

# ADVANCED

DIPLOMA IN

# ACCOUNTING

LEVEL 3

aat

## Updates to this specification

Since first publication of the AAT Advanced Diploma in Accounting Qualification specification, the following areas of the qualification specification have been updated.

Version	Date first published	What's been updated
Version 3.4	15 December 2017	Section 11: Spreadsheets for Accounting Section 12: Synoptic test specification
Version 3.3	27 October 2017	Section 9.1: How will students be assessed? Section 11 Final Accounts Preparation: 6.2 Section 11 Indirect Tax
Version 3.2	11 September 2017	Section 14 Equality and diversity
Version 3.1	05 June 2017	Section 4.5 Is this part of an apprenticeship? Section 6.2 Exemptions from University
Version 3.0	01 April 2016	Section 5.1 Topics in the Advanced Diploma Section 5.2 GLH value Section 5.3 TQT value Section 7.0 Employer involvement Section 9.7 Re-sits Section 10 Grading
Version 2.0	01 January 2016	Section 11 Advanced Bookkeeping: 1.3 Section 11 Management Accounting: 1.3, 2.3, 2.5, 3.2 Section 11 Indirect Tax: 1.3 Section 11 Spreadsheets: Skills list Section 12 Synoptic test specification Section 13.2 Training provider and assessment venue approval
Version 1.0	01 October 2015	First publication

This qualification is regulated by:

- the Office of Qualification and Examination Regulation (Ofqual) in England and internationally;
- the Council of the Curriculum, Examinations and Assessment (CCEA) in Northern Ireland;
- the Scottish Qualification Authority (SQA Accreditation) in Scotland;
- Qualifications Wales in Wales.

This qualification applies only to students registered with AAT from 1 September 2016.

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# 1. About AAT

AAT works across the globe with around 140,000 members in more than 90 countries. Our members are represented at every level of the finance and accounting world, including students, people already working in accountancy and self-employed business owners.

AAT members are ambitious, focused accounting professionals. Many of our members occupy senior, well-rewarded positions with thousands of employers – from blue-chip corporate giants to public sector institutions.

AAT qualifications are universally respected and internationally recognised. Organisations hire AAT-qualified members for their knowledge, skills, diligence and enthusiasm, because AAT represents the highest standards of professionalism.

In short, an AAT qualification is a route to some of the most in-demand skills in the world, and provides our students and members with a professional status to be proud of.

## 2. Ethics: we set and raise standards

AAT is about more than qualifications. AAT is well recognised and respected as a professional membership body throughout a wide range of businesses and requires its members to have a professional and ethical approach throughout their accountancy and finance careers.

It is because of our exceptionally high standards, quality training and the professionalism of our members that AAT members are so highly regarded. This is a benefit to us as a professional body and to our members.

We publish the *AAT Code of Professional Ethics*, which sets out a code of fundamental ethical principles and supporting guidance. The decisions that an accounting technician makes in the course of their professional life can have real ethical implications, and this is where the Code can help. It:

- sets out the required standards of professional behaviour, with guidance to help our members achieve them
- helps our members to protect the public interest
- helps our members to maintain AAT's good reputation.

To reflect the realities of the workplace, we have embedded ethical dilemmas and decision making throughout the course of AAT's qualifications and assessments. We hope that this will help to set our members on the right path as they embark on careers as accountancy or finance professionals.

### 3. Student membership: support every step of the way

Becoming an AAT student member is essential to:

- study AAT qualifications
- sit AAT assessments
- access AAT resources that support successful study and career progression.

AAT student membership fees are charged annually, and a one-off admission fee applies. Registering early will avoid delays in assessment.

We support and develop our members through more than 500 AAT-approved training providers across the world. We also have an extensive branch network where members can access support and training and meet other AAT members in their local area.

Prospective students wishing to register for a qualification are able to register online at [aat.org.uk/register/student](https://aat.org.uk/register/student). Students are advised to register with an AAT-approved training provider before registering as a student member with the AAT. On registration, an email confirming registration and AAT membership number will be sent.

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**Membership**  
[aat.org.uk/membership](https://aat.org.uk/membership)

## 4. Choosing to study the AAT Advanced Diploma in Accounting

### 4.1 Who should choose to study this qualification?

The AAT Advanced Diploma in Accounting offers technical training in accounting and is ideal for anyone wishing to pursue a career in accountancy and finance.

The purpose of the AAT Advanced Diploma in Accounting is to provide students with the specialist knowledge and skills required for progressing either to employment in an accounting or finance role, or to enable progression to further study in accountancy and finance.

This qualification is a progression route for students who have achieved either the AAT Foundation Certificate in Accounting or the AAT Foundation Diploma in Accounting and Business. It is also suitable for those who are at a more intermediate level and looking to develop their skills in accounting, or for those who have already started working in finance and who have a need and desire to attain formal recognition of their skills.

The AAT Advanced Diploma in Accounting is suitable for 16–19-year-old students in full-time education who are interested in pursuing a career in this occupational area. It is also suited to adult students, career changers and those seeking to further develop their knowledge and skills in this occupational area.

AAT does not set any prerequisites for the study of the AAT Advanced Diploma in Accounting. However, for the best chance of success, we recommend that students begin their studies with a good standard of English and maths. If students do have any other relevant school or college qualifications, a degree or some accounting experience, these may in certain circumstances entitle students to claim exemptions.

### 4.2 Why choose this qualification?

The AAT Advanced Diploma in Accounting is a potential stepping stone for students to take into employment, further education or training. It may be suited to students studying part time alongside employment or to those already working in finance. This qualification will also suit those looking to gain the skills required to move into a career in finance as it provides a clear pathway towards a successful career in accounting and finance. On completion, students can progress to take the AAT Professional Diploma in Accounting.

This qualification offers a flexible way to study. Students can study full time, part time, from home or online. It will usually take around one year to complete this qualification, but this will depend on the study method and course timetable. It may be possible to complete this qualification in as little as six months.

AAT qualifications benefit from being globally recognised and they are valued by leading employers. They offer students flexible study options, with over 500 AAT-approved training providers around the UK.

### 4.3 What does the qualification cover?

The AAT Advanced Diploma in Accounting covers a range of complex accounting tasks, including maintaining cost accounting records and the preparation of reports and returns. It comprises six mandatory units (390 guided learning hours):

- Advanced Bookkeeping
- Final Accounts Preparation
- Management Accounting: Costing
- Indirect Tax
- Ethics for Accountants
- Spreadsheets for Accounting.

The purpose of this qualification is to ensure that students are well prepared to progress into a career in business, finance or professional accountancy, or into further education. Students will learn and master financial processes including accounting principles and concepts, advanced bookkeeping and final accounts. They will also understand business issues regarding value added tax (VAT), which may be known by another name in other countries) issues in business, management accounting costing techniques and ethical practices for accountants. This qualification further delivers software skills through spreadsheet training for accounting.

All of the units within this qualification are mandatory. Four units are assessed individually in end-of-unit assessments. This qualification also includes a synoptic assessment that students sit towards the end of the qualification, which draws on and assesses knowledge and understanding from across the qualification.

### 4.4 What will this qualification lead to?

The accountancy skills developed through this qualification will enable a student to seek employment with confidence and/or to progress to the next level of learning. Students will develop skills including mastery of complex financial processes, such as final accounts, reports and returns, spreadsheet use for accountants, VAT returns and professional ethics.

Students will need to identify and use relevant understanding, methods and skills to complete tasks and address problems that are well defined but also complex. They will be expected to take responsibility for initiating and completing tasks and procedures, as well as exercising autonomy and judgement within limited parameters, such as awareness of different perspectives or approaches within an area of study or work.

This qualification can also open up a choice of great careers, as well as providing progress onto the AAT Professional Diploma in Accounting and a route to higher education. More than 30 UK universities and higher education institutes currently offer exemptions to AAT professional members enrolling on accounting and finance-related degrees.

This qualification is part of a suite of AAT qualifications available to students that offer both horizontal and vertical progression channels. Completion of this qualification provides students with an opportunity to be registered as a qualified bookkeeper, or progress on to Professional level and become a full member of AAT upon achieving the associated membership criteria. The AAT Advanced Diploma in Accounting also provides the foundation skills required to support the establishment of a healthy business.



Skills developed through this qualification can lead to employment as:

- an accounts assistant
- an accounts payable and expenses supervisor
- an accounts payable clerk
- an assistant accountant
- an audit trainee
- a credit controller
- a finance assistant
- a finance officer
- a payroll supervisor
- a professional bookkeeper
- a senior bookkeeper
- a tax assistant.

Taking the example of an accounts assistant, this role typically includes conducting tasks relating to the preparation and maintenance of financial records as well as cash handling and providing administration support to accountants. The accounts assistant works directly for an accountant, accounting manager or finance manager, or a small team of management. They help to maintain the office and keep it running smoothly, and their typical responsibilities include:

- balancing accounts
- processing receipts, sales invoices and payments
- maintaining financial records that accurately record the incoming and outgoing finances of the business
- completing VAT return forms
- working with spreadsheets, sales and purchase ledgers and journals
- ensuring that accounts are accurately monitored and recorded
- dealing with a company's payroll by processing wages and employee expense claims
- preparing profit and loss accounts sheets
- preparing balance sheets
- client engagement, such as sending out starter packs to clients and/or answering enquiries
- processing the company's own accounts (in an accountancy firm)
- other administrative duties, which include general office administration such as processing office post, answering the telephone, minuting meetings, photocopying and filing.

## 4.5 Is this part of an apprenticeship?

AAT is involved in the development of the Level 3 Trailblazer for Assistant Accountants, and the AAT Advanced Diploma in Accounting is fully mapped to the Trailblazer standards. However, AAT realise that not everyone can access an apprenticeship. In these cases, there are compelling reasons to choose to take this high-quality qualification, which is valued because of its track record of delivering successful employment outcomes outside of the apprenticeship. AAT have numerous examples of unemployed and career changer students of all ages who have gained employment directly as a result of achieving this qualification.

## 4.6 Who supports this qualification?

AAT qualifications are recognised and valued by employers as vocational and technical qualifications that effectively prepare students for the world of work and for working specifically in accountancy and finance roles.

A full list of the employers who have offered their support and their letters of support for this qualification can be found on our qualifications pages at [aat.org.uk/about-aat/qualification-specifications/employer-letters-of-support](https://aat.org.uk/about-aat/qualification-specifications/employer-letters-of-support)

Accounting was a great profession for me to get into. I'd applied for a few jobs before studying and wasn't successful. However, with AAT on my CV, I got the job I'm in now.

Comfort Mitchell MAAT  
Management Accountant  
Sally Salon Services Ltd



## 5. About the AAT Advanced Diploma in Accounting

Qualification name	Qualification number
AAT Advanced Diploma in Accounting	601/6554/6
Level	Credits
3	53
Guided learning hours (GLH)	Total qualification time (TQT)
390	520 hours

### 5.1 Guided Learning Hours (GLH) value

The total GLH value for the AAT Advanced Diploma in Accounting is 390 hours.

The GLH for a qualification are an estimate of the amount of time a student spends learning under the supervision of a teacher or tutor. This might include lectures, tutorials or supervised study. Learning that involves the teacher or tutor and makes use of 'simultaneous electronic communication' methods such as telephone conversations or remote invigilation is also included, as well as time spent by tutors, teachers or external experts assessing student performance. It does not include time that students spend on unsupervised preparation or study.

The GLH are set and recommended as appropriate by AAT, but some learners may need more or less support to achieve the qualification. The GLH value is not a compulsory measure for all learners. Training providers have the flexibility to offer the qualification in the hours required by their own students, within the constraints of any funded provision requirements.

### 5.2 Total Qualification Time (TQT) value

The TQT value for the AAT Advanced Diploma in Accounting is 520 hours.

The TQT is also a measure of how long it takes to complete a qualification, but it includes both guided learning hours and unsupervised learning.

Any independent study time, or any additional work by the student that is directed by, but not under the supervision of, a tutor, is included in the TQT value. This might include working through e-learning at home, or time spent on independent research.

### 5.3 Is this qualification linked to the National Occupational Standards?

This qualification is linked to the current [Accountancy National Occupational Standards](#), last revised in 2012.

### 5.4 Are there any prerequisites for this qualification?

AAT does not set any prerequisites for the study of the AAT Advanced Diploma in Accounting.

However, for the best chance of success, we recommend that students begin their studies with a good standard of English and maths. Accountants work at the very heart of a business and are expected to be

[5. About the AAT Advanced Diploma in Accounting](#)

able to communicate information clearly and appropriately to a given audience. AAT recommends that students use AAT Skillcheck via [aatskillcheck.org](https://aatskillcheck.org) to ensure that they are ready to start on a particular qualification

## **5.5 Will current students be able to transfer their results onto this qualification to complete their studies?**

Students who have already started an AAT qualification should try to complete their studies on their current programme where possible.

If this is not possible, transitional arrangements may be available. In some cases, students may be able to transfer results for current units to similar units in an updated qualification, although this will be strictly time-limited. It is important to check for the latest information to see if transitional arrangements apply through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](https://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

## **5.6 Recognition of prior learning (RPL)**

If a student can demonstrate that they already have the knowledge and skills to meet the requirements for a unit assessment, they may be eligible for RPL. This must be arranged through a registered AAT training provider and mapping of the student's skills and knowledge must be uploaded to AAT's assessment platform. There are restrictions regarding which units may be claimed under exemptions or RPL, and restrictions on the number of units that may be claimed.

**For the AAT Advanced Diploma in Accounting, RPL is only available for some unit assessments.** Along with the restriction on the number of units that may be claimed by RPL, this ensures that at least 50% of the qualification will always be externally assessed. Where RPL is successfully claimed for a unit assessment, the student will be given a mark for that assessment of 70% (the pass threshold), and this mark will be used in determining the final qualification grade. In order to achieve a higher mark, the assessment must be taken as normal.

**It is not possible to claim RPL for the synoptic assessment.** This assessment must be completed and passed in order for the student to be awarded the qualification. Full details on RPL can be accessed through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](https://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

## 6. Exemptions

### 6.1 Exemptions from AAT assessments

Exemptions may be offered to students who can provide evidence of gaining a previous, relevant qualification. If eligible, students may be exempt from sitting some AAT assessments. This includes students who have completed a recognised accounting or finance-related degree with one of AAT's partner universities.

There are restrictions on how many exemptions are allowed within each qualification. Fees will be charged for exemptions.

For the AAT Advanced Diploma in Accounting, no exemption can be claimed for the synoptic assessment or for units that are assessed only via the synoptic assessment. Exemptions will only carry a 70% pass into the overall grade of the qualification.

