

# **ICB Level 3 Certificate in Bookkeeping and Accounts**

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## About ICB

The Institute of Certified Bookkeepers (ICB) is the largest bookkeeping institute in the world. It promotes and maintains the standards of bookkeeping as a profession through the establishment of relevant qualifications and the award of grades of membership that recognise academic attainment, working experience and competence.

In ICB's role as a membership body it provides ongoing support to members to ensure they are knowledgeable and up to date with the latest legislation, mindful of their ethical obligations, and best-placed to provide a trusted and exemplary service to business.

### ICB Objectives:

- to promote bookkeeping as a profession
- to increase recognition for bookkeeping as an integral part of the financial profession
- to promote education and learning
- to enable the achievement of a recognised bookkeeping qualification
- to provide a trusted benchmark for the profession
- to improve the career prospects of ICB members

### ICB Principles

ICB believes that sound financial management can have a profound effect on society at a personal, professional and global level. ICB is passionate about empowering students of all ages and backgrounds to learn new skills, find fulfilling employment or set up their own businesses. By creating a pool of highly qualified bookkeeping talent ICB endeavours to help business owners take control of their finances at the right cost and, in turn, support the economy as a whole.

## Introduction to ICB Level 3 Certificate in Bookkeeping and Accounts

The Level 3 Certificate in Bookkeeping and Accounts builds on the content of the Level 2 Certificate in Bookkeeping, adding the preparation of a VAT Return, period-end adjustments and preparation of final accounts for internal use for business owners (sole traders, partnerships, limited companies and not-for-profit organisations).

## **Qualification Aims**

On completion of this qualification, the certificate holder will be able to carry out the role of an employed or self-employed bookkeeper, produce a VAT Return, control the sales and purchases ledgers, post year-end adjustments and produce the final accounts for a sole trader, partnership, not-for-profit organisation and limited liability entities. The candidate will also be expected to understand the basics of the various accounting standards that apply (IFRS and UKGAAP) although the preparation of such accounts will not be tested at this level. Successful completion will allow the individual to become a Member of ICB and use the designatory letters MICB after their name.

## **Pre-requisites**

Before commencing the study at this level the candidate should have achieved or been exempted from the Level 2 Certificate in Bookkeeping or its equivalent with another awarding body.

## **Qualification Structure**

The Level 3 Certificate in Bookkeeping and Accounts is made up of six topics:

- Underpinning Knowledge
- Reconciliation of accounts and correction of errors
- Reconciliation of and production of a VAT Return
- Calculation and posting of adjustments to the accounts
- Production of draft final accounts for internal management purposes
- Interpretation of financial statements

The learning outcomes for each topic are listed below:

### **Topic 1 - Underpinning Knowledge**

Learning Outcomes:

- 1.1 Understand the importance of adhering to a code of ethical principles
- 1.2 Understand when and how to take appropriate action to cope with unethical behaviour
- 1.3 Understand the legal differences between the structures of various types of businesses
- 1.4 Understand the main accounting concepts that apply
- 1.5 Understand the various Accounting Standards that are applied to the production of year end accounts
- 1.6 Understand the different VAT schemes that are available for use
- 1.7 Understand the importance of being able to clearly communicate relevant information
- 1.8 Understand the requirements for uploads to HMRC under Making Tax Digital

### **Topic 2 – Reconciliation of accounts and correction of errors**

Learning Outcomes:

- 2.1 Reconcile debtors and creditors control accounts
- 2.2 Write off a bad debt and account for doubtful debts
- 2.3 Correct errors in the accounts

### **Topic 3 – Reconciliation of and production of a VAT Return**

Learning Outcomes:

- 3.1 Reconcile the VAT account
- 3.2 Complete a VAT Return

### **Topic 4 – Calculation and posting of adjustments to the accounts**

Learning Outcomes:

- 4.1 Account for the disposal of fixed assets
- 4.2 Understand the need to allow for, and be able to post, adjustments to the accounts
- 4.3 Provide for revaluation of assets

### **Topic 5 – Production of draft final accounts for internal management purposes**

Learning Outcomes:

- 5.1 Prepare a set of final accounts suitable for internal management purposes
- 5.2 Calculate and post relevant amounts to appropriate profits as required
- 5.3 Adjust capital share of partners

## Topic 6 – Interpretation of financial statements

Learning Outcomes:

- 6.1 Understand the importance of interpreting financial statements for internal management purposes
- 6.2 Analyse and Interpret Financial Statements
- 6.3 Prepare a Cash Budget

### Assessment

The testing of knowledge and skills for the qualification will comprise five assessments, all of which are delivered online and may be taken in the candidate's home, place of work or other venue where the candidate can work without interruption. ICB uses remote invigilation for the final exam which requires reliable broadband connection; a webcam and a smartphone or tablet to record the exam attempt.

