



International
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of Accountants

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AN ILLUSTRATIVE COMPETENCY FRAMEWORK
FOR ACCOUNTING TECHNICIANS



FOREWORD

Accounting Technicians play a crucial role in the financial management of businesses of all sizes and in all sectors of the economy. When Accounting Technicians are empowered with appropriate technical knowledge and skills, they can take on the day-to-day practical work of accountancy and play a key operational role in producing reliable financial information. In larger organizations, this allows their senior accounting colleagues to play a more proactive and strategic role. In smaller businesses, Accounting Technicians will often be involved in all aspects of financial management, delivering high-quality advice and financial information to support business planning, facilitate access to credit, and expand operations.

Many jurisdictions have recognized the importance of Accounting Technicians, even where this job title is not commonly used. As a result, organizations that support Accounting Technicians as members, referred to in this publication as professional accountancy organizations (PAOs)—in jurisdictions, such as Canada, New Zealand, Singapore, South Africa, Sri Lanka, and the United Kingdom—have created Accounting Technician or similar certifications and designations. The idea is to recognize these skills in their own right and as part of a journey toward a chartered or certified accountancy qualification at the senior level. This is an important step toward the professionalization of a role that contributes to the public's confidence in the global accountancy profession.

Research commissioned by IFAC has indicated an acute shortage of basic accounting skills in developing and emerging markets. Not all entrants to the workplace have had a sound general education. It is important, therefore, that we lay out the foundations of the skills required by all aspiring Accounting Technicians to allow different entry points into the accountancy profession and the opportunity to progress within it.

With this in mind, we hope that the competencies we describe in this document will assist PAOs, aspiring PAOs, and other organizations supporting Accounting Technicians (and their counterparts) in developing a framework of skills and knowledge that will produce competent, skilled, and future-ready Accounting Technicians.

Arjuna Herath

Chair, IFAC PAO Development Committee

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We also thank those who contributed to and advised on its development:

- AAT Accounting Technician Roundtable
- Accounting Technician Publication Advisory Group
- IFAC PAO Development Committee
- IFAC International Accountancy Education Standards Board
- IFAC Regional Organizations
- IFAC Acknowledged Accountancy Groupings
- IFAC Professional Accountancy Organization Members
- Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) Partners

CONTENTS

INTRODUCTION	4
A New Approach.....	4
This Publication	4
DEFINITION AND THE ECONOMIC CONTRIBUTION OF ACCOUNTING TECHNICIANS	5
Importance of Accounting Technicians to an Economy	5
AN EXAMPLE COMPETENCY FRAMEWORK	6
The Competencies.....	7
The Foundations Project	8
HOW SHOULD PAOS USE THE EXAMPLE COMPETENCY FRAMEWORK?	8
Apprenticeships.....	8
Progression to the Senior Level	9
CASE STUDIES AND ADDITIONAL RESOURCES	9
BIBLIOGRAPHY	10
APPENDIX ONE	11
Competency for Technician Level 1, Level 2 (ISC)	11
Competency for Accounts Assistant Level 2, Level 3 (ISC).....	19
Competency for Accounting Technician Level 3, Level 4 (ISC).....	30
Accounting Technician Level 4, Level 5b (ISC)	50
APPENDIX TWO	76
Skills and Attitudes for Accounting Technicians	76
APPENDIX THREE	80
Mapping to IFAC International Education Standards	80
APPENDIX FOUR	82
The Foundations Project	82

INTRODUCTION

A New Approach

1. This publication follows a new approach designed to effectively and efficiently leverage existing knowledge through enhanced coordination and collaboration. The intention is to facilitate dialogue among interested parties and enhance knowledge sharing. This publication addresses the education, training, and development of Accounting Technicians or similar certifications and designations. Professional accountancy organizations (PAOs) and interested parties are invited to join the dialogue and share relevant knowledge via email at communications@ifac.org.
2. As the intention is to promote dialogue and knowledge sharing, publications such as this are living documents, developed with limited consultation and published within a short period of time. They are continuously updated with, or supplemented by, knowledge shared subsequent to their publication. They are non-authoritative.

This Publication

3. This publication, developed jointly by the International Federation of Accountants (IFAC) and the Association of Accounting Technicians (AAT) in the UK, draws on AAT's existing work and includes content from the Confederation of Asia Pacific Accountants (CAPA) publication, [*Accounting Technicians: Exploring Opportunities for the Profession*](#).
4. The CAPA publication aims to encourage PAOs to consider the importance of Accounting Technicians and whether and how they might create, support, or otherwise assist with developing and/or strengthening an Accounting Technician (or equivalent) function within their country.
5. This publication includes an example Competency Framework, which has been adapted from the framework applied in the United Kingdom. It offers an understanding of what Accounting Technicians may be expected to know and do as part of their role; raises awareness of the importance of Accounting Technicians in the financial reporting supply chain; and recognizes the increase in their global recognition (IFAC, 2015).
6. The example Competency Framework is described at four levels. The lowest level covers the competencies required to ensure a basic understanding of how organizations work, including simple purchase and sales transactions and basic business calculations. The framework then moves along to the highest level, which covers more complex accounting tasks, such as drafting financial statements, managing budgets, and evaluating financial performance.
7. The Competency Framework is linked to some of the learning outcomes described in the International Education Standards (IES) for the professional development of accountants. See Appendix 3 for further information. The framework provides PAOs with a benchmark against which to measure the skills and knowledge of Accounting Technicians who operate in their jurisdictions. It is aimed at enhancing global alignment in the approach to recognizing the important role of Accounting Technicians.
8. This publication complements other IFAC publications intended to assist PAOs in developing sustainable capacity, and should be read alongside the CAPA publication, [*Accounting Technicians: Exploring Opportunities for the Profession*](#).
9. While we encourage stakeholders to use the latest IFAC and CAPA publications, IFAC's prior 2009 guidance, [*The Good Practice Guide: The Education, Training and Development of Accounting Technicians*](#), is still available on the IFAC website.

DEFINITION AND THE ECONOMIC CONTRIBUTION OF ACCOUNTING TECHNICIANS

10. In this publication, the term Accounting Technician includes similar certifications and designations offered or to be offered by PAOs, and is used to describe an individual who plays a key role in the production of timely, credible, and reliable financial information for decision-making by senior accountants¹ in large entities. They help the growth of organizations by delivering high-quality advice and financial information to support business planning, facilitate access to credit, and expand operations.
11. Accounting Technicians assist senior accountants, using manual or computerized systems to process invoices, receipts and payments, completing and submitting tax returns, managing payroll and expenses, producing monthly accounts, planning and controlling budgets, etc. The more experienced Accounting Technicians may also advise on budgeting, tax compliance, audits and consulting, and all tasks requiring an understanding of systems and how they are best used.
12. In the United Kingdom, for example, Accounting Technicians who are members of a PAO will have successfully completed a prescribed program of education, training, and assessment, and will have access to continuing professional development (CPD). They are subject to monitoring, investigation, and discipline to ensure adherence to international standards and codes of ethics. They work across organizations, in commerce and industry, the public sector, and private practice. Within PAOs with multiple membership categories, they can be recognized as a distinct membership category and, alongside the senior accountants, often contribute to the sustainability, relevance, and credibility of the PAO. Some choose to stay within this membership category, while others see it as a pathway to becoming a senior accountant.

Importance of Accounting Technicians to an Economy

13. Many PAOs recognize that Accounting Technicians are a fundamental part of the accountancy profession, contributing to economic development and serving the public interest.

The ICAEW publication *Growth, Development and Accounting* argues that the role of accounting in promoting economic health is often underrated, and that the quality of management decisions, the volume and quality of investment, and the ease and efficiency of market transactions and taxation require access to relevant and reliable accounting information (ICAEW, 2017). It is in the production of precisely this information where Accounting Technicians play a crucial role.

14. Accounting Technicians contribute to the:
 - **Improvement of financial management practices and service delivery to customers.** Accounting Technicians help deliver best practice financial skills and processes and improved customer service, which are the essential underpinning factors in successful organizations.

¹ The term “senior accountant(s)” is used to refer to Chartered Accountants, Certified Public Accountants, Chartered Certified Accountants, or equivalent level qualifications, who form the “senior or strategic level” of the profession to create a distinction between professional accountants at the senior/strategic level and professional accountants at the junior/operational level, i.e., Accounting Technicians.

- **Better assessment of fiscal and monetary policy decisions.**
Accurate information, provided by empowered Accounting Technicians with the appropriate technical knowledge and skills, ensures thorough and evidence-based decision making, resulting in effective management and governance.
 - **Promotion and enforcement of strong professional ethics and standards and help with robust external reporting.**
Accounting Technicians who are members of a PAO will need to adhere to international standards and codes of ethics. This supports clear and transparent reporting, which is essential for investors, electorates, and taxpayers. This can also attract direct foreign investment, stimulating economic growth.
 - **Stronger internal decision making.**
Information produced by Accounting Technicians will be useful for internal management planning and budgeting decisions, monitoring, and accountability across organizations.
 - **Advising and supporting the growth of organizations promotes the economic growth of a jurisdiction.**
Accounting Technicians deliver high-quality advice and financial information to support business planning and facilitate access to credit.
15. The adoption of a competency framework for Accounting Technicians is likely to increase the pipeline of talented individuals wishing to work in finance roles in the private, public, and not for profit sectors, contributing to closing the skills gap and meeting the needs of both business and the economy.

AN EXAMPLE COMPETENCY FRAMEWORK

16. The table below provides an overview of the example Competency Framework included in this publication and identifies typical job roles at each level. The descriptors we have used relate to what an individual should know and be able to do at each level. We have expressed these in terms of both UK levels and also UNESCO International standard classifications.
17. Individuals operating at UK Levels 2, 3, and 4 of the example Competency Framework are more typically recognized as Accounting Technicians. Those at Level 1 will have basic competencies, including functional numeracy and the ability to manage basic transactions. Each level provides competencies to support subsequent higher levels:

To help understand the critical role of an Accounting Technician, it is useful to consider the paralegal profession. A “paralegal” is a person qualified through education and training to perform substantive legal work that requires knowledge of the law and procedures but who is not a solicitor, barrister (lawyer, attorney), or chartered legal executive. In the United Kingdom, paralegals working for fees may practice in law firms or work in the legal environments of commerce, industry, the public sector, or provide services to their own clients as sole paralegal practitioners. They are the largest sector of the legal profession.

Within the legal profession, solicitors (lawyers) have always relied on their paralegals and could not operate effectively without them. Paralegals are important members of the legal team, playing key roles in the legal process. As with Accounting Technicians, paralegals strive for personal and professional excellence. They possess integrity, professional skills, and dedication to the improvement and expansion of the paralegal role in the delivery of legal services (NALP, 2018).

Level 1 UK/ISC* Level 2	Level 2 UK/ISC Level 3	Level 3 UK/ISC Level 4	Level 4 UK/ISC Level 5
Competencies focus on a basic understanding of how organizations work, including simple purchase and sales transactions; and on completing basic business calculations.	Competencies focused on basic accounting principles and techniques, such as costing and double-entry bookkeeping to using accounting software.	Competencies include complex accounting tasks, ethical practice and gathering, analyzing, and reporting information to support decision making, planning, and control.	Competencies in high-level accounting tasks, such as drafting financial statements, managing budgets, and evaluating financial performance. Specialties in tax, cash, and treasury management, auditing and/or credit control.
Cashier	Accounts Administrator	Senior Accounts Payable Clerk	Assistant Financial Accountant
Clerical Assistant	Accounts Assistant	Expenses Supervisor	Commercial Analyst
Data Entry Clerk	Accounts Payable Clerk	Audit Trainee	Cost Accountant
	Bookkeeper	Credit Controller	Fixed Asset Accountant
	Payroll Administrator	Finance Assistant/Officer	Indirect Tax Manager
	Purchase/Sales Ledger Clerk	Payroll Supervisor	Payroll Manager
	Tax Assistant/Trainee	Practice Bookkeeper	Senior Bookkeeper
	Trainee Accounts Technician	Tax Assistant	Senior Finance Officer/Manager

*International Standard Classification of Education (ISC) (UNESCO Institute of Statistics, 2018)

The Competencies

18. The example Competency Framework is included in Appendix 1. The competencies are written from an employer perspective, detailing what an individual would be expected to know and do at each level. Competencies are described at four levels, with UK Level 1 being the lowest level and UK Level 4 the highest. At each level, the competencies are split into Competency Areas. Each Competency Area is described through a series of “can do” statements under “What is Required.” Further details of the scope of content that an individual is required to know, or be able to demonstrate, is found in under “Skills and Knowledge.”
19. To be effective, in addition to having the technical competencies, Accounting Technicians need to develop appropriate skills and attitudes in their work. Appendix 2 includes a series of “can do” statements, which describe the skills and attitudes required.
20. Appendix 3 illustrates how the example Competency Framework is linked to some of the learning outcomes identified in the *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants* (IFAC, 2015).
21. The example Competency Framework is designed to take account of developments transforming the accountancy profession. As technology evolves, so will the role of Accounting Technicians. For example, the required technical competencies will change as manual bookkeeping processes become obsolete. Nevertheless, today, they are still a feature of the day-to-day operations of many businesses, and an understanding of manual bookkeeping will ensure that individuals have an in-depth understanding of the processes that will be automated. Of course, the technical competencies will need to be revised to ensure that they keep pace with the impact technology has on the skills and knowledge required in the profession. It is hoped that this type of publication—with its intention to facilitate dialogue and encourage knowledge sharing—would inspire others to assist IFAC and AAT to achieve this objective.

The Foundations Project

22. In 2016, the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC)² Steering Committee explored the feasibility of building foundational accountancy skills in the public and private sectors in developing African countries (IFAC, 2018).
23. The research showed a significant skills gap, particularly in the public sector, which varied from country to country. To deal with that gap, a Foundation Skills Competencies Framework was developed.
24. Appendix 4 provides further background to the project and illustrates how the Foundation Skills Competencies Framework can be mapped to the example Competency Framework in this publication.

HOW SHOULD PAOS USE THE EXAMPLE COMPETENCY FRAMEWORK?

25. The example Competency Framework proposes the skills and knowledge that Accounting Technicians working at different levels and in different job roles should have. The competencies described are adapted from the AAT Qualification Standards. Because PAOs operate in unique environments and are at different stages of organizational development, they should adapt this framework to meet their needs.
26. The example Competency Framework is intended to support PAOs in the development of curricula, qualifications, and assessments to certify those competencies. This framework can increase consistency of Accounting Technician programs and promote their recognition within the profession, providing an opportunity for PAOs to further enhance elements such as membership, continuing professional development, and investigation and discipline for Accounting Technicians.
27. The Competency Framework is also intended to help PAOs engage with employers in the design of the PAO's Accounting Technician competencies or curricula.

Apprenticeships

28. The Government in the United Kingdom has pursued an active policy of extending the role of apprenticeships to include Assistant Accountant and Professional Accounting Technician. In other countries, similar schemes may be called learnerships or internships. Such schemes combine on-the-job practical work experience with study and learning, and are often key to social mobility. They also tend to create a motivated, loyal workforce. Apprenticeships can provide an opportunity for PAOs to expand the profession and grow their base, as well as achieve the benefits highlighted in Paragraph 12 above. For more information on apprenticeships, email: international@aat.org.uk.

² MOSAIC (Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration) is a historic Memorandum of Understanding that sets out the basis for improving cooperation and collaboration among IFAC, international donors, and the international development community. With 13 signatories, it provides the foundation for an aligned approach to increase the capacity of professional accountancy organizations and improve the quality of financial management systems in emerging economies.

Progression to the Senior Level

29. Many Accounting Technicians have opted to make a career of their work in that area, while others wish to progress to more senior levels. Many PAOs have a process to provide exemptions to qualified Accounting Technicians who want to enter a senior level accountancy program. PAOs wishing to introduce an Accounting Technician qualification should ensure a strong link between the different levels of their accountancy qualification.
30. PAOs should also consider advising students on the correct entry point into the profession, using the Accounting Technician level as a solid grounding and, if required, as a stepping stone to becoming a senior accountant.

CASE STUDIES AND ADDITIONAL RESOURCES

31. Interested parties, including PAOs, are encouraged to read CAPA's *Accounting Technicians: Exploring Opportunities for the Profession*. It reviews the topic of Accounting Technicians and describes the various organizational arrangements that exist, as well as common program characteristics, highlighted by a range of case studies that illustrate the programs, including:
 - organization and program background information;
 - program admission—entry requirements;
 - program content, including any practical experience requirements;
 - program outcomes, including membership arrangements;
 - pathways to professional accounting or other qualifications.(CAPA, 2018)
32. To contact PAOs about their Accounting Technician programs, please look at the case studies in *CAPA's Accounting Technicians: Exploring Opportunities for the Profession*, or contact IFAC at membership@ifac.org or AAT at international@aat.org.uk.

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IFAC serves the public interest and strengthens the accountancy profession by supporting the development of high-quality international standards, promoting the adoption and implementation of these standards, building the capacity of professional accountancy organizations; and speaking out on public interest issues.

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AAT is the world's leading professional body for accounting technicians. We work across the globe with around 130,000 members in more than 100 countries. Our members are represented at every level of the finance and accounting world, including students, people already working in accountancy and self-employed business owners. AAT members are ambitious, focused accounting professionals, many occupying senior, well rewarded positions with thousands of employers—from blue-chip corporate giants to public sector institutions. AAT became the first Accounting Technician member organisation to be admitted to full membership of IFAC.

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Copies of this publication may be downloaded from the IFAC website at www.ifac.org or the AAT website at www.aat.org.uk. The approved text is published in English.

The CAPA publication, *Accounting Technicians: Exploring Opportunities for the Profession*, can be downloaded from the CAPA website at www.capa.com.my.

APPENDIX ONE

Competency for Technician Level 1 (UK Regulated Qualifications Framework), Level 2 (ISC)

Role Profile:

This level is appropriate for aspiring Accounting Technicians who may be preparing to work in a finance department of an organization or wish to progress toward a specific role within an accounting department. The skills and knowledge at this level focus on a basic understanding of how organizations work, simple purchase and sales transactions, and on completing basic business calculations.

