



# **OTHM LEVEL 3 FOUNDATION DIPLOMA IN ACCOUNTANCY**

Qualification Number: 603/3811/8

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Specification | March 2023 |

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## QUALIFICATION OBJECTIVES

The objective of the OTHM Level 3 Foundation Diploma in Accountancy is to provide learners with a foundation for a career in a range of organisations in relation to financial management and accountancy. It is designed to ensure that each learner is equipped with knowledge of accountancy, and the skills to adapt rapidly to change and progress with their learning.

Successful completion of the Level 3 Foundation Diploma in Accountancy provides learners with the opportunity to progress to further study or employment.

## QUALITY, STANDARDS AND RECOGNITIONS

OTHM Qualifications are approved and regulated by Ofqual (Office of Qualifications and Examinations Regulation). Visit the register of [Regulated Qualifications](#).

OTHM has progression arrangement with several UK universities that acknowledges the ability of learners after studying Level 3-7 qualifications to be considered for advanced entry into corresponding degree year/top-up and Master's/top-up programmes.

## REGULATORY INFORMATION

Qualification Title	OTHM Level 3 Foundation Diploma in Accountancy
Ofqual Reference Number	603/3811/8
Regulation Start Date	12/11/2018
Operational Start Date	13/11/2018
Duration	6 months
Total Credit Value	60
Total Qualification Time (TQT)	600
Guided Learning Hours (GLH)	240
Sector Subject Area (SSA)	15.1 Accounting and finance
Overall Grading Type	Pass / Fail
Assessment Methods	Coursework
Language of Assessment	English

## EQUIVALENCES

OTHM qualifications at Level 3 represent practical knowledge, skills, capabilities and competences that are assessed in academic terms as being equivalent to GCE AS/A Levels.

## QUALIFICATION STRUCTURE

The OTHM Level 3 Foundation Diploma in Accountancy consists of 3 mandatory units for a combined total of 60 credits, 600 hours Total Qualification Time (TQT) and 240 Guided Learning Hours (GLH) for the completed qualification.

Unit Ref. No.	Unit title	Credit	GLH	TQT
R/617/3339	Recording Financial Transactions	20	80	200
L/617/3338	Management Information	20	80	200
J/617/3337	Maintaining Financial Records	20	80	200

## DEFINITIONS

**Total Qualification Time (TQT)** is the number of notional hours which represents an estimate of the total amount of time that could reasonably be expected to be required in order for a Learner to achieve and demonstrate the achievement of the level of attainment necessary for the award of a qualification.

*Total Qualification Time is comprised of the following two elements –*

- a) *the number of hours which an awarding organisation has assigned to a qualification for Guided Learning, and*
- b) *an estimate of the number of hours a Learner will reasonably be likely to spend in preparation, study or any other form of participation in education or training, including assessment, which takes place as directed by – but, unlike Guided Learning, not under the Immediate Guidance or Supervision of – a lecturer, supervisor, tutor or other appropriate provider of education or training.*

*(Ofqual 15/5775 September 2015)*

**Guided Learning Hours (GLH)** is defined as the hours that a teacher, lecturer or other member of staff is available to provide immediate teaching support or supervision to a student working towards a qualification.

**Credit value** is defined as being the number of credits that may be awarded to a Learner for the successful achievement of the learning outcomes of a unit. One credit is equal to 10 hours of TQT.

## ENTRY REQUIREMENTS

OTHM Level 3 qualifications can be offered to learners from age 18. OTHM does not specify entry requirements for these qualifications. OTHM ensures that learners admitted to the programme have sufficient capability at the right level to undertake the learning and assessment criteria.

OTHM Centre must ensure learners are recruited with integrity onto appropriate qualifications that will meet their needs, enable and facilitate learning and achievement enable progression. The qualification is offered in English.

**English requirements:** If a learner is not from a majority English-speaking country must provide evidence of English language competency. For more information visit [English Language Expectations](#) page.

## PROGRESSIONS

Successful completion of OTHM Level 3 Foundation Diploma in Accountancy provides learners the opportunity for academic progressions to a wide range of undergraduate programmes including OTHM Level 4 Diploma in Accounting and Business.

