (g) Discuss practical successful merger and acquisitions deals in Nigeria, Africa and other climes.
- 2. Tax practice management
  - (a) Explain the legal requirements for a professional accountant in tax 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 the risks mitigation strategies in tax practice.

- (e) Discuss submission of objection letter via electronic and physical means.
  - (f) Discuss the role of technology in running a contemporary tax practice.
  - (g) Discuss the challenges encountered with using available digital technology solutions for tax compliance.
3. Tax planning, avoidance and evasion
- (a) Advise management on tax planning activities and strategies.
  - (b) Explain the disclosures of tax planning arrangements in relation to the relevant Acts.
  - (c) Differentiate between tax avoidance and evasion.
  - (d) 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) Explain the difference between tax audit and tax investigation.
  - (b) Identify and discuss the different types of tax audits.
  - (c) Discuss 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.
  - (e) Explain tax investigation (causes and procedures).
  - (f) Explain the benefits of tax health check to tax audit and investigation.
  - (g) Discuss documentation in tax audit and investigation.
  - (h) Discuss the power of tax authority under the law to enforce collection of unpaid tax liabilities.
  - (i) Advise on ethical issues in tax administration and practice (confidentiality, conflict of interest, disclosure of information in tax practice, etc).
  - (j) Advise on interpretation of tax laws using decided cases.
  - (k) Discuss the role of the tax practitioner on 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 resolve ethical dilemmas that may arise.
  - (b) Discuss the various legal actions that may arise as a result of breach of the provisions of laws arising from tax assignment.
  - (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 Non-compliance with Laws and Regulations (NOCLAR) framework as a:

- (i) professional accountant in tax practice; and
    - (ii) tax professional in business.
  - (e) Explain ethical issues in data privacy, client confidentiality and data handling, in line with the provisions of Nigerian Data Protection Act, 2023.
6. Tax accounting and reporting
- (a) Discuss the treatment of income tax in financial statements.
  - (b) Discuss the computation and accounting for deferred taxes.
  - (c) Advise on potential risks of wrong or misleading tax disclosures in the financial statements.

**F. Taxation of Incomes of Extractive Industries 20%**

1. Oil and gas taxation (hydrocarbon tax and consolidation for tax purposes)
  - (a) Discuss the general overview of the oil and gas industry in Nigeria in accordance with the Petroleum Industry Act (PIA), 2021 (as amended).
  - (b) Discuss the objects, functions and powers of the regulators in the oil and gas industry, such as:
    - (i) Nigerian Upstream Petroleum Regulatory Commission (The Commission);
    - (ii) Nigerian Midstream and Downstream Petroleum Regulatory Authority (The Authority); and
    - (iii) Nigerian National Petroleum Company Limited.
  - (c) Explain the underlisted classes of licences which are granted by the Commission:
    - (i) petroleum exploration licence;
    - (ii) petroleum prospecting licence; and
    - (iii) petroleum mining licence.
  - (d) Advise on the fiscal/operating arrangement/regimes in the upstream sector, taking into consideration the relevant provisions of the Petroleum Industry Act 2021 (as amended):
    - (i) joint venture (JV);
    - (ii) production sharing contract (PSC);
    - (iii) risk service contracts;
    - (iv) oil and gas free trade zones; and
    - (v) marginal field operators.
  - (e) Advise on what constitutes accounting period for tax purposes.
  - (f) Discuss the fiscal provisions of the Petroleum Industry Act 2021 (as amended) relating to conversion, transition and compliance matters;
  - (g) Discuss the tax implications of a company with converted and non-converted licences/leases.
  - (h) Ascertain the sources of income accruing to petroleum companies.
  - (i) Advise on allowable deductions and the deductions not allowed and other deductions taking into consideration the provisions of the Petroleum Industry Act 2021 (as amended);
  - (j) Assess royalties based on production and price, using applicable rates;
  - (k) Discuss the treatment of losses in the computation of hydrocarbon tax and companies income tax.

