



Certified Public Accountants Association

Certified Public Accountants Association

Unit Specifications for CPAA Level 5 Professional Certification in Public Practice/ Stage Three Syllabus

About the Certified Public Accountants Association

The Certified Public Accountants Association (CPAA, the Association) is a professional body focused on supporting and raising standards, among UK based micro-accountancy practitioners. The Association was incorporated in 1997 and today represents around 1,000 accountancy practitioners engaged in public practice.

The CPAA is structured as a not for profit, company limited by guarantee without share capital. It is registered in England and Wales under company registration number 03448159.

More information on the CPAA can be found on its website www.cpa.co.uk.

Qualification aim

The qualification is designed to assess the knowledge of UK based micro-accountancy practitioners, to ensure that they are a competent and ethical professional accountant, with a firm understanding of financial reporting and UK taxation.

Who should pursue the qualification

1. Accountants aspiring to establish their own micro-accountancy practice.
2. Practitioners who own/operate a micro-accountancy practice.
3. Accountants, or trainee accountants, aspiring to work in a senior technical role within a micro-accountancy practice.
4. Those aspiring to become a member of the Certified Public Accountants Association

Micro-accountancy practices

In the design of the qualification the CPAA has modelled a 'typical' practicing member, which it has used as the basis for a practitioner:

Fee income of between £70,000 and £150,000

Representing around 258 clients

Operating through a limited company

Offering five key services to clients:

Preparation and submission of self-assessment returns

Preparation of limited company accounts

Supporting clients with Value Added Tax

Preparation and submission of Corporation Tax returns

Preparation and submission of Capital Gains Tax returns

Qualification users

User	Details of user	Core use case(s)
Certified Public Accountants Association	--	<ol style="list-style-type: none"> 1. Aid in assessing the suitability of applicants for membership of the CPAA. 2. Benchmark expected levels of knowledge/competencies expected of members and aspiring members.
Existing practitioners	Accountants engaging in public practice (the provision of accountancy services to the public), who operate micro-accountancy practices.	<ol style="list-style-type: none"> 1. Provide external verification of their skills/knowledge (to demonstrate their ability to clients and other professionals). 2. Support them in assessing skills/knowledge of existing/prospective employees and other accountants. 3. Provide a route to membership of the CPAA if they do not otherwise qualify for membership.
Aspiring practitioners	Those aspiring become an accountant engaged in public practice, either as a owner/operator of a micro-accountancy practice, or as a senior employee within a micro-practice.	<ol style="list-style-type: none"> 1. Provide external verification of their skills/knowledge (to demonstrate their ability to clients and other professionals). 2. Support them in identifying gaps in their knowledge/skills base and filling these gaps. 3. Provide a route to membership of the CPAA if they do not otherwise qualify for membership.
Those who rely on the competency of professional accountants	Individuals and organisations who rely on the abilities of practising accountants. For example, clients, lenders (banks and building societies) and regulators.	<ol style="list-style-type: none"> 1. Provide external verification of the accountant's skills/knowledge. 2. Demonstrate their commitment to developing their professional knowledge/skills.

Entry criteria

Candidates starting the qualification should have completed Stage Two of the Association's Professional Qualification (the second foundational qualification offered by the CPAA), or hold an equivalent level 4 qualification in a relevant subject. Alternatively, a candidate who has held a senior role within an accountancy practice in the UK for at least three years, may start the qualification.

Qualification level

In establishing the level for each stage of the CPAA Professional Qualification the Association has consulted with experienced and qualified education professionals who are currently teaching qualifications at and above the targeted level of the stage being reviewed.

Stage Three	Level 5	Second Year Undergraduate Degree Diploma of Higher Education
Stage Two	Level 4	First Year Undergraduate Degree Diploma of Higher Education
Stage One	Level 3	A-Level Advanced Apprenticeship

Total Qualification Time (TQT) and key dates

Enrolment opens in October each year, and closes by the beginning of February in the following year. Candidates follow a program of study through CPAA Learn (the Association's Learning Management System (LMS)). This program lasts for four and a half months. Exams are held in August, with resits available in November.

