INSTITUTE OF ACCOUNTANTS AND BOOKKEEPERS

Qualification Specification

IAB Level 3 Certificate in Bookkeeping and Accounting

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Introduction

The objective of this Qualification Specification is to provide an overview of the IAB Level 3 Certificate in Bookkeeping and Accounting.

This document includes the aim, size, level, structure and content, including learning outcomes and assessment criteria.

There is guidance relating to the centre approval requirements, delivery and assessment for this qualification, and details of grading criteria and the grading of units.

Purpose of the qualification

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 accounting. They will be able to prepare a trial balance, use a suspense account and correct bookkeeping errors. They will also be able to carry out routine period end 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 qualification will give learners the skills required to prepare financial statements for a sole trader (trading and profit and loss account and a balance sheet). They will also be able to prepare an extended trial balance and prepare financial statements for a sole trader from incomplete records.

On completing the qualification, learners will have the opportunity to acquire the skills required to prepare financial statements for partnerships and not-for-profit organisations. Partnership accounting includes accounting for the appropriation of profit generated by a partnership between partners, and accounting for a change in the structure of a partnership. Accounting for not-for-profit organisations equips learners with the skills to prepare a statement of income and expenditure and a balance sheet from basic records.

Target learners

The Level 3 Certificate in Bookkeeping and Accounting has been designed to appeal to learners:

- who already have some bookkeeping experience and want to formalise their knowledge and skills by completing an accredited qualification in bookkeeping and accounting
- who already hold a bookkeeping qualification wanting to expand their range of knowledge and skills
- 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

- 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.

Entry requirements

The entry requirements below are for guidance only as applicants may apply with various backgrounds and qualifications.

Approved IAB Centres are responsible for checking applications against the following entry requirements and ensuring learners can fulfil the demands of the qualification before registration.

There are no formal entry requirements for the Level 3 Certificate in Bookkeeping and Accounting qualification. However, it is recommended that prospective learners have a sound knowledge of bookkeeping (up to an including trial balance stage) and/or suitable work experience and/or the IAB Level 2 Certificate in Bookkeeping qualification or equivalent.

Progression

Holders of the Level 3 Certificate in Bookkeeping and Accounting qualification may progress to another qualification at:

- Level 3 carrying with them credits for units achieved to expand their knowledge and skills in the subject area
- a higher level, thereby developing their knowledge and skills in the subject area.

Qualification size, level and structure

The Office of Qualifications and Examinations Regulation (Ofqual), and CCEA regulate qualifications, examinations, and assessments in England, and Northern Ireland. The IAB Level Certificate in Bookkeeping and Accounting is a vocationally-related qualification on the Ofqual and CCEA Register of Regulated Qualifications.

Qualification size

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

Total Qualification Time (TQT)	Guided Learning Hours (GLH)
220 hours	80 hours

TQT, including GLH, is calculated by considering the different activities that learners would typically complete to achieve and demonstrate the learning outcomes of the qualification.

Individual learners' requirements and individual teaching styles mean there may be variation in the actual time taken to complete a qualification.

Values for TQT, including GLH, are estimates.

Some examples of activities that can contribute to TQT include:

- independent and unsupervised research/learning
- unsupervised e-learning
- unsupervised e-assessment
- unsupervised coursework
- watching a pre-recorded podcast or webinar
- unsupervised work-based learning
- all GLH.

Some examples of activities that can contribute to GLH include:

- classroom-based learning supervised by a teacher
- work-based learning supervised by a teacher
- live webinar or telephone tutorial with a teacher in real time
- e-learning supervised by a teacher in real time
- all forms of assessment that take place under the immediate guidance or supervision of a teacher, supervisor, tutor or other appropriate provider of education or training.

Qualification level

This qualification is at Level 2 on the Register of Regulated Qualifications in England and Northern Ireland.

IAB qualifications comply with level descriptors set by Ofqual, which are divided into two categories:

- knowledge and understanding
- skills.

The descriptors below set out the generic knowledge and skills associated with the typical holder of a qualification at that level.

Knowledge descriptor The learner:	Skills descriptor The learner can:
• has factual, procedural and theoretical knowledge and understanding of the occupational area to complete tasks and address problems that while well-defined, may be complex and non-routine • can interpret and evaluate relevant information and ideas • is aware of the nature of the area of work or study • is aware of different perspectives or approaches within the area of work or study.	• identify, select and use appropriate cognitive and practical skills, methods and procedures to complete tasks and address problems that are well-defined, may be complex and non-routine • use appropriate investigation to inform actions • review how effective methods and actions have been.