#### M4 – Reconciliations and final accounts of a sole trader:

Home / place of work-based assessment to include:

- Underpinning knowledge
- Reconciliation and correction of errors (customer and supplier reconciliations, bank reconciliation, correction of errors including the clearance of a suspense account balance)
- The calculation of summary figures for control accounts
- VAT Returns (cash and standard VAT Returns only)
- Posting adjustments including disposal and acquisition of fixed assets
- Revaluation of assets
- Final accounts of a sole trader (profit and loss account and balance sheet)

#### M5 – Final accounts of a partnership

Home / place of work-based covering knowledge and skills assessment to include:

- All of the requirements for M4 but set in a partnership scenario plus:
- Underpinning knowledge
- Ethical considerations
- Underpinning knowledge of the legal requirements for a partnership
- Final accounts of a partnership including the appropriation account and production of partners' current accounts
- Calculations and bookkeeping entries to record a change of partnership (partnership ratios, goodwill, the effect on capital and current accounts, etc.)

#### M6 – Final accounts of a not-for-profit organisation

Home / place of work-based knowledge and skills assessment to include:

- All of the requirements of M4 but set in a not-for profit scenario plus:

- Underpinning knowledge regarding not-for-profit organisations
- Understanding the different requirements of a chart of accounts for such an organisation
- Understanding the concepts of the different forms of income for not-for-profit organisations including a subscriptions account
- Posting adjustments including the subscriptions account and disposal and acquisition of fixed assets
- Final accounts of a not-for-profit organisation

### **M7 – Management accounts of incorporated businesses**

Home /place of work-based assessment to include:

- Final accounts including adjustments for a limited company (internal management accounts format only)
- Limited liability partnerships
- Calculation and interpretation of financial ratios

### **M8 - Level 3 Remotely invigilated Assessment**

The synoptic examination is taken under strict exam conditions using remote invigilation and covers all elements of the syllabus (M4 to M7).

## **Results**

The M4, M5, M6 and M7 examinations are computer marked and therefore results are available immediately after completion by logging into the students' portal, MyICB.

The M8 examination is invigilated remotely, and results are available within 2 working days.

## Grading

All assessments must be successfully achieved to gain the full qualification. Each assessment will generate a separate accreditation notification.

Each exam (M4 to M7) is graded as follows:

Distinction	95 -100%
Merit	90 - 94%
Pass	85 - 89%
Fail	0 - 84%

The M8 assessment is graded as follows:

Distinction	90 -100%
Merit	80 - 89%
Pass	70 - 79%
Fail	0 - 69%

Once all assessments have been successfully completed an overall qualification certificate is awarded. The qualification certificate will be graded at Distinction with Honours, Distinction, Merit or Pass. Unit percentage results will be averaged to arrive at the Certificate grade.

The following average marks show how the final grade is awarded (note the same range of marks may give a different overall result depending on the number of Passes, Merits and Distinctions achieved):

Distinction with Honours	98% and above (all five assessments being graded at Distinction)
Distinction	95-97% overall (all five assessments graded at least at Merit or Distinction)
Merit	90 – 94% (a mixture of individual grades)
Pass	80 – 89% (a mixture of individual grades)

## Level of Membership

Successful achievement of the full qualification will lead to the offer to become a Member of ICB with the designatory letters MICB, and the title of ICB Certified Bookkeeper.



## Level 3 Certificate in Bookkeeping and Accounts – detailed syllabus

The following detailed syllabus provides the Learning Outcomes and Assessment Criteria for each topic that makes up the Level 3 Certificate in Bookkeeping and Accounts qualification.

Topic 1 – Underpinning knowledge	
Learning Outcome	Assessment Criteria
1.1 Understand the importance of adhering to a code of ethical principles	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"><li>• Understand the importance of adhering to a set of professional ethics when working with clients, suppliers, colleagues and others with regards to:<ul style="list-style-type: none"><li>– integrity and honesty</li><li>– objectivity</li><li>– professional competence and due care and diligence</li><li>– confidentiality</li><li>– professional behaviour including separating personal duties from business life</li><li>– adhering to organisational codes of practice and regulations</li><li>– working within own professional experience, knowledge and expertise</li></ul></li></ul>
1.2 Understand when and how to take appropriate action to cope with unethical behaviour	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"><li>• Identify relevant authorities to whom unethical behaviour, suspected illegal acts or other malpractice should be reported</li><li>• Identify inappropriate client behaviour and how to report it to relevant authorities</li><li>• Explain the procedure which should be followed if it is suspected that an act has been committed which is believed to be unethical, or illegal</li></ul>

