

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 the HKSAR.

Content

Unit of competency	Activity required to demonstrate competence (Performance indicators)	Level of competence required
Understanding of the principal features of the legal environment	<ul style="list-style-type: none"> ▪ Discuss the need for law 	1
	<ul style="list-style-type: none"> ▪ Describe the constitutional framework of Hong Kong 	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 doctrine of precedent and the principles of statutory interpretation 	2
	<ul style="list-style-type: none"> ▪ Describe the law-making process 	2
Understanding of the general principles of liability in tort	<ul style="list-style-type: none"> ▪ Describe the following concepts: <ul style="list-style-type: none"> ○ negligence (including professional negligence) ○ defamation ○ defences to negligence and defamation ○ remedies in tort 	2
Understanding of the basic concepts of contract law	<ul style="list-style-type: none"> ▪ Explain the following concepts relating to the formation of a contract: <ul style="list-style-type: none"> ○ offer ○ acceptance ○ consideration ○ intention 	2
	<ul style="list-style-type: none"> ▪ Describe the means of communicating acceptance of offer 	2
	<ul style="list-style-type: none"> ▪ Explain the distinction between commercial and social contracts 	2
	<ul style="list-style-type: none"> ▪ Describe the effects of exemption clauses and evaluate the legal control of them 	2
	<ul style="list-style-type: none"> ▪ Discuss the following concepts: <ul style="list-style-type: none"> ○ mistake ○ misrepresentation ○ undue influence ○ duress ○ illegal contracts 	2
	<ul style="list-style-type: none"> ▪ Describe how a contract can be discharged 	2
	<ul style="list-style-type: none"> ▪ Explain the different contractual terms and the range of remedies for breach of contract 	2
	<ul style="list-style-type: none"> ▪ Describe how an agency is created 	2
	<ul style="list-style-type: none"> ▪ Differentiate the different types of authority of an agent 	2
	<ul style="list-style-type: none"> ▪ Explain and describe the rights, duties and liabilities of agents and principals 	2

Understanding of the key provisions of consumer laws in Hong Kong	▪ Explain the scope and the key provisions of the Sales of Goods Ordinance	2
	▪ Describe the key provisions of the Unconscionable Contracts Ordinance	2
Understanding of the structures of different types of businesses	▪ Compare the structure of: <ul style="list-style-type: none"> ○ sole traders ○ partnerships ○ companies ○ joint ventures 	2
	▪ Explain the rights, duties and liabilities of partners	2
	▪ Explain the concept of separate legal personality	2
	▪ Describe the different types of companies and explain the concept of limited liability	2
	▪ Describe the process of registration for a company	2
	▪ Describe the accounting and audit requirements for companies	2
	▪ Describe the key provisions 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	▪ Define a bill of exchange and a negotiable instrument and demonstrate awareness of the purpose of a bill of exchange	1
	▪ Define a cheque and distinguish it from other bills of exchange	1
	▪ Identify the parties to a bill of exchange and a cheque	1
	▪ Explain the concept of negotiability and describe the process of negotiation	1
	▪ Outline the different types of indorsement	1
	▪ Describe how a bill of exchange and a cheque can be dishonoured	1
	▪ Explain the liabilities of parties to a dishonoured bill of exchange and a dishonoured cheque	1
	▪ Explain the effect of a forged or unauthorized signature of a bill of exchange	1
	▪ Explain the purpose and describe the different types of crossing in cheques	2
	▪ Outline the duties and liabilities of a bank with respect to cheques	1
	▪ List the statutory protection available to the paying bank and collecting bank with respect to cheques	1