



## **IAB LEVEL 3 CERTIFICATE IN MANUAL BOOKKEEPING (QCF)**

Qualification Accreditation Number **500/9260/1**)

(Accreditation end date 31<sup>st</sup> December 2012)

### **QUALIFICATION SPECIFICATION**

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# **Level 3 Certificate in Manual Bookkeeping (QCF)**

## **1 Introduction**

This qualification is part of the Qualification and Credit Framework (QCF), which became fully operational in September 2010. Qualifications within the framework are made up of units and each unit is given a credit value, where one credit represents 10 hours of learning time. The title of every qualification within the new framework will contain details of the size (award/certificate/diploma), level of difficulty (Entry to level 8) and general content of the qualification.

It is anticipated that the majority of providers engaging with the QCF will be in a position to obtain a Unique Learner Number (ULN) and this should have been evidenced through the completion of the IAB Supplementary QCF accreditation of centres Application Form. It is a condition of operating within the QCF that this document has been fully completed and accepted by the IAB, for any QCF qualifications which have been publically funded. This will confirm that providers are in a position to generate a ULN, which in turn will allow the successful completion of any QCF unit or qualification to be transferred to each individual Personal Learner Record. A key aim of the Personal Learner Record is to improve the flow of information about learners from schools to other education providers and ultimately employers, leading to more effective data sharing and better decision making.

Learners studying without being attached to an IAB accredited training centre, should contact the IAB for further information.

## **2 Aims**

In summary, the IAB Level 3 Certificate in Manual Bookkeeping aims to:

- 1 Assess the learner's ability to carry out a range of day-to-day accounting and advanced bookkeeping routines and activities using a manual bookkeeping system. The activities will include routine bookkeeping and accounting tasks, including the production of complex financial statements for a Sole Trader or Partnership from both complete and incomplete records.
- 2 To assess their understanding of the importance of maintaining accuracy, security and integrity in performing bookkeeping and accounting tasks using a manual accounting system.
- 3 Upon completion, progress in their learning to further develop their knowledge, understanding and skills by:
  - Progression to the full Level 3 Certificate in Bookkeeping (competence) qualification
  - Further studies of accounting routines and procedures at Level 4 of the National Occupational Standards.

- Progression to the IAB Level 3 Certificate in Computerised Bookkeeping and Level 3 Certificate in Computerised Accounting for Business
- Undertake studies in other areas of accounting at this Level e.g. costing and cash management

### **3 Links to National Occupational Standards**

Direct relationship based on NOS for Accountancy and Finance FA-1,FA-2 and FA-3

### **4 Target groups**

The IAB Bookkeeping qualifications are specifically designed to appeal to those who are aspiring to become, or who are already, professional bookkeepers or accounts administrators.

This Level 3 qualification is primarily designed for the following candidates:

- 1 Those who already have some bookkeeping experience and who wish to acquire further skills required of Bookkeepers, Accounts Clerks and Financial Administrators in a manual accounting environment.
- 2 Those candidates who already hold the IAB Level 1 Award and Level 2 Certificate in Bookkeeping or the IAB Level 2 Certificate in Computerised Bookkeeping and wish to progress to a Level 3 qualification.
- 3 Those who are already employed in bookkeeping or allied roles and who wish to enhance their firm foundation to perform some advanced routine and non-routine tasks.
- 4 Those preparing for or undertaking an apprenticeship in bookkeeping or accounting at Level 3 who wish to underpin this with a thorough grounding in the fundamental technical knowledge skills associated with producing financial statements at this level.
- 5 Those who may wish to continue to a higher level of study in accounting and related subjects and qualifications.

