

Apprenticeship Assessment specification

Professional Accounting Technician apprenticeship
ST0003 v2.0

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1. About AAT

AAT works across the globe with nearly 137,000 members and students in 114 countries. Our members are represented at every level of the finance and accounting world, including apprentices, people already working in accountancy and self-employed business owners.

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.

AAT is approved as an Apprenticeship Assessment Organisation (AAO) and listed on the apprenticeship provider and assessment register (APAR). We offer an apprenticeship assessment service for the Professional Accounting Technician apprenticeship, details of which are provided as part of this specification.

As an AAO, AAT are subject to external quality assurance by a designated body appointed by [Skills England](#).

The purpose of this specification is to provide information related to the Professional Accounting Technician apprenticeship and details the process for the apprenticeship assessment service including:

- funding and fees
- the apprenticeship assessment in detail
- marking, grading and certification.

This information is relevant to all individuals involved in the delivery of the apprenticeship including:

- apprentices
- training providers
- employers
- independent assessors.

Information included is correct at the time of publication; however, it occasionally may be updated. AAT will communicate when changes have been made.

Version	Date first published	Update
Version 1.0	XX MONTH 2026	First publication

This specification should be read in conjunction with the Apprenticeship Assessment Agreement, the Apprenticeship Operational Manual, which provides specific guidance on Apprenticeship Assessment Plan delivery and administration, and the Code of Practice for AAT approved organisations.

2. Glossary

Apprenticeship assessment term	Definition
Apprentice	An individual who is registered with AAT for the purposes of apprenticeship assessment.
Apprenticeship	An apprenticeship is a job with training to industry standards. It should be in a recognised occupation, involve a substantial programme of on and the required off-the-job training outlined in the assessment plan.
Apprenticeship standard	An apprenticeship based on an occupational standard that defines the duties carried out by someone in the occupation and the knowledge, skills and behaviours required to achieve that competence in those duties. The apprentice's occupational competence is tested through on-programme apprenticeship assessment.
Assessment evidence	Any required evidence demonstrating knowledge and skills detailed within the Apprenticeship Standard and provided by the Provider and/or the Employer to AAT.
Completion certificate	The certificate issued by Skills England on successful completion of the apprenticeship.
Employer	The employer of the apprentice on an apprenticeship contract.
Apprenticeship assessment	The assessment of the minimum requirements for the specific apprenticeship. Apprenticeship Assessment Organisations will design apprenticeship assessments that comply with the expectations set out in an Apprenticeship Assessment Plan.
Apprenticeship Assessment organisation (AAO)	An organisation approved to deliver apprenticeship assessment for a particular apprenticeship standard.
Department for Education (DfE)	The Department for Education (DfE) is a ministerial department in the UK responsible for children's services, education, and skills training across England.
External Quality Assurance (EQA)	Involves independent monitoring of the development and delivery of apprenticeship assessment of apprenticeships. Independent of the teaching programme.

Funding bands	Each apprenticeship standard is allocated to one of 30 funding bands. The upper limit of each funding band caps the maximum amount of digital funds an employer who pays the levy can use towards an individual apprenticeship.
Gateway to completion	Gateway to completion is the checkpoint at the end of an apprenticeship programme to ensure that the apprentice has completed all necessary requirements and is ready to receive their certificate. Evidence required: Supporting evidence and the Sign Off document completed by the apprentice, training provider, and/or employer to confirm that the gateway to completion requirements have been met.
Growth and skills levy	The Growth and Skills Levy apply to employers with a wage bill over £3 million a year. These employers pay 0.5% of their total payroll into a training fund via HMRC, which they can access through the Apprenticeship Service.
Independent Assessor (IA)	The Independent Assessor provides apprentice assessment services. Independent assessors are required to provide at all times fair, reliable, and consistent assessment judgements, and will know how to use a variety of assessment techniques.
Skills England	Skills England works with partners to create better skills for better jobs, enabling growth and opportunity, with a focus on apprenticeships and technical education. Skills England is an executive agency, sponsored by the Department for Education.
Knowledge, skills, and behaviours (KSBs)	Knowledge, skills, and behaviours – what is needed to competently undertake the duties required for an apprenticeship standard. All behaviours will be verified through the individual's employer. Behaviours are not directly assessed by AAOs.
Occupation	The job requirements for the relevant sector(s), not just those required by a single employer.

On programme	The element of the apprenticeship that provides the apprentice with the required knowledge, skills, and behaviours. The programme must run for a minimum of 8 months and result in the apprentice being prepared for the apprenticeship assessment.
Off job learning	Off-the-job training is defined as learning which is undertaken outside of the normal day-to-day working environment and leads towards the achievement of an apprenticeship. This can include training that is delivered at the apprentice's normal place of work but must not be delivered as part of their normal working duties. Off-the-job requirements are outlined in the individual AAPs.
Registration	The processing of registering for an apprenticeship assessment.
Registration fee	The part of the fee payable on Registration.
Ofqual	Ofqual is the independent regulator of qualifications, examinations and assessments in England, including vocational and technical qualifications and apprenticeship assessments.
The Apprenticeship Provider and Assessment Register (APAR)	The register of apprenticeship training providers.
Group of Persons	Formally known as Trailblazer groups, bring together employers with a shared interest in skills training. Each group focuses on a specific occupational role employers need in their business. Group members work together, often with other stakeholders, to develop an occupational standard. Occupational standards form the basis of apprenticeships, T Levels, and other technical qualifications.
Training provider	Any organisation that delivers apprenticeship training e.g. college, higher education institution, private training organisation; training providers delivering training in relation to apprenticeships must be on the register of apprenticeship training providers.

3. Introduction to the Professional Accounting Technician apprenticeship

Standards-based apprenticeships are a government initiative designed to give groups of employers the opportunity to take the lead in developing apprenticeship standards to meet employment needs. Group of Persons also include non-employer representatives, for example Assessment Organisations, professional bodies, and training providers. The non-employer representatives are there to offer specialised advice and guidance, for example assessment knowledge, although overall decisions remain with the employer members.

The standard for the [Professional Accounting Technician apprenticeship](#) details:

- the knowledge, skills, and behaviours (KSBs) that apprentices must demonstrate to achieve competency in the apprenticeship;
- an assessment plan, which sets out how the KSs should be assessed as part of the apprenticeship assessment plan, and;
- Employers and key stakeholders involved in creating the standard.

4. Objective and progression

The objective of this apprenticeship is to ensure full competency as a Professional Accounting Technician.

Professional accounting technicians may work in the accounts or finance department of an organisation or a professional accountancy firm. The broad purpose of the Professional accounting technician is to prepare, co-ordinate and implement accounting tasks that support the creation of financial statements.

Once the apprentice has completed the Professional Accounting Technician apprenticeship, fulfilling the on-programme learning (OPL) and assessment requirements, they could take on the following job roles:

- Accountant
- Accounts payable and expenses supervisor
- Assistant auditor
- Assistant financial accountant
- Assistant management accountant
- Commercial analyst
- Finance adviser
- Junior analyst

Occupational duties

Duty 1: Prepare and maintain timely and accurate financial reporting, for example, audit documentation or control account reconciliation often to tight deadlines.

Duty 2: Co-ordinate accounting and finance input from colleagues and peers.

Duty 3: Apply professional scepticism to identify and evaluate what information is missing or incomplete and take steps to obtain it.

Duty 4: Help to identify key accounting risks and assist in implementing design strategies to mitigate them.

Duty 5: Communicate and present accurate and timely data to stakeholders, on an ad hoc and regular basis, using an appropriate channel to meet deadlines.

Duty 6: Use financial digital and technology systems and processes to support the delivery of accurate and timely financial and accounting information.

Duty 7: Deliver accounting activities taking account of confidentiality, reputational risks, and data security.

