



International
association of
bookkeepers

IAB Level 3 Certificate in Computerised Bookkeeping and Accounting 601/9055/3

Qualification Specification

Contents

1	Introduction to the qualification	2
2	Statement of level	2
3	Aims	2
4	Target groups.....	3
5	Entry requirements.....	3
6	Progression.....	3
7	Level 3 Certificate in Computerised Bookkeeping and Accounting – Units and Learning Outcomes.....	4
8	Level 3 Certificate in Computerised Bookkeeping and Accounting – Assessment, Achievement and Grading	5
9	Certification	5
10	Reasonable Adjustments and Special Considerations Policy and Procedure.....	6
11	Enquiries and Appeals Procedure.....	6
12	Level 3 Certificate in Computerised Bookkeeping and Accounting – Unit Specifications.....	6
13	Links to National Occupational Standards (NOS)	14

1 Introduction to the qualification

The Level 3 Certificate in Computerised Bookkeeping and Accounting qualification is part of the Regulated Qualification Framework (RQF).

The total Guided Learning Hours for this qualification are as follows:

Guided Learning Hours (GLH)
70

2 Statement of level

This is a Level 3 qualification as defined within the regulations of the RQF.

3 Aims

Learners who complete the qualification successfully will have a comprehensive range of knowledge and skills and will be able to carry out period end bookkeeping routines and also perform tasks of a complex nature that fall within the function of computerised bookkeeping and accounting.

Learners holding the qualification will be able to carry out a range of day to day computerised accounting routines and activities using commercially available accounting software. The activities will include the entry of complex business transactions, and routine bookkeeping tasks including posting to ledgers and the correction of bookkeeping errors including making use of the journal and a suspense account, leading to the production of a trial balance.

They will also be able to carry out routine period end adjustments including the adjustments for stock, prepayments and accruals, writing off bad debts and providing for doubtful debts. A further requirement will be to record the acquisition, depreciation and disposal of fixed assets by making use of a fixed asset register.

Learners will also be required to produce reports for the preparation of period end financial statements and amendments to charts of accounts.

Successful completion of the qualification will give the learner the skills required to generate financial statements for a sole trader and partnership (trading and profit and loss account and a balance sheet).

The qualification will give the learner the basis on which they will be able to progress in their studies with the IAB by:

- Widening their knowledge and skills by studying other linked qualifications at Level 3 in the subjects of manual bookkeeping and/or payroll.
- Advancing their accounting knowledge and skills by undertaking further studies in the subject of accounting at Level 4 of the framework.

4 Target groups

The Level 3 Certificate in Computerised Bookkeeping and Accounting qualification is primarily designed to appeal to learners who already have a good working knowledge of the software, and wish to further their studies of computerised bookkeeping within a working business environment gaining a qualification at Level 3 of the regulated qualification framework, either from a point of no previous knowledge, or having already achieved the IAB Level 2 Award in Computerised Bookkeeping.

The qualification will also appeal to those learners who already have good practical knowledge and skills and wish to gain an accredited qualification in the subject.

Owners of small businesses may also find the qualification useful as it gives coverage of the wide range of tasks that can be carried out using commercially available accounting software suitable for maintaining accounts for a small business.

5 Entry requirements

It is recommended that learners wanting to study bookkeeping and accounting at Level 3 already have a sound knowledge of bookkeeping up to and including trial balance stage. Suitable work experience would qualify learners to commence their studies at this Level, as would the IAB Level 2 Award in Computerised Bookkeeping qualification or a similar qualification issued by another awarding body.

