



# AAT Level 4 Diploma in Accounting\*

## A guide to help you succeed

\*AAT Diploma in Accounting at SCQF Level 8 in Scotland

aat



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Internal control and accounting systems (ISYS)	See ISYS guide*

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\*This guide can be found at [aat.org.uk/level4support](https://www.aat.org.uk/level4support)

**Darren Theobald** MAAT  
Southend Hospital

“If you practice with the sample assessments you know you’re not going to find anything to surprise you in the live assessment. If you’re passionate enough and you’re willing to put the effort into the studies, you can do it, it’s not a problem.”



AAT Level 4 Diploma in Accounting\* is the advanced level of the AAT Accounting Qualification. Once you've completed the advanced level, you'll be awarded the AAT Level 4 Diploma in Accounting and be a fully qualified accounting technician.

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### A guide to help you succeed at Level 4

If you're looking for a guide to help you complete your AAT Level 4 Diploma in Accounting, you've come to the right place.

This guide highlights all of the study support materials available to help you get qualified. It includes the following information:

- introduction to the unit
- study support available for each unit through your MyAAT account
- highlights from the *Assessment performance reports* for each unit.

Support materials are available for all units at this level – this guide helps you make best use of all of the resources available to you.

Once you've looked at all of the resources, use the checklist so you can keep track of which units you've prepared for.

\*AAT Diploma in Accounting at SCQF Level 8 in Scotland. This reference applies throughout this guide.

# Financial performance

## (FPFM)

### Overview of unit

- Collating and analysing cost information from various sources
- Measuring performance and managing costs appropriately
- Making suggestions for improving financial performance by monitoring and analysing information
- Preparing performance reports for management

### Study support available through your MyAAT account

E-learning	10
Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
Study support webinar	3
Performance feedback	2
Practical case study	9

### Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Financial performance.**

#### Financial performance study support



- Unit specification
- Financial performance guidance and standards
- FPFM Mapping document
- Material and labour variances e-learning module
- Lifecycle costing e-learning module
- Forecasting e-learning module
- Causes of variance e-learning module
- Fixed overhead variances (PDF)
- Flexible budgeting (PDF)
- Gross profit margin (PDF)
- Gross profit margin (XLS)
- Standard cost operating statement (PDF)
- Target costing (PDF)
- Sample assessment (question 1) and answers
- Sample assessment (question 2) and answers
- Green Light test
- Webinar recording and supporting notes
- Practical case studies – tasks and workbooks (PDF)

# Assessment performance feedback for Financial performance

The *Assessment performance report*, published by the Lead Assessment Writer for Financial performance, reviews student performance in all Financial performance assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

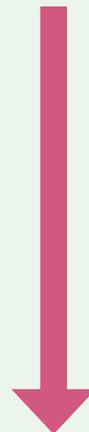
The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 7 – Calculation of performance indicators.**

Sometimes parts of task 7 require students to complete calculations given mark ups, margins and ratios. This is one of the best answered tasks in the assessment.



## Weak performance

**The task which students have found most challenging is task 8 – Decision Making.**

This is the task with the lowest percentage success rate and a number of students achieved very few marks. It requires students to use one or more of the key topics of decision-making, break-even analysis, margin of safety, limiting factor decisions, make or buy decisions and special orders.

Have you read the Financial performance *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Budgeting

## (BDGT)

### Overview of unit

- Preparing budgets and income and expenditure forecasts
- Assessing budgetary impact of internal and external factors
- Using budgetary control to improve organisational performance

### Study support available through your MyAAT account

E-learning	3
Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
Study support webinar	3
Performance feedback	2

### Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Budgeting.**

#### Budgeting study support



Unit specification

Budgeting guidance and standards

BDGT Mapping document

Preparing production budgets with inventory and faulty production e-learning module

Preparing production budgets with limiting factors e-learning module

Preparing materials, labour and machine time budgets e-learning module

Sample assessment (question 1) and answers

Sample assessment (question 2) and answers

Green Light test

Webinar recording and supporting notes

Assessment performance reports

# Assessment performance feedback for Budgeting

The *Assessment performance report*, published by the Lead Assessment Writer for Budgeting, reviews student performance in all Budgeting assessments taken from 1 October 2015 to 31 March 2016.