Duty 8: Undertake Continuous Professional Development by keeping up to date with relevant statutory obligations and procedural best practices.

Duty 9: Collaborate with people both internally and/or externally at appropriate levels with a view to deliver a service that meets customer's needs with a commitment to professional and ethical standards, for example, professional code of conduct and duty of confidentiality as appropriate.

Duty 10: Consult stakeholders to inform important business decisions and make recommendations to them.

Duty 11: Undertake monthly and year-end reporting of financial and account information. This will include the timely collation of data from a range of sources, including both predictable routine finance and accounting data requirements and unexpected requirements.

Duty 12: Complete and maintain financial and accounting records including the timely collation of routine and specialised data from a range of sources. For example, different functions within one organisation, or a range of external clients if operating in practice.

CONSULTATION

5. Professional Accounting Technician apprentice journey

There are two distinct elements of the apprentice journey:

- On-Programme Learning (OPL)
- the apprenticeship assessment.

A full-time apprentice typically spends 15 to 18 months on-programme, in training before the gateway to completion, working towards competence as a Professional Accounting Technician:

- Apprentices with an apprenticeship **start date of 31/07/2025 or earlier must** be on programme for a **minimum of 12 months**;
- Apprentices with an apprenticeship **start date of 01/08/2025 or later must** be on programme for a **minimum of 8 months**.

All apprentices **must** complete the required amount of off-the-job training specified by the apprenticeship funding rules before progressing to gateway to completion.

Updated apprentice journey infographic to be included.

6. On-programme learning (OPL)

On-Programme learning (OPL) is an important element of the learning process that allows apprentices to gain the required knowledge, skills and behaviours (KSBs) specified in the occupational standard.

Full details of both the standard and assessment plan for the Professional Accounting Technician apprenticeship can be found here: [Professional Accounting Technician](#).

While the professional accounting apprenticeship standard does not mandate qualifications to form part of the OPL, the [AAT Level 4 Diploma for Professional Accounting Technicians](#) is an ideal basis for OPL.

The apprentice **must** meet the gateway to completion requirements before an apprenticeship assessment organisation can request their apprenticeship certification.

7. Funding, fees and scheduling

Funding

The funding bands that apply to all approved standards are shown on the Gov.uk website, at [Apprenticeship funding - GOV.UK](#).

These bands will set an upper limit on the amount of funding the government will provide. The cost of learning will have to be negotiated by employers with training providers. Anything agreed above the upper limit will have to be funded by the employer.

For the Professional Accounting Technician apprenticeship, the upper limit is currently set at £12,000 per apprentice.

Further detail on funding can be found on the Gov.uk website, at [How to register and use the apprenticeship service as an employer - GOV.UK](#)

Fees

The fees for the Professional Accounting Technician apprenticeship assessment will be made available on the AAT website.

More information to follow.

Scheduling

The assessment component of the apprenticeship assessment is scheduled and managed using the assessment platform. Once an apprentice has been registered, they can access the platform and review their details.

8. The apprenticeship assessment in detail

The apprenticeship assessment may occur during the apprenticeship programme or towards the end. All apprentices will attempt the same apprenticeship assessment.

To register students to take the apprenticeship assessment with AAT, training providers must become an AAT Apprenticeship Assessment Centre and be on the Apprenticeship Provider and Assessment Register (APAR). Check to see who is on the list at [Apply to the APAR as an apprenticeship training provider - GOV.UK](#)

The process and criteria for becoming registered as an Apprenticeship Assessment Centre with AAT are available on the [training provider application webpage](#).

As part of their apprenticeship assessment, apprentices will be expected to complete:

- a **role scenario assessment** which covers the knowledge and skills as indicated in the standard mapped to this assessment method; and
- a **knowledge test** which covers the knowledge and skills as indicated in the standard mapped to this assessment method.

The assessment methods can be taken in any order. The result of one assessment method does not need to be known before starting the next.

Mapping of statements against each assessment component

Knowledge statements		Assessment method
K1:	The principles of professional ethics and codes of conduct in an accounting environment including approaches to interpreting ethics in complex situations.	Role scenario assessment
K2:	Professional standards and legal regulations relevant to an organisation's financial information such as accounting standards, ethical codes, and internal principles.	Knowledge test
K3:	The wider financial and accounting professional landscape including the role of accountancy, the requirement to stay abreast of changes in accounting technology and practice and awareness of the role of regulators and professional bodies.	Knowledge test
K4:	Principles of double entry bookkeeping and accounting standards to create and report financial information to the users of accounts.	Knowledge test

K5:	Principles of financial accounting for a range of single entities. For example, sole traders, limited companies or partnerships, adjustment and reporting including standard year end journal entries and the correction of errors.	Knowledge test
K6:	Principles of management accounting for example, the purpose of management accounting, budgetary planning and control, costing, decision making.	Knowledge test
K7:	Principles of interpretation of financial information for management accounts preparation or the drafting of financial statements, such as ratio analysis.	Knowledge test
K8:	Systems of risk management and financial control, and identification of potential vulnerabilities that could lead to issues such as internal fraud or money laundering.	Knowledge test
K9:	Principles of data analysis, data security, and cyber security to support collation, analysis and compliant handling of data and working safely online in an accounting context.	Role scenario assessment
K10:	The nature and importance of key climate, environmental and emerging sustainability challenges, and their impact on service delivery in accountancy, such as sustainable business practices, risk, government regulation, and the benefits of economic sustainability for stakeholders.	Role scenario assessment
K11:	The impact of equality, diversity, and inclusion on service delivery within accountancy, for example enhancing organisational reputation with customers, investors, and staff, improving business performance, and growth.	Role scenario assessment

Skill statements		Assessment method
S1:	Collate and analyse financial information and show how that information can be used most effectively to support value creation within an organisation.	Role scenario assessment
S2:	Apply accounting principles and adhere to legislation to ensure records are accurate and compliant with law or company policy when delivering accounting activities, such as the financial accounting of single entities, limited companies or partnerships or management accounting activities for an organisation.	Knowledge test
S3:	Apply professional scepticism when undertaking accounting activities to inform and evaluate decision making on the content of true and fair accounts,	Knowledge test

	being alert to conditions that may indicate possible misstatement of financial information due to error or fraud, establishing the facts sensitively and being aware of unconscious bias.	
S4:	Interpret financial information for accounting purposes, such as using judgement to determine the correct way to report or account for transaction or undertaking ratio analysis.	Knowledge test
S5:	Participate in or support others with quality improvement activities, for example the improvement of personal working practices.	Role scenario assessment
S6:	Use software packages to assist with accounting tasks in line with cyber and data security requirements, using data securely and safely, including backing up data.	Role scenario assessment
S7:	Deliver accounting tasks with a critical eye to transactions and trends, demonstrating a 'right first time approach.'	Knowledge test
S8:	Use workload management principles to plan, organise, and prioritise own tasks, and manage time effectively.	Role scenario assessment
S9:	Use accounting information to add value to the organisation through use of data visualisations, analysis, and interpretation, and communicate financial information in a way that facilitates understanding for non-finance stakeholders.	Role scenario assessment
S10:	Communicate accounting information through a variety of media to enable key stakeholders to understand what is required, considering the risks and benefits to the organisation of social media and other digital applications.	Role scenario assessment
S11:	Build and maintain collaborative, professional relationships with internal and external stakeholders to deliver accounting tasks, recognising the importance of equality, diversity, and inclusion.	Role scenario assessment