Qualification structure

The qualification is made up of four mandatory units. The structure, units, sizing information and assessment types for the IAB Level 3 Certificate in Bookkeeping and Accounting are set out in the following table.

Unit title	GLH	Assessment method
Principles of accounting	10	Online knowledge test (1 hour)
Make accounting adjustments	25	Online assignment (1 hour)
Prepare financial statements from double-entry records for sole traders and partnerships	25	Online examination (3 hours)
Prepare financial statements from incomplete records for sole traders and not-for-profit organisations	20	Online assignment (1 hour)
Total	80	

Assessment, achievement and grading

Methods of assessment

The assessments for each unit are delivered online via the IAB Education platform. Pilot assessments are provided for the purposes of practice and revision. Pilot assessments are not timed and can be undertaken as many times as the learner chooses. Once the pilot assessment is passed, the learner can attempt the live assessment. Live assessments are

timed.

The live online examination must be completed under controlled conditions.

Non-programmable calculators are required to complete the assessments.

Please note that mobile phones cannot be used to sit these assessments as some required functionality will not be available.

Delivering assessments

The IAB 'Assessment Delivery Policy' applies to all IAB qualifications and assessments and must be followed by approved centres to ensure that IAB assessments are delivered in accordance with the requirements.

A copy of this policy is made available to centres upon approval. The policy can also be requested from the IAB Awarding Organisation team at ao@iab.org.uk.

Marking and moderation

All marking is completed automatically by the IAB Education platform against the relevant assessment criteria and mark scheme. Moderation is a process undertaken following the marking of assessments prior to a result being released to learners. Moderation acts as a filter, which ensures that an assessment outcome (for example a mark and / or grade) is fair, valid, and reliable. Moderation ensures that the mark scheme was applied correctly, all parts of the assessment were marked and that the marks were totalled and recorded correctly

Achievement and grading

To achieve the qualification, learners must take and pass the assessments for the four mandatory units of which the qualification is comprised. To pass an assessment, the learner must achieve:

70% or above for an online knowledge test

60% or above for an online assignment

60% or above for the online examination.

There are no grade scales – learners will receive either a pass or a fail result.

Certification

Upon confirmation of achievement of all four mandatory units, the learner will receive an IAB Level Certificate in Bookkeeping and Accounting certificate. The certificate will carry the full name of the learner as registered.

Reasonable adjustment

As an Awarding Organisation, the IAB has a duty not to discriminate against individuals in relation to conferring qualifications regarding the protected characteristics set out in the Equality Act 2010. The IAB will take steps when developing specifications, identifying the assessment criteria, and drafting assessment content to minimise the impact on individuals with differing protected characteristics.

The duty of the IAB to make a reasonable adjustment will apply where assessment arrangements would put a learner who has a disability or learning need at a substantial disadvantage compared to a learner who does not have a disability or learning need. In such circumstances, the IAB must take steps to mitigate that disadvantage.

Please refer to the Centre Area of the IAB website www.iab.org.uk for a copy of the policy and associated procedure.

Results enquiries and appeals

Please refer to the Centre Area of the IAB website www.iab.org.uk for further information about the process, procedures and policies for making a results enquiry and/or an appeal.

Unit specifications

The unit specifications (*see* below) indicate the content, in terms of learning outcomes and assessment criteria, of each of the four mandatory units within the Level 3 Certificate in Bookkeeping and Accounting qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. Each live assessment covers a selection of the unit learning outcomes and assessment criteria and full coverage is achieved across the live assessment variations for each unit.

The content of the assessments is subject to ongoing review by the IAB and changes periodically.

