



Certificate and Diploma in Offshore Finance and Administration

Syllabus and learning outcomes

September 2011

Contents

Offshore Business Environment	3
Accounting Fundamentals	6
Investment	8
Principles of Trust and Company Law	11
Business Management in Practice	14
Financial Reporting and Governance	17
Portfolio Management	20
Offshore Trust and Company Administration	22

Offshore Business Environment

Aims

This module provides an introduction to fundamental topics and issues in the offshore-services industry. Subjects covered include the types of products and services offered, the regulation and supervision of offshore financial-services providers and anti-money-laundering regulations.

Learning outcomes

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

- Describe typical features of offshore centres.
- Demonstrate an understanding of key aspects of English law.
- Outline taxation concepts.
- Describe the principles of foreign exchange and offshore banking.
- Explain the types of products and services typically available from an offshore-services provider.
- Explain the significance of the regulation and supervision of offshore business, including the role of international bodies which have an effect on offshore business.
- Demonstrate understanding of UK insider-dealing and market-abuse legislation, and the implications for organisations and individuals found in breach.
- Demonstrate understanding of money laundering and the issues for offshore centres in this respect, including anti-money-laundering (AML) legislation and processes, and the implications for organisations and individuals found in breach.

Syllabus

1. Offshore centres
 - Development and features of offshore centres
 - 'Onshore offshore centres'
 - Choosing an offshore centre and a services provider
2. The legal environment
 - The importance of English law in offshore business
 - Legislation, interpretation, and case law
 - Contract law
3. Taxation
 - Different taxes and their implications: direct taxation versus indirect taxation
 - Residence, domicile, and tax implications
 - Taxation of companies, partnerships, foundations, and trusts
 - Transfer pricing
4. Banking
 - Accounts and payments
 - Foreign exchange
 - Forward-exchange contracts
 - Offshore-banking services
5. Offshore services
 - Introduction to the financial-services sector
 - Trusts and companies: uses and administration
 - Services, insurance, and legal services
 - Tax compliance and tax planning
 - Investment-management services
 - Retail Distribution Review (RDR)
6. Regulation and supervision of the offshore services sector
 - The need for and development of regulation
 - Regulatory codes
 - Money laundering, know your customer (KYC), client due diligence (CDD), market abuse and data protection
 - The role and powers of international bodies
7. Insider dealing
 - What insider dealing is and who is involved
 - Penalties for insider dealing
 - Preventing insider dealing

8. Money laundering

Money laundering and why it is considered harmful

Anti-money-laundering (AML) and combating the financing of terrorism (CFT) legislation, processes, and initiatives

Accounting Fundamentals

Aims

This module provides an introduction to the language of accounting, accounting conventions and the international framework of accounting. You will learn why financial information is produced, where it comes from, who uses it, and the purposes for which it is used.

Learning outcomes

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

- Demonstrate understanding of the requirements for accounting information, and identify the users and uses of accounting information.
- Demonstrate awareness of the characteristics of financial statements, and understanding of accounting concepts and conventions.
- Demonstrate awareness and understanding of the accounting framework and environment.
- Identify the elements of financial statements, and prepare ledger accounts and trial balances.
- Prepare bank reconciliations and control accounts, and demonstrate awareness of the elements of control within financial-accounting systems.
- Prepare financial statements from a trial balance, and demonstrate understanding of the adjustments required to prepare financial statements.
- Account for the acquisition and disposal of fixed assets, and explain the different methods of depreciation.
- Demonstrate an awareness of the international accounting framework, and prepare financial statements for limited companies and other entities in accordance with International Financial Reporting Standards.
- Demonstrate awareness and understanding of the usefulness and limitations of financial statements.

Syllabus

1. Accounting information

The need for, and purpose of, accounting information
The users of accounting information and their requirements

2. The accounting environment

Concepts and conventions of financial accounting
The four major concepts of financial reporting
The international framework for the preparation and presentation of financial statements for limited companies

3. Double entry

The double-entry system and the concept of duality
Ledger-account preparation
Cash and credit transactions

4. Internal control

The objectives and preparation of bank-reconciliation statements
Control accounts and trial balances

5. Adjustments to trial balance

The need for and accounting for cost of sales
Prepayments
Accruals
Adjustments for bad debts, and provision for doubtful debts

6. Fixed-asset accounting

An introduction to fixed assets
The ledger entries for the acquisition and disposal of fixed assets
The alternative methods of depreciation

7. Financial Statements (commercial and non commercial entities)

Sole traders: Profit and Loss account, Balance sheet
Company Financial Statements: Income Statement, Statement of Financial Performance
Not-for-profit: Income and Expenditure Account, Receipts and Payments Account

8. Interpreting Company Financial Statements

Ratio analysis: profitability, working capital, solvency, gearing
Limitations of ratio analysis

Investment

Aims

This module provides an introduction to the types of investment product available and how they work. This includes an overview of key investment products such as shares, collective investments, fixed-interest products, and derivatives.