Full details on exemptions can be accessed through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](http://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

### 6.2 Exemptions from the first year of university

AAT qualifications are a great alternative to university, but some students may wish to go on and study for a degree. A number of institutions, including universities, offer exemptions for AAT qualified members. Students should contact the individual institutions to confirm their exemption policies.

We have confirmed with UCAS that this qualification is a direct replacement of the AAT Level 3 Diploma in Accounting (QCF), in its purpose, size band, content and assessment strategy. Whilst carrying out a comparability exercise with the A level GCE in Accounting standards, we are confident that there is significant overlap in subject content across knowledge, understanding and skills developed.

Based on our recommendation of parity between published A-level grade boundaries, UCAS have allocated points for this qualifications as follows:

Qualification title	QAN	Grade	Equivalent GCE A-level grade	New Tariff total points
AAT Advanced Diploma in Accounting - Level 3	601/6554/6	D	A*	56
		M	A	48
		P	B	40

It is important to remember that UCAS points will not automatically offer entry to some HE courses. Further information on the UCAS Tariff may be found on the [UCAS website](http://www.ucas.ac.uk).

### 6.3 Exemptions from chartered accountancy bodies

For students who wish to become chartered accountants, the study of AAT qualifications may also offer exemptions from the exams required by a range of chartered accountancy bodies. Full details on exemptions from chartered accountancy bodies can be accessed through MyAAT at [aat.org.uk/career/member/progress/chartered](http://aat.org.uk/career/member/progress/chartered)

## 7. Employer involvement

AAT qualifications are recognised and valued by employers as vocational and technical qualifications that prepare students for the world of work and for working specifically in accountancy and finance roles.

### 7.1 Employer involvement in development and assessment

AAT has worked closely with employers in the development of this qualification to ensure that the qualification demands the skills that an employer would expect of a student at this level.

Employers are also contributing to the development of the live materials used to assess students on completion of their study. Employer involvement in assessment of this qualification includes reviewing and editing the synoptic assessments and scenarios used to ensure that they reflect realistic working practices and environments.

A list of employers who have contributed to, or otherwise supported, the development of this qualification is published at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

### 7.2 Employer engagement requirement for 16–19 year olds in England

AAT qualifications are practical and technical qualifications that have been developed with the involvement and support of employers and practitioners. To ensure that all students have meaningful engagement with employers, centres will be required to plan and provide evidence of a range of opportunities for students to interact with employers in the accounting sector and/or the accounting departments of organisations throughout their course of study.

AAT will quality assure training providers' employer engagement plans and evidence of individual students' engagement activities as outlined in section 7.3. This will take place in the first year of delivery from the second term of study, and then occur on an ongoing annual basis. Any training provider who fails to present sufficient evidence of engagement for all students will be put on a centre action plan and will be required to meet the conditions imposed before certificates can be issued to their students.

In the [Vocational qualifications for 16 to 19 year olds 2017 and 2018 performance tables: technical guidance for awarding organisations](#), Department for Education (DfE) requirements state:

“Employer involvement in the delivery and/or assessment of technical qualifications provides a clear ‘line of sight’ to work, enriches learning, raises the credibility of the qualification in the eyes of employers, parents and students and furthers collaboration between the learning and skills sector and industry.

Technical qualifications must:

- require all students to undertake meaningful activity involving employers during their study; and
- be governed by quality assurance procedures run by the awarding organisation to confirm that education providers have secured employer involvement for every student.”

Centres delivering the AAT Advanced Diploma in Accounting to 16–19-year-old students must provide opportunities for ‘meaningful employer involvement’, and be able to provide evidence on request that they have done so.

'Meaningful employer involvement' includes:

- students participating in structured work experience or placements that enable them to develop their accounting skills and knowledge
- students working on projects, exercises or assessments set or supervised by those working in the industry, for example employers developing case studies or assignments
- areas of qualification content delivered via master classes or guest lectures by industry practitioner(s)

The following, while valuable activities for students, are not considered to be 'meaningful employer involvement' for the purposes of meeting this requirement:

- visiting employers (or employers providing premises, facilities or equipment)
- attending talks by employers on employability, general careers advice, CV writing, interview training
- attending careers fairs, events or other networking opportunities
- learning in simulated or centre-based working environments
- employers providing job references for students.

## **7.3 Quality assurance process for employer engagement**

### **7.3.1 On registration**

To deliver this qualification, training providers must register, confirm and declare their intention to deliver to 16–19 year olds in England. Training providers must unconditionally offer these students opportunities to interact directly with employers and be governed by quality assurance procedures run by AAT to confirm the securement of employer involvement for every student.

These records must be available for review by the AAT external verifier on request. Registration details can be accessed at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

### **7.3.2 Preparation for delivery**

In preparing to deliver this qualification, training providers must prepare an action plan for all students, which indicates the range of interactions planned with employers and is mapped against each unit of the qualification.

AAT will verify these plans in the second term of the first year of delivery for all training providers offering 16–19 study programmes. The plan should identify employers by name and indicate the time period in which the activity will take place. The plan should give each student the opportunity to experience meaningful employer engagement. Training providers must also describe how they will make contingencies for students who may miss events through absence.

Training providers that cannot show sufficient commitment from employers and/or a credible activity plan will be given an action for improvement with a realistic timescale for completion.

After the first year of delivery, training providers will be subject to ongoing risk-based sampling of their employer engagement plans.

Certificates will not be issued if employer involvement cannot be assured, either at the start of the qualification or through an appropriate plan of action to address this requirement before the student is certificated.

A template for the employer engagement plan is available at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

### **7.3.3 Ongoing evidence of employer engagement**

Training providers must gather evidence that demonstrates that each student has been involved in meaningful employer-based activities before certificates can be issued to the centre's students.

Training providers must record the range and type of employer involvement that each student has experienced. These records must be available for review by the AAT External verifier on request. A template for guidance or use is available at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

Training providers must also provide contingencies for students who may be absent for part of their teaching, so that they are not disadvantaged. Any absence that results in a student missing arranged activities must be documented. A student who has not met the minimum requirements cannot be awarded the qualification, and therefore will not be certificated. It is therefore important that employer involvement is not left until the end of the qualification, and that training providers monitor and provide contingencies throughout the learning period.

Evidence will be validated by AAT external verifiers before certificates are issued. Where employer involvement is not judged to be sufficient, students will not be deemed competent and certificates will not be released. External verifiers will be looking for evidence that clearly demonstrates links with appropriate employers.

#### **7.3.4 Annual quality assurance process**

Registered training providers will be subject to an annual process of quality assurance that will check employer engagement plans and individual records for all 16–19-year-old students from the second term of the first year of delivery. In subsequent years, all providers will continue to be required to have an employer engagement plan for each cohort of students and to keep individual student records of employer engagement. This evidence should be made available to AAT on request through its annual sampling process.

Those who are found to be non-compliant will be subject to the appropriate sanction together with an associated action plan. Further information on sanctions can be found in the *AAT Code of practice for training providers*, which may be accessed at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)



## 8. Support for this qualification

### 8.1 AAT qualification support

Throughout the life of this qualification, AAT will make available a range of free materials and resources to support tutors and students in delivery and assessment.

Materials produced for this qualification may include:

- specification
- sample assessment materials
- e-learning
- Green Light tests
- webinars
- tutor-to-tutor sessions at network meetings.

Up-to-date information on support materials can be accessed through MyAAT at [aat.org.uk/training/study-support/search](https://aat.org.uk/training/study-support/search)

### 8.2 Published materials

A number of commercial publishers produce support materials for AAT qualifications. While AAT ensures that commercial publishers have the information they need to produce materials in good time to support our training providers and students, we do not formally endorse the materials of any one publisher and we do not review publishers' materials for accuracy.

Tutors are reminded to always refer back to the unit content for what to teach and what will be assessed, and to refer to a range of supporting materials where possible. While published materials can offer excellent support and variety in teaching and learning, they should not be used without reference to this specification.

## 9. The assessment in detail

### 9.1 How will students be assessed?

Students must successfully complete four unit assessments and one synoptic assessment to achieve this qualification. The proportion of this qualification assessed by external assessment is 100%.

From January 2018, Indirect Tax will no longer be assessed in the synoptic assessment.



All assessments in this qualification:

- are set and marked by AAT (with the exception of RPL, which is marked by the training provider)
- are computer based
- are time limited
- are scheduled by training providers or assessment venues
- take place at approved centres and venues under controlled conditions.

To achieve the qualification and to be awarded a grade, a student must pass all the mandatory unit assessments and the synoptic assessment.

Unit and synoptic assessments are not awarded grades individually, but the marks achieved in all assessments contribute to the student's overall grade for the qualification.

### 9.2 Availability of assessments

Unit assessments are available to be scheduled on demand throughout the year, except during periods set and communicated by AAT.

The synoptic assessment for the AAT Advanced Diploma in Accounting is available at fixed sittings set and communicated by AAT.

It is recommended that students complete all other assessments before attempting the synoptic assessment. There are restrictions in place to prevent premature scheduling of the synoptic assessment.

### 9.3 Controlled conditions

AAT has published detailed regulations for training providers regarding the conduct of computer based assessments.

Training providers must ensure that they comply with the minimum requirements for the hardware and software used in the delivery of AAT assessments and must ensure that all assessments are delivered securely.

Each training provider and assessment venue must have at least one computer based assessment (CBA) administrator and at least one invigilator. Training providers and assessment venues must ensure that all assessments are invigilated and conducted in accordance with AAT policies and procedures. To avoid any possible conflict of interest, the CBA administrator and invigilator for an assessment must not be active AAT student members or related to any student taking that assessment. Tutors who have prepared students for the assessment cannot act as the sole invigilator.

AAT requirements and regulations for the conduct of assessments are detailed in the *Instructions for conducting AAT computer based assessments (CBAs)* guidance document, available at [aat.org.uk/assessment/secureassess/support](https://aat.org.uk/assessment/secureassess/support)

### 9.4 Sitting the assessment

The assessments in this qualification are computer based with a time restriction.

Students will be presented with a range of question types and formats in the assessment. These may include multiple-choice questions, numeric gap-fill questions, or question tools that replicate workplace activities, such as making entries in a journal. In some assessments, questions will require a written answer, and this is particularly so in the synoptic assessments. While tasks generally do not have to be completed in a specific order, students are encouraged to proceed through them in the order in which they are presented.

Students should familiarise themselves with the CBA environment and some of the question styles that they might encounter in the exam by using the sample assessment materials provided by AAT. Registered students may access Study Support and sample assessment materials through MyAAT at [aat.org.uk/training/study-support/search](https://aat.org.uk/training/study-support/search)

### 9.5 Marking

All assessments are marked by AAT, with the exception of RPL. Assessments may be:

- wholly computer marked
- partially computer marked and partially human marked
- wholly human marked.

Computer marking is completed within the assessment software in accordance with an objective marking scheme devised during assessment development. Human marking is conducted by a team of markers, with appropriate subject matter knowledge, who are appointed by AAT. Markers use mark schemes devised during assessment development.

Assessments undergo regular quality assurance, which includes:

- standardisation of markers
- sampling for marking consistency
- review of borderline scripts.

## 9.6 Results

For computer-marked assessments, provisional results will be available straight after the assessment. Results for assessments that are wholly or partially human marked are delivered within the timescales advertised on the AAT website.

Students will be advised on what percentage of the marks available they achieved in their assessments, which will then be used to calculate their grade for the qualification (Distinction, Merit or Pass).

AAT's feedback service provides a simple summary of students' performance in each assessment. The feedback statement confirms their overall result and includes a breakdown of performance by task. Feedback statements are automatically generated and are designed to help students identify their strengths and any topic areas requiring further study. The student is presented with a short descriptor for each task to describe their performance in that task against the topics assessed. There are five feedback descriptors. Each descriptor provides an indication of how the student has performed in that task and includes generic advice on how to proceed with their studies or continuing professional development (CPD).

## 9.7 Re-sits

**The AAT Advanced Diploma in Accounting is subject to re-sit restrictions.**

Students should only be entered for an assessment when they are well prepared and they are expected to pass.

The AAT Advanced Diploma in Accounting is subject to re-sit restrictions in England, Wales and Northern Ireland when offered to 16–19-year-old students as part of their study programme. If those students who are subject to re-sit restrictions fail any of the unit or synoptic assessments at the first sitting, they will have only one opportunity to re-sit the assessment, which will be different from the first, within their programme of study. If they do not pass an assessment after one re-sit, they will not be able to undertake further attempts within their current agreed study programme and will not have achieved the qualification.

## 9.8 Enquiry and appeals

If the student thinks that their assessment outcome does not reflect their performance, they can submit an enquiry through MyAAT at [aat.org.uk/assessment/enquiries-and-appeals](https://aat.org.uk/assessment/enquiries-and-appeals). AAT's results enquiry service includes a check of all procedures leading to the issue of the outcome. This service checks that all parts of the assessment were marked; that the marks were totalled correctly; and that the marks were recorded correctly. It also includes a review of the original marking to check that the agreed mark scheme was applied correctly.

Enquiries can be made by a training provider on behalf of an individual student or group of students.

If the student is not satisfied with the response to their enquiry, they can submit an appeal.

There is an administrative fee for enquiries and appeals. AAT will not charge a fee if the enquiry leads to a change in mark awarded for the assessment.

## 10. Grading

To achieve the qualification and to be awarded a grade, a student must pass all the mandatory unit assessments and the synoptic assessment.

Students achieving the AAT Advanced Diploma in Accounting will be awarded a grade based on performance across the qualification. Unit assessments and synoptic assessments are not individually graded. These assessments are given a mark that is used in calculating the overall grade.

### 10.1 How the overall grade is determined

Students will be awarded an overall qualification grade (Distinction, Merit, Pass). Students who do not achieve the qualification will not receive a qualification certificate, and will be shown as unclassified. This is indicated below for illustrative purposes only.

The raw marks for each individual assessment (before weighting is applied) will be converted into a percentage mark and rounded up or down to the nearest whole number. For example, 75.5% would be rounded up to 76%, whereas 82.1% would be rounded down to 82%. This percentage mark is then weighted according to the weighting of the unit assessment or synoptic assessment within the qualification. The resulting weighted assessment percentages are not rounded. These weighted assessment percentages are then combined to arrive at a percentage mark for the whole qualification. Finally, the percentage mark for the whole qualification is rounded up or down to the nearest whole number, which determines the grade.