- (l) Discuss how unabsorbed losses and unrecouped capital allowances of transited companies will be treated in the computations of hydrocarbon tax and companies income tax.
- (m) Identify income chargeable to hydrocarbon tax.
- (n) Discuss the exemptions from hydrocarbon tax.
- (o) Identify and describe qualifying capital expenditure for capital allowance purposes and compute capital allowances claimable by petroleum producing companies.
- (p) Compute the production allowance per crude oil produced and explain its treatment in the determination of hydrocarbon tax and companies income tax.
- (q) Ascertain and advise on:
  - (i) cost price ratio limit of 65% of gross revenue at the measurement points for hydrocarbon tax deduction purposes;
  - (ii) assessable profits and losses;
  - (iii) chargeable profits and allowances;
  - (iv) chargeable hydrocarbon tax;
  - (v) additional chargeable tax payable in certain circumstances; and
  - (vi) pre-production cost.
- (r) Discuss trade or business sold or transferred.
- (s) Discuss consolidation of costs and revenue.
- (t) Discuss partnership business in petroleum operations.
- (u) Discuss registration and use of separate company for each stream of petroleum operations.
- (v) Explain the provisions relating to gas.
- (w) Explain the basis period for income tax on petroleum operations.
- (x) Discuss capital allowances for the purpose of income tax on petroleum operations.
- (y) Discuss expenses deductible.
- (z) Ascertain and advise on income tax on petroleum operations and development levy.
- (aa) Ascertain and advise on additional income tax payable in certain circumstances.
- (bb) Discuss non-associated gas greenfield developments in onshore and shallow water terrains.
- (cc) Discuss tax payable based on the incentives available to companies under production sharing agreements with the Federal Government of Nigeria.
- (dd) Discuss the following in line with the Oil and Gas Companies (Tax Incentives, Exemptions, Remissions, etc) Order, 2024:
  - (i) tax credits for non-associated gas greenfield developments in onshore and shallow water locations;
  - (ii) mid-stream capital and gas utilisation investment allowance; and
  - (iii) incentives to deep water oil and gas projects.
- (ee) Compute gas utilisation investment allowance.
- (ff) Compute gas tax credits and gas tax allowance.
- (gg) Discuss the funding of the Frontier Exploration Fund which shall be maintained for the exploration of unassigned frontier acreages in Nigeria.

- (hh) Describe the tax regime applicable to sole risk and marginal field operators.
  - (ii) Explain the purposes for a decommissioning and abandonment fund to be set up by licence holders in midstream operations.
  - (jj) Explain the provision relating to decommissioning and abandonment of funds.
  - (kk) Discuss the principle of fiscal stabilisation sections in contracts entered into after the commencement of PIA 2021 (as amended).
  - (ll) Discuss the provisions in respect of petroleum royalty.
  - (mm) Explain the establishment, funding, and utilisation of the host community fund.
  - (nn) Advise on the offences and penalties applicable to petroleum companies.
  - (oo) Discuss the requirements for registration and filing of returns for petroleum companies.
  - (pp) Explain the dispute resolution mechanisms provided in the Petroleum Industry Act 2021 (as amended).
2. Oil and gas taxation (Petroleum profits tax assessments)
- (a) Discuss charge of petroleum profits tax.
  - (b) Explain ascertainment of profits, adjusted profit, assessable profits, and chargeable profits.
  - (c) Identify and explain deductions allowed.
  - (d) Discuss the incentives for utilisation of associated gas.
  - (e) Discuss the application of incentives to utilisation of non-associated gas.
  - (f) Identify and explain deductions not allowed.
  - (g) Discuss exclusion of certain profits.
  - (h) Ascertain and advise on:
    - (i) assessable profits and losses;
    - (ii) chargeable profits and capital allowances;
    - (iii) assessable petroleum profits tax; and
    - (iv) additional chargeable tax payable in certain circumstances.
  - (i) Discuss partnership business in petroleum operations as provided for in the relevant Acts.
  - (j) Identify and explain the offences and penalties.
3. Oil and gas taxation (Deep offshore and inland basin production sharing contracts)
- (a) Discuss production sharing contracts.
  - (b) Explain the duration of oil prospecting licence
  - (c) Discuss on how petroleum profits tax and investment tax allowance are determined.
  - (d) Explain royalty payable in respect of deep offshore production sharing contracts.
  - (e) Compute petroleum profit tax.
  - (f) Discuss allocation of royalty oil, cost oil, tax oil, and profit oil.
  - (g) Explain how royalty, concession rentals, and petroleum profit tax are paid.
  - (h) Discuss chargeable tax petroleum operations.

