



Qualification Specification

2013 Level 3 Diploma in Accounting (Level 6 in Scotland)

Ofqual qualification number: 60069089

SQA qualification number: R322 04

Published October 2012

Purpose of the AAT Level 3 Diploma in Accounting

Qualification Accreditation Number: 600/6908/9

AAT Level 3 Diploma in Accounting is the intermediate level of the AAT Accounting Qualification. It offers technical training in accounting and its main purpose is to provide students with specialist knowledge and skills to gain employment in an accounting role and / or the opportunity to progress to further qualification in accountancy or a related field.

Employability

A student who has been successful at Level 3 can become a very useful member of the accounting team. Example of job roles that holders of Level 3 Diploma in Accounting are equipped to undertake include:

Accounts Assistant; Accounts Payable and Expenses Supervisor, Accounts Payable Clerk; Assistant Accountant; Audit Trainee; Bookkeeper; Corporate Recovery Analyst; Credit Controller; Finance Assistant; Insolvency Executive; Payroll Administrator; Payroll Supervisor; Practice Bookkeeper and Payroll; Tax Assistant.

Progression

1. As an Accountancy Professional

Holders of AAT Level 3 Diploma in Accounting can go on to complete the final stage of AAT Accounting Qualification at Level 4. This is available through a variety of modes of study including the Higher Apprenticeship in Accounting.

On completion of Level 4 AAT Accounting Qualification learners will be eligible:

- To become an AAT full member and use the letters MAAT.
- To continue to further qualifications and become a chartered accountant:

All the UK chartered and certified accountancy bodies recognise the AAT Accounting Qualification. This means that holders of AAT Level 4 Accounting Qualifications can progress to join these bodies and receive exemptions from certain modules in their qualifications.

2. Go to university

Completion of AAT Level 3 Diploma in Accounting gives a student 160 UCAS points. In addition more than 30 UK universities and higher education institutes offer exemptions to AAT qualified students enrolling on accounting and finance-related degrees.

Level 3 Diploma in Accounting.
(Level 6 in Scotland)

Title (and reference number)		Accounts preparation	
Level		3 (Level 6 in Scotland)	
Credit value		9 (3 knowledge and 6 skills)	GLH 75
Learning outcomes The learner will...		Assessment criteria The learner can...	
1	Understand generally accepted accounting principles and concepts	1.1 K	Explain the accounting principles of going concern, accruals, prudence and consistency
		1.2 K	Explain the purpose of maintaining financial records for internal and external use
		1.3 K	Describe the types of accounting records that a business should maintain and the main uses of each
		1.4 K	Describe the main requirements of accounting standards (IFRS) in relation to inventory and non-current asset valuations
		1.5 K	Explain the accounting characteristics of relevance, reliability, comparability, ease of understanding and materiality
		1.6	Explain the differences between capital and revenue expenditure, classifying items as one or the other
2	Understand the principles of double entry bookkeeping	2.1 K	Explain the accounting equation
		2.2 K	Define assets, liabilities and equity in an accounting context
		2.3 K	Explain the purpose and use of books of prime entry and ledger accounts
		2.4 K	Explain the purpose of reconciling the sales and purchases ledgers, and the cash book
3	Understand the accounting methods used to record non-current assets	3.1 K	Describe how the acquisition of non-current assets can be funded, including part exchange
		3.2 K	Explain the accounting treatment for recording the acquisition and disposal of non-current assets
		3.3 K	Explain the need for, and methods of, providing for depreciation on non-current assets
		3.4 K	Describe the contents and use of the non-current assets register
		3.5	Resolve any queries, unusual features or discrepancies relating to the accounting records for non-current assets or refer to an appropriate person
4	Account for the purchase of non-current assets	4.1 S	Calculate total capital expenditure including all associated costs
		4.2 S	Record prior authority for the capital expenditure
		4.3 S	Record in the appropriate accounts the acquisition of a non-current asset including funded by/part exchange
		4.4 S	Record the acquisition in a non-current assets register
		4.5S	Close off or transfer the ledger account balances at the end of the financial period

