

AAT

Q2022

Internal Accounting Systems and Controls (INAC)

EXAM KIT

This Study Text supports study for the following AAT qualifications:

AAT Level 4 Diploma in Professional Accounting

AAT Diploma in Professional Accounting at SCQF Level 8

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Features in this revision kit

In addition to providing a wide ranging bank of real exam style questions, we have also included in this kit:

- Paper specific information and advice on exam technique.
- Our recommended approach to make your revision for this particular subject as effective as possible.

Live assessments: scenario and reference material

Pre-release scenario and reference material is made available on the AAT website before the real assessment. You should regularly/periodically review the AAT website to gain access to this prior to the real assessment.

The real assessment tasks will be based on the business included within the scenario and reference material. You should familiarise yourself with the business and how it operates before the assessment.

Reviewing the pre-release material in advance will help you consider which areas may be tested on the real exam day.

You will find a wealth of other resources to help you with your studies on the AAT website:

www.aat.org.uk/

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.

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.

UNIT SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ASSESSMENT

The assessment is divided into several standalone tasks which cover all of the learning outcomes and assessment criteria.

In any one assessment, students 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 tested over time.

The learning outcomes for this unit are as follows:

	Learning outcome	Weighting
1	Understand the role and responsibilities of the accounting function within an organisation	10%
2	Evaluate internal control systems	25%
3	Evaluate an organisation's accounting system and underpinning procedures	25%
4	Understand the impact of technology on accounting systems	15%
5	Recommend improvements to an organisation's accounting system	25%
	Total	100%

Time allowed

2 hours 30 minutes

PASS MARK

The pass mark is 70



Always keep your eye on the clock and make sure you attempt all questions!

DETAILED SYLLABUS

The detailed syllabus and study guide written by the AAT can be found at:

www.aat.org.uk/

INDEX TO QUESTIONS AND ANSWERS

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Section 1

CASE STUDY INFORMATION

This case study contains a scenario which is referred to within various questions within this exam kit.

Scenario

This information is based on the scenario of Healthyou Ltd (Healthyou).

Healthyou is a private limited company, based in Harrogate, which operates a small number of shops across the north of England selling health supplements. Its approach is to use only organic products approved for human consumption by the food standards regulator.

Company background

History

The business was started 15 years ago by Sam Shah and Pat Singh when they opened their first shop in Harrogate. Although the early years of the business were quite difficult, the trend towards individuals taking more responsibility for their health and wellbeing has boosted the popularity and use of health supplements. This has resulted in a dramatic rise in both sales and profits over the last four years.

This surge in popularity, and significantly improved operational performance, has led to a further ten shops opening across the north of England during the last three years. The shop locations are selected based upon age, income and employment demographics. The intention is to open another four shops in the next financial year.

From the beginning, Healthyou has always been focused on providing a wide range of health supplements to relieve a variety of ailments, particularly relating to exercise-related issues such as sore and tight muscles. This has proved to be an important part of the success of the business, with gym members and runners being a large proportion of its customers.

Recent developments

Last year, Healthyou decided to expand its product offering by allowing customers to order products online. The products can be purchased and ordered using 'click-and-collect' at a nominated store, or for a small additional charge, be delivered directly to the customer. Due to logistical issues with deliveries, the 'click-and-collect' service is currently only available from two of the shops. The online service has been a success, but has resulted in a 5% reduction in the number of customers purchasing products in shops since the online service was introduced.

The expansion of Healthyou into multiple shops has meant that additional staff have had to be recruited to manage this increased operational activity. Healthyou has also had to rent premises in Harrogate to act as the business's head office.

Resources

On 31 December 20X4, Healthyou had 78 employees.

Department	Number of staff
Purchasing	7
Storage and distribution	12
Retail	42
Marketing and development	6
Administration	11

Staff

Some of Healthyou's key personnel are listed below:

Managing Director	Sam Shah
Deputy Managing Director	Pat Singh
Finance Director	Yoshika Mane
Human Resources Director	Pat Smythe
Regional Operations Manager	Jun Khan
Commercial Manager	Clem Seddon
Financial Controller	Ping Alonso
Purchasing Manager	Kazu Kumar
Development Chef	Hiroshi Patel
Accounts Payable Manager	Kyo Suarez
Accounts Payable Clerk	Bai Firminio
General Accounts Clerk	Setsuna Reina
Cashier	Daya Haaland
Payroll Manager	Zhong Salah

Sustainability

The business has always prided itself on being a good employer, supporting local suppliers and minimising its environmental impact. As the business grows, the challenge is to make sure those principles stay embedded within the business. This includes:

- minimal waste within its activities. All packaging such as cardboard, paper and plastic is recyclable.
- minimum hourly rate of £12.50 per hour for all staff, to be constantly reviewed and kept ahead of the national minimum living wage.
- offering customers the facility to bring their own containers to fill with, reducing the need for packaging (e.g. cereals).



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