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# Handbook

CAD3 – VTCT (Skillsfirst) Level 3 Diploma in  
Computerised Accounting for Business (RQF)

601/7538/2

Version 3.0

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# About Skillsfirst

VTCT is a market-leading Awarding, Assessment and End-point Assessment (EPA) Organisation offering vocational and technical qualifications in a range of 'services to people' sectors.

The VTCT group of companies are comprised of three innovative awarding brands: VTCT, ITEC and Skillsfirst. Together they have over 2,500 approved centres in over 40 countries across the world.

The qualifications suite offered by VTCT (Skillsfirst) spans a range of sectors including Childcare, Business Services, Health & Social Care, Recruitment and Social Media.

For more information visit us at [www.vtct.org.uk](http://www.vtct.org.uk) and [www.skillsfirst.co.uk](http://www.skillsfirst.co.uk), contact our dedicated Customer Support Team via email at [customersupport@vtct.org.uk](mailto:customersupport@vtct.org.uk) and [customerservices@skillsfirst.co.uk](mailto:customerservices@skillsfirst.co.uk) or call 0121 270 5100

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# 1 Qualification at a glance

<b>Qualification title</b>	VTCT (Skillsfirst) Level 3 Diploma in Computerised Accounting for Business (RQF)
<b>Qualification number</b>	601/7538/2
<b>Product code</b>	CAD3
<b>Age range</b>	There are age limits attached to learners undertaking this qualification as this qualification is not approved for learners under the age of 16.
<b>Credits</b>	37
<b>Total Qualification Time (TQT)</b>	370
<b>Guided Learning (GL) hours</b>	302
<b>Assessment</b>	To be awarded this qualification, learners must successfully achieve the following assessments: <ul style="list-style-type: none"><li>• Portfolio of evidence</li></ul>
<b>Entry requirements</b>	There are no formal entry requirements for learners undertaking this qualification; however, centres must ensure that learners have the potential and opportunity to gain evidence for the qualification in the work place.
<b>Support materials</b>	Support materials can be found on the website (if applicable)

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## 2 Qualification information

### 2.1 Qualification aim and design

This qualification has been designed to meet both employer and individual demand to acquire a range of essential skills, knowledge and understanding about computerised payroll. These include the theory and use of computerised accounting software, VAT, standard and advanced budgeting, accounting concepts and the professional values, basic business legislation and responsibilities of a finance professional.

The primary target group for this qualification would be Bookkeeper, Purchase Ledger Clerk, Payroll Administrator, Credit Controller or you may own your own business and carry out the accounting role and wish to expand your own knowledge. Prison Governors could also use this qualification as part of their 're-settlement initiative', as well as graduates or people looking for CPD utilising advanced learner loans (ALLs).

### 2.2 Progression opportunities

On completion of the VTCT (Skillsfirst) Level 3 Diploma in Computerised Accounting for Business (RQF), learners may progress into employment or onto the following Skillsfirst qualifications:

- VTCT (Skillsfirst) Level 3 Diploma in Management
- VTCT (Skillsfirst) Level 5 NVQ Diploma in Management and Leadership
- VTCT (Skillsfirst) Level 5 Diploma in Principles of Management and Leadership

or similar higher-level qualifications.

## 3 Qualification structure

To be awarded the VTCT (Skillsfirst) Level 3 Diploma in Computerised Accounting for Business (RQF) learners must achieve all mandatory units. All **37** credits must be achieved.

The minimum TQT required to achieve this qualification is **370**.

Product code	Unit title	Level	Credit	Unit reference number
<b>Mandatory units (Group M): 37 Credits</b>				
CAB26	Responsibilities of a finance professional	3	3	M/507/7532
CAB27	Principles of accounting concepts	3	6	T/507/7533
CAB28	Principles of preparing basic financial statements	3	3	F/507/7535
CAB29	Principles of partnership accounting	3	2	R/507/7538
CAB30	Accounting for not-for-profit organisations	3	2	R/507/7541
CAB31	Cash flow management	3	5	M/507/7545
CAB32	Introduction to a Cost Recording System within an organisation	3	4	T/507/7550
CAB33	Prepare and complete a VAT return	3	5	D/507/7557
CAB34	Standard and advanced budgeting using a computerised accounting package	3	2	D/507/7560
CAB35	Using computerised accounting software	3	5	K/507/7562

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# 4 Centre requirements

## 4.1 Resources

Centres must possess the physical resources needed to support the delivery of the programme and the assessment of knowledge and skills, which should therefore be of industry standard. Where specific resources are required these have been indicated in individual units.

## 4.2 Occupational expertise of deliverers, assessors, and moderators/internal verifiers

Staff delivering this qualification must be able to demonstrate that they meet the following occupational expertise requirements. They should:

- be occupationally competent to make assessment judgements about the broad use of computerised payroll and accounting techniques either in the workplace or in Realistic Working Environments (RWE); and occupationally competent to make assessment judgements about the quality of assessment and the assessment process
- be occupationally knowledgeable in the area(s) for which they are delivering training. This knowledge must be at least to the same level as the training delivered.
- have credible experience of providing training.

