

Detailed competency map:

Knowledge requirements

(AAT examination)

Fields of competency

The items listed are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

1. Awareness

The candidate demonstrates familiarity with the concept in question; can define it in overview terms and can relate the importance or relevance of the concept to the activities of an accounting technician.

2. Knowledge

This builds upon awareness. The candidate is able to explain the concept; describe and discriminate between its component parts and describe their inter-relationships; recognize instances of the concept; and describe processes, theories and judgement issues; without necessarily being able to perform in those areas with professional skill.

3. Application

This builds upon knowledge. The candidate is able to execute or implement knowledge; apply the knowledge to real world problems in real world situations. In so doing, the candidate displays to a satisfactory degree of the level of competence reasonably to be expected of an accounting technician at career entrance level.

Paper 6: Fundamentals of business law

Aim: This paper aims to develop and assess the basic knowledge of business law applicable to HKSAR.

Content

Unit of competency	Activity required to demonstrate competence (Performance indicators)	Level of competence required
Understanding of the principle features of the legal environment	<ul style="list-style-type: none"> ▪ Describe the need for law 	1
	<ul style="list-style-type: none"> ▪ Describe the constitutional framework applying in Hong Kong society 	2
	<ul style="list-style-type: none"> ▪ Describe the formal sources of law in Hong Kong 	1
	<ul style="list-style-type: none"> ▪ Describe the system of courts and administration of justice in Hong Kong 	1
	<ul style="list-style-type: none"> ▪ Explain the concept of precedent 	2
Understanding of the general principles of liability	<ul style="list-style-type: none"> ▪ Describe the following concepts: <ul style="list-style-type: none"> ○ liability ○ negligence (including professional negligence) ○ defamation ○ the remedy of damages 	2
Understanding of the basic concepts of contract law	<ul style="list-style-type: none"> ▪ Explain the following terms relating to the formation of a contract: <ul style="list-style-type: none"> ○ offer ○ acceptance ○ consideration ○ intention ○ legality ○ exemption clauses 	2
	<ul style="list-style-type: none"> ▪ Describe the effects of different means of communication of acceptance of contracts 	2
	<ul style="list-style-type: none"> ▪ Explain the distinction between commercial and social contracts 	2
	<ul style="list-style-type: none"> ▪ Discuss the following concepts: <ul style="list-style-type: none"> ○ mistake ○ misrepresentation ○ agency 	2
	<ul style="list-style-type: none"> ▪ Explain the range of remedies for breach of contract, including fundamental breaches of contracts 	2
Understanding of the provisions of consumer laws in Hong Kong	<ul style="list-style-type: none"> ▪ Explain the scope of the Sales of Goods Ordinance 	2
	<ul style="list-style-type: none"> ▪ Explain the key provisions of the Sales of Goods Ordinance 	2
	<ul style="list-style-type: none"> ▪ Describe the provisions of the Unconscionable Contracts Ordinance 	2

Understanding of the ownership and governance structures of different types of businesses	<ul style="list-style-type: none"> ▪ Compare the ownership and governance structure of: <ul style="list-style-type: none"> ○ sole traders ○ partnerships ○ companies ○ joint ventures 	2
	<ul style="list-style-type: none"> ▪ Explain the liability attaching to partners 	2
	<ul style="list-style-type: none"> ▪ Explain the concept of limited liability 	2
	<ul style="list-style-type: none"> ▪ Describe the process of registration for a company 	2
	<ul style="list-style-type: none"> ▪ Describe the accounting and audit requirements for companies 	2
	<ul style="list-style-type: none"> ▪ Describe the key provisions to be included in joint venture agreements 	1
Understanding of the nature, definition and purpose of a bill of exchange; the concept of negotiability of bills of exchange; and the duties and liabilities of the parties concerned	<ul style="list-style-type: none"> ▪ Define a bill of exchange and a negotiable instrument and demonstrate awareness of the purpose of a bill of exchange 	1
	<ul style="list-style-type: none"> ▪ Define a cheque and distinguish it from other bills of exchange 	1
	<ul style="list-style-type: none"> ▪ Identify the parties to a bill of exchange and a cheque 	1
	<ul style="list-style-type: none"> ▪ Explain the concept of negotiability and describe the process of negotiation 	1
	<ul style="list-style-type: none"> ▪ Outline the different types of indorsement 	1
	<ul style="list-style-type: none"> ▪ Describe how a bill of exchange and a cheque can be dishonoured 	1
	<ul style="list-style-type: none"> ▪ Explain the liabilities of parties to a dishonoured bill of exchange and a dishonoured cheque 	1
	<ul style="list-style-type: none"> ▪ Explain the effect of a forged or unauthorized signature of a bill of exchange 	1
	<ul style="list-style-type: none"> ▪ Explain the purpose and describe the different types of crossing in cheques 	1
	<ul style="list-style-type: none"> ▪ Outline the duties and liabilities of a bank with respect to cheques 	1
	<ul style="list-style-type: none"> ▪ List the statutory protection available to the paying bank and collecting bank with respect to cheques 	1