

## ASSOCIATION OF ACCOUNTING TECHNICIANS

### GUIDANCE NOTES

#### AAT ACCOUNTING QUALIFICATION – DIPLOMA PATHWAY

#### UNIT 31, ACCOUNTING WORK SKILLS

#### Guidance on the requirements of this unit

#### What the unit covers

This unit consists of three Elements

- Element 31.1 is concerned with the presentation of financial data and reports for internal and external use. Internal reports will be those that assist managers in controlling and evaluating organisational performance. External reports, normally for banks or other outside agencies, will be in the format requested by the external user of those reports. This Element also requires the candidate to be able to use word-processing and E-mail facilities.
- Element 31.2 is concerned with the operation of computers including a computerised accounting system and simple spreadsheets. Operation of computers and computer systems includes both awareness and application of internal and external regulations to ensure that they are used responsibly.
- Element 31.3 is concerned with performing effectively in the workplace. It includes preparing and adapting work plans, communicating with employees including resolving difficulties, and monitoring work methods and the work area to ensure safety, effectiveness and efficiency.

#### How does unit 31 differ from the NVQ units?

#### General

Unit 31 incorporates units 4, 7, 21, 22 and 23 under the 2003 NVQ standards plus the use of a computerised accounting package under units 1, 2 and 3 of those standards.

Unit 31 broadly covers the NVQ units as follows:

- Element 31.1 includes, either explicitly or by implication, all of unit 4, including the use of e-mail and word-processed documents, and almost all of unit 7 (see below for exclusions).
- Element 31.2 includes, either explicitly or by implication, all of unit 21 and the computerised aspects of units 1, 2 and 3, and use of spreadsheets from unit 7.
- Element 31.3 includes, either explicitly or by implication, all of unit 22 applicable to an accounting technician in the workplace and all of unit 23 apart from PC 23.2H (which is included in Element 31.2).

## Delivery Guidance

The timetabling of this unit will very much depend on the resources available, the time allotted to delivery of the Certificate level and the candidate profile.

The second Element of the Accounting Work Skills unit requires the candidate to operate a computerised accounting system, and so it seems inevitable that centres will wish to deliver this aspect after delivery of unit 30, Introductory Accounting, or in tandem.

All three Elements in this unit interlink, and need to be delivered in an integrated way rather than a sequential way. Whilst Element 2 covers computers and the operation of a computerised accounting system, computers will, inevitably be used to present the financial data and reports which comprise Element 1, in particular through e-mail and word-processed documents. Computers are also an integral part of Element 3, as communication and other activities carried out to perform effectively in the workplace will inevitably involve the use of computers. Almost all of this unit could, therefore, be delivered through computers.

An example of how this would benefit students in covering performance criteria G in Element 1 – VAT – is that the VAT option in a computerised accounting system would contain all or most of the figures needed to complete a VAT return.

## Unit Assessment

The assessment strategy for the Diploma pathway is based on the following conditions:

- Units which are skills-based (such as Unit 31) will be assessed through AAT simulations. The AAT maintains that the workbased evidence demonstrated through simulated tasks is capable of providing valid evidence of competence. The approach provides a more holistic assessment of the unit standards as all the tasks are based around given scenario(s). Centrally produced simulations also allow for standardisation across candidates and centres, ensuring consistency in the assessment process.
- All performance criteria, range and knowledge and understanding will be covered **over time**, but no one simulation will cover all aspects of the unit. However, each simulation will cover most aspects. Candidates are expected to address the full standards specification in their learning, and should expect to be tested on any aspect of the unit standards. If the candidate successfully completes all aspects of a simulation then the assessor should take this as demonstration of broad competence in that unit and s/he is entitled to a unit achievement credit.

Should the candidate have succeeded in most parts of the simulation, but shown weakness, lack of clarity or incorrect response to some areas, then the assessor should carry out supplementary assessments to address the weakness. These assessments could take the form of oral or written questions, a short assignment, or a task, which specifically addresses the areas of weakness. Such supporting evidence and the task/questions set should be attached to the simulation and made available to AAT should the candidate's work be called in for inspection by us.

- If the candidate has not succeeded in a substantial part of the simulation then additional developmental guidance should be given to the candidate. They should re-sit a different simulation on the same unit when they are ready for formal assessment.
- To maintain rigorous quality assurance and standardisation across centres and candidates, the AAT does not permit the use of centre-devised simulations on the Diploma pathway.
- Simulated assessments are subject to recall by the AAT for centralised quality assurance.