Assessors and internal verifiers must hold the relevant and equivalent qualifications (such as D32, D33, A1, A2 or Level 3 TAQA for assessors and D34, V1 or Level 4 TAQA for internal verifiers), or be working towards an appropriate TAQA or equivalent qualification. Centre staff should have verifiable relevant experience and current knowledge of the occupational working area at, or above, the level they are assessing or verifying. This experience and knowledge must be of sufficient depth to be effective and reliable when judging learner competence or verifying assessment processes and decisions. This could be verified by:

- curriculum vitae and references
- possession of a relevant qualification
- records of continuous professional development
- corporate membership of a relevant professional institution

Centre staff may undertake more than one role, e.g. tutor and assessor or internal verifier, but must never internally verify their own assessments.

### 4.3 Employer direct model

Where employers opt for an 'employer direct' model, the qualification requirements for assessors and internal verifiers may be waived.

The employer direct' model is where colleagues, supervisors and/or managers in the workplace are involved in the assessment process. Under this model, the employer, with the agreement of Skillsfirst may choose between:

- achieving the appropriate approved qualifications for assessment/verification
- or
- demonstrating that their (the employer's) training and development activity undertaken to prepare, validate and review these assessment roles, maps 100% to the National Occupational Standards which these qualifications are based on. The mapping process must be agreed by Skillsfirst as providing the equivalent level of rigour and robustness as achievement of the approved assessment/verification qualification.

Each application to use the employer direct model will be considered on an individual organisation and qualification basis and agreed by the qualification regulators, including the sector skills council. Prospective organisations must be able to confirm that their in-house practices conform to the requirements of the standards in association with Skillsfirst.

### 4.4 Continuous professional development (CPD)

Centres are responsible for ensuring that assessors and IVs plan and maintain their CPD.

Centres are expected to support their assessors and IVs in ensuring that their knowledge remains current of the occupational area and of best practice in delivery, mentoring, training, assessment and verification, and that it takes account of any national or legislative developments.

Centres may have generic criteria and personnel specifications in addition to the above.

### 4.5 Total Qualification Time (TQT)

Each qualification has a Total Qualification Time (TQT) value based on the total number of hours learning required to achieve it. The TQT value reflects the number of supervised learning hours required to achieve the knowledge and assessment requirements, plus the length of time a learner would need to take to achieve the skills and capabilities to be deemed competent. All RQF qualifications are subject to an evaluation process to determine their fitness-for-purpose.



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# 5 Assessment

## 5.1 Summary of assessment methods

For this qualification, learners will be required to provide a portfolio of evidence for each unit.

## 5.2 Assessment principles

Units will be achieved through the acquisition of evidence by the learner and submission to their assessor. Units may be assessed through a number of different sources and forms, which must meet the requirements of assessment criteria.

- Assessment should normally be at the learner's workplace, but where the opportunity to assess across the range of standards is unavailable other comparable working environments may be used, following agreement from the External Verifier.
- A holistic approach towards the collection of evidence should be encouraged, assessing activities generated by the whole work experience rather than focusing on specific tasks. e.g. If the learner communicates with a customer whilst engaged in sales activities these can be assessed against both sales and customer service elements.
- Assessors can only assess in their acknowledged area of occupational competence.
- Assessors and IVs will be registered with their centre and be accountable to the organisation for their assessment practice.
- Health and safety of customers/clients and employees must be maintained throughout the assessment process and if any person carrying out assessment or verification activities does not feel that there is due regard to health and safety then that person should refuse to continue with the activity(ies) until satisfied that due regard to health and safety is being taken.

## 5.3 Characteristics of assessment

There are two types of assessment for the Level 3 Diploma in Computerised Accounting for Business (RQF). These are skills and knowledge.

To achieve the skills units, you are advised to work through the textbook with the support of your tutor and complete the self-test activities at the end of each of the lessons. Once you feel you are ready, you can then ask your tutor/assessor to provide you with the final skills test for this unit.

The remaining units are assessed using an electronically-marked questionnaire and can be taken at the end of each section of learning.

You may produce evidence from a range of sources which should be recorded in some form. A record of evidence will confirm to your tutor/assessor their confidence in your competence and breadth and depth of knowledge and understanding in being able to competently meet the functional requirements of all the units.

Your tutor/assessor will need to be assured that you can:

- meet all the learning outcomes of a unit
- pass all the assessment criteria of a unit

Your tutor/assessor may request additional evidence if they are not satisfied with the evidence you present. If this occurs, it may need to be agreed in partnership with you and your tutor/assessor.

