



SPECIFICATION

Level 4 Diploma in Accounting (RQF)

Qualification summary

RQF level	Level 4
Qualification credit value	53 credits
Minimum credits at/above level	53 credits
Assessment requirements	Portfolio of Evidence
Aims and objectives of the qualification	<p>The Level 4 Diploma in Accounting (RQF) is designed to equip learners with the skills, knowledge, resources and expertise they need to work within an accounting role.</p> <p>This RQF competence-based qualification focuses on technical training in accounting and aims to provide learners with the specialist knowledge of intermediate accountancy. This qualification covers a wide range of financial processes, including taxation, auditing financial statements and internal controls, management accounting and preparing financial statements for companies.</p>
Entry guidance	<p>There are no formal entry requirements for this qualification, although learners may find it useful to have already completed a Level 3 Diploma in Accounting.</p> <p>This qualification is suitable for those who work within a number of industries and job roles. It provides learners with an opportunity to demonstrate their competence and knowledge in a wide range of accountancy areas.</p>
Progression opportunities	<p>Learners who achieve this qualification could progress into employment within a number of accountancy roles and/or continue their study in this or other areas.</p> <p>Learners who complete this qualification may progress into such roles as:</p> <ul style="list-style-type: none"> Commercial Analyst Cost Accountant Senior Bookkeeper Tax Supervisor

Qualification Structure

Learners must achieve all of the mandatory content. Learners must gain all 6 units with a total value of 53 credits to gain the IAO Level 4 Diploma in Accounting (RQF).

The total Guided Learning (GL) for this qualification is 400 hours.

Unit Structures

All mandatory units are included in this specification pack.

Mandatory units

Unit ref	Unit title	Level	Credit value	GL
T/615/0958	Accountants in business	4	10	80
A/615/0959	Auditing financial statements and internal controls	4	7	50
M/615/0960	Management accounting	4	12	90
A/615/0962	Preparing financial statements for companies	4	11	90
J/615/0964	Taxation of businesses	4	7	50
L/615/0965	Taxation of individuals	4	6	40

Title:	T/615/0958 Accountants in business
Level:	4
Credit value:	10
Guided learning (GL):	80
Total Qualification Time (TQT):	100
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Be able to calculate and apply pricing strategies	<p>1.1 Calculate product costs using: Marginal pricing Absorption pricing Cost plus pricing Mark up and margins</p> <p>1.2 Differentiate between market skimming and penetration pricing</p> <p>1.3 Analyse why a business might consider its competitors when selecting a pricing strategy</p> <p>1.4 Explain when a business might sell an item below cost to gain competitive advantage</p> <p>1.5 Explain how a business can increase its market share through adjusting its pricing structure</p> <p>1.6 Explain the risks and benefits of a business adjusting its pricing structure</p> <p>1.7 Identify market factors which can influence price</p> <p>1.8 Evaluate an organisation's pricing policy</p>
2. Be able to prepare budgets with an understanding of budgetary control	2.1 Explain the purpose of a budget

	<p>2.2 Explain how budgetary control can improve the performance of a business</p> <p>2.3 Analyse the use of budgetary control for:</p> <ul style="list-style-type: none"> • Planning • Cost control • Staff motivation • Allocating responsibility • Evaluation • Communication <p>2.4 Explain the importance of targets and performance indicators which enable budgets to be monitored</p> <p>2.5 Prepare the following:</p> <ul style="list-style-type: none"> • Sales budgets • Materials budgets • Labour budgets • Overhead budgets • Budgeted profit and loss accounts • Cash budgets
<p>3. Be able to analyse internal performance</p>	<p>3.1 Calculate the following to measure financial performance:</p> <ul style="list-style-type: none"> • Current ratio • Gearing ratio • Debtors' turnover • Creditors' turnover • Stock turnover • Gross profit margin • Net profit margin • Return on Capital Employed (ROCE) • Efficiency and resource utilisation ratios <p>3.2 Explain how a balanced scorecard approach aids performance analysis</p> <p>3.3 Compare actual results against original budgets and flexed budgets</p>