### Level of Detail

There are significant differences in the level of detail with which the performance criteria, range statements and knowledge and understanding are specified in units 4, 7, 21, 22 and 23. Whilst consolidating almost all of these units, unit 31 is specified with a consistent level of detail regarding what is stated and what is implied. In the SVQ/NVQ standards, units 22 and 23 **are** specified in far more detail than units 4, 7 and 21. On the Diploma pathway, some of the pc's and range statements from units 22 and 23, and much of the knowledge and understanding in these units, have been implied in the specification for unit 31.

A few items of knowledge and understanding from unit 7 (VAT) and unit 23 have been omitted mainly as they are considered inappropriate at this level. Examples are K&U 6 in unit 7 – “Administration of VAT: enforcement” and K&U 2 in unit 23 “Sources of Legal Requirements – Companies Acts”.

### Knowledge and Understanding

The five NVQ units list knowledge and understanding under 8 headings, some appearing in only one unit and others appearing in up to four units. These have been consolidated, in unit 31, into three headings, as follows:

- “The Business Environment” which contains mainly “the business environment” from units 4, 7 and 23 plus some of “accounting methods”.
- “Accounting Methods and Techniques” which contains “accounting methods” and “accounting techniques”.
- “The Organisation” which contains “the organisation” from units 4, 7, 21 and 23, “general information technology”, “health, safety and security at work”, “effectiveness and efficiency at work” plus “methods”.

## **Guidance by Element**

### **Element 31.1 Present financial data for internal and external use**

#### **Performance criteria**

- A Recognise cost centres and Elements of costs and extract and code income and expenditure from orders and invoices.
- B Consolidate and reconcile data from different parts of an organisation into a given format, adjusting for internal transfers as necessary.
- C Provide, in the given format, comparisons of data as requested, to include ratios and performance indicators.
- D Adjust data to allow for changing price levels.
- E Prepare internal reports which identify problems and discrepancies and present to appropriate staff so as to observe confidentiality requirements.
- F Prepare external reports in the given format observing confidentiality requirements.
- G Identify VAT inputs and outputs and complete a VAT return.

#### **Guidance**

The Skills Test will assess the student's ability to code income and expenditure correctly. Invariably students will be given details of the organisation's coding system, they will be presented with appropriate source documents (such as purchase invoices) and will be required to allocate codes according to the nature of the expense or income. They may also be required to check coding that has already been done so as to identify errors (such as wrong codes, excessive volumes). They may also be required to identify cases where insufficient information is available to enable correct coding and so refer such problems to the appropriate person.

Note that the scenario on which the simulation is based will not necessarily concern a manufacturing company, as it is possible to demonstrate coding of materials within a service environment.

The student is also expected to demonstrate an ability to compare actual outcomes with an appropriate benchmark, or benchmarks (such as previous period's data, corresponding period's data, forecast data, or data contained in ledgers). Students will be required to make comparisons in terms of absolute monetary values, percentages or both. They will also be required to report their findings to the appropriate person in a specified format. The standards do not require students to analyse the possible reasons for discrepancies between the actual outcomes and the benchmark.

Element 31.1 also requires the student to prepare reports for internal use or for reporting to external bodies. Internal reporting would be with a view to assisting managers in evaluating and controlling organisational performance. Candidates will need to demonstrate that they can calculate ratios and performance indicators. It is essential that students are not taught, or reliant upon, a single formula for calculating a ratio. The concepts underlying the ratios need to be understood – for example the return on capital employed can be measured in different ways, and the ratios thus calculated may be used for different purposes at different times. Specific ratios are quoted in the range statement.

Note that in manipulating data and generating reports students will be expected to be able to produce and use spreadsheets and simple spreadsheet formulae.

The performance criteria 31.1 (B) use the term 'Consolidate'. This term is used not in its technical (group accounts) sense, but in the sense of amalgamating information, usually by adding up figures relating to different divisions of the organisation. Thus, there will be no question of students having to calculate minority interests, goodwill on consolidation or any of the other special techniques associated with group accounts.

The 'information' that students are required to consolidate is information relating to costs and revenues.

Typically this will mean that students are presented with profit and loss accounts, balance sheets or similar financial statements and are asked to consolidate them (in the limited sense already described) and then to calculate ratios etc.