## 5.4 Recognition of prior learning (RPL)

RPL recognises how the contribution of a learner's previous experience could contribute to a qualification. Should any opportunities for RPL be identified, it is important that a complete process of recognising prior experience and learning is undertaken, by ensuring that:

- it covers relevant or appropriate experience for previous activities, as well as accredited learning and qualifications
- it is incorporated into the assessment planning, with details of how this will take place
- mapping of prior learning to the national occupational standards to identify gaps is documented and auditable
- assessment methods or processes for recognising prior experience and learning, are documented and made available to the external verifier
- the audit trail covers the whole process and methodology of RPL
- the authenticity and currency of presented evidence is established by the assessor

In considering the appropriateness of any single piece of evidence, the following should be considered:

- **Content** – the degree to which the content of any previous accredited learning meets the requirements of the national occupational standards against which it is being presented as evidence.
- **Performance and knowledge** – the degree to which the previous learning covered both performance and knowledge. Some learning will only have offered and tested the latter, in which case RPL will only recognise the meeting of knowledge requirements. Performance will require further assessment. Although unlikely, the reverse (performance tested but not knowledge) could be true in which case knowledge and understanding would need further assessment.
- **Relevance of context** – the degree to which the context of the learning gained and assessed, relates to the current context of learner' work roles. If the context was different, assessors will need to satisfy themselves of learners' ability to transfer the learning gained into their current setting.
- **Currency** – how recently the learning was gained. Learners would need to demonstrate current knowledge and understanding of areas such as legislation, policy and practice etc., which may have changes since the previous learning programmes were undertaken.
- **Authenticity** – how the ownership of the evidence is established to ensure it was generated by the learner.

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# 6 Units

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# Unit Handbook

## CAB26 – Responsibilities of a finance professional

Unit reference number: M/507/7532

**Level: 3**

**Guided Learning (GL) hours: 25**

### Unit aim

The aim of this unit is to enable the learner to understand the ethical and legal responsibilities of a finance professional.

### Learning outcomes

There are four outcomes to this unit. The learner will:

LO1 Understand the importance of integrity and professionalism

LO2 Understand the principles of workplace legislation

LO3 Understand the principles of legislation relating to money laundering

LO4 Understand the ethical responsibility of the finance professional in promoting sustainability

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**Values** must include:

- confidentiality
- security of data
- competency
- duty of care
- integrity
- ethics

**Data** must include:

- computerised
- written

**Principles of data protection** must include:

- adequate, relevant and not excessive
- data retention periods
- not transferred to countries without adequate data protection laws

**Offences** may include:

- concealing
- arrangements
- acquisition, use and possession
- failure to disclose

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the importance of integrity and professionalism	1.1 Explain how ethical <b>values</b> impact on the role of a finance professional

Learning Outcome	Assessment Criteria
LO2 Understand the principles of workplace legislation	2.1 Explain the importance of maintaining security of <b>data</b> held on individuals or businesses
	2.2 Identify the <b>principles of data protection</b>
	2.3 Describe the main duties and responsibilities of employers under health and safety legislation
	2.4 Describe the main duties and responsibilities of employees under health and safety legislation

Learning Outcome	Assessment Criteria
LO3 Understand the principles of legislation relating to money laundering	3.1 Define the term 'money laundering'
	3.2 Describe <b>offences</b> under the money laundering regulations
	3.3 Describe the risks associated with money laundering legislation on the role of a bookkeeper
	3.4 Identify internal procedures employed to reduce risk
	3.5 Describe the legal requirements of an organisation to report suspicions of money laundering

Learning Outcome	Assessment Criteria
LO4 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 a finance professional in upholding the principles of sustainability

### CAB26 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB27 – Principles of accounting concepts

Unit reference number: T/507/7533

**Level: 3**

**Guided Learning (GL) hours: 48**

### Unit aim

The aim of this unit is to enable the learner to understand the concepts of accounting used in the preparation of financial statements and to understand the principles behind them.

### Learning outcomes

There are six outcomes to this unit. The learner will:

- LO1 Understand the accounting concepts and the qualitative characteristics used in the preparation and presentation of financial statements
- LO2 Understand the principles of double entry bookkeeping
- LO3 Understand the purpose and use of stock valuation
- LO4 Understand the process of accounting for fixed assets
- LO5 Understand the process of accounting for prepayments and accruals
- LO6 Understand the process of accounting for bad and doubtful debts



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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria.

## Assessment guidance

**Accounting concepts** must include:

- going concern
- accruals/matching
- prudence
- consistency
- dual aspect
- realisation
- objectivity
- materiality

**Qualitative characteristics** must include:

- relevance
- reliability
- ease of understanding
- comparability

**Elements** include:

- assets (what it owns)
- liabilities (what it owes to others)
- owner's equity (the difference between assets and liabilities)

**Accounting equation** is  $\text{Assets} = \text{Liabilities} + \text{Owners Equity}$

**Types of ledgers** may include:

- main ledger
- subsidiary ledgers
- cash book
- books of prime entry

**Methods** may include:

- FIFO
- LIFO
- weighted average AVCO

**SSAP 9** is the Statement of Standard Accounting No 9 which gives guidance on the accounting treatment of stocks and long-term contracts.

