ADVANCED DIPLOMA IN ACCOUNTING

SYNOPTIC ASSESSMENT

STUDY TEXT

INCLUDING:

ETHICS FOR ACCOUNTANTS

RE-CAP OF FAPR, AVBK AND MMAC

Qualifications and Credit Framework

AQ2016

This Study Text supports study for the following AAT qualifications:

AAT Advanced Diploma in Accounting – Level 3

AAT Advanced Certificate in Bookkeeping – Level 3

AAT Advanced Diploma in Accounting at SCQF Level 6

CONTENTS

INTRODUCTION

HOW TO USE THESE MATERIALS

These Kaplan Publishing learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chance of success in your AAT assessments.

They contain a number of features to help you in the study process.

The sections on the Unit Guide, the Assessment and Study Skills should be read before you commence your studies.

They are designed to familiarise you with the nature and content of the assessment and to give you tips on how best to approach your studies.

STUDY TEXT

This Study Text has been specially prepared for the revised AAT qualification introduced in September 2016.

It is written in a practical and interactive style:

- Key terms and concepts are clearly defined.
- All topics are illustrated with practical examples with clearly worked solutions based on sample tasks provided by the AAT in the new examining style.
- Frequent practice activities throughout the chapters ensure that what you have learnt is regularly reinforced.
- ‘Test your understanding’ activities are included within each chapter to apply your learning and develop your understanding.

ICON

The study chapters include the following icons throughout.

They are designed to assist you in your studies by identifying key definitions and the points at which you can test yourself on the knowledge gained.

Definition

These sections explain important areas of knowledge which must be understood and reproduced in an assessment.

Example

The illustrative examples can be used to help develop an understanding of topics before attempting the activity exercises.

Test your understanding

These are exercises which give the opportunity to assess your understanding of all the assessment areas.

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Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

ADSY SYNOPTIC GUIDE

Introduction

AAT AQ16 introduces a Synoptic Assessment, which students must complete if they are to achieve the appropriate qualification upon completion of a qualification. In the case of the Advanced Diploma in Accounting, students must pass all of the mandatory assessments and the Synoptic Assessment to achieve the qualification.

As a Synoptic Assessment is attempted following completion of individual units, it draws upon knowledge and understanding from those units. It may be appropriate for students to retain their study materials for individual units until they have successfully completed the Synoptic Assessment for that qualification.

All units within the Advanced Diploma in Accounting are mandatory. Four units are assessed individually in end of unit assessments, but this qualification also includes a synoptic assessment, sat towards the end of the qualification, which draws on and assesses knowledge and understanding from across the qualification:

- Advanced Bookkeeping – end of unit assessment
- Final Accounts Preparation – end of unit assessment
- Management Accounting: Costing – end of unit assessment
- Ethics for accountants – assessed within the synoptic assessment only

THE ASSESSMENT

Test specification for this synoptic assessment

Assessment type	Marking type	Duration of exam
Computer based synoptic assessment	Partially computer/ partially human marked	2 hours 30 minutes

Assessment objective	Weighting
AO1 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	19%
AO2 Prepare accounting records and respond to errors, omissions and other concerns, in accordance with accounting and ethical principles and relevant regulations	15%
AO3 Demonstrate an understanding of the inter-relationship between the financial accounting and management accounting systems of an organisation and how they can be used to support managers in decision making	16%
AO4 Apply ethical and accounting principles when preparing final accounts for different types of organisation, develop ethical courses of action and communicate relevant information effectively	19%
AO5 Analyse, interpret and report management accounting data	15%
AO6 Prepare financial accounting information, comprising extended trial balances and final accounts for sole traders and partnerships	16%
Total	**100%**

ETHICS FOR ACCOUNTANTS UNIT GUIDE

Ethics for Accountants is a Level 3 mandatory unit that is examined as part of the synoptic assessment.

Purpose of the unit

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 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 AAT's Code of Professional Ethics. They will understand the ethical principles of integrity, objectivity, professional competence and due care, professional behaviour and confidentiality, and 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.

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.

STUDY SKILLS

Preparing to study

Devise a study plan

Determine which times of the week you will study.