Assessment outcomes

Assessment outcome	Mapping
AO1: Accounting and reporting Applies accounting concepts, principles, standards, and legislation to prepare, interpret, and analyse financial and management accounting information for single entities, using double entry bookkeeping, management accounting techniques, and reasonableness checks to support financial control and decision-making.	K4, K5, K6, K7, K8 S1, S2, S4, S7
AO2: Professional ethics and regulatory compliance Applies professional ethics, codes of conduct, and legal and regulatory requirements in accounting practice, using professional scepticism and critical thinking to promote integrity, compliance, and trust in financial activities	K1, K2 S3
AO3: Business insight and communication Uses accounting information to develop business insights and communicates them clearly through appropriate media, while building and maintaining effective, collaborative relationships and demonstrating awareness of how equality, diversity, and inclusion influence professional interactions and the delivery of accountancy services	K3, K11 S9, S10, S11
AO4: Digital and data competence Uses accounting software and data analysis techniques in accordance with data and cyber security requirements, handling financial data securely and responsibly while demonstrating awareness of data protection obligations, cyber risks, and safe digital working practices.	K9 S6
AO5: Quality improvement, work management, and sustainability Supports quality improvement initiatives and applies workload management principles to deliver accounting services effectively and efficiently, while considering climate, environmental, and sustainability challenges in accounting practice	K10 S5, S8

Apprenticeship assessment specification

Assessment component	Areas assessed	Duration	Marking	Weighting toward overall grade
Assessment method 1: Advanced Business Awareness (Role scenario)	Knowledge: K1, K9, K10, K11 Skills: S1, S5, S6, S8, S9, S10, S11	2 hours 30 minutes	Computer marked Total: 80 marks	TBC
Assessment method 2: Knowledge test	Knowledge: K2, K3, K4, K5, K6, K7, K8 Skills: S2, S3, S4, S7	1 hour 30 minutes	Computer marked Total: 60 marks	TBC

See **Section 9** for more detail on apprenticeship assessment grading.

8.1 Role scenario

For the full specification, see **Advanced Business Awareness**, in the [AAT Level 4 Diploma for Professional Accounting Technicians](#) specification.

8.2 Knowledge test

The knowledge test will be administered in a controlled and invigilated environment. The assessment will demonstrate that the apprentice can apply their knowledge in an integrated way and will satisfy the requirements specified in the standard.

Glossary of terms

Financial accounting terms

A

Accounting estimates: Accounting estimates are used where an accounting policy requires that items be measured at monetary amounts that cannot be observed directly and must instead be estimated. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. Accounting estimates may change if the underlying circumstances change or new information arises. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error.

Accounting policies: Specific principles, bases, conventions, rules, and practices applied in preparing financial statements.

Accrued expense: An expense that has been incurred but not yet paid for or recorded in the accounts.

Accrued income: Income that has been earned but for which payment has not yet been received.

Accumulated depreciation: The total amount of depreciation expense that has been recorded against an asset since it was acquired.

Asset: A present economic resource controlled by the entity as a result of past events.

B

Bank reconciliation: A bank reconciliation compares the cash book balance to the balance on the bank statement.

C

Carrying amount: The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. Alternative term: carrying value.

Cash: Cash on hand and demand deposits.

Cash equivalents: Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows from financing activities: Cash flows arising from activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Cash flows from investing activities: Cash flows arising from the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from operating activities: Cash flows arising from the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Company: An incorporated business that has shareholders who have limited liability for the debts of the business. Companies can be:

- (a) **Private company limited by shares (Ltd):** Shareholders have to be invited to purchase shares in the company.
- (b) **Public limited company (plc):** Shares may be advertised for sale to the public.

Comparative information: Corresponding figures from prior periods presented for comparison.

Control account reconciliation: A control account is an account in the general ledger that summarises a set of subsidiary ledgers. A reconciliation compares the control account balance to the total of the subsidiary ledger balances.

Cost model: After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Current assets: An asset that meets the following criteria:

- (a) the entity expects to realise the asset, or intends to sell or consume it, in its normal operating cycle
- (b) it holds the asset primarily for the purpose of trading
- (c) it expects to realise the asset within twelve months after the reporting period, or
- (d) the asset is cash or a cash equivalent.

Current liabilities: A liability that meets the following criteria:

- (a) the entity expects to settle the liability in its normal operating cycle
- (b) it holds the liability primarily for the purpose of trading
- (c) the liability is due to be settled within twelve months after the reporting period, or
- (d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

Current value: A measurement basis that provides monetary information about assets, liabilities and related income and expenses, using information updated to reflect conditions at the measurement date. This includes:

- (a) **Fair value:** the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.
- (b) **Value in use:** the present value of the cash flows, or other economic benefits, that an entity expects to derive from the use of an asset and from its ultimate disposal.
- (c) **Current cost:** the cost of an equivalent asset, or the consideration that would be received for an equivalent liability at the measurement date.

D

Daybook: Books of prime entry. They are the first place that transactions are recorded. The daybook totals are posted to the general ledger on a regular basis.

Depreciable amount: The cost of an asset less its residual value.

Depreciation: The systematic allocation of the depreciable amount of an asset over its useful life.

Depreciation charge: The amount of depreciation expense allocated to a specific accounting period.

Derecognition: The removal of all or part of a recognised element from the financial statements.

Diminishing balance depreciation: A depreciation method where the asset depreciates by a fixed percentage of its remaining carrying value each year.

Doubtful receivables: Debts that are considered unlikely to be collected. These can be:

- (a) **General doubtful receivables:** an estimated amount of receivables that a business expects may not be collected, based on historical data and overall economic conditions.
- (b) **Specific doubtful receivables:** identified amounts that a business expects may not be collected from particular customers.

E

Elements of the financial statements: Assets, liabilities, equity, income or expenses.

Enhancing qualitative characteristics: The usefulness of financial information is enhanced if it has these four characteristics:

- (1) **Comparability:** it enables users to identify and understand similarities in, and differences among, items.
- (2) **Verifiability:** different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.
- (3) **Timeliness:** having information available to decision-makers in time to be capable of influencing their decisions.
- (4) **Understandability:** classifying, characterising and presenting information clearly and concisely makes it understandable.

Equity: The residual interest in the assets of the entity after deducting all its liabilities.
Alternative term: Capital

Expenses: Decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims.

Expenses classified by function: One of the two acceptable methods for presenting the statement of profit or loss. The entity aggregates expenses according to their function (for example, cost of sales, distribution costs and administrative expenses).

Expenses classified by nature: One of the two acceptable methods for presenting the statement of profit or loss. The entity aggregates expenses according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs).

F

Financial statements: Formal records of the financial performance and position of a business. Alternative term: Final accounts, Year end accounts.

Fundamental qualitative characteristics: If financial information is to be useful, it must have these two characteristics:

- (1) **Relevance:** it is capable of making a difference in the decisions made by users. The information may have predictive value, meaning it can be used to predict future outcomes, or confirmatory value, meaning it can be used to confirm something that happened in the past.
- (2) **Faithful representation:** it is complete, neutral and free from error.

G

General partnership: An unincorporated business that is owned by two or more people.
Alternative term: Partnership.

Going concern: The entity has neither the intention nor the need to enter liquidation or to cease trading. If such an intention or need exists, the financial statements may have to be prepared on a different basis.

H

Historical cost: A measurement basis that provides monetary information about assets, liabilities and related income and expenses, using information derived, at least in part, from the price of the transaction or other event that gave rise to them. This means that elements are included in the accounts at the original cost incurred or amount received. This may be adjusted over time, for example, by depreciation.

I

Income: Increases in assets, or decreases in liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims.

Initial cost (of property, plant and equipment): The original purchase price of the asset plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended, and any estimated cost of dismantling and removing the item and restoring the site on which it is located.

Inventories: Assets that are either:

- (a) held for sale in the ordinary course of business
- (b) in the process of production for such sale, or
- (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Irrecoverable debts: Amounts owed to a business that it believes will never be paid.

J, K

No terms.

L

Liability: A present obligation of the entity to transfer an economic resource as a result of past events.

