



Chartered Secretaries Qualifying Scheme

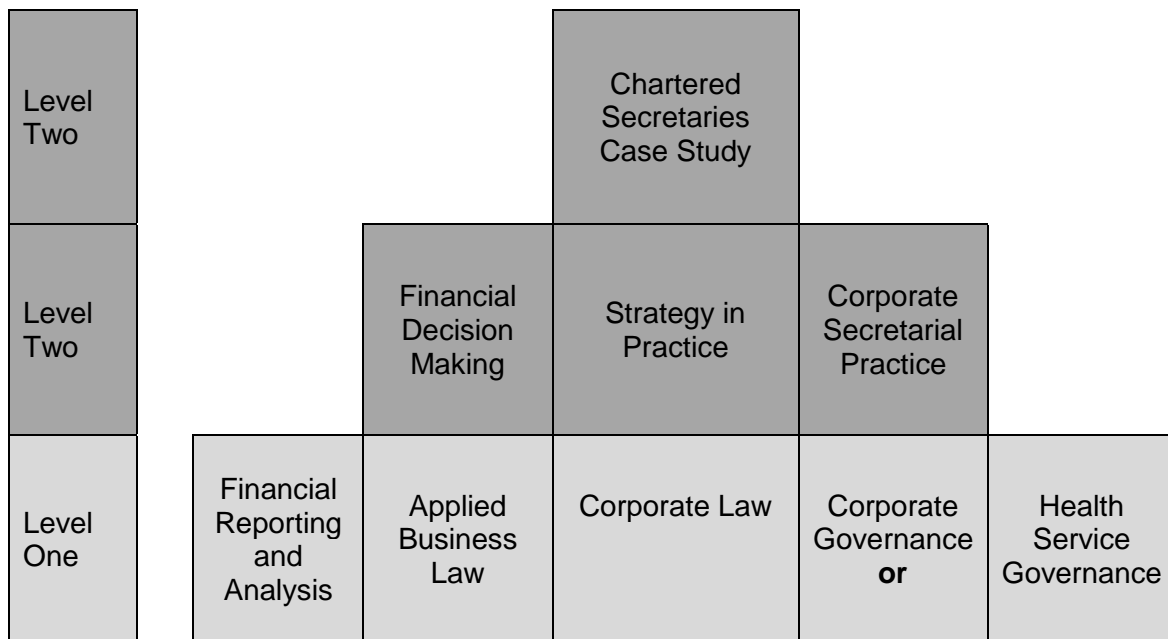
Syllabus and learning outcomes

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Structure



Notes

- Level One is of equivalent level to the third year of an undergraduate degree. Level Two is set at Masters degree level.
- You may opt to take the 'Health Service Governance' module in place of 'Corporate Governance'.
- The information contained here is correct at the time of publication and it is not envisaged that it will be amended. However, as development of CSQS material is ongoing, ICSA reserves the right to make further changes to this material.

Programme outcomes

Level One

Development of Knowledge and Understanding

On completion of this level, you will have knowledge of:

- The regulatory framework for the preparation and presentation of financial accounts and an understanding of the relationship between financial reporting and the governance of organisations.
- The areas of law applying to business organisations and the key issues around the functions and objectives of business law.
- How the external regulatory environment has an impact on the structure of commercial and non-commercial organisations and the practical application of legal principles.
- The skills and processes necessary to act effectively as adviser to the governing body of organisations, and the distinction between legal obligations and 'best practice' in governance.
- The available strategies for managing risk in organisations, and implications of their use.

Cognitive / Intellectual Skills

On completion of this level you will be able to:

- Analyse, explain and interpret financial, legal and regulatory information, applying appropriate techniques in doing so.
- Analyse and evaluate the environment of different types of organisation, identifying how and why the organisation's strategic objectives adjust in response to changes in the environment over time.
- Evaluate risk and return and the consequences of decisions made in these areas.
- Identify the relevant issues or problems from a set of financial, legal or regulatory information or a combination of such information, justifying the choices made.
- Synthesise data and concepts and critically evaluate these to formulate solutions or advice in the context of the governance of the organisation.

Practical Skills

On completion of this level you will be able to:

- Present solutions or advice in a manner appropriate to the purpose and audience (including to those not expert in these areas).

- Formulate advice with changing contexts in mind, and in order to meet different interests.
- Identify different arguments, including the ethical or value-based perspectives of these, and draw conclusions from them.
- Apply the knowledge, analytical skills and techniques associated with the disciplines studied here to a range of different types of organisation.
- Manage study, learning and professional development with a strong degree of independence and relate what is learnt to the professional environment.

Level Two

Development of Knowledge and Understanding

On completion of this level, you will have knowledge of:

- Financial models and financial decision-making techniques available to organisations, their effects and the implications of their use, including ethical issues.
- Theories of financial decision-making and how these help to safeguard value for stakeholders in the organisation.
- The role of the Chartered Secretary in ensuring good governance in the organisation.
- The law, rules and compliance requirements affecting governing organisations, and how these are supported by effective management of the secretary's core duties.
- The elements, processes and techniques involved in the development and implementation of organisational strategy.

Cognitive / Intellectual Skills

On completion of this level you will be able to:

- Critically evaluate financial, legal and regulatory information to effectively address organisational strategic and governance issues.
- Critically analyse the environment of organisations with awareness of how past, present and future circumstances must affect strategic decisions made at board level.
- Evaluate risk and return and the consequences of decisions made in these areas at the level of organisational governance; configure decisions about risk and return to adjust to changing and complex circumstances.
- Identify the relevant issues or problems from a set of financial, legal or regulatory information and formulate advice on the governance implications of proposed responses to such information.
- Critically evaluate complex and sometimes conflicting data and concepts and formulate advice in the context of the governance of the organisation.

Practical Skills

On completion of this level you will be able to:

- Present complicated information about the organisation in accessible and understandable ways, to a range of audiences.
- Formulate advice in the context of change and complexity at organisational level, in a way which acknowledges the existence of conflicting interests and ideas and takes account of the consequences of this.

- Identify and analyse conflicting arguments, including the ethical or value-based perspectives of these, and offer advice about them which makes an effective contribution to organisational decision-making.
- Select and apply analytical skills and techniques as appropriate in complex and changing organisational contexts.
- In the context of continuing professional development, manage study and learning independently and adapt learning requirements to changes in role and organisation.

Financial Reporting and Analysis

Module outline and aims

In professional practice, the Chartered Secretary has to be competent in financial accounting and reporting. In public practice and in some other organisations, the Chartered Secretary can also be called upon to fulfil the role of corporate accountant. There, the emphasis is normally on accounting for purpose rather than on detailed accounting techniques.

Chartered Secretaries need to understand the significance and relevance of accounting information and the process by which it is acquired. Core responsibilities also include compliance with legal and stakeholder requirements, including financial statements. In the boardroom, Chartered Secretaries contribute to the analysis, presentation and interpretation of corporate financial performance and results, including the implications for the organisation, shareholders and stakeholders and for effective corporate governance.

The aim of the module is to develop the knowledge and skills necessary for you to understand and supervise the execution of these professional responsibilities.

Learning outcomes

On successful completion of this module, you will be able to:

- Describe and explain the language, concepts and use of financial accounts and reports.
- Demonstrate a sound understanding of the significance of accounting information systems for both effective financial reporting and good corporate governance and demonstrate a systematic understanding and thorough appreciation of the regulatory framework for the preparation and presentation of financial statements.
- Apply the skills necessary for the preparation and presentation of financial statements for different forms of organisation in compliance with legal and regulatory requirements.
- Interpret and critically analyse corporate financial accounts and reports reflecting on the limitations of both published accounts and standard analytical techniques.
- Describe and explain the relationship between financial reporting and corporate governance.
- Show an understanding of selected current issues in financial reporting and analysis.
- Prepare reports and presentations relating to financial matters for the board and senior officers of organisations.