Grade definition	Percentage threshold
Distinction	90–100%
Merit	80–89%
Pass	70–79%
Unclassified	0–69%
	Or failure to pass one or more assessment/s

### Example of Pass

Assessment	Contribution of assessment to qualification grade	Percentage achieved (mark attained divided by marks available)	Weighted percentage contribution to grade (weighting multiplied by percentage achieved)
Advanced Bookkeeping	20%	70%	14.00%
Final Accounts Preparation	15%	75%	11.25%
Management Accounting: Costing	20%	71%	14.20%
Indirect Tax	10%	78%	7.80%
Synoptic Assessment	35%	79%	27.70%
<b>Total</b>			<b>75%*</b>

\*has been rounded to nearest whole number

### Example of Merit

Assessment	Contribution of assessment to qualification grade	Percentage achieved (mark attained divided by marks available)	Weighted percentage contribution to grade (weighting multiplied by percentage achieved)
Advanced Bookkeeping	20%	86%	17.20%
Final Accounts Preparation	15%	75%	11.25%
Management Accounting: Costing	20%	86%	17.20%
Indirect Tax	10%	78%	7.80%
Synoptic Assessment	35%	79%	27.65%
<b>Total</b>			<b>81%*</b>

\*has been rounded to nearest whole number

## Example of Distinction

Assessment	Contribution of assessment to qualification grade	Percentage achieved (mark attained divided by marks available)	Weighted percentage contribution to grade (weighting multiplied by percentage achieved)
Advanced Bookkeeping	20%	83%	16.60%
Final Accounts Preparation	15%	92%	13.80%
Management Accounting: Costing	20%	93%	18.60%
Indirect Tax	10%	90%	9.00%
Synoptic Assessment	35%	98%	34.30%
<b>Total</b>			<b>92%*</b>

\* has been rounded to nearest whole number

## 10.2 Can students improve their grades?

Any student wishing to improve their grade can do so by re-sitting their assessment(s). Re-sits to improve grades will be subject to the same restrictions as re-sits to pass an assessment.

Only a student's highest result will count towards their grade. If a student re-sits but, in doing so, achieves an assessment result that would lower their overall grade, their previous higher result will remain valid and will be used to determine their overall grade for the qualification.

It is important to recognise that students achieving a Pass are already demonstrating a high level of competence, as AAT maintains a pass mark of 70% across all assessments.

## 10.3 Grading descriptors

Pass	Merit	Distinction
<p>Demonstrates sound knowledge of a wide range of theories and concepts in accounting, including professional ethics.</p> <p>Refers to these in supporting the actions that they would take in a given context.</p>	<p>Demonstrates detailed knowledge of a wide range of theories and concepts in accounting, including professional ethics.</p> <p>Applies these successfully in a range of contexts.</p>	<p>Demonstrates detailed knowledge of a wide range of theories and concepts in accounting, including professional ethics.</p> <p>Synthesises and applies these successfully in a wide range of contexts.</p>
<p>Recognises, selects and uses a range of management and financial accounting techniques to prepare accounts for sole traders and partnerships.</p>	<p>Recognises and selects a wide range of management and financial accounting techniques and uses these with a high level of accuracy to prepare accounts for sole traders and partnerships.</p>	<p>Recognises and selects a wide range of management and financial accounting techniques, explains their application and uses them with a high level of accuracy to prepare accounts for sole traders and partnerships.</p>
<p>Performs a range of calculations for VAT, financial and management accounting purposes and records these in a range of accounting formats, including spreadsheets.</p>	<p>Performs a wide range of calculations for VAT, financial and management accounting purposes and records these with a high degree of accuracy in a range of accounting formats, including spreadsheets.</p>	<p>Performs a wide range of calculations for VAT, financial and management accounting purposes, justifies their selection, and records these with a high degree of accuracy in a range of accounting formats, including spreadsheets.</p>
<p>Gathers and analyses data and information to arrive at outline conclusions, in order to support management decision making.</p>	<p>Gathers and analyses data and information to arrive at detailed conclusions, which support management decision making.</p>	<p>Gathers and analyses data and information to arrive at reasoned conclusions, which fully support management decision making.</p>
<p>Communicates information clearly in written and/or numerical form in a range of appropriate financial and business formats.</p> <p>Content is relevant, structured, uses appropriate business language and considers the needs of the audience.</p>	<p>Communicates information clearly in written and/or numerical form in a wide range of appropriate financial and business formats.</p> <p>Content is relevant, logically structured, uses effective business language and meets the needs of the audience.</p>	<p>Communicates information clearly in written and/or numerical form in a wide range of appropriate financial and business formats.</p> <p>Content is relevant, logically structured, clear and concise, uses effective business language and fully meets the needs of the audience.</p>



## 11. Units

All units in this qualification specification follow a standard format. The unit specification gives guidance on the requirements of the unit for students, tutors, assessors and those responsible for monitoring national standards. Each unit contains the following sections.

### **Unit title**

This qualification, and its component units, is regulated. The unit title shown is the regulated title of the unit. The unit title will appear on the student's qualification certificate exactly as it appears in this specification.

### **Unit level**

All regulated units and qualifications are assigned a level. There are nine levels of achievement, from Entry Level to Level 8.

### **GLH value**

The GLH value is defined as all the times when a tutor, trainer or facilitator is present to give specific guidance. This definition includes lectures, tutorials and supervised study. It also includes time spent by staff assessing student achievements. It does not include time spent by staff marking assignments or homework where the student is not present.

### **Assessment**

Units may be assessed by:

- unit assessment only
- unit assessment, and as part of the synoptic assessment
- synoptic assessment only.

### **Introduction**

The unit introduction gives the reader an appreciation of the unit in the context of the vocational setting of the qualification, as well as highlighting the focus of the unit. It gives the reader a snapshot of the unit and the key knowledge, skills and understanding gained while studying the unit. The unit introduction highlights any links to other AAT units and shows how the unit relates to them. It also specifies whether the unit is mandatory or optional in the qualification structure.

### **Learning outcomes**

The learning outcomes of a unit set out what a student is expected to know or be able to do as a result of their learning.

### **Scope of content**

The scope of content identifies the breadth of knowledge, skills and understanding needed to achieve each of the learning outcomes. The content provides the range of subject material for the programme of learning and specifies the skills, knowledge and understanding required for achievement of the unit.

## **Content structure**

1. Each learning outcome is stated in full.
2. Assessment criteria specify the standard that a student is expected to meet in order to demonstrate that the learning outcome has been achieved. These may be shown as 'students must know' for a knowledge criterion, or 'students must be able to' for a skills criterion. Some learning outcomes may include both knowledge and skills elements.
3. Each assessment criterion is then expanded into key concepts related to that learning outcome.
4. Each concept is then further expanded into indicative content where applicable.

## **Relationship between content and assessment**

Students must have the opportunity to cover all of the unit content. It is not a requirement of the unit specification that all of the content is assessed. However, the indicative content will need to be covered in a programme of learning in order for students to be able to meet the standard determined in the assessment criteria.

## **Delivering this unit**

This section explains the unit content's relationship to content in other AAT units.

## **Links to standards**

This section lists any relevant National Occupational Standards or Apprenticeship Standards that apply to the unit.

## **Test specification for unit assessment**

The test specification for the unit assessment gives details about the assessment method, marking type and duration of the exam. The contribution that each learning outcome makes to the overall mark for the unit assessment is also provided.

Where a unit is not assessed by a separate unit assessment and is only assessed in the synoptic assessment, there will be no unit test specification included in the unit.

# Advanced Bookkeeping

Unit level	GLH value	Assessment
3	90	Unit and synoptic assessment

## Introduction

This unit is the first of two Advanced level financial accounting units. It develops Foundation level skills, incorporating Advanced Bookkeeping and managing records for non-current assets, in preparation for producing final accounts for unincorporated organisations.

The purpose of this unit is to build on skills and knowledge learned in the Foundation level accounting units and to develop bookkeeping skills, taken to an initial trial balance. This is valuable progress for the student, both in terms of moving towards preparing final accounts and also in terms of offering employers more technical skills at this stage. The bookkeeping skills that students have acquired at an earlier stage will be reinforced and developed in this unit. While the daybooks and some of the ledger accounts may be familiar, the accruals basis of accounting is introduced to underpin many of the adjustments that are commonly found in the workplace, including accruals, prepayments, accounting for irrecoverable and doubtful debts and the period end valuation of inventory. This takes the student to the position of being able to draw up a trial balance using adjusted figures, and to extend it to identify the profit or loss for the period.

Students will study non-current asset accounting in some depth, including the accurate recording and control of the valuable resource of non-current assets which is vital to all organisations. On completion of this unit, students will understand and know how to use the non-current assets register as an important and independent record of the details of each individual non-current asset. The student will know how to use the various ledger accounts required to record the acquisition and disposal of non-current assets, how to calculate the gain or loss on disposal, and how to choose and apply depreciation methods and rates.

Students are expected to know and explain why they follow certain procedures, rather than just knowing that they have to be followed. While recognising that computerised accounts packages and spreadsheets will normally be used in the workplace, this unit helps the student understand the background processes. On completion of this unit, students will also begin to understand how ethical principles apply in the context of their work in this area. This enables the student to be a more independent member of a team and to work intelligently in their role, requiring increasingly less supervision as their knowledge grows and starting to supervise more junior members of the team.

Advanced Bookkeeping is a **mandatory** unit in this qualification. It follows on from the Foundation level units, Bookkeeping Transactions and Bookkeeping Controls. It is closely linked with the Advanced level unit, Final Accounts Preparation, which is recommended to be delivered after this unit. It also incorporates appropriate parts of Ethics for Accountants. Skills and knowledge from this unit are essential for the Professional level unit, Financial Statements of Limited Companies.

## Learning outcomes

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1. Apply the principles of advanced double-entry bookkeeping
  2. Implement procedures for the acquisition and disposal of non-current assets
  3. Prepare and record depreciation calculations
  4. Record period end adjustments
  5. Produce and extend the trial balance
-

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

Students may not be assessed on all content, or on the full depth or breadth of a piece of content in any particular assessment. Content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Apply the principles of advanced double-entry bookkeeping

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#### 1.1 Demonstrate the accounting equation

Students need to know:

- the importance of the accounting equation for keeping accounting records
- the effect of accounting transactions on elements of the accounting equation.

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#### 1.2 Classify assets, liabilities and equity in an accounting context

Students need to know:

- definitions and examples of assets: non-current (tangible, intangible) and current; liabilities: current and non-current; equity and capital; income (revenue); expenses (costs).

Students need to be able to:

- classify general ledger accounts as income (revenue), expense (cost), asset, liability or equity (capital).

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#### 1.3 Demonstrate the purpose and use of books of prime entry and ledger accounting

Students need to know:

- the different books and records that make up the accounting system: books of prime entry: sales and purchases daybooks (sales, sales returns, purchase and purchase returns), cash book, journal (including narratives), general ledger accounts, memorandum ledgers, control accounts: sales ledger, purchases ledger, value added tax (VAT, may be known by another name in other countries) and payroll
- what information should be recorded in each record
- how these records relate to each other, including dealing with VAT
- the importance of following organisational policies and procedures
- the importance of the integrity and accuracy of records
- why the records need to be kept secure, and how.

Students need to be able to:

- write up general ledger accounts correctly and accurately
  - close off accounts to the statement of profit or loss, where appropriate
  - carry down balances, where appropriate.
-

## **1.4 Apply ethical principles when recording transactions**

Students need to know:

- the meaning of objectivity and its importance in accounting
- the importance of transparency and fairness
- that only valid transactions for the period must be included, and that all relevant transactions must be included.

Students need to be able to:

- apply the ethical principle of confidentiality
- identify whether entries are made with integrity, professional competence and due care
- identify whether transactions are genuine and valid for inclusion in the organisation's records
- identify professional behaviour, including dealing with the pressures of familiarity and authority.

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## **1.5 Carry out financial period end routines**

Students need to know:

- that income or expense accounts will carry a balance prior to closing off to the statement of profit or loss at the end of the financial period
- which account balances to carry forward and which to close off to the statement of profit or loss at the end of a financial period.

Students need to know how to:

- verify general ledger balances by using other sources of information and performing reconciliations where appropriate: physical checks, inventory records, supplier and bank statements, sales and purchases ledgers (memorandum ledger accounts)
- resolve discrepancies or refer them to the appropriate person
- identify and make corrections in the general ledger, including the journal.

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## **2. Implement procedures for the acquisition and disposal of non-current assets**

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### **2.1 Demonstrate the importance of prior authority for capital expenditure**

Students need to know:

- why authorisation is necessary
- the appropriate person in an organisation to give authority.

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### **2.2 Identify capital expenditure**

Students need to know:

- that International Financial Reporting Standards (IFRS) exist that are relevant to non-current assets
- the definitions of cost, useful life, residual value, depreciable amount, carrying amount
- what can and cannot be included in the cost of non-current assets
- the importance of organisational policy, including applying a given level of materiality
- that revenue expenses should be excluded
- that the depreciable amount of the acquisition should be allocated over its useful life; this is an application of the accrual basis of accounting
- the effect of capitalisation on the statement of profit or loss and statement of financial position.

Students need to be able to:

- treat VAT according to the registration status of the acquiring organisation.

### 2.3 Differentiate between funding methods for acquisition of non-current assets

Students need to know:

- the following funding methods: cash purchase (including purchase on standard commercial credit terms); borrowing, including loans, hire purchase, finance lease (no detailed knowledge of accounting treatment); part-exchange
  - the suitability of each of the above in a tightly defined business context.
- 

### 2.4 Record acquisitions and disposals of non-current assets

Students need to know:

- the purpose and content of the non-current assets register, including assisting physical verification and checking general ledger entries and balances
- the carrying amount of an asset that has been disposed of at the end of the period
- the meaning of the balance on the disposals account
- how gains and losses on disposal are treated at the period end

Students need to be able to:

- update the non-current assets register for acquisitions and disposals
  - record acquisitions and disposals in the general ledger
  - account for acquisitions and disposals by part-exchange
  - treat VAT, according to the registration status of the acquiring organisation
  - use the following accounts: non-current asset at cost (for example, motor vehicles at cost), non-current asset accumulated depreciation, bank/cash, loan, disposals.
- 

## 3. Prepare and record depreciation calculations

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### 3.1 Calculate depreciation

Students need to know:

- how charges are treated at the period end.

