IAB Level 3 Foundation Diploma in Accountancy

Qualification Specification

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1 Introduction to the qualification

The Level 3 Certificate in Foundation Diploma in Accountancy qualification is part of the Regulated Qualification Framework (RQF).

The Total Qualification Time (TQT) and Guided Learning Hours (GLH) for this qualification are as follows:

Guided Learning Hours (GLH)	Total Qualification Time (TQT)
240	**600**

2 Statement of level

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

3 Aims

This Level 3 Foundation Diploma in Accountancy qualification is divided into separate knowledge and skills units.

On successful completion of the three units within the Level 3 Foundation Diploma in Accountancy (RQF) qualification learners will be able to manually complete a range of basic bookkeeping and accounting tasks associated with period end routines. They will be able to prepare a trial balance and correct bookkeeping errors, carry out procedures such as valuing stock and recording a stock valuation in the bookkeeping system, accounting for the acquisition, depreciation and disposal of fixed assets and keeping a fixed asset register, accounting for prepayments and accruals, writing-off bad debts and providing for doubtful debts.

Successful completion of the units will also give the learner the skills required to manually prepare financial statements for sole trader, partnership and not for profit organisations. They will also be able to prepare an extended trial balance, and prepare financial statements for a sole trader from incomplete records.

Successful completion of the units that make-up the Level 3 Certificate in Accounting (RQF) will give the learner a knowledge of a range of accounting techniques used by businesses to improve the efficiency of their cash management procedures. They will recognise the importance of liquidity to a business's trading activities and will have the opportunity to acquire the practical skills necessary to effectively manage a business's cash, overdraft and loans in order to maintain an adequate level of liquidity.

The cash management units provide the learner with the understanding that effective cash management requires an awareness of the general financial environment in which a business operates, how the banking sector is structured, the relationship between different financial institutions and the legal relationship which is formed between a lender and a borrower.

Additionally, successful learners will also acquire the skills required to prepare cash budgets for a business, monitor its cash inflows and outflows, and be able to recommend appropriate corrective action where they identify significant deviations from budget. They will also be in a position to offer sound advice to an business's management regarding the most appropriate options for borrowing to account for a shortfall in funds, or for investing surplus funds, having identified a variety of long- term or short-term borrowing requirements or investment opportunities.

The units of which the Level 3 Certificate in Accounting is comprised are designed to build on the knowledge and skills learners acquired in completing the manual bookkeeping and accounting units. On successfully completing the units learners will have the knowledge and skills to use a commercially available computerised accounting package to carry out period end bookkeeping routines including the correction of errors, making adjustments to account for - the valuation of stock, prepayments and accruals, bad and doubtful debts, and the acquisition, depreciation and disposal of fixed assets.

Learners will also be able to edit a chart of accounts and generate a range of financial and management reports.

4 Target groups

The Level 3 Foundation Diploma in Accountancy qualification is primarily designed to appeal to learners in the following groups:

- Learners who already have some bookkeeping experience and want to formalise their knowledge and skills by completing an accredited qualification in bookkeeping and accounting.
- Learners who already hold a bookkeeping qualification wanting to expand their range of knowledge and skills.
- Learners already employed in bookkeeping or allied roles and wanting to expand their range of knowledge and skills so that they can perform more advanced tasks and take on additional responsibility in the workplace.
- Learners who are currently unemployed and wanting gain the knowledge and skills they need to move into a career in bookkeeping and accounting.
- Learners already self-employed as a bookkeeper/practitioner, or considering self-employment, and wanting to expand their range of knowledge and skills so that they can offer a more extensive range of services to a wider client base.

5 Entry requirements

It is recommended that learners wanting to study the Level 3 Foundation Diploma in Accountancy qualification already have some knowledge of bookkeeping and accounting. Whilst suitable work experience would qualify learners to commence their studies at this Level, the IAB Level 2 Certificate in Bookkeeping and Level 2 Certificate in Computerised Bookkeeping qualifications, or a similar qualifications issued by another awarding body, are ideal stepping-stones to the Level 3 qualification.

6 Progression

Holders of the Level 3 Foundation Diploma in Basic Accountancy qualification can use the qualification as the basis for progressing to a qualification at a higher level, thereby expanding their range of knowledge and skills.

7 Units and Learning Outcomes

The learning outcomes within each of the units which make-up the qualification are shown below:

Level 3 Foundation Diploma in Basic Accountancy (RQF)

Unit title: Financial Transactions	
Learning outcomes:	
1	Understand the need to record financial transactions
2	Be able to prepare source documents and Books of Prime (Original) Entry to record financial transactions
3	Understand the classification and management of income and expenditure

Unit title: Management Information	
Learning outcomes:	
1	Understand the nature of cost and management accounting
2	Be able to account for labour costs
3	Understand the use of Information and Communication Technology (ICT) in the recording of management information

Unit title: Financial Records	
Learning outcomes:	
1	Understand the role and application of accounting concepts
2	Be able to use the doubleentry system of bookkeeping
3	Be able to prepare a bank reconciliation statement

8 Assessment, Achievement and Grading

8.1 Methods of assessment

A combination of Knowledge Tests, Assignments and two Examinations are used for the purpose of assessing learner competence in the Level 3 Foundation Diploma in Basic Accountancy qualification. The examinations must be competed under controlled conditions.