Some ability to carry out transactions between divisions within an organisation will be required. These will always occur at cost price (and students will not be expected to deal with unrealised profit).

Students will always be required to prepare a report on some aspect of the figures presented. Completely open-ended tasks will be avoided. Instead, students will be directed along reasonably restricted lines. For example, they may be told that certain specific ratios are to be included in the report, and/or that comment is required on specific ratios or trends, and/or they may be told that the report is to contain a diagram of a specific type (e.g. bar chart, line graph, pie chart or similar).

Where the external reporting includes specific conventions and definitions used by the external agency, these conventions or definitions will be provided.

Note that at this level students are not required to know about 'special schemes: annual accounting, cash accounting, bad debt relief'. Similarly, students do not need to know the VAT rules for imports. Whilst students do not need to know the VAT rules on export in detail, they should be aware of VAT application in relation to countries within and outside the EU.

## **Element 31.2 Operate a computerised accounting system**

### **Performance criteria**

- A Power up the computer and use passwords to access the system, software and data files.
- B Save, back up and print data files.
- C Enter accounting transactions into computerised records.
- D Operate a computerised accounting system including output.
- E Maintain security and confidentiality of data, passwords, discs etc, so that potential risks are minimised.
- F Exit from software and safely close down the computer.
- G Identify the possible impact of relevant legislation and regulations

### **Guidance**

Whilst it is important that students develop and display the ability to operate a computer and a computerised accounting system so as to record transactions and produce the required financial information, it is also important that students appreciate how to apply their skills to other similar accounting software packages such as spreadsheets.

The candidate is required to make visual safety checks before turning on the computer, this includes checks on hardware, as well as plug cables and interfaces – this may be either on a stand-alone PC or a networked system. The candidate should be able to gain access to both the system and the software by passwords and be aware of difficulties that could be encountered through the hardware or software failure, or corruption of data. They should be aware of the limitations of the types of difficulties that they can resolve and computer difficulties that require assistance and expert know-how. They should be able to make back-up copies and close down the computer safely.

Element 2 links strongly to Element 3, in that a significant part of Element 3 will relate to computers. Therefore, students would be expected to understand VDU regulations as part of the Health and Safety legislation and regulations within the range statement.

### **Element 31.3 Perform effectively in the workplace**

#### **Performance Criteria**

- A Identify and prioritise work tasks taking account of organisational procedures and prepare a work plan.
- B Monitor and report progress against work plans and deadlines, adapting as necessary.
- C Communicate courteously with, and support, colleagues in work tasks to build effective working relationships.
- D Follow organisational procedures to find workable solutions to conflicts or difficulties in working relationships.
- E Review and evaluate performance and identify and agree training and development needs and objectives taking account of current work tasks and career goals.
- F Monitor work methods and activities against legislation, regulations and organisational procedures ensuring that emergency procedures are adequate for potential hazards.
- G Organise and monitor your work area so that conditions promote an effective and efficient working environment.

#### **Guidance**

This Element includes and implies most of units 22 and 23 (of the NVQ standards) but not in the depth of knowledge specified in those units. The Element develops and assesses the ability to perform effectively in a typical workplace for an accounting technician, and the Element must be interpreted as achieving the level of knowledge and application expected of an accounting technician by an employer. Thus, the skill of “finding a workable solution to conflicts and difficulties” is to ensure that students appreciate the damage that conflicts and difficulties can cause within an organisation and are aware of basic procedures to tackle such conflicts rather than develop an in-depth knowledge of the causes of, and solutions to, conflicts and difficulties.

In all performance criteria in this Element, delivery and assessment should reflect the likely working environment of an accounting technician and the awareness that an employer would expect of such a trainee accounting technician.

Students should be aware of the Health & Safety at Work Act as a legislation that commits them as an individual employee to take responsibility for their own, and their colleagues, health and safety in whatever actions and activities that they undertake at work.

Students should be aware that workplaces will have a Health & Safety policy, an Officer with responsibility for health & safety issues, a logbook for health & safety incidents reporting, emergency procedures (including illness, accidents, fire, evacuation and breaches in security). They should be aware of the types of fire-fighting equipment available and the use of the right equipment for extinguishing particular types of fire.

Students should be aware of VDU regulations and best practice. They should also be aware of common safety advice on lifting heavy objects.