Learning outcomes

After successful completion of this module, candidates will be able to:

- Demonstrate understanding of the savings and investment scene.
- Explain how companies raise capital, including how they obtain a stock-market listing.
- Describe dealing procedures, settlement, and relationships with counterparties.
- Outline how shares may be valued, and explain investment ratios.
- Explain the features of collective investment schemes.
- Demonstrate a general understanding of fixed-interest securities, derivatives, foreign-exchange dealings, and collective investment schemes.
- Demonstrate knowledge of the nature and types of risk associated with different investment products and strategies.

Syllabus

1. The savings and investment scene

Types of savings instruments and investments available
Comparison of investment products
How markets work: supply-and-demand theory
Economic statistics and the measurement of economic activity
Business cycles and inflation
Stock markets and the changing roles of traditional stock exchanges
London Stock Exchange and major stock exchanges including Wall Street, NASDAQ, Deutsche Börse, Paris Bourse, and dealing platforms

2. Company finances, and new issues

Short-, medium- and long-term financing
Capital structure and types of share
Liability management
Flotations, scrip issues, rights issues, and mergers and acquisitions

3. Dealing procedures, settlement, and counterparties

Quote- and order-driven markets
Dealing platforms, and the effect of MiFID
Multilateral trading facilities, settlement procedures, counterparties, and data vendors

4. Assessing share values

Sources of information
Annual reports: what to look for, and their limitations
Measures of value, including investment ratios

5. Fixed-interest securities, including bonds and Government debt

Introduction to fixed-return investments
Methods of issue, settlement, and risk

6. Collective investment schemes

Investment trust companies
Open-ended Investment Companies (OEICs) and unit trusts
Undertakings for collective investment in transferable securities (UCITSs)
Venture-capital trusts
Société d'investissement à capital variable (SICAV)
Hedge funds
Private equity

7. Derivatives

Derivatives

Futures

Options

Warrants

Swaps

8. Money-market and foreign-exchange dealing

Money markets

Foreign-exchange dealing

Foreign currency swaps

Carry trade

Principles of Trust and Company Law

Aims

This module introduces the legal aspects of trust and company administration. The module will help you understand basic terminology and concepts underpinning both trust and company law.

Learning outcomes

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

- Explain the legal principles governing the administration of trusts and companies.
- Demonstrate understanding of how trusts and companies are formed, the different types trust, and the roles and powers of the main stakeholders.
- Demonstrate understanding of law and practice relating to trust and company documentation and meetings.
- Demonstrate understanding of how companies are wound up.
- Demonstrate knowledge and understanding of other vehicles and structures, including foundations, trust-like entities and LLPs.

Syllabus

1. Introduction to trusts

Development of equity, common law and trust law
Parties to a trust and their roles
The three certainties
Formalities and validation of trusts

2. Trust documentation

Trust deed
Administrative provisions in a trust deed
Powers of the parties in a trust deed
Other trust documentation

3. Types of trust

Types of trust and differences between them
Classification of trusts
Uses, advantages, and disadvantages of a trust

4. Introduction to companies

The purpose and features of a company, including the veil of incorporation
Types of companies
Typical incorporation procedures
Constitutional documents and their role as contractual documents
Share capital

5. Company roles, rights and duties

Shareholder rights and powers
Directors' powers, duties, and liabilities
Company secretary and auditor duties

6. Company meetings and records

Types of meeting
Voting rules
Types of resolution
Registered office and registers

7. Winding up and company dissolution

Types of winding up and related procedures

8. Other vehicles

The meaning of 'vehicles' and 'structures'

Foundations and trust-like entities in mixed-law and civil-law jurisdictions

Partnerships offshore and Limited Liability Partnership (LLP)

Business Management in Practice

Aims

This module addresses the nature of organisations and management, including such topics as the role of the manager, organisational structures and culture, decision-making and how to manage change successfully.

Learning Outcomes

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

- Explain various approaches to management and the role of the manager.
- Demonstrate understanding of human behaviour in relation to the world of work.
- Demonstrate understanding of the nature of organisations, including the influence of stakeholders, structure, and culture.
- Demonstrate an appreciation of the various business functions, and the role of enterprise and innovation in achieving organisational goals.
- Select and apply tools and techniques to examine the business environment, and explain the impact of the environment on business practice.
- Explain different approaches to managing change, and the issues that might affect the ability to manage change effectively.