## DELIVERY OF OTHM QUALIFICATIONS

OTHM do not specify the mode of delivery for its qualifications, therefore OTHM Centres are free to deliver this qualification using any mode of delivery that meets the needs of their Learners. However, OTHM Centres should consider the Learners' complete learning experience when designing the delivery of programmes.

OTHM Centres must ensure that the chosen mode of delivery does not unlawfully or unfairly discriminate, whether directly or indirectly, and that equality of opportunity is promoted. Where it is reasonable and practicable to do so, it will take steps to address identified inequalities or barriers that may arise.

Guided Learning Hours (GLH) which are listed in each unit gives the Centres the number of hours of teacher-supervised or direct study time likely to be required to teach that unit.

## ASSESSMENT AND VERIFICATION

All units within this qualification are internally assessed by the centre and externally verified by OTHM. The qualifications are criterion referenced, based on the achievement of all the specified learning outcomes.

To achieve a 'pass' for a unit, learners must provide evidence to demonstrate that they have fulfilled all the learning outcomes and meet the standards specified by all assessment criteria. Judgement that the learners have successfully fulfilled the assessment criteria is made by the Assessor.

The Assessor should provide an audit trail showing how the judgement of the learners' overall achievement has been arrived at.

Specific assessment guidance and relevant marking criteria for each unit are made available in the Assignment Brief document. These are made available to centres immediately after registration of one or more learners.

## OPPORTUNITIES FOR LEARNERS TO PASS

Centres are responsible for managing learners who have not achieved a Pass for the qualification having completed the assessment. However, OTHM expects at a minimum, that centres must have in place a clear feedback mechanism to learners by which they can effectively retrain the learner in all the areas required before re-assessing the learner.

## RECOGNITION OF PRIOR LEARNING AND ACHIEVEMENT

Recognition of Prior Learning (RPL) is a method of assessment that considers whether learners can demonstrate that they can meet the assessment requirements for a unit through knowledge, understanding or skills they already possess and do not need to develop through a course of learning.

RPL policies and procedures have been developed over time, which has led to the use of a number of terms to describe the process. Among the most common are:

- Accreditation of Prior Learning (APL)
- Accreditation of Prior Experiential Learning (APEL)
- Accreditation of Prior Achievement (APA)
- Accreditation of Prior Learning and Achievement (APLA)

All evidence must be evaluated with reference to the stipulated learning outcomes and assessment criteria against the respective unit(s). The assessor must be satisfied that the evidence produced by the learner meets the assessment standard established by the learning outcome and its related assessment criteria at that particular level.

Most often RPL will be used for units. It is not acceptable to claim for an entire qualification through RPL. Where evidence is assessed to be only sufficient to cover one or more learning outcomes, or to partly meet the need of a learning outcome, then additional assessment methods should be used to generate sufficient evidence to be able to award the learning outcome(s) for the whole unit. This may include a combination of units where applicable.

## EQUALITY AND DIVERSITY

OTHM provides equality and diversity training to staff and consultants. This makes clear that staff and consultants must comply with the requirements of the Equality Act 2010, and all other related equality and diversity legislation, in relation to our qualifications.

We develop and revise our qualifications to avoid, where possible, any feature that might disadvantage learners because of their age, disability, gender, pregnancy or maternity, race, religion or belief, and sexual orientation.

If a specific qualification requires a feature that might disadvantage a particular group (e.g. a legal requirement regarding health and safety in the workplace), we will clarify this explicitly in the qualification specification.

## CONTACT DETAILS

OTHM Qualifications  
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Tel : +44(0)20 7118 4243  
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Website : [www.othm.org.uk](http://www.othm.org.uk)

# UNIT SPECIFICATIONS

## RECORDING FINANCIAL TRANSACTIONS

Unit Reference Number	R/617/3339
Unit Title	Recording Financial Transactions
Unit Level	3
Number of Credits	20
Total Qualification Time	200 hours
Mandatory / Optional	Mandatory
SSAs	15.1 Accounting and finance
Unit Grading Structure	Pass

### Unit Aims

The aim of this unit is to give learners a basic understanding of how to record financial transactions. The unit covers what is needed to record financial transactions accurately and completely, for example source documents. Finally, the unit explores how income and expenditure is classified and managed.

