

# Accounting Benchmark statements

## Academic standards - Accounting

### 1. Defining principles

1.1. This statement is intended to cover programmes of study in accounting at institutions of higher education in the UK leading to the award of an honours degree.

1.2. The statement does not cover ordinary degrees. As a consequence it does not cover ordinary degrees awarded by institutions of higher education in Scotland. It is expected that ordinary degrees will be subject to a further benchmarking exercise.

1.3. The study of accounting involves the consideration of both conceptual and applied aspects of the subject. The term 'conceptual' is intended to include theoretical considerations - a programme without a substantive study of at least some of the theoretical considerations underlying accounting cannot be considered to meet the minimum requirements of an undergraduate degree programme. Nor can one that neglects applied aspects of accounting.

1.4. Degree programmes in the subject usually have titles such as 'Accountancy', 'Accounting', 'Accounting and Finance' or 'Accounting and Financial Management'. In common speech, 'finance' is often used synonymously with 'accounting' whereas, in accounting and in economics, 'finance' is restricted to the 'science or study of the management of funds'. Most degree programmes with a substantial accounting content also include some finance. This statement also covers accounting programmes including a substantial proportion of finance.

1.5. The statement does not cover single honours degrees in finance. It is expected that single honours degrees in finance will be subject to a further benchmarking exercise.

1.6. Some programmes with titles other than those indicated can sensibly be evaluated relative to this statement. It is the responsibility of an individual degree-granting institution to relate any pathway within a degree programme to an appropriate benchmarking statement or statements.

1.7. Accounting can be studied as part of a joint programme in combination with related or unrelated disciplines (for example, titles of the form 'Accountancy and a Modern Language', 'Accounting and Computer Science', 'Accounting and Economics', 'Accounting and Law', 'Accounting and Management'). In such cases this benchmarking statement should be applied in conjunction with others relating to the joint programme. In the case of combined programmes the scope, depth and balance of concepts and application should not result in a neglect of either the conceptual or the applied aspects of accounting.

1.8. Students may follow a programme of study leading to a degree in accounting for a variety of reasons. For example, some students intend to pursue a professional accountancy qualification on graduation. Other students consider the degree programme to provide a useful introduction to the worlds of business and finance. Some students study accounting predominantly as an intellectual pursuit. Given this variety of reasons, it is to be expected that degree programmes in the subject will have a range of aims. However, all degree programmes in the subject must fit the benchmarking statement.

## **2. Nature and extent of subject**

2.1. Accountancy is concerned with the provision and analysis of information for a variety of decision-making, accountability, managerial, regulatory, and resource allocation purposes. It is practised, in part, within a professional service context. Degrees covered by this benchmarking statement in different universities will have different relationships with the requirements of the various professional accountancy bodies in the UK.

2.2. Accounting as a degree subject requires students to study how the design, operation and validation of accounting systems affects, and is affected by, individuals, organisations, markets and society. This study is informed by perspectives from the social sciences. Such perspectives may include, but are not restricted to, the behavioural, the economic, the political, and the sociological. As indicated above, accounting is often studied in combination with a substantial amount of finance. Under such circumstances, the degree structure should also require the study of the operation and design of financial systems, risk, financial structures, and financial instruments.

## **3. Subject-specific knowledge and skills**

3.1. Paragraph 3.2 specifies subject-specific knowledge and skills that are outcomes of successful completion of an accounting degree programme. Associated with each item is a set of examples, given in parentheses. The examples are given to illustrate the outcomes of an accounting degree, not to act as a set of prescriptions. It is not expected that degree programmes should include all of the examples and most degree programmes will include additional learning outcomes.