Syllabus

1. Approaches to management and the role of the manager

The concept of management
Different perspectives on management theory
The nature of managerial work and styles of management
Professional development and the 'reflective practitioner'

2. Human behaviour

Personality and personality studies
Human behaviour theory and managing attitude change
Individual differences, diversity, and equal opportunities
Time management

3. Leading, managing, and motivating people

Leadership theories, styles and behaviours
Motivation: theories, and tools and techniques
Managing groups, group performance and team work
Group conflict and its management
Managing the knowledge worker

4. The nature of organisations: structure, and systems

Organisations as open systems: inputs/transformation/outputs
Different types and classifications of organisations
Configurations
Organisational boundaries, the flexible firm, outsourcing, and home-working

5. Business functions

Finance, HR, information management, marketing, operations/production,
purchasing/procurement, quality, and R&D
City and stakeholder relations

6. Analysing the business environment

Different levels of business environment
Analysing macro, competitive and internal environment
SWOT summary

7. Strategy, planning and decision making

Different levels of strategy and alternative models
Stakeholders, power, and politics
Organisational purpose, mission, and values
Planning and control
Decision-making

8. The role of innovation in improving business performance

Nature of innovation

Industry breakpoints

Creative destruction

Technology push and market pull

Challenging industry assumptions

Managing and encouraging innovation and creativity

9. Managing change

The nature of change and different types of change

Triggers of change, resistance to change, and managing resistance to change

Process of change

Agents and facilitators of change

The role of communication

10. The international context and globalisation

International business conditions and influences: drivers of internationalisation

National and international sources of advantage

Globalisation

Cultural considerations

International management and managers

Financial Reporting and Governance

Aims

The module is aimed specifically for those employed as administrators in junior supervisory roles, whose present or future position requires a broad knowledge and understanding of the perspective of the industry, whilst demanding a high degree of operational knowledge covering legal, regulatory and financial frameworks.

The module aims to enable students to understand the importance of the two significant and highly relevant aspects of offshore finance, 'financial reporting and interpretation' and 'governance' and to develop knowledge, understanding and key skills within these legal, regulatory and financial frameworks.

Learning outcomes

On successful completion of this module candidates will be able to:

- Demonstrate a sound knowledge and understanding of corporations, their legal position and financing, returns to financial stakeholders and the importance of sound corporate governance and social responsibility.
- Justify and discuss the key components of a sound regulatory framework for financial accounting and reporting, including the relevance and implementation of Generally Accepted Accounting Practice (GAAP) including key International Financial Reporting Standards.
- Understand and interpret, with reference to GAAP, key aspects of financial sector regulation.
- Demonstrate comprehension of the corporate and private use and misuse of offshore vehicles.
- Explain the main principles underpinning the recognition of revenue, assets and liabilities, the impact on corporate reporting and demonstrate sound understanding of the importance of 'substance over legal form' including references to 'fair value'.
- Select and apply appropriate tools and techniques to calculate and interpret measures of financial performance.
- Prepare and interpret cash flow statements.
- Prepare and interpret non-complex trust accounts.

Syllabus

1. The financial reporting environment
 - Generally Accepted Accounting Practice (GAAP)
 - UK companies Acts
 - International Financial Reporting Standards (IFRSs)
2. Accounting concepts
 - Conceptual framework
 - Qualitative characteristics
 - Revenue recognition and measurement
3. Reporting financial performance
 - Accounting policies
 - Presentation of financial statements
 - Reporting the substance of transactions
 - Financial instruments
 - The impact of foreign currency exchange rate changes
4. Events after the reporting period
 - Terminology and accounting treatment
5. Provisions, Contingent Liabilities and Contingent Assets
 - Terminology and accounting treatment
6. Financial Ratio Analysis
 - Calculating and interpreting ratios in respect of profitability
 - Liquidity
 - Efficiency
 - Gearing
 - Earnings per share
7. Cash flow statements
 - Preparation
 - Interpretation
8. Trust accounting
 - Income and capital
 - Prepare and interpret non-complex financial statements

9. Reporting requirements of companies, trusts and other offshore vehicles

- Public and private limited companies
- Share and loan capital
- Implications of gearing and taxation
- Corporate and private offshore vehicles
- Accounting methods
- Legitimate uses, misuses and private uses
- Tax jurisdictions
- Partnerships

10. Financial sector regulation

- Banking
- Banking licenses
- The role of central banks

11. Frameworks and governance

- Agency theory
- Codes and reports
- Corporate social responsibility
- Walker Review
- Basel II and III
- Sarbanes Oxley Act (2002)
- Dodd Frank Act

Portfolio Management

Aims

This module addresses principal types of investments including sustainable investments, and involves discussion of ethics applied to this field.