**Methods used to calculate depreciation** may include:

- straight line
- diminishing balance

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the accounting concepts and the qualitative characteristics used in the preparation and presentation of financial statements	1.1 Describe the <b>accounting concepts</b> which are used in the preparation and presentation of financial statements
	1.2 Explain how the accounting concepts are used in the preparation and presentation of financial statements
	1.3 Explain the importance of <b>qualitative characteristics</b> used in the preparation and presentation of financial statements

Learning Outcome	Assessment Criteria
LO2 Understand the principles of double entry bookkeeping	2.1 Define the <b>elements</b> within the ' <b>accounting equation</b> '
	2.2 Explain how the elements within the 'accounting' equation are inter-related
	2.3 Explain how the dual aspect concept underpins the process of double entry bookkeeping
	2.4 Describe the <b>types of ledgers</b> which are used in recording financial transactions

Learning Outcome	Assessment Criteria
LO3 Understand the purpose and use of stock valuation	3.1 Explain the purpose of valuing stock at the end of the accounting period
	3.2 Describe the accounting concept on which a stock adjustment is based
	3.3 Describe the <b>methods</b> used for valuing stock at cost price
	3.4 Explain the principle of valuing stock as outlined in the SSAP 9 guidance
	3.5 Explain the accounting concept on which a stock valuation is based in accordance with SSAP 9 requirements

Learning Outcome	Assessment Criteria
LO4 Understand the process of accounting for fixed assets	4.1 Compare the difference between 'capital' and 'revenue' expenditure
	4.2 Explain the requirement for authorising capital expenditure
	4.3 describe the purpose of the 'fixed asset register' and the information it should contain
	4.4 Explain the <b>methods used to calculate depreciation</b>
	4.5 Explain the main accounting concepts that relate to the depreciation of fixed assets

<b>Learning Outcome</b>	<b>Assessment Criteria</b>
LO5 Understand the process of accounting for prepayments and accruals	5.1 Explain the importance of making adjustments for prepayments and accruals in respect of revenue income and expenditure
	5.2 Explain the main accounting concept on which prepayment and accruals adjustments are based

<b>Learning Outcome</b>	<b>Assessment Criteria</b>
LO6 Understand the process of accounting for bad and doubtful debts	6.1 Describe the difference between a bad debt and a provision for doubtful debts
	6.2 Explain the accounting concept on which a bad debt write off and a provision for doubtful debts adjustment is based
	6.3 Explain how a bad debt write off and a provision for doubtful debts adjustment is used in the preparation of financial statements

### CAB27 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB28 – Principles of preparing basic financial statements

Unit reference number: F/507/7535

**Level: 3**

**Guided Learning (GL) hours: 26**

### Unit aim

The aim of this unit is to enable the learner to understand the requirements of preparing financial statements and their use.

### Learning outcomes

There are five outcomes to this unit. The learner will:

LO1 Understand the form and function of the trial balance

LO2 Understand the purpose of the suspense account

LO3 Understand the form and function of financial statements

LO4 Understand the form and function of the extended trial balance

LO5 Understand the calculation and interpretation of accounting ratios

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria.

## Assessment guidance

**Types of error** include:

- error of original entry
- error of omission
- error of reversal
- error of commission
- error of principle
- compensating errors
- transposition error

**Content** may include:

- profit and loss account
- balance sheet
- cash flow statement

**Financial ratios** must include:

- profitability
- liquidity
- financial Structure

**Procedures** could include:

- gross profit percentage
- net profit percentage
- return on capital employed (ROCE)
- current ratio
- acid test ratio
- gearing ratio

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the form and function of the trial balance	1.1 Explain the purpose of the trial balance
	1.2 Describe the limitations of the trial balance
	1.3 Describe the <b>types of error</b> not exposed by the trial balance
	1.4 Explain the procedures for tracing errors exposed by the trial balance

Learning Outcome	Assessment Criteria
LO2 Understand the purpose of the suspense account	2.1 Explain the purpose of a suspense account
	2.2 Describe the type of errors that will result in an imbalance of accounts

Learning Outcome	Assessment Criteria
LO3 Understand the form and function of financial statements	3.1 Describe the <b>content</b> of a financial statement
	3.2 Explain the functionality of the content of a financial statement

Learning Outcome	Assessment Criteria
LO4 Understand the form and function of the extended trial balance	4.1 Describe the format and purpose of the extended trial balance
	4.2 Explain the procedures used in preparing the extended trial balance

Learning Outcome	Assessment Criteria
LO5 Understand the calculation and interpretation of accounting ratios	5.1 Utilise information from the profit and loss account and balance sheet to calculate <b>financial ratios</b>
	5.2 Explain the <b>procedures</b> used to calculate financial ratios
	5.3 compare results using ratio analysis
	5.4 apply results of ratio analysis to aid decision making within an organisation



### CAB28 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB29 – Principles of partnership accounting

Unit reference number: R/507/7538

**Level: 3**

**Guided Learning (GL) hours: 14**

### Unit aim

The aim of this unit is to enable the learner to understand the structure and requirements of a Partnership Agreement.