Competency Area 1: Bookkeeping basics		
Develop skills in single-entry bookkeeping, introducing the role of a bookkeeper, the foundations of double-entry bookkeeping, assets, profit, and loss		
1. Bookkeeping basics	What is required	Knowledge and Skill
1.1 Understand the role of the bookkeeper	<ul style="list-style-type: none"> Understand the duties and responsibilities of a bookkeeper Understand the importance of working with accuracy 	<p>Bookkeepers' responsibilities:</p> <ul style="list-style-type: none"> Prepare and check financial documentation and transactions Keep all information confidential Refer to a supervisor or seek authorization when appropriate Understand the use passwords to maintain confidentiality and understand the importance of sharing information with authorized personnel only Understand the types of secure storage for soft-copy and hard-copy information <p>Accuracy:</p> <ul style="list-style-type: none"> The potential effect of bookkeeping errors: incorrect accounting records—overstatement, understatement, incorrect profit/loss, delayed receipts from customers. duplicated payments, incorrect payments to suppliers—overpayment, underpayment
1.2 Understand financial transactions	<ul style="list-style-type: none"> Understand the buying and selling process Use basic bookkeeping terminology Understand the dual effect of transactions 	<p>Buying and selling process:</p> <ul style="list-style-type: none"> The difference between trading for cash and trading on credit: cash sales, cash purchases, credit sales, credit purchases, customers, suppliers, trade receivables, trade payables Relevant documents and how they are used: sales and purchase invoice, sales and purchase credit note, quotations, purchase order, delivery notes, goods received notes, goods returned notes, cash receipts, remittance advice <p>Basic bookkeeping terminology:</p> <ul style="list-style-type: none"> The meaning of and identifying items as: assets, liabilities, income, expenses The meaning of profit and loss and identifying profit and loss: income minus expense <p>Dual effect of transactions:</p> <ul style="list-style-type: none"> That items that can be classified as assets or liabilities, income or expenses, are recorded in the bookkeeping system That each transaction changes the records of at least two items in the bookkeeping system: item amounts may increase and/or decrease

<p>1.3 Process customer and supplier transactions</p>	<ul style="list-style-type: none"> • Prepare and check sales invoices and credit notes • Record sales and purchase invoices and credit notes in the books of prime entry • Identify outstanding amounts owned by for individual customers and to suppliers 	<p>Sales invoice and credit notes:</p> <ul style="list-style-type: none"> • The documents used to prepare sales invoices and credit notes: quotation, delivery note, price list. • Complete sales invoice and credit note details and amounts: unit price and price for multiple units , discounts for buying in large quantities, amounts (net, goods and service tax and total) • Calculate sales invoice and credit note amounts <p>Record sales and purchase invoices:</p> <ul style="list-style-type: none"> • Identify errors: goods and service tax amounts, calculations, type of goods, quantity of goods, unit price • Books of prime entry: sales daybook, purchases daybook, sales returns daybook, purchases returns daybook • The columns within the books of prime entry: date, customer/supplier name, customer/supplier invoice number/credit note number, amounts (net, goods and service tax and total) • Make entries and total columns in the books of prime entry • Cross cast columns in the books of prime entry. <p>Identify outstanding amounts:</p> <ul style="list-style-type: none"> • Calculate amounts owed by customers and to suppliers • Use an opening amount owed
<p>1.4 Process receipts and payments</p>	<ul style="list-style-type: none"> • Enter receipts and payments into a cash book • Use the cash book to calculate closing amounts of cash in hand and cash in the bank • Check the closing amount of cash in the bank against the closing balance on the bank statement 	<p>Enter receipts and payments:</p> <ul style="list-style-type: none"> • The format of the cash book • The columns within the cash book: date, customer/supplier, cash and/or bank, analysis columns (including VAT analysis column) • The documents used: cash receipts, check stubs, remittance advices, lists of receipts and/or payments, lists of Direct Debits and/or standing orders, lists of Faster Payments and/or BACS • Make entries in the cash book <p>Use the cash book to calculate closing amounts:</p> <ul style="list-style-type: none"> • calculate the closing amount of cash in hand from the opening amount, amounts received and amounts paid • Calculate the closing amount of cash in the bank from the opening amount, amounts received and amounts paid <p>Check closing amounts:</p> <ul style="list-style-type: none"> • Identify receipts and payments on the bank statement: counter credits, standing order, Direct Debits, check electronic payments, bank charges, bank interest received • Identify balances on the bank statement • identify items in the cash book that are not on the bank statement • Identify items on the bank statement that are not in the cash book

Competency Area 2: Accounting Software basics		Enter bookkeeping transactions using a software package, including creating accounts, producing information and reports
2.0 Accounting Software basics	What is required	Knowledge and Skill
2.1 Understand the benefits and risks of using accounting software	<ul style="list-style-type: none"> • Understand the features of accounting software compared to manual bookkeeping • Understanding the advantages and disadvantages to users of different types of accounting software • Understand security within accounting software 	<p>Features of accounting software:</p> <ul style="list-style-type: none"> • Features that allow increased speed and automation: report processing, data input, batch processing • “Ease of use” features: integrated software, tools and wizards help functions, different report layouts (charts, tables) • Benefits of being able to import and export data to and from other programs • Advantages of reports that may be produced in accounting software: real-time financial position analysis of income and expenses <p>Compare accounting software:</p> <ul style="list-style-type: none"> • Comparison of “off the shelf” versus bespoke software and traditional versus cloud software: cost, levels of support for users, time to develop, range of functions used by business, frequency and ease of updates, level of training required to use software, type of subscription <p>Accounting software security:</p> <ul style="list-style-type: none"> • Potential threats to data security: viruses, hacking, phishing, system crashes, employee fraud, corrupt files, natural disasters (flood, fire), accidental deletion • How to protect accounting software against threats: access rights, passwords, encryption, firewalls, secure backups
2.2 Set up Accounts	<ul style="list-style-type: none"> • Create new accounts in the general ledger • Amend existing account names in the general ledger 	<p>Create new accounts:</p> <ul style="list-style-type: none"> • How to process assets, liabilities, income, expenses, capital and drawings in accounting software • Select accounts from the default list of accounts provided by the software • Add new accounts to the default list of accounts provided by the software, where that account name is not included in the default list • Enter the date and amount of an opening balance, including nil balances <p>Amend existing account names:</p> <ul style="list-style-type: none"> • Amend account names used in the default list of accounts provided by the software

<p>2.3. Record bank and cash transactions</p>	<ul style="list-style-type: none"> • Understand basic accounting terminology • Record transactions from a bank statement • Record cash transactions 	<p>Basic accounting terminology:</p> <ul style="list-style-type: none"> • Differentiate between expenses, drawings, and assets • Differentiate between income, capital introduced, and liabilities <p>Record transactions from a bank statement:</p> <ul style="list-style-type: none"> • Record payments from a bank statement entering: date, amount, general ledger code (classification of expense, asset) • Record receipts from a bank • Process goods and service tax inclusive, and exclusive, amounts in accounting software <p>Record cash payments:</p> <ul style="list-style-type: none"> • Record from source documents entering: date, amount (net, goods and service tax and total), general ledger code (classification of expense, drawings or bank transfer) • Record cash receipts entering: date, amount (net, goods and service tax and total). general ledger code (classification of sales type or capital introduced) • Process goods and service tax inclusive, and exclusive, amounts in accounting software
<p>2.4. Produce reports using accounting software</p>	<p>Recognize and use reports produced using accounting software</p>	<p>Reports:</p> <ul style="list-style-type: none"> • Trial balance, audit trail at the end of a period, sales analysis for a specified time period, expenses analysis for a specified time period, all general ledger accounts or specific general ledger accounts only • The importance of ensuring that all information required is processed in the system before a report is produced

Competency Area 3: Introduction to Working in finance		Understand the structure of organizations and the skills, attitudes, and behaviors required to work in a finance role
3.0 Introduction to Working in finance	What is required	Knowledge and Skill
3.1. Understand how organizations operate	<ul style="list-style-type: none"> Understand the key features of business operation in different sectors Understand how businesses are structured by function and levels of management Understand the purpose of different types of organizations 	<p>Key features of businesses by sector:</p> <ul style="list-style-type: none"> Retail sector: sells goods to the public; may have a number of branches, franchises or online Manufacturing sector: makes products either for sale or as components for further manufacturing Service sector: provides services rather than manufacturing or selling goods Charity sector: generates income to support its purpose, governed by specific legislation Public sector: provides services to the public, funded by government. <p>Departments within an organization and what they do:</p> <ul style="list-style-type: none"> Production, dispatch, finance, sales and marketing, information and communication technology (ICT), human resources Organizational hierarchy: directors, department managers, department staff Levels of responsibility in an organization and who each level reports to <p>Purpose of different types of organizations:</p> <ul style="list-style-type: none"> Profit (sole trader, partnership , private limited company) vs not for profit (Charity, Public Sector)
3.2. Recognize the skills required to operate effectively at work	<ul style="list-style-type: none"> Understand and model the characteristics and behaviors of an effective member of staff Select and use appropriate methods and forms of communications at work 	<p>Characteristics and behaviors:</p> <ul style="list-style-type: none"> Characteristics of effective teams: leadership, common goals, clear roles and responsibilities, respect, trust, co-operation, realistic deadlines, good communication Time management: importance of meeting individual and team deadlines; simple prioritization and use of planning aids, calendars, diaries, work schedules, to-do lists, checklists <p>Communications:</p> <ul style="list-style-type: none"> Company policies and procedures: use of social media, personal phones, dress codes, answering business phone calls Behaviors: time keeping, listening, courtesy and the use of formal business language in communicating with colleagues and customers Select and use appropriate methods of workplace communications: emails, letters, reports, spreadsheets, telephone calls, instant messaging Select and use appropriate software for workplace communications: word processing, spreadsheet, email, presentation. <p>Data and information security</p> <ul style="list-style-type: none"> Importance: prevents loss and unauthorized sharing of information, protects against computer failure or viruses, maintains confidentiality, protects customer information, complies with any legal requirements how data and information is kept secure: how to select a secure password, backups, restricted access (both electronic and physical), anti-virus software

3.3 Recognize the skills required to act ethically in business	Understand the skills required by finance staff to support ethical practice	<p>Ethical practice, importance of:</p> <p>Keeping information confidential</p> <p>Acting with honesty and fairness, treating colleagues and customers as you would want to be treated</p> <p>Seeking advice from management where you have concerns about whether principles are being upheld</p>
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Competency Area 4: Working with numbers and simple calculations		Understand of how to perform simple business calculations	
4.0 Working with numbers and simple calculations	What is required	Knowledge and Skill	
4.1. Work with numbers and perform simple business calculations	<ul style="list-style-type: none"> Record and sort whole numbers Check results of calculations Identify differences between figures over time Complete calculations 	<p>Record numbers in words and figures:</p> <ul style="list-style-type: none"> Arrange numbers, including positive and negative numbers, in ascending and descending order Identify highest and lowest number in a sequence Identify most frequently occurring number or numbers (mode) Estimate, round (to the nearest whole number, and 2 decimal places) Cross-check answers. <p>Identify differences between figures</p> <ul style="list-style-type: none"> Identify increases and decreases. <p>Complete calculations</p> <ul style="list-style-type: none"> Use numerical functions: addition, subtraction, multiplication, division, Calculate range and average (mean) Work with common units of time and currency 	
4.2 Work with common decimals, fractions, percentages, proportions, and ratios	<ul style="list-style-type: none"> Calculate decimals, fractions, equivalent fractions, and percentages of numbers Calculate and apply simple proportions and ratios 	<p>Decimals, fractions and percentages:</p> <ul style="list-style-type: none"> Calculate decimals Calculate simple fractions: $\frac{1}{2}$, $\frac{1}{4}$, \square Calculate whole percentages Express a number as a fraction or percentage of another Convert fractions into percentages and decimals and decimals into percentages and fractions Express one number as a proportion of another Express two numbers as a ratio Apply a proportion or ratio to a number. 	

Competency Area 5: Understand principles of sales and purchases	Understanding of the principles behind sales and purchases	
5.0 Understand the principles of sales and purchase	What is required	Knowledge and Skill
5.1 Understand how sales and purchases support businesses	<ul style="list-style-type: none"> • Understand how sales and purchases support a business • Recognize the different terms under which sales and purchases may be made 	<p>Sales and purchases:</p> <ul style="list-style-type: none"> • The importance of sales and purchases: businesses need income to operate, buying goods and services costs money (expenditure) • The meaning of profit and loss: income minus expenses • Problems when expenditures is greater than income: not enough money to pay for purchases, overdraft, suppliers withdraw credit • Possible opportunities when there is more income than expenditure: business investment for growth <p>Customers and suppliers:</p> <ul style="list-style-type: none"> • Some sales and purchases are made on a cash basis (income is received at the same time as the sale of goods or services, or payment is made at time of receiving goods or services) • Some sales and purchase are made on a credit basis (income is received in an agreed period of time after the sale of goods or services or payment is made in an agreed period of time after receiving goods or services) • Businesses may have a list of approved suppliers • The purpose of payment terms: to ensure that customers know when to pay their invoices; to ensure that suppliers are paid at the agreed time. • Common terminology: payment in advance, payment on delivery, payment 10, 14, 30 or 60 days after invoice date, payment at end of the month of invoice • How payment terms offered to customers/clients and received from suppliers affect the bank balance
5.2 Apply business procedures to sales and purchases	<p>Understand and use business procedures for sales and purchases</p> <p>Understand how goods and service tax can affect the price of purchases and goods sold</p>	<p>Business procedures</p> <ul style="list-style-type: none"> • Importance of business procedures: to avoid errors, avoid missing deadlines, to maintain good business relationships with customers and suppliers • How to follow procedures: completing documents fully and accurately and on time, obtaining authorization • Documents used in the sales process: customer order, delivery note, sales invoice • The process of making sales: order placed, delivery of goods or services to customer, business invoices for goods or services, business receives and records the income

<p>5.2 Apply business procedures to sales and purchases</p>	<p>Understand and use business procedures for sales and purchases</p> <p>Understand how goods and service tax can affect the price of purchases and goods sold</p>	<ul style="list-style-type: none"> • The process of purchasing goods or services: business selects supplier, raises purchase order, receives goods or services from supplier, checks delivery note against goods received, completes goods received note (GRN), queries differences them with supplier, business checks purchase invoice against purchase order and delivery note/ goods received note (GRN), makes payment and records the expenditure • Complete documents used in the sales process (delivery note, sales invoice) • Complete documents used in the purchase process: approved supplier list, purchase order, delivery note, goods received note (GRN), purchase invoice • Check for differences between documents in the purchase process (purchase order, goods received note (GRN), delivery note): incorrect items or quantity of goods, items missing from delivery, incorrect item price, incorrect calculations • Select an approved supplier for specified goods or services <p>Goods and Service Tax (GST):</p> <ul style="list-style-type: none"> • A tax paid when buying certain goods and services, a percentage on the value of goods and services • The net price of the good or service is calculated by taking away GST from the gross price
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APPENDIX ONE:

Competency for Accounts Assistant Level 2 (UK Regulated Qualifications Framework), Level 3 (ISC)

Role Profile:

Accounts Assistants will be involved in making bookkeeping transactions and using accounting software. They will need an understanding of costs and financial controls and will need to be familiar with the challenges of working effectively in a finance environment. This role may exist in an accounting practice, the accounting function of a business, or within a small business.

Examples of roles as an Accounting Assistant include, but are not limited to, an accounts administrator, an accounts payable clerk, a purchase/sales ledger clerk, a trainee accounting technician, or a trainee finance assistant.

Competency Area 1: Bookkeeping Transactions	Understanding of the dual nature of transactions and the double-entry bookkeeping system, as well as of the associated documents and processes.	
1.0 Bookkeeping	What is required	Knowledge and Skill
1.1 Understand financial transactions within a bookkeeping system	<ul style="list-style-type: none"> • Understand the purpose of, and recognize, financial documents • Understand the process of recording financial transactions • Understand what discounts can be applied to the sale of goods and services, and how these are recorded • Understand different types of coding system 	<p>Financial documents:</p> <ul style="list-style-type: none"> • Petty cash voucher, invoice, credit note, remittance advice, statement of account <p>Recording financial transactions:</p> <ul style="list-style-type: none"> • The role of the books of prime entry: sales and sales returns daybooks, purchases and purchases returns daybooks, discounts allowed and discounts received daybooks • The role of the cash book and petty cash book: as a book of prime entry only, as a book of prime entry and as part of the double-entry bookkeeping system • The ledgers: sales, purchases, and general • The accounting equation: calculation of assets, liabilities, and capital, dual effect of transactions • The classification of items: assets and liabilities • The classification of income and expenditure: capital income, capital expenditure, revenue income, revenue expenditure, the purpose of the trial balance.

<p>1.1 Understand financial transactions within a bookkeeping system (continued)</p>	<ul style="list-style-type: none"> • Understand the purpose of, and recognize, financial documents • Understand the process of recording financial transactions • Understand what discounts can be applied to the sale of goods and services, and how these are recorded • Understand different types of coding system 	<p>Discounts:</p> <ul style="list-style-type: none"> • Discounts: prompt payment (PPD), trade and bulk • How discounts are shown on invoices: PPD, trade and bulk • How to use credit notes to adjust for PPD and how PPD is recorded once taken in: daybook, sales or purchases ledger account, sales or purchases ledger control account, Goods and Services Tax (GST) account <p>Coding:</p> <ul style="list-style-type: none"> • Types of code: customer account, supplier account, product • Where to use codes: sales, sales returns and discounts allowed daybooks, purchases, purchase returns and discounts received daybooks, sales and purchases ledgers • How to create codes: alphabetical, numerical, alphanumeric
<p>1.2 Process customer transactions</p>	<ul style="list-style-type: none"> • Calculate invoice and credit note amounts • Enter sales invoices and credit notes into books of prime entry • Check the accuracy of receipts from customers 	<p>Calculate invoice and credit notes:</p> <ul style="list-style-type: none"> • The documents to be used: quotations, discount policy, customer order, delivery note, price list. • Calculate invoice amounts: item price, net, goods and service tax and total amounts, trade and bulk discounts • Calculate credit note amounts: item price, net, goods and service tax and total amounts, trade, bulk and PPD. <p>Enter invoice and credit notes:</p> <ul style="list-style-type: none"> • The books of prime entry: sales, sales returns and discounts allowed daybooks • The columns within books of prime entry: customer name, customer account code, total, goods and service tax, net, analysis (including product codes) • Calculate goods and sales tax amounts from net and total figures • Calculate total and net amounts from the goods and sales tax figure • Make entries in books of prime entry and total columns <p>Receipt accuracy:</p> <ul style="list-style-type: none"> • Use of: sales ledger account, sales invoice, sales credit note, remittance advice, discount policy. • Identify discrepancies: under- or over-payment, incorrect discount taken, incorrect amounts • Calculate amounts due from customers, including PPD.

<p>1.3 Process supplier transactions</p>	<ul style="list-style-type: none"> • Check the accuracy of supplier invoices and credit notes • Enter supplier invoices and credit notes into books of prime entry • Prepare payments to suppliers 	<p>Accuracy of supplier invoices and credit notes:</p> <ul style="list-style-type: none"> • Use of: quotations including discounts, purchase orders, goods received notes, delivery notes, goods returned notes. • Identify discrepancies that may be found: non-delivery of goods, incorrect type or quantity of goods, incorrect calculations, incorrect discounts (trade, bulk and prompt payment), date and terms of payment. <p>Enter supplier invoices:</p> <ul style="list-style-type: none"> • Calculate GST amounts from net and total figures • Calculate total and net amounts from the GST figure • Make entries in books of prime entry and total columns <p>Payments to suppliers:</p> <ul style="list-style-type: none"> • Use of: purchases ledger account, invoices and credit notes (including discounts and GST), statement of account • The information to take into account: agreed payment terms • Identify discrepancies between the supplier's statement of account and the purchases ledger account: timing differences, wrong amounts, missing transactions, duplicated transactions • Calculate payments due to suppliers, including PPD
<p>1.4 Process receipts and payments</p>	<ul style="list-style-type: none"> • Enter receipts and payments into a two-column analyzed cash book • Enter receipts and payments into an analyzed petty cash book • Total and balance the cash book and petty cash book 	<p>Enter receipts and payments into a two-column cash book:</p> <ul style="list-style-type: none"> • The format of the cash book: date, details, cash, bank, analysis columns (including goods and service tax) • The documents to use: direct debit/standing order schedule, remittance advice (including electronic payment), paying in slip, check stub, cash receipt, receipts and payments listing. • Calculate goods and service tax amounts from net and total figures and make entries in the cash book <p>Enter receipts and payments into a petty cash book:</p> <ul style="list-style-type: none"> • The format of the petty cash book: date, details, amount, analysis columns (including goods and service tax) • The documents to use: cash receipt, petty cash voucher. • Calculate GST amounts from net and total figures • Make entries in the petty cash book, including reimbursement, using the imprest and non-imprest systems. <p>Total and balance:</p> <ul style="list-style-type: none"> • Present totals and balances: column totals, balance carried down, balance brought down, debit balance, credit balance, date and details

<p>1.5 Process transactions through the ledgers to the trial balance</p>	<ul style="list-style-type: none"> • Transfer data from the books of prime entry to the ledgers • Total and balance ledger accounts • Extract an initial trial balance 	<p>Transfer data from books of prime entry:</p> <ul style="list-style-type: none"> • The books of prime entry: sales and sales returns daybooks, purchases and purchases returns daybooks, discounts allowed and discounts received daybooks, cash book, petty cash book • The ledgers: sales, purchases, general • Transfer data from books of prime entry to the relevant accounts in the ledgers <p>Total and balance ledger accounts:</p> <ul style="list-style-type: none"> • Total and balance ledger accounts: balance carried down, balance brought down, debit balance, credit balance <p>Extract an initial trial balance:</p> <ul style="list-style-type: none"> • Use of the general ledger to extract balances • The column to use in the trial balance: debit, credit • Transfer balances to the initial trial balance • Total and balance the initial trial balance
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Competency Area 2: Bookkeeping Controls		
Use of control accounts, journals, and methods of payment. Reconciliation processes and the use of the journal to the stage of redrafting the trial balance, following initial adjustments		
Bookkeeping Controls	What is required	Knowledge and Skill
2.1 Understand payment methods and their effect on the bank balance	<ul style="list-style-type: none"> • Use the appropriate payment methods • Understand the effect of different payment methods on bank balance 	Payment types: <ul style="list-style-type: none"> • Different payment methods and their effect on the bank balance: cash, check, debit card, credit card, bank draft, standing order, direct debit, electronic payments
2.2 Understand controls in a bookkeeping system	<ul style="list-style-type: none"> • Understand the purpose of control accounts • Understand the purpose of reconciliation • Understand the purpose of the journal 	Control accounts: <ul style="list-style-type: none"> • The purpose of the sales and purchases ledger control accounts (part of the double-entry bookkeeping system) • The purpose of the goods and service tax control account Reconciliation: <ul style="list-style-type: none"> • Reasons for reconciling the sales and purchases ledger control accounts with the sales and purchases ledgers • Reasons for reconciling the bank statement with the cash book Journal: <ul style="list-style-type: none"> • The purpose of the journal as a book of prime entry • Transactions recorded in the journal: opening entries for a new business, irrecoverable debts written off, payroll transactions • Errors that are corrected through the journal and the effect on the trial balance: disclosed and not disclosed • Names of errors not disclosed by trial balance: error of commission, error of omission, error of original entry, error of principle, reversal of entries, compensating errors
2.3. Use control accounts	Produce and reconcile control accounts	Control accounts: <ul style="list-style-type: none"> • Sales ledger, purchases ledger, goods and service tax • Total and balance control accounts: balance carried down, balance brought down Reconcile control accounts <ul style="list-style-type: none"> • Total the balances of the individual sales and purchases ledger accounts: sales ledger debit/credit balances, purchases ledger debit/credit balances • Identify discrepancies between the sales and purchases ledger control accounts and the individual ledgers, and reasons for them