Syllabus content

The regulatory and conceptual frameworks for the preparation and presentation of financial statements – weighting 15%

The regulatory framework for the preparation and presentation of financial statements

- National differences in financial reporting practices
- Reasons for national differences in financial reporting practices
- Classification of national accounting systems
- Attempts to reduce national differences
- The work of international standard setters
- Arguments for and against accounting standards

The conceptual framework for the preparation and presentation of financial statements

The Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Board ('IASB') sets out the concepts that underlie the preparation and presentation of financial statements for external users.

The Framework deals with:

- The objective and users of financial statements
- The reporting entity
- The qualitative characteristics that determine the usefulness of information in financial statements
- The definition of the elements of financial statements
- The recognition of the elements from which financial statements are constructed
- The measurement of assets and liabilities reported in financial statements
- Concepts of capital and capital maintenance

The preparation and presentation of financial statements in compliance with legal and regulatory requirements for single companies, groups, not for profit and public sector entities – weighting 40%

The preparation and presentation of financial statements for single companies in compliance with legal and regulatory requirements, including the relevant International Accounting Standards

- Criteria for information appearing in a published income statement and balance sheet
- Income statement
- Balance sheet
- Statement of changes in equity
- Reporting comprehensive income
- Segmental reporting
- Accounting policies
- Fair view treatment
- Chairman's statement and directors' report
- Notes to the accounts
- Cash flow statements
- Preparation of published accounts complying with accounting standards

The preparation and presentation of financial statements for groups in compliance with legal and regulatory requirements, including the relevant International Accounting Standards

- Requirements for preparation of consolidated financial statements
- Consolidated balance sheet
- Consolidated income statement
- Investment in associates
- Interest in joint ventures
- Consolidated cash flow statement

Analysis and interpretation of accounts, the limitations of published accounts, and current issues – weighting 45%

Analysis and interpretation of accounts

- Trend or horizontal analysis
- Common size statements
- Accounting ratios and ratio analysis
- Primary investment, operative and liquidity level ratios
- Subsidiary ratios including investment performance indicators such as price/earnings ratio
- Pyramid of ratios
- Segmental analysis
- Inter-firm comparisons and industrial averages
- Analysing a cash flow statement
- Earnings per share
- Limitations of analytical and interpretative techniques

Limitations of published accounts

- Creative accounting including the treatment of inventories
- Off-balance sheet finance and leasing
- Reporting the substance of transactions
- Corporate governance and the external audit process

Current issues

- Financial reporting on the internet
- Environmental and social reporting
- Ethics for accountants

Commentary on the syllabus

There are seven main areas in the Financial Reporting and Analysis syllabus. What follows is an overview of each of these areas, indicating what students need to achieve in order to prepare effectively for this examination.

The regulatory framework

Candidates need to be able to show an understanding of international differences in financial reporting practices that accounting standards are designed to address, and the economic consequences of such differences. They must be familiar with the history and potential of the convergence project and be able to explain and evaluate the case for international accounting standards.

The candidate will be expected to be able to:

- Explain how national characteristics may produce differences in financial reporting practices
- Identify and discuss the specific reasons for variation in financial reporting practices
- Show an awareness of the existence of different ways of classifying national accounting systems
- Demonstrate familiarity with initiatives designed to reduce international differences in financial reporting systems
- Identify and discuss the contribution of major international bodies to the harmonisation and standardisation of financial reporting
- Outline the current state of the convergence project and be aware of planned future developments
- Demonstrate an understanding of the economic consequences of different accounting practices
- Identify and evaluate the main arguments for and against the imposition of standard accounting practice

The conceptual framework

Candidates need to be fully familiar with the content and significance of the Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Board.

The candidate will be expected to be able to:

- Explain the objective of financial statements
- Identify and distinguish between the users of financial statements
- Explain when an entity should report its affairs and how it decides which activities to include
- List and explain the significance of each of the qualitative characteristics of financial information
- Identify and distinguish between the elements of financial statements
- Show an understanding of the conditions that must be met to justify the recognition of assets and liabilities
- Be aware of the significance of the concepts of sufficient evidence and sufficient reliability for the recognition of assets and liabilities

- Describe how entity managers decide which measurement basis to adopt for financial reporting purposes.
- Demonstrate an understanding of the concept of value to the business and of how the concept is given operational effect
- Reveal an understanding of the existence of different concepts of capital and capital maintenance.

The preparation and presentation of financial statements

Candidates are expected to be able to prepare and present financial statements for single companies in compliance with legal and regulatory requirements, including the relevant international accounting standards.

The candidate will be expected to be able to:

- Identify the criteria which must be met for information to appear in the published income statement and balance sheet
- Construct the income statement in accordance with prescribed format 1
- Understand the effect of adopting different accounting policies on the content of the income statement and balance sheet
- Report in the income statement the impact of discontinued operations
- Account appropriately for 'non-recurring' items requiring separate disclosure in the income statement
- Construct the balance sheet in accordance with prescribed formats
- Show an understanding of the appropriate methods for valuing assets and liabilities
- Demonstrate familiarity with the notes that accompany financial statements
- Prepare the statement of changes in equity and explain why it must be published
- Show an awareness of developments concerning the publication of a statement of comprehensive income
- Explain the importance of segmental reporting and be able to prepare accounts on that basis
- Demonstrate familiarity with the nature of accounting policies and the significance of differences between them
- Reveal an understanding of the concepts of fair presentation, true and fair and the true and fair override
- Explain the purpose of the directors' report and chairman's statement and give examples of the type of information each contains
- Show an understanding of the reasons why entities are today required to publish a cash flow statement
- Prepare a cash flow statement in accordance with standard accounting practice

Group accounting

Candidates need to be able to prepare and present consolidated financial statements in compliance with legal and regulatory requirements, including the relevant international accounting standards.

The candidate will be expected to be able to:

- Define a reporting group in accordance with standard accounting practice
- Explain why parent companies are required to publish consolidated accounts and the circumstance in which this obligation does not apply

- Outline the circumstances in which a subsidiary company may be excluded from the consolidated accounts and the further disclosures required in such circumstances
- Explain how the idea of control is applied to decide whether another entity must be included in the consolidated accounts
- Prepare a consolidated balance sheet in accordance with the purchase method, making appropriate adjustments for fair value.
- Compute goodwill and minority interest for inclusion in the consolidated balance sheet
- Distinguish between pre- and post-acquisition profits when preparing consolidated accounts
- Make appropriate adjustments for inter-company balances and unrealised profits on inter-company sales
- Show an appreciation of the need for uniform accounting policies and reporting dates
- Explain how an investment in subsidiaries should be reported in the parent's own balance sheet
- Prepare a consolidated income statement in accordance with standard accounting practice
- Demonstrate knowledge of the definitions of an associate and of significance influence
- Make calculations to enable an associate to be reported in accordance with the equity method
- Identify the circumstances in which a joint venture exists
- Describe the approved methods of accounting for a joint venture
- Show familiarity with the content of a consolidated cash flow statement.

Analysis and interpretation of accounts

Candidates need to know how to calculate the percentages and ratios used to analyse entity performance. They must also be able to display expertise in interpreting the significance of such calculations.

The candidate will be expected to be able to:

- Undertake horizontal analysis of accounts between two periods based on percentage changes
- Take account of the effect of exceptional items on comparability
- Apply trend analysis to the results of a series of accounting periods
- Undertake vertical analysis based on common size statements
- Understand the nature of accounting ratios and the use that can be made of them
- Calculate and interpret the significance of primary investment, primary operative and primary liquidity level ratios
- Calculate and interpret subsidiary ratios: gearing, liquidity, asset utilisation, investment and profitability
- Construct and understand the pyramid of ratios
- Explain the reasons for and importance of segmental accounting
- Undertake statement analysis based on segmental accounts
- Outline sources of data available for inter-firm comparisons
- Analyse and interpret the information contained in the cash flow statement
- Display an understanding of the importance of earnings per share (EPS) and its relationship with the price/earnings ratio
- Explain the calculation of the basic and diluted EPS
- Compare and contrast the uses and limitations of EPS

- Make calculations of EPS that require adjustments to the number of shares used in the basic EPS calculation
- Calculate the EPS where there has been a rights issue
- Compute and explain the significance of the fully diluted EPS
- Show familiarity with the disclosure requirements applying to the EPS
- Explain the limitations of accounting ratios computed on the basis of the information financial statements contain.