Split these times into sessions of at least one hour for study of new material. Any shorter periods could be used for revision or practice.

Put the times you plan to study onto a study plan for the weeks from now until the assessment and set yourself targets for each period of study – in your sessions make sure you cover the whole course, activities and the associated questions in the workbook at the back of the manual.

If you are studying more than one unit at a time, try to vary your subjects as this can help to keep you interested and to see the relationships between different subjects.

When working through your course, compare your progress with your plan and, if necessary, re-plan your work (perhaps including extra sessions) or, if you are ahead, do some extra revision/practice questions.

Effective studying

Active reading

You are not expected to learn the text by rote, rather, you must understand what you are reading and be able to use it to pass the assessment and develop good practice.

A good technique is to use SQ3Rs – Survey, Question, Read, Recall, and Review:

1 **Survey the chapter**

Look at the headings and read the introduction, knowledge, skills and content, so as to get an overview of what the chapter deals with.

2 **Question**

Whilst undertaking the survey ask yourself the questions you hope the chapter will answer for you.

3 **Read**

Read through the chapter thoroughly working through the activities.

4 Recall

At the end of each section and at the end of the chapter, try to recall the main ideas of the section / chapter without referring to the text. This is best done after short break of a couple of minutes after the reading stage.

5 Review

Check that your recall notes are correct.

You may also find it helpful to re-read the chapter to try and see the topic(s) it deals with as a whole.

Note taking

Taking notes is a useful way of learning, but do not simply copy out the text.

The notes must:

- be in your own words
- be concise
- cover the key points
- be well organised
- be modified as you study further chapters in this text or in related ones.

Trying to summarise a chapter without referring to the text can be a useful way of determining which areas you know and which you don't.

Three ways of taking notes

1 Summarise the key points of a chapter

2 Make linear notes

A list of headings, subdivided with sub-headings listing the key points.

If you use linear notes, you can use different colours to highlight key points and keep topic areas together.

Use plenty of space to make your notes easy to use.

3 **Try a diagrammatic form**

The most common of which is a mind map.

To make a mind map, put the main heading in the centre of the paper and put a circle around it.

Draw lines radiating from this to the main sub-headings which again have circles around them.

Continue the process from the sub-headings to sub-sub-headings.

Highlighting and underlining

You may also find it useful to underline or highlight key points in your study text – but do be selective.

You may also wish to make notes in the margins.

Revision phase

Kaplan has produced material specifically designed for your final examination preparation for this unit.

These include pocket revision notes and a bank of revision questions (‘revision kit’) specifically in the style of the new syllabus.

Further guidance on how to approach the final stage of your studies is given in the revision kit.

Further reading

In addition to this text, you should also read the ‘Student section’ of the ‘Accounting Technician’ magazine every month to keep abreast of any guidance from the examiners.

Ethics – The principles

1

Introduction

In this chapter we look at the fundamental principles of integrity, objectivity, professional and technical competence, due care, confidentiality and professional behaviour.

These underpin the whole syllabus so it is vital that you know, understand and can apply the principles.

The Ethics for Accountants syllabus does not require you to have a detailed knowledge of the AAT Code of Ethics and other AAT regulations. However, you are expected to know the key aspects of the underpinning IFAC Code of Ethics for Professional Accountants:

- The purpose of the code.
- The fundamental principles and the conceptual framework.

ASSESSMENT CRITERIA

1.1 Explain why it is important to act ethically
1.2 Explain how to act ethically
1.3 Explain the importance of values, culture and codes of practice/conduct
2.1 Explain the ethical code's conceptual framework of principles, threats, safeguards and professional judgement
2.2 Explain the importance of acting with integrity
2.3 Explain the importance of objectivity
2.4 Explain the importance of behaving professionally
2.5 Explain the importance of being competent and acting with due care
2.6 Explain the importance of confidentiality and when confidential information may be disclosed
2.7 Explain the stages in the ethical code's process for ethical conflict resolution
3.1 Distinguish between ethical and unethical behaviour
3.2 Analyse a situation using the conceptual framework and the conflict resolution process
3.3 Develop an ethical course of action
3.5 Explain the ethical responsibilities of accountants in upholding the principles of sustainability.

CONTENTS