Students need to be able to:

- choose and use appropriate methods of depreciation, taking into account the expected pattern of usage of the asset
  - choose and use appropriate rates of depreciation, taking into account the estimated useful life of the acquisition
  - use the straight-line method of depreciation, using a percentage, fraction or over a period of time, including cases when a residual value is expected, for a full year or pro rata for part of a year, according to organisational policy
  - use the diminishing balance method of depreciation for a full year using a percentage
  - use the units of production method of depreciation.
- 

### 3.2 Record depreciation

Students need to be able to:

- record depreciation in the non-current assets register
  - record depreciation in the general ledger, including the journal
  - use the following accounts: depreciation charges, non-current asset accumulated depreciation.
-

## 4. Record period end adjustments

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### 4.1 Record accruals and prepayments in income and expense accounts

Students need to know:

- that adjustments for accruals and prepayments are an application of the accrual basis of accounting
- how opening and closing accruals and prepayments affect income and expense accounts.

Students need to be able to:

- explain the difference between the amount paid or received and the amount recognised in the accounts
- account for accruals and prepayments by making a double-entry in the current period and reversing it in the future period
- recognise the reversal of a previous period adjustment in the ledger accounts
- calculate adjustments pro rata
- enter adjustments in the general ledger, including the journal
- calculate the amount transferred to the statement of profit or loss
- use the following accounts: accruals/accrued expenses, accrued income, prepayments/prepaid expenses, prepaid income.

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### 4.2 Record irrecoverable debts and allowances for doubtful debts

Students need to know:

- the differences between irrecoverable debts, allowances for specific doubtful debts and general allowances
- that allowances for doubtful debts are an application of the accrual basis of accounting (recognition only).

Students need to be able to:

- calculate new allowances for doubtful debts in accordance with organisational policy
  - calculate adjustments for an existing general allowance for doubtful debts
  - account for the recovery of an irrecoverable debt previously written off
  - use the journal to record irrecoverable debts and allowances for doubtful debts (VAT implications are not required)
  - use the following accounts: irrecoverable debts (statement of profit or loss), sales ledger control account, allowance for doubtful debts account (statement of financial position), allowance for doubtful debts adjustment account (statement of profit or loss).
-



### 4.3 Record inventory

Students need to know:

- that IFRS exist that are relevant to inventory valuation
- the meaning of net realisable value
- that valuation must be at the lower of cost and net realisable value on an individual item basis
- the principles of different methods of valuation (calculations not required)
- what can and cannot be included in the valuation of inventory
- that accounting for inventory is an application of the accrual basis of accounting.

Students need to be able to:

- determine the correct closing inventory figure in accordance with current accounting standards
- calculate the cost of inventory from selling price when VAT or an element of profit is included (calculations involving an understanding of mark-up or sales margin will not be required)
- make entries in the journal
- use the following accounts: closing inventory – statement of profit or loss; closing inventory – statement of financial position.

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### 4.4 Record period end adjustments

Students need to know:

- that, when making period end adjustments, there is scope to significantly affect the reported results of the organisation
- the effects of including misleading or inaccurate period end adjustments (non-compliance with regulations, misinformed decision making by users of the final accounts).

Students need to be able to:

- respond appropriately to period end pressures (time pressure, pressure to report favourable results, pressure from authority).

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## 5. Produce and extend the trial balance

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### 5.1 Prepare a trial balance

Students need to know:

- that certain accounts can carry either a debit or a credit balance (in particular: VAT, disposals, allowance for doubtful debts adjustment, bank, loan, irrecoverable debts)
- the importance of the trial balance for the preparation of final accounts.

Students need to be able to:

- transfer balances from ledger accounts, a list of balances or written data into correct debit or credit columns of the trial balance
- correct any errors that are not shown by the trial balance
- use and clear the suspense account.

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### 5.2 Carry out adjustments to the trial balance

Students need to be able to:

- place the following adjustments correctly in the extended trial balance: closing inventory, accruals, prepayments, corrections of errors/omissions, depreciation, irrecoverable debts, allowances for doubtful debts.

### 5.3 Complete the extended trial balance

Students need to be able to:

- extend figures in the ledger balances and adjustments columns correctly into the statement of profit or loss and statement of financial position columns
  - make the extended columns balance
  - correctly label the balancing figure line as profit or loss.
- 

### Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Final Accounts Preparation	Advanced Bookkeeping gives students underlying knowledge that may support their study of Final Accounts Preparation.	It is recommended that Advanced Bookkeeping is delivered before Final Accounts Preparation.
Ethics for Accountants	Advanced Bookkeeping touches on ethical matters in the context of bookkeeping.	Not applicable for this unit.
Indirect Tax	Advanced Bookkeeping requires knowledge of how VAT is treated	Early delivery of Indirect Tax may enhance understanding of the VAT elements of the Bookkeeping units.

### Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-4 Prepare accounts.

## Test specification for Advanced Bookkeeping unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking Type	Duration of exam
Computer based assessment	Computer marked	2 hours

Learning outcomes	Weighting
1. Apply the principles of advanced double-entry bookkeeping	24%
2. Implement procedures for the acquisition and disposal of non-current assets	20%
3. Prepare and record depreciation calculations	13%
4. Record period end adjustments	20%
5. Produce and extend the trial balance	23%
<b>Total</b>	<b>100%</b>

# Final Accounts Preparation

Unit level	GLH value	Assessment
3	60	Unit and synoptic assessment

## Introduction

This Advanced level unit is about preparing final accounts for sole traders and partnerships, and helping students to become aware of alternative business organisation structures.

This purpose of this unit is to provide the background knowledge and skills that a student needs in order to be capable of drafting accounts for sole traders and partnerships, and it provides the background knowledge of the regulations governing company accounts. A successful student will be able to complete tasks while being aware of potential ethical issues and know how to report information effectively. The student should become an accomplished member of the accounting team who is able to work with little supervision and who can see a financial picture of the organisation as a whole.

Students will be able to recognise the different types of organisations that need to prepare financial statements and will understand why such statements are important to users in the business environment. The financial accounting techniques and knowledge that they have already acquired will be developed to prepare accounting records when the records are incomplete, and students will become familiar with mark-up and margin.

Students will recognise special accounting requirements for partnerships. They will become aware of legislation and regulations governing financial statements, and will be able to recall and apply ethical knowledge to situations arising during the preparation of accounts. This unit also introduces students to the terminology and formats used by accountants in the financial statements of companies, working with the International Financial Reporting Standards (IFRS) terminology that is utilised across AAT.

Using all of this, the student will be able to prepare final accounts for sole traders and partnerships from an initial trial balance and present these to their line manager. They will then gain awareness of the more detailed requirements for the preparation of company financial statements.

Final Accounts Preparation is a **mandatory** unit in this qualification. It is closely linked to the Advanced level financial accounting unit, Advanced Bookkeeping, as well as to the Foundation level units, Bookkeeping Transactions and Bookkeeping Controls. In addition, it draws on the ethical principles from the Advanced level unit, Ethics for Accountants. On completion of this unit, students are prepared to start the Professional level unit, Financial Statements of Limited Companies.

It is recommended that this unit is taken after Advanced Bookkeeping and with or after Ethics for Accountants.

## Learning outcomes

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1. Distinguish between the financial recording and reporting requirements of different types of organisation
  2. Explain the need for final accounts and the accounting and ethical principles underlying their preparation
  3. Prepare accounting records from incomplete information
  4. Produce accounts for sole traders
  5. Produce accounts for partnerships
  6. Recognise the key differences between preparing accounts for a limited company and a sole trader
-

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Distinguish between the financial recording and reporting requirements of different types of organisation

---

#### 1.1 Describe the types of organisation that need to prepare final accounts

Students need to know:

- brief descriptions of business organisations:
  - for profit: sole traders, partnerships, limited companies, limited liability partnerships (LLPs)
  - not for profit: charities
- the basic differences between the structure and financial characteristics of these organisations:
  - who owns the organisation/public benefit requirement
  - who manages the organisation
  - where responsibility lies for debts that the organisation cannot pay, and the amount of exposure
  - whether, and how, any tax is paid
- for commercial organisations, the different terms used to represent ownership in the statement of financial position (capital and equity) and amounts taken by the owners (drawings and dividends)
- for charitable organisations, representation of net assets in the statement of financial position as funds of the charity.

Students need to be able to:

- recognise basic advantages and disadvantages of operating as a partnership rather than as a sole trader
  - recognise basic advantages and disadvantages of incorporated status.
- 

#### 1.2 Recognise the regulations applying to different types of organisation

Students need to know:

- that different regulations apply to different organisations, including awareness of relevant:
    - partnership legislation
    - companies legislation and accounting standards
    - LLP legislation
    - charity legislation, charity regulators and statements of recommended practice
  - that the presentation of final accounts for sole traders and partnerships is not governed by statute and accounting regulations to the same extent as those for limited companies; they have no definitive format
  - the importance of behaving professionally, being competent and acting with due care at work
  - the importance of deadlines in the preparation of final accounts.
-

## 2. Explain the need for final accounts and the accounting and ethical principles underlying their preparation

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### 2.1 Describe the primary users of final accounts and their needs

Students need to know:

- the primary users of final accounts
  - the reasons why final accounts are needed by these users.
- 

### 2.2 Describe the accounting principles underlying the preparation of final accounts

Students need to know:

- the existence of a framework within which accountants work
- the underlying assumptions governing financial statements: accrual basis, going concern basis
- the fundamental qualitative characteristics of useful financial information
- the supporting qualitative characteristics
- why financial statements should be free from material misstatement.

Students need to be able to:

- recognise circumstances when a business is no longer a going concern and be aware of the effect on the value of its assets.
- 

### 2.3 Apply ethical principles when preparing final accounts

Students need to know:

- the importance of behaving professionally and being competent
  - the importance of objectivity, including an awareness of the potential for conflicts of interest and bias
  - why security and confidentiality of information must be maintained at all times.
- 

## 3. Prepare accounting records from incomplete information

---

### 3.1 Recognise circumstances where there are incomplete records

Students need to know:

- possible reasons why information may be missing
  - possible reasons for inconsistencies within the records themselves
  - examples of the types of figures that may be missing
  - the importance of acting with integrity.
- 

### 3.2 Prepare ledger accounts, using these to estimate missing figures

Students need to be able to:

- use the content of daybooks, including value added tax (VAT)
  - use information from the cash book
  - distinguish between relevant and non-relevant data
  - reconstruct ledger accounts: sales and purchases ledger control accounts, VAT control account and the bank account
  - calculate and correctly label the missing figure of such reconstructed accounts
  - calculate opening or closing balances from information given
  - adjust data for VAT, using information given.
-

### **3.3 Calculate figures using mark-up and margin**

Students need to know:

- what margin and mark-up are, and the difference between them.

Students need to be able to:

- calculate mark-up and margin
  - use mark-up and margin to calculate missing figures
  - use cost of goods sold to determine a missing figure
  - adjust data for VAT from data provided.
- 

### **3.4 Assess the reasonableness of given figures within a particular context**

Students need to be able to:

- recognise whether a figure is reasonable in a given context
  - explain reasons behind the difference between an actual balance and a calculation
  - exercise professional scepticism.
- 

## **4. Produce accounts for sole traders**

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### **4.1 Calculate opening and/or closing capital for a sole trader**

Students need to be able to:

- account for drawings, capital injections and profits or losses
  - record these in ledger accounts
  - explain movements in capital balances.
- 

### **4.2 Describe the components of a set of final accounts for a sole trader**

Students need to know:

- the purpose of a statement of profit or loss
  - the purpose of a statement of financial position
  - how the statement of financial position is linked to the accounting equation
  - how the statement of profit or loss and the statement of financial position are related.
- 

### **4.3 Prepare a statement of profit or loss for a sole trader in the given format**

Students need to be able to:

- itemise income and expenditure in line with given organisational policies
  - transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organisation.
- 

### **4.4 Prepare a statement of financial position for a sole trader in the given format**

Students need to be able to:

- apply the net assets presentation of the statement of financial position
  - transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organisation.
-



## 5. Produce accounts for partnerships

The following points apply to assessment criteria 5.2, 5.4, 5.5, 5.6 and 5.7:

- the number of partners is limited to a maximum of three
- there are no changes in the partnership during a period
- either a profit or loss may be provided for allocation.

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### 5.1 Describe the key components of a partnership agreement

Students need to know:

- what a partnership agreement typically may or may not contain
- why a formal partnership agreement may not exist for all partnerships.

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### 5.2 Describe the accounting procedures for a change in partners

Students need to know:

- a simple definition of goodwill in accounting terms
- why goodwill will change capital balances on admission or retirement of a partner
- that goodwill may be introduced and subsequently eliminated from the accounting records using the profit sharing ratio.

Students need to be able to:

- calculate the goodwill adjustments using the profit sharing ratio
- enter such adjustments in ledger accounts and balance off these accounts as necessary.

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### 5.3 Describe the key components of partnership accounts

Students need to know:

- the purpose of a statement of profit or loss
- the purpose and content of the partnership appropriation account
- how the statement of profit or loss is linked to the partnership appropriation account
- the nature and content of partners' current accounts
- the nature and content of partners' capital accounts
- the purpose of a statement of financial position.

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### 5.4 Prepare a statement of profit or loss for a partnership, in the given format

Students need to know:

- why the statement of profit or loss for a partnership is an adaptation of one for a sole trader.

Students need to be able to:

- itemise income and expenditure in line with given organisational policies
  - transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organisation.
-

**5.5 Prepare a partnership appropriation account, in compliance with the partnership agreement and in the given format**

Students need to be able to:

- apply the terms of a partnership agreement
  - record interest on capital (but not how to calculate it)
  - record interest on drawings (but not how to calculate it)
  - record salaries or commission paid to partners
  - calculate, and appropriate and account for, the residual profit according to the profit sharing ratio
  - recognise the status of partners' salaries, commission and interest
  - present this account in the format given for the organisation.
- 

**5.6 Prepare the current accounts for each partner**

Students need to be able to:

- enter ledger accounting entries
  - account for drawings in the form of cash, goods or services
  - link the current account with figures from the appropriation account.
- 

**5.7 Prepare a statement of financial position for a partnership, in compliance with the partnership agreement and in the given format**

Students need to know:

- how the statement of financial position for a partnership differs from one of a sole trader.