Limitations of published accounts

Candidates are required to demonstrate a thorough awareness of the limitations of published accounts as reliable indicators of entity progress and position. They are required to display such expertise in the context of creative accounting, off balance sheet finance, the issue of substance versus form, and the effectiveness of the external audit process.

The candidate will be expected to be able to:

- Demonstrate an awareness of the steps entities might take to improve their accounts so as, for example, to reduce the reported gearing ratio, increase the published EPS, and strengthen the balance sheet
- Reveal a full understanding of the opportunities for subjectivity and creative accounting when measuring inventory for inclusion in published financial reports.
- Show familiarity with the role of the audit in countering creative accounting practices
- Explain what is meant by off balance sheet finance and understand its significance
- Demonstrate the way in which leasing arrangements may be exploited to access the advantages of off balance sheet finance
- Outline and evaluate proposals designed to counter opportunistic behaviour by management when accounting for leases
- Distinguish between the economic substance and the legal form of a business transaction
- Examine the concept of substance over form in the context of consignment stocks, sale and repurchase agreements and debt factoring
- Explain the principal qualities required of external auditors if they are to contribute to effective corporate governance
- Evaluate the corporate governance implications of auditors providing consultancy services

Current issues

Among the issues with which entity managers need to be fully familiar are the power of the internet, environmental and social reporting and the importance of complying with ethical standards.

The candidate will be expected to be able to:

- Reveal an awareness of the existence of online subscription databases that reformat company accounts in standardised form for comparative purposes.
- Explain what XBRL is and how it can be used
- Describe the accountant's role in capitalist society
- Trace the main steps in the evolution of stand-alone environmental reports and be aware of the economic consequences of environmental reporting

- List the main elements of the Eco-Management and Audit Scheme for environmental disclosure in Europe
- Reveal familiarity with the activities involved in an environmental audit
- Outline the main features of social accounting
- Demonstrate awareness of the history of social accounting in Britain – the Corporate Report
- Outline recent developments in corporate social responsibility (CSR) reports and triple bottom line reporting
- Discuss the nature of business ethics
- Explain and evaluate the positivist and normative approaches in addressing ethical issues
- Examine the role of ethics in modern business
- Demonstrate familiarity with guidelines and regulations developed to help accountants in practice and in business to address ethical issues

Overview

Financial accounting and reporting is central to modern entity management 'by the numbers'. The Chartered Secretary is regularly required to fulfil the following 'accounting' functions during his/her career:

- Analyse and interpret the outputs from an entity's accounting system
- Initiate and participate in decision-making based on accounting information
- Initiate and suggest improvements in the entity's accounting system and its outputs
- Provide advice on the significance for the entity of contemporary accounting developments including regulatory changes
- Counsel senior management on the significance of (proposed) published information for external user groups

Applied Business Law

Module outline and aims

The module provides a general framework of the legal principles underpinning business law, as appropriate to the role of the Chartered Secretary.

The aim of this module is to facilitate an understanding of the basic principles and how they should be applied within a commercial framework. For example, you will be required to apply the principles of contract law to specific contracts such as the contract of employment and consumer contracts.

Chartered Secretaries are required to have a sound knowledge and understanding of the legal framework and how it applies in a business context and the overall aim of this module is to facilitate and develop your understanding of business law in the context of the business environment.

Learning outcomes

On successful completion of this module, you will be able to:

- Demonstrate a good understanding of the areas of law which affect businesses.
- Identify the key issues and theoretical debates surrounding the functions and objectives of business law.
- Identify the basic principles of business law as appropriate to the role of the Chartered Secretary.
- Critically analyse the law in the context of the business environment.
- Apply the law to factual situations which may arise in a business setting.
- Offer reasoned solutions and advice to practical problems.

Syllabus content

Commercial contracts – weighting 30%

Candidates will be required to display a sound understanding of what a contract is and the nature, role and purpose of contracts. The syllabus includes:

Concept of freedom of contract/sanctity of contract

Formation of contracts

- Offer: invitation to treat, unilateral contracts
- Acceptance: postal rule, acceptance of unilateral contracts
- Counter offer
- Auctions
- Tenders
- Certainty of agreement
- Offer and acceptance when dealing with machines
- Termination of offers
- Battle of the forms

Intention to be legally bound:

- Agreements made in a business context
- Agreements made in a social context

Requirement of consideration:

- Types of consideration
- Sufficiency of consideration
- Performance of an existing duty
- Part payment of a debt
- Promissory estoppel

Privity of contract

Formalities:

- Contracts required to be in writing
- Contracts required to be evidenced in writing
- Contracts which must be in the form of a deed

Capacity to contract:

- Minors
- Mental disorder and drunkenness
- Corporations

Contents of contracts:

- Distinction between terms and representations
- Express terms
- Conditions, warranties and innominate terms
- Exclusion clauses – Unfair Contract Terms Act 1977, Unfair Terms in Consumer Contracts Regulations 1999
- Implied terms – by statute, by the courts, by custom – Sale of Goods Act 1979, Sale of Goods (Implied terms) Act 1973, Supply of Goods and Services act 1982

Vitiating factors:

- Mistake, common and unilateral, mistake as to the nature of the document signed, mistake as to identity
- Misrepresentation – definition, innocent, fraudulent, negligent, remedies

Duress and undue influence

Illegal contracts

Discharge of contract – by performance, breach, frustration

Remedies for breach of contract – damages, equitable remedies

Law of tort – weighting 20%

Candidates will demonstrate their understanding of the nature of a tort and, in particular, the torts of:

Negligence:

- Duty of care
- Standard of care
- Causation
- Foreseeability
- Breach
- Damage
- Economic loss
- Negligent statements
- Nervous shock
- Defences

Occupiers' liability:

- Lawful visitors
- Non lawful visitors

Product liability – the Consumer Protection Act 1987

Nuisance:

- Private nuisance
- Public nuisance
- Remedies
- Defences

Trespass – to land, to the person, to goods

Defamation

Vicarious liability

Commercial law – weighting 20%

This part of the syllabus introduces the concept of an agent and how such an agent can enter into contracts on behalf of another person.

Agency – appointment:

- Express
- Implied
- Necessity
- Ratification

Relationship between principal and agent – duties

Authority of the agent:

- Express
- Implied
- Actual
- Apparent

Termination of agency

Sale of Goods – protecting the consumer:

- Sale of Goods Act 1979
- Supply of Goods and Services Act 1982
- Sale and Supply of Goods to Consumers Regulations 2002
- Passing of ownership and risk
- Duties of buyer and seller
- Remedies of buyer and seller

Consumer credit:

- Consumer Credit Act 1974
- Hire Purchase

Patents, copyright, trademarks and passing off

Data Protection Act 1998

Competition law:

- Articles 81 and 82 Treaty of Rome
- Competition Act 1998
- Enterprise Act 2002

Insurance contracts:

- Types
- Principles

Financial services regulation:

- Financial Services and Markets Act 2000
- Financial Services Authority
- The Stock Exchange

Employment law – weighting 30%

This section of the syllabus covers how the contract of employment is formed and the provisions of such contracts, along with the rights and duties of employers and employees.