### Learning outcomes

There are four outcomes to this unit. The learner will:

LO1 Understand the partnership structure as a form of business entity

LO2 Understand the legislation relating to partnerships

LO3 Understand how different accounts are used in partnership accounting

LO4 Understand the procedures applied when changes occur in the structure of a partnership

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**Specifications** may include:

- partnership start date, address, name, and purpose
- contact information and duties for each general partner
- description of partner capital contributions
- profit and loss distribution (equal share or fixed per cent)
- rules regarding the admission of new partners, withdrawal of existing partners, and partnership dissolution
- accounting methods, and annual report details
- who is responsible for day-to-day management of the business
- when meetings are held, voting rules, and how decisions will be made, including which decisions require unanimous consent from all partners

**Accounts** must include:

- partners' fixed capital accounts
- partners' current accounts
- partners' drawings accounts
- appropriation account
- partnership balance sheet

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the partnership structure as a form of business entity	1.1 Define the term 'partnership'
	1.2 Compare the advantages and disadvantages of forming a partnership

Learning Outcome	Assessment Criteria
LO2 Understand the legislation relating to partnerships	2.1 Describe the main provisions of the partnership act 1890
	2.2 Explain the importance of a partnership agreement
	2.3 Outline the main <b>specifications</b> that a Partnership Agreement may contain

Learning Outcome	Assessment Criteria
LO3 Understand how different accounts are used in partnership accounting	3.1 Describe the different <b>accounts</b> applicable to partnership accounting and their usage

Learning Outcome	Assessment Criteria
LO4 Understand the procedures applied when changes occur in the structure of a partnership	4.1 Describe situations that will result in a change to the structure of a partnership
	4.2 Explain the term 'goodwill'
	4.3 Explain how goodwill is valued following a change in the structure of a partnership

### CAB29 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

CAB30 – Accounting for not-for-profit organisations

Unit reference number: R/507/7541

**Level: 3**

**Guided Learning (GL) hours: 14**

## Unit aim

The aim of this unit is to enable the learner to understand the principles of the function of a not-for-profit organisation and the terminology used in relation to a not-for-profit organisation.

## Learning outcomes

There are three outcomes to this unit. The learner will:

LO1 Understand terminology relating to not-for-profit organisations

LO2 Understand the purpose of a receipts and payments account

LO3 Understand the function of financial statements prepared for a not-for-profit organisation

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria.

## Assessment guidance

**Fields** can include:

- clubs (sporting or social)
- societies
- charities
- community interest companies
- religious bodies
- community or voluntary group

**Accounting terms** could include:

- grant funding
- donations
- subscriptions
- surplus and deficits
- restricted and unrestricted funds
- distributable and un-distributable reserves

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand terminology relating to not-for-profit organisations	1.1 Explain the term 'not-for-profit'
	1.2 Identify the <b>fields</b> in which such an organisation is likely to operate
	1.3 Identify and explain <b>accounting terms</b> used in relation to not for profit organisations

Learning Outcome	Assessment Criteria
LO2 Understand the purpose of a receipts and payments account	2.1 Explain the use of a receipts and payments account in relation to not-for-profit organisations
	2.2 Explain the limitations of a receipts and payments account

Learning Outcome	Assessment Criteria
LO3 Understand the function of financial statements prepared for a not-for-profit organisation	3.1 Explain the function of the financial statements prepared on behalf of a not-for-profit organisation



### CAB30 Document History

Version	Issue Date	Changes	Role
1.0	31/02/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB31 – Cash flow management

Unit reference number: M/507/7545

**Level: 3**

**Guided Learning (GL) hours: 41**

### Unit aim

The aim of this unit is to enable the learner to understand the concepts of cash flow forecasting, managing cash balances and cash assets and making informed decisions regarding the efficiency of cash management procedures within an organisation.

### Learning outcomes

There are six outcomes to this unit. The learner will:

LO1 Demonstrate cash flow forecasting

LO2 Use forecasts to monitor cash flow within the organisation

LO3 Manage cash balances effectively

LO4 Understand how the external environment impacts on how an organisation manages cash assets

LO5 Make informed decisions regarding the management of cash balances within an organisation

LO6 Understand a range of business techniques used to improve the efficiency of cash management procedures within an organisation

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria.

## Assessment guidance

**External** may include:

- inflation
- deflation
- recession
- trade agreements

**Cash receipts and payments** must include:

- regular revenue receipts
- capital receipts
- exceptional receipts and payments
- drawings

**Types of investment** must include:

- certificate of deposit
- government securities
- local authority short term loans
- shares

**Statistical techniques** must include:

- moving averages
- allowance for inflation

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Be able to demonstrate cash flow forecasting	1.1 Define the term “cash flow”
	1.2 Forecast the likely pattern of cash flows over the accounting period and any exceptional receipts or payments
	1.3 Ensure forecasts of future cash payments and receipts agree with known income and expenditure trends
	1.4 Prepare cash budgets and clearly indicate net cash requirements