3.2. On completion of a degree covered by this statement, a student should have the following subject-specific knowledge and skills:

- i. an understanding of some of the contexts in which accounting can be seen as operating (examples of contexts include the legal and social environment; the accountancy profession; the business entity; the capital markets; the public sector);
- ii. knowledge and understanding of the main current technical language and practices of accounting (for example, recognition, measurement and disclosure in financial statements; managerial accounting; auditing; taxation) in a specified socio-economic domain;
- iii. knowledge and understanding of some of the alternative technical

languages and practices of accounting (for example, alternative recognition rules and valuation bases, accounting rules followed in other socio-economic domains, alternative managerial accounting approaches to control and decision-making);

iv. skills in recording and summarising transactions and other economic events; preparation of financial statements; analysis of the operations of business (for example, decision analysis, performance measurement and management control); financial analysis and projections (for example, analysis of financial ratios, discounted cash flow analysis, budgeting, financial risks);

v. knowledge and understanding of contemporary theories and empirical evidence concerning accounting in at least one of its contexts (for example, accounting and capital markets; accounting and the firm; accounting and the public sector; accounting and society) and the ability to critically evaluate such theories and evidence.

vi. On completion of a degree covered by this statement with a substantial finance content, a student should have knowledge and understanding of theories and empirical evidence concerning financial management, risk and the operation of capital markets.

3.3. Typically, students following accounting degree programmes in the UK study the subject from the UK perspective. UK institutions operating degree programmes in countries other than the UK may consider it appropriate to require a student following such a programme to demonstrate knowledge of the 'main current technical language and practices of accounting' in the country or countries in which the student is studying.

#### **4. Cognitive abilities and non-subject specific skills**

4.1. On completion of a degree programme covered by this statement, a student should have acquired the following abilities and skills:

i. a capacity for the critical evaluation of arguments and evidence;

ii. an ability to analyse and draw reasoned conclusions concerning structured and, to a more limited extent, unstructured problems from a given set of data and from data which must be acquired by the student;

iii. ability to locate, extract and analyse data from multiple sources, including the acknowledgement and referencing of sources;

iv. capacities for independent and self-managed learning;

v. numeracy skills, including the ability to manipulate financial and other numerical data and to appreciate statistical concepts at an appropriate level;

vi. skills in the use of communications and information technology (C&IT) in acquiring, analysing and communicating information (currently these skills include the use of spreadsheets, word processing software, on-line databases);

vii. communication skills including the ability to present quantitative and qualitative information, together with analysis, argument and commentary, in a form appropriate to the intended audience;

viii. normally, ability to work in groups, and other inter-personal skills, including oral as well as written presentation skills.

## **5. Teaching, Learning and Assessment**

5.1. It is the responsibility of each institution offering a degree programme in accounting to select a set of teaching, learning and assessment activities that is appropriate for meeting the aims and desired outcomes of the programme. Whatever set of activities is determined, an institution should be able to demonstrate (for all pathways through the degree programme leading to the award of a degree in accounting) how these activities enable students to achieve the subject-specific knowledge and skills set out in Section 3 and the cognitive abilities and non-subject specific skills set out in Section 4.

5.2. No one set of teaching and learning activities is uniquely suitable to the study of accounting independent of the context of the degree programme. The design of such activities will take into account:

- i. the nature of the study of accounting and the need to achieve an appropriate balance between the conceptual (including theoretical) and applied aspects of the subject;
- ii. the extent to which the degree programme reflects current research and academic debate;
- iii. the nature of the student population addressed by a particular institution (for example, predominantly full-time or sandwich students; mainly part-time students currently in employment; level of relevant experience);
- iv. the mode of delivery (for example, full-time; part-time; sandwich; modular; distance learning).

5.3. Assessment activities can have both formative and summative aspects. Therefore, teaching and learning activities and assessment activities cannot always be rigidly separated.

5.4. No single form of assessment activity is uniquely appropriate for evaluating student achievement on degree programmes in accounting. There should be a suitable balance and mix of assessment activities to allow and require students to demonstrate not only their understanding of the conceptual and applied aspects of accounting but also the cognitive abilities and non-subject-specific skills they have developed as a consequence of their studies. Also, consideration needs to be given to the balance between formal assessment activities and other forms of non-assessed experiences that together contribute to the development of an accounting graduate.

5.5. The balance and mix of assessment activities should take into account the reliability of the chosen activities in providing indicators of individual performance in terms of the outcomes indicated in Sections 3 and 4 above.

