

**Accounting**

**2007**

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## Preface

Subject benchmark statements provide a means for the academic community to describe the nature and characteristics of programmes in a specific subject or subject area. They also represent general expectations about standards for the award of qualifications at a given level in terms of the attributes and capabilities that those possessing qualifications should have demonstrated.

This subject benchmark statement, together with others published concurrently, refers to the **bachelor's degree with honours**<sup>1</sup>. In addition, some subject benchmark statements provide guidance on integrated master's awards.

Subject benchmark statements are used for a variety of purposes. Primarily, they are an important external source of reference for higher education institutions (HEIs) when new programmes are being designed and developed in a subject area. They provide general guidance for articulating the learning outcomes associated with the programme but are not a specification of a detailed curriculum in the subject.

Subject benchmark statements also provide support to HEIs in pursuit of internal quality assurance. They enable the learning outcomes specified for a particular programme to be reviewed and evaluated against agreed general expectations about standards. Subject benchmark statements allow for flexibility and innovation in programme design and can stimulate academic discussion and debate upon the content of new and existing programmes within an agreed overall framework. Their use in supporting programme design, delivery and review within HEIs is supportive of moves towards an emphasis on institutional responsibility for standards and quality.

Subject benchmark statements may also be of interest to prospective students and employers, seeking information about the nature and standards of awards in a given subject or subject area.

The relationship between the standards set out in this document and those produced by professional, statutory or regulatory bodies for individual disciplines will be a matter for individual HEIs to consider in detail.

This subject benchmark statement represents a revised version of the original published in 2000. The review process was overseen by the Quality Assurance Agency for Higher Education (QAA) as part of a periodic review of all subject benchmark statements published in this year. The review and subsequent revision of the subject benchmark statement was undertaken by a group of subject specialists drawn from and acting on behalf of the subject community. The revised subject benchmark statement went through a full consultation with the wider academic community and stakeholder groups.

QAA publishes and distributes this subject benchmark statement and other subject benchmark statements developed by similar subject-specific groups.

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<sup>1</sup> This is equivalent to the honours degree in the Scottish Credit and Qualifications Framework (level 10) and in the Credit and Qualifications Framework for Wales (level 6).

The Disability Equality Duty (DED) came into force on 4 December 2006<sup>2</sup>. The DED requires public authorities, including HEIs, to act proactively on disability equality issues. The Duty complements the individual rights focus of the Disability Discrimination Act (DDA) and is aimed at improving public services and outcomes for disabled people as a whole. Responsibility for making sure that such duty is met lies with HEIs.

The Disability Rights Commission (DRC) has published guidance<sup>3</sup> to help HEIs prepare for the implementation of the Duty and provided illustrative examples on how to take the duty forward. HEIs are encouraged to read this guidance when considering their approach to engaging with components of the Academic Infrastructure<sup>4</sup>, of which subject benchmark statements are a part.

Additional information that may assist HEIs when engaging with subject benchmark statements can be found in the DRC revised *Code of Practice: Post-16 Education*<sup>5</sup>, and also through the Equality Challenge Unit<sup>6</sup> which is established to promote equality and diversity in higher education.

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<sup>2</sup> In England, Scotland and Wales

<sup>3</sup> Copies of the guidance *Further and higher education institutions and the Disability Equality Duty*, guidance for principals, vice-chancellors, governing boards and senior managers working in further education colleges and HEIs in England, Scotland and Wales, may be obtained from the DRC at [www.drc-gb.org/library/publications/disabilty\\_equality\\_duty/further\\_and\\_higher\\_education.aspx](http://www.drc-gb.org/library/publications/disabilty_equality_duty/further_and_higher_education.aspx)

<sup>4</sup> An explanation of the Academic Infrastructure, and the roles of subject benchmark statements within it, is available at [www.qaa.ac.uk/academicinfrastructure](http://www.qaa.ac.uk/academicinfrastructure)

<sup>5</sup> Copies of the DRC revised *Code of practice: Post-16 Education* may be obtained from the DRC at [www.drc-gb.org/employers\\_and\\_service\\_provider/education/higher\\_education.aspx](http://www.drc-gb.org/employers_and_service_provider/education/higher_education.aspx)

<sup>6</sup> Equality Challenge Unit, [www.ecu.ac.uk](http://www.ecu.ac.uk)

# 1 Defining principles

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

1.2 This subject benchmark statement does not cover ordinary degrees. As a consequence, it does not cover ordinary degrees awarded by HEIs in Scotland.

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. Neither can one that neglects applied aspects of accounting.

1.4 Degree programmes in the subject area of accounting 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 subject benchmark statement also covers accounting programmes including a significant proportion of finance. The subject benchmark statement does not cover single honours degrees in finance; these are covered by a separate subject benchmark statement for finance.

1.5 Some programmes with titles other than those indicated can sensibly be evaluated relative to this subject benchmark statement. It is the responsibility of an individual HEI to relate any pathway within a degree programme to the appropriate subject benchmark statement(s).