5	Account for depreciation	5.1 S	Calculate the depreciation charges for a non-current asset using the: <ul style="list-style-type: none"> • straight line method • reducing balance method
		5.2 S	Record the depreciation in the non-current assets register
		5.3 S	Record depreciation in the appropriate ledger accounts
		5.4 S	Close off the ledger accounts at the end of the financial period, correctly identifying any transfers to the statement of profit or loss
6	Account for the disposal of non-current assets	6.1 S	Identify the correct asset, removing it from the non-current assets register
		6.2 S	Record the disposal of non-current assets in the appropriate accounts
		6.3 S	Calculate any gain or loss arising from the disposal, closing off or transferring the account balance
7	Account for adjustments	7.1 K	Explain the accounting treatment of accruals and prepayments to expenses and revenue
		7.2 K	Explain the reasons for, and method of, accounting for irrecoverable debts and allowances for doubtful debts
		7.3 S	Record the journal entries for closing inventory
		7.4 S	Record the journal entries for accrued and prepaid expenses and income
		7.5 S	Record the journal entries for provision for depreciation, irrecoverable debts and allowances for doubtful debts
		7.6 S	Record the journal entries to close off revenue accounts in preparation for the transfer of balances to the final accounts
8	Prepare and extend the trial balance	8.1 S	Prepare ledger account balances; reconciling them, identifying any discrepancies and taking appropriate action
		8.2 S	Prepare a trial balance
		8.3 S	Account for these adjustments: <ul style="list-style-type: none"> • Closing inventory • Accruals and prepayments to expenses and income • Provisions for depreciation on non-current assets • Irrecoverable debts • Allowance for doubtful debts
		8.4 S	Prepare the trial balance after adjustments
		8.5 S	Check for errors and/or inaccuracies in the trial balance, taking appropriate action

Unit aim(s)

This unit is about learners having the required skills and knowledge to prepare ledger accounts to trial balance stage according to current financial standards, including making any necessary adjustments. Learners will know how to account for the purchase and disposal of non-current assets

Title (and reference number)		Prepare Final Accounts For Sole Traders and Partnerships	
Level		3 (Level 6 in Scotland)	
Credit value		6 (2 knowledge and 4 skills)	GLH 50
Learning outcomes The learner will...		Assessment criteria The learner can...	
1	Understand the need for, and the process involved in, the preparation of final accounts	1.1 K	Identify reasons for closing off accounts and producing a trial balance
		1.2 K	Explain the process, and limitations, of preparing a set of final accounts from a trial balance
		1.3 K	Describe the methods of constructing accounts from incomplete records
		1.4 K	Provide reasons for imbalances resulting from incorrect double entries
		1.5 K	Provide reasons for incomplete records arising from insufficient data and inconsistencies within the data provided
2	Prepare accounting records from incomplete information	2.1 S	Calculate opening and/or closing capital using incomplete information
		2.2 S	Calculate the opening and/or closing cash/bank account balance
		2.3 S	Prepare sales and purchase ledger control accounts, using these to correctly calculate sales, purchases and bank figures
		2.4 S	Calculate account balances using mark ups and margins
3	Produce final accounts for sole traders	3.1 K	Describe the components of a set of final accounts for a sole trader
		3.2 S	Prepare a statement of profit or loss
		3.3 S	Prepare a statement of financial position
4	Understand the legislative and accounting requirements for partnerships	4.1 K	Describe the key components of a partnership agreement
		4.2 K	Describe these key components of partnership accounts: <ul style="list-style-type: none"> • Statement of profit or loss • Partnership appropriation account • Goodwill • Partners' current accounts • Partners' capital accounts • Statement of financial position
5	Prepare a statement of profit or loss appropriation account	5.1 S	Prepare the statement of profit or loss appropriation account for a partnership
		5.2 S	Accurately determine the allocation of profit to partners after allowing for interest on capital, interest on drawings and any salary paid to partner(s)
		5.3 S	Prepare the capital and current accounts for each partner
6	Prepare a statement of financial position relating to a partnership	6.1 S	Calculate the closing balances on each partner's capital and current accounts, including drawings
		6.2 S	Prepare a statement of financial position, in compliance with the partnership agreement
Unit aim(s)			
This unit is about the learner being able to prepare final accounts for both sole traders and unlimited partnerships, including the appropriation of profits. Learners will be able to draft final accounts and make necessary adjustments according to current financial standards			