TQT is 150 hours.

Assessment methodology

Candidates must complete a self-reflective written piece of work, exploring their professional experience against select learning objectives within the syllabus. Candidates are given a set of questions included in Appendix C. Their responses are reviewed and marked by an independent, qualified accountant who holds a relevant level 7 qualification or equivalent.

Candidates must also sit a closed book, invigilated, examination. Questions for this examination are developed and answers marked by subject matter experts.

Exam Format:

Total Duration: 3 hours

Total Marks: 100

Pass Criteria:

Candidates must gain 51% of available marks in Section A, 26 marks, 13 correct answers,

AND

Candidates must gain 50% of available marks in Section B, 25 marks.

Exam format summary

Section A

Estimated time 50 minutes (2 minutes per question)

Twenty OTQs (2 marks each)

Financial Reporting and Analysis	30%, 7 questions
Advanced Taxation for Accountancy Practitioners	30%, 8 questions
Advanced Ethics and Compliance for Accountancy Practitioners	40%, 10 questions

Pass Mark: 26 marks/51%/13 correct questions

Section B

Estimated time 130 minutes (5 minutes reading per case study/question(s), 23 minutes per question)

Five Short Essay Questions

Financial Reporting and Analysis	40%, one case study (between 150-300 words), 2 questions based on the case study
Advanced Taxation for Accountancy Practitioners	40%, one case study (between 150-300 words), 2 questions based on the case study
Advanced Ethics and Compliance for Accountancy Practitioners	20%, one case study (between 150-300 words), 1 question based on the case study

Pass Mark: 25 marks/50%

Timings

Candidates have three (3) hours to complete the exam. They may spend this time however they wish, though the following timings are provided as a guide to aid candidates, question writers and tutors.

Section A			
Reading per question	1 minute		
Thinking/answering	1 minutes		
Total time per question		2 minutes	
Total for Section A (25 questions @ 2 minutes each)			50 minutes
Section B			
Reading time per case study	5 minutes		
Reading time per question/trigger	3 minutes		
Thinking/answering	20 minutes		
Total time for sub-section one (Financial Reporting and Analysis, one case study and two questions)		51 minutes	
Total time for sub-section one (Advanced Taxation for Accountancy Practitioners, one case study and two questions)		51 minutes	
Total time for sub-section one (Advanced Ethics and Compliance for Accountancy Practitioners, one case study and one question)		28 minutes	
Total time for Section B (5 questions @ 13 minutes, plus three case studies @ 5 minutes each)			130 minutes
Total Time			180 minutes

Learning Objective	Assessment criteria	Notes
Financial Reporting and Analysis		
1. Advise a client on the accounting framework options available according to the client's size and nature and the implications of each option.	<ol style="list-style-type: none"> 1. Identify which accounting frameworks are available for the client, including IFRS, FRS 102, FRS 102 using Section 1A, FRS 105. 2. Explain the advantages and disadvantages of each framework, to enable to the client to make an informed choice on the framework. 	
2. Explain and apply the appropriate reporting standards to account for revenue and expenses of limited companies	<ol style="list-style-type: none"> 1. Select and apply the appropriate financial reporting standard in order to correctly recognise revenue: <ol style="list-style-type: none"> a. IFRS 15 (Revenue from Contracts with Customers) b. IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) c. FRS 102 Section 23 2. With reference to relevant reporting standards, explain to a client the accounting treatment of revenue as it relates to a limited company. 3. Explain and apply the correct accounting treatment of government grants and the presentation of such grants in the financial statements of a limited company. 4. Explain and apply the appropriate financial reporting standard in order to correctly recognise expenses, accounting for: <ol style="list-style-type: none"> a. Trade discounts b. Settlement discounts 5. Explain and apply the appropriate accounting treatment for provisions and contingencies following: <ol style="list-style-type: none"> a. IAS 37 b. FRS 102 Section 21 	
3. Advise a client on the accounting implications of the acquisition, lease, holding and disposal of assets through a limited company	<ol style="list-style-type: none"> 1. Select the appropriate financial reporting standards and apply these to correctly record the acquisition, lease or disposal of assets for a limited company: <ol style="list-style-type: none"> a. IAS 16 (Property, Plant & Equipment) b. IAS 36 (Impairment of Assets) 	Where IFRSs differ from the accounting treatment prescribed in FRS 102, the candidate will be expected to identify areas of