6 Progression

Holders of the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification are able to progress with their studies by:

- Progressing to another qualification at Level 3
- Progressing to a qualification in the same subject area but at a higher level, thereby expanding their knowledge and skills base in the subject of accounting

7 Level 3 Certificate in Computerised Bookkeeping and Accounting – Units and Learning Outcomes

The qualification is comprised of the following two mandatory units:

Unit title: Principles of advanced computerised accounting – J/508/5846	
Learning outcomes:	
1	Understand the purpose of accounting concepts and standards, and recognise the qualitative characteristics of financial information
2	Understand the basics of computerised accounting
3	Understand terms used in accounting
4	Understand the purpose of VAT accounts and the VAT return
5	Understand the process of accounting for a stock valuation
6	Understand the process of accounting for fixed assets
7	Understand the process of accounting for prepayments and accruals
8	Understand the process of accounting for bad and doubtful debts
9	Understand the purpose of a trial balance and a suspense account
10	Understand the purpose of financial statements
11	Understand the principles of accounting for partnerships
12	Understand the purposes of budgeting

Unit title: Use a computerised accounting package – D/508/6629	
Learning outcomes:	
1	Set up a computerised accounting system
2	Enter business transactions
3	Prepare and post journal entries
4	Account for a stock valuation
5	Account for fixed assets
6	Account for prepayments and accruals
7	Account for bad and doubtful debts
8	Make end of period adjustments
9	Amend the chart of accounts and generate reports

8 Level 3 Certificate in Computerised Bookkeeping and Accounting – Assessment, Achievement and Grading

8.1 Methods of assessment

The qualification is assessed by means of a Knowledge Test and an Examination. The assessments are shown in the table below and are completed online using the IABOnline testing platform. Assessments completed online by learners are subject to a time constraint. IAB examinations must be completed under controlled conditions.

For the purpose of practice and revision the IAB provides specimen pilot assessments on its testing platform.

Assessment Title	Method of Assessment
Principles of advanced computerised accounting	Knowledge Test
Use a computerised accounting package	Examination

8.2 Achievement and grading

To successfully achieve the qualification learners must demonstrate competence in each of the mandatory units of which the qualification is comprised. Learners are assessed as Pass or Fail. Minimum levels of achievement are set as follows:

Knowledge Test – 70%

Examination – 60%

The qualification is not graded. On successful completion of each of the mandatory units the learner will be awarded a Pass in the unit completed.

Learners studying without being attached to an IAB accredited training centre may need to contact the IAB directly for further information on assessment, achievement and grading.

9 Certification

On successful completion of the qualification the learner will receive a Level 3 Certificate in Computerised Bookkeeping and Accounting. A certificate will be issued to the learner confirming that they have demonstrated competence in the learning outcomes and assessment criteria in each of the units making-up the qualification. The certificate will identify the learner by name and will include the full title and accreditation number of the qualification.

Learners who do not achieve the full qualification may request a Unit Certificate of Completion (RQF) for any of the individual units they successfully complete. This certificate will refer only to the title of the unit completed. Prior to issue of the Unit Certificate of Completion (RQF) a fee per unit must be paid to the IAB. Details of these fees are available on our current fees list which can be accessed online, alternatively please contact the Education Team.

10 Reasonable Adjustments and Special Considerations Policy and Procedure

Please refer to the IAB website www.iab.org.uk for a copy of this policy and procedure or contact the Education Department of the IAB.

11 Enquiries and Appeals Procedure

Please refer to the IAB website www.iab.org.uk for a copy of this procedure or contact the Education Department of the IAB.

12 Level 3 Certificate in Computerised Bookkeeping and Accounting – Unit Specifications

The unit specifications indicate the content, in terms of learning outcomes and assessment criteria, of each of the mandatory units within the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. However, all learning outcomes and assessment criteria may not be fully covered in the assessments used for the purpose of assessing learner competence in this qualification.

The content of the assessments used to assess competence are subject to ongoing review by the IAB and may change periodically.