Employees and independent contractors:

- Contract of service and contract for service
- The position of 'agency' workers

The contract of employment:

- Formation of the contract
- Written particulars
- Part-time and fixed-term workers
- Variation to contract

Common law and statutory duties of employer/employee:

- Express terms
- Implied terms
- Employer's duty to persons other than employees
- Vicarious liability
- Duty of disclosure

Wages:

- Unauthorised deductions
- Equal Pay Act 1970
- Guarantee payments
- Medical suspension
- Insolvency
- Pay statements

Maternity rights:

- Maternity leave
- Right to return to work
- Suspension on maternity grounds
- Ante-natal care (parental leave; time off for dependants; adoption leave)

Discrimination:

- Equal Pay Act 1970
- Sex Discrimination Act 1975
- Race Relations Act 1976
- Disability Discrimination Act 1995
- Employment Equality (Age) Regulations 2006
- Commission for Equality and Human Rights
- Discrimination against part time workers, fixed term workers, persons with criminal records

Termination of contracts of employment

Unfair dismissal:

- Who can claim?
- What is a dismissal?
- When is a dismissal unfair?

- Procedure, remedies

Wrongful dismissal

Constructive dismissal

Redundancy:

- Who can claim?
- Payments

Health and safety at work:

- Health and Safety at Work Act 1974
- Common law health and safety

Dispute resolution:

- Role of ACAS and Compromise Agreements
- Employment Tribunals
- County court
- High court jurisdiction
- Civil procedure

Whistle blowing – Public Interest Disclosure Act 1998

Trade Unions

Corporate Governance

Module outline and aims

The aim of the Corporate Governance module is to equip the Chartered Secretary with the knowledge and key skills necessary to act as adviser to governing authorities across the private, public and voluntary sectors. The advice of the Chartered Secretary will include all aspects of the governance obligations of organisations, covering not only legal duties, but also applicable and recommended standards of best practice.

The module will enable the development of a sound understanding of corporate governance law and practice in a national and international context. It will also enable you to support the development of good governance and stakeholder dialogue throughout the organisation, irrespective of sector, being aware of legal obligations and best practice.

Learning outcomes

On successful completion of this module, you will be able to:

- Appraise the frameworks underlying governance law and practice in a national and international context.
- Distinguish between and compare the legal obligations for governance and recommended best practice.
- Advise on governance issues across all sectors, ensuring that the pursuit of strategic objectives is in line with regulatory developments and developments in best practice.
- Analyse and evaluate situations in which governance problems arise and provide recommendations for solutions.
- Demonstrate how general concepts of governance apply in a given situation or given circumstances.
- From the perspective of a Chartered Secretary, provide authoritative and professional advice on matters of corporate governance.
- Assess the relationship between governance and performance within organisations.
- Apply the principles of risk management and appraise the significance of risk management for good governance.
- Compare the responsibilities of organisations to different stakeholder groups, and advise on issues of ethical conduct and the application of principles of corporate responsibility or corporate citizenship.

Syllabus content

Governance is a continually developing subject, and good candidates will be aware of any major developments that have occurred at the time they take their examination.

The detailed syllabus set out here has a strong UK emphasis, and it is expected that UK corporate governance will be the focus of study for most candidates. A good knowledge of the principles and provisions of the UK Corporate Governance Code will therefore be required, together with any supporting Guidance on the Code published from time to time by the Financial Reporting Council. However, a good knowledge and understanding of the code of corporate governance in another country will be acceptable in answers, provided that candidates indicate which code they are referring to in their answer.

The UK Corporate Governance Code ('the Code'; formerly 'the UK Combined Code') is subject to frequent review and amendment by the Financial Reporting Council. You are advised to check the student newsletter and student news area of the ICSA website to find out when revisions to the Code will first be examined.

General principles of corporate governance – weighting 20%

Candidates are expected to demonstrate an awareness of all areas of governance, and to be able to review common themes. They will be able to understand the scope of corporate governance, the various issues with which governance is concerned, and how these issues relate to each other.

Meaning of corporate governance

- Difference between governance and management
- Purpose of good governance

Agency theory, transaction cost theory, stakeholder theory

Stakeholder value approach, enlightened stakeholder approach, stakeholder approach

Governance, risk and financial stability

- The balancing of conflicting objectives

Potential consequences of poor corporate governance

- Business failure and the contribution of poor governance

Governance and ethics, corporate ethics, corporate codes of ethics, professional ethics

Key issues in corporate governance

- Role and composition of the board, remuneration of directors and senior executives, accounting and audit, relations with shareholders and other stakeholders

Applying best practice in governance: voluntary and regulatory approaches, rules or principles, concept of 'comply or explain'

Governance problems for global companies and groups

Governance issues in the public sector

- Nolan Principles

Governance issues in the voluntary sector (charities)

Candidates may be required to be aware of the unique circumstances that may apply to governance for a non-corporate entity or a global company

Legal and regulatory aspects of governance

Candidates may study and apply the legal and regulatory measures on governance in their own country, but should also be aware of the following:

Governance aspects of the UK Companies Act 2006, including duties of directors and reporting and disclosure requirements

- Statutory duties of directors, and the concepts of duty of care and skill and fiduciary duty on which these statutory duties are based
- Business review requirements are referred to elsewhere in the syllabus
- An awareness of the requirements for reporting on directors' remuneration is required, but not the detailed regulations

Corporate governance aspects of EU Directives (and subsequent legislation)

- An awareness is required of the EU as a potential source of new legislation on governance issues, with examples of changes introduced by the EU

Governance issues for financial organisations arising from the Financial Services and Markets Act 2000 and the Basel 'rules'

- The regulatory supervision of banks: its implications for governance

Law relating to insolvency and regulations relating to assessment of going concern status

Law on insider dealing and market abuse

- The nature of insider dealing: the law and inside dealing, its implications for governance

Governance aspects of UK Listing Rules, including the Model Code

- Comply or explain
- Model code and directors' dealings in shares

Governance aspects of Sarbanes-Oxley Act 2002

- Section 302: CEO/CFO certifications
- Section 404(a): internal control report

Codes of corporate governance practice and reports on governance

Candidates will be expected to demonstrate an awareness of the prominent codes or reports on governance and to be aware of current developments, such as when these codes or reports are being reviewed or re-drafted.

- UK Corporate Governance Code
- OECD Principles
- King Reports

Role of the company secretary

Role of the company secretary in the identification of governance issues, and the application of governance rules and principles in practice.

Comparison of the governance role of the company secretary and the role of the company lawyer.

The application of governance rules and principles – weighting 40%

Candidates will be required to discuss in detail statutory rules and the principles or provisions of governance codes, and apply them to specific situations or case studies. Candidates will also be expected to understand the role of the company secretary in providing support and advice regarding the application of best governance practice. Although the syllabus presents governance issues mainly from the perspective of companies, candidates may be required to apply similar principles to non-corporate entities, such as government organisations and organisations in the voluntary sector.

The broad areas that will be examined are as follows:

The board of directors or governing board

Role of the board and its governance responsibilities

Unitary and two-tier boards

Matters reserved for the board

- ICSA Guidelines

Roles of the chairman and chief executive officer

Size, structure and composition of the board: board balance, independence

Independent non-executive directors

- Functions of the independent NED

Good boardroom practice

- Responsibilities of the chairman and company secretary

Appointments to the board: nominations committee

- Contribution of the nominations committee to good governance
- Higgs Guidance on duties of the nomination committee
- Tyson Report

Information and professional development for board members

- Induction and ongoing training
- Role of the company secretary in the efficient provision of information
- Directors and external professional advice

Effectiveness of the board, its committees and individual board members. Performance evaluation of the board

- UK Corporate Governance Code
- Annual performance evaluation of the board, its committees and individual directors
- Higgs Guidance on performance evaluation

Re-election of board members

- Retirement by rotation

Boardroom ethics

- Link to statutory duties of directors

Dealings by directors in shares of their company

- Link to law on insider trading, stock market rules on dealings by directors

Liability of directors: directors' and officers' liability insurance

- The reasons for and nature of directors' liability

Personal interests of directors in transactions of their company

Independent and non-independent non-executive directors: their role and effectiveness