Learning outcomes

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

- Demonstrate understanding of portfolio management and the techniques required for acceptable investment returns.
- Explain and apply portfolio theory with due consideration to risk and return.
- Discuss ethics, liquidity, and transparency in relation to investments in equities, bonds, property, and major forms of derivatives and structured finance.
- Select and apply appropriate tools and techniques in the analysis of an investment.
- Discuss taxes as applicable to companies, trusts, and foundations.

Syllabus

1. Objectives and challenges of portfolio management
 - Objectives of portfolio management
 - Challenges of portfolio management
2. Financial markets and economic environment
 - The impact of economic cycles and crises
 - Microeconomic and macroeconomic theory
3. Modelling a portfolio
 - Risk and return
 - Theories and models including Modern Portfolio Theory (MPT), Capital Asset Pricing Model (CAPM), and arbitrage-pricing theory
4. Asset allocation
 - Characteristics and risks of different asset classes
 - Ethical considerations
5. Portfolio analysis
 - Fund appraisal, including alpha, beta, Sharpe, Treynor, Sortino, total expense and information ratios, R2, M2, and value-at-risk (VaR) measures
 - The use of benchmarks, including indices, global investment performance standards, and money-weighted, time-weighted, and risk-adjusted returns
6. Equity valuation
 - Yields and ratios, including return on equity, and return on capital employed (ROCE), earnings per share (EpS), price/earnings (P/E), dividend cover, and dividend yields
7. Investment styles and vehicles
 - Passive and active management
 - Bottom-up versus top-down management
 - Ethical and socially-responsible investment
 - Examples of successful investment-management styles/approaches
 - Alternative investment vehicles
8. International taxation
 - Bases of taxation
 - Companies
 - Individuals
 - Tax mitigation

Offshore Trust and Company Administration

Aims

This module focuses on the practice of trust and company administration in an offshore environment, including the roles and duties of key stakeholders such as directors and shareholders, conduct of meetings and other key business.

Learning outcomes

After successful completion of this module, candidates will be able to:

- Demonstrate understanding of the procedures and practice of trust and company administration.
- Explain how the relevant legal principles and concepts underpin procedure in administration of trusts and companies in offshore jurisdictions.
- Explain and interpret the relationship between legal principles and procedure, in an appropriate and practical manner, to provide advice on matters of trust and company administration which reflects best practice.
- Demonstrate understanding of the problems offshore services providers may face relating to risk management and control and the acceptance of new business and administration, and how these problems can be addressed.

1. The trustee
 - Role and duties of trustees
 - Powers and liabilities of trustees
 - Different types of trustee and their overall responsibilities
 - Trustees Act 2000
 - Appointment, retirement and removal of trustees
 - The licensing, regulation and supervision of trustee service providers
 - Codes of practice for trustee services providers
2. Trust structure and controls
 - Benefits and uses of the different trust arrangements
 - Complex problems and their resolutions
 - Taking on second hand business
 - The beneficiary principle
 - Risk management court decisions in respect of the validity of offshore trusts
 - Disclosure issues
 - Setting trusts aside and closing and/or transfer of trusts
3. Record keeping for trusts
 - Convening and managing meetings of the trustees
 - Drafting trustee resolutions
 - Preparing trustee minutes
 - Maintaining and updating information in respect of settlors, beneficiaries, decision making and administration
 - Accounting requirements and best practice for trusts under administration
 - Undertaking the annual/periodical estate review
4. Directors and company officers
 - Role and duties of directors and secretaries
 - Powers and liabilities of directors
 - Companies Act 2006
 - Appointment, resignation, removal and disqualification of directors and secretaries
 - Codes of practice for company directors
5. Company structure and controls
 - Funding and sources of funds
 - Different types of companies under administration
 - Practical case studies relating to power and control
 - Role and responsibilities of the beneficial owner and the link to the nominee shareholder
 - Associated trusts
 - Impact of the different jurisdictional differences
 - Risk management relating to any services provided for companies under administration
 - Disclosure Issues
 - Winding up/ liquidation of companies under administration

6. Company records and information

- Compiling and maintaining the statutory records
- Compiling agendas for directors and general meetings
- Drafting resolutions
- Preparing minutes
- Accounting requirements and best practice for companies under administration

7. Regulation, management and control of offshore company providers

- Licensing of company administration businesses
- Codes of practice for offshore company administration providers

8. Tax planning implications for trust arrangements and companies under administration

- Settlors / beneficiaries /beneficial owners – impact of domicile and residence
- Decision making and the potential implications of the manner and location of the decision
- Different tax regimes
- Tax treaties and the impact of tax exchange agreements

9. Due diligence for trust arrangements and companies under administration

- Due diligence requirements in respect of settlors, beneficiaries, beneficial owners and directors
- New and second hand business for trusts and companies under administration
- Maintenance of anti-money laundering requirements