- (i) Explain the use of realisable price in determining royalty and petroleum profits tax in respect of crude oil.
  - (j) Discuss the submission of receipts to the contractor.
  - (k) Explain the adaptation of existing laws.
  - (l) Discuss the review of the production sharing contract.
  - (m) Discuss the administration of royalties.
  - (n) Identify and explain the offences and penalties.
4. Mining taxation
- (a) Discuss the administrative structure of the mining industry, with reference to the split of the Ministry of Mines and Steel Development to form the Ministry of Solid Minerals Development and Ministry of Steel Development.
  - (b) Discuss the provisions of the relevant Acts, in respect of:
    - (i) liability to tax of a trade or business engaged in mining operations;
    - (ii) condition for tax deductibility of a company that are engaged in mining operations which contributed to any approved fund, scheme or arrangements; and
    - (iii) imposition of royalty.
  - (c) Advise on the scope and administration of the Nigerian Minerals and Mining Act, 2007 (as amended) in respect of:
    - (i) mining incentives;
    - (ii) minerals titles;
    - (iii) possession and purchase of minerals;
    - (iv) environmental considerations and rights of host communities;
    - (v) allowable and disallowable expenses;
    - (vi) rates of capital allowances;
    - (vii) computation of capital allowances;
    - (viii) total profits;
    - (ix) treatment of losses;
    - (x) assessment of tax liabilities; and
    - (xi) offences and penalties.
  - (d) Discuss the Nigerian Mineral Resources Decision Support System.
  - (e) Advise on the scope and administration of the Nigeria Extractive Industries Transparency Initiative (NEITI) Act, 2007.
5. Environmental, social and governance (ESG) compliance in the extractive industry
- (a) Discuss the benefits and challenges for companies adopting sustainable practices.
  - (b) Discuss ESG compliance in the extractive industry.

### **Guide to examination assessment**

ICAN reserves the right to examine any topic in the syllabus at any examination diet. New laws, regulations and relevant tax circulars may be examined after six months from the dates of issue.