Unit	Principles of accounting		
Level	3		
GLH	10	TQT	20

Learning Outcomes	Assessment Criteria
1 Understand the purpose of accounting concepts and standards, and recognise the qualitative characteristics of financial information	1.1 Understand the accounting terms 'true and fair' 1.2 Understand how the following accounting concepts are used in • accounting: • going concern • accruals • prudence • consistency • dual aspect • materiality • objectivity • realisation 1.3 Understand the purpose of domestic and international accounting standards 1.4 Understand how the following qualitative characteristics make financial information more useful: • relevance • reliability (faithful representation) • understandability (ease of understanding) • comparability
2 Understand the process of accounting for a stock valuation	2.1 Understand what is meant by the accounting term 'stock' 2.2 Recognise the accounting concepts applied when: • using opening and closing stock valuations • valuing stock 2.3 Recognise what is meant by the term 'cost price' 2.4 Recognise methods used for the purpose of valuing stock at cost price 2.5 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 2.6 Recognise the term 'net realisable value' and know how to calculate net realisable value

	2.7 Understand the rule on which cost and net realisable value are applied and identify the accounting concept on which the rule is based 2.8 Understand how opening and closing stock valuations are used when preparing financial statements
3 Understand the process of accounting for fixed assets	3.1 Understand the terms 'capital' and 'revenue' expenditure and recognise the consequences of incorrectly classifying expenditure 3.2 Understand how the concept of materiality is applied when classifying expenditure as capital or revenue 3.3 Recognise costs that are generally capitalised when calculating the cost of a fixed asset 3.4 Understand what is meant by the accounting term 'depreciation' and know why fixed assets depreciate 3.5 Recognise the accounting concepts applied when providing for depreciation 3.6 Understand the following terms – 'capitalised cost', 'depreciable amount', 'useful life', 'residual value' and 'net book value' 3.7 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) 3.8 Understand the purpose of the fixed asset register 3.9 Understand the process for accounting for the disposal of a fixed asset 3.10 Know how the following information is used when preparing financial statements: • fixed asset costs • accumulated depreciation provisions • annual depreciation charge • profit or loss on disposal
4 Understand the process of accounting for prepayments and accruals	4.1 Recognise the accounting concepts applied when making adjustments for prepayments and accruals 4.2 Understand how prepayments and accruals are used in the preparation of financial statements
5 Understand the process of accounting for bad and doubtful debts	5.1 Recognise the terms 'bad' and 'doubtful debts' and understand the difference between a bad debt and provision for doubtful debts 5.2 Recognise the accounting concepts applied when

	writing-off bad debts and providing for doubtful debts 5.3 Understand the process for accounting for a bad debt write off 5.4 Recognise each of following as methods on which a doubtful debts provision is calculated: • general provision • specific provision 5.5 Understand the process for calculating a provision for doubtful debts, and a provision for doubtful debts adjustment 5.6 Know how the following are used in the preparation of financial statements: • bad debt write-off • provision for doubtful debts adjustment • provision for doubtful debts
6 Understand the purpose of a trial balance and a suspense account	6.1 Recognise the format of the trial balance and understand its purpose 6.2 Recognise types of error the trial balance will not expose 6.3 Recognise types of error exposed by the trial balance and know the process for tracing errors within the bookkeeping system 6.4 Understand the purpose of the suspense account
7 Understand the purpose of financial statements	7.1 Recognise the format of the trading and profit and loss account and understand its purpose 7.2 Recognise the format of the balance sheet and understand its purpose
8 Understand the purpose of the extended trial balance	8.1 Recognise the format of the extended trial balance 8.2 Understand the purpose of the extended trial balance 8.3 Understand the process for preparing an extended trial balance
9 Understand the principles of accounting for partnerships	9.1 Understand the term 'partnership' 9.2 Recognise advantages and disadvantages of partnerships 9.3 Recognise the main provisions of the Partnership Act 1890 9.4 Understand the purpose of a Partnership Agreement and identify the main contents of such an agreement

	9.5 Recognise the purpose of the following accounts: • partners' fixed capital accounts • partners' current accounts • partnership trading and profit and loss account • partnership profit or loss appropriation account • partnership balance sheet 9.6 Recognise that the following result in a change in the structure of a partnership: • new partner joining a partnership • a partner withdrawing from a partnership 9.7 Recognise the accounting term 'goodwill' and understand the process for creating and deleting goodwill
10 Understand the process of accounting from incomplete records	10.1 Understand how the system of bookkeeping known as single entry operates 10.2 Recognise the limitations of keeping single entry records 10.3 Understand the process of calculating capital or accumulated funds from incomplete data 10.4 Understand the process for constructing accounts to account for receipts and payments from incomplete records
11 Understand the principles of accounting for not-for-profit organisations	11.1 Understand the term 'not for profit' and can identify the form in which a not-for-profit organisation is likely to operate 11.2 Recognise terms used specifically in accounting for not-for-profit organisations 11.3 Understand the purpose of a receipts and payments account and the limitations of such an account 11.4 Understand the purpose of the income and expenditure account