Limited liability partnership (LLP): An incorporated business that has at least two members who have limited liability for the debts of the business.

Loan capital: Borrowed funds that a business must repay under agreed terms.

M

No terms.

N

Non-current assets: All assets other than current assets.

Non-current liabilities: All liabilities other than current liabilities.

Notes: Information in financial statements provided in addition to that presented in the primary financial statements. Alternative term: Disclosures.

O

No terms.

P

Prepaid expense: An expense that has been paid for in advance for goods or services to be received in the future.

Prepaid income: Cash received in advance for goods or services that have not yet been delivered or performed. Alternative term: deferred income.

Primary financial statements: The statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows.

Property, plant and equipment (PPE): Tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period.

Q

No terms.

R

Recognition: The process of capturing for inclusion in the financial statements an item that meets the definition of one of the elements of financial statements.

Reserves: Equity balances representing accumulated profits or other comprehensive income not distributed as dividends.

Residual value: The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue: Income arising in the course of an entity's ordinary activities.

S

Sole trader: An unincorporated business that is owned and run by one person.

Statement of cash flow: A financial statement that provides information about a company's cash inflows and outflows over a specified period.

Statement of changes in equity: A financial statement that shows the changes in a company's equity balances over a specified period.

Statement of financial performance: An entity may present its statement(s) of financial performance as either:

- (a) a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections, or
- (b) a statement of profit or loss and a separate statement presenting comprehensive income.

See also: Statement of profit or loss and other comprehensive income.

Statement of financial position: A financial statement that summarises the assets, liabilities, and equity of a business at a specific point in time.

Statement of profit or loss and other comprehensive income: A financial statement that summarises the performance of a business for a specified period. It shows the overall profit or loss and other gains or losses that affect the company's equity, such as revaluation gains or losses. See also: Statement of financial performance.

Straight-line depreciation: A depreciation method where the asset's depreciable amount is spread evenly over its useful life.

Suspense account: An account used to temporarily hold a difference where the trial balance does not balance, until the cause of the imbalance can be identified and resolved.

T

Tangible asset: An identifiable non-monetary asset with physical substance.

The accounting equation for companies using IFRS: The accounting equation is $\text{assets} = \text{equity} + \text{liabilities}$.

U

Underlying principles of accounts preparation: The overriding principles that are applied when preparing financial statements:

- (a) **Accruals:** this treatment depicts the effects of transactions in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period.
- (b) **Business entity:** this principle states that a business is separate from its owners and therefore needs to keep separate records.
- (c) **Consistency:** refers to the use of the same methods for the same items, either from period to period within a reporting entity or in a single period across entities.
- (d) **Going concern:** the entity has neither the intention nor the need to enter liquidation or to cease trading. If such an intention or need exists, the financial statements may have to be prepared on a different basis.
- (e) **Materiality:** all material information should be included in the final accounts. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions of users.
- (f) **Money measurement:** this principle states that only transactions that can be measured in monetary terms should be recorded in the final accounts.
- (g) **Prudence:** the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that assets and income are not overstated and liabilities and expenses are not understated. Equally, the exercise of prudence does not allow for the understatement of assets or income or the overstatement of liabilities or expenses.

Useful life: The period over which an asset is expected to be available for use by an entity; or the number of production units expected to be obtained from the asset by an entity.

V, W, X, Y, Z

No terms.

Management accounting terms

A

Absorption costing: A costing method that includes all costs (both fixed and variable) in the cost of a product.

Activity-based costing: A costing method that assigns overhead costs to products based on the activities required to produce them.

B

Budget committee: A group of individuals responsible for creating, reviewing, and approving the budget for an organisation. This committee typically includes senior management and department heads.

Budget cycle: The recurring process of planning, preparing, approving, implementing, and reviewing budgets.

Budget flexing: The process of adjusting a budget to match actual activity levels, to allow fairer comparison between actual and budgeted performance.

Budget methods: Budgets may be prepared in the following ways:

- (a) **Incremental:** This method involves taking the previous year's budget and adding a certain percentage to account for inflation or growth.
- (b) **Zero-based:** This method starts each budget from scratch, with every expense requiring justification.
- (c) **Rolling:** This method continuously updates the budget by adding a new period as the current period ends.

Budget revision: An adjustment to an existing budget when assumptions or conditions change. It ensures the budget reflects updated information.

C

Contribution: The amount remaining from sales revenue after deducting variable costs, contributing towards covering fixed costs and generating profit. The calculation is Sales - Variable Costs.

Cost gap: The difference between the current estimated production cost of a product and its target production cost.

D, E, F, G, H, I, J, K

No terms.

L

Limiting factor (constraint): Any condition or resource that restricts an organisation's ability to achieve its objectives.

M, N

No terms.

O

Optimum production plan: A strategic plan that aims to maximise contribution by determining the best combination of products to produce.

P

Participatory alternatives to budgeting: Budgeting approaches differ based on the level of involvement of the staff members responsible for delivering the budget during its preparation.

- (a) **Top-down approach:** The budget is produced by the top levels of management with little involvement from lower levels of staff.
- (b) **Bottom-up approach:** The budget is produced by lower levels of staff before being approved by management.

Principal budget factor: The main factor that restricts an organisation's ability to achieve higher levels of performance or profitability. This is the initial item around which the budget is constructed.

Q

No terms.

R

Relevant costing:

- (a) A decision-making technique that focuses on the future incremental cashflows that will arise from the decision.
- (b) A relevant cost is a future, incremental cost that will only be incurred because of the decision.
- (c) A relevant revenue is a future, incremental income that will only be earned because of the decision.

S

Scarce resource: Resources that are limited in availability.

Standard cost card: A document showing the expected cost of producing one unit of product.

Standard costing: A costing method that uses predetermined costs for materials, labour, and overheads. These standard costs are compared to actual costs to analyse variances.

Standards: Standard costs are the costs per unit that are used when preparing a budget. There are four types of standards that may be used:

- (1) **Basic standard:** this is based on historic data which may well be out of date but allows for comparisons over a long period of time.
- (2) **Current standard:** this reflects the level that can be expected under current operating conditions.
- (3) **Target standard:** this represents the level that an organisation wants to achieve.
- (4) **Ideal standard:** this represents the perfect level of performance under ideal conditions. It assumes no inefficiencies, waste, or downtime.

T

Target costing: A pricing strategy where the selling price is determined by market conditions, and the desired profit margin is subtracted to arrive at the target cost.

Types of budget: The following are different types of budget that may be prepared:

- (a) **Fixed budget:** a budget that remains unchanged regardless of changes in the volume of units produced.
- (b) **Flexed budget:** a budget that is adjusted based on the actual volume of units produced.
- (c) **Cash budget:** a budget that estimates cash inflows and outflows over a specified period.

Types of costs:

- (a) **Avoidable costs:** Costs that would no longer be incurred if a specific course of action were taken, such as the fixed costs of closing a department.
- (b) **Capital cost:** Expenditure on the purchase or improvement of non-current assets.
- (c) **Committed costs:** Future costs that an organisation is contractually obliged to pay regardless of the decision taken, for example rent under an existing agreement.
- (d) **Differential costs:** The difference in total cost between two options and are particularly useful when comparing alternative production methods or supply arrangements.
- (e) **Direct costs:** Costs that can be directly attributed to the production of one product.
- (f) **Fixed costs:** Costs that remain the same in total, regardless of how many units of a product are produced.
- (g) **Incremental costs:** The additional costs incurred as a direct result of choosing an option.
- (h) **Indirect costs:** Costs that cannot be directly attributed to the production of one product. Alternative term: Overheads.
- (i) **Notional or imputed costs,** such as depreciation: Accounting entries rather than actual cash flows which therefore do not influence a decision.
- (j) **Opportunity costs:** The potential profits that are forgone by choosing one alternative over another.
- (k) **Revenue cost:** All other expenditure incurred by a business that is not capital expenditure.
- (l) **Semi-variable costs:** Costs that contain a fixed element and a variable element.
- (m) **Stepped costs:** Costs that remain fixed within a certain level of activity but increase by a fixed amount once a level of activity is crossed.
- (n) **Sunk costs:** Costs that have already been incurred and cannot be recovered, such as money already spent on research or on the purchase of a non-resaleable asset.
- (o) **Target cost:** The maximum production cost that a product can incur to achieve a desired profit at a market-driven selling price.
- (p) **Variable costs:** Costs that increase in proportion to the number of units produced.