Learning Outcome	Assessment Criteria
LO2 Be able to use forecasts to monitor cash flow within the organisation	2.1 Monitor cash receipts and payments against budgeted cash flow
	2.2 Identify deviations from the cash budget and take corrective action in line with organisational policies

Learning Outcome	Assessment Criteria
LO3 Be able to manage cash balances effectively	3.1 Interpret trends in the economic and financial environment when managing cash balances
	3.2 Manage cash, overdrafts and loans in order to maintain an adequate level of liquidity in line with cash forecasts
	3.3 Calculate cash requirements and arrange overdraft and loan facilities on the most favourable terms available
	3.4 Identify where to invest surplus funds according to organisational policy within defined financial authorisation limits
	3.5 Follow the organisation’s financial regulations and security procedures

Learning Outcome	Assessment Criteria
LO4 Understand how the external environment impacts on how an organisation manages cash assets	4.1 Explain how the government monetary policies affect an organisation’s cash assets
	4.2 Describe <b>external</b> factors which impact on how an organisation manages cash assets

Learning Outcome	Assessment Criteria
LO5 Be able to make informed decisions regarding the management of cash balances within an organisation	5.1 Identify the characteristics of different types of <b>cash receipts and payments</b>
	5.2 Explain how organisations can raise finance from a bank through overdrafts and loans
	5.3 Evaluate the risks associated with overdrafts and loans
	5.4 Explain the risk and benefits of alternative sources of financing
	5.5 Explain the different <b>types of investment</b> including risks and terms and conditions

Learning Outcome	Assessment Criteria
LO6 Understand a range of business techniques used to improve the efficiency of cash management procedures within an organisation	6.1 Identify the component parts of cash budgets and how these are presented to aid decision making
	6.2 Explain the effects of lagged receipts and payments upon an organisation's cash management
	6.3 Describe the relationship between cash flow accounting and accounting for income and expenditure
	6.4 Identify the principles of liquidity management
	6.5 Explain the <b>statistical techniques</b> that can be used for estimating future trends
	6.6 Identify methods to manage risk and exposure when investing, to minimise potential losses to the organisation

### CAB31 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB32 – Introduction to a Cost Recording System within an organisation

Unit reference number: T/507/7550

**Level: 3**

**Guided Learning (GL) hours: 32**

### Unit aim

The aim of this unit is to enable the learner to understand the concepts of cost recording system within an organisation and to understand the principles behind them.

### Learning outcomes

There are five outcomes to this unit. The learner will:

LO1 Understand the cost recording system within an organisation

LO2 Recognise the components of a cost recording system and how they operate

LO3 Record and analyse cost information

LO4 Prepare a management report on deviations from a budget

LO5 Use information gathered from costing systems to assist decision-making

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**Types of stock** must include:

- raw materials
- part finished goods (work in progress)
- finished goods

**Different methods of stock valuation** may include:

- FIFO
- LIFO
- weighted average AVCO

**Base of absorption** may include:

- machine hours
- labour hours



# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the cost recording system within an organisation	1.1 Explain what is meant by a “cost recording system”
	1.2 Explain the organisation’s business transactions and their relationship with the accounting system(s)
	1.3 Identify sources of income and expenditure for historic, current and forecast periods
	1.4 Describe the relationship between the costing and accounting systems within the organisation

Learning Outcome	Assessment Criteria
LO2 Recognise the components of a cost recording system and how they operate	2.1 Explain the purpose and structure of a costing system within an organisation
	2.2 Identify materials, labour and expense and explain how they are classified and recorded
	2.3 Explain the implications of fixed, variable and semi-variable overheads in a cost recording system
	2.4 Identify types of cost and profit centres
	2.5 Explain different methods of coding data
	2.6 Identify different <b>types of stock</b>
	2.7 Explain <b>different methods of stock valuation</b>
	2.8 Explain methods for calculating payments for labour

Learning Outcome	Assessment Criteria
LO3 Record and analyse cost information	3.1 Record cost information for material, labour and expenses in accordance with the organisation’s costing procedures
	3.2 Analyse cost information for material, labour and expense in accordance with the organisation’s costing procedures
	3.3 Explain the differences between marginal and absorption costing
	3.4 Calculate overhead absorption rates using a suitable <b>base of absorption relevant to the organisation</b>
	3.5 Make adjustments for under or over recovered overhead costs in accordance with established procedures

Learning Outcome	Assessment Criteria
LO4 Be able to prepare a management report on deviations from a budget	4.1 Compare budget costs with actual costs, noting any variances
	4.2 Prepare management report analysing deviations if found

Learning Outcome	Assessment Criteria
LO5 Be able to use information gathered from costing systems to assist decision-making	5.1 Prepare estimates of future income and costs using both “Break even analysis” and “Margin of safety”
	5.2 Calculate the effect of changing activity levels on unit costs

### CAB32 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB33 – Prepare and complete a VAT return

Unit reference number: D/507/7557

**Level: 3**

**Guided Learning (GL) hours: 47**

### Unit aim

The aim of this unit is to enable the learner to understand the concepts of the VAT legislation, the requirements and penalties, inputs and outputs and apply this knowledge to complete a VAT return