Students need to be able to:

- apply the net assets presentation of the statement of financial position
  - transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organisation
  - show partners' current and capital accounts on the statement of financial position.
-

## 6. Recognise the key differences between preparing accounts for a limited company and a sole trader

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### 6.1 Describe the main sources of regulation governing company accounts

Students need to know:

- the particular importance of maintaining an up-to-date knowledge of relevant legislation and accounting standards that apply to companies
  - which source provides the required formats for the statement of profit or loss and statement of financial position for a company adopting IFRS
  - which standards provide guidance for property, plant and equipment, and inventories, where IFRS is adopted (recalled as examples of regulation).
- 

### 6.2 Describe the more detailed reporting arising from these regulations

Students need to know:

- the requirement to prepare financial statements at least annually and file them publicly
  - why selection and application of accounting policies is regulated, and the objectives that should be met when developing them
  - why limited company financial statements need to follow statutory formats, with prescribed headings and terminology
  - why cost of sales and other expenses must be classified according to rules
  - why taxation is charged in the statement of profit or loss of a company
  - why only the carrying amount of non-current assets appears on the statement of financial position of a company
  - why notes must be provided as part of the financial statements of a company.
-

## Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Advanced Bookkeeping	This unit builds on the knowledge and skills acquired from studying Advanced Bookkeeping.	It is recommended that Final Accounts Preparation is delivered after Advanced Bookkeeping.
Ethics for Accountants	Ethics and ethical principles are embedded within this unit.	It is recommended that Final Accounts Preparation is delivered either at the same time as or after Ethics for Accountants.
Management Accounting: Costing. Spreadsheets for Accounting and Indirect Tax	Three Advanced level units – Management Accounting: Costing, Spreadsheets for Accounting and Indirect Tax – have links to Final Accounts Preparation.	Not applicable.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-4 Prepare accounts
- FA-5 Draft financial statements.

## Test specification for Final Accounts Preparation unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Computer marked	2 hours

Learning outcomes	Weighting
1. Distinguish between the financial recording and reporting requirements of different types of organisation	10%
2. Explain the need for final accounts and the accounting and ethical principles underlying their preparation	7%
3. Prepare accounting records from incomplete information	27%
4. Produce accounts for sole traders	31%
5. Produce accounts for partnerships	20%
6. Recognise the key differences between preparing accounts for a limited company and a sole trader	5%
<b>Total</b>	<b>100%</b>

# Management Accounting: Costing

Unit level	GLH value	Assessment
3	80	Unit and synoptic assessment

## Introduction

Management Accounting: Costing provides students with the knowledge and skills needed to understand the role of cost and management accounting in an organisation, and how organisations use such information to aid management decision making. This unit takes students from Elements of Costing at Foundation level and gets them ready to prepare organisational budgets and report on performance at Professional level.

On successful completion of this unit, students should be able to carry out costing procedures in an organisation's accounting department with minimal supervision. They will be able to gather, analyse and report cost and revenue information to support managerial planning, control and decision making.

Students will develop a deeper understanding of the fundamental principles that underpin management accounting methodology and techniques, how costs are handled in organisations, and why different organisations treat costs in different ways. They will be able to recognise different approaches to management accounting and provide informed and reasoned judgements to guide management. They will also learn how to apply these principles and appreciate why effective cost accounting is crucial to any organisation.

Students will learn the techniques required for dealing with direct costs and revenues, and with the treatment of short-term overhead costs. These include: inventory control methods; direct labour costing; allocation and apportionment of indirect costs to responsibility centres; calculation of overhead absorption rates, including under absorptions and over absorptions; and prime, marginal and absorption costing calculations.

They will also learn the techniques required for decision making, using both short-term and long-term estimates of costs and revenues. These include: estimating changes in unit costs and profit as activity levels change; segmented profit or loss by products; break-even (cost volume profit – CVP) analysis; limiting factor decision making; job, batch, unit, process and service costing; reconciling budgeted and actual costs and revenues by means of flexible or fixed budgets; and capital investment appraisal techniques.

This unit builds on the knowledge and skills that students develop at Foundation level in Elements of Costing and prepares them for the Professional level units, Management Accounting: Budgeting and Management Accounting: Decision and Control. Together, these units give students an underpinning understanding of cost and management accounting principles and the ability to apply relevant techniques.

Management Accounting: Costing is a **mandatory** unit in this qualification.

## Learning outcomes

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1. Understand the purpose and use of management accounting within an organisation
  2. Apply techniques required for dealing with costs
  3. Apportion costs according to organisational requirements
  4. Analyse and review deviations from budget and report these to management
  5. Apply management accounting techniques to support decision making
-

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand the purpose and use of management accounting within an organisation

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#### 1.1 Demonstrate an understanding of internal reporting

Students need to know:

- the purpose of internal reporting and providing accurate information to management
  - how to calculate:
    - costs, contribution and reported profits for an organisation
    - segmented costs, contribution and reported profits by product.
- 

#### 1.2 Demonstrate an understanding of ethical principles in management accounting

Students need to know:

- the need for integrity in preparing management accounts
  - why third parties (such as banks) may also be users of management accounts.
- 

#### 1.3 Critically compare different types of responsibility centres

Students need to know:

- the differences in cost and revenue reporting between responsibility centres, which are:
    - cost centres
    - profit centres
    - investment centres
    - revenue centres.
- 

#### 1.4 Explain and demonstrate the differences between marginal and absorption costing

Students need to know:

- how to calculate prime, marginal and full absorption costs
  - the difference between product and period costs
  - the impact on reported performance of marginal versus full absorption costing in both the short run and long run
  - ethical considerations regarding manipulating profits
  - when each method is appropriate.
-



## 2. Apply techniques required for dealing with costs

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### 2.1 Record and calculate materials, labour and overhead costs

Students need to be able to:

- prepare and interpret inventory records
  - calculate direct labour costs per unit of production or service
  - calculate overtime premiums and bonuses
  - complete timesheets and pay calculations (including overtime and bonuses)
  - account for overheads
  - calculate direct labour cost per equivalent finished production.
- 

### 2.2 Analyse and use appropriate cost information

Students need to be able to:

- analyse cost information for material, labour and overheads in accordance with the organisation's costing procedures
  - prepare cost accounting journal entries for direct materials or indirect materials, direct or indirect labour, or overheads costs.
- 

### 2.3 Apply inventory control methods

Students need to know:

- inventory control measures, including different valuation methods. These include:
  - inventory buffers, fixed quantity methods, lead times, just in time, minimum/maximum order quantities
  - the concept of economic order quantity
  - compliance with inventory control policies
  - the effect on reported profits of choice of method.

Students need to be able to:

- account for inventories using first-in-first-out (FIFO), last-in-first-out (LIFO, for internal reporting) and weighted average cost (AVCO) methods
  - analyse closing inventory balances
  - make calculations for the inventory control measures listed above.
- 

### 2.4 Differentiate between cost classifications for different purposes

Students need to know:

- the implications of different cost classifications for cost analysis, decision making and reporting. These are:
    - fixed costs
    - variable costs
    - semi-variable costs
    - stepped costs.
-

## 2.5 Differentiate between and apply different costing systems

Students need to know:

- the appropriate choice of costing system for different business sectors and individual organisations
  - how to record cost information using different costing systems. These are:
    - job costing
    - batch costing
    - unit costing
    - process costing (opening and/or closing WIP, value abnormal gains/losses transferred out of the process account and use of FIFO and/or AVCO)
    - normal (scrap) losses, abnormal losses and gains, equivalent units, closing work in progress and opening work in progress
    - service costing.
- 

## 3. Apportion costs according to organisational requirements

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### 3.1 Calculate and use overhead costs

Students need to know:

- the concept of activity-based costing, including appropriate cost drivers
- different methods of indirect cost allocation, apportionment or absorption.

Students need to be able to:

- attribute overhead costs to production and service cost centres:
    - allocation versus apportionment
    - direct method
    - step-down method.
- 

### 3.2 Calculate overhead recovery rates using traditional methods

Students need to know:

- Cost Units and Composite Cost Units

Students need to be able to:

- calculate overhead recovery rates in accordance with suitable bases of absorption. These are:
    - for a manufacturer: machine hours or direct labour hours
    - for a service business: suitable basis for the specific business.
- 

### 3.3 Calculate overhead recovery rates using activity-based costing

Students need to be able to:

- calculate overhead recovery rates using appropriate cost drivers.
- 

### 3.4 Demonstrate understanding of the under recovery or over recovery of overheads

Students need to be able to:

- account for under recovered or over recovered overhead costs in accordance with established procedures. These include:
    - making under absorption or over absorption calculations
    - making cost journal postings
    - interpreting the significance of under recoveries or over recoveries of overhead costs.
-

#### 4. Analyse and review deviations from budget and report these to management

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##### 4.1 Calculate variances

Students need to be able to:

- compare budget/standard versus actual costs and revenues, and calculate variances using:
    - fixed budgets
    - flexible budgets.
- 

##### 4.2 Analyse and investigate variances

Students need to be able to:

- determine the cause and effects of variances
  - investigate any significant variances, and draw conclusions for remedial action.
- 

##### 4.3 Report on variances

Students need to be able to:

- identify and explain key variances
  - produce management reports in a suitable format.
-

## 5. Apply management accounting techniques to support decision making

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### 5.1 Estimate and use short-term future income and costs

Students need to know:

- the importance of professional competence in estimating income and costs.

Students need to be able to:

- use estimates of relevant future income and costs for short-term decision making
- use CVP analysis including:
  - break-even analysis (both by calculation and by linear break-even chart)
  - margin of safety and margin of safety percentage
  - target profit
  - profit-volume analysis
- use limiting factor decision making.

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### 5.2 Assess and estimate the effects of changing activity levels

Students need to know:

- the effect of changing activity levels on unit costs and profits.

Students need to be able to:

- calculate changes in forecast unit costs and profits
- explain such effects.

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### 5.3 Use long-term future income and costs

Students need to know:

- the appropriate choice of techniques for long-term decision making:
  - payback
  - net present value
  - internal rate of return.

Students need to be able to:

- interpret the results from a capital investment appraisal using the techniques above.
-

## Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Final Accounts Preparation	Management Accounting: Costing builds on the knowledge and understanding of management accounting as a whole and also links with Final Accounts Preparation.	Not applicable for this unit.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- MA-1 Provide cost and revenue information
- MA-2 Provide management information.

## Test specification for Management Accounting: Costing unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Computer marked	2 hours 30 minutes

Learning outcomes	Weighting
1. Understand the purpose and use of management accounting within an organisation	15%
2. Apply techniques required for dealing with costs	35%
3. Apportion costs according to organisational requirements	19%
4. Analyse and review deviations from budget and report these to management	10%
5. Apply management accounting techniques to support decision making	21%
<b>Total</b>	<b>100%</b>

# Indirect Tax

Unit level	GLH value	Assessment
3	60	Unit assessment

## Introduction

This Advanced level unit is about indirect tax: specifically, the tax that is referred to in the UK and throughout this unit as value added tax (VAT). The unit is designed to develop students' skills in preparing and submitting returns to the relevant tax authority in situations where the transactions that have to be included are relatively routine. However, some non-routine issues are also included in this unit.

This unit provides students with the knowledge and skills that they need to keep their employers and clients compliant with the laws and practices that apply to the indirect taxation of sales and purchases. The content is designed to ensure that students can perform these tasks relatively unsupervised, particularly in terms of routine and some non-routine VAT tasks. However, it is expected that the student will still require some management for more involved and intensive VAT transactions. It is important that the student understands and applies the VAT rules from an ethical point of view. All VAT work must be carried out with integrity, objectivity and a high degree of professional competence. There must be due care with regard to confidentiality about any personal data being processed and, from a business protection aspect, with the correct approach to professional behaviour.

Students will learn about VAT legislation and the importance of maintaining their technical knowledge through monitoring updates. Students must be taught how to complete VAT returns accurately and must understand the implications of failing to do so. Inaccuracy and omission, late submission of returns and late payment or non-payment of VAT need to be understood in terms of the sanctions and penalties that are available to the relevant tax authority.

In particular, students will learn how to calculate the VAT value correctly in different circumstances, verify the calculations of the submitted return and correctly use an accounting system to extract relevant data for the return.

The VAT registration and deregistration rules are important aspects of learning at this level, and this includes the need to monitor sales closely to avoid breaching regulations. The existence and basic terms of special VAT schemes are also important.

Students will learn about how to deal with errors made in previous VAT returns and how and when these errors are corrected. They will also learn about communicating VAT matters to relevant individuals and organisations, including the special rules that apply when goods and services are imported into and exported out of the UK and the European Union (EU).

Indirect Tax is a **mandatory** unit. It links with Advanced Bookkeeping, Final Accounts Preparation and Management Accounting: Costing as core subjects, and with Spreadsheets for Accounting and Ethics for Accountants to create the Advanced Diploma in Accounting.

## Learning outcomes

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1. Understand and apply VAT legislation requirements
  2. Accurately complete VAT returns and submit them in a timely manner
  3. Understand the implications for the business of errors, omissions and late filing and payment
  4. Report VAT-related information within the organisation in accordance with regulatory and organisational requirement
-

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand and apply VAT legislation requirements

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#### 1.1 Identify and analyse relevant information on VAT

Students need to know:

- relevant sources of VAT information needed by a business
  - how to analyse available information and identify relevant items to extract
  - how to communicate relevant regulatory information to others within the business
  - the ethical and legal implications of failure to identify and apply information and regulations to the business.
- 

#### 1.2 Explain the necessary interaction with the relevant tax authority

Students need to know:

- the relevant tax authority for VAT
  - the tax authority's powers to require businesses to comply with regulations about registration, record keeping, submissions of VAT returns and payment of VAT due
  - that VAT is a tax on consumer spending, including knowing whether the tax falls on registered businesses or the end user
  - how and when it is appropriate to obtain guidance from the relevant tax authority about VAT matters, particularly in respect of issues where there is doubt over the correct treatment
  - the tax authority's rights in respect of inspection of records and control visits (students should understand what records can be inspected during a control visit, but no further detail of control visits is expected)
  - the tax authority's rules about: what constitute VAT records; how long VAT records should be retained; how VAT records should be retained.
- 

#### 1.3 Describe the VAT registration, scheme choice and deregistration requirements

Students need to know:

- about registering for VAT
  - the registration and deregistration thresholds for the normal VAT scheme, and how to apply them
  - the circumstances in which voluntary registration may be beneficial to the business
  - the deregistration threshold and circumstances in which deregistration may be appropriate
  - what is meant by the past turnover measure and the future turnover method, and how to comply with them in respect of registration
  - the special VAT schemes that can be used by some registered businesses: the annual standard and cash accounting schemes and the flat rate scheme for small businesses
  - the thresholds and qualification criteria for the special VAT schemes
  - why being in the normal VAT scheme or in one or more special VAT schemes affect the timing and frequency of filing returns and payment of VAT.
-



## 1.4 VAT invoices, required information and deadlines

Students need to know:

- what the correct contents and form of a VAT invoice are, including:
  - the simplified VAT invoice rule
  - the e-invoicing requirements
  - standard-rated, zero-rated and exempt supplies
- how to determine the tax point of an invoice, both basic and actual, when the invoice is raised after the supply and also when there are: advance payments; deposits; continuous supplies; and goods on sale or return
- the significance of the correct tax point for eligibility for special VAT schemes, applying the correct rate of VAT and determining the correct VAT for reporting
- the time limits for issuing VAT invoices, including understanding the 14-day and 30-day rules.

