



AAT Revision Skills Bank

Level 4

**Professional Diploma in Accounting:
Synoptic Assessment**

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Skills bank

This bank explains and demonstrates the key skills required to enable you to maximise your chance of gaining competency in the assessment. Knowledge of the unit is not sufficient on its own. Through practice of tasks you will develop a set of skills that will enable you to prove competent in the assessment.

Skills bank

Our experience of preparing students for this type of assessment suggests that to obtain competency, you will need to develop a number of key skills.

What do I need to know to do well in the Level 4 synoptic assessment?

The level 4 synoptic assessment will test your knowledge of the learning outcomes for the *Accounting Systems and Controls* unit and then specific learning outcomes for the three mandatory units you have previously studied.

The units you have already studied are:

- *Management Accounting: Budgeting*
- *Management Accounting: Decision and Control*
- *Financial Statements of Limited Companies*

For these three units, you should use the relevant Course Book to revise your technical knowledge.

The technical content for *Accounting Systems and Controls* is new to this course and should be studied through the *Accounting Systems and Controls* Course Book.

The Level 4 Synoptic Assessment Question Bank includes questions from all four units. You should attempt questions from this Question Bank to ensure you are assessment-ready.

To be successful in the assessment you need to:

- Demonstrate an understanding of the roles and responsibilities of the accounting function within an organisation and examine ways of preventing and detecting fraud and systemic weaknesses.
- Evaluate budgetary reporting; its effectiveness in controlling and improving organisational performance
- Evaluate an organisation's accounting control systems and procedures.
- Analyse an organisation's decision making and control using management accounting tools.
- Analyse an organisation's decision making and control using ratio analysis.
- Analyse the internal controls of an organisation and make recommendations.

Assumed knowledge

This assessment will build on fundamental concepts and techniques introduced and developed throughout Levels 2 and 3. In particular, financial accounting, management accounting and ethics are key areas that will be tested in the assessment.

Assessment style

In the synoptic assessment, it is likely you will be required to:

- 1 Demonstrate an understanding of the reporting frameworks and ethical principles that underpin financial reporting
- 2 Analyse a budget
- 3 Evaluate the adequacy of internal controls
- 4 Use internal management information to inform decisions
- 5 Calculate and evaluate ratios
- 6 Evaluate an organisation's accounting system and make recommendations to improve the system

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The style of each task is analysed in more detail below.

1 **Demonstrate an understanding of the reporting frameworks and ethical principles that underpin financial reporting**

Task 1 will be an objective-style task requiring you to demonstrate knowledge of the impact that financial reporting standards and the Companies Act have on company accounts. To be successful in this task you need to be familiar with the key principles studied in the Level 4 unit *Financial Statements of Limited Companies*.

You will also be asked to show knowledge of ethical principles. For example, you may be given a short scenario and required to select the most appropriate action. To answer these questions accurately, you must be familiar with the ethical principles and be able to take a logical approach when determining the most appropriate behaviour from the options available.

2 **Analyse a budget**

In Task 2 you will be asked to review a budget proposal and supporting submission.

You will need to use your knowledge of budgets and the tools used when preparing budgets to assess whether the budget in the task scenario is reasonable or otherwise.

You may also be required to explain the importance of budgets as a management tool, eg how does a budget enable those running the organisation to monitor performance?

3 **Evaluate the adequacy of internal controls**

Task 3 requires an understanding of internal control systems. It is likely to focus on a particular aspect of internal control, such as the sales system, purchases system or payroll system.

Make sure that you are aware of the way in which these systems normally work as this will enable you to identify weaknesses in the processes for the company seen in the scenario.

You will need to clearly explain the weaknesses and describe the impact such deficiencies could have on the company.

4 **Use internal management information to inform decisions**

The Task 4 scenario will provide financial data and background information that is typically used by senior managers to make strategic decisions. You must be able to calculate specific details (such as the contribution made by products and the best price) and then use this information to assess the impact policies could have on the business.

Here you need to demonstrate strong numerical skills as well as the ability to support your assertions with clear explanations.

5 **Calculate and evaluate ratios**

This is a knowledge-based task which tests your ability to calculate and interpret ratios.

In part (a) you are likely to be required to calculate profitability, liquidity, working capital and gearing ratios.

You will have studied this topic in the *Financial Statements of Limited Companies* unit. Practise these calculations as part of your revision to ensure you can perform them quickly and accurately.

Then in part (b) you will need to interpret your answers. Read the statements carefully. Based on your knowledge of the company in the scenario and the ratios you have calculated, which option is correct?

6 **Evaluate an organisation's accounting system and make recommendations to improve the system**

Task 6 will ask you to assess the existing position of a business (ie its strengths and weaknesses) and then how change could benefit or disadvantage the business. Here, you must read the scenario carefully and ensure your answer addresses the specific issues raised for that business.

Remember, if you are asked to provide a recommendation or conclusion, you must give a clear answer. As long as your answer is reasonable in the context of the scenario and clearly explained, you will be successful in this task.

General point

To be successful in the Level 4 synoptic assessment, make sure that you:

- Answer all requirements (do not leave any answers blank)
- Relate your technical knowledge to specific situations
- Check you enter all numbers accurately
- Explain all written points in sufficient detail and in a professional style.

If you follow this approach, you will perform well in the assessment.

Introduction to the assessment

The question practice you do will prepare you for the format of tasks you will see in the Level 4 synoptic assessment.

Information on the scenario for your Level 4 synoptic assessment is issued in advance of the assessment as pre-seen material. You must make sure you are familiar with the relevant pre-seen material before sitting your assessment. Note that the scenario is also included as a pop-up in the live assessment.

It is also useful to familiarise yourself with the other introductory information you **may** be given at the start of the assessment. The following is provided at the beginning of the sample synoptic assessment:

Assessment information

Read the scenario carefully before attempting the questions, you can return to it at any time by clicking on the 'Introduction' button at the bottom of the screen.

Complete all 6 tasks.

Answer the questions in the spaces provided. For tasks requiring extended written answers, the answer box will expand to fit your answer.

You must use a full stop to indicate a decimal point. For example, write 100.57 **not** 100,57 **or** 100 57.

Both minus signs and brackets can be used to indicate negative numbers unless task instructions say otherwise.

You may use a comma to indicate a number in the thousands, but you don't have to. For example, 10000 and 10,000 are both okay.

Where the date is relevant, it is given in the task data.

Information

The total time for this paper is 3 hours.

This assessment has a total of 6 tasks which are divided into sub-tasks.

There are 100 marks available in this assessment.

The marks available for each task are shown at the top of each task.

The marks for each sub-task are shown alongside the relevant sub-task.

The data you need to complete each task is contained within that task or through the pop-up windows provided on the task page; you will not need to refer to your answers for previous tasks.

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Advice

Read each question carefully before you start to answer it.

Attempt all questions.

You can return to a task at any time during the assessment to check your answers.

Revision

- 1 You must familiarise yourself with the style of the online questions and the AAT software before taking the synoptic assessment. As part of your revision, log in to the **AAT website** and attempt their **online practice assessment**.
- 2 Attempt as many tasks as possible in the **Question Bank**. There are plenty of assessment-style tasks which are excellent preparation for the real synoptic assessment.
- 3 Always **check** through your own answers as you will in the real assessment, before looking at the solutions in the back of the Question Bank.

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