### Learning Outcomes and Assessment Criteria

Learning Outcomes- The learner will:	Assessment Criteria- The learner can:
1. Understand the need to record financial transactions.	1.1 Explain why business organisations need to record financial transactions. 1.2 Describe how the recording of financial transactions meets the needs of the organisation's internal and external stakeholders.
2. Be able to prepare source documents and Books of Prime (Original) Entry to record financial transactions.	2.1 Describe principal source documents and Books of Prime (Original) Entry used to record financial transactions. 2.2 Prepare principal source documents and Books of Prime (Original) Entry for business transactions.
3. Understand the classification and management of income and expenditure.	3.1 Differentiate between capital and revenue expenditure and income. 3.2 Describe the accounting approaches utilised for items of capital and revenue expenditure and income. 3.3 Evaluate the impact on profit and asset valuations of incorrect management of capital and revenue expenditure and income.

### Indicative contents

Learning Outcome – The learner will:	Indicative Content
1 Understand the need to record financial transactions.	<b>Purposes including:</b> <ul style="list-style-type: none"> <li>• Monitoring</li> <li>• Control</li> <li>• Management</li> <li>• Measurement of performance</li> <li>• Motivation</li> </ul>



		<p><b>Stakeholders, e.g.</b></p> <ul style="list-style-type: none"> <li>• Employees</li> <li>• Customers-internal and external</li> <li>• Bank / Lending Institutions</li> <li>• Managers</li> <li>• Owners</li> <li>• Suppliers</li> <li>• Governmental bodies</li> </ul>
2	Be able to prepare source documents and Books of Prime (Original) Entry to record financial transactions.	<p><b>Principal Source Documents</b></p> <ul style="list-style-type: none"> <li>• Sales and purchases invoices</li> <li>• Credit notes</li> <li>• Statements of account</li> <li>• Cheques</li> <li>• Receipts</li> </ul> <p><b>Books of Prime (Original) Entry</b></p> <ul style="list-style-type: none"> <li>• Purchases Day Book / Journal</li> <li>• Sales Day Book / Journal</li> <li>• Returns Outwards Day Book / Journal</li> <li>• Returns Inwards Day Book / Journal</li> <li>• Two-Column Cash Book</li> <li>• Petty Cash Book</li> <li>• General Journal</li> </ul>
3	Understand the classification and treatment of income and expenditure.	<p><b>Classification and Treatment of:</b></p> <ul style="list-style-type: none"> <li>• Capital Expenditure. e.g. <ul style="list-style-type: none"> <li>○ Non-current assets (equipment, premises, machinery etc.)</li> <li>○ Intangible assets (goodwill, patents, etc.)</li> </ul> </li> <li>• Revenue Expenditure. e.g. <ul style="list-style-type: none"> <li>○ Rent</li> <li>○ Rates</li> <li>○ Wages</li> <li>○ Stationery</li> <li>○ Bank fees</li> <li>○ Inventory purchases</li> <li>○ Marketing costs</li> </ul> </li> <li>• Capital Income. e.g. <ul style="list-style-type: none"> <li>○ Sole trader</li> <li>○ Partners</li> <li>○ Loans</li> <li>○ Mortgages</li> </ul> </li> <li>• Revenue Income. e.g. <ul style="list-style-type: none"> <li>○ Rent received</li> <li>○ Income from sales</li> <li>○ Commission received</li> </ul> </li> </ul>

## Assessment

To achieve a 'pass' for this unit, learners must provide evidence to demonstrate that they have fulfilled all the learning outcomes and meet the standards specified by all assessment criteria.

Learning Outcomes to be met	Assessment criteria to be covered	Type of assessment	Summary of quantity/quality
LO1, LO2, LO3	All ACs	Coursework	2500 words

## Indicative Reading list

Atrill P & McLaney E (2018) *Accounting & Finance for Non-specialists 11th Edition*, Financial Times/Prentice Hall.

Drury, JC. (2017) *Management and Cost Accounting*; 10th edition, Chapman and Hall.