	<ul style="list-style-type: none"> c. IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) d. IFRS 16 (Accounting for Leases) e. IAS 2 (Inventories) f. IAS 10 (Events after the reporting period) g. IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) h. IAS 38 (Intangible Assets) i. IAS 40 (Investment Property) j. FRS 102 Section 5 Statement of Comprehensive Income and Income Statement (insofar as relevant to discontinued operations) k. FRS 102 Section 10 Accounting Policies, Estimates and Errors l. FRS 102 Section 13 Inventories m. FRS 102 Section 16 Investment Property n. FRS 102 Section 17 Property, Plant and Equipment o. FRS 102 Section 18 Intangible Assets other than Goodwill p. FRS 102 Section 20 Leases q. FRS 102 Section 27 Impairment of Assets r. FRS 102 Section 32 Events after the Balance Sheet Date <p>2. Advise a client of the implications to their business' accounting records and financial statements, of:</p> <ul style="list-style-type: none"> a. The acquisition of an asset b. The sale or planned sale of an asset c. Changes to depreciation policies for an asset d. The impairment of an asset <p>3. Advise a client on the benefits and disadvantages of either purchasing or leasing equipment and the impacts of each decision upon their business' accounting records and financial statements.</p>	<p>difference to score well, though must use the treatment in FRS 102 to secure a passing mark.</p>
<p>4. Explain to a client the requirements of IAS 24 Related Parties Disclosure</p>	<p>1. Explain to a client the concepts and criteria of:</p> <ul style="list-style-type: none"> a. Related parties b. Related party transactions 	

	<ol style="list-style-type: none"> 2. Explain the disclosure requirements for related party transactions. 3. Explain to a client the reasons for disclosures under IAS 24 and FRS 102 Section 33, together with the differences in disclosures under Section 1A of FRS 102. 4. Explain to a client the requirements within FRS 102 Section 33 and the related requirements in Section 1A for Small Entities. 	
<p>5. Analyse financial statements to provide insights relevant to a micro- to small- limited company client</p>	<ol style="list-style-type: none"> 3. Select appropriate financial ratios to analyse a client's financial statements: <ol style="list-style-type: none"> a. Profitability <ol style="list-style-type: none"> i. Return on Equity ii. Operating profit Margin iii. Gross profit Margin b. Liquidity <ol style="list-style-type: none"> i. Quick Ratio ii. Current Ratio c. Efficiency <ol style="list-style-type: none"> i. Inventory turnover ii. Receivables turnover iii. Payables turnover d. Leverage <ol style="list-style-type: none"> i. Debt to assets ratio 4. Explain changes in the following from previous years, and their implications for the company: <ol style="list-style-type: none"> a. Turnover b. Cost of sales c. Expenses d. Current assets e. Current liabilities f. Non-current assets g. Non-current liabilities 5. Summarise a company's financial performance based on information from their financial statements. 	<p>These should normally be assessed in section B of the exam</p>

	<p>6. Design measures which a client can use to improve their financial performance and control financial risk.</p>	
<p>6. Develop control measures to mitigate risks associated with using software in the production of accounting records for clients.</p>	<ol style="list-style-type: none"> 1. Explain how modern computer technology is used to develop and maintain accounting records for clients. <ol style="list-style-type: none"> a. Accounting software b. Cloud computing c. Data entry automation d. Data analysis and reporting e. AI for fraud detection, risk assessment and forecasting 2. Explain the risks associated with using cloud and local software solutions to both create accounting records and store client data. <ol style="list-style-type: none"> a. Importance of <ol style="list-style-type: none"> i. Access controls ii. Data encryption iii. Regular backups iv. Audit trails v. Segregation of duties vi. Internal controls and policies vii. Software updates viii. Regular risk assessments 3. Appraise different software solutions and explain how they meet a client's needs. <ol style="list-style-type: none"> a. Feature comparison b. Cost-benefit Analysis c. Total cost of ownership model d. Supplier assessment model (Vendor assessment model) 4. Explain what an Application Program Interface (API) is and how they are used to report information to relevant authorities. <ol style="list-style-type: none"> a. Making Tax Digital b. Self assessment c. PAYE 	

Advanced Taxation for Accountancy Practitioners

<p>1. Explain to a client how different types of income are identified and categorised for income tax.</p>	<ol style="list-style-type: none"> 1. Explain to a client the processes by which income subject to income tax is reported to HMRC. 2. Explain to a client the IR35 'Off Payroll Working Rules' and identify if a client, either as a contractor or company, is subject to IR35. 3. Explain the processes and implications of registering, or deregistering, a client as a contractor or sub-contractor under the Construction Industry Scheme (CIS) and detail the reporting requirements under CIS. 4. Explain to a self-employed client the effects on their tax liability of ceasing to trade. 5. Explain to a client income tax liabilities arising from property income, including allowable deductions, and explain the underlying legislation to a client with property income. 6. Explain the impacts of charitable gifts on a client's tax liability (including Gift Aid rules). 7. Describe to a client how pension income is taxed, including any differences between UK and foreign pension income. 8. Explain to a client how interest on savings is taxed. 9. Explain to a client how dividends from both UK resident and foreign companies are taxed. 10. Explain the impact of making pensions contributions, including any restrictions on tax relief. 	<p>In identifying self-employment income the learner must be able to explain the application of the badges of trade to a client</p> <p>Learners should be familiar with the following legislation; Income Tax (Trading and Other Income) Act 2005, Part 2 Chapter 5, 5A, 6, 6A, 7, Part 3, Part 8</p>
<p>2. Summarise a client's liability to capital gains tax.</p>	<ol style="list-style-type: none"> 1. Explain to a client what transactions are subject to capital gains tax, the methods by which these are reported to HMRC and any timescales/deadlines for reporting. 2. Describe the application of provisions within the Taxation of Chargeable Gains Act 1992 for: husband and wife, partnerships, and general provisions relating to death. 3. Provide advice to a client concerning the liability to capital gains tax in the following circumstances: <ol style="list-style-type: none"> a. Sale of publicly traded shares for a profit or loss 	<p>Learners should be familiar with the Taxation of Chargeable Gains Act 1992, Part Two Chapter 3, Part Three Chapter One (58, 59 and 62)</p>

	<ul style="list-style-type: none"> b. Sale of property (which is not the client's residency) for a profit or loss c. Sale of equipment used by a sole trader for a profit or loss <p>4. Describe the scope of private residence relief and identify common issues which arise.</p>	
3. Advise a client operating through a limited company on their tax affairs	<ol style="list-style-type: none"> 1. Advise a client on the implications of incorporation, with specific reference to: <ul style="list-style-type: none"> a. The transfer of an existing unincorporated business and its assets into a company (the criteria and implications of using Incorporation Relief) b. The processes by which income can be withdrawn from a company and the tax implications of this on the client (dividend and salary payments) c. The impacts of corporation tax d. The legal implications of incorporation (specifically, duties of directors, filing and disclosure requirements, separation of ownership and management) 2. Explain to a client how corporation tax is calculated, including details of allowable expenses and applicable reliefs, and how corporation tax is reported to HMRC 3. Explain capital allowances in relation to plant and machinery, and research and development 4. Explain to a client the capital gains tax implications of the sale and gift of shares (including share options) in a small or micro- limited company 5. Advise a client operating through a small or micro- limited company, on the tax implications of winding down or selling the company. 6. Explain the basic provisions for Business Asset Disposal Relief (BADR) including assets covered and conditions for relief. 	Candidates should be able to demonstrate an understanding of associated company rules.
4. Advise clients with value added tax (VAT) liabilities.	<ol style="list-style-type: none"> 1. Explain to a client how VAT is calculated and reported to HMRC. 2. Describe to a client, which supplies are exempt or fall outside of scope of VAT. 3. Advise a client on different VAT schemes. 	Candidates are expected to demonstrate an awareness of the complexities associated with the export