- Good practice suggestions from the Higgs Report
- Senior independent director: role
- Criticisms of the ineffectiveness of NEDs

Remuneration of directors and senior executives

Principles of remuneration structure: elements of remuneration

Remuneration policy

The design of performance-related remuneration

- Elements of a remuneration package
- Candidates will not be required to discuss performance targets in detail, but need to be aware of short-term incentives (e.g. cash bonuses) and longer term bonuses (share grants, share options). They also need to be able to discuss the difficulties in designing a suitable remuneration structure

Role of the remuneration committee

- Higgs Guidance on role of the remuneration committee

Deciding a remuneration package for individual directors and senior executives

Compensation for loss of office

Disclosures of directors' remuneration

- Candidates will be expected to show an awareness of issues relating to the disclosure of directors' remuneration in the annual report and accounts, but not the detail (e.g. not the detail of the directors' remuneration report)

Shareholder approval of incentive schemes and voting rights with regard to remuneration

- Candidates will be required to show an understanding that approval of remuneration schemes by shareholders may be required, but legislation on this topic will not be examinable

The recommendations or guidelines of institutional investor groups on matters relating to directors' remuneration, including the avoidance of 'reward for failure'

Reporting to shareholders and external audit

Financial reporting, going concern status (review of future solvency): responsibilities of the board, executive management and the external auditors

- The need for reliable financial reporting: true and fair view
- The nature of the going concern statement and its relevance for governance
- Directors' responsibility for the financial statements
- Responsibility of the external auditors
- Responsibility for the discovery of fraud

Role of the audit committee: the audit committee and the external auditors

- Composition of the committee and skills of committee members
- ICSA Guidance on terms of reference of audit committees
- FRC Guidance on Audit Committees

Independence of the external auditors

- The significance of auditor independence: threats to auditor independence
- Auditors and non-audit work

Principles of reporting requirements for good governance: accountability, transparency

- The meaning of transparency

Disclosures of governance arrangements

Reporting non-financial information: business review or operating and financial review

- The significance of narrative reporting for better governance

Relations with shareholders

The equitable treatment of shareholders

- The meaning of equitable treatment: examples of inequitable treatment

Rights and powers of shareholders

Dialogue and communications with institutional shareholders (companies) or major stakeholders

Role of institutional investor organisations (or major stakeholders)

- In the UK, the role of the ABI and NAPF and the relevance for corporate governance

Constructive use of the annual general meeting

Shareholder activism

- The recommendations or guidelines of institutional investor groups on matters relating to activism and considered use of votes

Other shareholders: short-term investors, small investors

- The rights of minority shareholders

Candidates will be required to have an awareness of the benefits of electronic communications between companies and their shareholders, but will not be required to know the detailed law and regulations on electronic communications.

Risk management and internal control – weighting 20%

Candidates will be able to discuss aspects of risk facing an organisation, and to comment and advise on the systems in place for the identification and assessment of risks, the management of risk and monitoring the effectiveness of risk management and internal control systems.

The nature of risks facing companies and other organisations: categories of risk

- The difference between ‘business risk’ and ‘governance risk’ (internal control risk)

Risk tolerance levels: risk and return, risk appetite

Responsibilities for risk management and internal control: board of directors, executive management, audit committee, internal and external auditors

- Risk management committees in companies

Risk management policies, systems and procedures

Risks in the business environment

- The implications of business risk and strategy selection for governance: a general understanding only is required

Internal control risks: financial, operational and compliance risks

Elements of an internal control system

- The Turnbull Guidance and subsequent reviews of this guidance

Function, scope and status of internal audit and internal auditors: independence of the internal auditors: the need for internal audit

- Role of internal audit within an internal control system

Identifying key risk areas: key performance indicators

Disaster recovery plans

Whistle-blowing policy and procedures

- ICSA best practice on whistle-blowing procedures

Reviewing and reporting on the effectiveness of the risk management system

Reviewing and reporting on the effectiveness of the internal control system

- UK Corporate Governance Code requirements and Turnbull guidelines

Corporate social responsibility and sustainability – weighting 20%

The nature of corporate responsibility and corporate citizenship

Corporate responsibility and stakeholders

- Internal and external stakeholders
- Responsibility to various stakeholder groups
- Interest and influence of various stakeholder groups

Elements of corporate social responsibility: employees, the environment, human rights, communities and social welfare, social investment, ethical conduct

Reputation risk: placing a value on reputation

Other risk issues

- Economic
- Political, legal, regulatory
- Social: demographic risk, educational issues
- Possible implications of these risks for the social and environmental policy of companies

Corporate social responsibility: financial performance, business ethics and public relations

Formulating and implementing a policy for corporate social responsibility

The nature of sustainability

Sustainability and long-term corporate performance

Reporting to stakeholders: CSR reporting

Sustainability reporting: triple bottom line reports

- The content of sustainability reports (also CSR reports, ESG reports, social and environmental reports)

Benchmarking with other organisations

Social responsibility in the public and voluntary sectors

The recommendations or guidelines of institutional investor groups on matters relating to social and environmental issues.

NOTE: Candidates will not be required to have a detailed knowledge of the 'history' of the development of corporate governance guidelines and rules. For example, knowledge of the detailed content of the Cadbury Report, Greenbury Report and Hampel Report in the UK will not be required.

Health Service Governance

Details to be confirmed.

Corporate Law

Module outline and aims

This module provides you with an understanding of the legal framework governing organisations with particular focus on the registered company but with applications in all sectors. Its themes relate closely to those of the Corporate Governance module and draw heavily upon the Companies Act 2006 and the role of the Chartered Secretary.

Chartered Secretaries work in a range of organisations and are involved with issues of regulatory compliance. The aim of the module is to provide you with an understanding of the legal framework governing a range of organisations, dealing with legal principles, their practical application and governance issues that may arise.

Learning outcomes

On successful completion of this module, you will be able to:

- Demonstrate knowledge of the theories, concepts and principles related to the structure and regulation of commercial and non-commercial organisations.
- Give a reasoned opinion on the legal structures available to organisations and their appropriateness.
- Identify the legal and other issues arising in complex scenarios and apply relevant law such as the Companies Act 2006.
- Understand the impact of the external regulatory environment on the structure of commercial and non-commercial organisations.
- Present advice on structural and legal issues in a relevant form.

Syllabus content

The nature and structure of a company – weighting 20%

Sources of company law; case law, statutes and the impact of EU law, self-regulation.

Types of registered companies; registered, limited & unlimited, overseas companies, holding and subsidiary companies, chartered and statutory in outline only, LLP's, charities and non-profit making organisations in outline only.

Unincorporated associations in outline only; sole traders, partnerships under the Partnership Act 1890.

Promotion and pre-incorporation contracts; role of a promoter; duties and liability for breach of duty, recovery promotional expenses, liability on pre-incorporation contracts under the common law and under statute.

Formation and registration of companies; formation procedures and documents, the use of shelf companies, the role of the registrar, the certificate of incorporation, the commencement of trading certificate, choice and use of the company name.

Consequences of incorporation; separate legal personality, the veil of incorporation, lifting the veil of incorporation, the criminal and civil liability of a company.

The constitution of a company; the memorandum and the articles of association, content, model articles, alteration of the constitution, the statutory contract, shareholder agreements, class rights in the articles.

Company contracts; executing company contracts, company capacity and the doctrine of *ultra vires*, statutory protection, the rule in Turquand's case, the authority of agents to bind the company.

Capital and membership – weighting 25%

Raising capital from the public; the role of the prospectus and listing particulars, content and the general duty of disclosure, statutory compensation for misleading statements, common law remedies, underwriting and commission.

Shares and class rights; types of shares, alteration of share capital, class rights, variation of class rights, the issue of shares, payment for shares, premiums and discounts, and pre-emption rights.

Capital maintenance; types of capital, the doctrine of capital maintenance, capital reductions, purchase and redemption of a company's own shares, financial assistance, exemptions and exceptions from financial assistance, remedies for breach, dividends, and recovering improperly paid dividends.