In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 3 – Operating budget.**

Students prepare budget schedules including an operating budget and three working schedules for materials, labour and production overhead. There is a significant amount of calculation in the task but more than half of students secure maximum marks.



## Weak performance

**The task which students have found most challenging is task 8 – Explanation of variances.**

Using the data from the Operating Statement and the background information students are required to write a short commentary on the results, and provide some management advice. This task consistently records the poorest performance of the assessment.

Have you read the Budgeting *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Financial statements

(FSTM)

## Overview of unit

- Understanding the regulatory framework underpinning financial reporting
- Understanding key features of published financial statements
- Drafting a limited company's statutory financial statements
- Drafting consolidated financial statements
- Interpreting financial statements using ratio analysis

## Study support available through your MyAAT account

E-learning	7
Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
Study support webinar	1
Performance feedback	3
Practical case study	15

## Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Financial statements.**

### Financial statements study support



Unit specification

Financial statements guidance and standards

FSTM Mapping document

Accounting adjustments e-learning module

Goodwill e-learning module

The IASB Conceptual Framework e-learning module

Statement of cash flows e-learning module

Statement of changes in equity e-learning module

How to prepare financial statements e-learning module

Consolidated income statements (PDF)

Sample assessment (question 1) and answers

Sample assessment (question 2) and answers

Green Light test

Webinar recording

Assessment performance reports

Practical case studies

# Assessment performance feedback for Financial statements

The *Assessment performance report*, published by the Lead Assessment Writer for Financial statements, reviews student performance in all Financial statements assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 2 – Draft statutory financial statements for a single limited company.**

Common errors on this task include ignoring the accrued amount altogether, miscalculating it – for example basing the calculation upon an incorrect number of months or including only the accrued amount as the expense. Some weaker students include accrued interest as a trade and other receivable.



## Weak performance

**The task which students have found most challenging is task 8 – Analyse and interpret ratios.**

Students are required to analyse and interpret a company's ratios in comparison to the same ratios for a previous accounting period, a competitor or an industry average. Students continue to perform poorly in this task. There is a slight deterioration on the previous reporting period where the competency level was higher.

Have you read the *Financial statements Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Cash management

## (CSHM)

### Overview of unit

- Using statistical techniques and financial information to prepare income and expenditure forecasts
- Preparing cash to monitor an organisation's cash flow
- Managing cash balances effectively
- Investing surplus funds, observing organisational policies

### Study support available through your MyAAT account

Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
E-learning	5
Performance feedback	3

### Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Cash management.**

Cash management study support



Unit specification

Cash management guidance and standards

CSHM Mapping document

Reconciling budgeted cash flow with actual cash flow (PDF)

Cash receipts and payments e-learning module

The impact of cash settlement discounts on cash flow e-learning module

Sensitivity analysis e-learning module

Time series analysis e-learning module

Sample assessment (question 1) and answers

Sample assessment (question 2) and answers

Green Light test

Assessment performance reports

# Assessment performance feedback for Cash management

The *Assessment performance report*, published by the Lead Assessment Writer for Cash management, reviews student performance in all Cash management assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 6 – Monitoring cash flows.**

This is the first human marked question on the paper and seems to be answered generally very well by students. From a review of the results it is clearly evident that students are more successful at answering this task than the other two human marked tasks on the assessment.



## Weak performance

**The task which students have found most challenging is task 8 – Saving and borrowing – terms, conditions and calculations.**

Many students are below competency in this task and it is apparent that some students are experiencing problems with this task through lack of knowledge, and the ability to perform arithmetical procedures, that once understood are simple to apply.