U

No terms.

V

Value analysis: A systematic review of existing products or services that focuses on whether the desired quality could be achieved at a lower cost.

Variance: The difference between actual performance and budgeted performance. For example, sales price variance is the difference between the actual selling price and the budgeted selling price of goods sold. Variances can be:

- (a) **Adverse:** where actual costs are higher than budgeted costs or actual sales are lower than budgeted sales, resulting in a negative impact on profit.
- (b) **Favourable:** where actual costs are lower than budgeted costs or actual sales are higher than budgeted sales, resulting in a positive impact on profit.

W, X, Y, Z

No terms.

Audit and Internal Controls terms

A

Analytical procedures: Evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. These procedures involve investigating relationships that are inconsistent with other relevant information or that differ significantly from expected values.

B

No terms.

C

Control objectives: The aim or purpose of a particular aspect of controls. Control objectives relate to risks that controls seek to mitigate.

Control procedure: The specific actions taken or procedures implemented to mitigate risks and achieve control objectives.

D

Deficiencies in internal control: These exist when:

- (a) a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or
- (b) a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

E

No terms.

F

Fraud: The intentional act of deceiving or misrepresenting information to gain an unfair or unlawful advantage. Fraud typically involves one or both of the following:

- (a) **Fraudulent financial reporting:** presenting a false picture of a company's performance or position.
- (b) **Misappropriation of assets:** stealing or misusing company assets, such as cash, inventory, or equipment.

G, H

No terms.

I

Internal auditor: An employee, or an independent audit firm commissioned by the entity, who performs independent and objective evaluations of the entity's internal controls, risk management, and governance processes.

J, K, L

No terms.

M

Management: The person or persons with executive responsibility for the conduct of the entity's operations.

N, O

No terms.

P

Professional judgement: The application of relevant training, knowledge and experience, within the context provided by auditing, accounting and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the audit engagement.

Professional scepticism: An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

Q, R

No terms.

S

System of internal control: The system designed, implemented and maintained by those charged with governance, management and other personnel, to provide reasonable assurance about the achievement of an entity's objectives. This is made up of five components:

- (1) **Control environment:** the governance and management functions and the attitudes, awareness, and actions of those charged with governance and management concerning the entity's system of internal control, and its importance in the entity.
- (2) **The entity's risk assessment process:** their process for identifying and analysing risks to achieving the entity's objectives.
- (3) **The entity's process to monitor the systems of internal control:** a continual process to evaluate the effectiveness of the entity's system of internal control, and to take necessary remedial actions on a timely basis.
- (4) **The information system and communication:** activities, policies, and accounting and supporting records, designed to record transactions, capture relevant information and resolve incorrect postings.
- (5) **Control activities:** policies, procedures, and mechanisms that management implements to ensure that the entity's objectives are achieved and risks are mitigated.

T

Tests of control: Audit procedures designed to obtain sufficient appropriate audit evidence as to the operating effectiveness of an entity's internal controls.

Types of internal control: The types of procedures implemented in the accounting function. These include:

- (a) **Authorisation and approval:** Authorisation typically takes the form of an approval by a higher level of management to verify that a transaction is valid.
- (b) **General IT controls:** Foundational technology-related controls that support the reliability and integrity of IT systems and data.
- (c) **Information processing controls:** Checking that data has been processed accurately.
- (d) **Organisational controls:** Controls related to the structure of the organisation, ensuring that there are clear lines of authority and responsibility.
- (e) **Personnel controls:** Hiring qualified and trustworthy employees, providing them with adequate training, and ensuring they understand their roles and responsibilities, and following disciplinary procedures where necessary.
- (f) **Physical or logical controls:** Controls that involve securing physical assets and IT systems to prevent theft, damage, loss, or unauthorised access.
- (g) **Reconciliations:** Controls that compare two sets of data to ensure they are complete, accurate, and consistent. When differences arise, they must be investigated and resolved.
- (h) **Segregation of duties:** Dividing responsibilities among different individuals to reduce the risk of error or fraud.
- (i) **Supervision:** Overseeing the activities of employees to ensure that they are performing their duties correctly and in compliance with policies and procedures.
- (j) **Verifications:** Controls that check the accuracy, authenticity, or validity of transactions by reviewing supporting documents.

U, V, W, X, Y, Z
No terms.

Scope of content

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

Knowledge / skills	Topic areas (Level 4 PAT mapping)	Scope of content
K2: Professional standards and legal regulations relevant to an organisation's financial information such as accounting standards, ethical codes and internal principles. K3: The wider financial and accounting professional landscape including the role of accountancy, the requirement to stay abreast of changes in accounting technology and practice and awareness of the role of regulators and professional bodies. S2: Apply accounting	1.1 The regulatory framework that underpins financial reporting (FNAC 1.1)	Learners need to understand: 1.1.1 types of business organisations: - sole traders - general partnerships - limited liability partnerships - companies 1.1.2 types of limited company: - private company limited by shares (Ltd) - public limited company (plc) 1.1.3 how the financial statements of limited companies differ from those of sole traders and general partnerships 1.1.4 users of financial statements: - information requirements of users - the extent to which financial statements meet users' needs 1.1.5 the forms of equity, reserves and loan capital 1.1.6 sources of regulation: - company law - International Financial Reporting standards 1.1.7 duties and responsibilities of the directors in respect of financial statements.

principles and adhere to legislation to ensure records are accurate and compliant with law or company policy when delivering accounting activities, such as the financial accounting of single entities, limited companies or partnerships or management accounting activities for an organisation.	1.2 The International Accounting Standards Board (IASB) Conceptual Framework (FNAC 1.2)	Learners need to understand: 1.2.1 the role of the IASB conceptual framework 1.2.2 the objective of financial statements 1.2.3 the qualitative characteristics of useful financial information: - fundamental - enhancing 1.2.4 the going concern assumption 1.2.5 the elements of the financial statements: - definition - recognition - derecognition - measurement.
K4: Principles of double entry bookkeeping and accounting standards to create and report financial information to the users of accounts. K5: Principles of financial accounting for a range of single entities. For example, sole traders, limited companies or partnerships, adjustment and reporting including	2.1 Double-entry bookkeeping (FNAC 2.1)	Learners need to understand: 2.1.1 the accounting equation 2.1.2 use of daybooks 2.1.3 different ledgers and how they interact 2.1.4 control account reconciliations 2.1.5 bank reconciliations 2.1.6 the suspense account 2.1.7 year-end adjustments: - accruals and prepayments of income and expenditure - irrecoverable debts - doubtful receivables. - depreciation (Knowledge Test only) 2.1.8 the importance of verifying balances using relevant sources of information 2.1.9 the importance of adopting a right first-time philosophy when completing accounting tasks. Learners need to be able to:

standard year end journal entries and the correction of errors. S2: Apply accounting principles and adhere to legislation to ensure records are accurate and compliant with law or company policy when delivering accounting activities, such as the financial accounting of single entities, limited companies or partnerships or management accounting activities for an organisation. S7: Deliver accounting tasks with a critical eye to transactions and trends, demonstrating a 'right first-time approach'.	2.2 The purpose of financial statements (FNAC 2.2)	2.1.10 process adjustments - year-end adjustments - correction of errors 2.1.11 verify balances using relevant sources of information 2.1.12 identify steps that can be taken to avoid errors when completing accounting tasks. Green = indicates scope not included in L4 PAT mapped unit content. Learners need to understand: 2.2.1 the purpose of the financial statements: - the statement of profit or loss and other comprehensive income - the statement of financial position - the statement of cash flow - the statement of changes in equity 2.2.2 the relationship between the financial statements 2.2.3 the underlying principles in the preparation of accounts: - accruals - business entity - consistency - going concern - materiality - money measurement - prudence. Learners need to be able to: 2.2.4 identify underlying principles being applied in: = scenarios.
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K6: Principles of management accounting for example, the purpose of management accounting, budgetary planning and control, costing, decision making.	3.1 The budgetary process (MNAC 1.1)	Learners need to understand: 3.1.1 purposes of a budget 3.1.2 the budget cycle 3.1.3 sources of data for budgeting 3.1.4 the role of the budget committee 3.1.5 the participatory alternatives: - top-down - bottom up.
	3.2 Types of budgets and recommendations for their use (MNAC 1.2)	Learners need to understand: 3.2.1 types of budget: - fixed - flexed - cash 3.2.2 the features of the following budget methods: - incremental - zero-based - rolling 3.2.3 the comparative advantages of each budget method 3.2.4 the circumstances in which each budget method should be recommended.
	3.3 Budgeting where resource constraints exist (MNAC 1.4)	Learners need to understand: 3.3.1 the principal budget factor 3.3.2 the concept of scarce resources 3.3.3 the concept of contribution 3.3.4 when contribution should be used as part of the decision-making criteria. Learners need to be able to: 3.3.5 identify budget limiting factors: - market share - access to finance - shortage of production resources - plant capacity - factory space 3.3.6 calculate the maximum level of production where a constraint exists 3.3.7 calculate the contribution per unit of a scarce resource

		3.3.8 calculate the optimum production plan where there is one scarce resource 3.3.9 calculate total profit or contribution based on the optimum production plan.
	3.4 Flexed budgets (MNAC 2.1)	Learners need to understand: 3.4.1 the purpose of budget flexing as part of the control process 3.4.2 the limitations of budget flexing. Learners need to be able to: 3.4.3 flex budgets, adjusting each element of the budget according to the original budget assumptions about revenue and cost behaviour 3.4.4 provide potential reasons for variances (either calculated or given).
	3.5 Standard costing (MNAC 2.2)	Learners need to understand: 3.5.1 different types of standards: - basic - current - target - ideal 3.5.2 the purpose of standard cost cards 3.5.3 why variances occur 3.5.4 courses of action to be taken to address divergences from standard 3.5.5 the interaction of variances 3.5.6 how different types of standards can impact the level of the variance 3.5.7 how the use of standard costing can complement budgetary control. Learners need to be able to: 3.5.8 calculate the value of items to be included in standard cost cards 3.5.9 calculate variances for revenue and costs: - sales price - sales volume

		- total material variance - material price - material usage - total labour variance - labour rate - labour efficiency - labour idle time - total variable overhead variance - variable overhead price - variable overhead efficiency - total fixed overhead variance - fixed overhead expenditure - fixed overhead volume 3.5.10 provide potential reasons for variances.
	3.6 Activity-based costing (MNAC 2.3)	Learners need to understand: 3.6.1 the circumstances where activity-based costing would be most appropriate 3.6.2 the benefits of activity-based costing over traditional absorption costing 3.6.3 issues surrounding the introduction of activity-based costing 3.6.4 the potential implications for unit selling prices and profitability where activity-based costing leads to a different unit cost. Learners need to be able to: 3.6.5 calculate product costs using activity-based costing 3.6.6 calculate product costs using traditional absorption costing 3.6.7 compare product costs under activity-based costing to those under traditional absorption costing.

	3.7 Target costing (MNAC 2.4)	Learners need to understand: 3.7.1 principles underpinning target costing 3.7.2 the concept of value analysis 3.7.3 actions to take to reduce cost gaps. Learners need to be able to: 3.7.4 calculate: - target costs - a cost gap.
	3.8 Relevant costing (MNAC 3.2)	Learners need to understand: 3.8.1 how to identify relevant costs 3.8.2 the concept of opportunity costs 3.8.3 factors to be considered when a business decides to: - make or buy products - supply or buy-in services - continue or discontinue products - continue or discontinue services Learners need to be able to: 3.8.4 calculate relevant: - costs - revenues.
K7: Principles of interpretation of financial information for management accounts preparation or the drafting of financial statements, such as ratio analysis. S4: Interpret financial information for accounting purposes, such	4.1 Calculate ratios relating to profitability, liquidity, efficient use of resources and financial position (FNAC 6.1)	Learners need to be able to: 4.1.1 calculate the following ratios: - profitability: ▪ Return on capital employed (ROCE) = profit before financing and income taxes / capital employed x 100 (where capital employed = total equity + non-current liabilities) ▪ Return on equity = profit after income taxes / total equity x 100 ▪ Gross profit margin = gross profit / revenue x 100 ▪ Operating profit margin = operating profit / revenue x 100

as using judgement to determine the correct way to report or account for transaction or undertaking ratio analysis.		▪ Expense / revenue percentage = $\frac{\text{specified expense}}{\text{revenue}} \times 100$ - liquidity: ▪ Current ratio = $\frac{\text{current assets}}{\text{current liabilities}}$ (Answer equals X:1) ▪ Quick ratio or 'acid test' ratio = $\frac{(\text{current assets} - \text{inventories})}{\text{current liabilities}}$ (Answer equals X:1) - efficient use of resources: ▪ Inventory turnover = $\frac{\text{cost of sales}}{\text{inventories}}$ (Answer equals X times) ▪ Inventory holding period (days) = $\frac{\text{inventories}}{\text{cost of sales}} \times 365$ ▪ Trade receivables collection period (days) = $\frac{\text{trade receivables}}{\text{revenue}} \times 365$ ▪ Trade payables payment period (days) = $\frac{\text{trade payables}}{\text{cost of sales}} \times 365$ ▪ Working capital cycle (days) = Inventory holding period(days) + trade receivables collection period (days) - trade payables payment period (days) ▪ Asset turnover (net assets) = $\frac{\text{revenue}}{(\text{total assets} - \text{current liabilities})}$ (Answer equals X times) ▪ Asset turnover (non-current assets) = $\frac{\text{revenue}}{\text{non-current assets}}$ (Answer equals X times) - financial position: ▪ Interest cover = $\frac{\text{profit before financing and income taxes}}{\text{interest}}$
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		interest expense (Answer equals X times) Gearing = $\frac{\text{total debt}}{\text{total debt} + \text{total equity}} \times 100$ (where total debt is all non-current liabilities only).
	4.2 Interpret and analyse ratios (FNAC 6.2)	Learners need to understand: 4.2.1 the meaning of the changes in ratios 4.2.2 the factors that influence ratios and how they interrelate. Learners need to be able to: 4.2.3 identify reasons for changes in ratios 4.2.4 identify consequences of changes in ratios.
K8: Systems of risk management and financial control, and identification of potential vulnerabilities that could lead to issues such as internal fraud or money laundering. S3: Apply professional scepticism when undertaking accounting activities to inform and evaluate decision making on the content of true and fair accounts, being alert to	5.1 Internal controls and their impact on the organisation (ATIC 1.1)	Learners need to understand: 5.1.1 the purpose of internal controls: - facilitate operations - safeguard assets - prevent and detect fraud - ensure quality of internal and external reporting - compliance with laws and regulations 5.1.2 the components of internal control: - the control environment - the entity's risk assessment process - the entity's process to monitor the system of internal control - the information system and communication - control activities 5.1.3 the types of internal controls used in different parts of the accounting function: - authorisation and approval - general IT controls - information processing controls - organisational - personnel - physical or logical controls - reconciliations