	<p>3.4 Identify the variances when comparing actual results to budgets, giving reasons for these</p> <p>3.5 Analyse the suitability of outsourcing for a business</p>
<p>4. Understand how to manage clients in an accounting environment</p>	<p>4.1 Describe the service levels that a client of an accountancy practice would expect</p> <p>4.2 Identify how service expectations can be exceeded in an accountancy practice</p> <p>4.3 Explain how providing additional services to clients can: enhance the reputation of the accountancy practice aid growth of the accountancy practice</p> <p>4.4 Explain different methods which could be used to attract new clients</p>
<p>5. Understand how to analyse competitors</p>	<p>5.1 Explain methods of identifying competitors</p> <p>5.2 Evaluate how a business can differentiate itself from its competitors</p> <p>5.3 Analyse services provided by competitors</p> <p>5.4 Examine the benefits of competitive benchmarking</p>
<p>6. Understand how to manage teamwork in a financial environment</p>	<p>6.1 Explain the advantages to the business of good teamwork within the workplace</p> <p>6.2 Identify ways a business can encourage teamwork</p> <p>6.3 Explain when tasks are to be delegated</p> <p>6.4 Explain the effects of over worked staff on: staff morale business performance</p>

<p>6.5 Explain the impact that delegation has on a business</p> <p>6.6 Compare different motivation techniques</p> <p>Additional information about this unit:</p> <p>Motivation techniques:</p> <ul style="list-style-type: none"> • Financial techniques • Non-financial techniques 	
<p>Unit aim (s)</p>	<p>The aim of this unit is to review the role of an accountant working in business. It outlines pricing strategies and the benefits to a business of effective budgetary control. The learner will prepare budgets and report on variances and also look at other commercial aspects of working as an accountant such as: retaining and managing clients and managing and motivating a team.</p>
<p>Assessment requirements specified by a sector or regulatory body (if appropriate)</p>	<p>N/A</p>
<p>Details of the relationship of the unit and relevant national occupational standards</p>	<p>N/A</p>

Title:	A/615/0959 Auditing financial statements and internal controls
Level:	4
Credit value:	7
Guided learning (GL):	50
Total Qualification Time (TQT):	70
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Understand auditing procedures	1.1 Explain the role of an auditor 1.2 Identify the purpose of an audit 1.3 Outline the current audit thresholds and determine whether an audit is required 1.4 Evaluate an organisation's auditing systems and controls 1.5 Evaluate principles of control, including when these might be used 1.6 Explain the benefits that performing an audit can bring to an organisation 1.7 Differentiate between the work carried out for audited clients and non-audited clients 1.8 Explain factors to consider if an audit engagement should be accepted
2. Be able to plan an audit	2.1 Identify the accounting systems in place for an organisation 2.2 Identify the control framework 2.3 Analyse risks with the accounting systems and the control framework

	<p>2.4 Evaluate the significance of weaknesses identified in the control framework</p> <p>2.5 Compare sampling techniques including the suitability of the techniques depending on the assignment</p> <p>2.6 Apply tests, once approved, in accordance with the auditing principles</p> <p>2.7 Explain the level of materiality during an audit covering how this will vary depending on the assignment</p> <p>2.8 Compare verification techniques including when they might be used</p> <p>2.9 Collate information to enable an audit plan to be created</p>
<p>3. Be able to conduct an audit</p>	<p>3.1 Explain the importance of:</p> <ul style="list-style-type: none"> • accurate audit files • working files <p>3.2 Analyse the role the audit file plays in the audit process</p> <p>3.3 Apply conventional symbols when recording and evaluating systems and flowcharts:</p> <ul style="list-style-type: none"> • internal control questionnaires • checklists <p>3.4 Use the audit plan to assist in carrying out the audit</p> <p>3.5 Identify errors or matters of an unusual nature, including if they are material or significant</p> <p>3.6 Explain how you would escalate issues to a superior or an audit manager</p>
<p>4. Be able to prepare draft audit reports</p>	<p>4.1 Prepare a draft audit report</p>

	<p>4.2 Suggest recommendations, identifying areas for improvement</p> <p>4.3 Appraise the financial controls in terms of risk, suggesting recommendations</p> <p>4.4 Explain preliminary conclusions with the audit supervisor</p> <p>4.5 Provide an audit opinion</p>
<p>5. Understand auditing principles</p>	<p>5.1 Explain the importance of keeping accurate records for audit purposes</p> <p>5.2 Identify the legal and ethical duties of an auditor</p> <p>5.3 Explain the concepts of risk and materiality from an audit perspective</p>
<p>Additional information about this unit</p> <p>Audit:</p> <ul style="list-style-type: none"> • Verification • Sampling conducting tests • Drawing conclusions <p>Sampling techniques:</p> <ul style="list-style-type: none"> • Random selection • Systematic selection • Monetary unit sampling • Haphazard selection • Block selection <p>Verification techniques:</p> <ul style="list-style-type: none"> • Analytical procedures • Inspections • Observations • External confirmations • Recalculations • Independent performance <p>Issues: Areas of uncertainty</p>	
<p>Unit aim (s)</p>	<p>The aim of this unit is to provide learners with an overview of the role of an auditor and the auditing process. On completion of this unit, learners will be able to support an audit</p>

	<p>manager on an audit assignment and be able to carry out relevant tests and sampling exercises in line with the audit plan and support the audit manager in reviewing systems and controls. The learner will also be able to discuss current audit regulations including the audit thresholds to determine whether an audit is required for a business.</p>
<p>Assessment requirements specified by a sector or regulatory body (if appropriate)</p>	<p>N/A</p>
<p>Details of the relationship of the unit and relevant national occupational standards</p>	<p>N/A</p>

Title:	M/615/0960 Management accounting
Level:	4
Credit value:	12
Guided learning (GL):	90
Total Qualification Time (TQT):	115
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Be able to apply costing methods	<p>1.1 Differentiate between marginal and absorption costing</p> <p>1.2 Explain target costing including its suitability for a business</p> <p>1.3 Use the different approaches to provide costing information from information provided</p> <p>1.4 Calculate total cost per unit applying different costing methods</p>
2. Be able to calculate variances	<p>2.1 Calculate price and volume variances for sales</p> <p>2.2 Calculate cost and efficiency variances for: materials labour overheads</p> <p>2.3 Suggest reasons for variances in overheads and identify methods to improve performance</p> <p>2.4 Explain the purpose of variance reporting</p> <p>2.5 Analyse the variances between controllable and uncontrollable elements</p>

<p>3. Be able to understand the working capital cycle</p>	<p>3.1 Explain working capital requirements within a business</p> <p>3.2 Calculate a working capital cycle</p> <p>3.3 Explain how a working capital cycle can be improved</p> <p>3.4 Explain when an organisation's working capital indicates insolvency</p> <p>3.5 Define what is meant by overtrading and overcapitalisation</p> <p>3.6 Calculate working capital ratios to help determine the operating cycle of: Debtor days Stockholding days Creditor days</p>
<p>4. Be able to analyse long term investments</p>	<p>4.1 Calculate: Internal Rate of Return (IRR) Accounting Rate of Return (ARR) Net Present Values (NPV)</p> <p>4.2 Compare the results of investment analysis methods</p> <p>4.3 Assess the viability of the investments analysis</p> <p>4.4 Make recommendations based on investment analysis</p> <p>4.5 Differentiate between profit and cash using relevant costing techniques</p>
<p>5. Be able to apply trend analysis</p>	<p>5.1 Describe the purpose of trend analysis</p> <p>5.2 Explain how the results of trend analysis can be used by both: the management of an organisation potential investors</p>

- 5.3 Calculate forecast trends over time applying methods which allow for changing price levels
- 5.4 Identify the risks of predicting future revenue and cost information considering the market conditions which may affect actual results

Additional information about this unit

Different approaches:

- Activity based costing
- Marginal
- Absorption
- Target costing

Costing methods:

- Activity based costing
- Marginal
- Absorption
- Target costing

Relevant costing techniques:

- Future cash flows
- Committed costs
- Avoidable/unavoidable costs
- Sunk costs
- Incremental costs
- Opportunity costs

Trend analysis:

- Statistical Techniques
- Normal Distribution
- Correlation
- Regression
- Extrapolation

Unit aim (s)

The aim of this unit is to allow learners to consider the different costing methods that a business can use to charge costs to its products and services. The unit covers variance analysis, trend analysis and working capital ratios and allows a learner to make

	recommendations as to how a business can improve its performance.
Assessment requirements specified by a sector or regulatory body (if appropriate)	N/A
Details of the relationship of the unit and relevant national occupational standards	N/A

Title:	A/615/0962 Preparing financial statements for companies
Level:	4
Credit value:	11
Guided learning (GL):	90
Total Qualification Time (TQT):	110
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Understand the requirements of financial reporting under International Financial Reporting Standards (IFRS)	<p>1.1 Explain the purpose and scope of: International Financial Reporting Standards Foundation (IFRS) International Accounting Standards Board (IASB) International Financial Reporting Standards advisory council and interpretations committee</p> <p>1.2 Explain the conceptual and regulatory framework for the preparation of financial statements</p> <p>1.3 Explain the principles of the IASB Framework</p> <p>1.4 Explain the purpose of the: statement of comprehensive income statement of financial position statement of cashflows</p> <p>1.5 Explain how the accruals basis from which financial statements are prepared are aligned with accounting standards</p> <p>1.6 Identify the responsibilities of the directors and accountants / auditors in financial reporting</p>
2. Be able to prepare a set of financial statements for a single company and small group	2.1 Prepare a statement of comprehensive income for a single company

	<p>2.2 Prepare a statement of financial position for a single company</p> <p>2.3 Prepare a statement of cashflows for a single company</p> <p>2.4 Prepare relevant notes to financial statements</p> <p>2.5 Explain why users require consolidated accounts and the consolidation process for a parent and subsidiary</p> <p>2.6 Explain the key components of a consolidated set of financial statements</p> <p>2.7 Prepare a consolidated statement of financial position and consolidated statement of comprehensive income</p>
<p>3. Be able to analyse and interpret financial statements</p>	<p>3.1 Analyse the financial statements from the point of view of the following stakeholders: shareholders directors investors</p> <p>3.2 Calculate the following: profitability liquidity efficiency financial position ratios</p> <p>3.3 Compare the following calculations: profitability liquidity efficiency financial position ratios</p> <p>3.4 Provide comments on the performance and position of a company, suggesting methods for improvement</p>

<p>4. Be able to analyse and interpret statements of cashflow</p>	<p>4.1 Analyse the results from statements of cashflows from the point of view of the various stakeholders</p> <p>4.2 Explain the impact the results of cashflow can have on the business: cashflow resulting from operating activities cashflow resulting from investing activities cashflow resulting from financing activities</p> <p>4.3 Explain why profits and cash may not be equal in the context of a statement of cashflows</p>
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Additional information about this unit

Principles:

- Qualitative characteristics of financial information
- Elements of financial statements

Key components:

- Profit and loss statement
- Statement of financial position
- Cashflow statement.
- Fair value at consolidation; goodwill non-controlling interests inter-company transactions

Consolidated statement of financial position: Parent and one subsidiary

Consolidated statement of comprehensive income: Parent and one subsidiary

Compare:

- Previous periods
- Industry averages
- Competitor results

Various stakeholder:

- Creditors
- Lenders (e.g. loan issuer)
- Directors
- Employees
- Shareholders
- Government (its agencies and tax authorities)

<ul style="list-style-type: none"> Local community 	
Unit aim (s)	<p>The aim of this unit is to enable learners to prepare financial statements and cash flow statements for companies. The unit will consider some of the current regulatory requirements for preparing financial statements under IFRS and enable learners to prepare consolidated financial statements for a small group (parent and a single subsidiary). The learner will interpret the financial statements and report results and suggestions to the users of these statements.</p>
Assessment requirements specified by a sector or regulatory body (if appropriate)	<p>N/A</p>
Details of the relationship of the unit and relevant national occupational standards	<p>N/A</p>

Title:	J/615/0964 Taxation of businesses
Level:	4
Credit value:	7
Guided learning (GL):	50
Total Qualification Time (TQT):	70
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Be able to apply the principles of business taxation	<p>1.1 Apply the badges of trade and its implications to a new business</p> <p>1.2 Explain the: self-assessment deadlines payments on account regime</p> <p>1.3 Calculate the national insurance payable for the self-employed including the payment deadlines</p> <p>1.4 Apply the basis of assessment rules for an unincorporated business</p> <p>1.5 Explain overlap profits including when these can be relieved</p> <p>1.6 Calculate the taxable profits for both: unincorporated businesses companies</p> <p>1.7 Identify a trading loss for: an unincorporated business a company</p> <p>1.8 Explain the trading loss relief provisions for: an unincorporated business a company</p> <p>1.9 Complete self-employed tax returns and corporate tax returns</p>

	<p>1.10 Explain basic tax rules for partners within a partnership</p>
<p>2. Understand how to calculate trade profits</p>	<p>2.1 Explain what is meant by allowable expenditure</p> <p>2.2 Explain the effect allowable expenditure has on tax</p> <p>2.3 Identify expenditure for a particular business that is classified as: allowable disallowable</p> <p>2.4 Identify non-trading income and recognise where this should be assessed</p> <p>2.5 Explain the implications of an unincorporated business using their goods for its own consumption</p>
<p>3. Be able to calculate accurate corporation tax returns</p>	<p>3.1 Calculate a company's corporation tax liability</p> <p>3.2 Calculate taxable trade profits for a single company</p> <p>3.3 Explain the corporation tax reporting requirements including the corporate penalty regime</p> <p>3.4 Identify the deadlines for both: filing the corporation tax return paying any tax due</p> <p>3.5 Explain the: quarterly payments regime qualification criterion</p> <p>3.6 Explain the implication of an overdrawn directors' loan account</p> <p>3.7 Calculate the tax due on an overdrawn directors' loan account</p> <p>3.8 Explain the consequences of long and short accounting periods for a company</p>

	<p>3.9 Identify the apportioning rules relating to long accounting periods</p> <p>3.10 Calculate chargeable gains and losses</p>
4. Be able to calculate capital allowances	<p>4.1 Identify qualifying expenditure for capital allowances purposes</p> <p>4.2 Identify the capital allowances treatment for the following: plant and machinery long life assets short life assets purchase of cars integral features (and replacement of) assets used privately assets qualifying for Enhanced Capital Allowances (ECA)</p> <p>4.3 Differentiate between capital and revenue expenditure</p> <p>4.4 Explain the treatment for capital additions entered into a multiple or single asset pool</p> <p>4.5 Explain the treatment for capital disposals from a multiple or single asset pool</p> <p>4.6 Calculate capital allowances: Writing Down Allowances (WDA) Annual Investment Allowance (AIA) Enhanced Capital Allowances (ECA)</p> <p>4.7 Identify the date at which expenditure is incurred for capital allowance purposes</p>
Additional information about this unit	
N/A	
Unit aim (s)	The aim of this unit is to introduce learners to business tax computations for both unincorporated businesses and companies. The unit will review current tax reporting requirements and cover the penalty regime. Learners will gain knowledge in calculating taxable trade profits and understand the

	provisions available to businesses when they have made trade losses in a period.
Assessment requirements specified by a sector or regulatory body (if appropriate)	N/A
Details of the relationship of the unit and relevant national occupational standards	N/A

Title:	L/615/0965 Taxation of individuals
Level:	4
Credit value:	6
Guided learning (GL):	40
Total Qualification Time (TQT):	57
Learning outcomes The learner will:	Assessment criteria The learner can:
1. Be able to apply the main principles of personal taxation	<p>1.1 Explain when an individual becomes liable to self-assessment</p> <p>1.2 Explain self-assessment requirements for an individual who is completing a tax return for the first time</p> <p>1.3 Explain the procedures to follow for self-assessment deadlines</p> <p>1.4 Calculate payments on account for an individual</p> <p>1.5 Explain how the payment on account regime is applied when calculating an individual's payments on account</p> <p>1.6 Explain the penalty regime for late filing of returns and/or payment of tax returns</p> <p>1.7 Prepare tax computations for an individual</p> <p>1.8 Explain the process of submitting self-assessment tax returns</p> <p>1.9 Calculate Adjusted Net Income (ANI)</p> <p>1.10 Explain the interaction between ANI and an individual's tax liability</p>
2. Be able to calculate an individual's tax liability	2.1 Identify the sources of income which should be declared on a personal tax return

	<p>2.2 Define the current: personal allowance income tax rates</p> <p>2.3 Explain the: married couples' allowance (MCA) transferable married couples' allowance blind persons' allowance</p> <p>2.4 Calculate an individual's tax liability from the following sources of income: profits from self-employment employment rental income bank Interest dividend income</p> <p>2.5 Identify non-taxable income</p> <p>2.6 Identify allowable expenditure against taxable income</p> <p>2.7 Differentiate between rental income and rent a room income</p> <p>2.8 Explain the High Income Child Benefit Charge (HICBC)</p>
<p>3. Understand tax reliefs and the effect they have on an individual's tax liability</p>	<p>3.1 Explain tax reliefs</p> <p>3.2 Explain the effect tax relief has on the: self employed employed</p>
<p>4. Be able to apply capital gains tax rules</p>	<p>4.1 Explain the principles of capital gains tax</p> <p>4.2 Identify chargeable and non-chargeable assets</p> <p>4.3 Identify the current annual exemption and other reliefs</p> <p>4.4 Calculate a chargeable gain on a share disposal</p> <p>4.5 Calculate chargeable gains and losses</p>

<p>4.6 Explain capital losses and how these can be utilised</p> <p>4.7 Calculate capital gains tax payable</p> <p>Additional information about this unit</p> <p>Other reliefs:</p> <ul style="list-style-type: none"> • Rollover relief • Holdover relief • Entrepreneurs' relief • Principal private residence (PPR) relief 	
Unit aim (s)	The aim of this unit is to enable learners to calculate an individual's personal tax liability. The unit will review taxable income, personal allowances and different reliefs that are available. The learner will also gain knowledge of the current self-assessment reporting requirements and gain an understanding of capital gains tax and inheritance tax.
Assessment requirements specified by a sector or regulatory body (if appropriate)	N/A
Details of the relationship of the unit and relevant national occupational standards	N/A