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## 1.5 Maintain knowledge of legislation, regulation, guidance and codes of practice

Students need to know:

- where to find information regarding changes to VAT law and practice
  - how to use information to determine relevant changes for the business that must be applied
  - the deadline dates by which changes must be applied
  - the importance of maintaining up-to-date and relevant VAT knowledge and the impact of this on the ability to act with professional competence.
- 

## 2. Accurately complete VAT returns and submit them in a timely manner

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### 2.1 Extract relevant data from the accounting records

Students need to know:

- how to identify relevant accounting records that cover the required period of each VAT return
  - how to identify and extract relevant income, expenditure and VAT figures from the following ledgers and accounts: sales and sales returns; purchases and purchases returns; cash and petty cash accounts; and the VAT account
  - how to determine that the figures extracted have come from an original and verified daybook or journal
  - how to determine that entries in the ledgers have been made with integrity and due regard to the regulation of VAT administration.
- 

### 2.2 Calculate relevant input and output tax

Students need to know:

- the difference between inputs and outputs, and between input tax and output tax
  - the specific calculations needed for standard, reduced-rate, zero-rated and exempt supplies
  - how to calculate VAT for imports and acquisitions, exports and despatches
  - the place of supply rules for both goods and services within and outside the EU
  - how to treat different forms of inputs and outputs when preparing a VAT return, including how to identify valid VAT documents for the purposes of input tax recovery
  - how imports, acquisitions, despatches and exports are treated on a VAT return, but not any knowledge of Intrastat returns, EC Sales List or VAT Mini One Stop Shop
-

- the different implications of exempt supplies and of zero-rated supplies for the VAT return, and the effect on recovery of input tax
- how partial exemption works, the de minimis limit and how this affects the recovery of input tax
- rounding rules on VAT calculations, including for retailers
- rules for VAT when prompt payment discounts (PPD) are offered to customers and how to calculate it
- how to calculate the VAT when given the net or the gross amount of the supply
- how to account for VAT on: expenditure on employee and business contact entertaining, including that of mixed groups; purchases and sales of cars and vans; deposits and advance payments for goods and services
- the VAT rules on fuel scale charges, how to apply them and their effect on VAT payable or reclaimable
- how to apply bad debt relief, when this is available and what time limits apply.

### **2.3 Calculate the VAT due to, or from, the relevant tax authority**

Students need to be able to:

- correctly calculate the VAT payable to or reclaimable from the relevant tax authority for a VAT period in respect of: transactions in the current VAT period, including access to and use of sales and purchases invoices, credit notes issued and received, and cash and petty cash transaction receipts, adjustments for bad debt relief, fuel scale charges, entertainment expenses, cars and vans, deposits and advance payments, and correction of errors and omissions made in previous returns
- disallow VAT that is not recoverable
- deal with pressure to allow irrecoverable VAT or other inappropriate amounts to appear on the VAT return, or to remain in the accounts.

### **2.4 Make adjustments and declarations for any errors or omissions identified in previous VAT periods**

Students need to be able to:

- determine if a given previous period error or omission can be corrected by an amendment on the current VAT return
- apply the thresholds and deadlines within which previous period errors or omissions must be declared, including the timescales during which corrections can be made
- identify when a given previous period error or omission must be separately reported rather than corrected on the current VAT return
- apply the required treatment
- report a previous period error or omission that cannot be corrected on a current VAT return.

### **2.5 Complete and submit a VAT return and make any associated payment within statutory limits**

Students need to know:

- the statutory time limits for submitting VAT returns and making payment for both normal and special VAT schemes
- how these time limits differ depending on the payment method used
- how to complete all relevant boxes of the online return in the manner laid down by the relevant tax authority
- how to calculate the amount of VAT due to or reclaimable from the relevant tax authority as a check on the amounts calculated by the online VAT return
- why the final total on the VAT return should agree with the total on the business' VAT account
- how to identify the reasons why the given final total and the given VAT account differ
- the process for recovery of VAT that is to be reclaimed from the relevant tax authority.



### 3. Understand the implications for the business of errors, omissions, and late filing and payment

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#### 3.1 Explain the implications for a business of failure to comply with registration requirements

Students need to know:

- the powers of the tax authority to penalise a business that has failed to register for VAT
  - the details of the penalty regime applicable to non-registration or late registration.
- 

#### 3.2 Explain the implications for a business of failure to comply with the requirement to submit VAT returns

Students need to know:

- the consequences of late submission and non-submission of VAT returns
  - how the surcharge regime applies to late submission or non-submission of VAT returns
  - the powers of assessment that the tax authority has in respect of failure to submit VAT returns.
- 

#### 3.3 Explain the implications for a business of failure to comply with the requirement to make payment of VAT

Students need to know:

- the consequences of late payment or non-payment of VAT due
  - the details of the penalty regime applicable to late or non-payment of VAT due.
- 

#### 3.4 Explain the implications for a business resulting from a failure to make error corrections in the proper manner or to report errors where required to do so

Students need to know:

- the consequences of failing to correct errors properly
  - the consequences of failing to report an error when required to do so
  - the operational, ethical and legal consequences of allowing VAT recovery that is by law disallowed.
-

#### 4. Report VAT-related information within the organisation in accordance with regulatory and organisational requirement

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##### 4.1 Inform the appropriate person about VAT-related matters

Students need to be able to:

- identify the appropriate person to whom to report information, given different circumstances
  - provide appropriate information regarding: the discovery of current and previous period errors and omissions; determining whether to correct or disclose errors and omissions; the completion of the return; penalties, surcharges and assessments; the effects of a change in VAT rate or other regulatory changes; the effect on VAT of a change in business operations
  - communicate the appropriate time limits for submitting VAT returns to appropriate persons
  - identify when a query about VAT is beyond current experience or expertise and so should be referred to a line manager.
- 

##### 4.2 Communicate information about VAT due to or from the tax authority

Students need to be able to:

- specify relevant information regarding amounts due to or recovery of amounts from the UK's Revenue and Customs authority (HMRC)
  - communicate the effects of the special VAT schemes on payment or recovery of VAT.
-

## Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Advanced Bookkeeping and Final Accounts Preparation	VAT and its treatment is a key part of all the Bookkeeping units in this qualification, including the preparation of ledger accounts.	Not applicable for this unit.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- T-3 Reporting VAT.

## Test specification for Indirect Tax unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](https://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Computer marked	1 hour 30 minutes

Learning outcomes	Weighting
1. Understand and apply VAT legislation requirements	30%
2. Accurately complete VAT returns and submit them in a timely manner	40%
3. Understand the implications for the business of errors, omissions and late filing and payment	20%
4. Report VAT-related information within the organisation in accordance with regulatory and organisational requirement	10%
<b>Total</b>	<b>100%</b>

# Ethics for Accountants

Unit level	GLH value	Assessment
3	50	Synoptic assessment only

## Introduction

This unit is about professional ethics in an accounting environment. It seeks to ensure that students have an excellent understanding of why accountants need to act ethically, of the principles of ethical working, of what is meant by ethical behaviour at work, and of when and how to take action in relation to unethical behaviour and illegal acts.

This unit supports students in:

- working within the ethical code applicable to accountants and accounting technicians
- ensuring that the public has a good level of confidence in accounting practices or functions
- protecting their own and their organisation's professional reputation and legal liability
- upholding principles of sustainability.

Students will learn the core aspects of the ethical code for accountants as it relates to their work as accounting technicians and as exemplified in the *AAT Code of Professional Ethics*. They will understand the ethical principles of integrity, objectivity, professional competence and due care, and professional behaviour and confidentiality, and they will learn to apply these principles to analyse and judge ethical situations at work.

They will also understand that acting ethically derives from core personal and organisational values, such as honesty, transparency and fairness, as well as from professional ethics. Understanding the conceptual framework of principles, threats and safeguards contained in the ethical code, plus its process for ethical conflict resolution, will enable students to apply a systematic approach to ethical problems that they may encounter.

In studying this unit, students will therefore develop skills in analysing problems and in judging between 'right' and 'wrong' behaviour in a given context. They will also be able to identify alternative courses of action to resolve an ethical problem and select the most appropriate action in the circumstances.

Money laundering regulations mean that accountants can be exposed to legal liability for keeping quiet in certain circumstances or for telling the wrong person about suspected wrongdoing. Students will learn when and how money laundering regulations apply and their responsibilities in respect of them. They will also learn about reporting to the authorities in respect of suspected money laundering. In certain other circumstances, it may be appropriate for an accountant to report, 'speak up' or blow the whistle on unethical behaviour.

Finally, students will understand the basis and nature of the accountant's ethical responsibilities to uphold sustainability in their organisation.

Ethics for Accountants is a **mandatory** unit. It links with Work Effectively in Finance at Foundation level and with Accounting Systems and Controls at Professional level. There are opportunities to include aspects of acting ethically at work when delivering the other mandatory units at Advanced level.

## Learning outcomes

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1. Understand the need to act ethically
  2. Understand the relevance to the accountant's work of the ethical code for professional accountants
  3. Recognise how to act ethically in an accounting role
  4. Identify action to take in relation to unethical behaviour or illegal acts
-



## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

Students may not be assessed on all content, or on the full depth or breadth of a piece of content in any particular assessment. Content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand the need to act ethically

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#### 1.1 Explain why it is important to act ethically

Students need to know:

- the effect of an accountant acting ethically on the level of confidence that the public has in all accountants, on the probity and reputation of the accountant's organisation and on the accountant's own professional reputation and legal liability
  - the importance of an accountant complying with the ethical code at all times
  - about the accountant's public interest duty to society as well as to the client or employer
  - about the ethical code's objective of maintaining the reputation of accountancy as a profession
  - about the legal and professional nature of the accountant's obligation of compliance with the ethical code
  - about consequences for members of professional accountancy bodies who breach their ethical codes
  - when disciplinary action by the relevant professional accountancy body may be brought against the accountant for misconduct, and the possible penalties that can arise
  - when internal disciplinary procedures may be brought against the accountant by the employer for unethical or illegal behaviour
  - about fines or reputational damage suffered by organisations as a result of unethical behaviour and non-compliance with values, codes and regulations.
- 

#### 1.2 Explain how to act ethically

Students need to know:

- about specific actions that the accountant may have to take in order to behave ethically
  - why simply complying with regulations may not constitute ethical behaviour, depending on the circumstances
  - why a methodical approach to resolving ethical problems is advisable
  - how the ethical code takes a principles-based approach to ethics, conduct and practice, rather than a rules-based approach.
- 

#### 1.3 Explain the importance of values, culture and codes of practice/conduct

Students need to know:

- how an organisation's values, corporate culture and leadership affect its decisions and actions
  - why conflict may arise and have to be resolved between an individual's key personal values and organisational values
  - the importance of an ethics-based culture and ethical leadership within an organisation
  - how codes of conduct, codes of practice and regulations may affect ethical decisions by organisations and individuals.
-

## 2. Understand the relevance to the accountant's work of the ethical code for professional accountants

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### 2.1 Explain the ethical code's conceptual framework of principles, threats, safeguards and professional judgement

Students need to know:

- the importance of an accountant evaluating threats to compliance with the fundamental principles and then implementing safeguards, using professional judgement, to eliminate the threats or reduce them to an acceptable level
  - the types of threat to the fundamental principles
  - the types of safeguard that may be applied
  - how documented organisational policies on various issues can be used as safeguards to prevent threats and ethical conflict from arising
  - what an accountant should do when a threat cannot be eliminated or reduced to an acceptable level.
- 

### 2.2 Explain the importance of acting with integrity

Students need to know:

- the meaning of integrity from the ethical code
  - the effect of accountants being associated with misleading information
  - the meaning of the key ethical values of honesty, transparency and fairness
  - the importance of acting at all times with integrity, honesty, transparency and fairness when liaising with clients, suppliers and colleagues
  - how integrity is threatened in particular by self-interest and familiarity threats.
- 

### 2.3 Explain the importance of objectivity

Students need to know:

- the meaning of objectivity as defined by the ethical code
  - the importance of maintaining a professional distance between professional duties and personal life at all times
  - what is meant by a conflict of interest, including self-interest threats arising from financial interests, and compensation and incentives linked to financial reporting and decision making
  - the importance of appearing to be objective as well as actually being objective
  - the importance of professional scepticism when exercising professional judgement
  - how accountants may deal with offers of gifts and hospitality
  - how gifts and hospitality may pose threats to objectivity as inducements
  - the link between compromised objectivity and possible accusations of bribery or fraud
  - how objectivity is threatened in particular by intimidation, self-review and advocacy threats as well as by self-interest and familiarity threats.
- 

### 2.4 Explain the importance of behaving professionally

Students need to know:

- the meaning of professional behaviour from the ethical code
  - how the ethical code as a whole sets out the required standards of behaviour for accountants and how to achieve them
  - how compliance with relevant laws and regulations is a minimum requirement
  - why an act that is permitted by the law or regulations is not necessarily ethical
  - the link between bringing disrepute on the profession and disciplinary action brought by a professional accountancy body
  - how professional behaviour is threatened in particular by self-interest, self-review and familiarity threats.
-

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## **2.5 Explain the importance of being competent and acting with due care**

Students need to know:

- the meaning of professional competence, due care and diligence as defined by the ethical code
- how professional qualifications and continuing professional development (CPD) support professional competence
- the areas in which up-to-date technical knowledge may be critical to an accountant's competence
- the consequences of an accountant failing to work competently and with due care
- the link between lack of professional competence or due care and: claims for breach of contract in the supply of services and professional negligence; accusations of fraud or money laundering
- how professional competence and due care are threatened in particular by self-interest, self-review and familiarity threats.

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## **2.6 Explain the importance of confidentiality and when confidential information may be disclosed**

Students need to know:

- the meaning of confidentiality as defined by the ethical code
- the types of situation that present threats to confidentiality
- when it may be appropriate to disclose confidential information
- when confidential information must be disclosed
- to whom a disclosure of confidential information may be made
- how information confidentiality may be affected by compliance with data protection laws
- how confidentiality is threatened in particular by self-interest, intimidation and familiarity threats.