conditions that may indicate possible misstatement of financial information due to error or fraud, establishing the facts sensitively and being aware of unconscious bias.		- segregation of duties - supervision - verifications 5.1.4 the limitations of internal controls 5.1.5 how different types of internal controls suit different types of organisations: - size (small and medium, large) - nature (cash-based, credit-based, online).
	5.2 Control objectives, risks and procedures (ATIC 1.2)	Learners need to understand: 5.2.1 control objectives for accounting systems: - sales - purchases - payroll - inventory - non-current assets - bank and cash 5.2.2 risks within accounting systems 5.2.3 control procedures for accounting systems.
	5.3 Managing fraud risk (ATIC 1.3)	Learners need to understand: 5.3.1 the common types of fraud within a business: - fraudulent financial reporting - misappropriation of assets 5.3.2 the fraud risk assessment process: - identify the risk - evaluate the risk - respond to the risk ▪ manage ▪ mitigate - ensure legal and regulatory compliance - monitor, review and report 5.3.3 implications for an organisation if fraud occurs: - financial - non-financial 5.3.4 the importance of professional scepticism when evaluating the potential for fraud or error.

		Learners need to be able to: 5.3.5 identify the circumstances when fraud may occur 5.3.6 evaluate the impact of fraud on an organisation: - financial - non-financial 5.3.7 assess how internal controls can be used in preventing and detecting fraud 5.3.8 apply professional scepticism when evaluating the potential for fraud or error. Green = indicates scope not included in L4 PAT mapped unit content.
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Administration

Both apprenticeship assessment components are closed book which means that the apprentice cannot bring any written materials with them when taking the assessments.

Pre-seen information will be made available to apprentices as part of the resources in Advanced Business Awareness **only**.

AAT has published detailed regulations for training providers and assessment venues regarding how to conduct computer-based assessments.

Training providers and assessment venues must ensure that they comply with the minimum and supporting 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(s) and invigilator(s) for an assessment must not be an active AAT student or related to any student taking that assessment and must not be or have been a tutor involved in preparing students for any of the units that are being assessed.

AAT requirements and regulations for how to conduct assessments within this qualification are detailed in the [Instructions for conducting AAT computer based assessments \(CBAs\)](#) guidance document.

9. Grading

9.1 Grading decisions

Grading decisions and criteria aligned to the following performance categories are still being determined.

Performance category	Pass	Distinction
Applied knowledge	Demonstrates sound application of accounting knowledge to address well-defined but complex and non-routine problems.	Applies accounting knowledge with confidence and precision, consistently producing high-quality outputs in response to well-defined but complex and non-routine problems. Solutions often enhance outcomes or processes.
Applied skills	Identifies and applies suitable cognitive and practical skills in accounting contexts to complete work activities, adapting as necessary to meet requirements. Methods chosen are generally appropriate, with results that meet organisational or sector expectations.	Adapts and applies cognitive and practical skills in accounting contexts with a high degree of flexibility and operational fluency, ensuring methods are effective and optimised for quality and efficiency of service outcomes.
Regulatory and procedural awareness	Applies relevant accounting legislation, regulation, and organisational procedures with sound judgement, adapting appropriately to varied and occasionally complex situations.	Interprets and applies accounting regulatory and procedural requirements with insight and appropriate flexibility, identifying implications and making informed decisions in varied and occasionally complex situations.

Communication and collaboration	Communicates clearly and collaborates effectively with colleagues and stakeholders, contributing to service delivery in accounting environments.	Communicates and collaborates with confidence and insight, tailoring approach to meet diverse stakeholder needs, contributing to improved collaboration and service outcomes in accounting environments.
Information use and decision making	Analyses and interprets relevant financial and accounting information to make informed decisions, showing a clear awareness of the occupational context and the broader scope of the role.	Analyses, interprets and evaluates financial and accounting information from a range of sources, providing insightful justification for decisions, and demonstrating a strong awareness of broader implications within the occupational area.
Responsibility and autonomy	Takes responsibility for actions and decisions within set parameters. Manages own work and, where relevant, oversees others or allocates resources in accounting contexts with adequate awareness of risks and priorities.	Proactively takes responsibility for actions and decisions within set parameters. Manages own work and the coordination of others in accounting contexts. Independently uses sound judgment about risks and priorities to manage resources or actions.

9.5 Resits

Apprentices should only be entered for the apprenticeship assessment components when they are well prepared and expected to pass.

An apprentice who fails one or more assessment method(s) can take a re-sit or a re-take at their employer's discretion. The apprentice's employer needs to agree that a re-sit or re-take is appropriate.

A re-sit does not need further learning, whereas a re-take does. The apprentice should have a supportive action plan to prepare for a re-sit or a re-take.

Failed assessments must be re-sat or re-taken within a six-month period from the outcome notification, otherwise the entire apprenticeship assessment will need to be re-sat or re-taken in full.

9.6 Review of marking

If an apprentice disagrees with their assessment result or would like additional feedback on their performance, they may request a review of marking.

A review of marking carried out by AAT includes checks to ensure that:

- all marking processes have been carried out correctly
- every part of the assessment was marked
- marks were totalled and recorded accurately
- the agreed mark scheme was applied correctly
- the overall result is correct.

A review of marking will be made by a training provider on behalf of the apprentice. A fee applies for a review of marking. This fee will be refunded if the review outcome is in the apprentice's favour.

Full details of the process are available on [AAT's Review of Marking webpage](#).

9.7 Appeals

If an apprentice remains dissatisfied after the outcome of a process, they may submit an appeal. An appeal confirms whether AAT's procedures were correctly followed in relation to the following:

- Review of marking
- Malpractice Review Panel (MRP) decision
- Reasonable adjustment

- Special consideration

A fee applies for submitting an appeal. This fee will be refunded if the appeal outcome is in the apprentice's favour.

Full details of the process are available on [AAT's Appeals webpage](#).

CONSULTATION

10 Gateway to completion

Prior to requesting the final certificate, the training provider must confirm that the apprentice has achieved the requirements of the apprenticeship assessment, and this is recorded within the assessment platform.

Sign-off document

A sign-off document must be completed and signed by the apprentice, training provider, and employer to confirm that the gateway to completion requirements have been met. The completed sign-off document must be uploaded to the checklist page within the assessment platform.

A blank version of the sign-off document is available within the *Resources section* of the assessment platform and via the [Lifelong Learning Portal](#)

11 Equity, Diversity, Inclusion, Belonging (EDIB) and accessibility

At AAT, we are committed to embedding Equity, Diversity, Inclusion, Belonging (EDIB) and accessibility throughout the design, development and delivery of all qualifications and assessments. We aim to ensure that all apprentices, regardless of background, identify or circumstance, can access and fairly demonstrate real-world ready competencies.

By integrating EDIB principles with a proactive approach to accessibility, we aim to reduce barriers, promote inclusion, foster a genuine sense of belonging throughout the apprentice journey, and outlines AATs continuing commitment to our [responsible business strategy](#).

Our principles enable our commitment to:

- **enhance equity, diversity, and inclusion** – we will build an assessment model that proactively supports underrepresented groups and reduces barriers to progression, reinforcing AAT's commitment to breaking down structural inequalities across the accountancy profession;
- **make AAT more accessible and inclusive** – we will ensure our assessments are accessible by design, underpinned by robust and consistent processes for reasonable adjustments, and designed to meet the needs of all apprentices, including those learning and working remotely;
- **reflect the changing world of work** – we will embed inclusive design principles to ensure assessments reflect real-world, inclusive scenarios that resonate with a broad and diverse apprentice base, better preparing them for a modern, global workforce;
- **champion digital by design** – our approach to accessibility includes digital accessibility and inclusion, ensuring all online assessment platforms and content meet high standards for usability and fairness, supporting AAT's goal of a seamless, apprentice-focused digital experience.