<p>2.4 Use the journal</p>	<ul style="list-style-type: none"> • Produce journal entries to record accounting transactions • Produce journal entries to correct errors not disclosed by the trial balance, and disclosed by the trial balance • Use journal entries to make adjustments in the ledger accounts • Redraft the trial balance following adjustments 	<p>Journal entries:</p> <ul style="list-style-type: none"> • Record opening entries for a new business • Identify and record entries to write off irrecoverable debts: record goods and service tax where appropriate, calculate goods and service tax from gross and net amounts • Identify and record entries for payroll transactions: wages control account, gross pay, income tax, employer's and employees' tax contributions, employer's and employees' pension and voluntary deductions <p>Correct errors:</p> <ul style="list-style-type: none"> • Correct errors using the journal: errors of commission, errors of omission, errors of original entry, errors of principle, reversal of entries, compensating errors • Open a suspense account, correct errors and clear the suspense account using the journal <p>Make adjustments to ledger accounts:</p> <ul style="list-style-type: none"> • Post journal entries to the general ledger accounts • Total and balance the general ledger accounts: balance carried down, balance brought down <p>Redraft trial balance following adjustments:</p> <ul style="list-style-type: none"> • Recalculate the balance of a general ledger account following journal entries • Complete a trial balance from adjusted and unadjusted balances • Balance the adjusted trial balance: total debit and credit columns
<p>2.5 Reconcile a bank statement with the cash book</p>	<ul style="list-style-type: none"> • Compare items on the bank statement and entries in the cash book • Use the bank statement to update the cash book • Produce a bank reconciliation statement 	<p>Compare items on bank statement and cash book entries:</p> <ul style="list-style-type: none"> • Recognize items on the bank statement but not in the cash book and recognize items in the cash book but not on the bank statement: opening balance differences, bank interest paid/received, bank charges, automated payments/receipts, unrepresented checks and outstanding lodgements <p>Update the cash book:</p> <ul style="list-style-type: none"> • Make appropriate entries from the bank statement into the cash book: bank interest paid/received, bank charges, and automated payments/receipts • Total and balance the cash book: credit/debit balance carried down, credit/debit balance brought down <p>Bank reconciliation statement:</p> <ul style="list-style-type: none"> • Use appropriate items to complete a bank reconciliation statement: closing bank statement credit balance, unrepresented check, outstanding lodgements • Check a bank statement has been correctly reconciled with a (debit) closing cash book balance

Competency Area 3: Elements of Costing	Understand the importance of the costing system as a source of information for internal management decision making. Use of the costing system to record and extract, compare, and provide information on actual performance against budget for management purposes.	
3.0 Elements of Costing	What is required	Knowledge and Skill
1. Understand the cost recording system within an organization	<ul style="list-style-type: none"> • Understand how costs are collected and classified in different types of organization • Understand common costing techniques used in an organization • Identify the relationship between the costing and financial accounting systems • Identify sources of information about income and expenditure • Distinguish between cost, profit, and investment centers • Understand how materials, labor and overheads are classified and recorded 	<p>How costs are collected in different organizations:</p> <ul style="list-style-type: none"> • What constitutes cost in different organizations and different types of organizations • How elements of cost are classified: labor, material, overhead • How costs are classified by nature: direct, indirect • How costs are classified by behavior: fixed, variable, semi-variable. <p>Costing techniques:</p> <ul style="list-style-type: none"> • How product cost is determined: material, labor, and overhead • Inventory valuation methods: first-in-first-out (FIFO), last-in-first-out (LIFO), weighted average cost (AVCO) • Labor costing methods: time-rate, overtime, piecework, bonus payments and overhead absorption methods: per unit, labor hours, machine hours <p>Relationship between costing and financial accounting:</p> <ul style="list-style-type: none"> • Costing and financial accounting systems within an organization • How each system uses cost: costing using many classifications of cost, financial accounting depending on historic cost <p>Sources of information about income and expenditure:</p> <ul style="list-style-type: none"> • How historic cost is used for accounting and costing reporting • How costing systems use actual or budgeted costs to determine unit/job cost • How budgeted and actual costs are used for planning and control purposes <p>Cost, profit, and investment centers:</p> <ul style="list-style-type: none"> • Differences between cost centers, profit centers, and investment centers • Use of different centers in different organizations • How materials, labor and overheads are classified and recorded • How costs are classified: element, nature, behavior, function • how costs are coded using numeric, alphabetic, and alphanumeric coding systems • the components and construction of a manufacturing account

<p>3.2 Use cost recording techniques</p>	<ul style="list-style-type: none"> • Calculate cost of inventory issues and inventory valuations • Calculate labor payments • Calculate overhead absorption rates • Use cost behavior to calculate total and unit costs • Calculate the direct cost of a product 	<p>Cost of inventory issues and inventory valuations:</p> <ul style="list-style-type: none"> • Cost issue of inventory for management accounting purposes using FIFO, LIFO, and AVCO • Calculate closing values of inventory using FIFO, LIFO, and AVCO (rounding figures as necessary) <p>Labor payments:</p> <ul style="list-style-type: none"> • Calculate labor payments: time-rate and overtime, piecework, bonuses <p>Overhead absorption rates:</p> <ul style="list-style-type: none"> • Calculate simple overhead absorption rates: per unit, labor hours, machine hours (rounding figures as necessary) to show differing methods to arrive at unit cost <p>Calculate total and unit costs using cost behavior:</p> <ul style="list-style-type: none"> • Calculate total and unit costs at different levels of output • Apply simple High-Low method to arrive at output costs at differing levels of output <p>Calculate the direct cost of a product:</p> <ul style="list-style-type: none"> • How direct cost is a component of product cost • Calculate direct cost of a product in a manufacturing organization, taking into account the flow of inventory in the production process, what constitutes direct cost, manufacturing cost, cost of goods manufactured and cost of goods sold
<p>3.3 Provide information on actual and budgeted costs and income</p>	<ul style="list-style-type: none"> • Compare actual and budgeted costs and income • Apply exception reporting to identify significant variances 	<p>Compare actual and budgeted costs and income:</p> <ul style="list-style-type: none"> • Calculate differences between actual and budgeted costs and income • Identify whether variance is adverse or favorable for costs and income <p>Exceptions reporting:</p> <ul style="list-style-type: none"> • Calculate variances as a percentage of budget • Identify significant variances according to an organization's policy • Report significant variances to a relevant manager

Competency Area 4: Using Accounting Software	Process accounting information electronically, using accounting software	
4.0 Using Accounting Software	What is Required	Knowledge and Skill
4.1. Set up accounting software	<ul style="list-style-type: none"> Enter information relating to the organization at the beginning of an accounting period Set up customer and supplier accounts 	<p>Enter information:</p> <ul style="list-style-type: none"> Set-up and amend general ledger accounts Enter the relevant opening balance information <p>Set up customer and supplier accounts:</p> <ul style="list-style-type: none"> Create accounts Enter the relevant opening balance information
4.2. Process sales and purchases transactions	<ul style="list-style-type: none"> Process sales invoices, purchase invoices, and credit notes Allocate receipts from customers and payments from suppliers 	<p>Process sales invoices, purchase invoices and credit notes:</p> <ul style="list-style-type: none"> Process sales invoices, purchase invoices, and credit notes from source documents ensuring that goods and service tax, where applicable, is posted to the correct account <p>Allocate receipts from customers and payments from suppliers:</p> <ul style="list-style-type: none"> Process receipts from customers and payments from suppliers, allocate amounts correctly, in full payment and in part payment, against the opening balance, invoices and credit notes
4.3 Process bank and cash transactions	<ul style="list-style-type: none"> Process receipts and payments for non-credit transactions Process recurring receipts and payments Process petty cash receipts and payments 	<p>Receipts and payments for non-credit transactions:</p> <ul style="list-style-type: none"> Process bank and cash receipts and payments ensuring that goods and service tax, where applicable, is posted to the correct account <p>Recurring receipts and payments:</p> <ul style="list-style-type: none"> Set up and process a recurring bank receipt and a recurring bank payment <p>Petty cash receipts:</p> <ul style="list-style-type: none"> Top up petty cash Process petty cash payments and receipts ensuring that goods and service tax, where applicable, is posted to the correct account
4.4 Perform period-end routine tasks	<ul style="list-style-type: none"> Process journals Reconcile the bank statement 	<p>Journals:</p> <ul style="list-style-type: none"> Process journals to correct errors, to record unrecorded transactions or adjustments <p>Reconcile bank statement:</p> <ul style="list-style-type: none"> How to agree the payments and receipts for the period from the bank statement to the bank entries made on accounting software Process unrecorded payments and receipts Reconcile the bank balance at the end of an accounting period
4.5 Produce reports	<ul style="list-style-type: none"> Produce routine reports for customers and suppliers Produce routine reports from the general ledger 	<p>Routine reports:</p> <ul style="list-style-type: none"> Identify the customer or supplier report required Produce reports that meet business requirements <p>Reports from general ledger:</p> <ul style="list-style-type: none"> Produce a trial balance and audit trail Identify additional general ledger reports required Produce reports that meet business requirements

Competency Area 5: Working effectively in finance		
Understand the role and structure of a finance department and its contribution to the effective operations of an organization		
5.0 Finance Function	What is required	Knowledge and Skill
5.1. Understand the finance function within an organization	<ul style="list-style-type: none"> Understand the role of the finance function in an organization and its contribution to organizational success Understand the documentation and data produced by the finance function Understand data security requirements 	<p>Role of finance function:</p> <ul style="list-style-type: none"> Responsibility for production of statutory financial statements, providing a service (information, support, advice and guidance) to both internal and external stakeholders The importance of establishing good business relationships Actions of finance staff that support efficient working practices, solvency, and long-term financial stability, legal and regulatory compliance Types of policies and procedures affecting finance staff: finance function-specific and organization-wide <p>Documentation and data:</p> <ul style="list-style-type: none"> Types of information and documentation received: budgetary, inventory control and costing information, information from suppliers and customers, purchase orders, remittance advice, statements, supplier invoices, credit notes Types of information and documentation: information to help management decision making, budgetary information, cash information, tax information, information for suppliers and customers, sales invoices, credit notes, statements Characteristics of useful information: complete, accurate, timely and fit for purpose <p>Data security:</p> <ul style="list-style-type: none"> Importance of ensuring the security of data and information The implications for the organization if data and information is not secure How data and information is retained securely: using passwords, archiving, backups and restricting access
5.2 Understand the personal skills required to be an effective member of a finance team	<ul style="list-style-type: none"> Understand the interpersonal skills required by finance staff Understand the features of an effective team 	<p>Interpersonal skills:</p> <ul style="list-style-type: none"> Interpersonal skills: respecting others, developing trust, being responsible, being reliable, communicating effectively, ability to negotiate, problem solving, decision making How to use active listening skills, appropriate business language, personal appearance, professional image <p>Effective teams:</p> <ul style="list-style-type: none"> Characteristics: good communication channels, shared values, a mix of complementary skills, clear leadership, common purpose and clearly defined roles and responsibilities Skills, competencies and behaviors: trust, shared goals and values, clear roles and responsibilities, effective communication, numeracy skills, clear leadership, a mix of complementary skills and diversity Actions a team member can take to support the success of the finance team: work independently, help others, take responsibility for completing work within targets and to standard, communicate effectively, contribute ideas, understand role within the team, have commitment to achieving team and individual objectives.

<p>5.3. Produce work effectively</p>	<ul style="list-style-type: none"> • Produce accurate business communications • Communicate information effectively • Plan workload 	<p>Communication types:</p> <ul style="list-style-type: none"> • Type and structure of business letters, emails, formal business reports, spreadsheets • Choose an appropriate format to present business information • Include accurate information, which is technically correct and free from spelling and grammatical errors • Use numerical functions for business calculations <p>Effective communication:</p> <ul style="list-style-type: none"> • Communicate using acceptable business language • Produce written communication that is clear, structured, and follows a logical progression • Prepare logical and clearly structured notes to plan for verbal communications <p>Effective work load planning:</p> <ul style="list-style-type: none"> • The importance of meeting agreed-upon deadlines and adhering to working practices • Work independently, and manage and prioritize workload using time management techniques and planning aids • The importance of communicating with others during the completion of tasks or when deadlines are in danger of not being met
<p>5.4 Understand corporate social responsibility (CSR), ethics and sustainability within organizations</p>	<ul style="list-style-type: none"> • Understand how organizations embed corporate social responsibility (CSR) • Understand how finance staff can support ethical business practices • Understand the features and benefits of sustainable business practices 	<p>Corporate social responsibility (CSR):</p> <ul style="list-style-type: none"> • What CSR is and the organizational actions that support CSR <p>Ethical practice:</p> <ul style="list-style-type: none"> • Awareness of the Accounting Code of Professional Ethics and its principles: Integrity, objectivity, professional competence and due care, confidentiality, professional behavior • The importance of maintaining confidentiality of information • Behaving professionally in finance: acting with honesty and fairness, ensuring that professional knowledge is up to date <p>Sustainable business practice:</p> <ul style="list-style-type: none"> • Areas of sustainability: economic, social, environmental • Organizational actions that support sustainability and their impact in the organization: costs, benefits • The impact of sustainability activities outside the organization: on stakeholders, on the environment, on society

APPENDIX ONE:

Competency for Accounting Technician Level 3 (UK Regulated Qualifications Framework), Level 4 (ISC)

Role Profile:

Accounting Technicians provide support to internal and external customers and will work predominately either as assistant accountants within an accountancy practice or, alternatively, within the finance function of an organization. Part of their role will involve assisting in the day-to-day financial activities, such as data entry to month-end management accounts and/or year-end financial statements. In addition, Accounting Technicians may find themselves involved in regulatory financial requirements such as the completion of tax returns or assisting in the preparation of tax computations.

Examples of roles include Expenses Supervisor, Accounts Payable, Audit Trainee, Credit Controller, Finance Assistant, Payroll Supervisor, Practice Bookkeeper, Tax Assistant

Competency Area 1: Financial Reporting and Bookkeeping:	Understand the basic elements of double-entry bookkeeping and accounting standards required to process financial documents and report financial information to users of accounts. Understand what is required to draft final accounts and to account for the purchase and disposal of non-current assets. Understand the basic tax principles that apply within current regulations to calculate Goods and Service Tax (GST)	
1.0 Advanced Bookkeeping	What is required	Knowledge and Skill
1.1 Understand and apply the principles of advanced double-entry bookkeeping	<ul style="list-style-type: none"> • Understand the accounting equation and the effect of accounting transactions on it • Classify assets, liabilities, and equity in an accounting context • Understand the purpose and use books of prime entry and ledger accounting, including tax • Carry out financial period end routines • Apply ethical principles when recording transactions 	<p>The accounting equation:</p> <ul style="list-style-type: none"> • Understand the accounting equation <p>Assets, liabilities, and equity:</p> <ul style="list-style-type: none"> • Classify and record information and write up appropriate general ledger accounts as income (revenue), expense (cost), asset, liability, or equity (capital) <p>Prime entry and ledger accounting:</p> <ul style="list-style-type: none"> • The different books and records that make up the accounting system and what should be recorded in them: books of prime entry: sales and purchases daybooks (sales, sales returns, purchase and purchase returns); cash book, journal (including narratives); general ledger accounts, memorandum ledgers, and control accounts, such as sales ledger, purchases ledger, tax and payroll definitions, and examples of assets: non-current (tangible, intangible) and current; liabilities: current and non-current; equity and capital; income (revenue); expenses (costs) • The importance of following organizational policies and procedures and the importance of maintaining the integrity and accuracy and security of records

<p>1.1 Understand and apply the principles of advanced double-entry bookkeeping (continued)</p>		<p>Financial period-end routines:</p> <ul style="list-style-type: none"> • Close off accounts to the statement of profit or loss and carry down balances, where appropriate • Verify general ledger balances by using other sources of information and performing reconciliations where appropriate: physical checks, inventory records, supplier and bank statements, sales and purchases ledgers (memorandum ledger accounts) • Resolve discrepancies • Identify and make corrections in the general ledger, including the journal <p>Ethical principles:</p> <ul style="list-style-type: none"> • Apply the ethical principles of confidentiality, integrity, professional competence, and due care • Identify whether transactions are genuine and valid for inclusion in the organization's records
<p>1.2 Implement procedures to account for the acquisition and disposal of non-current assets</p>	<ul style="list-style-type: none"> • Understand the importance of prior authority for capital expenditure • Identify capital expenditure • Differentiate between funding methods for acquisition of non-current assets • Record acquisitions and disposals of non-current assets 	<p>Authorization and capital expenditure:</p> <ul style="list-style-type: none"> • The importance of authorization and how this is managed in the organization • The International Financial Reporting Standards (IFRS) that are relevant to noncurrent assets • The definitions of cost: useful life, residual value, depreciable amount, carrying amount • The importance of organizational policy, including applying a given level of materiality and what can and cannot be included in the cost of non-current assets • The treatment of acquisitions in the accrual basis of accounting • The effect of capitalization on the statement of profit or loss and statement of financial position. • The treatment of tax, according to the registration status of the organization and country regulations <p>Funding methods:</p> <ul style="list-style-type: none"> • Funding methods and their suitability in a business context: cash purchase (including purchase on standard commercial credit terms); borrowing, including loans, hire purchase, finance lease (no detailed knowledge of accounting treatment); part-exchange <p>Acquisitions and disposals:</p> <ul style="list-style-type: none"> • The purpose and content of the non-current assets register, including assisting physical verification and checking general ledger entries and balances • How gains and losses on disposal are treated at the period end • Update the non-current assets register for acquisitions and disposals and record acquisitions and disposals in the general ledger and account for by part-exchange • Treatment of Goods and Service Tax, according to the registration status of the acquiring organization • Use of the following accounts: non-current asset at cost (for example, motor vehicles at cost), non-current asset accumulated depreciation, bank/cash, loan, disposals

<p>1.3 Prepare and record depreciation calculations</p>	<ul style="list-style-type: none"> • Calculate depreciation • Record depreciation 	<ul style="list-style-type: none"> • Understand how charges are treated at the period end • Choose and use appropriate methods and rates of depreciation, taking into account the expected pattern of usage of the asset • Use the straight-line method of depreciation, using a percentage, fraction, or over a period of time, including cases when a residual value is expected, for a full year or pro rata for part of a year, according to organizational policy • Record depreciation in the non-current assets register and the general ledger, including the journal • Use the following accounts: depreciation charges, non-current asset accumulated depreciation
<p>1.4 Make period end adjustments</p>	<ul style="list-style-type: none"> • Record accruals and prepayments in income and expense accounts • Record irrecoverable debts and allowances for doubtful debts • Record inventory • Record period end adjustments 	<p>Accruals and prepayments:</p> <ul style="list-style-type: none"> • How opening and closing accruals and prepayments affect income and expense accounts • Explain the difference between the amount paid or received and the amount recognized in the accounts • Account for accruals and prepayments by making a double-entry in the current period and reversing it in the future period • Recognize the reversal of a previous period adjustment in the ledger accounts • Calculate adjustments pro rata and enter adjustments in the general ledger, including the journal • Calculate the amount transferred to the statement of profit or loss • Use the following accounts: accruals/accrued expenses, accrued income, prepayments/prepaid expenses, prepaid income <p>Irrecoverable debts:</p> <ul style="list-style-type: none"> • The differences between irrecoverable debts, allowances for specific doubtful debts, and general allowances • Calculate new allowances and adjustments for an existing doubtful debt in accordance with organizational policy • Account for the recovery of an irrecoverable debt previously written off • Use the journal to record irrecoverable debts and allowances for doubtful debts (Goods and Service Tax implications are not required) • Use the following accounts: irrecoverable debts (statement of profit or loss), sales ledger control account, allowance for doubtful debts account (statement of financial position), allowance for doubtful debts adjustment account (statement of profit or loss)

<p>1.4 Make period end adjustments (continued)</p>		<p>Inventory:</p> <ul style="list-style-type: none"> • Verify that IFRS relevant to inventory valuation exist • The meaning of net realizable value • The principles of different methods of valuation, and what can and cannot be included (calculations not required) • Determine the correct closing inventory figure in accordance with current accounting standards • Calculate the cost of inventory from selling price when Goods and Service Tax or an element of profit is included • Make entries in the journal • Use the following accounts: closing inventory—statement of profit or loss; closing inventory—statement of financial position <p>Period-end adjustments:</p> <ul style="list-style-type: none"> • The effects of including misleading or inaccurate period-end adjustments (non-compliance with regulations, misinformed decision making by users of the final accounts) • Respond appropriately to period-end pressures (time pressure, pressure to report favorable results, pressure from authority)
<p>1.5. Produce and extend a trial balance</p>	<ul style="list-style-type: none"> • Prepare a trial balance • Carry out adjustments to the trial balance • Complete the extended trial balance 	<p>Prepare a trial balance:</p> <ul style="list-style-type: none"> • The importance of the trial balance for the preparation of final accounts • Transfer balances from ledger accounts, a list of balances, or written data into correct debit or credit columns of the trial balance • Correct any errors that are not shown by the trial balance • Use and clear the suspense account <p>Adjustments to the trial balance:</p> <ul style="list-style-type: none"> • Place the adjustments correctly in the extended trial balance, including: closing inventory, accruals, prepayments, corrections of errors/omissions, depreciation, irrecoverable debts, allowances for doubtful debts <p>Extended trial balance:</p> <ul style="list-style-type: none"> • Extend figures in the ledger balances and adjustments columns correctly into the statement of profit or loss and statement of financial position columns, and make the extended columns balance • Identify and label the balancing figure line as profit or loss

Competency Area 2: Financial Accounts Preparation		
Understanding the types of organization that exist, the regulations governing company accounts, and potential ethical issues. Draft accounts for sole traders and partnerships.		
2.0 Financial Accounts Preparation	What is required	Knowledge and Skill
2.1 Understand and apply appropriate financial recording and reporting requirements for sole traders and partnerships	<ul style="list-style-type: none"> Describe the types of organization that need to prepare final accounts Understand the regulations applying to different types of organizations Recognize the key differences between preparing accounts for a limited company and a sole trader 	<p>Final accounts for different types of organizations:</p> <ul style="list-style-type: none"> Definitions and the basic differences between the structure and financial characteristics of these organizations Recognize basic advantages and disadvantages of operating as a partnership, sole trader, or incorporated company <p>Regulations:</p> <ul style="list-style-type: none"> Understand the regulations that apply to different organizations, based on their structure and financial characteristics
2.2 Prepare accounting records from incomplete information	<ul style="list-style-type: none"> Recognize circumstances where there are incomplete records Prepare ledger accounts, using these to estimate missing figures Calculate figures using mark-up and margin Assess the reasonableness of given figures within a particular context 	<p>Recognize why records can be incomplete</p> <ul style="list-style-type: none"> Identify possible reasons why information may be missing or for inconsistencies within the records themselves The importance of acting with integrity <p>Prepare ledger accounts:</p> <ul style="list-style-type: none"> Use the content of daybooks, including Goods and Service Tax and from the cash book Reconstruct ledger accounts: sales and purchases ledger control accounts, Goods and Service Tax control account and the bank account Calculate and correctly label missing data from reconstructed accounts Calculate opening or closing balances from information given Adjust data for Goods and Service Tax, using information provided <p>Mark-up and margin:</p> <ul style="list-style-type: none"> Margin and mark-up and the difference between them Calculate mark-up and margin Use mark-up and margin and cost of goods sold to determine a missing figure Adjust data for Goods and Service Tax from data provided <p>Assess the reasonableness of figures:</p> <ul style="list-style-type: none"> Recognize whether a figure is reasonable in a given context Explain reasons behind the difference between an actual balance and a calculation Exercise professional skepticism

<p>2.3 Produce accounts for sole traders</p>	<ul style="list-style-type: none"> • Calculate opening and/or closing capital for a sole trader • Understand the components of a set of final accounts for a sole trader • Prepare a statement of profit or loss for a sole trader in the given format • Prepare a statement of financial position for a sole trader in the given format 	<p>Calculate opening and closing balance:</p> <ul style="list-style-type: none"> • Account for drawings, capital injections, and profits or losses and record these in ledger accounts • Explain movements in capital balances <p>Components of sole trader accounts:</p> <ul style="list-style-type: none"> • The purpose of a statement of profit or loss and statement of financial position and how these are related • How the statement of financial position is linked to the accounting equation <p>Prepare a statement of profit and loss for a sole trader:</p> <ul style="list-style-type: none"> • Itemize income and expenditure in line with given organizational policies • Transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organization <p>Prepare a statement of financial position for a sole trader:</p> <ul style="list-style-type: none"> • Apply the net assets presentation of the statement of financial position • Transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organization
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<p>2.4 Produce accounts for partnerships</p>	<ul style="list-style-type: none"> • Understand the key components of a partnership agreement • Understand the accounting procedures for a change in partners • Understand the key components of partnership accounts • Prepare a statement of profit or loss for a partnership, in the given format • Prepare a partnership appropriation account, in compliance with the partnership agreement and in the given format • Prepare the current accounts for each partner • Prepare a statement of financial position for a partnership, in compliance with the partnership agreement and in the given format 	<p>Key components of the partnership agreement:</p> <ul style="list-style-type: none"> • What a partnership agreement typically may or may not contain <p>Accounting procedures for a change in partners:</p> <ul style="list-style-type: none"> • Simple definition of goodwill in accounting terms and calculation of goodwill adjustments: effect on capital balances on admission or retirement of a partner; using the profit sharing ratio <p>The key components of partnership accounts:</p> <ul style="list-style-type: none"> • Purpose of a statement of profit or loss, appropriation • The nature and content of partners' current and capital accounts • The purpose of a statement of financial position <p>Prepare a statement of profit of loss for a partnership:</p> <ul style="list-style-type: none"> • Itemize income and expenditure in line with given organizational policies • Transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organization <p>Prepare a partnership appropriation account for a partnership:</p> <ul style="list-style-type: none"> • Record interest on capital and interest of drawings (but not how to calculate them) • Record salaries or commission paid to partners • Calculate, and appropriate and account for, the residual profit according to the profit-sharing ratio • Recognize the status of partners' salaries, commission, and interest • Present this account in the format given for the organization <p>Prepare the current accounts for a partner:</p> <ul style="list-style-type: none"> • Enter ledger accounting entries • Account for drawings in the form of cash, goods, or services • Link the current account with figures from the appropriation account <p>Prepare a statement of financial position for a partnership:</p> <ul style="list-style-type: none"> • Apply the net assets presentation of the statement of financial position • Transfer data from the trial balance to the appropriate line of the statement according to the level of detail given for the organization • Show partners' current and capital accounts on the statement of financial position
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<p>2.5 Understands and can apply accounting and ethical principles underlying the preparation of final accounts</p>	<ul style="list-style-type: none"> • Identify the primary users of final accounts and their needs • Understand the accounting principles underlying the preparation of final accounts • Apply ethical principles when preparing final accounts 	<p>Users of financial accounts:</p> <ul style="list-style-type: none"> • Users of financial accounts and their requirements <p>Accounting principles for final accounts:</p> <ul style="list-style-type: none"> • The underlying assumptions governing financial statements: accrual basis, going concern basis • The characteristics of useful financial information • Why financial statements should be free from material misstatement • Recognize circumstances when a business is no longer a going concern and be aware of the effect on the value of its assets <p>Ethical principles:</p> <ul style="list-style-type: none"> • The importance of objectivity and professionalism, including an awareness of the potential for conflicts of interest and bias • The importance of security and confidentiality of information
<p>2.6 Understands the key differences between preparing accounts for a limited company and a sole trader</p>	<ul style="list-style-type: none"> • Understand the main sources of regulation governing company accounts • Understand the more detailed reporting arising from these regulations 	<p>Source of regulation covering company accounts:</p> <ul style="list-style-type: none"> • Relevant legislation and accounting standards that apply to companies • Source of required formats for the statement of profit or loss and statement of financial position for a company adopting IFRS • Standards providing guidance for property, plant, and equipment, as well as inventories, where IFRS is adopted <p>Detailed reporting requirements for company accounts:</p> <ul style="list-style-type: none"> • Preparation and filing of financial statements annually • Accounting policies is regulations and, the objectives that should be met when developing them • Why limited company financial statements need to follow statutory formats, with prescribed headings and terminology and include notes • Why cost of sales and other expenses must be classified according to rules • Why taxation is charged in the statement of profit or loss of a company

Competency Area 3: Management Accounting: Costing	Understanding of how to recognize the use of different accounting approaches and gathering, analyzing and reporting information about income and expenditure to support decision making, planning and control	
3.0 Management Accounting: Costing	What is required	Knowledge and Skill
3.1. Understand the purpose and use of management accounting within an organization	<ul style="list-style-type: none"> • Understand internal reporting and be able to calculate costs, contribution and profit • Understand the ethical principles in management accounting • Understand responsibility centers and reporting in management accounting • Calculate marginal and absorption costs and identify the differences between them 	<p>Understanding of internal reporting:</p> <ul style="list-style-type: none"> • The purpose of internal reporting and providing accurate information to management • How to calculate: costs, contribution, and reported profits for an organization, segmented costs, contribution and reported profits by product <p>Ethical principles in management accounting:</p> <ul style="list-style-type: none"> • The need for integrity in preparing management accounts • Why third parties may also be users of management accounts <p>Responsibility centers:</p> <ul style="list-style-type: none"> • The differences in cost and revenue reporting between responsibility centers, which are: cost centers, profit centers, investment centers, and revenue centers <p>Costs:</p> <ul style="list-style-type: none"> • When to use and how to calculate prime, margin, and full absorption costs • The impact on reported performance of marginal versus full absorption costing in both the short run and long run management accounting • The difference between product and period costs • Ethical considerations regarding manipulating profits

<p>3.2. Apply techniques required for dealing with costs</p>	<ul style="list-style-type: none"> • Record and calculate materials, labor, and overhead costs • Analyze and use appropriate cost information • Apply inventory control methods • Use different cost classifications for different purposes • Differentiate between, and apply, different costing systems 	<p>Labor and overhead costs:</p> <ul style="list-style-type: none"> • Prepare and interpret inventory records • Calculate direct labor costs per unit of production or service; per equivalent finished production • Calculate overtime premiums and bonuses • Complete timesheets and pay calculations (including overtime and bonuses) • Account for overheads <p>Analyze cost information:</p> <ul style="list-style-type: none"> • Analyze cost information for material, labor and overheads in accordance with the organization's costing procedures • Prepare cost accounting journal entries for direct materials or indirect materials, direct or indirect labor, or overheads costs <p>Apply inventory controls:</p> <ul style="list-style-type: none"> • Inventory control measures, including different valuation methods • Account for inventories using first-in-first-out (FIFO), last-in-first-out (LIFO, for internal reporting) and weighted average cost (AVCO) methods • Analyze closing inventory balances • Make calculations for the inventory control measures listed above <p>Cost classifications:</p> <ul style="list-style-type: none"> • The implications of different cost classifications for cost analysis, decision making, and reporting. fixed costs; variable costs; semi-variable costs; stepped costs. <p>Costing systems:</p> <ul style="list-style-type: none"> • The appropriate choice of costing system for different business sectors and individual organizations • How to record cost information using different costing systems: job costing; batch costing; unit costing; process costing (opening and/or closing WIP; value abnormal gains/losses transferred out of the process account and use of FIFO and/or AVCO; normal (scrap) losses; abnormal losses and gains; equivalent units; closing work in progress and opening work in progress; service costing
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<p>3.3 Apportion costs according to organizational requirements</p>	<ul style="list-style-type: none"> • Calculate and use overhead costs • Calculate overhead recovery rates using traditional methods and activity-based costing • Account for the under recovery or over recovery of overheads 	<p>Overhead costs:</p> <ul style="list-style-type: none"> • The concept of activity-based costing, including appropriate cost drivers • Different methods of indirect cost allocation, apportionment or absorption • Attribute overhead costs to production and service cost centers: allocation versus apportionment, direct method, step-down method <p>Overhead recovery rates:</p> <ul style="list-style-type: none"> • Cost units and composite cost units • Calculate overhead recovery rates using appropriate cost drivers • Calculate overhead recovery rates in accordance with suitable bases of absorption: machine hours, direct labor hours, or on a suitable basis for the service-sector-specific business • Account for under-recovered or over-recovered overhead costs in accordance with established procedures
<p>3.4 Analyze and review deviations from budget and report these to management</p>	<ul style="list-style-type: none"> • Calculate variances • Analyze and investigate variances • Report on variances 	<p>Calculate variances:</p> <ul style="list-style-type: none"> • Compare budget/standard versus actual costs and revenues, and calculate variances using fixed budgets and flexible budgets <p>Analyze variances:</p> <ul style="list-style-type: none"> • Determine the cause and effects of variances • Investigate any significant variances, and draw conclusions for remedial action <p>Report on variances:</p> <ul style="list-style-type: none"> • Identify and explain key variances • Produce management reports in a suitable format
<p>3.5 Apply management accounting techniques to support decision making</p>	<ul style="list-style-type: none"> • Estimate and use short-term future income and costs • Assess and estimate the effects of changing activity levels • Use long-term future income and costs • Effectively communicate findings to management and stakeholders 	<p>Short-term future income and costs:</p> <ul style="list-style-type: none"> • The importance of professional competence in estimating income and costs • Use estimates of relevant future income and costs for short-term decision making • Use CVP analysis including: break-even analysis, margin of safety and margin of safety percentage, target profit, profit-volume analysis • Use limiting factor decision making <p>Changing activity levels:</p> <ul style="list-style-type: none"> • Calculate and explain changes in forecast unit costs and profits <p>Long-term future income and costs:</p> <ul style="list-style-type: none"> • The appropriate choice of techniques: payback, net present value, internal rate of return • Interpret the results from a capital investment appraisal using the techniques above <p>Communicate findings to management and stakeholders:</p> <ul style="list-style-type: none"> • Use of appropriate methods and channels

Competency Area 4: Goods and Service Tax	Understand the basic tax principles and regulations that apply to goods and service tax, and accurately complete and submit a tax return	
4.0 Goods and Service Tax	What is required	Knowledge and Skill
<p>4.1 Understand and apply Goods and Service Tax legislation requirements</p>	<ul style="list-style-type: none"> • Identify and analyze relevant information on Goods and Service Tax (GST) • Understand the role of the tax authority • Understand the registration process for GST, scheme choice, and deregistration requirements • Prepare GST invoices, with required information and to deadlines • Develop and maintain knowledge of legislation, regulation, guidance, and codes of practice 	<p>Relevant Information on Goods and Service Tax (GST):</p> <ul style="list-style-type: none"> • Sources of GST information needed by a business • how to analyses and identify relevant items to extract • methods of communicating relevant regulatory information to others within the business • the ethical and legal implications of failure to identify and apply information and regulations to the business. <p>The role of the tax authority</p> <ul style="list-style-type: none"> • The relevant tax authority's and their powers: registration, record keeping, submissions of returns and payment of goods and service tax due • How and when to obtain guidance from the relevant tax authority about the treatment of GST • The tax authority's rights in respect of inspection of records and control visits • The tax authority's rules about: what constitute a GST record; how records should be retained and for how long <p>Registering and de-registering</p> <ul style="list-style-type: none"> • The registration and deregistration thresholds for the GST scheme and how to apply them • The circumstances in which voluntary registration may be beneficial to the business and in which deregistration may be appropriate • The special schemes that can be used by some registered businesses, the thresholds and qualification criteria these schemes • The timing and frequency of filing returns and payment of GST, depending on the scheme under which the business is registered. <p>Goods and Service Tax invoices</p> <ul style="list-style-type: none"> • The correct contents and form of a GST invoice • How supplies are rated: standard-rated, zero-rated and exempt supplies • How to determine the tax point of an invoice, both basic and actual, when the invoice is raised after the supply and also when there are: advance payments; deposits; continuous supplies; and goods on sale or return • The significance of the correct tax point for eligibility for special schemes, applying the correct rate for reporting • The time limits for issuing GST invoices <p>Legislation and guidance</p> <ul style="list-style-type: none"> • The importance of maintaining up-to-date knowledge, and where to find information regarding changes to Goods and Service law and practice • How to use information to determine relevant changes for the business that must be applied • The deadline dates by which changes must be applied

<p>4.2 Accurately complete Goods and Service Tax returns and submit them in a timely manner</p>	<ul style="list-style-type: none"> • Extract relevant data from the accounting records • Calculate relevant input and output tax • Calculate the GST due to, or from, the relevant tax authority • Make adjustments and declarations for any errors or omissions identified in previous tax periods • Complete and submit a GST return and make any associated payment within statutory limits 	<p>Extract GST data:</p> <ul style="list-style-type: none"> • How to identify relevant accounting records that cover the required period of each tax return • How to identify and extract relevant income, expenditure and tax figures from ledgers and accounts: sales and sales returns; purchases and purchases returns; cash and petty cash accounts; and the goods and service tax account • How to determine that the figures extracted have come from an original and verified daybook or journal and have been made with integrity and due regard to the regulation of GST administration <p>Input and output Tax</p> <ul style="list-style-type: none"> • The difference between inputs and outputs, and between input tax and output tax and how to treat them when preparing a GST return • How to calculate standard, reduced-rate, zero-rated and exempt supplies, and the implications of these for the tax return, and the effect on recovery of input tax • How to calculate imports and acquisitions, exports and despatches, and how to treat these on a GST return • Supply rules for both goods and services within and outside the EU • How partial exemption works, the <i>de minimis</i> limit and how this affects the recovery of input tax • How to calculate the GST when given the net or the gross amount of the supply, including rounding rules on GST calculations • How to account for GST on: expenditure on employee and business contact entertaining; purchases and sales of cars and vans; deposits and advance payments for goods and services • The GST rules on fuel scale charges, how to apply them and their effect on the GST payable or reclaimable • How to apply bad debt relief, when this is available, and what time limits apply <p>Calculate GST payable or reclaimable:</p> <ul style="list-style-type: none"> • Correctly calculate the GST payable to or reclaimable from the relevant tax authority for a period in respect of: transactions in the current period, including access to and use of sales and purchases invoices, credit notes issued and received, and cash and petty cash transaction receipts, adjustments for bad debt relief, fuel scale charges, entertainment expenses, cars and vans, deposits and advance payments, and correction of errors and omissions made in previous returns • Disallow GST that is not recoverable <p>Make adjustments and declarations:</p> <ul style="list-style-type: none"> • Determine if a given previous period error or omission can be corrected by an amendment on the current GST return, or separately reported, and apply the required treatment • Apply the thresholds and deadlines within which previous period errors or omissions must be declared, including those for corrections • Report a previous period error or omission that cannot be corrected on a current GST return
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<p>4.2 Accurately complete Goods and Service Tax returns and submit them in a timely manner (continued)</p>	<ul style="list-style-type: none"> • Extract relevant data from the accounting records • Calculate relevant input and output tax • Calculate the GST due to, or from, the relevant tax authority • Make adjustments and declarations for any errors or omissions identified in previous tax periods • Complete and submit a GST return and make any associated payment within statutory limits 	<p>GST return:</p> <ul style="list-style-type: none"> • The statutory time limits for submitting GST returns by payment type for both normal and special schemes • Complete all relevant boxes of an online return in the manner laid down by the relevant tax authority • Calculate the amount of GST due to or reclaimable from the relevant tax authority to validate online calculations • Why the final total on the GST return should agree with the total on the business's GST account, how to identify the reasons why the given final total and the given goods and services tax account differ • The process for recovery of GST that is to be reclaimed from the relevant tax authority
<p>4.3 Understand the implications for the business of errors, omissions, and late filing and payment</p>	<ul style="list-style-type: none"> • Understand the implications for a business of failure to comply with registration requirements • Understand the implications for a business of failure to comply with the requirement to submit GST returns • Understand the implications for a business of failure to comply with the requirement to make payment of GST • Understand the implications for a business resulting from a failure to make error corrections in the proper manner or to report errors where required to do so 	<p>Implications of failing to comply with registration requirements:</p> <ul style="list-style-type: none"> • The powers of the tax authority to penalize a business that has failed to register for the GST • The details of the penalty regime applicable to non-registration or late registration. <p>Implications for a business of failure to comply with the requirement to submit GST returns:</p> <ul style="list-style-type: none"> • The powers of assessment that the tax authority has when an organization fails to submit returns • The consequences of late submission and non-submission of returns, including surcharges <p>Implications for a business of failure to comply with the requirement to make payment of the GST</p> <ul style="list-style-type: none"> • The consequences of late payment or non-payment of GST due, including penalties <p>Explain the implications for a business resulting from a failure to make or report error corrections:</p> <ul style="list-style-type: none"> • The consequences of failing to correct and report errors properly • The operational, ethical, and legal consequences of allowing VAT recovery that is by law disallowed
<p>4.4 Report GST related information within the organization in accordance with regulatory and organizational requirement</p>	<ul style="list-style-type: none"> • Identify the appropriate person(s) to report to in the organization on GST related matters and communicate appropriate information, as circumstances require 	<p>Internal reporting and communication:</p> <ul style="list-style-type: none"> • Identify the appropriate person to whom to report information, given different circumstances • Provide appropriate information on: correction or disclosure of the current and previous period errors and omissions; the completion of the return; penalties, surcharges, and assessments; the effects of a change in tax rate or other regulatory changes; the effect on tax of a change in business operations • Communicate appropriate time limits for submitting returns • Specify relevant information regarding amounts due to or recovery of amounts from the relevant tax authority • Communicate the effects of the special schemes on payment or recovery of the GST