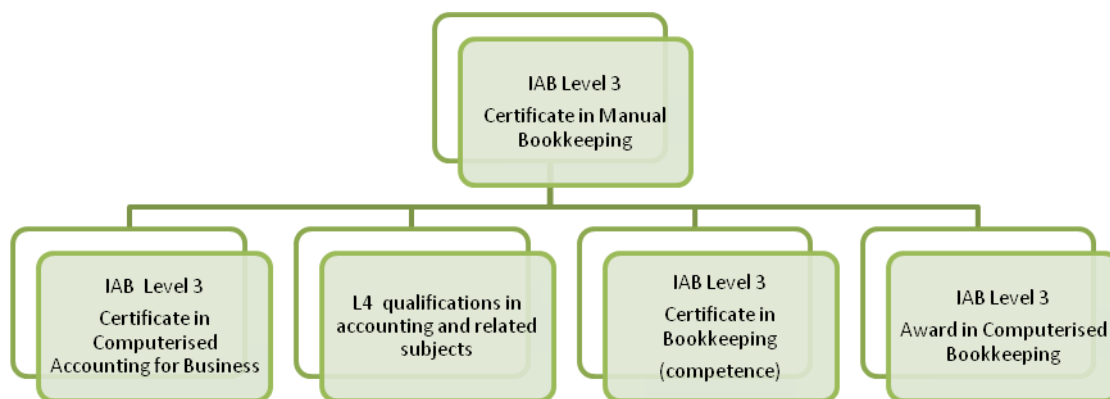
### **5 Statement of level**

This is a level 3 qualification as defined within the regulations of the Qualification and Credit Framework.

## 6 Entry requirements

There are no formal entry requirements for the IAB Level 3 Certificate in Manual Bookkeeping (QCF). However it is recommended that before commencing a course leading to this qualification, the prospective learner will already have an understanding of bookkeeping up to and including the Trial Balance. The successful completion of the IAB Level 2 Certificate in Bookkeeping or the IAB Level 2 Award in Manual Bookkeeping would be ideal qualifications to allow progression to the Level 3 Certificate in Manual Bookkeeping (QCF).

## 7 Progression



## 8 Qualification Structure

To achieve this qualification, all the **mandatory** units consisting of 18 credits must be achieved. The accreditation number, level and credit value of each unit is as follows:

### Mandatory units

**Record transactions and make accounting adjustments** – M601/0732 (level 3 – 5 credits)

**Prepare financial statements for a sole trader** – A601/0734 (level 3 – 3 credits)

**Prepare financial statements for a partnership** – Y601/0742 (level 3 – 3 credits)

**Prepare financial statements from incomplete records** – A601/0751 (level 3 – 3 credits)

**Prepare financial statements for a not for profit organisation** – D601/0757 (level 3 – 2 credits)

**Preparing and completing VAT returns** – J600/4953 (level 3 – 2 credits)

## 9 Assessment and Grading

With the introduction of the QCF the IAB has introduced additional assessments to supplement the standard form of examination. The additional assessments consist of two assignments and in order to successfully complete the qualification, all the modes of assessment listed in the table below must be successfully completed.

For this qualification the IAB will provide all assessment material including assignments and examinations. For assessments other than the examination it is expected that the accredited centre will mark the original scripts with a 20% sample being forwarded to the IAB for external moderation. Front sheets will be supplied with answer books which will allow the recording of the marks for the assessment and allow for details of internal verification and external moderation. IAB level 3 examinations will be offered as standard sittings in June only, or on an 'on demand' basis. All 'on demand' sittings are subject to a minimum period of notice.

### Internal verification of assignments

The IAB needs to be assured that at least 25% of Centre based assessments have been internally moderated. A box to be signed by the Internal Verifier is provided for this purpose on the front sheet of the assessment answer booklet. In any batch of assignments forwarded for external moderation the IAB would expect to see some evidence of internal verification.

### External moderation of assignments

It is the responsibility of each centre to choose a cross section of scripts for moderation by the IAB. The IAB would expect to see a high proportion of marginal passes together with scripts that are good passes. If the centre has any doubt about which scripts to send for external moderation they should contact the Education Department of the IAB.

The units for this qualification are assessed through the following methods:

Unit	Assessment
<b>Mandatory</b>	
Prepare financial statements from incomplete records	<b>Assignment 1</b>
Preparing and completing VAT returns	<b>Assignment 2</b>
Record transactions and make accounting adjustments	<b>End examination 1</b>
Prepare financial statements for a not for profit organisation	
Prepare financial statements for a sole trader	<b>End examination 2</b>
Prepare financial statements for a partnership	

To successfully complete the qualification the candidate must pass each of the above **mandatory** elements of assessment. Units are graded as Pass or Fail and the minimum levels of achievement for each unit, within each mode of assessment, will be set as follows:

Knowledge tests	70%
Assignment	70%
Examination	70%

On successful completion of the **mandatory** units, the learner will be awarded one of the following grades for the qualification:

70 - 80	B
80 - 90	A
90+	A*

## **10 Certification**

On successful completion of all the mandatory units listed above, the learner will receive a certificate to confirm the achievement of the Level 3 Certificate in Manual Bookkeeping (QCF). The certificate will include the full name and accreditation number of the qualification and the grade awarded.