Fabozzi, F. (2010) *The Basics of Finance: An Introduction to Financial Markets, Business Finance, and Portfolio Management*. London: Wiley

## MANAGEMENT INFORMATION

Unit Reference Number	L/617/3338
Unit Title	Management Information
Unit Level	3
Number of Credits	20
Total Qualification Time	200 hours
Mandatory / Optional	Mandatory
SSAs	15.1 Accounting and finance
Unit Grading Structure	Pass

### Unit Aims

The aim of this unit is to develop learners' awareness of aspects of cost and management accounting, including the purpose of management information. The unit introduces the use of ICT in the recording of management information, including its advantages and disadvantages.

### Learning Outcomes and Assessment Criteria

Learning Outcomes- The learner will:	Assessment Criteria- The learner can:
1. Understand the nature of cost and management accounting.	1.1 Outline accounting systems used by organisations. 1.2 Describe the purpose of management information. 1.3 Compare cost and management accounting processes with those required for external financial reporting.
2. Be able to account for labour costs.	2.1 Explain labour remuneration methods. 2.2 Describe the processes for accounting for labour costs. 2.3 Analyse trends for gross and net earnings.
3. Understand the use of Information and Communication Technology (ICT) in the recording of management information.	3.1 Outline how ICT is used by business organisations to record management information. 3.2 Explain factors that influence the use of ICT when recording management information. 3.3 Explain the advantages and disadvantages of using ICT when recording management information in business organisations.

### Indicative contents

Learning Outcome The learner will:	Indicative Content
1 Understand the nature of cost and management accounting.	<ul style="list-style-type: none"> <li>Nature of business organisations and accounting systems.</li> <li>Difference between management and cost accounting.</li> <li>Overview of accounting for materials, labour, expenses and product costs (e.g. job costing, batch costing and process costing.)</li> <li>Difference between financial, management and cost accounting systems.</li> </ul>

2	Be able to account for labour costs.	<ul style="list-style-type: none"> <li>• Labour Remuneration Methods                             <ul style="list-style-type: none"> <li>○ Piece Rates</li> <li>○ Time Rates</li> <li>○ Performance Related Pay</li> <li>○ Profit Sharing</li> <li>○ Share Ownership</li> <li>○ Fringe Benefits</li> </ul> </li> <li>• Accounting for labor time – gross and net earnings, overtime premiums and idle time.</li> <li>• Comparison of the gross and net earnings of several years of accounts; analysis of trends over time, eg identified increases/decreases, reasons why this analysis is useful.</li> </ul>
3	Understand the use of ICT in the recording of management information.	<ul style="list-style-type: none"> <li>• Uses of ICT to include:                             <ul style="list-style-type: none"> <li>○ Word Documents</li> <li>○ Spreadsheets</li> <li>○ Databases</li> <li>○ Charts, e.g. line, column, pie, scatter etc.</li> <li>○ Sort and Filter functions</li> <li>○ Calculation functions</li> <li>○ Commercial accounting software packages</li> </ul> </li> </ul>

## Assessment

To achieve a 'pass' for this unit, learners must provide evidence to demonstrate that they have fulfilled all the learning outcomes and meet the standards specified by all assessment criteria.

Learning Outcomes to be met	Assessment criteria to be covered	Type of assessment	Summary of quantity/quality
LO1, LO2, LO3	All ACs	Coursework	2500 words

## Indicative Reading list

Graham, M. (2013) *Accounting for Non-accountants: A Manual for Managers and Students*. 9<sup>th</sup> Edition. Kogan Page: London

Garrett, D and Sloman, J. (2016). *Economics for Business 7th edition*, Harlow: Pearson Education

Wetherly, P. and Otter, D. (2018). *The Business Environment*, Oxford: Oxford University Press

## MAINTAINING FINANCIAL RECORDS

Unit Reference Number	J/617/3337
Unit Title	Maintaining Financial Records
Unit Level	3
Number of Credits	20
Total Qualification Time	200 hours
Mandatory / Optional	Mandatory
SSAs	15.1 Accounting and finance
Unit Grading Structure	Pass

### Unit Aims

The aim of this unit is to provide learners with an understanding of why financial records need to be kept. The learner will develop the ability to use the double-entry system of bookkeeping and to prepare a three-column cash book and a bank reconciliation statement.