Competency Area 5: Ethics	Understand the relevant ethical standards to protect one's own and one's organization's professional reputation and integrity. Understand of the importance of upholding relevant codes of conduct.	
5.0 Ethics	What is required	Knowledge and Skill
5.1 Understand the need to act ethically and how to uphold ethical standards	<ul style="list-style-type: none"> Understand the importance of values, culture and codes of practice/ conduct in the ethical code 	<p>Values, cultures, and codes of practice:</p> <ul style="list-style-type: none"> Ethical practice and its impact on public confidence in the profession, on the reputation of organizations and on the accountant's professional reputation and legal liability The importance of complying with the ethical code at all times, a principles-based approach to ethics, conduct, and practice, rather than a rules-based approach Consequences of breach and misconduct for professional membership Individual consequence of unethical or illegal behavior for employment Fines or reputational damage suffered by organizations as a result of unethical behavior and non-compliance with values, codes and regulations. Specific actions that the accountant may have to take to behave ethically Methodical approaches to resolving ethical problems; how the ethical code takes a principles-based approach to ethics, conduct, and practice, rather than a rules-based approach How an organization's values, corporate culture, and leadership affect its decisions and actions Reasons for conflict between an individual's key personal values and organizational values and how these can be resolved The importance of an ethics-based culture and ethical leadership within an organization How codes of conduct, codes of practice, and regulations may affect ethical decisions by organizations and individuals

<p>5.2 Understand the relevance to the accountant's work of the ethical code for professional accountants</p>	<ul style="list-style-type: none"> • Understand the ethical code's conceptual framework of principles, threats, safeguards, and professional judgment • Understand the importance of acting with integrity and objectivity • Understand the Importance of acting professionally and acting competently • Uphold confidentiality and understand when confidential information may be disclosed • Understand the stages in the ethical code's process for ethical conflict resolution 	<p>Ethical code conceptual framework:</p> <ul style="list-style-type: none"> • The importance of evaluating threats to compliance with the fundamental principles implementing safeguards and using professional judgment, to eliminate or reduce them to an acceptable level • The types of threat to the fundamental principles and the types of safeguard that may be applied • Use of documented organizational policies to prevent threats and ethical conflict from arising • What an accountant should do when a threat cannot be eliminated or reduced to an acceptable level <p>Integrity and objectivity:</p> <ul style="list-style-type: none"> • The meaning of integrity and objectivity from the ethical code • The effect of accountants being associated with misleading information • The meaning of the key ethical values of honesty, transparency, and fairness and the importance of these values in liaising with clients, suppliers, and colleagues • The importance of appearing to be objective as well as actually being objective • How accountants may deal with offers of gifts and hospitality <p>Professionalism:</p> <ul style="list-style-type: none"> • The meaning of professional behavior and professional competence in the ethical code • How compliance with relevant laws and regulations is a minimum requirement, and why an act that is permitted by law or regulations is not necessarily ethical • How professional qualifications and continuing professional development (CPD) support professional competence and the areas where up-to-date knowledge is essential <p>Confidentiality:</p> <ul style="list-style-type: none"> • The meaning of confidentiality as defined by the ethical code • Situations that present threats to confidentiality, including self-interest, intimidation, and familiarity threats • When it may be appropriate to disclose confidential information and when it must be disclosed • To whom a disclosure of confidential information may be made • How information confidentiality may be affected by compliance with data protection laws <p>Ethical conflict resolution:</p> <ul style="list-style-type: none"> • How ethical conflict situations could arise in a work context • The stages in the process for ethical conflict resolution when a situation presents a conflict in application of the fundamental principles • The role of documented organizational policies in preventing ethical conflict from ar
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<p>5.3 Recognize how to act ethically in an accounting role</p>	<ul style="list-style-type: none"> • Distinguish between ethical and unethical behavior • Analyze situations using the conceptual framework and the conflict resolution process • Develop a course of action to address ethical concerns and justify it • Understand the ethical responsibilities of accountants in upholding the principles of sustainability 	<p>Ethical and unethical behavior:</p> <ul style="list-style-type: none"> • Apply values and principles to identify whether behavior is ethical or unethical in a given situation <p>Conceptual framework and conflict resolution:</p> <ul style="list-style-type: none"> • Apply key organizational values to a given situation • Analyze situations using the conceptual framework and apply the conflict resolution process <p>Course of action:</p> <ul style="list-style-type: none"> • Formulate a specific course of action to address the ethical concerns that have arisen • Decide when and how to seek advice from a colleague, manager, or from a professional body • How to refer instances of unethical behavior to responsible persons at work, using discretion and maintaining confidentiality <p>Ethical responsibilities:</p> <ul style="list-style-type: none"> • The meaning of sustainability and importance of taking a long-term view and allowing the needs of present generations to be met without compromising the needs of future generations • The importance of considering the needs of the organization's wider stakeholders • The link between sustainability and the accountant's ethical principle of integrity and the accountant's public interest duty to protect society as a whole and the organization's sustainability • The importance of social and environmental aspects of performance measurement and decision-making techniques
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<p>5.4 Identify action to take in relation to unethical behavior or illegal acts</p>	<ul style="list-style-type: none"> • Understand potential situations in light of money laundering law and regulations • Identify and report questionable behavior to the relevant body in accordance with the regulation • Know when and how to report unethical behavior by employers, colleagues, or clients/customers 	<p>Money laundering offences:</p> <ul style="list-style-type: none"> • Possible offences under money laundering law and regulations, and their consequences for accountants and for organizations • The events that may occur that can affect accountants, their colleagues, the organization, its customers, and its suppliers that trigger obligations for accountants under money laundering law and regulations • The consequences for failing to act appropriately in response to such events, including the potential for the offences of “tipping off,” “failure to disclose,” and “prejudicing an investigation” • The nature of the protection given to accountants by protected disclosures and authorized disclosures under money laundering law and regulations • The specific position of accountants employed in a business when it comes to external reporting of the employer’s suspected illegal activities under money laundering law and regulations, when the accountants are directly involved and also when they are not directly involved <p>Reporting illegal activity:</p> <ul style="list-style-type: none"> • The nature and role of relevant external authorities governing accountants and money laundering law and regulations • When and to whom tax error and other forms of illegal activity should be reported • The prescribed internal department and/or external professional body or agency to which reports may be made about unethical behavior and breaches of confidentiality <p>When and how to report:</p> <ul style="list-style-type: none"> • Identify when it is appropriate to report that a breach of the ethical code has taken place • The information accountants need to report by making a required disclosure in either an internal report or a suspicious activity report (SAR), describing suspicions about money laundering, and when this disclosure should be made • The limited legal protection available to an external whistle-blower. • When and how to seek advice confidentially, as appropriate, including third-party advice • Report in line with formal internal whistle-blowing or “speak-out” procedures that may be available for reporting unethical behavior • Identify circumstances where there may be public interest disclosure protection available under some statute for blowing the whistle externally, in the public interest, when an accountant suspects certain illegal or unethical acts by the employer
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Competency Area 6: IT systems and processes	Enter accounting transactions, perform a reconciliation, correct errors, and produce a range of reports using a computerized accounting system. Understand the systems and process of the organization, within the responsibility of the position, such as sales, purchase, and payroll. Understand the use of all relevant office and accounting packages used within their organization, relevant to their job role.	
6.0 IT Systems and Processes	What is required	Knowledge and Skill
6.1 Use spreadsheets to record, format, and organize data to meet customer needs	<ul style="list-style-type: none"> • Select relevant data and organize in an appropriate format • Accurately enter and format and securely store and retrieve relevant information 	<p>Organize and secure data:</p> <ul style="list-style-type: none"> • Plan and design and develop a spreadsheet to meet customer needs • Select valid, reliable, and accurate data to include from different sources • Manually enter data accurately and import data, remove duplications in data, edit and update data where appropriate • Link data from different sources and across different worksheets • Use a range of appropriate formatting tools to present data effectively • Securely store, backup, archive, and retrieve data and information in line with local policies, including naming conventions
6.2 Use relevant tools to extract and analyze data	<ul style="list-style-type: none"> • Select and use a range of appropriate formulas and functions to perform calculations • Select and use relevant tools to analyze and interpret data • Select and use appropriate tools to generate and format charts 	<p>Formulas and functions:</p> <ul style="list-style-type: none"> • Plan, select and use a range of formulas to extract and analyze the data <p>Tools:</p> <ul style="list-style-type: none"> • Plan, select and use appropriate mathematical and logical functions (for example, IF, Subtotal, Lookup, and so on) and statistical techniques (for example, Goal Seek, Forecast) to perform calculations • Assess and select the correct analysis tool for a given task including multiple sorting criteria, multiple filtering criteria; conditional formatting, pivot tables, and charts <p>Charts:</p> <ul style="list-style-type: none"> • Select and use a range of charts to summarize and present information • Develop and format charts appropriately to aid understanding: altering scales; axes; labelling; changing data series color and/or format to disability compliance, edit and update charts where appropriate
6.3 Use appropriate tools to identify and resolve errors	<ul style="list-style-type: none"> • Use software tools to verify accuracy and protect data • Protect the integrity of data 	<p>Software tools to verify accuracy:</p> <ul style="list-style-type: none"> • Use formula auditing tools • Select and use error checking tools • Show the formulas within a spreadsheet <p>Software tools protect data:</p> <ul style="list-style-type: none"> • Use data validation to restrict editing • Protect cells and worksheets • Use of passwords and how and when they should be shared

<p>6.4 Use tools and techniques to prepare and report accounting information</p>	<ul style="list-style-type: none"> • Format reports to meet customer requirements • Produce accounting information 	<p>Format reports:</p> <ul style="list-style-type: none"> • Insert headers and footers • Hide rows and/or columns • Format columns, rows and outputs to enhance understanding of the relevant data • Adjust margins, orientation and print area • Produce a summary sheet linking to other data and/or worksheets <p>Produce reports:</p> <ul style="list-style-type: none"> • Ensure that data produced is suitable for publication, using the appropriate house style • Show all worksheet formulas in a format suitable for publication • Ensure content and format of the report meets customer requirements
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APPENDIX ONE: COMPETENCY FOR LEVEL FOUR

Accounting Technician Level 4 (UK Regulated Qualifications Framework), Level 5b (ISC)

Role Profile:

Professional Accounting/Tax Technicians will be responsible for creating and/or verifying and reviewing, their employers' accurate and timely financial information or on behalf of another organization. In doing this work, they will have to meet relevant ethical, professional, and legal standards, and will use their knowledge of the business systems and processes involved, as well as conforming to standard accounting and tax practices. This role may exist in an accounting practice, a professional services company, a tax authority, or the accounting function of a business or other organization.

Examples of roles as Professional Accounting/Tax Technicians include, but are not limited to, Assistant Auditor, Assistant Management Accountant, Assistant Financial Accountant, Accounts Payable and Expenses Supervisor, Commercial Analyst, Payroll Manager, Senior Bookkeeper, Senior Financial Officer, Tax Investigations Officer, Personal Tax Assistant, and Business Tax Assistant.

Competency Area 1: Management Accounting: Budgeting:		
The use of budgeting for planning, coordinating, and authorizing the activities of an organization and for controlling costs.		
1.0 Budgeting	What is required	Knowledge and Skill
1.1 Prepare forecasts of income and expenditure	<ul style="list-style-type: none"> Recognize the internal and external sources of information used to forecast income and expenditure Use statistical techniques to forecast income and expenditure Understand the purpose of revenue and cost forecasts and their link to budgets Identify the impact of internal and external factors on income and expenditure forecasts 	<p>Sources of information:</p> <ul style="list-style-type: none"> Select the appropriate sources of data to use for forecasting <p>Statistical techniques:</p> <ul style="list-style-type: none"> Apply the following techniques: sampling, indices, time series, trends, and seasonal variation. <p>Purpose of forecasts:</p> <ul style="list-style-type: none"> Differentiate between forecasts and plans and their role in the budgeting process Methods of dealing with the uncertainty inherent in forecasting (planning models, reforecasting, re-budgeting, rolling budgets, and budget flexing). <p>Impact of internal and external factors:</p> <ul style="list-style-type: none"> Advise on the reliability of forecasts and identify possible external events that affect the reliability of cost forecasts The impact of market trends and competitive pressures and the product lifecycle on the reliability of forecasts

<p>1.2 Prepare budgets</p>	<ul style="list-style-type: none"> • Understand budgetary responsibilities and accountabilities • Understand and calculate the effect of production and sales constraints • Prepare planning schedules for physical production resources • Calculate budgets for different types of cost • Prepare draft budgets from historical data, forecasts, and planning assumptions • Prepare cash-flow forecasts 	<p>Budget responsibilities and accountabilities:</p> <ul style="list-style-type: none"> • Understand the role and accountabilities of the budget committee, the budget accountant, and senior managers in the organization • Classify and allocate direct and indirect costs to appropriate responsibility centers <p>Production and sale constraints:</p> <ul style="list-style-type: none"> • Budget limiting factors: a production bottleneck, access to finance, shortage of resources • Calculate the production limit in the light of constraints <p>Prepare planning schedules:</p> <ul style="list-style-type: none"> • Prepare planning schedules: production plan (volumes of inventory, production and sales); material usage and purchases; staffing, labor (hours and overtime); plant utilization <p>Calculate budgets:</p> <ul style="list-style-type: none"> • Calculate budgets for costs: direct; indirect; fixed; variable; semi-variable; stepped; capital; revenue; operational costs (materials, production labor, direct expenses and production overhead); staff costs; core costs (non-operational overheads) <p>Drafts from historical data:</p> <ul style="list-style-type: none"> • Prepare the following budgets: sales revenue; material usage and purchases; labor (employees and other resources); production facilities; other overheads; operating statement (profit and loss account down to profit from operations); capital expenditure budget; cash budgets (cash-flow forecasts); master budget; operating budget; financial budget; fixed or non-flexed budget; flexible budget <p>Cash-flow forecasts:</p> <ul style="list-style-type: none"> • Prepare a cash-flow forecast from budget data, allowing for changes in debtor, creditor, and inventory balances • Analyze a cash-flow forecast into shorter control periods, allowing for time lags
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1.3 Understand how budgeting can improve organizational performance

- Understand the use of budgeting for planning, coordinating, authorizing and cost control
- Break a budget down into control periods
- Recommend appropriate performance measures to support budgetary control
- Integrate standard costing into budgetary control
- Prepare and explain a flexed budget
- Calculate variances between budget and actual income and expenditure
- Review and revise budgets to reflect changing circumstances

Understand the use of budgeting:

- The use of budget for planning, coordinating, authorizing and cost control, the potential for conflict and the need to balance these functions
- Budgeting as a motivational tool for management and its use to create a cycle of continuous improvement
- Coordination of budgets to achieve goal congruence
- Recognizing the behaviors that threaten effective budgetary control

Break a budget down into control periods:

- Split the elements of an operating statement budget into appropriate time periods to facilitate regular reporting, ensuring planning assumptions and cost behaviors in the budget are correctly reflected

Recommend appropriate performance measures to support budgetary control:

- Suggest suitable physical and financial performance measures, consistent with key planning assumptions, to aid budgetary control
- Calculate these measures for budget and for actual performance
- Provide constructive advice to assist the achievement of targets and budgets.

Integrate standard costing into budgetary control:

- Incorporate standard costs into budget calculations
- Use standard costing methodology to split the total material and the total labor variances into price and efficiency variances
- Understand how the use of standard costing can complement budgetary control.

Flexed budget:

- Flex budgets, adjusting each element of the budget correctly according to the original budget assumptions about cost behavior
- Understand the purpose of budget flexing and the limitations of budget flexing in the context of a given scenario

Variances between budget and actual income and expenditure:

- Calculate variances in absolute and percentage terms
- Calculate backward variances (use variance data to calculate underlying budget or actual performance)
- Identify favorable and adverse variances

Revise budgets to reflect changing circumstances:

- Calculate the impact of changes to planning assumptions and forecasts and recalculate budgets accordingly

<p>1.4 Report budgetary information to management in a clear and appropriate format</p>	<ul style="list-style-type: none"> • Understand the basic methods of budgeting and make recommendations for their use • Plan and agree draft budgets with all parties involve • Analyze variances and explain their impact on the organization • Effectively present budgetary issues to management 	<p>Basic methods of budgeting:</p> <ul style="list-style-type: none"> • The features and comparative advantages of the basic budgeting methods: incremental (historical or performance based); zero-based; priority-based; activity-based; top down; bottom up; participatory; rolling; contingency <p>Plan and agree draft budgets:</p> <ul style="list-style-type: none"> • The sources of information and the validity of those sources when submitting draft budgets to management • Key planning assumptions in a prepared budget • The potential threats to budget achievement • The responsibilities of relevant managers • Quantify the impact of the budget on the organization • Submit the budget for approval <p>Analyze variances and explain their impact on the organization:</p> <ul style="list-style-type: none"> • Calculate backward variances (use variance data to calculate underlying budget or actual performance) • Identify significant variances and their likely causes • Explain the impact of variances on overall organizational performance • Provide suitable advice to management, including recommendations to improve operational performance <p>Effectively present budgetary issues to management:</p> <ul style="list-style-type: none"> • Identify and describe important budgetary planning and control issues • Make relevant and focused recommendations to initiate management action
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Competency Area 2: Management Accounting: Decision and Control	Prepare a basic budget and/or standard cost budget; create budgetary reports, control reports, and standard costing control reports; and prepare key performance indicators and workings to aid management decision making	
2.0 Management Accounting: Decision and Control	What is required	Knowledge and Skill
2.1 Analyze a range of costing techniques to support the management accounting function of an organization	<ul style="list-style-type: none"> • Distinguish between different cost classifications and evaluate their use in a management accounting function • Discriminate between and use marginal costing and absorption costing techniques • Recognize and calculate measures of profitability and contribution 	<p>Cost classification:</p> <ul style="list-style-type: none"> • Product costing and the elements of direct and indirect costs, cost classification into materials, labor, and production overhead • Cost classification by behavior (fixed, variable, stepped fixed and semi-variable) and the relevant range for fixed costs • Prime cost, full production cost, and marginal cost • the differences between cost centers, profit centers, and investment centers • The high-low method of cost estimation <p>Marginal and absorption costing:</p> <ul style="list-style-type: none"> • The difference in methodologies between marginal costing and absorption costing • How to reconcile a marginal costing profit with an absorption costing profit for changes in inventory <p>Measures of profitability and contribution:</p> <ul style="list-style-type: none"> • The difference between contribution and profit and how to calculate contribution per unit and per monetary unit of turnover • When to use contribution analysis as a decision-making tool • The break-even point and margin of safety • The optimal production mix when labor, materials, or machine hours are restricted and opportunity costs of limited resources • The outputs of various decision-making tools

2.2 Calculate and use standard costing to improve performance

- Understand how standard costing can aid the planning and control of an organization
- Calculate standard costing information
- Calculate standard costing variances
- Prepare and reconcile standard costing operating statements
- Analyze, and effectively present, information to management based on standard costing information

Standard costing models:

- What are standard costs, and how can they be established and revised
- The different types of standard (ideal, target, normal, and basic) and how these can affect behavior and variances
- Flexible budgeting and how the calculation of the standard cost/budget is affected by changes in output

Calculate standard cost:

- Prepare standard cost card from given information
- Extract information contained in a budgetary control report

Calculate standard costing variances:

- Raw material variances (total raw material, price and usage)
- Labor variances (total, rate, idle time, and efficiency)
- The variable overhead variances (total, rate, and efficiency)
- The fixed production variances (total, expenditure, and volume)
- Actual and standard costs derived from variances (backward variances)

Standard costing operating statements:

- Prepare a standard costing operating statement reconciling budgeted cost with actual cost of actual production
- Understand and reconcile the difference between the operating statement under marginal costing and absorption costing.