	<ol style="list-style-type: none"> a. Flat Rate Scheme b. Annual Accounting Scheme c. Cash Accounting Scheme d. Margin Scheme e. Retail Schemes (Point of Sale Scheme, Apportionment Scheme, Direct Calculation Scheme) <p>4. Explain to a client how VAT is treated for goods being imported to/exported from the United Kingdom (excluding Northern Ireland).</p>	of services, but would not be expected to have detailed technical knowledge of this area.
5. Explain the importance of getting tax right and the legal framework to support this	<ol style="list-style-type: none"> 1. Produce an evaluation of sources of information relating to tax to establish their validity and suitability. 2. Explain the purpose and application of the General Anti-Abuse Rule (GAAR). 3. Discuss tax avoidance schemes which HMRC has spotlighted. 4. Explain how tax avoidance arrangements can be reported to HMRC. 5. Explain ethical issues relating to tax avoidance and evasion. 	Schemes which HMRC has spotlighted can be found here .
6. Support clients who are subject to tax compliance checks.	<ol style="list-style-type: none"> 1. Explain to a client the process of tax compliance checks and the role of tax agents in the process. 2. Describe the behaviours expected of tax agents, taxpayers and HMRC during a tax compliance check. 3. Explain to a client HMRC's powers in relation to data gathering and assessing time limits. 4. Explain to a client how penalties are applied and appeal mechanisms. 	
Advanced Ethics and Compliance for Accountancy Practitioners		
1. Explain and apply the IESBA (International Ethics Standards Board for Accountants) Code of Ethics	<ol style="list-style-type: none"> 1. Describe the fundamental principles within the IESBA code of ethics. 2. Explain how to apply the fundamental principles to situations an accountancy practitioner is likely to encounter; detailing the threat and controls which a practitioner could implement. Explain the importance of clearly communicating with the client factors such as fees, respective responsibilities and deadlines. 	

<p>2. Explain the process of conducting an independent examination of charity accounts and the audit framework within the UK.</p>	<ol style="list-style-type: none"> 1. Explain the regulation of statutory audit work in the UK. 2. Explain to a client the purpose and requirements surrounding a statutory audit and the requirements for audit exemption. 3. Explain to a charity client the purpose and requirements surrounding an independent examination. 4. Describe the duties examiners have under section 145(5) (b) of the Charities Act 2011. 5. Describe how each of the directions issued by the Charities Commission to examiners conducting an independent examination, are to be applied to a charity client seeking an independent examination. 	<p>Assessed in the reflective piece</p>
<p>3. Explain and apply the HMRC standard for agents</p>	<ol style="list-style-type: none"> 1. Describe the purpose of the HMRC standard for agents. 2. Identify how the standard should be applied by agents with reference to the following principles: <ol style="list-style-type: none"> 1. Integrity 2. Professional competence and due care 3. Professional behaviour 3. Explain and apply the standards for tax planning. 4. Describe how HMRC monitors compliance with the HMRC standard for agents and the consequences for breaches. 5. Explain the how professional bodies have worked with HMRC to develop the Professional Conduct in Relation to Taxation. 	
<p>4. Design systems within an accountancy practice to ensure compliance with UK Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) legislation and industry guidance to a practice setting</p>	<ol style="list-style-type: none"> 1. Explain the structure of the UK's AML/CTF regulatory framework, including the role of the Financial Action Task Force (FATF), the Proceeds of Crime Act 2002 and the Money Laundering, Terrorist Financing and Transfer of Funds Regulations. 2. Explain the responsibilities of senior management and the Money Laundering Reporting Officer, in respect of UK money laundering legislation and sector specific guidance. 3. Develop a risk-based approach which can be applied to an accountancy practice and its clients. 	<p>This is a question in the reflective piece for practitioners to answer – eg Describe the processes that you undertake when taking on a new client.</p> <p>And</p> <p>Describe a situation where you have had concerns</p>

