



AAT

Professional Diploma Synoptic Assessment

Pocket Notes

These Pocket Notes support study for the following AAT qualifications:

AAT Professional Diploma in Accounting – Level 4

AAT Level 4 Diploma in Business Skills

AAT Professional Diploma in Accounting at SCQF Level 8

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Preface

These Pocket Notes contain the key things that you need to know for the exam, presented in a unique visual way that makes revision easy and effective.

Written by experienced lecturers and authors, these Pocket Notes break down content into manageable chunks to maximise your concentration.

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A guide to the assessment

The assessment

Four units within the Professional Diploma in Accounting are mandatory. Of these, three 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 all four mandatory units.

Examination

Professional Diploma Synoptic Assessment is assessed by means of a computer based assessment. The CBA will last for 3 hours.

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.

Learning outcomes & weighting

Assessment objective	Weighting
A01 Demonstrate an understanding of the roles and responsibilities of the accounting function within an organisation and examine ways of preventing and detecting fraud and systemic weaknesses.	20%
A02 Evaluate budgetary reporting; its effectiveness in controlling and improving organisational performance	15%
A03 Evaluate an organisation's accounting control systems and procedures	15%
A04 Analyse an organisation's decision making and control using management accounting tools.	15%
A05 Analyse an organisation's decision making and control using ratio analysis.	20%
A06 Analyse the internal controls of an organisation and make recommendations	15%
Total	100%

Pass mark

To pass a unit assessment, students need to achieve a mark of 70% or more.

This unit contributes 35% of the total amount required for the Professional Diploma in Accounting qualification.

chapter

1

The accounting function

- Introduction.
- The accounting function.
- Relationships with other departments.
- Coordination between accounting and other business functions.
- Regulations affecting the accounting function.
- Understanding systems.

Introduction

Organisations and the need for control

Definition

'Organisations are social arrangements for the controlled performance of collective goals'.

Control mechanisms

Methods of control

Organisational structure
Target setting and budgeting
Direct supervision
Culture
Self-control
Control Systems – e.g. actual v budget
Control processes – e.g. control account reconciliations

Organisational Structure

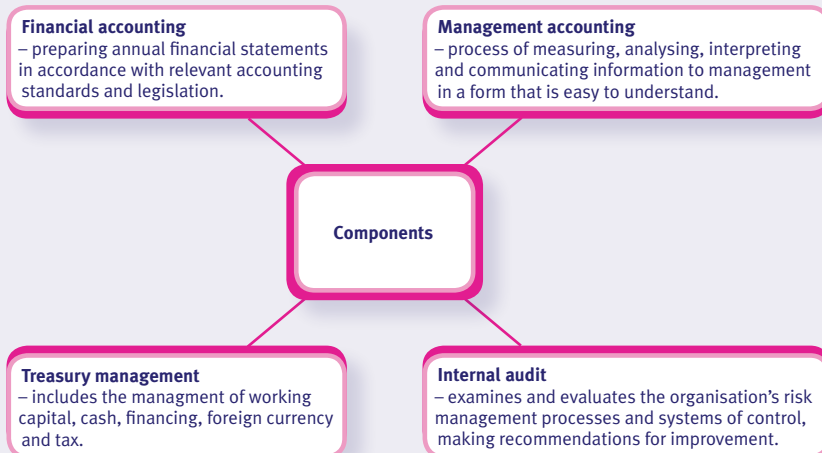
How to discuss structure

The division of responsibility
The degree of decentralisation
The length of the scalar chain
The size of the span of control
Whether organisations are 'tall' or 'flat'

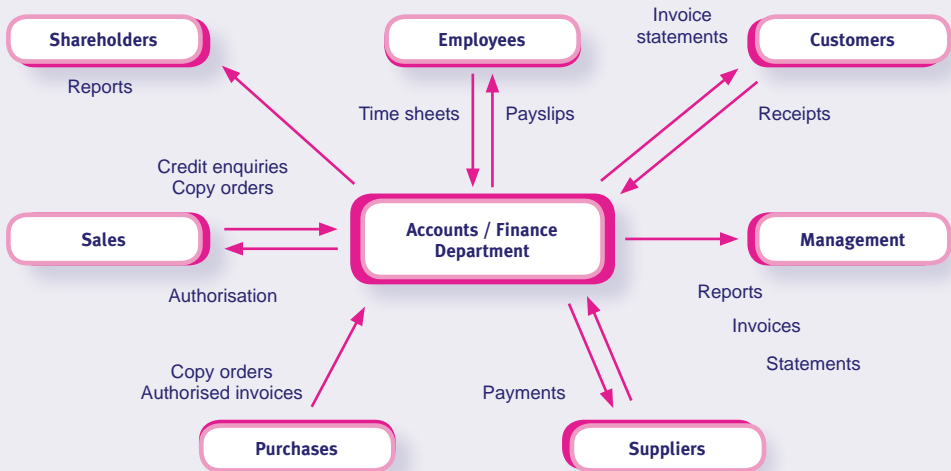
The accounting function

The role of the accounting function

There are four components to the function



Relationships with other departments



Coordination between accounting and other business functions

Department	Areas of interaction
Purchasing	Establishing credit terms Monitoring payments Inventory and cost control
Production	Cost measurements and overhead allocation Budgeting (e.g. units, quantity) Achieving efficiency and economy
HR	Recruitment and training expenditure Salary payment, estimating PAYE liabilities Reward plans, tax-efficient benefits packages
IT	Systems design and development Improving access to information Incorporating new technology into operations
Customer services	Pricing additional services (e.g. maintenance) Assessing costs of product failures Qualitative feedback on operations
Marketing	Advertising budgets Product pricing Estimating market share

Regulations affecting the accounting function

Responsibility to regulatory authorities:

- Companies House (e.g. submission of financial statement for inspection by interested parties).
- Tax authorities (e.g. HMRC for VAT, PAYE, corporation tax).
- Financial services (e.g. stock exchange for listed companies).
- Regulators, where appropriate (e.g. Charities Commission, Ofcom).

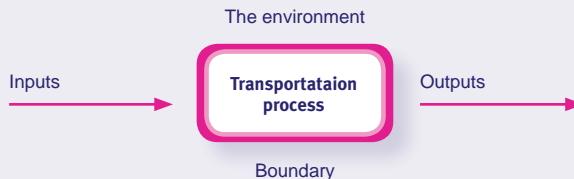
Companies Act 1985 sets out that financial statements have to give a “true and fair view”.

IFRS Foundation supervises the development of international standards and guidance. It's a parent entity of:

- International Accounting Standards Board (IASB): aims to develop a single set of quality, understandable and enforceable accounting standards.
- FRS Interpretation Committee (IFRS IC): reviews widespread accounting issues and provides guidance.
- IFRS Advisory Council (IFRS AC): consults the users of financial information and offers advice to the IFRS Foundation.

Understanding systems

General systems



Example – If we are concentrating on the finance system, then sales, production and purchasing become part of the environment, and within the system boundary will be found smaller subsystems such as product costing, financial accounting and treasury.

Control systems

- **Standard** – is what the system is aiming for.
- **Sensor** (or detector) – measures the output of the system.
- **Comparator** – compares the information from the standard and the sensor.
- **Effector** (or activator) – initiates the control action.
- **Feedback** – is the information that is taken from the system output and used to adjust the system.