Learners may request a certificate for the successful completion of each unit of the qualification on payment of a unit certificate fee. The certificate will include the full title and accreditation number of the unit, the credit value and level of the unit

The award of credit and the successful completion of the accredited qualification will be transferred to an individual's Personal Learner Record (if applicable).

## **11 Reasonable Adjustments and Special Consideration policy and procedure**

Please refer to the IAB web site [www.iab.org.uk](http://www.iab.org.uk) for a copy of this policy and procedure or contact the Education Department of the IAB.

## **12 Enquiries and Appeals procedure**

Please refer to the IAB web site [www.iab.org.uk](http://www.iab.org.uk) for a copy of this procedure or contact the Education Department of the IAB.

## 13 Units with Learning Outcomes and Assessment Criteria

### Mandatory

<b>RECORD TRANSACTIONS AND MAKE ACCOUNTING ADJUSTMENTS –</b>	
<b>M6010732 Credit value: 5</b>	
<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Apply accounting concepts	1.1 Apply appropriate accounting concepts when making accounting adjustments and maintaining financial records.
2 Reconcile trade debtors and trade creditors	2.1 Prepare sales ledger and purchase ledger control accounts  2.2 Reconcile trade debtor and trade creditor Balances per the subsidiary ledgers to the sales ledger and purchase ledger control account balances  2.3 Identify and report discrepancies exposed by the reconciliation process
3 Account for fixed assets	3.1 Maintain a fixed asset register and record details of the acquisition, depreciation and disposal of fixed assets  3.2 Prepare the journal entries to account for the acquisition of fixed assets  3.3 Maintain accounts in the main ledger to record the capitalised cost of fixed assets.  3.4 Calculate depreciation charges  3.5 Prepare the journal entries to support depreciation charges  3.6 Maintain accounts in the main ledger to record depreciation charges  3.7 Prepare the journal entries to account for the disposal of fixed assets  3.8 Maintain accounts in the main ledger to account for the disposal of fixed assets  3.9 Reconcile fixed assets per the fixed asset register to a physical count of fixed assets and report discrepancies exposed by the reconciliation process

<p>4 Account for the value of stock</p>	<p>4.1 Value stock in accordance with the requirements of SSAP 9</p> <p>4.2 Adjust a stock valuation.</p> <p>4.3 Maintain a stock account in the main ledger</p> <p>4.4 Prepare the journal entries to transfer opening and closing stock to the trading account</p>
<p>5 Account for prepayments and accruals</p>	<p>5.1 Calculate year end prepayment and accrual adjustments.</p> <p>5.2 Prepare the journal entries to account for prepayment and accrual adjustments.</p> <p>5.3 Process prepayment and accruals adjustments through appropriate accounts in the main ledger</p>
<p>6 Account for bad and doubtful debts</p>	<p>6.1 Prepare a journal entry to write off a bad debt.</p> <p>6.2 Maintain a bad debts account in the ledger</p> <p>6.3 Calculate a year end adjustment in respect of a provision for doubtful debts.</p> <p>6.4 Prepare the journal entry to support a provision for doubtful debts adjustment</p> <p>6.5 Maintain a provision for doubtful debts account in the main ledger</p>
<p>7 Prepare ledger accounts for use in drafting financial statements</p>	<p>7.1 Prepare the journal entries to support the transfer of items of income and expense to the trading and profit and loss account at the year end.</p> <p>7.2 Balance off, or close off, ledger accounts in preparation of their use in drafting financial statements</p>