Title (and reference number)		Costs and Revenues	
Level		3 (Level 6 in Scotland)	
Credit value		8 (4 knowledge and 4 skills)	GLH 70
Learning outcomes The learner will...		Assessment criteria The learner can...	
1	Understand the nature and role of costing systems within an organisation	1.1 K	Explain the purpose of internal reporting and providing accurate information to management
		1.2 K	Explain the relationship between the various costing systems within an organisation
		1.3 K	Identify the responsibility centres, cost centres, profit centres and investment centres within an organisation
		1.4 K	Explain the characteristics of different types of cost classifications and their use in costing
		1.5 K	Explain the differences between marginal and absorption costing
2	Record and analyse cost information	2.1 S	Record cost information for material, labour and expenses in accordance with the organisation's costing procedures
		2.2 S	Analyse cost information for material, labour and expenses in accordance with the organisation's costing procedures
		2.3 K	Define the various stages of inventory
		2.4 S	Value inventory using these methods: <ul style="list-style-type: none"> • First in first out (FIFO) • Last in first out (LIFO) • Weighted average
		2.5 K	Describe the behaviour of these costs: <ul style="list-style-type: none"> • Fixed • Variable • Semi-variable • Stepped
		2.6 S	Record cost information using these costing systems: <ul style="list-style-type: none"> • Job • Batch • Unit • Process • Service
3	Apportion costs according to organisational requirements	3.1 S	Attribute overhead costs to production and service cost centres in accordance with agreed bases of allocation and apportionment: <ul style="list-style-type: none"> • Direct • Step down
		3.2 S	Calculate overhead absorption rates in accordance with suitable bases of absorption: <ul style="list-style-type: none"> • Machine hours • Labour hours
		3.3 S	Make adjustments for under or over recovered overhead costs in accordance with established procedures
		3.4 S	Review methods of allocation, apportionment and absorption at regular intervals, implementing agreed changes to methods
		3.5 S	Communicate with relevant staff to resolve any queries in overhead cost data

4	Analyse deviations from budget and report these to management	4.1 S	Compare budget costs with actual costs, noting any variances
		4.2 S	Analyse variances for management reports
		4.3 S	Provide information for budget holders of any significant variances, making valid suggestions for remedial action
		4.4 S	Prepare management reports in an appropriate format, presenting these within the required timescales
5	Be able to use information gathered from costing systems to assist decision-making	5.1 S	Prepare estimates of future income and costs for decision making using: <ul style="list-style-type: none"> • Relevant costs • Break-even analysis • Margin of safety • Target profit • Profit-volume analysis • Limiting factors • Payback • Discounted cash flow
		5.2 K	Explain the effect of changing activity levels on unit costs
		5.3 S	Calculate the effect of changing activity levels on unit costs
		5.4 K	Identify factors affecting short-term and long-term decision making

Unit aim(s)

This unit is about understanding the nature of costs and revenues. Learners will be able to identify why cost accounting is important to an organisation; be able to recognise and use different approaches; and make reasoned judgements to inform management on the most effective costing techniques to aid decision making. They will be able to gather, analyse and report information about income and expenditure to support decision-making, planning and control.

Title (and reference number)		Professional Ethics		
Level		3 (Level 6 in Scotland)		
Credit value		4 (4 knowledge)	GLH	35
Learning outcomes The learner will...		Assessment criteria The learner can...		
1	Understand principles of ethical working	1.1	Explain these fundamental principles of ethical behaviour: <ul style="list-style-type: none"> • Integrity • Objectivity • Professional and technical competence and due care • Confidentiality • Professional behaviour 	
		1.2	Outline the relevant legal, regulatory and ethical requirements affecting the accounting and finance sector	
		1.3	Explain the role of professional bodies in relation to the accounting and finance sector	
		1.4	Explain why individuals, organisations or industry sectors are expected to operate within codes of conduct and practice	
		1.5	Explain the risks of improper practice to an organisation and the importance of vigilance	
		1.6	Identify opportunities for maintaining an up to date knowledge of changes to codes of practice, regulation and legislation affecting the accounting and finance sector	
2	Understand ethical behaviour when working with internal and external customers	2.1	Explain how to act ethically when working with clients, suppliers, colleagues and others	
		2.2	Explain the importance of objectivity and maintaining a professional distance between professional duties and personal life at all times	
		2.3	Explain the importance of adhering to organisational and professional values, codes of practice and regulations	
		2.4	Explain the importance of adhering to organisational policies for handling clients' monies	
		2.5	Identify circumstances when confidential information should be disclosed and who is entitled to the information	
		2.6	Explain the importance of working within the limits and confines of one's own professional experience, knowledge and expertise	
3	Understand when and how to take appropriate action following any suspected breaches of ethical codes	3.1	Identify the relevant authorities and internal departments to which unethical behaviour, breaches of confidentiality, suspected illegal acts or other malpractice should be reported	
		3.2	Identify the appropriate action to take in instances when requests for work are beyond the employee's competence	
		3.3	Identify inappropriate client behaviour and how to report it	
		3.4	Explain the internal and external reporting procedures which should be followed if an employee suspects an employer, colleague or client has committed, or may commit, an act which is believed to be illegal or unethical	
		3.5	Outline strategies that could be used to prevent ethical conflict	
4	Understand the ethical responsibility of the finance professional in promoting sustainability	4.1	Explain the importance of an ethical approach to sustainability	
		4.2	Outline the responsibilities of finance professionals in upholding the principles of sustainability	
Unit aim(s)				
This unit is about recognising the importance of the learner acting and working in an ethical manner. Learners will be able to work within the ethical code to ensure that the public has a level of confidence in accounting practices or functions, to protect their own and their organisations professional reputation and integrity and ensure they uphold principles of sustainability.				