Each of the unit specifications is provided below:

Level 3 Certificate in Computerised Bookkeeping and Accounting 601/9055/3

Unit title	Principles of advanced computerised accounting – J/508/5846	
Level	3	
GLH	10	
Learning Outcomes	Assessment Criteria	
1 Understand the purpose of accounting concepts and standards, and recognise the qualitative characteristics of financial information	<p>Learners are required to demonstrate they:</p> <p>1.1 Understand the accounting terms 'true and fair'</p> <p>1.2 Understand how the following accounting concepts are used in computerised accounting:</p> <ul style="list-style-type: none"> • going concern • accruals • prudence • consistency • dual aspect • materiality • objectivity • realisation <p>1.3 Understand the purpose of domestic and international accounting standards and how these are reflected in reports generated by computerised accounting systems</p> <p>1.4 Understand how the following qualitative characteristics make financial information more useful:</p> <ul style="list-style-type: none"> • relevance • reliability (faithful representation) • understandability (ease of understanding) • comparability 	

<p>2 Understand the basics of computerised accounting</p>	<p>Learners are required to demonstrate they:</p> <p>2.1 Understand the characteristics of sole trader, partnership, and limited company entities in terms of ownership, control and owner's personal financial liability and how these are created in a computerised accounting system</p> <p>2.2 Recognise the advantages of using a computerised accounting system</p> <p>2.3 Understand the use of account codes and the purpose of the chart of accounts</p> <p>2.4 Understand the purpose of the following within a computerised accounting system:</p> <ul style="list-style-type: none"> • Ledger accounts • The nominal ledger • Debtor, creditor and VAT control accounts • Supplier and customer files • Customer and supplier activity/history reports • Aged debtor and creditor reports • Trial balance • Summary audit trail • Bank reconciliation • Bank statement reconciled and unreconciled transactions • VAT return • Budget reports • Profit and Loss Account and Balance Sheet
<p>3 Understand terms used in accounting</p>	<p>Learners are required to demonstrate they:</p> <p>3.1 Have a knowledge and understanding of the following terms:</p> <ul style="list-style-type: none"> • business transaction • income (capital and revenue) • expenditure (capital and revenue) • cash purchases and sales • credit purchases and sales, and purchases and sales returns • profit and loss • balance sheet • drawings • stock • trade debtors and creditors • bad debt • provision for doubtful debts • discounts (trade, bulk and prompt payment discounts) • wages, salaries, gross pay, net pay and statutory and voluntary deductions • depreciation • accruals and prepayments • VAT
<p>4 Understand the purpose of VAT Accounts and the VAT return</p>	<p>Learners are required to demonstrate they:</p> <p>4.1 Understand the purpose of the VAT purchase tax and sales tax accounts</p> <p>4.2 Understand the purpose of the VAT control account</p> <p>4.3 Understand the function of the VAT return</p>

<p>5 Understand the process of accounting for a stock valuation</p>	<p>Learners are required to demonstrate they:</p> <p>5.1 Understand what is meant by the accounting term 'stock'</p> <p>5.2 Recognise the accounting concepts applied when:</p> <ul style="list-style-type: none"> • using opening and closing stock valuations • valuing stock <p>5.3 Understand how opening and closing stock valuations are entered in a computerised accounting system</p> <p>5.4 Understand where opening and closing stock valuations are used when generating reports for financial statements</p> <p>5.5 Recognise the terms 'mark up' and 'margin' and know how to adjust selling price to cost price given mark up or margin and selling price</p> <p>5.6 Recognise the term 'net realisable value' and know how to calculate net realisable value</p> <p>5.7 Understand the rule on which cost and net realisable value are applied and identify the accounting concept on which the rule is based</p>
<p>6 Understand the process of accounting for fixed assets</p>	<p>Learners are required to demonstrate they:</p> <p>6.1 Understand the terms 'capital' and 'revenue' expenditure and recognise the consequences of incorrectly classifying expenditure</p> <p>6.2 Understand how the concept of materiality is applied when classifying expenditure as capital or revenue</p> <p>6.3 Recognise costs that are generally capitalised when calculating the cost of a fixed asset</p> <p>6.4 Understand what is meant by the accounting term 'depreciation' and know why fixed assets depreciate</p> <p>6.5 Recognise the accounting concepts applied when providing for depreciation</p> <p>6.6 Understand the following terms – 'capitalised cost', 'depreciable amount', 'useful life', 'residual value' and 'net book value'</p> <p>6.7 Understand the use of the straight line and diminishing balance methods of depreciation and the bases on which depreciation is calculated (full year and month-for-month)</p> <p>6.8 Understand the purpose of the fixed asset register</p> <p>6.9 Understand the process for accounting for the disposal of a fixed asset</p> <p>6.10 Know how the following information is used when generating reports for financial statements:</p> <ul style="list-style-type: none"> • fixed asset costs • accumulated depreciation provisions • annual depreciation charge • profit or loss on disposal