Membership; becoming a member, share certificates and warrants, the members' register, transfer and transmission of shares, calls, mortgages, liens, surrender and forfeiture of shares.

Loan capital; debentures, types, use of a trust deed, secured and unsecured debentures, fixed and floating charges, charges over book debts, crystallisation of floating charges, priority of charges, registration of charges and avoidance of charges, debenture holder remedies.

The regulation of insider dealing; inside information, insiders, offences and defences, investigation and criminal penalties, civil remedies for insider dealing, market abuse.

Company management and shareholder remedies – weighting 25%

Directors; types, appointment, remuneration, retirement, removal and vacation for office, disqualification orders and undertakings, the division of power between the board of directors and the general meeting.

Directors' duties; the codification process, scope and nature of the general duties, duty to act within powers, duty to promote the success of the company, duty to exercise independent judgment, duty to exercise reasonable skill, care and diligence, duty to avoid a conflict of interest, duty not to accept benefits from third parties, duty to declare interest in proposed and existing transactions or arrangements, civil consequences for breach of duty, release and ratification of breach of duty.

Transactions with directors requiring members' approval, long term service contracts, substantial property transactions, loans to directors, compensation for loss of office.

The company secretary; appointment and qualifications, role, authority to bind the company.

The auditor: the audit requirement, appointment and removal, rights and duties, liability for negligence.

Enforcement of directors' duties under the common law; corporate actions, personal actions, representative actions, derivative actions, the rule in *Foss v Harbottle*, the common law exceptions of illegality and *ultra vires*, special majorities and personal rights, costs.

Enforcement of directors' duties under statute; the derivative action, petitions under s994 CA 2006, petitions under s122 IA 1986, grounds, claimants, remedies and costs, company investigations in outline only.

Meetings and resolutions – weighting 10%

Company meetings; the annual general meeting, general meetings, class meetings, court ordered meetings, notice periods, content of notices, adjournments and the minutes.

Company resolutions; ordinary resolutions, special resolutions, written resolutions, the Duomatic principle and informal unanimous consent, voting and the use of proxies, electronic communications and corporate representatives.

Board meetings and voting at board meetings.

Company restructuring and winding up – weighting 20%

Methods of restructuring; amalgamations and reconstructions, the procedure in s110 IA 1986, amalgamation or reconstruction under s895 CA 2006, schemes of arrangement under s900 CA 2006, the City Code, the work of the Takeover Panel and judicial review of its decisions in outline only.

Alternatives to winding up – the compulsory voluntary arrangement; the nominee, proposal and approval of the arrangement, the small company moratorium, implementing and terminating the arrangement.

Alternatives to winding up – administration orders; the purpose of administration, appointment of administrator, interim moratorium, effects of administration on directors, contracts and employees, role and power of administrators, ending the administration.

Winding up; voluntary and compulsory winding up orders, commencement of winding up, grounds, appointment of the liquidator, function and powers of a liquidator, effect of a winding up order, order of distribution of assets, property not available to a liquidator, trust property and Romalpa clauses, completion of the winding up and company dissolution.

Challenging pre-liquidation transactions and personal contributions; misfeasance proceedings under s212 IA 1986, transactions at an undervalue, preferences, extortionate credit transactions, avoidance of floating charges, disclaiming onerous property, fraudulent and wrongful trading, prohibition in the re-use of company names.

Financial Decision Making

Module outline and aims

The Chartered Secretary has the responsibility of helping to ensure that decisions are properly made and implemented, and that appropriate risk management systems are in place, to maximise value for key stakeholders of the organisation. An understanding of how value is created or destroyed is therefore central to the governance of organisations in all sectors.

Although not always required to perform detailed treasury or finance functions, Chartered Secretaries need to have a clear understanding of how the process of creating and safeguarding value is managed in the organisation to assess the implications for shareholders and other stakeholders, and the need for effective corporate governance. They are involved in the implementation of this process through activities such as processing board memoranda relating to investment or financing proposals, raising capital and other funding, managing profits or surpluses, and ensuring both compliance with regulations and good financial administration.

The module aims to provide you with the knowledge and skills necessary to evaluate the impact of financial decisions on different constituencies of stakeholder. It will also enable you to participate in decision making and processes concerning the maximisation of value in investment, finance and risk management, and the delivery of value for money in achieving the objectives of not-for-profit organisations.

Learning outcomes

On successful completion of this module, you will be able to:

- Explain how organisations make value optimising financial decisions, and reflectively and critically assess the ethical issues arising from these decisions.
- Demonstrate a clear conceptual understanding of the fundamental financial theories relevant to financial decision making.
- Critically analyse and evaluate various financial models and decision making techniques and their impact on different constituencies of stakeholder.
- Apply financial analysis skills in the facilitation of strategic decision making.
- Assess the features of alternative and diverse sources of finance and critically evaluate their appropriateness under different circumstances.
- Evaluate elements of risk, return and value in a range of strategic operational financial decisions and understand the implications in regulatory and governance terms of the consequences of doing so.
- Prepare reports to boards and senior managers setting out options for financial decision making.

Syllabus content

Financial governance: objectives and environment – weighting 10%

Objectives of financial decision making

The role of shareholder wealth maximisation in modern financial management

Shareholder v stakeholder perspectives

Role of the finance function

Balancing risk and return

Shareholder wealth maximisation and ethical behaviour

Ethics and the finance function

Corporate governance

Corporate governance and the agency problem

Financial aspects of the UK Corporate Governance Code

New public management

Management performance measurement – weighting 5%

Financial ratio analysis

Financial ratio analysis, including ratios relating to:

- Profitability
- Efficiency
- Liquidity
- Gearing
- Investment performance

Value for money

Economic Value Added

Trading legitimacy

The nature of overtrading, including:

- The problems of overtrading
- The factors that may lead to overtrading
- Financial ratios that may help to detect overtrading

Financial distress and insolvency, including the use of financial ratios based on univariate and multivariate analysis to predict financial failure.

Making distributions to shareholders – weighting 10%

Dividend policy and shareholder wealth – Traditional v Modigliani and Miller arguments

Reasons for the importance of dividends

Factors determining the level of dividends

Scrip dividends

Special dividends and share buybacks

Long-term investment decisions – weighting 20%

Investment appraisal

The nature of investment decisions

Investment appraisal methods

- Payback period (including discounted payback period)
- Accounting rate of return
- Net present value
- Internal rate of return

Advantages and disadvantages of the various investment appraisal methods

Practical issues in investment appraisal, including:

- Cash flow estimation
- Identifying relevant costs and benefits
- The impact of taxation
- The problem of inflation

Comparing investment opportunities with unequal lives

Single-period capital rationing and the profitability index

The process of approving, monitoring and controlling investment projects

Investment opportunities and risk

The problem of risk and the risk preferences of investors

Risk appraisal methods, including:

- Sensitivity analysis
- Scenario analysis
- Simulations
- Expected net present value
- Event tree diagrams
- Risk-adjusted discount rate

Portfolio effects and risk reduction

Shareholder value analysis

Shareholder value and the need for new forms of measurement

Shareholder value analysis and net present value

Comparison of shareholder value analysis and economic value added

Total shareholder return (TSR) and market value added (MVA)

Evaluation of the shareholder value approach

Business combinations and share valuation – weighting 15%

Mergers and acquisitions

The economic rationale for mergers and acquisitions

Evaluation of the different forms of purchase consideration, including:

- Cash
- Shares
- Loan capital

The motivation for mergers and acquisitions

The potential effect of a merger on the wealth of shareholders in each business

The main methods of resisting a proposed merger or acquisition

Regulatory and procedural issues concerning mergers and acquisitions

Valuation of potential business acquisitions, using:

- Asset based methods
- Stock market methods
- Cash flow and dividend-based methods

The advantages and disadvantages of each valuation method

The rationale for divestment and demerger activity and the potential effect of each form of restructuring on shareholder wealth.