1.6 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', and 'accounting and management'). In such cases, this subject benchmark 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.

1.7 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. However, a degree in accounting is neither a necessary nor a sufficient condition for progress towards professional qualification and the content of degrees is not prescribed by professional bodies. Some students consider the degree programme to provide a useful introduction to the worlds of accountancy practice, commerce, industry and finance, and the public sector. 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 subject benchmark statement.

## **2 Nature and extent of accounting**

2.1 Accounting as a degree subject requires students to study how the design, operation and validation of accounting systems affect, and are affected by, individuals, organisations, markets, society and the environment. 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 significant 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.

2.2 Accountancy is concerned with the provision and analysis of information for a variety of decision-making, accountability, managerial, regulatory and resource allocation purposes. Degrees covered by this subject benchmark statement in different universities will have different relationships with the requirements of the various professional accountancy bodies in the UK.

## **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 subject benchmark statement, a student should have the following subject-specific knowledge and skills:

- some of the contexts in which accounting can be seen as operating (examples of contexts include the legal, ethical, social and natural environment; the accountancy profession; the business entity; the capital markets; the public sector)
- 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
- 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)
- 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)
- 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; accounting and sustainability) and the ability to critically evaluate such theories and evidence

- theories and empirical evidence concerning financial management, risk and the operation of capital markets (in cases of degrees with significant finance content).

3.3 Typically, students following accounting degree programmes in the UK study the subject from the UK perspective. UK HEIs that are 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 generic skills**

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

- the capacity for the critical evaluation of arguments and evidence
- the 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
- the ability to locate, extract and analyse data from multiple sources, including the acknowledgement and referencing of sources
- capacities for independent and self-managed learning
- numeracy skills, including the ability to manipulate financial and other numerical data and to appreciate statistical concepts at an appropriate level
- skills in the use of communications and information technology in acquiring, analysing and communicating information (currently these skills include the use of spreadsheets, word processing software, online databases)
- 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
- normally, an ability to work in groups, and other interpersonal skills, including oral as well as written presentation skills.

## **5 Teaching, learning and assessment**

5.1 It is the responsibility of each HEI 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 generic 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:

- 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
- the extent to which the degree programme reflects current research and academic debate
- 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)
- 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 Benchmark 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 subject benchmark 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 The identification of threshold standards below is intended to represent the minimum standards of achievement consistent with the award of an honours degree in accounting by a HEI within the UK. This does not, however, preclude a HEI within the UK from setting higher standards for the award of an honours degree in accounting within the aspects of performance identified in paragraph 6.7. Nor does it preclude such an institution from requiring additional aspects of performance, relative to those identified in paragraph 6.7, for the award of an honours degree in accounting.

6.5 In describing attainment, the following two dimensions are identified.

- Knowledge and understanding - basic knowledge and understanding is characterised by knowledge of a topic in outline, together with an understanding that 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.
- Cognitive abilities and skills - basic levels of attainment are characterised by achieving a minimum level of proficiency in the ability or skill. Graduates with a threshold level of attainment can be expected to perform well in simple or straightforward situations. Graduates with high levels of cognitive abilities and skills can also perform well in complex situations.

6.6 A situation is 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.

6.7 Given the above, threshold graduates will:

- demonstrate a basic knowledge and understanding of some of the contexts in which accounting operates
- 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
- 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

- with reasonable accuracy, 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
- demonstrate a basic knowledge and understanding of theories and empirical evidence concerning the effects of accounting in at least one of its contexts
- where the programme has a substantial finance content, demonstrate a basic knowledge and understanding of theories and empirical evidence concerning financial management, risk and the operation of capital markets
- demonstrate possession of the required cognitive abilities and non-subject specific skills to a basic level of achievement.

6.8 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 aspects of performance identified in paragraph 6.6.

## **Appendix A - Membership of the review group for the subject benchmark statement for accounting**

Julia Attridge	Chartered Institute of Public Finance and Accountancy
Professor Christopher Napier	University of Southampton
Professor Mike Page (Chair)	University of Portsmouth
Professor Andy Stark	The University of Manchester
Professor Pauline Weetman	Strathclyde University

## **Appendix B - Membership of the original benchmarking group for accounting**

Details below appear as published in the original subject benchmark statement for accounting (2000).

Professor V Beattie	University of Stirling
Professor J Broadbent	Royal Holloway and Bedford College, University of London
Professor P Draper	University of Edinburgh
Professor C Drury	University of Huddersfield
K Harrison	Sheffield Hallam University
Dr U Lucas	University of the West of England, Bristol
Professor C Napier	University of Southampton
Professor M Page	University of Portsmouth
Professor M Pendlebury	University of Wales, Cardiff
Professor A Sangster	Open University
M Simpson	Middlesex University
Professor A Stark (Chair)	University of Manchester
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