### Learning Outcomes and Assessment Criteria

Learning Outcomes- The learner will:	Assessment Criteria- The learner can:
1. Understand the role and application of accounting concepts.	1.1 Explain the principle that Capital = Assets – Liabilities. 1.2 Demonstrate the use of the accounting equation. 1.3 Outline the accounting concepts used when recording financial transactions.
2. Be able to use the double-entry system of bookkeeping.	2.1 Outline the double-entry system of bookkeeping. 2.2 Use the double-entry system of bookkeeping to process accounting data. 2.3 Analyse the usefulness of the double-entry system of bookkeeping to process accounting data. 2.4 Prepare a trial balance from given double-entry accounting data.
3. Be able to prepare a three-column cash book.	3.1 Outline the purpose of the three-column cash book. 3.2 Differentiate between cash and trade discounts. 3.3 Explain the accounting treatment for cash and trade discounts. 3.4 Prepare a three-column cash book from given data.
4. Be able to prepare a bank reconciliation statement.	4.1 Explain the purpose of a bank reconciliation statement. 4.2 Prepare a bank reconciliation statement from given data.

### Indicative contents

Learning Outcome – The learner will:	Indicative Content
1 Understand the role and application of accounting concepts	<b>Accounting Equation:</b> <ul style="list-style-type: none"> <li>Capital = Assets – Liabilities</li> </ul> <b>Accounting Concepts:</b> <ul style="list-style-type: none"> <li>Consistency</li> <li>Accruals / Matching</li> <li>Going Concern</li> </ul>

		<ul style="list-style-type: none"> <li>• Prudence</li> <li>• Historic Cost</li> <li>• Materiality</li> <li>• Business Entity</li> <li>• Money Measurement</li> <li>• Realization</li> <li>• Dual Aspect</li> </ul>
2	Be able to use the double-entry system of bookkeeping	<ul style="list-style-type: none"> <li>• Outline of the double-entry system of bookkeeping.</li> <li>• Preparation of ledger accounts including assets, liabilities and capital.</li> <li>• Balancing of ledger accounts.</li> <li>• Division of the ledger – sales, purchases and nominal (general) ledgers</li> <li>• Functions of the ledger – general ledger and subsidiary ledgers.</li> <li>• Preparation of journal entries from books of prime entry.</li> </ul>
3	Be able to prepare a three-column cash book	<ul style="list-style-type: none"> <li>• Uses of cash and trade discounts.</li> <li>• Accounting entries for cash and trade discounts.</li> <li>• Difference between two-column and three-column cash books.</li> <li>• Preparation of three-column cash books.</li> </ul>
4	Be able to prepare a bank reconciliation statement	<ul style="list-style-type: none"> <li>• Updating the cash book</li> <li>• Need for bank reconciliation statements</li> <li>• Purpose of a bank statement</li> <li>• Preparation of a bank reconciliation statement to include: 1) errors, 2) undeposited credits, 3) unrepresented cheques, 4) balance as per cash book, 5) balance as per bank statement.</li> </ul>

## Assessment

To achieve a 'pass' for this unit, learners must provide evidence to demonstrate that they have fulfilled all the learning outcomes and meet the standards specified by all assessment criteria.

Learning Outcomes to be met	Assessment criteria to be covered	Type of assessment	Summary of quantity/quality
LO1, LO2, LO3. LO4	All ACs	Coursework	2500 words

## Indicative Reading list

Coleman, C, Lemieux. V, Stone, R, Yeo, G. (2011). *Managing Records in Global Financial Markets: Ensuring Compliance and Mitigating Risk (Principles and Practice in Records Management and Archives)*. Facet Publishing.

Dewhurst, F. (2006). *Quantitative methods for Business and Management* (2nd Edition), McGraw-Hill

Morris, C., (2012). *Quantitative Approaches in Business Studies*. 8th Ed., Prentice Hall

## IMPORTANT NOTE

Whilst we make every effort to keep the information contained in programme specification up to date, some changes to procedures, regulations, fees matter, timetables, etc may occur during the course of your studies. You should, therefore, recognise that this document serves only as a useful guide to your learning experience. For updated information please visit our website [www.othm.org.uk](http://www.othm.org.uk).

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