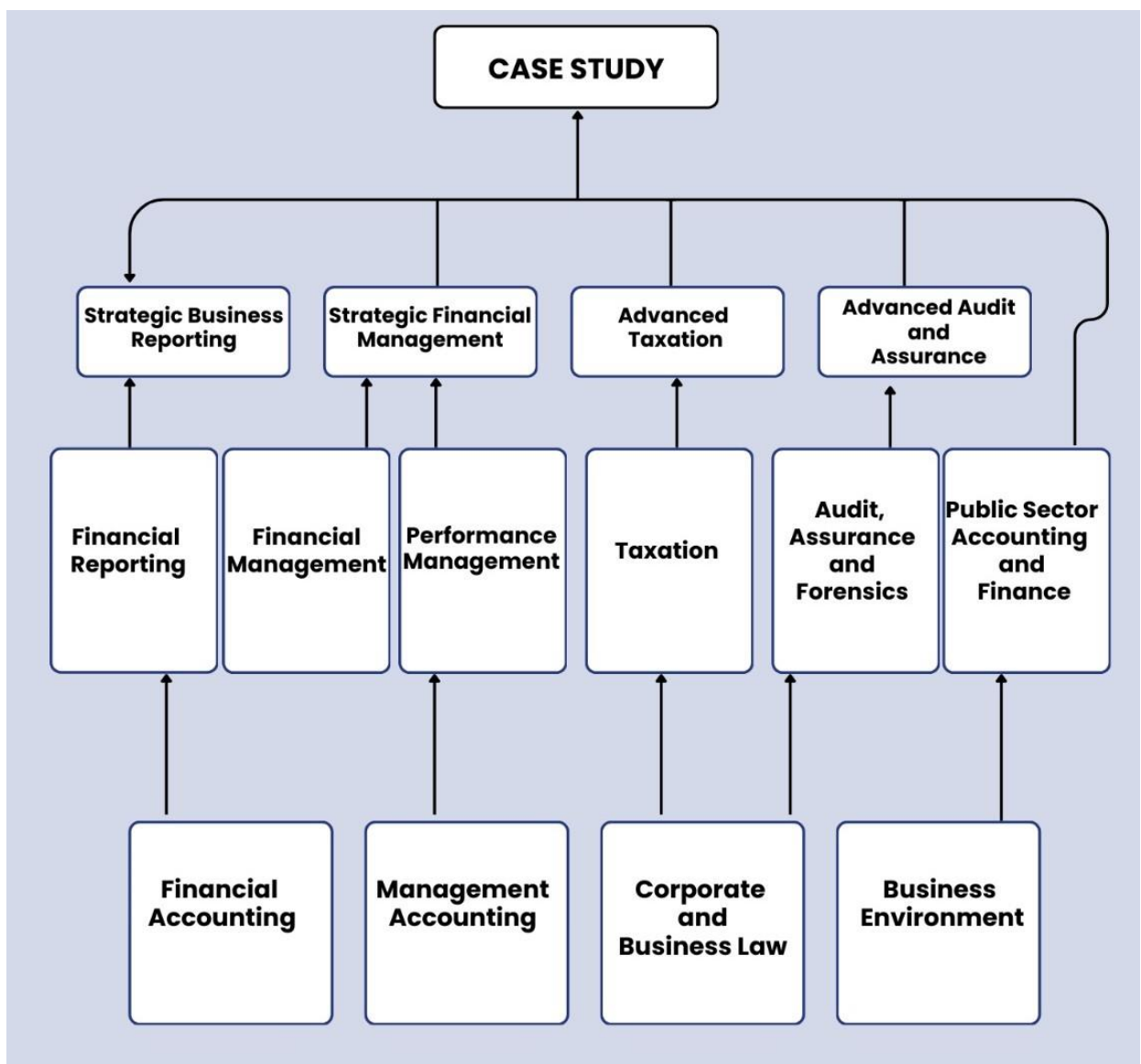
## C5. CASE STUDY

### AIM

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

### Linkage with other related subjects

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



## Specification grid

	Content and competencies - Overview	
	Grid	Weight %
A	Financial statements analysis	30
B	Financial data analysis	30
C	Business strategic and operational analyses	25
D	Sustainability, sustainable finance and reporting	15
	TOTAL	100

### A. The Case Study Approach

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

1. a well-rounded business professional, capable of contributing to real value creation 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 competences 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 papers.

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 technical skills in the process of creating an output.

## **B. Main Competences**

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

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

## **C. Prior Knowledge**

Success at the Case Study requires an integration of the technical knowledge and skills acquired from all subjects of the ICAN Professional examinations, namely the:

1. core technical knowledge and skills and practical application acquired at the Knowledge, Skills and Professional levels;
2. technical, analytical, evaluative and integration skills from Strategic Business Reporting, Performance Management and Strategic Financial Management; and
3. advisory, judgemental and communication skills acquired through practical work experience undertaken during the training programme.

## **D. Assessment Procedure**

The Case Study is a 4-hour examination. The Case Study requirements are relatively open and there is no single solution or model. Candidates will not be required to carry out detailed computations as in the other Professional level subjects but will be required to undertake some financial and non-financial data analyses.

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;
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 skepticism and ethical judgement;
6. evaluation of issues and options presented in each case scenario;
7. arriving at appropriate conclusions; and
8. proposing appropriate, reasonable and practical recommendations.

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

1. inclusion of appropriate appendices;
2. good structure and presentation of report; and
3. appropriate style and language.

## **E. Ethical and Professional Skepticism Consideration**

Ethics and business trust issues are components of Case Study. Candidates would be required to identify and evaluate both professional and business ethics issues and dimensions. These will be assessed in a contextual and broad way, using Case Study approach. Ethics will not be more than 15% of the contents. However, candidates will not be asked about ethics directly, they will have to recognise and include ethical considerations and concerns in their output as part of the case study. They include professional issues and how businesses are conducted, sustainability (environmental, social and governance) impact. Ethics may be seen in the context of regulations, regulatory oversight, professional duties, public interest and reputation. Professional skepticism will be an underlying requirement within the complex scenarios that the Case Study presents. It must be applied, being mindful of provenance and recognising the potential for bias.

## **F. Detailed Contents**

The case study assesses the capability of a candidate who has covered all other ICAN examination papers to have an wholistic understanding of 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 a **pre-seen** and an **unseen** segment. Candidates will receive the pre-seen segment electronically, two (2) weeks before the examination date, while the unseen part will be given to them on the day of the examination. The scenario is complete and highly realistic, based on a private, public or charitable sector entity or entities in a current business environment that is stated and explained.

### **The scenario will include two requirements:**

The candidate will be required to write a report based on a given business scenario from a brief. The purposes of the case study paper are:

The first purpose is to test the capability of the candidate to show evidence of his understanding of specified issues in the scenario in a written report that may include the presentation of some financial or non-financial information; and

The other purpose is to assess the capability of the candidate to produce a professional report dealing with the two specific requirements based on a combination of financial and business analyses of the information provided in the scenario. The report produced should include:

1. an executive summary;
2. a main report; and
3. appendices.

## **G. Scenario Requirements**

The scenario requirements may include any of the following:

1. informed business judgement;
2. managerial judgement;
3. professional skepticism;
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' interests;
13. globalisation issues;
14. business sustainability issues, including sustainability reporting;
15. responsible investments and equator principles;
16. application of technology strategies, including:
  - (a) block chain;
  - (b) artificial intelligence; and
  - (c) digital communications.
17. Soft skills, including:
  - (a) originality and initiative;
  - (b) creative thinking;
  - (c) critical thinking;
  - (d) integrated thinking
  - (e) persuasion and negotiation;
  - (f) cognitive flexibility;
  - (g) multiple capitals;
  - (h) leadership;
  - (i) emotional intelligence;
  - (j) social thinking;
  - (k) project management; and
  - (l) technology design, strategy and business modelling.

## **H. Analytical Tools**

The following strategic management tools may 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 (BCG) model, Ansoff's matrix, gap analysis, business capacity analysis, resource audit, 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 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.