	<ol style="list-style-type: none"> 4. Construct an assessment of AML/CTF risks facing an accountancy practice and its clients and develop appropriate control measures to help mitigate identified risks. 5. Explain the obligation to conduct customer due diligence and enhanced due diligence. Explain how accountancy practitioners may meet these obligations. 6. Explain the concept of a Politically Exposed Person (PEP) and provide details of appropriate due diligence which may be carried out on a new client who is a PEP. 7. Identify scenarios which might indicate a suspicion of money laundering and prepare a Suspicious Activity Report (SAR). 8. Explain what constitutes a 'tipping off offence'. 9. Explain an accountancy practitioner's obligations in relation to record keeping. 10. Explain how an accountancy practitioner can meet their training and awareness requirements. 	<p>about a client's financial arrangements. What was the outcome and what legal and ethical considerations did you take into account?</p>
<p>5. Create systems within an accountancy practice which ensure compliance with data protection principles.</p>	<ol style="list-style-type: none"> 1. Explain the structure of the UK's data protection regime, including the role of the Information Commissioners Office and the evolution of data protection legislation. 2. Summarise what is meant by lawful basis for processing personal data given a particular scenario. 3. Explain the rights of data subjects and the mechanisms by which they can exercise their rights. 4. Explain the role of data protection officer. 5. Describe the information an accountancy practice would normally need to supply clients and the documentation they should have in place to support their compliance with data protection legislation. 6. Create a risk assessment relating to the processing of client data in a small accountancy practice; particular consideration should be given to different risks and obligations of storing data digitally. 7. Explain the data protection risks associated with the use of digital tools. 8. Prepare a data protection policy for an accountancy practice. 	<p>Suggest that if a portfolio approach is taken items 6-8 could be covered in the portfolio for practitioners to discuss their current arrangements, reflect on any improvements that they have made in the past or could make in the future</p>

	<p>9. Develop a privacy statement for an accountancy practice.</p> <p>10. Prepare correspondence with clients to comply with the Provision of Services Regulations.</p>	
<p>6. Explain common cyber security risks affecting micro- and small- businesses</p>	<p>1. Describe different threat actors and their motivations.</p> <p>2. Evaluate common social engineering and service attacks.</p> <p>3. Explain the effects of common types of malware.</p> <p>4. Describe control measures which can be implemented by micro- to small- organisations and individuals to mitigate the risks of cyberattacks.</p> <p>5. Explain how different cyberattacks can be reported to the relevant authorities.</p> <p>6. Explain when a Suspicious Activity Report would need to be made in relation to these activities.</p>	<p>Learners should be familiar with the following threat actors:</p> <ol style="list-style-type: none"> 1. Competitors 2. Hacktivists 3. Insiders 4. Nation states 5. Organised Crime 6. Script kiddies <p>Learners should be familiar with the following types of social engineering and service attacks:</p> <ol style="list-style-type: none"> 1. Clickjacking 2. DoS and DDoS 3. DNS poisoning 4. Domain hijacking 5. Dumpster diving 6. Impersonation 7. Man in the middle 8. Phishing <ol style="list-style-type: none"> a. Whaling b. Vishing 9. Privilege escalation 10. Shoulder surfing 11. Spear phishing 12. Tailgating

		<p>13. Typo squatting 14. URL hijacking</p> <p>Learners should be familiar with the effects of the following malware:</p> <ol style="list-style-type: none">1. Adware2. Bots3. Keyloggers4. Ransomware5. Spyware6. Trojans7. Viruses8. Worms
--	--	---