## Topic 1 – Underpinning knowledge (continued)

<p>1.3 Understand the legal differences between the structures of various types of businesses</p>	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Understand the nature of liability for sole traders, partnerships, limited companies and limited liability partnerships</li> <li>• Define the term partnership</li> <li>• Identify the characteristics of a partnership agreement</li> <li>• Understand the rules that apply in the absence of a partnership agreement</li> <li>• Identify the characteristics of not-for-profit organisations and their accounting requirements</li> <li>• Understand why a decision might be taken to set up a limited liability partnership</li> <li>• Explain the limit of the liability</li> </ul>
<p>1.4 Understand the main accounting concepts that apply</p>	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Identify and explain the concepts of: <ul style="list-style-type: none"> <li>- business entity</li> <li>- going concern</li> <li>- historical cost</li> <li>- consistency</li> <li>- prudence</li> <li>- accruals</li> </ul> </li> <li>• Identify the method of producing accounts for those businesses who may declare income under the simpler income tax regime for the simplest small businesses</li> </ul>
<p>1.5 Understand the various Accounting Standards that are applied to the production of year end accounts</p>	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Identify the difference between International Accounting Standards and UKGAAP</li> <li>• Understand the nature of reporting for tax purposes for a non-incorporated business</li> <li>• Distinguish between reporting under the following two Accounting standards: <ul style="list-style-type: none"> <li>- FRS105 – Micro-Entity</li> <li>- FRS102 (Section 1a) – Small entities</li> </ul> </li> </ul>

**Topic 1 – Underpinning knowledge (continued)**

1.6 Understand the different VAT schemes that are available for use	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"><li>• understand that there are different schemes for applying VAT, and when they could be implemented such as:<ul style="list-style-type: none"><li>– annual accounting scheme</li><li>– flat rate scheme</li><li>– retail scheme</li><li>– partial exemption</li><li>– VAT margin scheme</li></ul></li></ul> <p>Note: questions will not test data entry or completion of VAT Returns for such schemes</p>
1.7 Understand the importance of being able to clearly communicate relevant information	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"><li>• Understand the importance of being able to clearly communicate relevant information to clients / employers / customers / suppliers, etc.</li></ul>
1.8 Understand the requirements for uploads to HMRC under Making Tax Digital	<p>On successful completion the candidate will be able to understand and explain the following requirements under Making Tax Digital for Business:</p> <ul style="list-style-type: none"><li>• the deadlines and requirements for reporting VAT</li><li>• the software requirements</li><li>• the differing requirements for businesses according to whether their turnover is above or below the VAT threshold</li></ul>

## Topic 2 – Reconciliation of accounts and correction of errors

Learning Outcome	Assessment Criteria
2.1 Reconcile debtors and creditors control accounts	On successful completion the candidate will be able to: <ul style="list-style-type: none"><li>• Reconcile debtors and creditors balances with the relevant control accounts</li></ul>
2.2 Write off a bad debt	On successful completion the candidate will be able to: <ul style="list-style-type: none"><li>• Write off a bad debt including the recovery of relevant VAT</li></ul>
2.3 Correct errors in the accounts	On successful completion the candidate will be able to: <ul style="list-style-type: none"><li>• Correct given errors including clearing the suspense account</li></ul>

## Topic 3 – Reconciliation and Production of a VAT Return

Learning Outcome	Assessment criteria
3.1 Reconcile the VAT account	On successful completion the candidate will be able to: <ul style="list-style-type: none"><li>• Reconcile the VAT Return figures with the VAT account</li></ul>
3.2 Complete a VAT Return	On successful completion the candidate will be able to: <ul style="list-style-type: none"><li>• Complete and submit a VAT Return (standard and/or cash VAT only)</li></ul>

## Topic 4 – Calculation and posting of adjustments to the accounts

Learning Outcome	Assessment Criteria
4.1 Account for the disposal of fixed assets	<p>On successful completion, in both a manual and computerised system, the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Correctly identify the original cost of the asset disposed of</li> <li>• Correctly identify and record all disposal costs and revenues in the appropriate accounts</li> <li>• Correctly calculate and determine the cumulative depreciation to date on a disposal</li> <li>• Prepare the disposal account</li> <li>• Determine profit and or loss on sale of the asset</li> <li>• Make relevant journal entries to record the disposal</li> </ul>
4.2 Understand the need to allow for, and be able to post, adjustments to the accounts	<p>On successful completion the candidate will be able to calculate figures for and post entries to the ledgers for the following adjustments:</p> <ul style="list-style-type: none"> <li>• Depreciation on a fixed asset using both straight line and reducing balance method</li> <li>• Opening and closing stock including valuing stock at the lower of cost and net realisable value</li> <li>• Accruals and pre-payments including dealing with the relevant entries in the following year</li> <li>• Depreciation (straight line and reducing balance)</li> <li>• Account for the revaluation of fixed assets</li> <li>• Provision for doubtful debts account including               <ul style="list-style-type: none"> <li>- identifying the need to provide such a provision</li> <li>- calculating the provision</li> <li>- accounting for both an increase and decrease in the provision</li> <li>- preparing the relevant journal entry</li> </ul> </li> </ul>
4.3 Provide for revaluation of assets	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Provide for the revaluation of assets and show the effect on the various equity accounts or accumulated fund as appropriate</li> </ul>