### Learning outcomes

There are five outcomes to this unit. The learner will:

LO1 Understand VAT requirements of an organisation

LO2 Understand inputs and outputs in relation to VAT

LO3 Understand the requirements, frequency and penalties relating to VAT schemes

LO4 Be able to complete a VAT return

LO5 Understand the implications of VAT payments and legislation for the organisation

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**Inputs and outputs** may include:

- standard supplies
- exempt supplies
- zero rated supplies
- imports
- exports

**Types of supply** may include:

- standard supplies
- exempt supplies
- zero rated supplies
- imports
- exports

**VAT schemes** must include:

- annual accounting
- cash accounting
- flat rate scheme
- standard scheme

**Failure to abide by VAT regulations** may include:

- fraudulent reporting  
including late submissions of VAT returns

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand VAT requirements of an organisation	1.1 Explain the VAT registration requirements of an organisation
	1.2 Explain the relationship between an organisation and Her Majesty's Revenue and Customs (HMRC)
	1.3 Identify the information that must be included on business documentation of a VAT registered business

Learning Outcome	Assessment Criteria
LO2 Understand inputs and outputs in relation to VAT	2.1 Recognise different types of <b>inputs and outputs</b>
	2.2 Identify how different <b>types of supply</b> are classified for VAT purposes

Learning Outcome	Assessment Criteria
LO3 Understand the requirements, frequency and penalties relating to VAT schemes	3.1 Explain the requirements and the frequency of reporting of <b>VAT schemes</b>
	3.2 Outline the implications and penalties for an organisation resulting from <b>failure to abide by VAT regulations</b>

Learning Outcome	Assessment Criteria
LO4 Be able to complete a VAT return	4.1 Extract financial data for a specific period from the accounting system
	4.2 Calculate the inputs and outputs for a specific period
	4.3 Calculate the VAT due to, or from the tax authority
	4.4 Make adjustments and declarations for any errors or omissions identified in previous VAT periods
	4.5 Submit a completed VAT return within the statutory time limits
	4.6 Submit any associated payments with the completed VAT return

Learning Outcome	Assessment Criteria
LO5 Understand the implications of VAT payments and legislation for the organisation	5.1 Explain the impact that VAT payments may have on the organisation's cash flow and financial forecasts
	5.2 Explain the impact that any changes in VAT legislation, including the VAT rate, would have on the organisation's recording systems

### CAB33 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB34 – Standard and advanced budgeting using a computerised accounting package

Unit reference number: D/507/7560

**Level: 3**

**Guided Learning (GL) hours: 14**

### Unit aim

The aim of this unit is to enable the learner to understand the concepts of standard and advanced budgeting using an accounting software package and apply this understanding to produce advanced budget reports from a computerised accounting package

### Learning outcomes

There are four outcomes to this unit. The learner will:

LO1 Understand the use of 'standard budgeting' techniques using a computerised accounting package

LO2 Be able to produce 'standard budget' reports from a computerised accounting package

LO3 Understand the use of 'advanced budgeting' techniques using a computerised accounting package

LO4 Be able to produce advanced budget reports from a computerised accounting package



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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**'Standard budget' reports** should:

- give monthly comparisons
- give a year to date comparison
- show budget variances

The **ratio report** should show percentage of sales per individual nominal codes within the chart of accounts

**Setting new budgets for the next financial year** must include:

- setting budgets using existing values
- use of percentage increase
- use of percentage decrease
- use of copy values
- use of incremental or uniform settings

**Process changes in budget figures** must include:

- basing budgets on current year budgets
- basing budgets on forecasts
- using percentage increase or decrease

**Advanced departmental reports** could include:

- advanced profit and loss report, by chart of accounts, by periods, years and department
- monthly profit and loss by department (advanced budget)

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Understand the use of 'standard budgeting' techniques using a computerised accounting package	1.1 Explain the use of nominal code budgeting
	1.2 Describe how to set the computerised accounting package to allow 'standard budgeting'

Learning Outcome	Assessment Criteria
LO2 Be able to produce 'standard budget' reports from a computerised accounting package	2.1 Process monthly budgets to specified nominal codes
	2.2 Compare monthly budgets to actual performance
	2.3 Produce a <b>'standard budget' report</b> using a computerised accounting package
	2.4 Produce a <b>ratio report</b> using a computerised accounting package

Learning Outcome	Assessment Criteria
LO3 Understand the use of 'advanced budgeting' techniques using a computerised accounting package	3.1 Explain the use of nominal code advanced budgeting
	3.2 Explain the use of department overview advanced budgeting
	3.3 Explain the use of department in depth advanced budgeting
	3.4 Describe how to set the computerised accounting package to allow 'advanced budgeting'

Learning Outcome	Assessment Criteria
LO4 Be able to produce advanced budget reports from a computerised accounting package	4.1 Process budget information for current year and forecast year
	4.2 Produce an 'advanced budget' report using nominal codes
	4.3 <b>Set new budgets for the next financial year</b> using advance budgeting techniques
	4.4 <b>Process changes in budget figures</b> at year end
	4.5 Produce <b>advanced departmental reports</b>

### CAB34 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

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# Unit Handbook

## CAB35 – Using computerised accounting software

Unit reference number: K/507/7562

**Level: 3**

**Guided Learning (GL) hours: 41**

### Unit aim

The aim of this unit is to enable the learner to understand the structure and requirements of processing accounting data using a computerised accounting package for various types of business organisations and apply this knowledge to produce advanced budget reports.