<p>7 Understand the process of accounting for prepayments and accruals</p>	<p>Learners are required to demonstrate they:</p> <p>7.1 Recognise the accounting concepts applied when making adjustments for prepayments and accruals</p> <p>7.2 Understand how prepayments and accruals are maintained in a computerised accounting package</p>
<p>8 Understand the process of accounting for bad and doubtful debts</p>	<p>Learners are required to demonstrate they:</p> <p>8.1 Recognise the terms 'bad' and 'doubtful debts' and understand the difference between a bad debt and provision for doubtful debts</p> <p>8.2 Recognise the accounting concepts applied when writing-off bad debts and providing for doubtful debts</p> <p>8.3 Understand the process for accounting for a bad debt write off in a computerised accounting package</p> <p>8.4 Recognise each of following as methods on which a doubtful debts provision is calculated:</p> <ul style="list-style-type: none"> • general provision • specific provision <p>8.5 Understand the process for calculating a provision for doubtful debts, and entering a provision for doubtful debts adjustment in a computerised accounting system</p> <p>8.6 Know how the following are used in the generation of reports for the purpose of financial statements:</p> <ul style="list-style-type: none"> • bad debt write-off • provision for doubtful debts adjustment • provision for doubtful debts
<p>9 Understand the purpose of a trial balance and a suspense account</p>	<p>Learners are required to demonstrate they:</p> <p>9.1 Understand the purpose of the trial balance</p> <p>9.2 Recognise types of error the trial balance will not expose</p> <p>9.3 Recognise types of error exposed by the trial balance and know the process for tracing errors within the bookkeeping system</p> <p>9.4 Understand the purpose of the suspense account</p>
<p>10 Understand the purpose of financial statements</p>	<p>Learners are required to demonstrate they:</p> <p>10.1 Recognise the format of the trading and profit and loss account generated by the computerised accounting package and understand its purpose</p> <p>10.2 Recognise the format of the balance sheet generated by the computerised accounting package and understand its purpose</p>

<p>11 Understand the principles of accounting for partnerships</p>	<p>Learners are required to demonstrate they:</p> <p>11.1 Understand the term 'partnership'</p> <p>11.2 Recognise advantages and disadvantages of partnerships</p> <p>11.3 Recognise the main provisions of the Partnership Act 1890</p> <p>11.4 Understand the purpose of a Partnership Agreement and identify the main contents of such an agreement</p> <p>11.5 Recognise the purpose of the following accounts and reports</p> <ul style="list-style-type: none"> • partners' fixed capital accounts • partners' current accounts • partnership trading and profit and loss account • partnership profit or loss appropriation account • partnership balance sheet
<p>12 Understand the purposes of budgeting</p>	<p>Learners are required to demonstrate they:</p> <p>12.1 Understand the purpose of budgets</p> <p>12.2 Understand the calculation of variances and how these can be used to aid management decisions</p>

Unit title	Use a computerised accounting package – D/508/6629	
Level	3	
GLH	60	
Learning Outcomes	Assessment Criteria	
1 Set up a computerised accounting system	<p>Learners are required to demonstrate they can:</p> <p>1.1 Use the set up function and enter details to set up a computerised accounting system for a business by completing appropriate fields within the set up procedure including:</p> <ul style="list-style-type: none"> • Business name • Financial year • VAT scheme • Customer and supplier details • Nominal account names • Budget figures <p>1.2 Enter outstanding customer and supplier invoices, credit notes and payments on account</p> <p>1.3 Enter an opening trial balance</p> <p>1.4 Make amendments to account details, account codes, names, add missing references or amend incorrect references</p> <p>1.5 Set up accounts for recording transactions with the owner(s) and record transactions</p>	
2 Enter business transactions	<p>Learners are required to demonstrate they can:</p> <p>2.1 Input data to account for credit based transactions</p> <p>2.2 Enter non-credit transactions</p> <p>2.3 Process customer receipts and refunds</p> <p>2.4 Process supplier payments and refunds</p> <p>2.5 Process payments through the bank current account</p> <p>2.6 Process payments made by a business credit card</p> <p>2.7 Process petty cash transactions</p> <p>2.8 Reconcile the balance on bank accounts, including credit cards</p> <p>2.9 Record transactions relating to the owner(s) including amounts contribution by the owner(s) during the period</p>	