All assessments other than the Use a computerised accounting package examination are completed online using the IAB's online assessment platform (IABOnline)

The assessment titles and methods of assessment are shown below:

Assessment Title	Method of Assessment
Financial Transactions	Assignment
Management Information	Assignment
Financial Records	Assignment

8.2 Achievement and grading

To successfully achieve the Level 3 Foundation Diploma in Accounting qualification learners must demonstrate competence in all three units of which the qualification is comprised. Learners are assessed as Pass or Fail.

The qualification is not graded. On successful completion of each of the 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 Foundation Diploma in Basic Accountancy. 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 three 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.

Prior to issue of the Unit Certificate of Completion (RQF) a fee per qualification 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 Unit Specifications

The specifications for each of the three units of which the qualification is comprised are shown below:

Unit title	**Financial Transactions**
Level	**3**
Credits	**20**
GLH	**80**

Learning Outcomes	**Assessment Criteria**
1 Understand the need to record financial transactions	**Learners are required to demonstrate they:** 1.1 Explain why business organisations need to record financial transactions 1.2 Describe how the recording of financial transactions meets the needs of the organisation's internal and external stakeholders **Indicative content:** • Purposes of recording transactions • Measurement of performance • Monitoring and control • Motivation • Stakeholders – categories, interest, information needs
2 Be able to prepare source documents and Books of Prime (Original) Entry to record financial transactions	**Learners are required to demonstrate they:** 2.1 Describe principal source documents and Books of Prime (Original) Entry used to record financial transactions 2.2 Prepare principal source documents and Books of Prime (Original) Entry for business transactions **Indicative content:** • Source documents – invoices, credit notes, statements of account, receipts • Books of prime entry – Day books and journals, two-column cash book, petty cash book, general journal

3 Understand the classification and management of income and expenditure ,	**Learners are required to demonstrate they:** 3.1 Differentiate between capital and revenue expenditure and income 3.2 Describe the accounting approaches utilised for items of capital and revenue expenditure and income 3.3 Evaluate the impact on profit and asset valuations of incorrect management of capital and revenue expenditure and income **Indicative content:** • Classification and recording of income and expenditure – capital expenditure, revenue expenditure, capital income, revenue income

Unit title	**Management Information**
Level	**3**
Credits	**20**
GLH	**80**

Learning Outcomes	**Assessment Criteria**
1 Understand the nature of cost and management accounting	**Learners are required to demonstrate they can:** 1.1 Outline accounting systems used by organisations 1.2 Describe the purpose of management information 1.3 Compare cost and management accounting processes with those required for external financial reporting **Indicative content:** • Types of business organisations • Accounting systems • Management and cost accounting – purposes, differences • Main costs – materials, labour, expenses, production • Costing approaches – job costing, batch costing, process costing • Financial, management and cost accounting systems – purposes, roles, differences
2 Be able to account for labour costs	**Learners are required to demonstrate they can:** 2.1 Explain labour remuneration methods 2.2 Describe the processes for accounting for labour costs 2.3 Analyse trends for gross and net earnings **Indicative content:** • Methods of labour payment - piece rate, time rates, performance-related pay, profit sharing, share ownership, fringe benefits • Accounting for labour time – gross earnings, net pay, overtime payments, idle time • Trends in earnings – gross earnings, net earnings, trend analysis over time, cause and effects

3 Understand the use of Information and Communication Technology (ICT) in the recording of management information	**Learners are required to demonstrate they can:** 3.1 Outline how ICT is used by business organisations to record management information 3.2 Explain factors that influence the use of ICT when recording management information 3.3 Explain the advantages and disadvantages of using ICT when recording management information in business organisations **Indicative content:** • Role of information technology • Key business IT applications – word processing, spreadsheets, data bases, diagrams and charts • Benefits and uses of applications

Unit title	**Financial Records**
Level	**3**
Credits	**20**
GLH	**80**

Learning Outcomes	**Assessment Criteria**
1 Understand the role and application of accounting concepts	**Learners are required to demonstrate they can:** 1.1 Explain the principle that Capital = Assets – Liabilities 1.2 Demonstrate the use of the accounting equation 1.3 Outline the accounting concepts used when recording financial transactions **Indicative content:** • Accounting equation – definition, explanation of use, example of application • Accounting concepts – consistency, accruals, matching, going concern, prudence, historic cost, materiality, business entity, money measurement, realisation, dual aspect
2 Be able to use the double-entry system of bookkeeping.	**Learners are required to demonstrate they can:** 2.1 Demonstrate the double-entry system of bookkeeping 2.2 Analyse the usefulness of the double-entry system of bookkeeping to process accounting data 2.3 Prepare a trial balance from given double-entry accounting data **Indicative content:** • Double-entry bookkeeping – description, demonstration, justification • Ledger accounts – purpose, key contents, functions • Preparation of entries from books of prime entry • Types of ledgers – sales, purchases, general ledgers

3 Be able to prepare a bank reconciliation statement	**Learners are required to demonstrate they can:** 3.1 Differentiate between cash and trade discounts 3.2 Explain the purpose of a bank reconciliation statement 3.3 Prepare a bank reconciliation statement from given data **Indicative content:** • Cash add trade discounts – purposes, differences, accounting entries • Cash book types – two-column and three-column • Preparation and example of three-column cash book • Bank reconciliation – description, purpose, significance, relation to cash book • Bank statement – purpose, structure, contents • Stages of process of bank reconciliation – errors, undeposited credits, balances,

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