### Learning outcomes

There are six outcomes to this unit. The learner will:

- LO1 Set up master data using a computerised accounting software package
- LO2 Process accounting transactions on a computerised accounting software package
- LO3 Process adjustments on a computerised accounting software package
- LO4 Process period end routines on a computerised accounting software package
- LO5 Process VAT returns using a computerised accounting software package
- LO6 Produce and analyse accounting reports to assist the financial management of an organisation

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# Unit content

## Endorsement of the unit by a sector or other appropriate body

This unit is endorsed by Financial Skills Partnership, the skills council for the financial sector

## Assessment information

Learners will be required to provide a portfolio of evidence indicating that they have met all the unit outcomes and assessment criteria

## Assessment guidance

**Types of companies** should include:

- sole trader
- partnership
- not for profit

**VAT schemes** could include:

- standard
- cash accounting
- flat rate

**Records** should include:

- customer records
- supplier records
- nominal records
- bank records

**Ledgers** could include:

- nominal (general) ledger
- sales (debtors) ledger
- purchase (creditors) ledger

**Accounting transactions** must include:

For customers:

- invoices
- credit notes
- calculation and reconciliation of batch totals
- allocation of payments
- returned and cancelled cheques
- payments involving discounts
- opening balances
- disputed items

For suppliers:

- invoices
- credit notes
- calculation and reconciliation of batch totals
- allocation of payments
- payments involving discounts
- opening balances
- disputed items

**Record keeping systems** could include:

- journal
- suspense account

**Month-end routine** must include:

- recurring entries
- written off bad debts
- depreciation of fixed assets
- prepayments and accruals
- a trial balance

**Year-end routine** must include:

- recurring entries
- provision for bad debts
- small balance write offs
- depreciation of fixed assets
- prepayments and accruals adjustments
- stock adjustments
- the brought forward trial balance

**Inputs and outputs** may include:

- standard supplies
- exempt supplies
- zero rated supplies
- imports
- exports

**Accounting reports** must include:

- sales ledger (debtors) reports
- purchase ledger (creditors) reports
- nominal (general) ledger reports
- bank account and cash account reports
- an audit trail report
- a trial balance report
- a profit and loss account report.
- a balance sheet report.

# Learning outcomes

Learning Outcome	Assessment Criteria
LO1 Be able to set up master data using a computerised accounting software package	1.1 Set up different <b>types of companies</b> and <b>VAT schemes</b>
	1.2 Create a chart of accounts to meet the requirements of different types of companies
	1.3 Create <b>records</b> to support the activities of different types of companies

Learning Outcome	Assessment Criteria
LO2 Be able to process accounting transactions on a computerised accounting software package	2.1 Carry out the processing of information in a range of <b>ledgers</b>
	2.2 Carry out the processing of <b>accounting transactions</b> for customers and suppliers using <b>record keeping systems</b>

Learning Outcome	Assessment Criteria
LO3 Be able to process adjustments on a computerised accounting software package	3.1 Process contracts between sales (debtors) ledger accounts and purchase (creditors) ledger accounts
	3.2 Process entries involving the purchase of fixed assets and write off/disposal of fixed assets
	3.3 Process entries involving depreciation of fixed assets
	3.4 Calculate and process the profit or loss on fixed asset disposals

Learning Outcome	Assessment Criteria
LO4 Be able to process period end routines on a computerised accounting software package	4.1 Process <b>month-end routine</b>
	4.2 Process <b>year-end routine</b>

<b>Learning Outcome</b>	<b>Assessment Criteria</b>
LO5 Be able to process VAT returns using a computerised accounting software package	5.1 Explain how to set up VAT Registration on the Government Gateway
	5.2 Process a VAT Return using calculated <b>inputs and outputs</b> for a specific period
	5.3 Check, reconcile and archive a VAT Return
	5.4 Print a VAT report for a specific period

<b>Learning Outcome</b>	<b>Assessment Criteria</b>
LO6 Be able to produce and analyse accounting reports to assist the financial management of an organisation	6.1 Produce <b>accounting reports</b> which assist the financial management of an organisation
	6.2 Use spreadsheet software to export a trial balance
	6.3 Use accounting and ratio reports to make financial management decisions



### CAB35 Document History

Version	Issue Date	Changes	Role
1.0	31/01/2023	Rebrand	Regulation Officer

## Document History

Version	Issue Date	Changes	Role
v3.0	31/01/2023	Formatting and re-branding. No content amendment.	Data Administrator