11.1 Reasonable adjustments and special considerations

A reasonable adjustment is an arrangement that can be put in place by AAT or the assessment centre prior to an assessment to help students with a long-term disability, such as dyslexia, or who are temporarily impaired, such as a student who has broken their arm, to not be disadvantaged. For example, this could mean applying extra time for dyslexic students or allowing the use of a scribe for a student with a broken arm.

In most cases, it should be possible for the assessment centre to make the decision to grant adjustments and notify AAT before scheduling the assessment: for example, granting extra time up to and including one-third of the available time as published for that assessment. However, if a more significant adjustment is needed, assessment centres may need to obtain approval from AAT first.

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.

More detailed information about what is eligible for reasonable adjustments or special consideration, and the forms and procedures that should be used by training providers and assessment venues, are given in the [*Guidance on the Application of Reasonable Adjustments and Special Consideration in AAT Assessments*](#), which is available on the [**reasonable adjustments and special considerations webpage**](#).

12 Support for training providers

Partner support team

The Partner 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: partner.support@aat.org.uk

Partner Account Manager (PAM)

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

Weekly email update from AAT – SummingUp

Every Friday, *SummingUp* shares all the latest news from AAT with AAT Approved training providers, including:

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

Events for training providers

Tutors can attend the following events throughout the year:

Annual conference

The annual training provider conference is a chance to get together, network and share ideas.

The conference typically includes:

- topical workshops
- guest speaker sessions
- the opportunity to learn about new developments directly from AAT.

Network meetings

At these events, training providers can raise queries, share best practice and ideas with AAT and other training providers. The 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 teaching and delivery.

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 are interested in.

Online support resources

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

- practice assessments
- tutor workbooks
- recorded webinars
- videos
- podcasts
- training materials
- green light test.

All tutor support materials can be found on the [Lifelong Learning Portal](#).

Appendix 1: Glossary of apprenticeship roles

The following organisations and individuals are involved in the apprentice journey:

Role	Responsibilities
Apprentice	As a minimum, the apprentice should: • participate in and complete on-programme training to meet the KSBs as outlined in the occupational standard for a minimum of 8 months • complete the required amount of off-the-job training as arranged by the employer and training provider • understand the purpose and importance of apprenticeship assessment and meet the requirements • prepare for and undertake the apprenticeship assessment.
Independent Assessor (IA)	As a minimum, an independent assessor must: • have the competence to assess the apprentice at the level of this apprenticeship and hold any required qualifications and experience in line with the requirements of the independent assessor • understand the occupational standard and the requirements of the apprenticeship assessment plan • have, maintain and be able to evidence, up-to-date knowledge and expertise of the occupation • deliver the apprenticeship assessment in-line with the plan • comply with the quality assurance requirements • have no direct connection or conflict of interest with the apprentice, their employer or training provider • attend induction training • attend standardisation events before they conduct an apprenticeship assessment for the first time and a minimum of annually for this apprenticeship • assess KSs assigned to the assessment plan • make the grading decisions • record and report assessment outcome decisions, for each apprentice, following instructions and using

Role	Responsibilities
	assessment recording documentation, in a timely manner • use language in the development and delivery of the apprenticeship assessment plan that is appropriate to the level of the occupational standard.
Training provider	As a minimum, the training provider must: • work with the employer and support the apprentice during the off-the-job training to provide the opportunities to develop the KSBs • conduct training covering the KSBs agreed as part of the Commitment Statement or the Individual Learning Plan • monitor the apprentice's progress during any training provider led on-programme learning • advise the employer, upon request, on the apprentice's readiness for the apprenticeship assessment • ensure procedures are in place to mitigate against any conflict of interest.
Apprenticeship Assessment Centre	As a minimum, the Apprenticeship Assessment Centre must: • register apprentices for the apprenticeship assessments in accordance with AAT requirements • administer the apprenticeship assessment components in accordance with AAT's Instructions for AAT computer-based assessments (CBA) • support the apprentice in ensuring relevant information is prepared and uploaded to AAT's assessment platform in accordance with AAT requirements • provide additional information, if requested, and cooperates fully with AAT and/or other external bodies in carrying out monitoring, investigations, or other activities, either on-site or remotely.
Employer	As a minimum, the apprentice's employer must:

Role	Responsibilities
	• select the Assessment Organisation and training provider • work with the training provider (where applicable) to support the apprentice in the workplace and to provide the opportunities for the apprentice to develop the KSBs • verify behaviours included in the occupational standard • arrange and support off-the-job training to be undertaken by the apprentice • decide when the apprentice is working at or above the occupational standard and is ready for the apprenticeship assessment • liaise with the training provider and AAT to ensure the apprenticeship assessment is booked in a timely manner • verify that the apprentice has demonstrated the required behaviours of their occupational standard before gateway to completion • confirm arrangements with AAT for the apprenticeship assessment (who, when, where) in a timely manner (including providing access to any employer-specific documentation as required, for example company policies) • ensure that the apprenticeship assessment is scheduled for a date and time which allows the opportunity for the apprentice to be assessed against the KSs • remain independent from the delivery of the apprenticeship assessment • ensure the apprentice is given sufficient time away from regular duties to prepare for the elements of the apprenticeship assessment, and that any required supervision during this time is in place • where the apprentice is assessed in the workplace, ensure that the apprentice has access to the resources used on a regular basis

Role	Responsibilities
	pass the certificate to the apprentice upon receipt from AAT. The employer is not involved in the apprenticeship assessment process or making decisions on grading.
Apprenticeship Assessment Organisation (AAO)	As a minimum, the AAO must: - conform to the requirements of the apprenticeship assessment plan and deliver its requirements in a timely manner - understand the occupational standard - make the apprenticeship assessment contractual arrangements, including agreeing the price of the apprenticeship assessment - develop and produce assessment materials as detailed for each assessment method - appoint qualified and competent independent assessors in line with the requirements of the apprenticeship assessment plan to conduct assessments and oversee their working - appoint administrators (and invigilators where required) to administer the apprenticeship assessment plan - provide training for independent assessors in terms of good assessment practice, operating the assessment tools and grading - provide information, advice, guidance, and documentation to enable apprentices, employers, and training providers to prepare for the apprenticeship assessment - arrange for the apprenticeship assessment to take place, in consultation with the employer - ensure that the apprentice has access to the required resources and liaise with the employer to agree this, if necessary, where the apprentice is not assessed in the workplace - develop and provide assessment recording documentation to ensure a clear and auditable process is in place for providing assessment decisions and feedback to stakeholders

Role	Responsibilities
	• have no direct connection with the apprentice, their employer or training provider in all instances; there must be no conflict of interest • have policies and procedures for internal quality assurance (IQA), and maintain records of IQA activity and moderation for external quality assurance (EQA) purposes • deliver induction training for independent assessors, and for invigilators and markers (where used) • undertake standardisation activity on this apprenticeship for an independent assessor before they conduct an apprenticeship assessment for the first time, if the apprenticeship assessment plan is updated and periodically (a minimum of annually) • manage invigilation of the apprentice to maintain security of the assessment in line with the AAO's malpractice policy • verify the identity of the apprentice • use language in the development and delivery of the apprenticeship assessment plan that is appropriate to the level of the occupational standard.
Invigilator	As a minimum, the invigilator must: • attend induction training; • have no direct connection or conflict of interest with the apprentice, their employer or training provider in all instances; • invigilate and supervise apprentices during tests and in breaks during assessment methods to prevent malpractice in accordance with invigilation procedures.
Professional Body	There are several professional bodies involved with this apprenticeship. All are associated with the relevant professional qualifications included within the standards.

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