## Topic 5 – Production of draft final accounts for internal management purposes

Learning Outcome	Assessment Criteria
5.1 Prepare a set of final accounts suitable for internal management purposes	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Prepare a set of draft final accounts to net profit/loss for                             <ul style="list-style-type: none"> <li>- a sole trader</li> <li>- a partnership</li> <li>- a limited company</li> <li>- a limited liability partnership</li> <li>- a not-for-profit organisation</li> </ul> </li> <li>• Produce a balance sheet for the above types of businesses</li> <li>• Close down the revenue accounts at the year-end as appropriate</li> </ul>
5.2 Calculate and post relevant amounts to appropriate profits as required	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Post year-end journals as appropriate for:                             <ul style="list-style-type: none"> <li>- transfer of profit/loss and drawings for a sole trader</li> <li>- appropriation of profits or losses for a partnership including posting to relevant current accounts</li> <li>- appropriation of profits for a limited liability entity including transfer to reserves and allowances for corporation tax and dividends as appropriate. Note: the calculation of corporation tax will not be examined</li> </ul> </li> </ul>
5.3 Adjust capital share of partners	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Adjust capital accounts of a partnership in the event of a change of partnership profit share including:                             <ul style="list-style-type: none"> <li>- change of partnership profit sharing ratio</li> <li>- retirement of a partner</li> <li>- introduction of a new partner</li> </ul> </li> </ul>

## Topic 6 – Interpretation of financial statements

Learning Outcome	Assessment Criteria
6.1 Understand the importance of interpreting financial statements for internal management purposes.	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Understand the link between profitability and liquidity</li> <li>• Have an awareness of the problems that might arise if long term borrowing is significantly high in relation to capital invested in the business</li> </ul>
6.2 Analyse and Interpret Financial Statements	<p>On successful completion the candidate will be able to calculate the following:</p> <ul style="list-style-type: none"> <li>• Profitability ratios               <ul style="list-style-type: none"> <li>- return on capital employed</li> <li>- gross profit % to sales</li> <li>- net profit % to sales</li> </ul> </li> <li>• Liquidity /working capital ratios               <ul style="list-style-type: none"> <li>- debtors collection period</li> <li>- creditors payment period</li> <li>- current ratio</li> <li>- acid test</li> </ul> </li> <li>• Comment on the results shown from the ratio calculations over time</li> </ul>
6.3 Prepare a Cash Budget	<p>On successful completion the candidate will be able to:</p> <ul style="list-style-type: none"> <li>• Explain why it is important that businesses plan their cash flow</li> <li>• Prepare a cash flow forecast on a month by month basis from given information</li> </ul>

## **Equality, Diversity and Inclusion Policy**

ICB is committed to ensuring fair and equal access to our qualifications, examinations, support materials and all other services. ICB strives to maintain professional standards for the benefit of all our students, members, suppliers, stakeholders and ICB staff.

Please refer to the ICB website for our Equality, Diversity and Inclusion policy.

## **Customer Service Statement**

ICB is committed to providing a high standard of customer service and ensuring all customer enquiries are dealt with promptly and in a professional and helpful manner. To achieve this, ICB commits to ensure that:

- All customers are treated with courtesy and respect
- All customers are treated individually, equally and in a professional manner
- All customer information will be treated confidentially and only used in a way which has been agreed in advance, unless ICB is informed of something that places them or others at risk or harm

Please refer to the ICB website for our Customer Service Statement policy.

## **Reasonable Adjustments and Special Considerations Policy and Procedure**

ICB is keen to ensure we provide a fair and consistent assessment process for all students. ICB recognises that there are sometimes circumstances beyond the control of the student that may have an impact on their level of ability whilst undertaking assessment. ICB will consider all appropriate Reasonable Adjustments and Special Consideration requests.

Please refer to the ICB website for our Reasonable Adjustment and Special Considerations policy.

## **Enquiries and Appeals Policies**

ICB is continually working to uphold a high level of service by ensuring quality assurance standards are maintained at all times. ICB aims to ensure that all assessment outcomes are fair, consistent and reliable. However, occasions may arise where a student may wish to question a decision.

Please refer to the ICB website for our Enquiries and Appeals policies.





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+44(0)20 3405 4000

[www.bookkeepers.org.uk](http://www.bookkeepers.org.uk)

Vice Presidents:     Leslie T Ellis FICB  
                              Jacquie Mount C.FICB  
                              Paula Veysey-Smith C.FICB  
                              Steve Worrall C.FICB  
                              Claire Allen C.FICBS