## **6. Performance Standards**

6.1. Here are presented guides as to minimum standards of achievement that warrant the award of an honours degree - the threshold level of achievement to be matched or exceeded by all successful graduates. We also identify ways

in which 'typical' students can distinguish themselves from 'threshold' students.

6.2. Evidence of achievement with respect to many of the learning outcomes of an accounting degree programme is likely to be spread across several units, courses or modules making up the programme. At present, the award and classification of degrees at any institution will depend on that institution's rules and procedures. These rules and procedures are usually based on an individual student's profile of achievement across the units, courses or modules taken as part of the degree programme. The rules and procedures often incorporate provisions for condoning or compensating failures on specific units, courses or modules. They also have the effect of trading off achievement levels for particular learning outcomes against relative lack of achievement in respect of other learning outcomes.

6.3. It is not the purpose of this statement to specify rules and procedures for classifying accounting degrees. However, if the achievement of specific learning outcomes is not shown directly by passing individual units, courses or modules, institutions will need to demonstrate how evidence is gathered, across the whole range of assessment activities, to support degree awards.

6.4. In describing attainment, the following dimensions are identified:

- i. Basic knowledge and understanding - basic knowledge and understanding is characterised by knowledge of a topic in outline, together with an understanding which demonstrates some limited ability to make comparisons and critical evaluations. By way of contrast, thorough knowledge and understanding is characterised by knowledge and understanding of facts and material presented to the student, together with further knowledge and understanding gained by the student's own discovery. Graduates with thorough knowledge and understanding can be expected to explain what they have learnt and to display critical evaluation of the knowledge.
- ii. Cognitive abilities and skills - basic levels of attainment are characterised by minimal proficiency in the ability or skill. Graduates with a threshold level of attainment can be expected perform well in simple or straightforward situations. Graduates with high levels of cognitive abilities and skills can also perform well in complex situations.
- iii. Situations - are described as 'simple' if there are few items of data and the relationships among them are restricted to the principal factors under consideration in a particular topic. Straightforward situations are slightly more complex than simple situations and contain routine elaborations of simple situations. By way of contrast, complex situations are characterised by many items of data, multiple relationships, extraneous data and, frequently, a mix of qualitative and quantitative criteria to be applied.

6.5. Given the above, threshold graduates:

- i. will demonstrate a basic knowledge and understanding of some of the contexts in which accounting operates;
- ii. will demonstrate a basic knowledge, understanding and an ability to use the

current technical language to describe practices of accounting and an ability to apply them in simple structured situations from given data generated for the purpose;

iii. will demonstrate a basic knowledge and understanding of some alternative technical language and practices and, where relevant within the context of a particular degree programme, an ability to apply them in simple structured situations from given data generated for the purpose;

iv. with reasonable accuracy, will be able to record and summarise straightforward transactions and other economic events and prepare financial statements complying in outline with relevant regulatory requirements; will be able to analyse the operations of a business and perform financial analyses and projections at a basic level;

v. will demonstrate a basic knowledge and understanding of theories and empirical evidence concerning the effects of accounting in at least one of its contexts;

vi. where the programme contains a substantial finance content, will demonstrate a basic knowledge and understanding of theories and empirical evidence concerning financial management, risk and the operation of capital markets;

vii. will demonstrate possession of the required cognitive abilities and non-subject specific skills to a basic level of achievement.

6.6. The identification of threshold standards above is intended to represent the minimum standards of achievement consistent with the award of an honours degree in accounting by an institution of higher education within the UK. This does not, however, preclude an institution of higher education within the UK from setting higher standards for the award of an honours degree in accounting within the dimensions of performance identified in 6.5. Nor does it preclude such an institution from requiring additional dimensions of performance, relative to those identified in 6.5 above, for the award of an honours degree in accounting.

6.7. Typical graduates can distinguish themselves from threshold graduates by displaying a more thorough knowledge and understanding and enhanced technical abilities. They can also demonstrate an enhanced capacity to develop and apply critical, analytical and problem solving abilities and skills. However, typical graduates are not expected to distinguish themselves from threshold graduates on all the dimensions of performance identified in 6.5 above.