



AAT

Drafting and Interpreting Financial Statements

Pocket Notes

These Pocket Notes support study for the following AAT qualifications:

AAT Professional Diploma in Accounting – Level 4

AAT Diploma in Business Skills – Level 4

AAT Diploma in Professional Accounting at SCQF Level 8



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This document references IFRS® Standards and IAS® Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2020 blue book.

Preface

These Pocket Notes contain the key things that you need to know for the exam, presented in a unique visual way that makes revision easy and effective.

Written by experienced lecturers and authors, these Pocket Notes break down content into manageable chunks to maximise your concentration.

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to mykaplanreporting@kaplan.com with full details, or follow the link to the feedback form in MyKaplan.

Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

A guide to the assessment

- Examinable International Financial Reporting Standards (both IFRS and IAS).

The assessment

This unit is concerned with competence in drafting and interpreting the financial statements of limited companies.

Learners will have already attained competence at Levels 2 and 3 in the process of identifying and recording financial transactions in accounts and ledgers following the principles of double entry bookkeeping. They will already be able to draft the financial statements of sole traders and partnerships. This unit develops and applies these competencies further by focusing on the drafting and interpretation of financial statements of limited companies.

Learners are also introduced to tools and techniques that can be used to analyse and interpret the financial performance and financial position of a company.

Examination

Drafting and Interpreting Financial Statements (DAIF) is assessed by means of a computer based assessment (CBA). The CBA will last for two and a half hours and will consist of 7 tasks.

In any one assessment, learners may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be assessed over time.

Learning outcomes and weighting

- | | |
|---|------|
| 1. Understand the reporting frameworks that underpin financial reporting. | 7% |
| 2. Draft statutory financial statements for a limited company | 43% |
| 3. Draft consolidated financial statements | 25% |
| 4. Interpret financial statements using ratio analysis | 25% |
| Total | 100% |

Pass mark

To pass a unit assessment, students need to achieve a mark of 70% or more.

This unit contributes 15% of the total amount required for the Professional Diploma in Accounting qualification.

Examinable International Financial Reporting Standards (both IFRS® Standards and IAS® Standards)

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 10	Events After the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IFRS 3	Business Combinations
IFRS 10	Consolidated Financial Statements
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases