

Edexcel Level 4 Diploma in Accounting (QCF)

Specification

Edexcel NVQ/competence-based qualifications

For first registration 1 March 2012

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Authorised by Martin Stretton
Prepared by Roger Field

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Qualification title covered by this specification

This specification gives you the information you need to offer the Edexcel Level 4 Diploma in Accounting (QCF):

Qualification title	Qualification Number (QN)	Accreditation start date
Edexcel Level 4 Diploma in Accounting (QCF)	600/4723/9	01/03/2012

This qualification has been approved within the Qualifications and Credit Framework (QCF) and is eligible for public funding as determined by the Department for Education (DfE) under Section 96 of the Learning and Skills Act 2000.

The qualification title listed above features in the funding lists published annually by the DfE and the regularly updated website. It will also appear on the Learning Aims Reference Application (LARA), where relevant.

You should use the QCF Qualification Number (QN) when you wish to seek public funding for your learners. Each unit within a qualification will also have a unique QCF unit reference number, which are listed in this specification.

The QCF qualification title and unit reference numbers will appear on the learners' final certification documents. Learners need to be made aware of this when they are recruited by the centre and registered with Edexcel.

For further information on the funding of 14-19 qualifications offered in England, please refer to the DfE Section 96 website.

For further information on the funding of 19+ qualifications offered in England, please refer to the SFA website.

For further information on funding in Wales, visit the DAQW website.

For further information on funding in Northern Ireland, visit the DELNI and DENI website.

Key features of the Edexcel Level 4 Diploma in Accounting (QCF)

This qualification:

- is nationally recognised
- is based on the National Occupational Standards (NOS) for Accounting.

Edexcel expects that the Edexcel Level 4 Diploma in Accounting will be approved as a component required for the Higher Apprenticeship in Accounting.

What is the purpose of this qualification?

This qualification is designed to recognise occupational competence in accounting at level 4 and thus provide opportunities for career and educational progression.

Who is this qualification for?

This qualification has been developed for those working, or wishing to work, in accounting. It is intended to provide progression from the Edexcel Level 3 Diploma in Accounting, allowing learners to further develop their accounting skills.

This qualification is for all learners aged 16 and above who are capable of reaching the required standards.

Edexcel's policy is that its qualifications should:

- be free from any barriers that restrict access and progression
- ensure equality of opportunity for all wishing to access them.

What are the benefits of this qualification to the learner and employer?

For learners, the benefits of this qualification are that it:

- allows them to develop skills that will be useful to them in their day-to-day job role
- confirms their occupational competence, thus enhancing their employability
- motivates them by giving the opportunity to gain a nationally-recognised level 4 qualification that demonstrates ongoing professional development.
- For employers, the benefits of this qualification are that it:
 - helps identify training needs by benchmarking best practice
 - motivates staff to perform at a high standard, resulting in better customer satisfaction and improved staff retention
 - allows for increased confidence in the performance of staff who have achieved the qualification.

What are the potential job roles for those working towards this qualification?

- Accounting technician – duties may include overall strategic responsibility for an accounts payable and receivable department, with wider credit management and people management duties.
- Accounts manager – duties may include controlling budgets, assisting with the preparation of accounts and writing reports.

What progression opportunities are available to learners who achieve this qualification?

Learners who have successfully completed this qualification can progress on to foundation degrees in Accounting, and also to qualifications for chartered accountants.

What is the qualification structure for the Edexcel Level 4 Diploma in Accounting (QCF)?

Qualification structure summary

Learners must achieve **all eight** mandatory units (31 credits) plus two of the optional unit groups B1–B4 (comprising 4 units in total) for a minimum combined total of 41 credits.

Individual units can be found in the *Units* section.

Qualification structure

Edexcel Level 4 Diploma in Accounting (QCF)				
No.	Unit reference	Group A: Mandatory units	Credit	Level
1	L/600/4954	Principles of drafting financial statements	4	4
2	R/600/4955	Drafting financial statements	6	4
3	Y/600/4956	Principles of budgeting	3	4
4	D/600/4957	Drafting budgets	4	4
5	H/600/4958	Principles of managing financial performance	3	4
6	K/600/4959	Measuring financial performance	4	4
7	D/600/4960	Principles of internal control	3	4
8	H/600/4961	Evaluating accounting systems	4	4
No.	Unit reference	Group B1: Optional units – credit management	Credit	Level
9	M/600/4963	Principles of credit management	2	4
10	T/600/4964	Control of debt and credit	3	4
No.	Unit reference	Group B2: Optional units – personal tax	Credit	Level
11	A/600/4965	Principles of personal tax	2	4
12	F/600/4966	Calculating personal tax	3	4
No.	Unit Ref.	Group B3: Optional units – business tax	Credit	Level
13	J/600/4967	Principles of business tax	3	4
14	L/600/4968	Calculating business tax	3	4
No.	Unit Ref.	Group B4: Optional units – audit	Credit	Level
15	R/600/4969	Principles of external audit	3	4
16	J/600/4970	Auditing financial statements	4	4

How is the qualification graded and assessed?

The overall grade for this qualification is a 'pass'. The learner must achieve all the required units within the specified qualification structure.

To pass a unit the learner must:

- achieve **all** the specified learning outcomes
- satisfy **all** the assessment criteria by providing sufficient and valid evidence for each criterion
- show that the evidence is their own.

The qualification is designed to be assessed:

- in the workplace or
- in conditions resembling the workplace, as specified in the assessment strategy for the sector.

Assessment strategy

The assessment strategy for this qualification can be found in *Annexe D*. This includes details on:

- teaching and assessment strategies
- workplace assessment and simulation
- quality control of assessment
- competence of assessors and verifiers.

Evidence of competence may come from:

- **current practice** where evidence is generated from a current job role
- a **programme of development** where evidence comes from assessment opportunities built into a learning/training programme whether at or away from the workplace
- the **Recognition of Prior Learning (RPL)** where a learner can demonstrate that they can meet the assessment criteria within a unit through knowledge, understanding or skills they already possess without undertaking a course of learning. They must submit sufficient, reliable and valid evidence for internal and standards verification purposes. RPL is acceptable for accrediting a unit, several units or a whole qualification
- a **combination** of these.

It is important that the evidence is:

Valid	relevant to the standards for which competence is claimed
Authentic	produced by the learner
Current	sufficiently recent to create confidence that the same skill, understanding or knowledge persist at the time of the claim
Reliable	indicates that the learner can consistently perform at this level
Sufficient	fully meets the requirements of the standards.

Types of evidence

To successfully achieve a unit, the learner must gather evidence which shows that they have met the required standard in the assessment criteria. Evidence can take a variety of forms, including the following:

- products of work carried out in the workplace. This may include, for example, written documents, screen dumps, print-outs or electronic copies of accounting records, etc
- simulation of real work, using case studies and assignments
- oral presentation and questioning
- written tests, including multiple choice papers
- direct observation of workplace activities by the assessor
- professional discussion between the assessor and the candidate
- witness testimony from managers and others at the workplace.

Learners can use one piece of evidence to prove their knowledge, skills and understanding across different assessment criteria and/or across different units. It is, therefore, not necessary for learners to have each assessment criterion assessed separately. Learners should be encouraged to reference the assessment criteria to which the evidence relates.

Evidence must be made available to the assessor, internal verifier and Edexcel standards verifier. A range of recording documents is available on the Edexcel website www.edexcel.com. Alternatively, centres may develop their own.

Centre recognition and approval

Centre recognition

Centres that have not previously offered Edexcel qualifications need to apply for and be granted centre recognition as part of the process for approval to offer individual qualifications. New centres must complete both a centre recognition approval application and a qualification approval application.

Existing centres will be given 'automatic approval' for a new qualification if they are already approved for a qualification that is being replaced by the new qualification and the conditions for automatic approval are met. Centres already holding Edexcel approval are able to gain qualification approval for a different level or different sector via Edexcel Online.

Approvals agreement

All centres are required to enter into an approvals agreement which is a formal commitment by the head or principal of a centre to meet all the requirements of the specification and any linked codes or regulations. Edexcel will act to protect the integrity of the awarding of qualifications, if centres do not comply with the agreement. This could result in the suspension of certification or withdrawal of approval.

Quality assurance

Detailed information on Edexcel's quality assurance processes is given in *Annexe B*.

What resources are required?

This qualification is designed to support learners working in the Accounting sector. Physical resources need to support the delivery of the qualification and the assessment of the learning outcomes and must be of industry standard. Staff assessing the learner must meet the requirements within the assessment strategy for the sector as shown in *Annexe D*.

Unit format

Each unit in this specification contains the following sections.

Unit title:					The unit title is accredited on the QCF and this form of words will appear on the learner's Notification of Performance (NOP).
Unit reference number:					This code is a unique reference number for the unit.
QCF level:					All units and qualifications within the QCF have a level assigned to them, which represents the level of achievement. There are nine levels of achievement, from Entry level to level 8. The level of the unit has been informed by the QCF level descriptors and, where appropriate, the NOS and/or other sector/professional.
Credit value:					All units have a credit value. The minimum credit value is one, and credits can only be awarded in whole numbers. Learners will be awarded credits when they achieve the unit.
Guided learning hours:					A notional measure of the substance of a qualification. It includes an estimate of the time that might be allocated to direct teaching or instruction, together with other structured learning time, such as directed assignments, assessments on the job or supported individual study and practice. It excludes learner-initiated private study.
Unit summary:					This provides a summary of the purpose of the unit.
Evidence requirements:					Learners must provide evidence for each of the requirements stated in this section.
Assessment methodology:					Information about how the unit must be delivered and assessed.
Recording of evidence:					This provides a summary of the how evidence should be recorded.
Learning outcomes:	Assessment criteria:	Evidence type:	Portfolio reference:	Date:	
			The learner should use this box to indicate where the evidence can be obtained eg portfolio page number.	The learner should give the date when the evidence has been provided.	
Learning outcomes state exactly what a learner should know, understand or be able to do as a result of completing a unit.		The assessment criteria of a unit specify the standard a learner is expected to meet to demonstrate that a learning outcome, or a set of learning outcomes, has been achieved.		Learners must reference the type of evidence they have and where it is available for quality assurance purposes. The learner can enter the relevant key and a reference. Alternatively, the learner and/or centre can devise their own referencing system.	

Units

Unit 1: Principles of drafting financial statements

Unit reference number: L/600/4954

QCF level: 4

Credit value: 4

Guided learning hours: 35

Unit summary

Learners will develop knowledge and understanding of the external reporting environment for limited companies and for groups who are required to publish accounts. The principles of consolidated accounts and the analysis and interpretation of financial statements through ratio analysis are also covered.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of preparing forecasts and budgets. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 2: Drafting financial statements*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1 Understand the regulatory framework that underpins financial reporting	<p>1.1 Explain the scope, elements and purpose, for different users, of preparing financial statements for external reporting</p> <p>1.2 Describe legislation and regulation which must be complied with in the preparation of the financial statements</p> <p>1.3 Explain the reasons for governance by legislation and regulation</p> <p>1.4 Explain the relevance of accounting standards</p> <p>1.5 Explain the duties and responsibilities of the directors, or other responsible parties, of a corporate organisation</p>			
2 Understand the key features of a published set of accounts	<p>2.1 Describe the key components and the purpose of a statement of financial position (balance sheet)</p> <p>2.2 Describe the key components and the purpose of a statement of comprehensive income</p> <p>2.3 Describe the key components and the purpose of a statement of cash flows (cash flow statement)</p> <p>2.4 Explain the content and purpose of disclosure notes to the accounts</p> <p>2.5 Identify accounting standards and the effect of these on the preparation of the financial statements</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>3 Understand basic principles of consolidation</p>	<p>3.1 Describe the key components of a set of consolidated financial statements: parent, subsidiary, non-controlling interest (minority interest), goodwill, fair values, pre- and post-acquisition profits, and equity</p> <p>3.2 Explain the process of basic consolidation for a parent and subsidiary</p> <p>3.3 Describe the effect of consolidation on each of the key elements: parent, subsidiary, non-controlling interest (minority interest), goodwill, fair values, pre- and post-acquisition profits, and equity</p> <p>3.4 Explain the key features of a parent/associate relationship</p>			
<p>4 Appreciate the analysis and interpretation of financial statements</p>	<p>4.1 Demonstrate an understanding of the relationship between the elements of the financial statements: assets, liabilities, equity, income, expenses, contributions from owners, and distributions to owners</p> <p>4.2 Explain how to calculate accounting ratios: profitability, liquidity, efficiency, financial position</p> <p>4.3 Explain the inter-relationships between ratios</p> <p>4.4 Explain the purpose of the interpretation of ratios</p> <p>4.5 Describe how the interpretation and analysis of accounting ratios is used in a business environment</p>			

Learner name: _____
Learner signature: _____
Assessor signature: _____
Internal verifier signature: _____
(if sampled)

Date: _____
Date: _____
Date: _____
Date: _____

Unit 2: Drafting financial statements

Unit reference number: R/600/4955

QCF level: 4

Credit value: 6

Guided learning hours: 55

Unit summary

Learners will be able to prepare a full range of financial statements for a limited company including consolidated accounts for a simple group. They will also be able to use the information they have collated to identify the financial position of the business in terms of profitability, liquidity and how they use their resources.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in preparing financial statements. In order for them to do this successfully, this unit must be delivered and assessed alongside *Unit 1: Principles of drafting financial statements*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1 Draft statutory financial statements for a limited company	<p>1.1 Apply accounting standards and relevant legislation to correctly identify, and accurately adjust, accounting information</p> <p>1.2 Use appropriate information to accurately draft a statement of comprehensive income</p> <p>1.3 Use appropriate information to accurately draft a statement of financial position (balance sheet)</p> <p>1.4 Prepare notes to the accounts which satisfy statutory current disclosure requirements in respect of accounting policies, fixed assets, current and long-term liabilities, equity</p> <p>1.5 Draft an accurate statement of cash flows (cash flow statement)</p>			
2 Draft simple consolidated financial statements	<p>2.1 Draft a consolidated income statement for a parent company with one partly-owned subsidiary</p> <p>2.2 Draft a consolidated statement of financial position (balance sheet) for a parent company with one partly-owned subsidiary</p> <p>2.3 Apply current standards to accurately calculate and appropriately deal with the accounting treatment of goodwill, non-controlling interest (minority interest) and post-acquisition profits, in the group financial statements</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
3 Interpret financial statements using ratio analysis	3.1 Calculate and interpret the relationship between the elements of the financial statements with regard to profitability, liquidity, efficient use of resources and financial position 3.2 Draw valid conclusions from the information contained within the financial statements 3.3 Present clearly and concisely issues, analysis and conclusions to the appropriate people			

Learner name: _____ Date: _____

Learner signature: _____ Date: _____

Assessor signature: _____ Date: _____

Internal verifier signature: _____ Date: _____
(if sampled)

Unit 3: Principles of budgeting

Unit reference number: Y/600/4956

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about understanding how and why budgets are prepared. The learner will develop the necessary knowledge to allow them to prepare revenue forecasts and a range of budgets for different circumstances and be able to tailor them to meet organisational requirements. They will be able to understand the components parts of budgetary procedure to aid organisational planning and control.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of preparing forecasts and budgets. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 4: Preparing budgets*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Demonstrate an understanding of the impact of internal and external business factors on budgets</p>	<p>1.1 Explain the structure of the organisation, responsibility centres and the relationships between the departments and functions</p> <p>1.2 Identify internal and external sources of information on costs, prices, demand, availability of resources and availability and cost of finance, to include:</p> <ul style="list-style-type: none"> • government statistics • trade associations • financial press • quotations • price lists <p>1.3 Describe the impact of the external environment and any specific external costs on budgets</p> <p>1.4 Describe the internal charges made to attribute indirect costs to production</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>2 Understand why budgets are used</p>	<p>2.1 Explain the behavioural aspects of budgeting</p> <p>2.2 Justify the uses of budgetary control for:</p> <ul style="list-style-type: none"> • planning • co-ordinating • authorising • cost control <p>2.3 Identify the correct budget to prepare according to the organisational requirements:</p> <ul style="list-style-type: none"> • income and expenditure • production • material • labour (employees and other resources) • revenue • capital • fixed • flexible • cash <p>2.4 Explain the relationship between budgetary control, product lifecycles, and forecasts and planning</p> <p>2.5 Explain the significance of budget variances</p> <p>2.6 Recognise the effect that capacity, production and sales constraints have on budgets</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>3 Understand the skills needed in budget preparation</p>	<p>3.1 Explain the principles of standard costing</p> <p>3.2 Describe the purpose of revenue and cost forecasts and how they link to budgets</p> <p>3.3 Identify when to use the following techniques:</p> <ul style="list-style-type: none"> • indexing • sampling • moving averages • linear regression • seasonal trends <p>3.4 Recognise expenses as different types of costs, to include:</p> <ul style="list-style-type: none"> • direct or indirect (overhead) • fixed, variable, semi-variable or stepped <p>3.5 Identify the sources of relevant data used in budget proposals</p>			

Learner name: _____ Date: _____

Learner signature: _____ Date: _____

Assessor signature: _____ Date: _____

Internal verifier signature: _____ Date: _____
(if sampled)

Unit 4: Drafting budgets

Unit reference number: D/600/4957

QCF level: 4

Credit value: 4

Guided learning hours: 35

Unit summary

This unit is about preparing forecasts and budgets. The learner will develop the necessary skills to allow them to prepare budgets, analyse variances and make recommendations for improving organisational performance. They will be able to guide managers in planning and control.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in preparing forecasts and budgets. In order for them to do this, this unit must be delivered and assessed alongside *Unit 3: Principles of budgeting*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Prepare forecasts and budgets</p>	<p>1.1 Identify relevant data for forecasting income and expenditure from internal and external sources</p> <p>1.2 Correctly code, classify and allocate cost and revenue data to responsibility centres</p> <p>1.3 Forecast future income from relevant internal and external data</p> <p>1.4 Schedule the required production resources (materials, labour and production facilities) to meet forecasts</p> <p>1.5 Budget in accordance with the organisation's costing systems stating any assumptions made</p> <p>1.6 Prepare accurate cash-flow forecast to facilitate the achievement of organisational objectives</p> <p>1.7 Prepare draft budgets from forecast data</p> <p>1.8 Break down budgets into time periods according to organisational needs</p> <p>1.9 Plan and agree draft budgets with all parties involved</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
2 Understand the impact that changes in the economic environment will have on the budget	2.1 Calculate the effect that variations in capacity on costs, production and sales will have on budgeted costs and revenues 2.2 Prepare an accurately flexed budget 2.3 Analyse critical factors affecting costs and revenues and draw clear conclusions 2.4 Identify and evaluate options and solutions to increase profitability or reduce financial losses or exposure to risk			
3 Use budgetary control to ensure organisational targets are met	3.1 Set clear targets and performance indicators to enable the budgets to be monitored 3.2 Check and reconcile budget figures on an ongoing basis 3.3 Review and revise the validity of budgets in the light of any significant anticipated changes 3.4 Identify variances between budget and actual income/expenditure 3.5 Analyse the variances and explain the impact that this will have on the organisation 3.6 Inform management of any significant issues arising from budgetary control 3.7 Present any recommendations with a clear rationale to appropriate people			

Learner name: _____
Learner signature: _____
Assessor signature: _____
Internal verifier signature: _____
(if sampled)

Date: _____
Date: _____
Date: _____
Date: _____

Unit 5: Principles of managing financial performance

Unit reference number: H/600/4958

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about understanding the principles of managing financial performance. Learners will have the knowledge to be able to use a range of techniques to analyse information on expenditure. They will be able to make judgements to support decision making, planning and control by managers.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of managing financial performance. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 6: Measuring financial performance*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Demonstrate an accurate understanding of the internal and external factors that affect organisations</p>	<p>1.1 Explain the purpose and structure of reporting systems within the organisation</p> <p>1.2 Describe the contribution of an organisation's functional specialists to cost reduction and value enhancement</p> <p>1.3 Explain the organisation's external environment and the specific external costs</p> <p>1.4 Identify costs correctly (materials, labour and expenses) and the sources of information about these costs, including:</p> <ul style="list-style-type: none"> • government statistics • professional or trade associations • quotations • price lists 			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>2</p> <p>Be aware of the cost accounting techniques needed in monitoring financial performance</p>	<p>2.1 Explain the types of cost centres, profit centres and investment centres</p> <p>2.2 Describe the use of standard units of inputs and outputs</p> <p>2.3 Recognise the differences between standard, marginal and absorption costing in terms of cost recording, cost reporting and cost behaviour</p> <p>2.4 Explain the use of variance analysis in labour, materials and overhead costing</p> <p>2.5 Accurately identify fixed, variable, semi-variable and stepped costs and explain their use in cost recording, cost reporting and cost analysis</p>			
<p>3</p> <p>Understand the techniques necessary for measuring performance and managing costs</p>	<p>3.1 Identify the relevant performance and quality measures to use to monitor financial performance</p> <p>3.2 Explain the principles of discounted cash flow</p> <p>3.3 Identify appropriate performance indicators to use for:</p> <ul style="list-style-type: none"> • efficiency • effectiveness • productivity • cost per unit • balanced scorecard 			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
	<ul style="list-style-type: none"> • benchmarking • control ratios (efficiency, capacity and activity) • scenario planning ('what-if' analysis) <p>3.4 Explain the use and purpose of techniques:</p> <ul style="list-style-type: none"> • indexing • sampling • time series (eg moving averages, linear regression and seasonal trends) <p>3.5 Identify the correct ratios used to monitor financial performance</p> <p>3.6 Describe a range of cost management techniques and recognise when these should be used</p> <ul style="list-style-type: none"> • life cycle costing • target costing (including value engineering) • activity-based costing 			

Learner name: _____ Date: _____

Learner signature: _____ Date: _____

Assessor signature: _____ Date: _____

Internal verifier signature: _____ Date: _____
(if sampled)

Unit 6: Measuring financial performance

Unit reference number: K/600/4959

QCF level: 4

Credit value: 4

Guided learning hours: 35

Unit summary

This unit is about measuring financial performance. Learners will have the skills to collect and analyse information, monitor performance, and present reports to management.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the Assessment methodology below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in measuring financial performance. In order for them to do this, this unit must be delivered and assessed alongside *Unit 5: Principles of managing financial performance*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Collate information from various sources and prepare routine cost reports</p>	<p>1.1 Obtain income and expenditure information from different units within the organisation and consolidate in an appropriate form</p> <p>1.2 Reconcile income and expenditure information collected from various departments or information systems within the organisation</p> <p>1.3 Account for transactions between the separate units of the organisation, in accordance with the organisation's procedures</p> <p>1.4 Identify other valid relevant information from internal and external sources</p> <p>1.5 Prepare routine cost reports</p> <p>1.6 Analyse routine cost reports and compare with budget and standard costs to accurately identify any differences and the implications of these</p> <p>1.7 Correctly identify variances and prepare relevant reports for management</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>2 Make suggestions for improving financial performance by monitoring and analysing information</p>	<p>2.1 Compare results over time using methods that allow for changing price levels</p> <p>2.2 Monitor and analyse current and forecast trends in prices and market conditions on a regular basis</p> <p>2.3 Compare trends with previous data and identify potential implications</p> <p>2.4 Consult relevant staff in the organisation about the analysis of trends and variances</p> <p>2.5 Calculate ratios, performance indicators and measures of value added in accordance with the organisation's procedures</p> <p>2.6 Prepare relevant performance indicators</p> <p>2.7 Interpret the results of relevant performance indicators, identify potential improvements and estimate the value of such improvements</p> <p>2.8 Identify ways to reduce costs and enhance values, consulting specialists as necessary</p> <p>2.9 Prepare estimates of capital investment projects using discounted cash flow techniques</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
3 Prepare performance reports for management	3.1 Prepare reports in the most appropriate format and present them to management within the required timescales 3.2 Prepare exception reports to identify matters which require further investigation 3.3 Make specific recommendations to management in a clear and appropriate form			

Learner name: _____ Date: _____
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 Internal verifier signature: _____ Date: _____
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Unit 7: Principles of internal control

Unit reference number: D/600/4960

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about understanding principles of internal control. Learners will be able to identify the role of internal control within an organisation, and be able to recognise different approaches and make informed reasoned judgements to inform management on how to implement or improve systems within an organisation.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of internal control. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 8: Evaluating accounting systems*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Demonstrate an understanding of the role of accounting within the organisation</p>	<p>1.1 Describe the purpose, structure and organisation of the accounting function and its relationships with other functions within the organisation</p> <p>1.2 Explain the various business purposes for which the following financial information is required:</p> <ul style="list-style-type: none"> • income statement (profit and loss account) • forecast of cash flow (cash flow statement) • statement of financial position (balance sheet) <p>1.3 Give an overview of the organisation's business and its critical external relationships with stakeholders</p> <p>1.4 Explain how the accounting systems are affected by the organisational structure, systems, procedures, and business transactions</p> <p>1.5 Explain the effect on users of changes to accounting systems caused by:</p> <ul style="list-style-type: none"> • external regulations • organisational policies and procedures 			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>2 Understand the importance and use of internal control systems</p>	<p>2.1 Identify the external regulations that affect accounting practice</p> <p>2.2 Describe the causes of, and common types of, fraud and the impact of this on the organisation</p> <p>2.3 Explain methods that can be used to detect fraud within an accounting system</p> <p>2.4 Explain the types of controls that can be put in place to ensure compliance with statutory or organisational requirements</p>			
<p>3 Be able to identify and use the appropriate accounting system to meet specific organisational requirements</p>	<p>3.1 Identify weaknesses in accounting systems</p> <ul style="list-style-type: none"> • potential for errors • exposure to possible fraud <p>3.2 Explain how an accounting system can support internal control</p> <p>3.3 Identify ways of supporting individuals who operate accounting systems using:</p> <ul style="list-style-type: none"> • training • manuals • written information • help menus <p>3.4 Explain the value and benefit to a specific organisation of different types of accounting systems and software packages</p>			

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Unit 8: Evaluating accounting systems

Unit reference number: H/600/4961

QCF level: 4

Credit value: 4

Guided learning hours: 35

Unit summary

This unit is about the evaluation of the accounting systems within an organisation. Learners will be able to identify where improvements could be made and make valid suggestions about how to do this. They will be able to communicate this to management in a clear manner supported by a reasoned argument to support their recommendations, and identify the impact that changes would have on the system and its users.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in evaluating accounting systems. In order for them to do this successfully, this unit must be delivered and assessed alongside *Unit 7: Principles of internal control*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Evaluate the accounting system and identify areas for improvement</p>	<p>1.1 Identify an organisation's accounting system requirements</p> <p>1.2 Review record keeping systems to confirm whether they meet the organisation's requirements for financial information</p> <p>1.3 Identify weaknesses in, and the potential for improvements to, the accounting system and consider their impact on the operation of the organisation</p> <p>1.4 Identify potential areas of fraud arising from lack of control within the accounting system and grade the risk</p> <p>1.5 Review methods of operating for cost effectiveness, reliability and speed</p>			
<p>2 Make recommendations to improve the accounting system</p>	<p>2.1 Make recommendations for changes to the accounting system in an easily understood format, with a clear rationale and an explanation of any assumptions made</p> <p>2.2 Identify the effects that any recommended changes would have on the users of the system</p> <p>2.3 Enable individuals who operate accounting systems to understand how to use the system to fulfil their responsibilities</p> <p>2.4 Identify the implications of recommended changes in terms of time, financial costs, benefits, and operating procedures</p>			

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Unit 9: Principles of credit management

Unit reference number: M/600/4963

QCF level: 4

Credit value: 2

Guided learning hours: 15

Unit summary

This unit is about understanding the principles of credit management in an organisation. The learner will be able to give advice on the granting of credit and also the collection of monies owed. The learner will be able to advise on the management of debts and on methods which will minimise the risk to the organisation.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of credit management. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 10: Control of credit and debt*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Understand how legislation impacts upon credit control</p>	<p>1.1 Explain the main features of contract law and remedies for breach of contract in relation to the credit the organisation offers its customers</p> <p>1.2 Define the terms and conditions associated with contracts relating to the granting of credit</p> <p>1.3 Explain the importance of data protection legislation and how it applies to credit management</p> <p>1.4 Explain legal and administrative procedures for the collection of debts</p> <p>1.5 Explain the effect of bankruptcy and insolvency on organisations</p>			
<p>2 Understand how to prepare and use information from a variety of sources to manage the organisation's granting of credit</p>	<p>2.1 Explain the importance of liquidity management</p> <p>2.2 Identify the information requirements for credit control</p> <p>2.3 Identify sources of credit status and other related information including:</p> <ul style="list-style-type: none"> • credit rating agencies • supplier references • bank references • analysis of the accounts • colleagues • official publications 			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
	<p>2.4 Explain methods of analysing credit control information including:</p> <ul style="list-style-type: none"> • age analysis • average periods of credit given and received • incidence of bad and doubtful debts. <p>2.5 Identify a range of methods of analysing information on debtors</p>			
3	<p>Be aware of a range of techniques and methods of credit control that may be used within an organisation</p> <p>3.1 Explain the reasons for offering discounts for prompt payment and identify the effects of offering such a discount</p> <p>3.2 Identify a range of methods for the collection and management of debts and explain the appropriateness of each method</p>			

Learner name: _____ Date: _____

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(if sampled)

Unit 10: Control of debt and credit

Unit reference number: T/600/4964

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about applying the principles of credit management in an organisation. The learner will be able to give advice on the granting of credit and setting credit limits. They will also be able to identify debt collection methods, and advise on the collection of monies owed, and the likelihood of payment being received.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in applying the principles of credit management. In order for them to do this, this unit must be delivered and assessed alongside *Unit 9: Principles of credit management*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1 Grant credit to customers within organisational guidelines	<p>1.1 Evaluate the current credit status of customers and potential customers</p> <p>1.2 Agree credit terms with customers in accordance with the organisation's policies</p> <p>1.3 Open new accounts for those customers with an established credit status</p> <p>1.4 Agree changes to credit levels or credit terms with customers</p> <p>1.5 Discuss tactfully the reasons for refusing or extending credit with customers</p>			
2 Manage the supply of credit	<p>2.1 Regularly monitor and analyse information relating to debtors' accounts</p> <p>2.2 Promptly send information regarding significant outstanding accounts and potential bad debts to relevant individuals within the organisation</p> <p>2.3 Negotiate with debtors in a courteous and professional manner and accurately record the outcome of negotiations</p> <p>2.4 In accordance with organisational procedures, select debt recovery methods appropriate to individual outstanding debtors</p> <p>2.5 Make recommendations to write off bad debts and make provisions for doubtful debts based upon a realistic analysis of all known factors</p>			

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Unit 11: Principles of personal tax

Unit reference number: A/600/4965

QCF level: 4

Credit value: 2

Guided learning hours: 15

Unit summary

On completion of this unit the learner will be able to demonstrate knowledge of how income tax and capital gains tax is applied to income.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of personal taxation. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 12: Calculating Personal Tax*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1 Demonstrate an understanding of legislation and procedures relating to personal tax	<p>1.1 Explain the main current legislation relating to personal taxation</p> <p>1.2 Detail the responsibilities that individuals have for disclosure of income and payment of tax to the relevant tax authorities</p> <p>1.3 Explain the main features of the self-assessment system of taxation</p> <p>1.4 Describe the duties and responsibilities of a tax practitioner</p> <p>1.5 Identify sources of taxation information for individuals</p> <p>1.6 Explain the tax authority's filing and payment process in relation to all personal income</p>			
2 Understand the current taxation principles of income from employment	<p>2.1 Explain the main legislative features relating to income from employment</p> <p>2.2 Describe sources of income from employment (including benefits in kind) and provide examples of which are and which are not taxable</p> <p>2.3 Describe and provide examples of taxation relief which can be given on income from employment including deductible (allowable) expenses, pensions relief and charitable donations</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
3 Understand the current taxation principles of savings, non savings and dividend income for an individual	3.1 Explain the main legislative features relating to savings income, including exempt savings income 3.2 Describe, with examples, savings income which is subject to taxation and that which is not 3.3 Identify the main legislative features relating to dividend income from UK registered companies			
4 Understand the current taxation principles of property income for an individual	4.1 Identify the main legislative features relating to property income including furnished and unfurnished rented property, rent-a-room scheme, holiday lets, buy-to-let investments 4.2 Describe types of relief which are available on property income including allowable expenses, wear and tear allowance, renewals allowance, loss relief, and the circumstances in which each apply			
5 Understand the current principles of basic capital gains taxation for an individual	5.1 Identify the main features of the capital gains tax system 5.2 Describe, with examples, chargeable and exempt assets 5.3 Describe how the computation of a chargeable gain or allowable loss is made 5.4 Describe the process for relief of current year allowable losses, and for losses unrelieved in the current year 5.5 Identify the current annual exemption amount and describe the effect of this on an individual's capital gains tax liability			

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Unit 12: Calculating personal tax

Unit reference number: F/600/4966

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about the learner being able to calculate income tax liabilities of an individual. The learner will be able to calculate income from all sources, and apply relevant allowances, deductions and reliefs to prepare accurate income tax computations. The learner will also be able to calculate the individual liability for capital gains tax.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in calculating personal tax. In order for them to do this successfully, this unit must be delivered and assessed alongside *Unit 11: Principles of personal tax*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1	Calculate income from all sources accurately	<p>1.1 Prepare accurate computations of emoluments, including benefits in kind</p> <p>1.2 List non-savings, savings and dividend income, and check for completeness</p> <p>1.3 Prepare schedules of income from land and property, and determine profits and losses</p>		
2	Calculate accurately the tax payable on income	<p>2.1 Apply allowances that can be set against non-savings income</p> <p>2.2 Apply deductions and reliefs and claim loss set-offs.</p> <p>2.3 Account for personal allowances</p> <p>2.4 Calculate income tax payable</p>		
3	Account for capital gains tax correctly	<p>3.1 Identify and value chargeable personal assets and shares that have been disposed of</p> <p>3.2 Calculate chargeable gains and allowable losses</p> <p>3.3 Apply reliefs and exemptions correctly</p> <p>3.4 Calculate capital gains tax payable</p>		
4	Prepare accurate computations and complete the relevant parts of the self-assessment tax returns correctly	<p>4.1 Make computations and submissions in accordance with current tax law</p> <p>4.2 Record relevant details of gains, and the capital gains tax payable, legibly and accurately in the tax return</p> <p>4.3 Apply the due dates of payment of income tax by individuals, including payments on account</p>		

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Unit 13: Principles of business tax

Unit reference number: J/600/4967

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about the learner understanding the information required to complete tax returns for sole traders, partnerships and incorporated businesses. The learner will know how to recognise trading profits, making adjustments and applying the current relevant legislation to enable them to accurately prepare the required computations to support the completion of the tax returns to the statutory authorities.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of business taxation. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 14: Calculating business tax*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
1 Understand the impact of legislation and legislative changes	<p>1.1 Identify the relevant tax authority legislation and guidance</p> <p>1.2 Explain the system of penalties and interest as it applies to income tax, corporation tax and capital gains tax</p>			
2 Understand tax law and its implications for unincorporated businesses	<p>2.1 Describe the main regulations relating to disallowed expenditure</p> <p>2.2 Explain the basis of assessment for unincorporated businesses</p> <p>2.3 Explain the availability and types of capital allowances</p> <p>2.4 Identify alternative loss reliefs, demonstrating how best to utilise that relief</p> <p>2.5 Explain the basic allocation of trading profits between partners</p> <p>2.6 Explain the self-assessment process, including payment of tax and filing of returns for unincorporated businesses</p> <p>2.7 Identify due dates of payments, including payments on account</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
3 Understand tax law and its implications for incorporated businesses	3.1 Explain the calculation of corporation tax payable by different sizes of companies including those with associated companies 3.2 Identify alternative loss reliefs for trading losses, demonstrating how best to utilise that relief 3.3 Identify the amount of corporation tax payable and the due dates of payment, including instalments			
4 Understand how to treat capital assets	4.1 Identify capital gains exemptions and reliefs on assets 4.2 Identify correctly the methods in which chargeable assets can be disposed of 4.3 Identify the rate of tax payable on gains on capital assets disposed of by individuals and entitlement to relevant reliefs			

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Unit 14: Calculating business tax

Unit reference number: L/600/4968

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about the learner being able to prepare tax returns for sole traders, partnerships and incorporated businesses. The learner will be able to recognise trading profits, making adjustments and applying the current relevant legislation to enable them to accurately prepare the required computations to support the submission of the tax returns to the statutory authorities.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in calculating business tax. In order for them to do this successfully, this unit must be delivered and assessed alongside *Unit 13: Principles of business tax*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Prepare the relevant pages of a tax return for an unincorporated business and accurately produce the computations to support this</p>	<p>1.1 Adjust trading profits and losses for tax purposes</p> <p>1.2 Apply the basis of assessment for unincorporated businesses, including opening and closing years and overlap profits</p> <p>1.3 Classify expenditure on capital assets in accordance with the statutory distinction between capital and revenue expenditure</p> <p>1.4 Prepare computations of capital allowances</p> <p>1.5 Make adjustments for private use of assets by owners</p> <p>1.6 Divide profits and losses of partnerships amongst partners</p> <p>1.7 Prepare computations to show the changes in partnership structure for new partners and departing partners</p> <p>1.8 Calculate the national insurance contributions payable by self-employed persons</p> <p>1.9 Identify and value correctly any chargeable assets that have been disposed of, and calculate the chargeable gain/or allowable loss and relevant reliefs as applicable under current tax law; and calculate the tax liability</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
	<p>1.10 Complete the self-employed or partnership supplementary pages of the tax return for individuals, and submit them within statutory time limits</p>			
<p>2 Correctly complete corporation tax returns with all supporting computations for incorporated businesses</p>	<p>2.1 Adjust trading profits and losses for tax purposes</p> <p>2.2 Classify expenditure on capital assets in accordance with the statutory distinction between capital and revenue expenditure</p> <p>2.3 Prepare computations of capital allowances</p> <p>2.4 Enter adjusted trading profits and losses, capital allowances, investment income and capital gains in the corporation tax computation</p> <p>2.5 Calculate profits chargeable to corporation tax, and other relevant figures, as it applies to companies with periods longer or shorter than 12 months</p> <p>2.6 Calculate corporation tax payable, taking account of marginal relief and associated companies</p> <p>2.7 Complete corporation tax returns correctly, and submit them within statutory time limits</p> <p>2.8 Identify and value correctly any chargeable assets that have been disposed of, and calculate the chargeable gain/or allowable loss and relevant reliefs as applicable under current tax law</p>			

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Unit 15: Principles of external audit

Unit reference number: R/600/4969

QCF level: 4

Credit value: 3

Guided learning hours: 25

Unit summary

This unit is about understanding principles of external audit. Learners will have the knowledge to be able to help plan and undertake an audit using a range of techniques appropriate to the element being validated, and understand legislative and professional requirements that auditors are duty bound to follow.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' knowledge and understanding of external auditing. In order for learners to be able to apply this knowledge and understanding effectively, this unit must be delivered and assessed alongside *Unit 16: Auditing financial statements*.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Demonstrate an understanding of the legal and professional standards required for an external auditor</p>	<p>1.1 Explain the legal and ethical duties of auditors, including the content of reports and the definition of proper records</p> <p>1.2 Explain the liability of auditors under contract and negligence, including liability to third parties</p> <p>1.3 Explain the relevant legislation and auditing standards</p> <p>1.4 Define audit risk and how it applies to external audit</p> <p>1.5 Define materiality and explain its application in auditing</p>			
<p>2 Understand the organisation's external auditing procedures</p>	<p>2.1 Describe the organisation's systems and the external auditing procedures</p> <p>2.2 Describe the features of accounting systems including purchases, sales, stock, expenses, statement of financial position (balance sheet) items and payroll</p> <p>2.3 Identify principles of control and when they should be used, including separation of functions, the need for authorisation, recording custody, vouching and verification</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>3 Understand a range of auditing techniques and know which to use when planning audits on different aspects of the system</p>	<p>3.1 Describe the different verification techniques that can be used and explain what type of item could be audited by this method (methods to include physical examination, re-performance, third-party confirmation, vouching, documentary evidence and identification of unusual items)</p> <p>3.2 Identify different sampling techniques used in auditing and describe where these could be used, including confidence levels, selection techniques including random numbers, interval sampling and stratified sampling</p> <p>3.3 Explain tests of control and substantive procedures and their links to the audit objective</p> <p>3.4 Explain the auditing techniques that should be used in an IT environment</p> <p>3.5 Explain how management feedback (that includes systems weaknesses, clerical/accounting mistakes, disagreement regarding accounting policies or treatment) can be used when planning an audit</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
4 Understand a range of audit documentation and recognise the appropriateness	4.1 Explain the features of recording and evaluating systems, including the use of conventional symbols, flowcharts, internal control questionnaires (ICQs) and checklists 4.2 Recognise the importance of audit files and working papers and their role in the audit process			

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Unit 16: Auditing financial statements

Unit reference number: J/600/4970

QCF level: 4

Credit value: 4

Guided learning hours: 35

Unit summary

This unit is about being able to act as part of an audit team in planning and conducting an audit, and drafting working papers and a final audit report. Learners will be able to use a range of appropriate audit techniques to verify the accounting records and recognise deficiencies or errors.

Evidence requirements

Assessment must be carried out in a way that is consistent with the requirements outlined in *Annexe D: Assessment strategy* and the *Assessment methodology* below.

To pass the unit, learners must meet all of the assessment criteria.

Assessment methodology

This unit develops learners' skills in planning and conducting an audit. In order for them to do this, this unit must be delivered and assessed alongside *Unit 15: Principles of external audit*, which will provide them with the necessary underpinning knowledge and understanding.

Recording of evidence

The type of evidence, portfolio reference and date should be entered against each assessment criterion in the table. Alternatively, centre documentation could be used to record this information. If evidence cannot be included in a portfolio, its location must be recorded in assessment documentation. All assessment evidence must be accessible for internal verifiers and Edexcel standards verifiers.

Learning outcomes and assessment criteria

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
<p>1 Be able to help plan an audit accurately identifying areas to be verified and any associated risks</p>	<p>1.1 Identify the accounting systems under review and accurately record them on appropriate working papers</p> <p>1.2 Correctly identify the control framework</p> <p>1.3 Accurately assess risks associated with the accounting system and its controls</p> <p>1.4 Correctly record significant weaknesses in control</p> <p>1.5 Identify account balances to be verified and the associated risks</p> <p>1.6 Select an appropriate sample for testing</p> <p>1.7 Select or devise appropriate tests in accordance with the auditing principles and agree them with the audit supervisor</p> <p>1.8 Provide clear information and recommendations for the proposed audit plan, and submit it to the appropriate person for consideration</p>			
<p>2 Undertake an audit under supervision</p>	<p>2.1 Conduct tests correctly, properly record test results and draw valid conclusions from them as specified in the audit plan</p> <p>2.2 Establish the existence, completeness, ownership, valuation and description of assets and liabilities and gather appropriate evidence to support these findings</p>			

Learning outcomes	Assessment criteria	Evidence type	Portfolio reference	Date
	2.3 Identify all matters of an unusual nature and refer them promptly to the audit supervisor 2.4 Identify and record material and significant errors, deficiencies or other variations from standard and report them to the audit supervisor			
3 Prepare draft reports for approval.	3.1 Prepare and submit clear and concise draft reports illustrating constructive and practicable recommendations in line with organisational procedures 3.2 Agree preliminary conclusions and recommendations with the audit supervisor 3.3 Follow confidentiality and security procedures at all times			

Learner name: _____ Date: _____

Learner signature: _____ Date: _____

Assessor signature: _____ Date: _____

Internal verifier signature: _____ Date: _____
(if sampled)

Further information

Our customer service numbers are:

BTEC and NVQ	0844 576 0026
GCSE	0844 576 0027
GCE	0844 576 0025
The Diploma	0844 576 0028
DiDA and other qualifications	0844 576 0031

Calls may be recorded for training purposes.

Useful publications

Related information and publications include:

- Centre Handbook for Edexcel QCF NVQs and Competence-based Qualifications published annually
- Functional Skills publications – specifications, tutor support materials and question papers
- Regulatory Arrangements for the Qualification and Credit Framework (published by Ofqual, August 2008)
- the current Edexcel publications catalogue and update catalogue.

Edexcel publications concerning the Quality Assurance System and the internal and standards verification of vocationally related programmes can be found on the Edexcel website.

NB: Some of our publications are priced. There is also a charge for postage and packing. Please check the cost when you order.

How to obtain National Occupational Standards

To obtain the National Occupational Standards for Accounting, please go to: www.ukstandards.org.uk.

Professional development and training

Edexcel supports UK and international customers with training related to NVQ and BTEC qualifications. This support is available through a choice of training options offered in our published training directory or through customised training at your centre.

The support we offer focuses on a range of issues including:

- planning for the delivery of a new programme
- planning for assessment and grading
- developing effective assignments
- building your team and teamwork skills
- developing student-centred learning and teaching approaches
- building Functional Skills into your programme
- building effective and efficient quality assurance systems.

The national programme of training we offer can be viewed on our website (www.edexcel.com/training). You can request customised training through the website or by contacting one of our advisers in the Training from Edexcel team via Customer Services to discuss your training needs.

The training we provide:

- is active
- is designed to be supportive and thought provoking
- builds on best practice
- may be suitable for those seeking evidence for their continuing professional development.

Annexe A: Progression pathways

Selected Edexcel qualifications available in accounting and finance

Level	General qualifications	Diplomas	BTEC vocationally-related qualifications	BTEC specialist qualification/professional	NVQ/competence
5			Edexcel BTEC Level 5 Higher National Diploma in Business (Accounting) (QCF)		
4					Edexcel Level 4 Diploma in Accounting (QCF)
3		Edexcel Level 3 Principal Learning in Business, Administration and Finance	Edexcel BTEC Level 3 Certificate/Subsidiary Diploma in Personal and Business Finance (QCF) Edexcel BTEC Level 3 Diploma/Extended Diploma in Business (Accounting) (QCF)	Edexcel BTEC Level 3 Award in Financial Services Regulation, Ethics and Trends (QCF)	Edexcel Level 3 Diploma in Accounting (QCF) Edexcel Level 3 Award in Providing Financial Advice (QCF) Edexcel Level 3 NVQ in Providing Financial Services (QCF)

Level	General qualifications	Diplomas	BTEC vocationally-related qualifications	BTEC specialist qualification/professional	NVQ/competence
2		Edexcel Level 2 Principal Learning in Business, Administration and Finance			Edexcel Level 2 Certificate in Accounting (QCF) Edexcel Level 2 NVQ in Providing Financial Services
1		Edexcel Level 1 Principal Learning in Business, Administration and Finance			
Entry					

Annexe B: Quality assurance

Key principles of quality assurance

- A centre delivering Edexcel qualifications must be an Edexcel recognised centre and must have approval for qualifications that it is offering.
- The centre agrees, as part of gaining recognition, to abide by specific terms and conditions relating to the effective delivery and quality assurance of assessment. The centre must abide by these conditions throughout the period of delivery.
- Edexcel makes available to approved centres a range of materials and opportunities to exemplify the processes required for effective assessment and provide examples of effective standards. Approved centres must use the guidance on assessment to ensure that staff who are delivering Edexcel qualifications are applying consistent standards.
- An approved centre must follow agreed protocols for: standardisation of assessors; planning, monitoring and recording of assessment processes; internal verification and recording of internal verification processes and dealing with special circumstances, appeals and malpractice.

Quality assurance processes

The approach to quality assured assessment is made through a partnership between a recognised centre and Edexcel. Edexcel is committed to ensuring that it follows best practice and employs appropriate technology to support quality assurance processes where practicable. The specific arrangements for working with centres will vary. Edexcel seeks to ensure that the quality-assurance processes it uses do not inflict undue bureaucratic processes on centres, and works to support them in providing robust quality-assurance processes.

The learning outcomes and assessment criteria in each unit within this specification set out the standard to be achieved by each learner in order to gain each qualification. Edexcel operates a quality-assurance process, designed to ensure that these standards are maintained by all assessors and verifiers.

For the purposes of quality assurance, all individual qualifications and units are considered as a whole. Centres offering these qualifications must be committed to ensuring the quality of the units and qualifications they offer, through effective standardisation of assessors and internal verification of assessor decisions. Centre quality assurance and assessment processes are monitored by Edexcel.

The Edexcel quality-assurance processes will involve:

- gaining centre recognition and qualification approval if a centre is not currently approved to offer Edexcel qualifications
- annual visits to centres by Edexcel for quality review and development of overarching processes and quality standards. Quality review and development visits will be conducted by an Edexcel quality development reviewer
- annual visits by occupationally competent and qualified Edexcel Standards Verifiers for sampling of internal verification and assessor decisions for the occupational sector
- the provision of support, advice and guidance towards the achievement of National Occupational Standards.

Centres are required to declare their commitment to ensuring quality and appropriate opportunities for learners that lead to valid and accurate assessment outcomes. In addition, centres will commit to undertaking defined training and online standardisation activities.

Annexe C: Centre certification and registration

Edexcel Standards Verifiers will provide support, advice and guidance to centres to achieve Direct Claims Status (DCS). Edexcel will maintain the integrity of Edexcel QCF NVQs through ensuring that the awarding of these qualifications is secure. Where there are quality issues identified in the delivery of programmes, Edexcel will exercise the right to:

- direct centres to take action
- limit or suspend certification
- suspend registration.

The approach of Edexcel in such circumstances is to work with the centre to overcome the problems identified. If additional training is required, Edexcel will aim to secure the appropriate expertise to provide this.

What are the access arrangements and special considerations for the qualifications in this specification?

Centres are required to recruit learners to Edexcel qualifications with integrity.

Appropriate steps should be taken to assess each applicant's potential and a professional judgement should be made about their ability to successfully complete the programme of study and achieve the qualification. This assessment will need to take account of the support available to the learner within the centre during their programme of study and any specific support that might be necessary to allow the learner to access the assessment for the qualification. Centres should consult Edexcel's policy on learners with particular requirements.

Edexcel's policy on access arrangements and special considerations for Edexcel qualifications aims to enhance access to the qualifications for learners with disabilities and other difficulties (as defined by the 1995 Disability Discrimination Act and the amendments to the Act) without compromising the assessment of skills, knowledge, understanding or competence. Please refer to *Access Arrangements and Special Considerations for BTEC and Edexcel NVQ Qualifications* for further details. www.edexcel.com.

Annexe D: Assessment strategy

Introduction and scope

The purpose of this assessment strategy is to ensure that the Edexcel Level 4 Diploma in Accounting is subject to consistently rigorous and fair assessment. It is also designed to ensure that individuals who make judgments about competence are both qualified and competent to do so.

The assessment strategy addresses issues of:

- teaching and assessment
- workplace assessment and simulation
- quality assurance and quality control
- the competence and development of assessors and verifiers.

A: Teaching and assessment

- Although individual QCF units define specific learning outcomes and assessment criteria, it is not a requirement that QCF units be taught and assessed individually.
- Where two or more QCF units within a qualification contain some of the same, similar or complementary learning outcomes or assessment criteria, it is acceptable and potentially desirable that such units be taught and/or assessed together where practicable.
- Therefore, centres are encouraged to consider the suitability, practicality and cost or time benefits of holistic teaching and/or assessment wherever possible.
- Acceptable assessment methods for these qualifications include:
 - products of work carried out in the workplace. This may include, for example, written documents, screen dumps, print-outs or electronic copies of accounting records, etc
 - simulation of real work, using case studies and assignments
 - oral presentation and questioning
 - written tests, including multiple-choice papers
 - observation by the assessor of workplace activities
 - professional discussion between the assessor and the candidate
 - witness testimony from managers and others at the workplace.
- The centre will be responsible for designing, administering and marking all assessment activities.

B: Workplace assessment and simulation

- 1 Assessment by candidate performance of tasks naturally undertaken in the workplace is the most reliable form of assessment and should be used wherever appropriate and practicable. **Workplace assessment** may take various forms, but the methods adopted must allow candidates to fully demonstrate their attainments against the assessment criteria.
- 2 In accounting, individuals are normally required to be qualified before they can be considered for the corresponding job. This is also because they are likely to be dealing with confidential and personal information. **Simulation** as a form of assessment is therefore acceptable in the interests of access to assessment and the integrity of data.

Simulation should replicate, as closely as possible, the performance expected in employment. Attention must be paid to: the realism of the tasks to be carried out; the realism of source and other documents; relevant legal requirements; the realism of the setting and any associated equipment; workplace and customer relationships; and the pace and intensity of work-related activity. This simulation may be computer-based where that closely resembles workplace practice.

Wherever simulation is used, it must conform to the following principles:

- tasks must be based on the QCF units under assessment
- performance must be assessed against the assessment criteria in the relevant QCF units.

C: Quality assurance and quality control

To promote consistency across qualifications, provision incorporates arrangements for external quality control. This will be achieved by the monitoring of centre assessment using Edexcel's standards verification procedures. For further information about these, see Annexe B.

D: Competence of assessors and verifiers

Assessors and individuals responsible for verifying the quality of assessment must be competent to undertake the tasks they are required to perform. Accordingly, all must:

- 1 have relevant and credible occupational experience, including understanding of current and emerging practice, issues and legislative requirements in the occupational area concerned. Each practitioner will normally have operated at or above the level of the qualification that they are assessing or verifying
- 2 hold a relevant vocational/professional award or other recognised evidence of occupational competence **at least one level above** that of the qualification being assessed or verified

or

hold a relevant vocational/professional award or other recognised evidence of occupational competence and provide sufficient evidence of experience and expertise at the level of the qualification being assessed or verified

- 3 have knowledge and experience of the relevant operational processes for the qualification concerned
- 4 have good interpersonal skills
- 5 hold a qualification or award relevant to the assessor, verifier or moderator role they are fulfilling that is acceptable to the regulatory authorities
- 6 have a commitment to their continuing professional development.