## **PREPARE FINANCIAL STATEMENTS FOR A SOLE TRADER**

**A6010734 Credit value: 3**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Prepare a trial balance	<p>1.1 Prepare a trial balance from ledger accounts or from a list of ledger account balances.</p> <p>1.2 Introduce a suspense account balance to account for any imbalance in the books shown by the trial balance.</p> <p>1.3 Prepare the journal entries to correct errors and eliminate a suspense account balance.</p>
2 Make and apply accounting adjustments	<p>2.1 Apply year end adjustments to a trial balance for the purpose of preparing the financial statements of a sole trader. Adjustments to include:</p> <ul style="list-style-type: none"><li>• stock valuation</li><li>• prepayments and accruals</li><li>• depreciation and disposal of fixed assets</li><li>• bad and doubtful debts</li></ul>
3 Prepare financial statements for a sole trader	<p>3.1 Prepare a trading and profit and loss account</p> <p>3.2 Prepare a balance sheet</p>
4 Prepare an extended trial balance	<p>4.1 List ledger balances in trial balance format on an extended trial balance.</p> <p>4.2 Prepare journal entries to correct errors and make accounting adjustments</p> <p>4.3 Amend errors and apply accounting adjustments in the preparation of an extended trial balance.</p> <p>4.4 Extend the trial balance.</p>
5 Draft financial statements (for a sole trader) from an extended trial balance	<p>5.1 Use balances from the extended trial balance to draft the following financial statements:</p> <ul style="list-style-type: none"><li>• trading and profit and loss account</li><li>• balance sheet</li></ul>

## PREPARE FINANCIAL STATEMENTS FOR A PARTNERSHIP

**Y6010742 Credit value: 3**

Learning Outcomes	Assessment Criteria
1 Prepare accounts for a partnership	<p>1.1 Use ledger account balances, accounting adjustments and apply terms contained within the Partnership Act 1890 <b>or</b> a Partnership Agreement to prepare the following:</p> <ul style="list-style-type: none"> <li>• partners' capital accounts</li> <li>• partners' current accounts</li> <li>• trading and profit and loss account</li> <li>• appropriation account</li> <li>• partnership balance sheet</li> </ul>
2 Account for a change in the structure of a partnership	<p>2.1 Account for goodwill resulting from a change in the structure of a partnership</p> <p>2.2 Account for changes in the structure of a Partnership resulting from <b>one</b> of the following:</p> <ul style="list-style-type: none"> <li>• a partner joining a business</li> <li>• a partner withdrawing from a partnership</li> <li>• a change in the terms of a Partnership Agreement</li> </ul>

## PREPARE FINANCIAL STATEMENTS FROM INCOMPLETE RECORDS

**A6010751 Credit value: 3**

Learning Outcomes	Assessment Criteria
1 Calculate the capital contribution of the owner to a business	1.1 Use the accounting equation to calculate capital from incomplete data
2 Prepare accounts from incomplete records	<p>2.1 Construct ledger accounts from incomplete records and supplementary data</p> <p>2.2 Apply accounting adjustments to ledger accounts constructed from incomplete records</p>
3 Prepare a trial balance	3.1 Prove the arithmetic accuracy of account balances constructed from incomplete records by preparing a trial balance.
4 Prepare financial statements ( for a sole trader) from incomplete records	4.1 Use ledger account balances constructed from incomplete records to draft financial statements (for sole trader)

**PREPARE FINANCIAL STATEMENTS FOR A NOT FOR PROFIT ORGANISATION**

**D6010757 Credit value: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Calculate the accumulated fund of members of a not for profit organisation	1.1 Use the accounting equation to calculate the accumulated fund of members of a not for profit organisation from incomplete data
2 Prepare ledger accounts for a not for profit organisation	2.1 Use a summary of receipts and payments and supplementary data to construct ledger accounts for a not for profit organisation  2.2 Apply accounting adjustments to ledger accounts constructed from a receipts and payments account
3 Prepare financial statements for a not for profit organisation	Prepare financial statements for a not for profit organisation.

**PREPARING AND COMPLETING VAT RETURNS**

**J6004953 Credit value: 2**

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
1 Complete VAT returns accurately and in a timely manner	1.1 Correctly identify and extract relevant data for a specific period from the accounting system  1.2 Calculate accurately relevant inputs and outputs <ul style="list-style-type: none"> <li>• Standard supplies</li> <li>• Exempt supplies</li> <li>• Zero rated supplies</li> <li>• Imports</li> <li>• Exports</li> </ul> 1.3 Calculate accurately the VAT due to, or from, the relevant tax authority  1.4 Make adjustments and declarations for any errors and omissions identified in previous VAT periods  1.5 Complete accurately and submit a VAT return within the statutory time limits along with any associated payments

<p>2 Communicate VAT information</p>	<p>2.1 Inform managers of the impact that the VAT payment may have on the company cash flow and financial forecasts</p> <p>2.2 Advise relevant people of the impact that any changes in Vat legislation, including the VAT rate, would have on any organisation's recording systems</p> <p>2.3 Communicate effectively with the relevant tax authority when seeking guidance</p>
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