Unit	Making accounting adjustments		
Level	3		
GLH	25	TQT	75

Learning Outcomes	Assessment Criteria
1 Account for a stock valuation	1.1 Value stock at cost price 1.2 Value stock at net realisable value 1.3 Adjust retail selling price to cost price given mark-up or margin 1.4 Value stock given cost price and net realisable value 1.5 Adjust a stock valuation 1.6 Prepare a journal entry to account for closing stock 1.7 Prepare the journal entry to transfer opening and closing stock to the trading account 1.8 Keep a stock account, record opening and closing stock and balance off the account at the end of an accounting period 1.9 Use opening and closing stock valuations in the preparation of financial statements
2 Account for fixed assets	2.1 Maintain a fixed asset register 2.2 Calculate depreciation using the straight line and diminishing balance methods applying the full year and month-for month bases 2.3 Prepare a journal entry to account for a fixed asset bought on credit 2.4 Prepare a journal entry to support a depreciation charge 2.5 Maintain fixed asset cost accounts, provision for depreciation accounts and a depreciation expense account in the ledger 2.6 Calculate the profit or loss on disposal of a fixed asset 2.7 Prepare journal entries to support the transfer of a fixed assets cost and accumulated depreciation to a disposals account following its disposal 2.8 Prepare a fixed asset disposals account in the ledger and record the cost, accumulated depreciation, income on disposal and profit or loss on disposal of fixed assets 2.9 Prepare the journal entry to support the transfer of

	profit or loss on disposal of fixed assets to the profit or loss account 2.10 Use information in the bookkeeping system relating to the cost, annual depreciation charge, accumulated provision for depreciation and profit or loss on disposal when preparing financial statements
3 Account for prepayments and accruals	3.1 Make calculations to account for amounts received in advance, receivable in arrears, paid in advance and payable in arrears 3.2 Prepare journal entries to account for prepayment and accruals adjustments and process the adjustments through appropriate accounts in the ledger 3.3 Prepare journal entries to transfer non-trading income earned, and expenses incurred in an accounting period to the profit and loss account, process the transfer transactions through the ledger accounts and close off the accounts 3.4 Use prepayment and accruals balances in the preparation of a balance sheet
4 Account for bad and doubtful debts	4.1 Prepare the journal entry to account for the write-off of a bad debt and make a claim for VAT bad debt relief, record the journal entry in the main and subsidiary ledgers 4.2 Calculate a provision for doubtful debts using the general provision or specific provision bases 4.3 Calculate a provision for doubtful debts increase or decrease adjustment and record the adjustment in a provision for doubtful debts account 4.4 Record a provision for doubtful debts adjustment (increase or decrease) in the profit and loss account 4.5 Balance off the provision for doubtful debts account and use the closing balance in the preparation of a balance sheet

Unit	Prepare financial statements from double-entry records for sole traders and partnerships		
Level	3		
GLH	25	TQT	75

Learning Outcomes	Assessment Criteria
1 Prepare a trial balance and correct errors	1.1 Prepare a trial balance from a list of balances taken from a double entry bookkeeping system 1.2 Introduce a suspense account balance to account for an imbalance in the double entry records and record the imbalance on the trial balance and in the suspense account 1.3 Prepare journal entries to correct bookkeeping errors, record the entries in the bookkeeping system and eliminate the balance on the suspense account 1.4 Redraft the trial balance following the correction of errors
2 Prepare financial statements for a sole trader	2.1 Use a trial balance extracted from the double entry bookkeeping system of a sole trader, apply period end adjustments and prepare the following financial statements: • a trading and profit and loss account • a balance sheet
3 Prepare an extended trial balance	3.1 Enter balances extracted from the double entry system of a sole trader in the trial balance columns of an extended trial balance and total the debit and credit columns 3.2 Enter accounting adjustments in the adjustments' columns of the extended trial balance and total the debit and credit columns 3.3 Extend balances from the trial balance column(s) to the profit and loss columns or balance sheet columns of the extended trial balance 3.4 Balance the profit and loss columns of the extended trial balance by calculating and adding the net profit or loss, and extend the profit or loss to the appropriate balance sheet column 3.5 Balance the balance sheet columns of the extended trial balance
4 Prepare financial statements for a partnership	4.1 From a trial balance extracted from the double entry bookkeeping system of a partnership, apply accounting adjustments and prepare a trading and