Have you read the Cash management *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Credit control

## (CRDC)

### Overview of unit

- Understanding relevant legislation and impact on credit management
- Using information from various sources to grant customers' credit within organisational guidelines
- Using a range of techniques for debt collection
- Monitoring and controlling credit supply

### Study support available through your MyAAT account

E-learning	4
Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
Performance feedback	3
Study support webinar	3

### Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Credit control.**

#### Credit control study support



Unit specification

Credit control guidance and standards

CRDC Mapping document

Contract law e-learning module

Invoice discounting e-learning module

Taking legal action e-learning module

Granting credit e-learning module

Sample assessment (question 1) and answers

Sample assessment (question 2) and answers

Green Light test

Webinar recording and supporting notes

Performance feedback reports

# Assessment performance feedback for Credit control

The *Assessment performance report*, published by the Lead Assessment Writer for Credit control, reviews student performance in all Credit control assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 3 – Credit limit assessment using a rating system.**

The purpose of the task is to assess students' ability to evaluate the current credit status of existing and potential customers, by calculating key credit assessment ratios, consulting a rating system and selecting the correct assessment based upon the rating produced. Performance demonstrates that most students score very well on this task.



## Weak performance

**The task which students have found most challenging is task 7 – Credit collection analysis and suggested action.**

The purpose of the task is to assess students' ability to analyse credit collection information, and prepare notes on an appropriate course of action, including recommendations for provision for irrecoverable debts. Often students lose marks because they have not given enough detail in their answer, or have provided relatively general comments, ignoring the specific task information.

Have you read the *Credit control Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Business tax

## (BTAX)

### Overview of unit

- Completing Corporation Tax returns and supporting computations for incorporated businesses
- Understanding the impact of legislation and legislative changes
- Understanding tax law and its implications for incorporated / unincorporated business
- Understanding capital assets

### Study support available through your MyAAT account

E-learning	8
Guidance and standards	4
Sample assessment	6
Green Light test	1
Mapping document	1
Performance feedback	3
Study support webinar	1

### Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Business tax.**

#### Business tax study support



Unit specification

Guidance and standards

BTAX Mapping document

Capital gains tax reliefs e-learning module

Sole trader losses e-learning module

Completing the Short Corporation Tax Return e-learning module

Completing the self-employment pages e-learning module

Opening and closing year rules e-learning module

Partnership tax returns e-learning module

Adjustment of trading profits for the self employed (PDF)

Basic capital allowances (PDF)

Sample assessment (question 1) and answers

Green Light test

Performance feedback reports

Webinar recording

# Assessment performance feedback for Business tax

The *Assessment performance report*, published by the Lead Assessment Writer for Business tax, reviews student performance in all Business tax assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 10 – Taxation of shares.**

Students can expect questions on disposals by individuals, disposals by companies, bonus issues, rights issues, disposals several years earlier than the tax year in question and matching rules. The success rate in this task has improved slightly from last year, although the students exceeding the competency level has been maintained.



## Weak performance

**The task which students have found most challenging is task 11 – Capital gains tax exemptions, losses, reliefs and tax payable.**

Students can expect questions on capital gains losses, annual exempt amount and how this relates to current year losses and losses brought forward, the impact that income tax bands have on capital gains payable, and reliefs such as entrepreneurs', rollover and gift. The success rate this time has dropped and there are trends appearing in students' answers.

Have you read the Business tax *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# Personal tax

(PTAX)

## Overview of unit

- Calculating income from all sources and identifying taxable and non-taxable items
- Applying current legislation to calculate tax payable on income
- Accounting for Capital Gains Tax according to current legislation
- Preparing accurate computations and complete relevant parts of self-assessment tax returns

## Study support available through your MyAAT account

E-learning	9
Guidance and standards	5
Sample assessment	6
Green Light test	1
Mapping document	1
Performance feedback	3
Study support webinar	3

## Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for Personal tax.**

### Personal tax study support



Unit specification

Guidance and standards

PTAX Mapping document

Property income (FA2015) e-learning module

Charitable giving and pension contributions (FA2015) e-learning module

Calculating capital gains on the sale of shares (FA2015) (PDF)