Present standard costing information:

- The nature of variances, and how they may interrelate
- What causes standard costing variances such as wastage, economies of scale, learning effect, inflation, and skills mix
- Possible action that can be taken to reduce adverse variances and increase favorable variances
- Elements of a variance that are controllable and non-controllable
- Effectively communicate what the standard costing variance means in report format

<p>2.3 Use a range of statistical techniques to analyze business information</p>	<ul style="list-style-type: none"> • Calculate, use and appraise, key statistical indicators 	<p>Statistical indicators:</p> <ul style="list-style-type: none"> • Calculate: index numbers: time series analysis: moving averages, seasonal variations, and trend information • Use the regression equation (e.g., $y = a + bx$) • Use calculations to forecast income and costs and recommend course of action
<p>2.4 Use appropriate financial and non-financial performance techniques to aid decision making</p>	<ul style="list-style-type: none"> • Identify, calculate and evaluate key financial and non-financial performance indicators • Use decision-making techniques • Make recommendations and effectively communicate to management based on analysis 	<p>Financial and non-financial performance indicators:</p> <ul style="list-style-type: none"> • Identify a range of key performance indicators and select the appropriate indicator for the task, including: financial (profitability, liquidity, efficiency, and gearing), efficiency; productivity, trade cycles, quality of service, and cost of quality • Calculate and adjust a range of key performance indicators • The impact of various factors on performance indicators, including learning effect and economies of scale • How some performance indicators interrelate with each other <p>Decision making techniques:</p> <ul style="list-style-type: none"> • The optimal production mix when resources are limited • The break-even point and margin of safety • The use of relevant and non-relevant costing information to aid decision making <p>Recommend and communicate:</p> <ul style="list-style-type: none"> • Use calculations and analysis to make reasoned recommendations and communicate them effectively • Identify the risks associated with a particular decision
<p>2.5 Evaluate a range of cost management techniques to enhance value and aid decision making</p>	<ul style="list-style-type: none"> • Understand the concept of a product life cycle and use life cycle cost to aid decision making • Use target costing to aid decision making • Calculate and interpret activity based costing (ABC) information 	<p>Life-cycle costs and decision making:</p> <ul style="list-style-type: none"> • Stages of the product life-cycle and the components of the life cycle cost of a product • Calculate the discounted and non-discounted life cycle cost of a product • Interpret the results of calculations of life cycle costs <p>Target costing and decision making:</p> <ul style="list-style-type: none"> • Identify the components of a target cost and the concepts behind target costing, including value analysis and value engineering • Analyze and evaluate target costs <p>Activity based costing (ABC)</p> <ul style="list-style-type: none"> • Recognize ABC costing • Calculate product costs using ABC

Competency Area 3: Financial statements of limited companies		Draft financial statements for Limited Companies, and groups of companies and have the tools and techniques that will enable them to analyze and interpret financial statements effectively.	
Financial statements of limited companies	What is required	Knowledge and Skill	
3.1 Understand reporting frameworks and principles that underpin financial reporting	<ul style="list-style-type: none"> • Explain the regulatory framework that underpins financial reporting • Explain the International Accounting Standards Board (IASB) Conceptual Framework that underpins financial reporting 	<p>Regulatory framework:</p> <ul style="list-style-type: none"> • The purpose of financial statements • The different types of business organization and limited companies • How the financial statements of limited companies differ from those of sole traders and partnerships • Forms of equity, reserves, and loan capital • The reasons for the existence of a regulatory framework • Sources of regulation: international accounting standards and company law • The purpose of accounting standards • The duties and responsibilities of the directors in the preparation of financial statements <p>IASB framework:</p> <ul style="list-style-type: none"> • The concepts that underlie the preparation and presentation of financial statements for external users 	
3.2 Demonstrate an understanding of the key features of a published set of financial statements	<ul style="list-style-type: none"> • Understand the effect of international accounting standards on the preparation of financial statements 	<ul style="list-style-type: none"> • The effect of international accounting standards on the presentation, valuation, and disclosure of items within the financial statements • Make any supporting calculations 	
3.3 Draft statutory financial statements for a limited company	<ul style="list-style-type: none"> • Draft a statement of profit or loss and other comprehensive income • Draft a statement of financial position • Draft a statement of cash flows 	<p>Statement of profit and loss:</p> <ul style="list-style-type: none"> • Make appropriate entries in a profit and loss statement in respect of information extracted from a trial balance and additional information <p>Statement of financial position:</p> <ul style="list-style-type: none"> • Make appropriate entries in the statement of financial position regarding information extracted from a trial balance and additional information or other financial statements provided <p>Statement of cash flows:</p> <ul style="list-style-type: none"> • Make appropriate entries in the statement, using the indirect method, for information extracted from a statement of profit or loss and other comprehensive income for a single year, and statements of financial position for two years, as well as any additional information provided 	

<p>3.4 Draft consolidated financial statements</p>	<ul style="list-style-type: none"> • Draft a consolidated statement of profit or loss for a parent company with one partly owned subsidiary • Draft a consolidated statement of financial position for a parent company with one partly owned subsidiary 	<p>Consolidated profit and loss</p> <ul style="list-style-type: none"> • Consolidate each line item in the statement of profit or loss • Treat intercompany sales and other intercompany items, impairment losses on goodwill, and dividends paid by a subsidiary company to its parent company • Calculate and treat unrealized profit on inventories and non-controlling interest <p>Consolidated statement of financial position:</p> <ul style="list-style-type: none"> • Consolidate each line item in the statement of financial position • Calculate and treat goodwill, non-controlling interest, pre- and post-acquisition profits, equity, and unrealized profit on inventories • Treat adjustment to fair value, impairment of goodwill, and intercompany balances
<p>3.5 Interpret financial statements using ratio analysis</p>	<ul style="list-style-type: none"> • Calculate ratios with regard to profitability, liquidity, efficient use of resources, and financial position • Understand the relationship between elements of the financial statements with regard to profitability, liquidity, efficient use of resources, and financial position by means of ratio analysis • Effectively present an analysis with recommendations 	<p>Ratios:</p> <ul style="list-style-type: none"> • Profitability, expense/revenue percentage, liquidity, use of resources, financial position • The factors that influence ratios, how they interrelate, and how they could be improved • Compare ratios and justify their use • The limitations of ratio analysis

4: Accounting Systems and Controls	Understand the role of the accounting function in an organization and the importance of internal controls in minimizing the risk of loss. Undertake an evaluation of an accounting system to identify weaknesses and assess the impact of those weaknesses on the operation of the organization.	
4.0 Accounting: Systems and Controls	What is required	Knowledge and Skill
<p>4.1 Understand the role and responsibilities of the accounting function within an organization and importance of internal controls</p>	<ul style="list-style-type: none"> • Understand the purpose of financial reports and their use by stakeholders • Understand the impact of regulation on the accounting function • Understand how internal controls can support the organization • Understand the ways of preventing and detecting fraud and systemic weaknesses 	<p>Purpose of financial reports:</p> <ul style="list-style-type: none"> • The purpose of financial reports: income statement, statement of financial position, statement of cash flow, budgetary control reports and how these are used by stakeholders <p>Regulations:</p> <ul style="list-style-type: none"> • The range of regulation that applies to the accounting function and its importance in shaping it <p>Internal controls</p> <ul style="list-style-type: none"> • The purpose of internal controls and how they can minimize the risk of loss to an organization and ensure ethical standards are upheld • Identify the types of internal controls used in different parts of the accounting function and their suitability to different types of organizations <p>Fraud:</p> <ul style="list-style-type: none"> • The common types of fraud and systemic weaknesses and their causes • The financial and non-financial implications for an organization if fraud occurs • The role of internal controls in preventing and detecting fraud and errors
<p>4.2. Evaluate an organization's accounting system and procedures</p>	<ul style="list-style-type: none"> • Examine the effectiveness of an organization's accounting system and procedures, assessing the impact on the operation of the organization • Evaluate and grade the risk of fraud 	<p>Effectiveness of system and procedures:</p> <ul style="list-style-type: none"> • Financial information requirements of stakeholders (payroll, sales accounting, purchases accounting, general ledger, cash book, and costing systems) • Underpinning procedures in the organization and their impact on the operation of the organization (payroll, authorization and control of sales, purchases, capital expenditure) • Overheads, payments and receipts, weaknesses in accounting systems and procedures that have an impact on cost-effectiveness, reliability, and timeliness • Weaknesses in the underpinning procedures and the impact on cost-effectiveness, reliability, and timeliness <p>Fraud risk</p> <ul style="list-style-type: none"> • Identify the impact of a poor internal control system on the exposure to risk for an organization • Grade the risk of fraud using either "low, medium or high" or a numerical grade where the number increases in size as the risk becomes more serious

<p>4.3 Identify and recommend changes to improve an organization's accounting system</p>	<ul style="list-style-type: none"> • Identify possible changes to the accounting systems and their implications for the organization • Consider the impact on users of suggested changes to the accounting system • Make justified recommendations for changes to the accounting system 	<p>Changes to accounting systems:</p> <ul style="list-style-type: none"> • Suitable changes to the accounting system • Any assumptions made and potential problems that might occur during transition <p>Impact on users:</p> <ul style="list-style-type: none"> • Identify changes required to working practices and support required for transition <p>Make recommendations:</p> <ul style="list-style-type: none"> • Quantify the costs of recommendations and carry out a cost-benefit analysis for proposed changes • Present rationale for change to management
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Specialist Units

5: Business Tax Understand business taxation and its impact on business operation, prepare tax and understand the tax treatment of capital expenditure and the adjustment of accounting profits for tax purposes for sole traders, partnerships, and limited companies.		
Business Tax	What is required	Knowledge and Skill
<p>5.1 Complete tax returns for sole traders and partnerships and prepare supporting tax computations</p>	<ul style="list-style-type: none"> • Analyze trading profits and losses for tax purposes • Identify and calculate capital allowances • Analyze taxable profits and losses of a partnership between the partners • Calculate the personal contributions payable by self-employed taxpayers • Complete the individual and partnership tax returns relevant to sole traders and partnerships 	<p>Trading profit and losses:</p> <ul style="list-style-type: none"> • Rules relating to deductible and non-deductible expenditure • Classify expenditure as either revenue or capital expenditure • Identify the correct basis period for each tax year • Adjust accounting profit and losses for tax purposes • Determine overlap periods and overlap profits • Explain the effect on the basis period of a change in accounting date <p>Capital allowances:</p> <ul style="list-style-type: none"> • Identify the types of capital allowances • Calculate capital allowances including adjustments for private usage <p>Analyze taxable profits of a partnership:</p> <ul style="list-style-type: none"> • Apportion profits between a maximum of four partners • Determine the basis periods for continuing, new, or departing partners • Allocate profits between the partners <p>Personal contributions:</p> <ul style="list-style-type: none"> • Determine who is liable to pay personal contributions • Calculate personal contributions <p>Complete tax returns:</p> <ul style="list-style-type: none"> • Accurately complete self-employed tax returns • Accurately complete partnership tax returns

<p>5.2 Complete tax returns for limited companies and prepare supporting tax computations</p>	<ul style="list-style-type: none"> Analyze trading profits and losses of limited companies for tax purposes Identify and calculate capital allowances Calculate total taxable profits and corporation tax payable Complete corporation tax returns 	<p>Analyze profits and losses:</p> <ul style="list-style-type: none"> Apply the rules relating to deductible and non-deductible expenditure Classify expenditure as either revenue or capital expenditure Adjust accounting profits and losses for tax purposes <p>Capital allowances:</p> <ul style="list-style-type: none"> Identify types of capital allowances Calculate capital allowances <p>Calculate the taxable total profits from:</p> <ul style="list-style-type: none"> Trading income, property income, investment income and chargeable gains, calculate capital allowances Calculate the total profits and corporate tax payable for accounting periods longer than, shorter than, or equal to 12 months <p>Corporate tax return:</p> <ul style="list-style-type: none"> Accurately complete a corporate tax return
<p>5.3 Provide advice on the UK's tax regime and its impact on sole traders, partnerships, and limited companies</p>	<ul style="list-style-type: none"> Understand the tax return filing requirements and tax payments due Understand the penalties and finance costs for non-compliance 	<p>Filing requirements:</p> <ul style="list-style-type: none"> Tax return filing deadlines Payment rules for sole traders and partnerships: amounts and dates Payment rules for limited companies: amounts and dates <p>Penalties for late filing:</p> <ul style="list-style-type: none"> The enquiry window and penalties for incorrect returns. Late payment interest and surcharges
<p>5.4 Advise business clients on tax reliefs and their responsibilities and their agent's responsibilities in reporting tax to the tax authority</p>	<ul style="list-style-type: none"> Appraise the effective use of trading losses Understand the current tax reliefs and other tax issues Understand the responsibilities relating to tax for the business and its agent 	<p>Use of trading losses:</p> <ul style="list-style-type: none"> Assess and calculate available loss relief Advise on the best use of a trading loss for sole traders, partnerships, and limited companies <p>Tax reliefs:</p> <ul style="list-style-type: none"> Current tax reliefs available to businesses and their implications for businesses <p>Tax responsibilities:</p> <ul style="list-style-type: none"> What records does a business need maintain, how long do these records need to be maintained and what are the penalties for failing to keep these records The distinction between tax planning, tax avoidance, and tax evasion Ethical standards on tax advice and professional conduct in relation to taxation

<p>5.5 Prepare tax computations for the sale of capital assets</p>	<ul style="list-style-type: none"> • Calculate capital gains tax payable by self-employed taxpayers • Calculate chargeable gains and allowable losses for limited companies 	<p>Calculate capital gains tax by self-employed taxpayers by applying:</p> <ul style="list-style-type: none"> • The rules relating to chargeable persons, disposals, and assets • The rules relating to the disposal of shares • The rules relating to the disposal of chattels and wasting assets • Current reliefs and allowances • Calculate chargeable gains and allowable losses • Apply capital gains tax rates. <p>Calculate chargeable gains and allowable losses for limited companies:</p> <ul style="list-style-type: none"> • Apply the rules relating to disposals and assets • Calculate chargeable gains and allowable losses • Apply the rules relating to the disposal of shares • Apply current reliefs and allowances
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6: Personal Tax		
Understand personal taxation, together with the key principles that are part of capital gains tax and inheritance tax.		
Personal Tax	What is required	Knowledge and Skill
6.1 Analyze the theories, principles and rules that underpin taxation systems	<ul style="list-style-type: none"> Evaluate the objectives and functions of taxation Differentiate between tax planning, tax avoidance, and tax evasion Understand the roles and responsibilities of a tax practitioner Understand the impact of residence and domicile 	<p>Objectives and functions of taxation:</p> <ul style="list-style-type: none"> The principles underpinning tax systems The features of tax systems, including tax bases and structures How to compare progressive, regressive, and proportional tax criteria used in evaluating a tax system <p>Differentiate between tax planning, tax avoidance, and tax evasion:</p> <ul style="list-style-type: none"> Definitions of tax planning, tax avoidance, and tax evasion Ethical implications of avoidance and evasion Requirements to report suspected tax evasion under current legislation <p>Roles and responsibilities:</p> <ul style="list-style-type: none"> Expectations of membership body Principles of confidentiality, as applied in tax situations How to deal with clients and third parties. <p>Residence and domicile:</p> <ul style="list-style-type: none"> The definitions of residence and domicile The impact that each of these has on the tax position of a taxpayer
6.2 Calculate a taxpayer's total income and income tax	<ul style="list-style-type: none"> Calculate income from employment Calculate income from Investments Calculate income from property 	<p>Income from employment:</p> <ul style="list-style-type: none"> Calculate employment income, including salaries, pension, wages, commissions, and bonuses Calculate taxable benefits in kind Identify exempt benefits in kind Identify and calculate allowable and exempt expenses <p>Income from investments:</p> <ul style="list-style-type: none"> Identify and calculate taxable and exempt investment income <p>Income from property:</p> <ul style="list-style-type: none"> Calculate profit and losses from residential furnished and unfurnished property

<p>6.3 Calculate income tax and National Insurance (NI) contributions payable by a UK taxpayer</p>	<ul style="list-style-type: none"> • Calculate personal allowances • Perform income tax computations • Calculate insurance contributions for employees and employers • Advise on tax planning techniques to minimize tax liabilities 	<p>Personal allowances:</p> <ul style="list-style-type: none"> • Calculate personal allowances and restrictions on them • Apply occupational and private pension schemes • Apply charitable donations <p>Calculate tax:</p> <ul style="list-style-type: none"> • Calculate income tax, combining all income into one schedule • Utilize losses on property • Apply tax rates and bands • Deduct income tax at source <p>Insurance contributions:</p> <ul style="list-style-type: none"> • Identify taxpayers who need to pay • Calculate contributions payable by employees • Calculate contributions payable by employers <p>Advise on tax planning techniques to minimize tax liabilities:</p> <ul style="list-style-type: none"> • Maximize relevant exemptions and reliefs • Change benefits in kind to make them more tax efficient • Change investment incomes to make them more tax efficient • Make other changes that can minimize tax liabilities
<p>6.4 Account for capital gains tax</p>	<ul style="list-style-type: none"> • Understand chargeable and exempt capital transactions • Calculate chargeable gains and allowable losses • Calculate gains and losses arising on the disposal of shares 	<p>Chargeable and exempt capital transactions:</p> <ul style="list-style-type: none"> • Chargeable and exempt assets • Chargeable and exempt persons • Connected persons <p>Calculate chargeable gains and allowable losses:</p> <ul style="list-style-type: none"> • Calculate chargeable gains and allowable losses on normal capital disposals (including compensation: assets damaged/destroyed) • Apply part disposals rules, chattels, and wasting chattel rules • Determine principal private residence relief • Calculate gains and losses arising on the disposal of shares: • Apply matching rules for individuals • Account for bonus and rights issues <p>Calculate capital gains tax payable:</p> <ul style="list-style-type: none"> • Apply current exemptions • Treat capital losses • Apply rates of capital gains tax • Identify the date when capital gains tax is due

7: External Auditing	Understand the purpose of auditing and internal controls, contribute to the conduct of all stages of an external audit, including planning, gathering sufficient and appropriate evidence, and concluding and reporting findings	
External Auditing	What is required	Knowledge and Skill
7. 1 Understand the principles of auditing	<ul style="list-style-type: none"> • Understanding of the concept of assurance • Understand the objectives of audits conducted under Internal Standards on Auditing (ISA) • Understand the implications of the ethical code for auditors • Evaluate safeguards to eliminate or reduce threats to the fundamental ethical principles and the independence of auditors 	<p>Concept of assurance:</p> <ul style="list-style-type: none"> • The difference between reasonable and limited assurance and between positive and negative expression of assurance • The benefits gained from assurance • The meaning of true and fair view/presents fairly <p>The objectives of audits conducted under ISA:</p> <ul style="list-style-type: none"> • The respective responsibilities of management and external auditors for the financial statements • The role of professional skepticism and professional judgment • Elements of a report to management on deficiencies in internal control • Elements of the auditor's report • Contents of adequate accounting records • The role of the International Auditing and Assurance Standards Board (IAASB) <p>The implications for the auditor of the ethical code:</p> <ul style="list-style-type: none"> • the consequences of failing to comply with the ethical code, including damages and legal and professional penalties • the auditor's liability to the company and shareholders under contract and liability to third parties under tort of negligence • the need for professional indemnity insurance • how liability can be limited through use of: limited liability agreements between auditor and client (proportionate liability and liability cap), limited liability partnerships, disclaimer of liability (Bannerman clause) • Threats to the fundamental ethical principles and the independence of auditors • The significance of independence and its relationship with objectivity • The threats of self-interest, self-review, advocacy, familiarity, and intimidation • Apply the fundamental principle of confidentiality <p>Evaluate safeguards to eliminate or reduce threats to the fundamental ethical principles and the independence of auditors:</p> <ul style="list-style-type: none"> • Evaluate firm-wide safeguards: <ul style="list-style-type: none"> – use of different personnel with different reporting lines for the provision of non-assurance services to an audited entity – procedures for monitoring and managing the reliance on revenue received from a single client – procedures that will enable the identification of interests or relationships between the firm or members of the engagement team and clients – disciplinary mechanisms to promote compliance with policies and procedures • Evaluate engagement-specific safeguards: <ul style="list-style-type: none"> – independent review of audit working papers – consultation with an independent third party – disclosure and discussion of ethical issues with those charged with governance – rotation of senior personnel – evaluate matters that should be referred to senior members of audit staff

<p>7.2 Evaluate the audited entity's system of internal control</p>	<ul style="list-style-type: none"> • Understand the principles of internal control • Understand the main features of an accounting system • Evaluate the effectiveness of an accounting control system • Understand how internal controls mitigate risks 	<p>Principles of internal control:</p> <ul style="list-style-type: none"> • The definition of internal control and each of its components (control environment, control activities including performance reviews, information processing, physical controls, segregation of duties, and monitoring of controls by management and/or an internal audit function) • Preventative and detective controls • Limitations of internal controls • Factors relating to the operating environment and internal control system that influence control risk <p>Main control features of an accounting system:</p> <ul style="list-style-type: none"> • Control objectives • Risks • Control procedures for the major accounting systems (purchases, revenue, payroll, inventory, non-current assets, bank, and cash) <p>Evaluate the effectiveness of an accounting control system:</p> <ul style="list-style-type: none"> • Use systems records (flowcharts, internal control questions, and checklists) to evaluate internal control systems • Use the evaluation of internal controls to determine the audit strategy • Identify the merits and limitations of using standardized questionnaires and checklists • Identify the factors that contribute to strengths and deficiencies in accounting systems <p>How internal controls mitigate risks:</p> <ul style="list-style-type: none"> • Identify the types of errors and irregularities that can occur in accounting systems • Identify how errors and irregularities can be prevented or detected by control procedures
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<p>7.3 Evaluate audit procedures for obtaining audit evidence</p>	<ul style="list-style-type: none"> • Evaluate methods used to obtain audit evidence in a given situation • Evaluate audit techniques used in an IT environment • Evaluate and use different sampling techniques • Develop an audit approach suitable for a given situation and select procedures for a given assertion 	<p>Evaluate methods used to obtain audit evidence in a given situation:</p> <ul style="list-style-type: none"> • Types of verification techniques and when to use them (inspection, observation, external confirmation, recalculation, re-performance, analytical procedures, and enquiry) • The reliability of different sources of audit evidence • The differences between tests of controls and substantive procedures • Methods used to test controls, transactions, and balances • Assertions <p>Evaluate audit techniques used in an IT environment:</p> <ul style="list-style-type: none"> • Use computer-assisted audit techniques (CAATs), including test data, integrated test facilities and audit software, to test controls and interrogate the audited entity's files • Understand the benefits and drawbacks of using CAATs <p>Evaluate and use different sampling techniques:</p> <ul style="list-style-type: none"> • Distinguish between statistical and non-statistical sampling • Determine when it is more appropriate to examine 100% of the transactions or a selection of items • Distinguish between selection methods and when they should be used • Identify appropriate populations from which to select samples and identify factors affecting sample sizes <p>Develop an audit approach suitable for a given situation:</p> <ul style="list-style-type: none"> • Establish why auditors need to understand the audited entity's internal controls • Identify why it is appropriate to use a mixture of tests of controls and substantive procedures or substantive procedures and when to use them • Apply audit procedures to test financial statement assertions
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<p>7.4 Evaluate the planning process</p>	<ul style="list-style-type: none"> • Understand how audit risk applies to external auditing • Understand how the concept of materiality applies to external auditing • Analyze the key audit risks for a given situation 	<p>How audit risk applies to external auditing:</p> <ul style="list-style-type: none"> • Components of the audit risk model: inherent, control, and detection risks (sampling and non-sampling risk) • Relationship between the components, particularly how auditors manage detection risk to keep audit risk at an acceptably low level • How factors such as the entity's operating environment and its system of internal control affect the assessment of inherent and control risk • How analytical procedures can be used to identify potential understatement or overstatement of items in the financial statements. <p>How the concept of materiality applies to external auditing:</p> <ul style="list-style-type: none"> • The difference between "performance materiality" and "materiality" for the financial statements as a "whole" • The role of materiality in planning an audit and evaluating misstatements • Methods used to calculate materiality thresholds • The difference between "material" and "material and pervasive" <p>Analyze the key audit risks for a given situation:</p> <ul style="list-style-type: none"> • Analyze factors related to a given audited entity's operating environment and system of internal control that give rise to risk of material misstatement in the financial statements <p>Apply audit procedures to achieve audit objectives:</p> <ul style="list-style-type: none"> • Develop procedures to obtain sufficient appropriate evidence regarding the relevant assertions for key figures in the financial statements, particularly: non-current assets
<p>7.5. Evaluate audit procedures</p>	<ul style="list-style-type: none"> • Examine the role of audit working papers • Select and justify matters to be referred to a senior colleague • Evaluate audit evidence and recommend a suitable audit opinion • Effectively report audit findings to management 	<p>The role of audit working papers:</p> <ul style="list-style-type: none"> • The role of audit documentation in providing evidence as a basis for the auditor's opinion • The importance of retaining working papers for future reference • The form and content of working papers <p>Select and justify matters to be referred to a senior colleague:</p> <ul style="list-style-type: none"> • Identify material and immaterial misstatements • Identify deviations from an audited entity's prescribed procedures • Identify matters of unusual nature and unauthorized transactions or unusual events: non-routine transactions, related party transactions, transactions above or below market rates, suspected fraud <p>Evaluate audit evidence and recommend a suitable audit opinion:</p> <ul style="list-style-type: none"> • Identify a suitable audit opinion arising from: significant uncertainties, material misstatements, inability to obtain sufficient appropriate evidence (limitation on scope) <p>Effectively report audit findings to management:</p> <ul style="list-style-type: none"> • Identify the consequences of deficiencies in internal controls and how the deficiencies can be remedied

8 Cash and Treasury Management	The skills and knowledge required to be able to identify the movements of cash within the business and make informed decisions on the best course of action to maximize the wealth of the business.	
8.0 Cash and Treasury management	What is required	Knowledge and Skill
<p>8.1 Use statistical techniques and financial information to prepare forecasts of cash receipts and payments</p>	<ul style="list-style-type: none"> Identify and classify different types of cash receipts and payments Reconcile profit with movement in cash Prepare forecasts 	<p>Identify and classify different types of cash receipts and payments:</p> <ul style="list-style-type: none"> Identify the different types of cash receipts and cash payments, including regular, exceptional, capital, drawings, receipt of loan from a bank, repayment of loan instalment, and disbursements. <p>Reconcile profit with movement in cash:</p> <ul style="list-style-type: none"> Reconcile the differences between other payables accounting and cash accounting, including: adjusting for non-cash items; taking accounts to opening and closing balances in the financial statements and/or bank statements; calculating movements in cash <p>Prepare forecasts:</p> <ul style="list-style-type: none"> Calculate the following: mark-up, margin, moving averages, percentages, regression analysis (e.g., $y=a+bx$), trends, seasonal variations, index numbers. <p>Calculate non-current assets cash movements:</p> <ul style="list-style-type: none"> Calculate the following: <ul style="list-style-type: none"> The purchase price of the non-current asset The sale price of the non-current asset The carrying value of the non-current asset, including revaluation and the effect of revaluation on cash on the disposal of a non-current asset
<p>8.2 Prepare cash budgets and monitor cash flows within the organization</p>	<ul style="list-style-type: none"> Prepare cash budgets and/or forecasts in the preferred format and clearly indicate net cash requirements Undertake sensitivity analysis on cash budgets and make recommendations to management Identify deviations from the cash budget and recommend corrective action within organizational policies 	<p>Prepare cash budgets and/or forecasts:</p> <ul style="list-style-type: none"> Identify the range of information required that clearly identifies the net cash requirement to the audience Prepare a cash budget format to include: all sources of cash receipts and payments totaled to show receipts for the period; net cash flow for the period; opening and closing cash balance Evaluate the effect of lagged or delayed receipts and payments in the different periods of the cash budget, and the effect of settlements discounts, irrecoverable debts, and timings. <p>Sensitivity analysis on cash budgets and make recommendations to management:</p> <ul style="list-style-type: none"> Identify changes in assumptions, both controllable and non-controllable aspects, that can affect the cash budget Calculate the impact of changes in volume, price, discounts, and timings on the original cash budget Make recommendations to management <p>Identify deviations from the cash budget and recommend corrective action within organizational policies:</p> <ul style="list-style-type: none"> Identify and explain deviations from the cash budget and given information with possible courses of action to address the deviation from the cash budget and controls to prevent further recurrence Explain the importance of preparing a cash budget, evaluating the strengths and weaknesses of cash budgets as a monitoring tool for organizations

<p>8.3 Evaluate the principles of cash management within the context of regulation and government monetary policies</p>	<ul style="list-style-type: none"> • Understand how government monetary policies affect an organization's treasury functions; understand the principles of liquidity management • Understand how an organization's principles of cash management will be determined by their specific financial regulations, guidelines, and security procedures 	<p>How government monetary policies affect an organization's treasury functions:</p> <ul style="list-style-type: none"> • How the government, through monetary policy, can influence the rate of inflation and the supply of money through quantitative easing <p>The principles of liquidity management:</p> <ul style="list-style-type: none"> • The importance of cash budgeting to liquidity management • The importance of ensuring that an organization can make its financial commitments on time • The working capital cycle and the cash cycle • How to recognize liquid and non-liquid assets • Liquidity ratios and their importance in liquidity management • Return on capital employed and current ratio • Return on shareholders' funds • Operating profit percentage • Quick ratio (acid test) • The effect on cash flow on the timing of payments received and payments made in determining the cash budget • Signs of overtrading and overcapitalization. <p>How an organization's principles of cash management will be determined by their specific financial regulations, guidelines, and security procedures:</p> <ul style="list-style-type: none"> • Statutory and other organizational regulations that relate to the management of cash balances • That mandatory regulations must be adhered to and awareness of these regulations
<p>8.4 Evaluate ways of raising finance in accordance with organizational requirements</p>	<ul style="list-style-type: none"> • Understand how an organization can raise financing and the basic terms and conditions associated with each of these types of financing • Evaluate the use of financing options to fund the organization's cash requirements on the most beneficial terms and conditions 	<p>How an organization can raise financing and the basic terms and conditions associated with each of these types of financing:</p> <ul style="list-style-type: none"> • The different ways in which an organization can raise financing • The different terms and conditions surrounding the various types of financing: bank loans and overdrafts, operating and finance leases, hire purchase agreements, loan stock, sale and leaseback, factoring, invoice discounting, equity shares and bonds <p>Evaluate the use of financing options to fund the organization's cash requirements on the most beneficial terms and conditions:</p> <ul style="list-style-type: none"> • Determine the accounting entries for each financing option • Explain the effect on gearing and liquidity for each financing option • Gearing= $\frac{\text{total debt}}{\text{total debt} + \text{total equity}} \times 100\%$. Total debt in CTRM is all non-current liabilities and overdrafts (where given or applicable). • Calculate and explain the total cost to a business for a financing option • Identify the most appropriate financing option in a given situation

<p>8.5 Evaluate ways of investing surplus funds within organizational policies</p>	<ul style="list-style-type: none"> • Evaluate different types of investment and the associated risk, terms, and conditions • Analyze ways to manage risk when investing to minimize potential exposure to the organization • Consider how to invest surplus funds according to organizational culture and policy 	<p>Different types of investment and the associated risk, terms, and conditions:</p> <ul style="list-style-type: none"> • The various forms of investing surplus funds available to an organization: land, property, shares, bonds, gilts, various types of bank accounts, certificates of deposits, and investments in commodities • The different types of investment <p>Manage risk when investing to minimize potential exposure to the organization:</p> <ul style="list-style-type: none"> • The relationship between risk, reward, and liquidity when investing surplus funds • How to analyze the risk and return of different options • The most beneficial method of investment in a given situation • The portfolio effect of diversifying investments <p>Investment of surplus funds according to organizational culture and policy:</p> <ul style="list-style-type: none"> • That various investments may have a minimum investment level and may have conditions where withdrawal is restricted • How the ethics, sustainability, or working practices of companies in which investments are made could affect an organization's reputation and decision making (this will involve both looking inwardly and outwardly at issues that could affect the company) • What the effect of the above restrictions could be in influencing the decision of whether or not to invest
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9 Credit Management	Understand and apply the principles of effective credit control in an organization in the context of relevant legislation, contract law, best practice, professional ethics, and organizational policies.	
9.0 Credit Management	What is required	Knowledge and Skill
<p>9.1 Analyze relevant legislation and contract law that has an impact on the credit control environment</p>	<ul style="list-style-type: none"> • Understand how the main features of statute and contract law apply to credit control • Understand remedies for breach of contract and the circumstances in which they can be used effectively • Understand the terms and conditions associated with customer contracts • Understand the data protection and ethical considerations associated with credit control activities 	<p>The main features of statute and contract law that apply to credit control:</p> <ul style="list-style-type: none"> • Essential features and terminology of contract law: offer, acceptance, intention, consideration, capacity, and consent • Principal terms of legislation governing trade descriptions, unfair contract terms, the sale and supply of goods and services, consumer credit (understanding of principal terms) <p>Remedies for breach of contract:</p> <ul style="list-style-type: none"> • Express terms, implied terms, conditions, warranties, damages, specific performance, quantum meruit, and action for the price • Statutory remedies for late payments of commercial debts (interest and calculations) • Remedies available for collection of outstanding amounts. <p>The terms and conditions associated with customer contracts:</p> <ul style="list-style-type: none"> • Void, voidable, and unenforceable contracts • Retention of title clauses • Invitation to treat <p>Data protection and ethical considerations associated with credit control activities:</p> <ul style="list-style-type: none"> • The effect of data protection on the organization and customers • Professional ethics in the context of credit control • Data protection legislation and the application of the guiding principles

<p>9.2 Critically analyze information from a variety of sources to assess credit risk and grant credit in compliance with organizational policies and procedures</p>	<ul style="list-style-type: none"> • Understand sources of credit status and assessment methods used in granting credit • Analyze the credit status of existing and potential customers using relevant ratios and performance indicators • Present and justify reasons for granting, refusing, amending, or extending credit • Identify threats to objectivity that may exist when deciding whether to grant credit 	<p>Sources of credit status and assessment methods used in granting credit:</p> <ul style="list-style-type: none"> • The extensive range of internal and external sources of information, the usefulness and appropriateness of different types of information • external sources: credit agencies, references, accounts, publications, and credit circles • internal sources: records, conversations, emails, staff, and meetings <p>Analyze the credit status of existing and potential customers using relevant ratios and performance indicators:</p> <ul style="list-style-type: none"> • Analyze credit scoring systems and overtrading • Calculate liquidity ratios: current, quick, acid test, receivables, payables, and inventory • Calculate profitability indicators: gross profit, profit from operations, interest cover, and return on capital employed (ROCE) • Calculate debt indicators such as gearing • Calculate cash-flow indicators: earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA interest cover, and EBITDA to debt • Determine the working capital cycle • Examine receivables analysis (understanding of importance and application) • Calculate and interpret average periods of credit <p>Present and justify reasons for granting, refusing, amending, or extending credit:</p> <ul style="list-style-type: none"> • Justify organizational policies and procedures • Assess and communicate changes to credit • Identify threats to objectivity that may exist when deciding whether to grant credit
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<p>9.3 Evaluate a range of techniques to collect debts</p>	<ul style="list-style-type: none"> • Discuss legal and administrative procedures for debt collection • Evaluate the effectiveness of methods for collection and management of debts • Justify appropriate debt recovery methods • Calculate the effect of early settlement discounts and advise management on their use 	<p>Legal and administrative procedures for debt collection:</p> <ul style="list-style-type: none"> • The importance of stages in the debt collection process • Small claims, fast-track and multi-track procedures, garnishee orders, warrants of execution and delivery • Attachment of earnings and charging orders • Role of debt collection agencies and solicitors <p>Evaluate the effectiveness of methods for collection and management of debts:</p> <ul style="list-style-type: none"> • Organizational policies and procedures • Methods of effective internal and external communication • Use of third parties • Legal actions and use of statute • Legal processes and types of insolvency <p>Justify appropriate debt recovery methods:</p> <ul style="list-style-type: none"> • Select, analyze and recommend appropriate recovery methods • Evaluate retention of title claims and recommend actions <p>Calculate the effect of early settlement discounts and advise management on their use:</p> <ul style="list-style-type: none"> • Quantify the effect of discounts on liquidity and cash flow • Calculate the annual equivalent cost using simple or compound interest • Present recommendations
<p>9.4 Critically evaluate credit control in line with organizational policies and procedures</p>	<ul style="list-style-type: none"> • Understand the importance of liquidity management • Understand the effects of bankruptcy and insolvency • Employ a professional and ethical approach to communications and negotiations with customers 	<p>Understand the importance of liquidity management:</p> <ul style="list-style-type: none"> • The characteristics of an effective credit control system • The impact on liquidity of discounts and changes to credit terms • Invoice discounting, factoring, and credit insurance • Calculations for factoring, invoice discounting, and credit insurance <p>The effects of bankruptcy and insolvency:</p> <ul style="list-style-type: none"> • Types of personal and company insolvencies and relevant actions • Features of liquidation, receivership, administration, and bankruptcy • Impacts on the organization <p>Analyze receivables:</p> <ul style="list-style-type: none"> • Analyze receivables, trading history, and average periods of credit • Apply the 80/20 rule, materiality, and status reports • Analyze ledger balances and take corrective action • Calculate and recommend actions on irrecoverable and doubtful debts <p>Employ a professional and ethical approach to communications and negotiations with customers:</p> <ul style="list-style-type: none"> • Prepare briefing notes for management • Draft effective letters to customers

<p>9.5 Present advice and recommendations to management on the credit control system</p>	<ul style="list-style-type: none"> • Select relevant, accurate, and timely information and present it effectively • Evaluate recommendations for write-offs and provisions 	<p>Select relevant, accurate, and timely information and present it effectively:</p> <ul style="list-style-type: none"> • Prepare reports with recommendations • Liaise with debt collection agencies and solicitors • Analyze, recommend, and justify actions to management for a given scenario Make recommendations with supporting calculations and assess the impact on liquidity. <p>Evaluate recommendations for write-offs and provisions:</p> <ul style="list-style-type: none"> • Justify and calculate write-offs and provisions • Analyze the impact on cash flow • Apply professional ethics • Calculate VAT implications
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APPENDIX TWO

Skills and Attitudes for Accounting Technicians

To be effective in their work, in addition to technical competence, Accounting Technicians need to develop appropriate skills and attitudes. This publication includes a series of “can do” statements under the following headings, which describe the skills and attitudes required. These include:

- Communicating effectively
- Personal organization and teamwork
- Decision making
- Meeting customer needs and professionalism
- Digital skills

These skills and attitudes are defined at two levels: Foundation, which individuals are expected to achieve by the end of a Level 2 program, and those for Initial Professional Development, which individuals are expected to achieve by the end of a Level 4 program. PAOs devising curricula to develop the technical skills of Accounting Technicians should consider how individuals should be taught to encourage the development and recognition of these skills and attitudes.