Title (and reference number)		Indirect Tax	
Level		3 (Level 6 in Scotland)	
Credit value		4 (2 knowledge and 2 skills)	GLH 30
Learning outcomes The learner will...		Assessment criteria The learner can...	
1	Understand VAT regulations	1.1 K	Identify sources of information on VAT
		1.2 K	Explain how an organisation should interact with the relevant government agency
		1.3 K	Explain VAT registration requirements
		1.4 K	Identify the information that must be included on business documentation of VAT registered businesses
		1.5 K	Explain the requirements and the frequency of reporting for these VAT schemes: <ul style="list-style-type: none"> • Annual accounting • Cash accounting • Flat-rate scheme • Standard scheme
		1.6 K	Maintain an up-to-date knowledge of changes to codes of practice, regulation or legislation
2	Complete VAT returns accurately and in a timely manner	2.1 S	Extract relevant data for a specific period from the accounting system
		2.2 S	Calculate relevant inputs and outputs using these VAT classifications: <ul style="list-style-type: none"> • Standard supplies • Exempt supplies • Zero-rated supplies • Imports • Exports
		2.3 S	Calculate the VAT due to, or from, the relevant tax authority
		2.4 S	Complete and submit a VAT return and any associated payment within the statutory time limits
3	Understand VAT penalties and make adjustments for previous errors	3.1 K	Explain the implications and penalties for an organisation resulting from failure to abide by VAT regulations
		3.2 S	Make adjustments and declarations for any errors or omissions identified in previous VAT periods
4	Communicate VAT information	4.1 S	Inform managers of the impact that the VAT payment may have on an organisation's cash flow and financial forecasts
		4.2 S	Advise relevant people of changes in VAT legislation which would have an effect on an organisation's recording systems
Unit aim(s)			
This unit is about having the knowledge and skills to calculate VAT and submit the VAT return. It involves extracting the relevant information from the organisations accounting records; calculating the amount of tax payable or reclaimable and resolving errors or omissions. Learners will be able to submit completed documentation in a timely manner whilst maintaining an effective working relationship with the relevant tax authority.			

Title (and reference number)		Spreadsheet Software	
Level		3 (Level 6 in Scotland)	
Credit Value		6	GLH 45
Learning outcomes The learner will		Assessment criteria The learner can:	
1	Use a spreadsheet to enter, edit and organise numerical and other data	1.1	Identify what numerical and other information is needed in the spreadsheet and how it should be structured
		1.2	Enter and edit numerical and other data accurately
		1.3	Combine and link data from different sources
		1.4	Store and retrieve spreadsheet files effectively, in line with local guidelines and conventions where available
2	Select and use appropriate formulas and data analysis tools and techniques to meet requirements	2.1	Explain what methods can be used to summarise, analyse and interpret spreadsheet data and when to use them
		2.2	Select and use a wide range of appropriate functions and formulas to meet calculation requirements
		2.3	Select and use a range of tools and techniques to analyse and interpret data to meet requirements
		2.4	Select and use forecasting tools and techniques
3	Use tools and techniques to present, and format and publish spreadsheet information	3.1	Explain how to present and format spreadsheet information effectively to meet needs
		3.2	Select and use appropriate tools and techniques to format spreadsheet cells, rows, columns and worksheets effectively
		3.3	Select and use appropriate tools and techniques to generate, develop and format charts and graphs
		3.4	Select and use appropriate page layout to present, print and publish spreadsheet information
		3.5	Explain how to find and sort out any errors in formulas
		3.6	Check spreadsheet information meets needs, using IT tools and making corrections as necessary
		3.7	Use auditing tools to identify and respond appropriately to any problems with spreadsheets