Calculating car and fuel benefits in kind (FA2015) (PDF)

Income tax computations (FA2015) (PDF)

Calculating capital gains on the sale of shares (FA2015) (PDF)

Tax returns e-learning module

Penalties e-learning module

High Earners e-learning module

Sample assessment (question 1)

Sample assessment answers (question 1)

Green Light test

Performance feedback reports

Webinar recordings

# Assessment performance feedback for Personal tax

The *Assessment performance report*, published by the Lead Assessment Writer for Personal tax, reviews student performance in all Personal tax assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 8 – Tax returns.**

There has been a slight improvement in the level of competency achieved in this task. It should be noted that this is the only task in the assessment – in the period reviewed – that achieves a competency level above 70%.



## Weak performance

**The task which students have found most challenging is task 2 – Benefits in Kind – all excluding cars.**

As stated in previous performance reports, students are struggling with this topic. In last year's review, the level of competency was a low and it has now dropped further making task 2 the poorest performing task in the whole assessment.

Have you read the Personal tax *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

# External auditing

(EXTA)

## Overview of unit

- Planning an audit identifying areas for verification and associated risks
- Conducting a supervised audit
- Preparing draft reports for approval
- Understanding auditing principles and legal and professional standards required for an external auditor

## Study support available through your MyAAT account

E-learning	2
Guidance and standards	2
Sample assessment	4
Green Light test	1
Mapping document	1
Performance feedback	3
Study support webinar	3

## Checklist

**Use the checklist below to ensure you have accessed all of the support materials available for External auditing.**

External auditing study support	<input checked="" type="checkbox"/>
Unit specification	<input type="checkbox"/>
Guidance and standards	<input type="checkbox"/>
EXTA Mapping document	<input type="checkbox"/>
Audit sampling e-learning module	<input type="checkbox"/>
The audit of different types of organisation e-learning module	<input type="checkbox"/>
Sample assessment (question 1)	<input type="checkbox"/>
Sample assessment answers (question 1)	<input type="checkbox"/>
Sample assessment (question 2)	<input type="checkbox"/>
Sample assessment answers (question 2)	<input type="checkbox"/>
Green Light test	<input type="checkbox"/>
Webinar recording and supporting notes	<input type="checkbox"/>
Performance feedback reports	<input type="checkbox"/>

# Assessment performance feedback for External auditing

The *Assessment performance report*, published by the Lead Assessment Writer for External auditing, reviews student performance in all External auditing assessments taken from 1 October 2015 to 31 March 2016. In the report, we provide task by task feedback and advice to form a comprehensive review of this unit. This includes advice on how best to approach the assessment.

The full report, including the tasks highlighted below where student performance was strong and where it was weak, is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)



## Strong performance

**The task which students have performed strongest in is task 24 – Use management feedback when reporting.**

This task assesses students' ability to determine whether matters identified, impact on the audit report or the report to management, and to distinguish between deficiencies and significant deficiencies. The majority of students demonstrate competency in this task.



## Weak performance

**The task which students have found most challenging is task 10 – Sampling techniques.**

There is a general lack of competency in respect of statistical terminology and the factors affecting sample sizes. Although students are able to distinguish statistical sampling from non-statistical, many frequently confuse random selection with haphazard selection and, to a lesser degree, with systematic selection.

Have you read the External auditing *Assessment performance report*?

This is available at [aat.org.uk/level4support](http://aat.org.uk/level4support)

**Alexandra Hodgkins** Student  
Professional Diploma in Accounting

“AAT offers a range of different ways of achieving your goals with help from their e-learning resources, Green Light tests and sample assessments.”





# Any questions?

Call our Customer Service team on **+44 (0)20 3735 2468**.

Lines are open 09.00 to 17.00 (UK time), Monday to Friday.

Or to access these study support materials visit **[aat.org.uk/level4support](https://aat.org.uk/level4support)**

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 [forums.aat.org.uk](https://forums.aat.org.uk)

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