Communicating effectively

VERBAL	Foundation	Initial Professional Development
Can use verbal communication effectively	<ul style="list-style-type: none"> • Can speak clearly to pass on information • Can change communication style depending on the audience • Can leave a positive impression and use body language to help get messages across • Can plan out what to communicate and how to do it 	<ul style="list-style-type: none"> • Can use a range of appropriate verbal and non-verbal communication to get information across to others • Can express thoughts, ideas, and emotions through tone, pitch, loudness, pace, and language • Can communicate complex information clearly and accurately • Can reflect and summarize information back to others to make sure there is shared understanding
Can use written communication effectively	<ul style="list-style-type: none"> • Can use a variety of formats to give information and choose the most appropriate format to use for a purpose, e.g., email, letter, memo, etc. • Can use correct grammar, spelling, and punctuation in written work • Can use a basic structure for writing and can identify relevant content for written work covering essential information • Can use visual images and simple graphs to support written work 	<ul style="list-style-type: none"> • Can structure content in a logical way to make sure that the information can be easily understood by the reader. • Can use an appropriate style, language, and tone, to make written work interesting and readable, e.g., formal/informal, technical/non-technical, etc. • Can use information gathered from a variety of sources and present this in a written format, identifying key points and facts to be shared • Can proofread and edit own work and that of others

<p>Can use listening skills effectively</p>	<ul style="list-style-type: none"> • Can use different strategies to show listening, e.g., non-verbal skills, asking for clarification, confirming what has been heard. • Can make appropriate contributions in a one-on-one or group discussion • Can check understanding by asking questions and reflecting back what has been heard 	<ul style="list-style-type: none"> • Can use active listening skills to show interest in what other people are saying and build rapport with them, e.g., matching and mirroring, posture, gestures, etc. • Can use a variety of strategies to aid listening and understanding of information • Can contribute effectively to one-on-one and group discussions • Can paraphrase and summarize something that has been said to check understanding
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2. Personal Organizational and Teamwork

PERSONAL ORGANIZATION AND TEAMWORK	Foundation	Initial Professional Development
<p>Can plan effectively to meet deadlines</p>	<ul style="list-style-type: none"> • Can estimate the time and effort needed to complete a work/task to know they are on track • Can gather information about tasks to be completed to prioritize and organize a plan in a logical order • Can understand when and how they work best to manage their time • Can use a range of techniques to set goals, priorities and remain motivated 	<ul style="list-style-type: none"> • Can plan, prioritize and organize work and personal time to carry out responsibilities and tasks to timescales • Can adapt and change plans to reflect current work priorities on a daily basis • Can plan a schedule effectively, break down goals into smaller steps and review progress against them • Can understand how much time different tasks take and know what can be achieved in the time available
<p>Can cope well with, and respond to, change in different situations</p>	<ul style="list-style-type: none"> • Is able to manage and set priorities when given an additional task or change in current working situation • Can ask questions to help understand the need for change • Can keep an open mind to new ways of doing tasks 	<ul style="list-style-type: none"> • Can take on new challenges at short notice, adapting schedules to meet the new time scales • Can identify improvements and make suggestions to ways of working • Can use a range of working methods to meet different situations and circumstances
<p>Working effectively with others</p>	<ul style="list-style-type: none"> • Can recognize the different roles people play in a successful team. • Can work with others to identify the tasks, resources, and timescales needed to complete an activity or project. • Can show respect for other team members and stick to agreed-on ground-rules • Can make a personal contribution to the team, and help others with theirs • Can check progress toward objectives, seeking advice from an appropriate person to help resolve any conflicts or other problems. • Can identify the things that went well and not so well and how to change them next time 	<ul style="list-style-type: none"> • Can work with others to agree on realistic objectives, prioritize tasks and identify the resources and timescales needed to complete an activity or project • Can motivate themselves and others in a team and act to resolve conflict • Can produce accurate information on progress toward achieving team outcomes and suggest changes to bring the activity/project back on track • Can organize and carry out personal tasks efficiently and to a high standard, within deadlines • Can assess own role in an activity or project and suggests ways of improving in the future

3. Decision making

DECISION MAKING	Foundation	Initial Professional Development
Can make effective decisions	<ul style="list-style-type: none"> • Can seek out information that will help to arrive at the best decision. • Can make the right decision about a course of action and develop a strategy to see it through 	<ul style="list-style-type: none"> • Can quickly review available options and decide which is the most appropriate to the situation • Can quickly assess a situation and make a decision based on available evidence • Can explain why they have made a particular decision
Can use problem-solving techniques effectively	<ul style="list-style-type: none"> • Can identify and define the problem by understanding the various factors involved • Can recognize, understand and gather information about the problem to inform future planning. • Can identify the potential causes of the problem 	<ul style="list-style-type: none"> • Can observe and gather information from a range of sources to help understand a problem • Can analyze relevant information to provide a definition and analysis of a complex problem • Can think of ways to prevent the problem occurring in the future

4. Meeting customer needs and professionalism

MEETING CUSTOMER NEEDS AND PROFESSIONALISM	Foundation	Initial Professional Development
Understand how to meet and respond to customer needs	<ul style="list-style-type: none"> • Can explain the expectations different customers may have of a particular service • Can identify how a customer might respond if their expectations are not met and strategies for dealing with this • Can listen and understand a customer's point of view, even where it does not agree with personal views • Can understand customer's needs and meet their demands, where appropriate 	<ul style="list-style-type: none"> • Can understand the importance of relationships between different internal customers in meeting the expectations of end customers • Can gain customer insight through primary research, e.g., questionnaire, interviews, etc. • Can suggest ways how an organization might improve its product or service to meet the demands of its customers • Can work to deliver good customer service, even with challenging customers • Can resolve problems to the satisfaction of customers, listening to their needs and offering solutions to meet them

<p>Can work with professionalism</p>	<ul style="list-style-type: none"> • Can remain positive and motivated to deliver a good service, even in difficult situations • Can show empathy when working with others, understanding how they might be feeling • Can actively support others in their work and ensure that everyone is treated fairly and with respect • Can adapt their approach or start again on the same task if things go wrong. 	<ul style="list-style-type: none"> • Can motivate themselves and others to achieve by recognizing the satisfaction of a job well done. • Can use emotional intelligence to respond to others' needs • Can challenge others if their professionalism or behaviors do not come up to the expected standards. • Can lead by example and be a role model for colleagues. • Can remain focused and productive when things go wrong, changing their approach and the approach of the team • Can take criticism, developed by listening to feedback, and remain positive
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5. Digital Literacy

DIGITAL LITERACY	Foundation	Initial Professional Development
<p>Can find information using digital technology</p>	<p>Can use search techniques to locate and select relevant information for a task.</p>	<p>Can use appropriate search techniques to locate and select relevant information from a variety of sources for a complex task, making judgments on its relevance and quality</p>
<p>Can process information using Digital Technology</p>	<p>Can enter, develop, and refine information, using appropriate software to meet the requirements of a variety of tasks and using word processing, presentation, and spreadsheet packages, as well as accounting packages.</p>	<p>Can use advanced software features to improve the efficiency of their work</p> <p>Can evaluate the selection, use, and effectiveness of ICT tools and facilities that present information</p>

APPENDIX THREE

Mapping to IFAC International Education Standards

This appendix maps the competencies within our illustrative framework to the relevant learning outcomes for technical competence for aspiring professional accountants to achieve by the end of their Initial Professional Development (IPD), as outlined in the International Education Standards for Accountants (IESs) (IFAC, 2015).

The competencies contained in this illustrative framework are intended to be built on to extend knowledge and skills at each level, moving toward greater professional competence. The IES “entry” standards can be mapped to competencies at both Level 3 (UK)/Level 4 (ISC), and Level 4 (UK)/Level 5 (ISC) of the framework presented in this document.

The IES standards describe levels of proficiency from “Foundation” through to “Advanced.” Within initial professional development, a competence is assigned a level of proficiency that describes the context in which the relevant learning outcomes are expected to be achieved.

Aspects of “Business Organization Environment” and of “Business Strategy and Management,” described in the International Education Standards for Accountants (IES), are covered at level 2(UK)/Level 3 (ISC) of the framework illustrated here, but there is less emphasis in these standards than on understanding the macro-economic environment, since Accounting Technicians are unlikely to hold strategic responsibility for planning within a large business or be required to make autonomous decisions in reaction to changes in the external environment.

Initial Professional Development IES 2	Guide Competencies
Financial Accounting and Reporting (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 1, Financial Reporting and Bookkeeping Level 3 (UK)/Level 4 (ISC):Competency 2, Financial Accounts Preparation Level 4 (UK)/Level 5 (ISC): Competency 3, Financial statements of limited companies
Management Accounting (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 3, Management Accounting Costing Level 4: Competency 1, Management Accounting, Budgeting Level 4: Competency 2, Management Accounting Decision and Control
Finance and Financial Management (intermediate)	Level 4 (UK)/Level 5 (ISC): Competency 8: Cash and Treasury Management
Taxation	Level 3 (UK)/Level 4 (ISC): Competency 4, Goods and Service Tax Level 4 (UK)/Level 5 (ISC): Competency 5, Business Tax Level 4 (UK)/Level 5 (ISC): Competency 6, Personal Tax
Audit and Assurance (intermediate)	Level 4 (UK)/Level 5 (ISC): Competency 7, External auditing
Governance, risk management, and internal control (Intermediate)	Level 4 (UK)/Level 5 (ISC): Competency 9, Credit Management Level 4 (UK)/Level 5 (ISC): Competency 4, Accounting systems and Control

Business laws and regulations (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 2, Financial Accounts Preparation Level 4 (UK)/Level 5 (ISC): Competency 3, Financial statements of limited companies Level 4 (UK)/Level 5 (ISC): Competency 9, Credit Management
Information technology (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 6, IT Systems and Processes
Professional Values, Ethics, and Attitudes	
Professional skepticism and professional judgment (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 5, Ethics
Ethical principles (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 5, Ethics
Commitment to the public interest (Intermediate)	Level 3 (UK)/Level 4 (ISC): Competency 5, Ethics

The “Professional Skills” referred to in the International Education Standards for Accountants do not specifically map to the competencies within the illustrative framework. Intellectual skills, such as drawing relevant information from sources, making judgments and recommendations are a feature of a number of competencies at Level 4 (UK)/Level 5 (ISC). At Level 2 (UK)/Level 3(ISC), the framework specifically includes the competency of “Working Effectively in Finance,” which covers aspects of personal and organizational skills. Aspects of interpersonal skills and communication run through all competencies at all levels.

APPENDIX FOUR

The Foundations Project

Introduction

In 2016, the Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration (MOSAIC) Steering Committee explored the feasibility of building foundational accountancy skills in the public and private sectors in developing African countries.

The research showed a significant skills gap, which varied from country to country, which led to the development of a Foundation Skills Competencies Framework. The Framework included a variety of competencies believed to be necessary for the foundational level, drawing on the curricula from a wide range of qualification providers at the accounting technician level and below.

The research highlighted that these focused sets of competencies could be used to create free-standing certifications, or linked to competencies at the accounting technician level, which would assist with the development of an accounting technician curriculum. To assist PAOs with this work, the foundational level competencies have been linked to levels 1 to 4 outlined in this guide.

The Link: the foundations program and the competencies in this guide

Research completed as part of the Foundations program has suggested a requirement for a framework of core, technical, and behavioral competencies below Level of Initial Professional Development, Level 3 (UK)/Level 4 (ISC).

Depending on an individual student's previous level of education and experience, he or she may enter the Foundation level at different points. For the purpose of the competencies contained in this guide, we have defined two levels within the Foundation level: Level 2 (UK)/Level 3 (ISC) and Level 1 (UK)/Level 2 (ISC). How the proposed Foundation level topics map to the competences defined in this guide is outlined in the table below.

The Foundations Project also suggested the development of some supplementary competencies depending on a student's workplace or intended specialty. These included: Public Sector, Taxation, and Audit. While the Level 2 (UK)/Level 3 (ISC) contains a basic awareness of all three of these areas, specific competencies in these areas appear only at Level 3 (UK)/Level 4 (ISC) of the Competencies set out in this guide.

Foundations Project Core Competencies	Competencies in this Guide
Accounting in Context: an awareness of the role of accountants can take on, their activities, including the principles and legal constraints under which they work.	Level 1 (UK)/Level 2 (ISC) Competency 1: Bookkeeping Basics
Basic Accounting Transactions: simple bookkeeping routines and handling data.	Level 1 (UK)/Level 2 (ISC) Competency 1: Bookkeeping Basics Level 1 (UK)/Level 2 (ISC) Competency 5: Understand the Principles of Sales and Purchases Level 2 (UK)/Level 3 (ISC) Competency 1: Bookkeeping Transactions

Costs: types of costs and recording costs.	Level 2 (UK)/Level 3 (ISC) Competency 2: Elements of Costing
Using IT: an understanding and some practical experience of using accounting software.	Level 1 (UK)/Level 2 (ISC) Competency 2: Accounting Software Basics
Foundations Project Behavioral Competencies	
Working effectively: numeracy, record keeping and administration, dealing with petty cash.	Level 1 (UK)/Level 2 (ISC): Competency 4: Working with Numbers and Simple Calculations Level 2 (UK)/Level 3 (ISC) Competency 5: Working Effectively in Finance
Communication: effective verbal and non-verbal communication with colleagues and clients.	Level 1 (UK)/Level 2 (ISC) Competency 3: Introduction to Working in Finance Level 2 (UK)/Level 3 (ISC) Competency 5: Working Effectively in Finance
Ethical behavior: acting in the public interest, integrity, objectivity, and professional competence.	Level 2 (UK)/Level 3 (ISC) Competency 5: Working Effectively in Finance

Core Competencies—Technical, from the Foundations Project

Accounting in Context

On completion of this module the trainee should be able to:

- outline briefly the legal provisions governing the practice of accounting in his/her own country;
- describe briefly the overall structure and sectoralization of the economy in his/her own country and show how businesses, government, and civil society interact to create economic activity;
- identify and describe the main types of transaction into which a business enters;
- describe the role accountants play in the operation of a business entity;
- demonstrate an elementary awareness of the range of risks faced by business entities and the part accountants and accountancy play in mitigating these risks;
- define the terms “financial control” and “internal control” and provide examples of how these work in practice and the impact they have on business operations;
- display a basic knowledge of the main principles, concepts, and conventions of accounting practice;
- demonstrate an understanding of the accounting equation in the form of both income and expenditure, as well as of receipts and payments approaches;
- distinguish between current and capital expenditure and income and explain why this distinction matters;
- distinguish between the cash-based, single-entry accounting system and the accruals-based double-entry accounting system and provide a basic description of the impact of each on business finances; and
- describe the main differences between for-profit organizations and not-for-profit organizations and the main impacts these differences have on the approach to accounting.

Accounting for Everyday Transactions

On completion of this module the trainee should be able to:

- identify the books of prime entry for a business and record the appropriate information from source documents;
- explain the principles of double-entry bookkeeping and describe the format and use of ledgers in recording and managing financial data;
- demonstrate how to carry the information from the books of prime entry into the double-entry system using ledger accounts;
- describe the types of error likely to arise in the course of bookkeeping procedures and the remedies available to correct them;
- outline the uses and format of the accounting journal, and apply journal entries to record financial information and correct errors;
- create and utilize control accounts to monitor the accuracy of financial records and provide a basis for identifying and correcting discrepancies;

- define, explain, and demonstrate the use of suspense accounts;
- compute ledger account balances and carry them to an initial trial balance;
- carry out the necessary corrections and amendments where the trial balance is not in balance, utilizing journals and suspense accounts as necessary; and
- redraft the trial balance once all corrections have been made.

Note: This module is intended to generate a basic, but hands-on, appreciation of how double-entry bookkeeping works. It does not need to include traditional complicating factors such as discounts given and received or sales tax.

Determining Costs

On completion of this module the trainee should be able to:

- explain the term “cost” and give an elementary explanation of the similarities and differences between financial and cost accounting;
- define and describe the main elements of cost within an administrative system—staffing, materials and overheads;
- provide an elementary description of cost behavior—fixed, variable, semi-variable, and stepped—and give examples of each in an administrative context;
- distinguish between direct and indirect costs in establishing the overall cost of providing a service;
- define “cost center” and apply the basics of cost allocation and cost apportionment in an administrative context;
- draft elementary cost tables from source data demonstrating the application of the foregoing elements of costing in an administrative context;
- explain the term “budget” and distinguish between fixed and variable budgets;
- outline the role played by budgets in organizations in authorizing expenditure and controlling costs; and
- draft simple budget statements from source data.

Note: These competencies are intended to provide a basic appreciation of how cost accounting works at an elementary level and within an administrative environment. Costing for manufacturing processes is outside their scope.

Using Information and Computer Technology

On completion of this module the trainee should be able to:-

- describe the main items of hardware and software common in business use and identify the purpose of each;
- use a standard operating system (such as Microsoft Windows) and access internet and e-mail applications;
- display at least entry-level competence in the use of standard software applications in word processing and spreadsheets;
- enter and extract data from a computerized system; and
- demonstrate a knowledge of the security risks associated with the use of information and computer technology and the methods used to mitigate them.

Core Competencies—Behavioral

Working Effectively

On completion of this module the trainee should be able to:

- carry out simple arithmetical procedures in common use in accounting, including addition, subtraction, multiplication, division, percentages, proportions, and ratios;
- identify the main types of business transaction—sales, purchases, payroll, income, expenditure, petty cash;
- draft examples of the standard business documents used by accountants (invoices, credit notes, statements, petty cash vouchers, purchase orders, remittance advices, receipts, check) and describe their uses;
- describe and demonstrate the processing of receipts and payments using check, cash, credit cards, and debit cards and the applicable security arrangements required;
- describe the features of a simple cash-based imprest system and demonstrate how it operates;
- manage petty cash transactions, processing the necessary documentation and recording outlay and replenishments accurately and in accordance with office rules for authorization and payment;
- maintain a record of all relevant transactions in a cash book (including-imprest based transactions) and operate a simple system for reconciling corresponding bank records with the cash book;
- recognize, classify, store, and retrieve financial documents in/from an orderly filing system;
- demonstrate the use of coding structures to record and classify the data contained in business documents for the purposes of both filing and the identification of key data in the accounting system; and
- demonstrate a practical understanding of the impact of sales tax on the content of invoices and the processing of petty cash transactions.

Communicating with Others

On completion of this module the trainee should be able to:

- demonstrate an appreciation of the importance of good communications in the business context;
- draft clear, basic written business communications in the form of memos, letters, e-mails, and simple reports;
- understand and interpret communications received in writing from colleagues and other stakeholders internal and external;
- initiate and respond appropriately to oral communications to/from colleagues and other stakeholders, both internal and external; and
- recognize the importance of non-verbal communication including facial expressions, voice cues, and physical gestures/body language in revealing unspoken meaning and emotion, and demonstrate appropriate responses to it.

Behaving Ethically

On completion of this module the trainee should be able to:

- explain the need for accountants to act at all times “in the public interest;”
- define the term “conflict of interest,” provide examples from elementary accounting practice, and describe appropriate responses where a conflict of interest arises;
- demonstrate an understanding of personal and professional behavior in carrying out accounting activity;
- define the terms “transparency” and “accountability” and provide examples of how these concepts are applied in practice; and
- describe the underpinning ethical and behavioral principles of integrity, objectivity, competence, and confidentiality and show how they apply to the everyday practice of accounting.

Supplementary Competencies

Public Sector

On completion of this module the trainee should be able to:

- describe the main features of the national constitution of his/her own country;
- define and give examples of the operation of public accountability;
- identify the main organs of state—government, legislature, judiciary, parastatal organizations/public enterprises—of his/her own country and briefly describe their respective functions;
- describe how the powers and responsibilities of the state are divided up between central, regional, and local governments;
- outline briefly the ways in which government activities are funded, including taxation, borrowing, charges for services, and development partner financial support;
- describe the main features of the process by which the government creates and implements annual budgets; and
- outline the essential similarities and differences between the ways accounting information is generated and used in the public and private sectors.

Taxation

On completion of this module the trainee should be able to:

- define the terms “tax,” “taxation,” and “taxpayer” and briefly outline the main elements of the tax system (including the role of the tax authority) in his/her own country;
- describe the main taxes levied on individuals, businesses and the sale of goods and services in his/her own country;
- outline the main provisions in law authorizing the assessment and collection of these taxes;
- compute elementary tax liabilities for an individual taxpayer;
- compute elementary tax liabilities for a business taxpayer; and
- compute elementary tax liabilities for the country’s main tax on the sale of goods and services.

Note: In respect of the last three competencies, individual countries will need to determine what range of assessments, allowances, and exemptions should be included in the curriculum in accordance with local laws and precedents. In doing so, it should be borne in mind that these competencies relate only to foundational level skills and that the inclusion of complex, unusual, or exceptional variations to tax liabilities should be avoided.

Audit

On completion of this module the trainee should be able to:

- distinguish between the respective roles of auditors and accountants in the financial management of an organization;
- explain the concept of audit and assurance and define the aims and objectives of audit in the context of an organization;
- explain the audit principles of independence and accountability;
- distinguish between internal and external audits and provide an elementary description of their similarities, differences, and relationships;
- define the concept of audit risk and explain briefly its role in underpinning audit activity; and
- explain the role and importance of audit evidence in conducting audits and describe briefly how auditors collect and retain audit evidence.

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