<p>3 Prepare and post journal entries</p>	<p>Learners are required to demonstrate they can:</p> <p>3.1 Prepare and post journal entries to account for the following:</p> <ul style="list-style-type: none"> • bad debts and VAT bad debt relief • provision for doubtful debts • the correction of errors • the clearing of balances on VAT purchase tax and sales tax accounts • wages and salaries (net pay, deductions from pay and employer on-costs) • goods taken by the owner for own use
<p>4 Account for a stock valuation</p>	<p>Learners are required to demonstrate they can:</p> <p>4.1 Adjust a stock valuation</p> <p>4.2 Prepare and post a journal entry to account for closing stock</p>
<p>5 Account for fixed assets</p>	<p>Learners are required to demonstrate they can:</p> <p>5.1 Maintain a fixed asset register by updating the fixed asset module within the computerised accounting package</p> <p>5.2 Use the fixed asset module to calculate depreciation using the straight line and diminishing balance methods applying the full year and month-for-month bases</p> <p>5.3 Prepare and post a journal entry to account for a fixed asset bought on credit</p> <p>5.4 Post the depreciation charge for the period to the profit and loss account</p> <p>5.5 Record the disposal of a fixed asset in the computerised accounting system</p>
<p>6 Account for prepayments and accruals</p>	<p>Learners are required to demonstrate they can:</p> <p>6.1 Make calculations to account for amounts received in advance, receivable in arrears, paid in advance and payable in arrears</p> <p>6.2 Prepare and post entries on to the computerised accounting system to account for prepayment and accruals adjustments</p>
<p>7 Account for bad and doubtful debts</p>	<p>Learners are required to demonstrate they can:</p> <p>7.1 Account for the write off of a bad debt and claim VAT bad debt relief</p> <p>7.2 Calculate a provision for doubtful debts using the general provision or specific provision bases</p> <p>7.3 Calculate a provision for doubtful debts increase or decrease adjustment and enter the adjustment in a provision for doubtful debts account</p>

<p>8 Make end of period adjustments</p>	<p>Learners are required to demonstrate they can:</p> <p>8.1 Adjust the accounts for period end adjustments including:</p> <ul style="list-style-type: none"> • Stock • Income • Expenses • VAT • Adjustments for partnership entries including interest on capital and drawings
<p>9 Amend the chart of accounts and generate reports</p>	<p>Learners are required to demonstrate they can:</p> <p>9.1 Edit and check the chart of accounts to show specific categories of information</p> <p>9.2 Generate period end reports for a sole trader and/or partnership including:</p> <ul style="list-style-type: none"> • Profit and loss account • Balance sheet • VAT return • Budget v's actual report <p>9.3 Generate other reports including:</p> <ul style="list-style-type: none"> • Supplier and customer names and addresses • Supplier and customer activity reports • Aged debtors and creditor reports • Trial balance • Summary audit trail • Bank statement reconciled and unreconciled transactions • Day book reports (customer invoices and credits, supplier invoices and credits), by reference or date <p>9.4 Analyse figures to provide management information</p>

13 Links to National Occupational Standards (NOS)

The mandatory units within the Level 3 Certificate in Computerised Bookkeeping and Accounting qualification link with the following National Occupational Standards (NOS) for

Accountancy and Finance:

- FA-1
- FA-2
- FA-3