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## **2.7 Explain the stages in the ethical code's process for ethical conflict resolution**

Students need to know:

- how ethical conflict situations could arise in a work context
  - the stages in the process for ethical conflict resolution when a situation presents a conflict in application of the fundamental principles
  - the role of documented organisational policies in preventing ethical conflict from arising.
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### 3. Recognise how to act ethically in an accounting role

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#### 3.1 Distinguish between ethical and unethical behaviour

Students need to be able to:

- apply values and principles to identify whether behaviour is ethical or unethical in a given situation
  - apply key organisational values to a given situation, including complying with regulations in spirit as well as letter, with regard to: being transparent with customers and suppliers; reporting financial and regulatory information clearly and on time; whether to accept and give gifts and hospitality; paying suppliers a fair price and on time; providing fair treatment, decent wages and good working conditions to employees; using social media
  - identify situations where there is pressure to behave unethically, especially from self-interest, familiarity and intimidation threats to the fundamental principles.
- 

#### 3.2 Analyse a situation using the conceptual framework and the conflict resolution process

Students need to be able to:

- apply the conceptual framework to a situation
  - apply the conflict resolution process to a situation
  - decide when to take advice externally
  - decide when to refuse to remain associated with the matter creating the conflict, or resign.
- 

#### 3.3 Develop an ethical course of action

Students need to be able to:

- formulate a specific course of action to address the ethical concerns that have arisen
  - decide when and how advice about an ethical dilemma or unethical behaviour with regard to their own work, clients, suppliers or colleagues should be sought from a colleague or manager, or from the helpline of the employer or a professional body
  - refer instances of unethical behaviour to responsible persons at work, using discretion and maintaining confidentiality.
- 

#### 3.4 Justify an appropriate action when requested to perform tasks that are beyond current experience or expertise

Students need to be able to:

- recognise, in a given situation, when an accountant has been asked to complete work for which they do not have sufficient expertise, information, time, training or resources
  - decide the appropriate time at which advice about such concerns should be sought
  - decide what to do in such a situation.
- 

#### 3.5 Explain the ethical responsibilities of accountants in upholding the principles of sustainability

Students need to know:

- the meaning of sustainability
  - the importance of taking a long-term view and allowing the needs of present generations to be met without compromising the ability of future generations to meet their own needs
  - the importance of considering the needs of the organisation's wider stakeholders
  - the link between sustainability and the accountant's ethical principle of integrity
  - the links between the accountant's public interest duty to protect society as a whole and the organisation's sustainability
  - the importance of: social and environmental aspects of performance measurement and decision-making techniques; long-term responsible management and use of resources;
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operating sustainably in relation to products and services, customers, employees, the workplace, the supply chain and business functions and processes.

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#### **4. Identify action to take in relation to unethical behaviour or illegal acts**

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##### **4.1 Analyse a given situation in light of money laundering law and regulations**

Students need to know:

- the possible offences under money laundering law and regulations, and their consequences for accountants and for organisations
  - the events that may occur in relation to the accountant, their colleagues, the organisation, its customers and its suppliers that give rise to obligations for the accountant under money laundering law and regulations
  - the consequences for an accountant of failing to act appropriately in response to such events, including the potential for the offences of 'tipping off' and 'failure to disclose'
  - the consequences for any person of 'prejudicing an investigation'
  - the nature of the protection given to accountants by protected disclosures and authorised disclosures under money laundering law and regulations
  - the position specifically of accountants employed in a business regarding external reporting of the employer's suspected illegal activities under money laundering law and regulations, when the accountant is directly involved and also when they are not directly involved.
- 

##### **4.2 Identify the relevant body to which questionable behaviour must be reported**

Students need to know:

- the nature and role of relevant external authorities in relation to accountants and money laundering law and regulations
  - the relevant authority or internal department to which reports about money laundering should be made
  - when and to whom tax errors should be reported
  - the relevant external authorities to which reports about other forms of illegal activity may be made
  - the prescribed internal department and/or external professional body or agency to which reports may be made regarding unethical behaviour and breaches of confidentiality.
- 

##### **4.3 Report suspected money laundering in accordance with the regulations**

Students need to be able to:

- select the information that should be reported by an accountant making a required disclosure in either an internal report or a suspicious activity report (SAR) regarding suspicions about money laundering
  - identify when the required disclosure should be made.
- 

##### **4.4 Decide when and how to report unethical behaviour by employers, colleagues or clients/customers**

Students need to know:

- the limited legal protection available to an external whistle-blower.

Students need to be able to:

- identify when it is appropriate to report that a breach of the ethical code has taken place
  - report in line with formal internal whistle-blowing or 'speak-out' procedures that may be available for reporting unethical behaviour
  - seek advice confidentially from relevant helplines as appropriate
  - identify circumstances when there may be public interest disclosure protection available under statute for blowing the whistle externally in the public interest in relation to certain illegal or unethical acts by the employer
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- seek third party advice before blowing the whistle externally.
-

## Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Advanced Bookkeeping, Final Accounts Preparation, Management Accounting: Costing and Indirect Tax	All four of these units include content that cover ethics to an extent, including covering behaviour that is ethical and unethical, and how to develop an ethical course of action.	Not applicable to this unit.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

PS-2 Professional ethics in accountancy and finance:

- Performance standards 1–4 and 6–13
- Knowledge and understating standards 1, 2, 5 and 8–11.

# Spreadsheets for Accounting

Unit level	GLH value	Assessment
3	50	Synoptic assessment only

## Introduction

This Advanced level unit is about using spreadsheets to accurately enter, analyse and present information so that informed accountancy judgements can be made. The skills and knowledge from this unit integrate spreadsheet use within the other Advanced level accountancy subjects.

Accounting technicians need to use spreadsheets as it is important that financial information is accurately analysed and presented in an unambiguous way. Spreadsheets are widely used within industry, commerce and practice, and a variety of spreadsheet packages are available specifically to assist with accounting roles (routine and one-off): Features of spreadsheet packages allow calculations, manipulation of data, analysis, budgeting, preparing financial statements, reporting, forecasting and decision making.

The student will add value to their organisation if they are familiar with the underlying principles of such software and can use it competently within their workplace. Completing this unit will allow the student to apply these important skills to Advanced Bookkeeping, Final Accounts Preparation, Management Accounting: Costing and Indirect Tax.

The student will be able to analyse data using their spreadsheet skills and then communicate the most important information to enable appropriate judgements to be made. This means that the information presented needs to be accurate and easily understood by the recipient.

The objective of this unit is to equip students with sufficient skills and knowledge to enable them to select the correct information and then accurately input raw data into a spreadsheet. The student may need to use spreadsheets developed by others or to produce their own. The student will then be able to demonstrate their use of a range of skills to analyse this data in line with accountancy conventions. Skills such as the use of formulas, functions, data analysis tools, sorting and filtering will be vital within accountancy to enable students to perform complex calculations quickly and accurately. After analysis, the data needs to be comprehensively checked and then presented using a range of methods, for example as a structured spreadsheet with pivot tables and charts. The responsibility for checking accuracy of information at Advanced level remains with the student.

Students need to demonstrate their spreadsheet skills across the whole range of accountancy topics at Advanced level. Therefore, this unit can only be examined when the knowledge and skills of the other Advanced level units are understood.

Students must have access to a suitable spreadsheet software package as part of their study for this unit and for the assessment. The program selected by learning providers must be capable of producing reports in at least one of the following formats at various stages of the process: XLS, XLSX. Assessment evidence submitted in alternative file formats will not be marked.

Spreadsheets for Accounting is a **mandatory** unit in this qualification. This unit links to Advanced Bookkeeping, Final Accounts Preparation, Indirect Tax and Management Accounting: Costing at Advanced level.



## Learning outcomes

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1. Design and structure appropriate spreadsheets to meet customer needs
  2. Use spreadsheet software to record, format and organise data
  3. Use relevant tools to manipulate and analyse data
  4. Use software tools to verify accuracy and protect data
  5. Use tools and techniques to prepare and report accounting information
-

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Design and structure appropriate spreadsheets to meet customer needs

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#### 1.1 Organise data in a timely manner

Students need to be able to:

- identify all customer requirements, including deadlines
  - consider the use of a template or design a bespoke spreadsheet
  - plan and design the spreadsheet to meet customer needs
  - develop a spreadsheet for specific accountancy purposes.
- 

#### 1.2 Securely store and retrieve relevant information

Students need to be able to:

- securely store, backup, archive and retrieve data and information in line with local policies
  - rename files in line with local conventions.
- 

### 2. Use spreadsheet software to record, format and organise data

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#### 2.1 Select relevant data

Students need to know:

- when they have sufficient data and information.

Students need to be able to:

- select valid, reliable and accurate data
  - select relevant raw data from different sources
  - differentiate between what information is required and what information is not required.
- 

#### 2.2 Accurately enter data

Students need to know:

- why their own data input needs to be accurate
- why they may need to select relevant data from different sources and where to paste that data in their spreadsheet.

Students need to be able to:

- manually enter data accurately
  - link data from different sources and across different worksheets
  - remove duplications in data
  - import data.
- 

#### 2.3 Format data

Students need to be able to:

- use a range of appropriate formatting tools to aid understanding and present the data effectively (see Skills list).
-

### 3. Use relevant tools to manipulate and analyse data

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#### 3.1 Select and use a range of appropriate formulas and functions to perform calculations

Students need to be able to:

- plan, select and use a range of formulas to manipulate and analyse the data (see Skills list)
  - plan, select and use appropriate mathematical and logical functions (for example: IF, Subtotal, Lookup, and so on) and statistical techniques (for example: Goal Seek, Forecast) to perform calculations (see Skills list).
- 

#### 3.2 Select and use relevant tools to analyse and interpret data

Students need to be able to:

- assess and select the correct analysis tool for a given task
  - analyse data using multiple sorting criteria
  - analyse data using multiple filtering criteria
  - use Conditional Formatting to enhance decisions
  - analyse data using pivot tables and charts
  - remove duplicates
  - use lookup tables
  - select and use appropriate forecasting tools
  - summarise data using sub totals.
- 

#### 3.3 Select and use appropriate tools to generate and format charts

Students need to be able to:

- critically select and use a range of charts to summarise and present information
  - develop and format charts appropriately to aid understanding:
    - altering scales
    - altering and formatting axes
    - labelling charts
    - changing data series colour and/or format
  - produce an output in a format suitable to ensure equality of opportunity.
- 

#### 3.4 Edit and update data

Students need to be able to:

- change existing data
  - include relevant new data in a spreadsheet
  - identify and remove any further duplicates
  - update relevant new data in a chart.
- 

### 4. Use software tools to verify accuracy and protect data

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#### 4.1 Use appropriate tools to identify and resolve errors

Students need to be able to:

- use formula auditing tools
  - select and use error checking tools
  - show the formulas within a spreadsheet.
- 

#### 4.2 Assess that new data has been accurately added

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Students need to be able to:

- consider if any new data added to the spreadsheet is included in the analysis
  - check that new data is fully included in an existing chart.
- 

#### **4.3 Protect integrity of data**

Students need to know:

- why protection of the integrity of their data is important
- why they may need to use and share spreadsheet passwords
- with whom they can share spreadsheet passwords.

Students need to be able to:

- use data validation to restrict editing
  - protect cells and worksheets
  - use passwords
  - keep data secure from unauthorised use.
- 

### **5. Use tools and techniques to prepare and report accounting information**

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#### **5.1 Prepare reports**

Students need to be able to:

- insert headers and footers
  - hide rows and/or columns
  - format columns, rows and outputs to enhance understanding of the relevant data
  - adjust margins, orientation and print area
  - produce a summary sheet linking to other data and/or worksheets.
- 

#### **5.2 Report accounting information**

Students need to know:

- why it is important to confirm that the result meets customer requirements.

Students need to be able to:

- ensure that data produced is suitable for publication, using the appropriate house style
  - show all worksheet formulas in a format suitable for publication
  - communicate the completed information to the customer appropriately.
-

## Skills list

<p><b>Spreadsheet design and formatting</b></p> <ul style="list-style-type: none"> <li>• Adjusting/setting column width and row height</li> <li>• Advanced formatting e.g. negative figures are coloured green</li> <li>• Clearing cells</li> <li>• Changing cell fill colour</li> <li>• Comments box: show and hide</li> <li>• Conditional formatting</li> <li>• Copying and pasting: including special (values, linking etc.)</li> <li>• Currency formatting</li> <li>• Custom formatting: e.g. dates / times / contents</li> <li>• Decimal formatting, including 1000 separator</li> <li>• Find and replace</li> <li>• Formatting text and cells: font type and colour, size, bold, italics</li> <li>• Freezing rows and columns</li> <li>• Headers and footers</li> <li>• Hiding and unhiding rows and columns</li> <li>• Hiding and showing formulas</li> <li>• Inserting data, rows and columns</li> <li>• Inserting fields in header/footer: page number, no. of pages, date, time, filename</li> <li>• Locking and unlocking cells</li> <li>• Merging cells</li> <li>• Naming and renaming worksheets</li> <li>• Naming cells and ranges</li> <li>• Password protecting a worksheet / range of cells</li> <li>• Page orientation: landscape, portrait</li> <li>• Page setup: adjust margins, print area</li> <li>• Print scaling</li> <li>• Print screen / snipping tool</li> <li>• Renaming files</li> </ul> <p><b>Data</b></p> <ul style="list-style-type: none"> <li>• Cell referencing: absolute and direct</li> <li>• Custom sorting</li> <li>• Filtering data using multiple criteria, including number filter</li> <li>• Importing data</li> <li>• Linking data across several worksheets</li> <li>• Percentages</li> <li>• Sorting data using multiple criteria</li> </ul>	<p><b>Spreadsheet design and formatting cont...</b></p> <ul style="list-style-type: none"> <li>• Saving as (CSV, PDF, XLSX)</li> <li>• Scaling information for publication</li> <li>• Spell checking</li> <li>• Wrapping text</li> </ul> <p><b>Validity and accuracy</b></p> <ul style="list-style-type: none"> <li>• Checking validity of results</li> <li>• Checking links</li> <li>• Data validation</li> <li>• Error checking</li> </ul> <p><b>Charts</b></p> <ul style="list-style-type: none"> <li>• Changing chart type</li> <li>• Changing data series colour and/or format</li> <li>• Chart labelling: axis scale, titles, legend</li> <li>• Chart production and alteration: bar, column, line, pie, in stacked, 3D, exploded formats where appropriate</li> <li>• Moving and resizing chart</li> <li>• Pivot tables (simple) and pivot charts</li> <li>• Trend lines</li> </ul> <p><b>Formulas and functions</b></p> <ul style="list-style-type: none"> <li>• Auditing formulas</li> <li>• Formulas: now, sum, today</li> <li>• Formulas (logical): Count, Counta, Countif, IF (simple and nested), Lookup</li> <li>• Formulas (mathematical): add, minus, divide, multiply, average, maximum, minimum, Roundup and Rounddown</li> <li>• Statistical techniques: Goal Seek and Forecast</li> <li>• Removal of duplicates</li> <li>• Subtotalling a range</li> <li>• Subtotalling formulas: sum, average, maximum, minimum</li> </ul>
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## Skills that will be no longer assessed

<ul style="list-style-type: none"> <li>• Adjusting contents to fit cells</li> <li>• Aligning text</li> <li>• Annotating charts</li> <li>• AutoSum</li> <li>• Borders and shading</li> </ul>	<ul style="list-style-type: none"> <li>• Histogram (knowledge only)</li> <li>• Logical formulas: Sumif</li> <li>• Margins</li> <li>• Moving average (knowledge only)</li> <li>• Page breaks</li> </ul>
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<ul style="list-style-type: none"> <li>• Chart production and alteration: bubble, scatter</li> <li>• Clearing cells</li> <li>• Consolidating data across several worksheets</li> <li>• Date and time stamps and formats</li> <li>• Deleting cells, rows, columns</li> <li>• Hyperlink</li> </ul>	<ul style="list-style-type: none"> <li>• Page numbering</li> <li>• Rank and percentile (knowledge only)</li> <li>• Referencing: Circular</li> <li>• Report: all or part of the spreadsheet by printing (hard copy), web (HTML), Word®, PDF, PowerPoint®, email</li> <li>• Trace precedents and dependents</li> <li>• Validation circles</li> </ul>
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## Delivering this unit

This unit has the following links across the AAT Advanced Diploma in Accounting.