Capital markets and long-term financing decisions – weighting 20%

Financial markets and institutions

The role of the Stock Exchange

Advantages and disadvantages of a Stock Exchange listing

Stock market efficiency

The roles of AIM, private equity and business angels in helping smaller companies

Main sources of long-term finance

Ordinary shares

Preference shares

Share warrants

Raising equity through profit retention

Borrowings, including

- Term loans and mortgages
- Loan notes and bonds
- Eurobonds (international bonds)

Finance leases (including sale and leaseback)

Hire purchase

Securitisation of assets

Government assistance

Raising long-term finance

Identification of financing needs through financial planning (projected financial statements)

Types of share issue, including:

- Rights issues
- Bonus issues
- Offers for sale and public issues
- Placings

Private Finance Initiative

Basic features

Issues and problems

Cost of capital and the capital structure decision

Cost of equity, including basic principles of Capital Asset Pricing Model

Cost of loan capital

Weighted average cost of capital

Gearing and its effect on risk and returns to shareholders

Factors influencing the level of gearing in practice

The capital structure debate – Traditional v Modigliani and Miller arguments

Working capital management and short-term financing – weighting 10%

Working capital management

The nature and purpose of working capital

The working capital cycle

Working capital needs of different forms of business

The interpretation of working capital ratios

The financial impact of changes to working capital policies

The management of inventories, including:

- Forecasting future demand
- Determining appropriate levels of inventory control
- Methods of inventory recording and re-ordering
- Inventory management methods such as economic order quantity model, materials requirement planning and just-in-time inventory management systems

The management of receivables, including:

- Factors to be taken into account in determining which customers should receive credit and how much credit should be offered
- Sources of information available when assessing creditworthiness
- Policies to be adopted for efficient collections of outstanding receivables
- Methods available for reducing risk of non-payment
- The financial impact of changes to receivables policies, such as changes to the credit period and changes to discount policies

The management of cash, including:

- Factors affecting the amount of cash held
- Cash management models
- The use of cash flow statements in managing cash
- The cash conversion cycle

The management of payables, including:

- The benefits of taking trade credit and the problems of taking excessive credit
- The policies to be adopted for the efficient management of trade payables
- The cost of discounts taken for prompt settlement

Short-term financing

External sources of short-term finance, including:

- Bank overdrafts
- Bills of exchange
- Debt factoring
- Invoice discounting

Internal sources of short-term finance, including:

- Reducing inventories

- Tighter credit control
- Delaying payments to payables

Corporate risk management – weighting 10%

The nature of risk and risk policies

The nature of risk and the distinction between operating and financial risks

Key risk concepts including exposure, volatility, severity and probability.

Risk responses including risk transfer, risk reduction, risk avoidance and risk retention.

The relationship between risk and expected returns

Risk management policies and the risk appetite and values of a business

Frameworks for risk management policies, such as Enterprise Risk Management (ERM)

Managing financial risk

The main forms of financial risk – credit risk and market risk

Methods for hedging financial risk, including:

- Futures
- Options
- Forward rate agreements
- Swaps
- Money market hedges

Key areas of the syllabus

- Financial markets and institutions
- Dividend policy and alternatives to cash dividends
- Investment appraisal and the assessment of investment risk
- The rationale, financing and wealth effects of mergers and acquisitions
- Sources of long-term finance and their evaluation
- Cost of capital and the capital structure decision
- Working capital management and short-term financing

Strategy in Practice

Module outline and aims

This module examines the elements, processes and techniques involved in the development and implementation of organisational strategy. As part of the senior management team, Chartered Secretaries have an important role to play in ensuring that strategy fits organisational purpose, is acceptable in terms of risk, and is consistent with good governance as well as with stakeholder requirements and concerns.

The module assesses the critical role played by Chartered Secretaries as part of the senior management team: ensuring the integrity of the policies, systems and processes that deliver the organisation's strategic purpose and objectives. The obligations of directors, officers and senior employees in the strategic planning and delivery of corporate responsibility are also considered. The module will also require you to understand the ethical considerations raised by the development and implementation of strategy and its impact on reputation.

Learning outcomes

On successful completion of this module, you will be able to:

- Analyse and evaluate an organisation's environment and identify global and local opportunities and threats, taking into account the organisation's internal capabilities and resources and the context in which the organisation operates.
- Advise the governing body on the appropriate policies, systems, processes and risk strategies, within a changing context, to meet stakeholder interests, organisational purpose and safeguard organisational reputation.
- Advise on the roles of directors, officers and senior employees in developing and implementing strategy.
- Advise on the resource management issues that contribute to strategic success.
- Advise the management board on systems and processes needed to deliver strategic objectives and address reputational risk.
- Critically review the nature of organisational ethics in strategy development.

Syllabus content

Introduction

As the pace and volume of change in the environment affecting organisations in the private, public and not-for-profit sectors increases, Chartered Secretaries and other senior administrators must seek to understand what is happening and play their part in determining the organisation's response. All organisations are faced with the challenge of strategic direction either to grasp new opportunities or to overcome significant problems.

This field of study is potentially vast and it is all too easy to be seduced by the range of frameworks, tools and techniques that abound. They are important, but only in the political and cultural context of the organisation and as a response to the need for practical responses to day-to-day problems with which managers have to grapple. The aim of the syllabus is to focus on those components of corporate strategy most relevant to the practice of a Chartered Secretary.

Syllabus overview

The aim of the Strategy in Practice module is to enable the Chartered Secretary to apply the concepts and principles of strategic management to organisations in order to protect their reputation and promote good governance and accountability to stakeholders.

There are four main areas in the syllabus:

- Key strategy concepts
- Applied strategic analysis
- Strategic purpose
- Implementing strategy

To give an insight into the level of understanding and competence required, this section describes in more detail the content of each.

Key strategy concepts – weighting 15%

'The nature of strategy and planning' is concerned with whether students are able to:

- Explain the characteristics of strategic decisions
- Explain what is meant by strategy and strategic management and planning
- Identify levels of strategy and how and why these vary
- Critically review the rational planning model and a range of other models
- Apply a strategic approach to different types of organisation
- Understand how strategy and planning reflect the values and expectations of stakeholders

'The role of the Chartered Secretary in strategy and planning' is concerned with whether students are able to:

- Understand the role of the key people involved in the strategy-making process
- Advise on the systems, processes and frameworks underpinning strategy and planning: 'strategising', business cases, strategy projects, and communication
- Define and understand the interaction of 'risk', 'reputation' and 'sustainability' within the context of organisational strategy

Applied strategic analysis – weighting 25%

'Analysing the external environment' is concerned with whether students are able to:

- Analyse the 'far' environment of organisations using PESTEL and systems maps
- Construct alternative scenarios based on key drivers in the environment
- Assess the attractiveness of industries and sectors and their potential for investment and change
- Recognise strategic opportunities by identifying market segments, strategic groups and critical success factors

'The analysis of capability and competences' is concerned with whether students are able to:

- Distinguish the components of strategic capability including resources, core competences and dynamic capabilities
- Recognise how strategic capabilities provide sustainable competitive advantage
- Assess strategic capability using value chain analysis, benchmarking, and activity mapping
- Advise on the contribution of organisational knowledge to strategic capability

'Strategy and organisational culture' is concerned with whether students are able to:

- Analyse how culture influences the strategic position of organisations
- Advise on the implications of strategic drift
- Analyse the influence of an organisation's culture on its strategy using a range of frameworks
- Understand the relationship between organisational and international cultures

Strategic purpose – weighting 30%

'The governing body's influence over strategy' is concerned with whether students are able to:

- Apply the concept of the governance chain to organisations

- Understand the relationship between stakeholders and governance

'Stakeholder expectations and management' is concerned with whether students are able to:

- Recognise the importance of determining, challenging and balancing conflict in the risk appetite of differing stakeholders
- Apply the outcomes of stakeholder analysis to manage the influence of different stakeholders and stakeholder groups