	profit and loss account 4.2 Prepare a profit and loss appropriation account for a partnership and account for the appropriation of profit or loss in accordance with the Partnership Act 1890 or a Partnership Agreement. Appropriation to include: • interest charged on drawings • interest given on capital invested • partners' salaries • share of profit or loss 4.3 Prepare partner current accounts following the appropriation of profit or loss 4.4 Prepare a balance sheet for a partnership clearly showing the claim of each partner on the net assets of the business 4.5 Account for the creation and deletion of goodwill following a change in the structure of a partnership 4.6 Prepare partner capital accounts following a change in the structure of a partnership 4.7 Prepare a profit and loss appropriation account following a change in the structure of a partnership 4.8 Prepare current accounts for partners following a change in the structure of a partnership and the appropriation of profit or loss

Unit	Prepare financial statements from incomplete records for sole traders and not-for-profit organisations		
Level	3		
GLH	20	TQT	50

Learning Outcomes	Assessment Criteria
1 Calculate capital or accumulated funds from incomplete data	1.1 Given the assets and liabilities of a business, or a not-for-profit organisation, calculate the capital contribution of the owner of the business, or the accumulated fund of members of the not-for-profit organisation
2 Construct accounts and a trial balance from incomplete records	2.1 Given incomplete data construct accounts to account for receipts and payments for a business or not-for-profit organisation 2.2 Prepare a trial balance for a business from incomplete (sole trader)
3 Prepare financial statements from incomplete records	3.1 Prepare a trading and profit and loss account for a sole trader, or an income and expenditure account for a not-for-profit organisation from incomplete records 3.2 Prepare a balance sheet for a sole trader, or not-for-profit organisation from incomplete records

Sample assessments

The IAB has deliberately not included sample assessment questions within this qualification specification. Pilot assessments for the knowledge tests, assignments and final exam are provided on the IAB Education platform for the purposes of practice and revision. Pilot assessments are not timed and can be undertaken as many times as the learner chooses.

Delivering IAB qualifications

Staffing and physical resource requirements for centres

The IAB, in line with regulatory requirements, has a Centre Agreement in place which covers the two-way obligations between the IAB as the Awarding Organisation and each centre delivering our qualifications. A key section of this agreement is to ensure a professional approach to the delivery of teaching, learning and assessment, leading to the best learner experience.

Each centre engaged with the IAB is required to ensure viable levels of staffing, managerial and financial resources are in place to enable it to effectively and efficiently deliver the qualifications as required by the Awarding Organisation.

Quality assurance

Any centre approved to offer IAB qualifications is subject to a rigorous quality assurance regime to ensure compliance with the requirements set out in the Centre Agreement and any regulatory conditions. This regime includes, but is not limited to, policy and procedure review, performance review, on-site monitoring visits and virtual interviews to assess how well that centre operates in delivering IAB qualifications.

IAB policies and procedures

Policies and procedures are in place to provide a framework and outline the IAB's approach and objectives for key areas along with defined processes to be followed. These documents ensure credibility, compliance, consistency, and quality in the design, delivery, and awarding of qualifications. Relevant policies are issued to approved centres alongside Centre Agreements. These can also be accessed by contacting our awarding organisation team via ao@iab.org.uk

Examples of the Policies that can be found include, but are not limited to:

- Adverse Effects
- Anti-Bribery and Anti-Corruption
- Assessment Delivery
- Complaints
- Conflict of interest

- Contingency Plan
- Enquiries and appeals
- Equality, Diversity and Inclusion
- Malpractice and Maladministration
- Plagiarism, Collusion and Cheating
- Reasonable Adjustments
- Recognition of Prior Learning
- Results and Certification
- Sanctions
- Special Considerations
- Withdrawal of approval

Centres delivering IAB qualifications should refer to the relevant policy for guidance as appropriate.

Equality and diversity

The IAB is committed to ensuring an inclusive, safe and welcoming environment for all learners undertaking its qualifications. Our Equality, Diversity and Inclusion Policy requires all learners to have equal opportunity to access our qualifications and assessments, and our qualifications to be awarded in a way that is fair to every learner.

Approved centres delivering IAB qualifications must have a policy relating to equal opportunities, diversity and inclusion to ensure a positive learning environment is provided to all learners. This is reviewed and assessed as part of our monitoring process which may include on-site inspections.

Contact us

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