Unit name	Content links	Suggested order of delivery
Advanced Bookkeeping, Final Accounts Preparation, Indirect Tax and Management Accounting: Costing	All four units include some elements of content that can be demonstrated as a skill using a spreadsheet.	Not applicable to this unit.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- PS-1 Work effectively in accountancy and finance
- MA-2 Provide management information
- MA-3 Draft budgets
- MA-4 Monitor financial performance
- T-1 Calculate personal tax
- T-2 Calculate business tax
- T-3 Report VAT
- TM-1 Administer cash balances
- P-1 Create and maintain employee records
- P-2 Calculate pay
- P-3 Determine entitlements and deductions
- P-4 Control payroll
- P-5 Complete end-of-period procedures
- P-6 Process expenses and benefits in kind.

## 12. Synoptic test specification

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based synoptic assessment	Partially computer/ partially human marked	2 hours 45 minutes, composed of two components (plus an additional 15 minutes to upload evidence)

The synoptic assessment will ask students to apply knowledge and skills gained across the qualification in an integrated way, within a workplace context. Scenarios will change over time to ensure the validity of the assessment.

### 12.1 Assessment objectives

<b>Assessment objective 1</b>	Demonstrate an understanding of the relevance of the ethical code for accountants, the need to act ethically in a given situation and the appropriate action to take in reporting questionable behaviour
<b>Related learning objectives</b>	<b>Ethics for Accountants</b> L01 Understand the need to act ethically L02 Understand the relevance to the accountant's work of the ethical code for professional accountants L04 Identify action to take in relation to unethical behaviour or illegal acts
<b>Assessment objective 2</b>	Prepare accounting records and respond to errors, omissions and other concerns, in accordance with accounting and ethical principles and relevant regulations
<b>Related learning objectives</b>	<b>Ethics for Accountants</b> L03 Recognise how to act ethically in an accounting role L04 Identify action to take in relation to unethical behaviour or illegal acts <b>Advanced Bookkeeping</b> L01 Apply the principles of advanced double-entry bookkeeping L02 Implement procedures for the acquisition and disposal of non-current assets L03 Prepare and record depreciation calculations L04 Record period end adjustments <b>Final Accounts Preparation</b> L02 Explain the need for final accounts and the accounting and ethical principles underlying their preparation L03 Prepare accounting records from incomplete information



**Assessment objective 3**      Apply ethical and accounting principles when preparing final accounts for different types of organisation, develop ethical courses of action and communicate relevant information effectively

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**Related learning objectives**      **Ethics for Accountants**  
L03 Recognise how to act ethically in an accounting role  
**Final Accounts Preparation**  
L01 Distinguish between the financial recording and reporting requirements of different types of organisation  
L02 Explain the need for final accounts and the accounting and ethical principles underlying their preparation  
L03 Prepare accounting records from incomplete information  
L04 Produce accounts for sole traders  
L05 Produce accounts for partnerships  
L06 Recognise the key differences between preparing accounts for a limited company and a sole trader

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**Assessment objective 4**      Use relevant spreadsheet skills to analyse, interpret and report management accounting data

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**Related learning objectives**      **Management Accounting: Costing**  
L01 Understand the purpose and use of management accounting within an organisation  
L03 Apportion costs according to organisational requirements  
L04 Analyse and review deviations from budget and report these to management  
L05 Apply management accounting techniques to support decision making  
**Spreadsheets for Accounting**  
L01 Design and structure appropriate spreadsheets to meet customer needs  
L02 Use spreadsheet software to record, format and organise data  
L03 Use relevant tools to manipulate and analyse data  
L05 Use tools and techniques to prepare and report accounting information

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**Assessment objective 5**      Prepare financial accounting information, comprising extended trial balances and final accounts for sole traders and partnerships, using spreadsheets

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**Related learning objectives**      **Final Accounts Preparation**  
L04 Produce accounts for sole traders  
L05 Produce accounts for partnerships  
**Advanced Bookkeeping**  
L05 Produce and extend the trial balance  
**Spreadsheets for Accounting**  
L01 Design and structure appropriate spreadsheets to meet customer needs  
L02 Use spreadsheet software to record, format and organise data

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L03 Use relevant tools to manipulate and analyse data

L04 Use software tools to verify accuracy and protect data

L05 Use tools and techniques to prepare and report accounting information

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## 12.2 Summary

Assessment objective		Weighting
A01	Demonstrate an understanding of the relevance of the ethical code for accountants, the need to act ethically in a given situation and the appropriate action to take in reporting questionable behaviour	15%
A02	Prepare accounting records and respond to errors, omissions and other concerns, in accordance with accounting and ethical principles and relevant regulations	15%
A03	Apply ethical and accounting principles when preparing final accounts for different types of organisation, develop ethical courses of action and communicate relevant information effectively	15%
A04	Use relevant spreadsheet skills to analyse, interpret and report management accounting data	25%
A05	Prepare financial accounting information, comprising extended trial balances and final accounts for sole traders and partnerships, using spreadsheets	30%
Total		100%

## 13. Delivering AAT qualifications

### 13.1 Staff requirements

AAT requires that all staff who deliver AAT qualifications, including tutors, assessors and verifiers, are professionally competent to do so.

If a training provider wishes to claim recognition of prior learning (RPL) for a student, then staff must hold the relevant assessor and/or internal verifier qualifications.

For more information on assessing RPL, and the role and qualifications required for assessors and/or internal verifiers, please refer to the *AAT Code of practice for training providers* and *AAT Guidance for training providers* documents available through MyAAT at [aat.org.uk/about-aat/aat-standards](https://aat.org.uk/about-aat/aat-standards)

### 13.2 Training provider and assessment venue approval

Training providers must be approved by AAT to offer these qualifications. To apply to become an AAT approved training provider, email [trainingproviders@aat.org.uk](mailto:trainingproviders@aat.org.uk) with the following information:

- full name of organisation
- full postal address, including postcode
- landline telephone number
- website address – this must be a live, fully functioning website
- other awarding bodies with which the organisation is accredited.

When AAT has received this information, an account manager will set up a meeting, and discuss the criteria needed for approval. Training providers offering funded provision to 16–19-year-old students will be required to confirm that they are providing employer engagement for those students.

Only applications that meet AAT's high standards will be approved.

Existing training providers who wish to offer the qualification(s) should contact [qualityassurance@aat.org.uk](mailto:qualityassurance@aat.org.uk) to obtain the additional approval application form.

To apply to become an AAT-approved assessment venue, email [assessment.operations@aat.org.uk](mailto:assessment.operations@aat.org.uk) with the following information:

- the full address of the proposed venue
- any experience in administering computer based assessments.

AAT will evaluate whether a venue meets the minimum hardware and software requirements, is a suitable environment for delivering assessments and has the staff to run assessments successfully. One of the AAT assessment team may visit a centre before approval is granted.

AAT doesn't approve venues on a permanent basis and may review a venue's status at any time. If a venue's status changes, the venue administrator will be notified in writing.

### 13.3 Quality assurance

AAT monitors training providers to ensure their continued compliance with the AAT approval criteria, the *AAT Code of practice for training providers* and appropriate regulatory requirements. Within the United Kingdom, our qualifications are regulated by the Office of Qualifications and Examinations Regulation (Ofqual) in England and Northern Ireland and internationally; by the Scottish Qualifications Authority (SQA) in Scotland; and by Qualifications Wales in Wales.

All training providers have an allocated point of contact, and from time to time they will be visited by AAT to ensure that quality standards are being met. The frequency of visits will depend on a number of factors and visits will not necessarily occur on an annual basis. If a centre has been delivering assessments using RPL as an assessment method, AAT may also ask for particular information and/or documents to be made available so that a remote verification activity might be conducted rather than a physical visit.

Training providers will receive an annual report from AAT identifying any actions that are to be addressed.

AAT may apply an action plan with deadlines and/or a sanction where training providers do not meet the requirements set out in the *AAT Code of practice for training providers*, which may be accessed via MyAAT at [aat.org.uk/support/quality-assurance/resources](https://aat.org.uk/support/quality-assurance/resources)

Sanctions will be applied at training provider level and will take the following form:

Level 1	Action plan imposed
Level 2	Suspension of the right to claim certification
Level 3	Suspension of the right to register students and claim certification.

Where AAT considers that there is an irretrievable breakdown in the management and quality assurance of the delivery of specified qualifications, AAT will withdraw training provider approval.

### 13.4 Responsible student recruitment

Training providers are expected to carry out an initial assessment of students to determine if they are on the most appropriate qualification and that they are on the correct level of qualification.

AAT reserves the right to ask for evidence that students' development needs are matched against the requirements of the qualification and that an agreed individual delivery plan is established.

## 14. Equality and diversity

AAT firmly believes in equality of opportunity for all who participate in its qualifications.

We aim to ensure that:

- our qualifications are free from barriers that restrict access and progression
- our qualifications are attainable by all who can demonstrate the required standard by whatever means
- our qualifications and publications are free from discriminatory practices or stereotypes with regard to age, caring responsibilities, disability, gender, gender identity, marriage and civil partnerships, part-time working, pregnancy and maternity, race, religion or belief, sexual orientation.
- assessment tasks and study opportunities are sufficiently varied and flexible to ensure that no particular group of students or would-be students are placed at any disadvantage
- all reasonable adjustments are made to cater for the individual requirements of students
- assessments are valid and reliable to ensure that all students receive impartial treatment.

We do this in the following ways.

1. Considering issues of diversity and equality as part of the development process.
2. Avoiding the creation of barriers that might disadvantage those students who share one or more protected characteristics.
3. Consultation with students (or their representatives).
4. Collection of data for monitoring and evaluation.
5. Provision of additional information at [aat.org.uk/about-aat/aat-equal-opportunities-policy](https://aat.org.uk/about-aat/aat-equal-opportunities-policy).

### 14.1 Reasonable adjustments and special consideration

'Reasonable adjustment' is the term used for any special arrangement that is needed to enable students with disabilities or temporarily incapacitated students to do their best in an assessment. A common example would be extra time for a dyslexic student.

'Special consideration' is the term used to describe the process by which a student's script is reassessed after it has been taken, due to the student suffering an illness, traumatic accident or major and unpredictable life event at, or shortly before, the time of assessment.

In most cases, the training provider may make the decision to grant adjustments: for example, granting extra time up to and including one third of the available time as published for that assessment.

In the event of a more significant adjustment, training providers will need to contact AAT as outlined in the *Reasonable Adjustment Policy* available through MyAAT at [aat.org.uk/assessment/adjustments-and-considerations](https://aat.org.uk/assessment/adjustments-and-considerations). The required forms and more details are available in *Guidance on the Application of Reasonable Adjustments and Special Consideration in AAT Assessments*, available through MyAAT at [aat.org.uk/assessment/adjustments-and-considerations](https://aat.org.uk/assessment/adjustments-and-considerations).

## 15. Support for training providers

### 15.1 Centre Support team

The Centre Support team is dedicated to helping training providers with the daily running of AAT qualifications. The team also offers one-to-one support for new training providers to help them get their AAT qualifications up and running.

Phone: +44 (0)203 3735 2443

Email: [centre.support@aat.org.uk](mailto:centre.support@aat.org.uk)

### 15.2 Regional Account Manager (RAM)

Each training provider has their own Regional Account Manager (RAM) assigned to support them once they have been approved as an AAT training provider. RAMs help provide links to local employers, and visit regularly to keep training providers up to date on qualification developments, apprenticeships and possible commercial opportunities.

### 15.3 Weekly email update from AAT – *SummingUp*

Every Friday morning, *SummingUp* shares all the latest news from AAT, including:

- technical updates
- qualification developments
- upcoming events
- new e-learning materials
- the latest marketing materials.

## 15.4 Events for training providers

Tutors have the opportunity to attend a number of events throughout the year. There are three types of tutor events.

### Annual conference

The annual training provider conference is a chance to get together, network and share ideas. The two-day conference includes:

- topical workshops
- a networking dinner on the first evening
- the opportunity to learn about new developments from AAT.

### Network meetings

At these events, training providers can raise queries, share best practice and ideas with AAT and other training providers. These events:

- cover a wide range of topics
- keep tutors up to date on the latest issues
- provide relevant and cost-effective CPD.

### Technical events (tutor-to-tutor sessions)

These events are free of charge to training providers and cover a range of our qualifications and assessment areas. Experienced and high-performing training providers share their experiences, tips and techniques with attendees to help others improve their achievement rates.

## 15.5 Tutor Talk forum

All AAT-approved training providers have access to Tutor Talk, where tutors can contribute to online conversations about a wide range of AAT issues. Tutors will receive:

- unlimited user logins for all AAT tutors
- email updates on posts they're interested in.

## 15.6 Online support resources

In order to help AAT tutors successfully deliver AAT qualifications, a range of support materials are offered for all of our qualifications, such as:

- interactive PDFs



- recorded webinars
- videos
- podcasts
- training materials
- quiz questions for all AAT units
- content queries.

All tutor support materials can be found on the AAT website.

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