'Expressing organisational purpose' is concerned with whether students are able to:

- Advise on appropriate ways to express the strategic purpose of an organisation: values, vision, strategic intent, mission and objectives

'Business ethics and social responsibility' is concerned with whether students are able to:

- Define ethics and take an ethical perspective in strategy development
- Critically review the role of ethics in the organisation
- Understand the different ethical stances taken by organisations
- Advise on ethical decision-making and conflicts of interest amongst stakeholders
- Advise on the link between sustainability and strategy

'Protecting and enhancing the reputation of the organisation' is concerned with whether students are able to:

- Understand the nature and sources of reputation
- Advise on ensuring a coherent approach to reputation and risk

Implementing strategy – weighting 30%

'Strategy development' is concerned with whether students are able to:

- Understand how both emergent and planned strategy development may be found in different organisational contexts
- Understand the elements of strategic leadership that are required in uncertain and complex conditions

'Strategic choice' is concerned with whether students are able to:

- Critically review the range of methods by which strategy might be pursued: organic development, mergers and acquisition, strategic alliances
- Identify alternative directions for strategy, including market penetration or consolidation, product development, market development and diversification, employing a range of techniques for evaluating strategic options
- Apply portfolio management to create value through corporate level strategy

- Assess the extent to which strategic business units can provide sustainable competitive advantage
- Identify sources of competitive advantage in international strategy: Porter's Diamond

'Organising for success' is concerned with whether students are able to:

- Assess the strengths and limitations of the main structural forms
- Recognise the role of control processes and relationships, including performance management and evaluation, technical control, and administrative control

'Managing strategic change' is concerned with whether students are able to:

- Distinguish the nature and significance of strategic change
- Advise on roles in managing change including managers and change agents
- Assess the value of change levers and tactics including political and symbolic processes
- Advise on managing the effects of change on people
- Identify the issues involved in designing and managing strategic change programmes
- Understand why change may be resisted and how this can be overcome

Corporate Secretarial Practice

Module outline and aims

This module examines the role of the Chartered Secretary in promoting and reinforcing good governance across the organisation by ensuring compliance with statutory obligations and good practice. In particular, this module explains the role of the Chartered Secretary in devising and overseeing appropriate compliance systems and processes to ensure that the company and its directors are compliant with the Companies Act 2006 and with the company's constitution. The module also deals with managing the practical and company law issues in relation to shareholders.

Chartered Secretaries need to understand the application of statutory requirements and other best practice and how this underpins good governance and compliance, irrespective of sector. The module examines corporate secretaryship practices and processes within legal and other frameworks of best practice and the role of the Chartered Secretary in ensuring organisational effectiveness.

Learning outcomes

On successful completion of this module, you will be able to:

- Identify the scope, role and functions of the company secretary and apply them in the employing or client organisation.
- Critically evaluate and apply the role of company secretary as an advisor to the board.
- Ensure effective communication and dissemination of information to and from the board, both internally and externally, for the optimum benefit of the organisation.
- Understand the law and best practice in key functional matters (for example, meetings and share capital management) and apply them in the secretaryship function and ensure corporate compliance.
- Apply the functions of a company secretary in ensuring corporate compliance through good disclosure and observance of statutory and other regulations
- Take responsibility for the ongoing responsibilities of the secretary as a professional practitioner in the organisation and be responsible for continuing personnel development within the secretariat.
- Identify required actions arising from statutory obligations and best practice in terms of financial, compliance and governance reporting and disclosure; understand why such disclosure is necessary.
- Apply statutory requirements and good practice in relation to shareholder related communications.
- Critically assess the role played by the secretary in supporting compliance, disclosure, and accountability across the organisation to ensure the effective achievement of organisational objectives.

Syllabus content

The role of the company secretary involves maintaining three key elements of an organisation: the company itself, the board of directors and the shareholders. The aim of the module is to specify and assess the essential knowledge and skills involved in taking overall responsibility for the corporate secretarial function in large-scale organisations. The practice of corporate secretaryship in this module extends to both the strategic and functional contexts, in advising the board, in leading teams in secretarial best practice, in ensuring compliance with law and regulation and in establishing and maintaining appropriate processes in respect of the company's shareholders.

The secretary, the board and members – weighting 20%

Candidates need to understand the importance of the role of secretary and how the secretary interrelates with others in the board and the company's shareholders. An important aspect of the role of the secretary is the interaction with the board. The role of secretary is quite unusual as it can provide direct access to the board of large organisations at a relatively early career stage. It is therefore all the more important that the secretary is equipped with the professionalism that the board expects. This opening part of the syllabus serves as a useful foundation for the rest of the subject.

Content:

Role of the secretary, functions, duties, appointment and vacation of office

The secretary as advisor to the board

The secretary's role in ensuring compliance

Directors:

- Appointment, removal and disqualification
- Roles and duties

Members:

- Types of shareholders
- Member rights and duties

Corporate compliance – weighting 40%

This part of the syllabus focuses on the creation of different types of legal entities and ongoing compliance: the importance of Articles for a company cannot be underestimated, as it is essentially the company's written constitution. The secretary is expected to have a working knowledge of the Articles of Association and to apply that knowledge in a practical way to a variety of situations.

There is a host of statutory returns that need to be submitted to the Registrar of Companies and, in addition, the secretary should have a good understanding of possible offences under the Companies Acts to prevent inadvertent breaches of the law. The directors of a company are held responsible for non-compliance and so depend on the secretary to protect their interests and the reputation of the company in ensuring the company remains compliant.

Candidates may go on to work for listed companies and therefore need to be aware of the framework of regulations for listed companies and the general ongoing requirements. Shareholders, potential investors and other stakeholders need to have a high degree of confidence that a listed company is properly run, not only in accordance with the Companies Act and best practice, but also to the standards demanded by the Listing Regime. It is the secretary's duty to advise the board so that this is maintained.

Content:

Company formation, company constitutions, different types of companies

Company insolvency, winding up, striking off and dissolution of companies

Maintenance of statutory records

Filing of company returns

The regulation of listed companies: The UK listing regime, the London Stock Exchange and takeovers / mergers

Shares:

- Share capital
- Share transfer, transmission and registration
- Regulation of the securities industry
- The company registrar function
- Capital events
- Employee share schemes
- Dividends

Regulation and disclosure – weighting 40%

The company secretary has an important role to play in the dissemination of information about the company, its directors and its members. These are required as most companies have limited liability and hence many third parties will wish to know with whom they are doing business.

Secretaries also need to be mindful of legal implications and best practice with regard to such areas as formal meetings of either the board or shareholders.

The importance of the annual report – both in compliance with the Companies Act and as a shareholder relations tool – cannot be underestimated. The secretary has a pivotal role to play, by ensuring that the annual report is distributed to those who are entitled by law to receive it and also to other important interested parties. The secretary also drafts the directors' report.

Content:

Regulation of companies and disclosure requirements – Companies House, shareholders, UKLA, Community Interest Companies Regulator

The links between disclosure, accountability, transparency and trust

Understanding of the importance of the disclosure process for ensuring statutory compliance and for securing support from the organisation's stakeholders. Implications for failing to keep proper records and failing to disclose.

Company law, statutory rights of shareholders and the public to information about companies.

Statutory requirements and good practice in relation to member and board meetings:

- Convening meetings
- Notice
- Quorum
- Voting and other procedures
- Minutes and resolutions
- The role of the chairman

- The role of the company secretary
- Statutory records

Meetings of the members:

- Annual general meetings
- Other general meetings
- Class meetings
- Written member resolutions
- Meeting procedures (e.g. disorder, dealing with members' questions)

The Annual Report and Accounts:

- Role and duties of the company secretary
- Statutory reporting requirements
- Narrative reporting
- EU directives and other developments

Auditors:

- Appointment and termination
- Role, liability, disclosure and other duties

