ICB Level 3 Certificate in Bookkeeping and Accounts

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ICB Level 3 Certificate in Bookkeeping and Accounts

1. About ICB

The Institute of Certified Bookkeepers (ICB) is the largest bookkeeping institute in the world. It promotes and maintains professional standards in bookkeeping through the development of regulated qualifications and the award of membership grades that recognise knowledge, competence, and practical experience.

ICB operates as both an examining body and a membership body. In this dual role, it supports learners and members throughout their professional journey by providing robust qualifications, ethical standards, and ongoing professional support. ICB qualifications are vocational, practical, and designed to reflect the realities of modern bookkeeping practice in a digital environment.

ICB Objectives

ICB aims to:

- Promote bookkeeping as a recognised profession
- Increase recognition of bookkeeping as an essential part of the financial profession
- Promote education, lifelong learning, and professional development
- Enable the achievement of respected bookkeeping qualifications
- Provide trusted benchmarks for competence and professionalism
- Improve the career prospects, confidence, and resilience of ICB members

ICB Principles

ICB believes that sound financial management has a profound effect at personal, professional, and societal levels. By developing a pool of skilled, ethical, and digitally capable bookkeepers, ICB supports business owners in maintaining control of their finances, managing risk responsibly, and making informed decisions that contribute to economic stability.

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2. Introduction to the ICB Level 3 Certificate in Bookkeeping and Accounts

The ICB Level 3 Certificate in Bookkeeping and Accounts builds on the foundations established at Level 2 and develops the competence required to work confidently as an employed or self-employed bookkeeper.
This qualification reflects the modern world of bookkeeping, where work is carried out within digital accounting systems, data quality varies, automation is common, and bookkeepers play a critical role in safeguarding the integrity of financial information.

The qualification covers preparation and review of VAT returns, reconciliation and correction of errors, MTDfIT quarterly updates, posting of period end adjustments, and production of draft final accounts for internal management purposes across a range of entity types.

3. Qualification Aims

On successful completion of this qualification, learners will be able to:

- Operate confidently as an employed or self-employed bookkeeper
- Maintain and review accurate bookkeeping records within digital systems
- Prepare, reconcile, and submit VAT returns in line with Making Tax Digital requirements
- Post period end adjustments using appropriate judgement and consistency
- Produce draft final accounts for internal management purposes for sole traders, partnerships and limited companies.
- Interpret basic financial information to support business understanding
- Recognise professional boundaries and escalate issues appropriately

Successful completion allows progression to ICB membership at MICB level and provides a pathway to Level 4 qualifications and licensed practice.

4. Prerequisites

Before commencing study at this level, learners must have:

- achieved the ICB Level 2 Certificate in Bookkeeping, **or**
- been formally granted exemption by the ICB based on an equivalent qualification and/or relevant work experience.

All claims of prior learning or experience must be assessed and approved through the ICB exemption process before enrolment.

5. Qualification Structure

The Level 3 Certificate in Bookkeeping and Accounts consists of six mandatory topics:

1. Underpinning Knowledge
2. Reconciliation of Accounts and Correction of Errors
3. Reconciliation and Production of a VAT Return
4. Calculation and Posting of Adjustments to the Accounts
5. Production of Draft Final Accounts for Internal Management Purposes
6. Interpretation of Financial Statements

6. Assessment

The qualification is assessed through three online assessments taken under remote invigilation. The assessments are 'open book', and each examination is 3 hours.

Assessments may include content from the Level 2 Certificate in Bookkeeping where appropriate.

Level 3 assessment components to be completed in the order as follows:

ST4 – Reconciliations and final accounts of a Sole Trader
Home or work-based assessment covering:

- Ethical and underpinning knowledge
- Reconciliation of customer and supplier accounts
- Bank reconciliation and correction of errors
- Clearance of suspense accounts
- Control account summaries
- Preparation and reconciliation of VAT returns (standard and cash accounting)
- Preparation of quarterly Income Tax returns
- Posting of adjustments including acquisition and disposal of fixed assets
- Draft final accounts for a sole trader

PT5 – Final accounts of a Partnership
Home or work-based assessment covering:

- All ST4 requirements in a partnership context
- Ethical considerations and professional judgement
- Legal and structural understanding of partnerships
- Preparation of partnership final accounts
- Appropriation accounts and partners' current accounts
- Accounting for changes in partnership structure

LC6 – Final Accounts for Incorporated Businesses
Home or work-based assessment covering:

- All ST4 requirements in an incorporated business context
- Draft internal management accounts for limited companies and LLPs
- Posting of relevant adjustments
- Calculation and interpretation of basic ratios

7. Results

Assessments for ST4, PT5 & LC6 are remotely invigilated, and results are available within five working days.

8. Grading

All assessments must be successfully achieved to gain the full qualification.

Grading for ST4, PT5 & LC6

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

An overall qualification grade is awarded once all assessments are completed, based on the average of unit results.

9. Level of Membership

Successful completion of the full qualification entitles learners to apply for membership of the Institute of Certified Bookkeepers at Member level (MICB) and to use the title ICB Certified Bookkeeper.

10. Level 3 Certificate in Bookkeeping and Accounts – Detailed Syllabus

The following detailed syllabus sets out the learning outcomes and assessment criteria for each topic within the Level 3 Certificate in Bookkeeping and Accounts. Learners must demonstrate both technical competence and appropriate professional judgement when applying knowledge in practical bookkeeping scenarios.

ST4 – Reconciliations and Final Accounts of a Sole Trader

Home or work-based assessment covering:

Assessment criteria

On successful completion the learner will be able to:

Topic 1 - Underpinning knowledge: (this set of learning outcomes fall across all units where appropriate)

Learning Outcome 1.1

Explain the purpose of professional ethics in bookkeeping work:

- Describe the principles of integrity and honesty and apply them to bookkeeping scenarios
- Explain the importance of objectivity and independence when dealing with client or employer pressure
- Demonstrate an understanding of professional competence and due care, including the need to check completeness, accuracy, and plausibility of information
- Explain confidentiality requirements and appropriate handling and storage of financial data
- Recognise the importance of professional behaviour, including separating personal interests from business matters
- Explain the need to work within the limits of personal knowledge, skills, and experience

Learning Outcome 1.2

Understand when and how to take appropriate action in response to unethical behaviour:

- Identify indicators of unethical, suspicious, or potentially unlawful behaviour in bookkeeping records
- Describe inappropriate client or employer behaviour and explain why it is unacceptable
- Explain the procedures to be followed when unethical behaviour is suspected
- Identify appropriate internal escalation routes within an organisation or practice
- Explain circumstances in which work should be paused, refused, or referred
- Identify relevant external authorities or reporting obligations where required
- Explain the importance of documenting concerns, decisions, and actions taken

Learning Outcome 1.3

Understand the legal differences between the structures of various types of businesses:

- Explain the nature of liability for sole traders, partnerships, limited companies, and limited liability partnerships
- Define the term partnership and explain the purpose of a partnership agreement
- Identify the characteristics of a partnership agreement
- Explain the rules that apply in the absence of a partnership agreement
- Explain why a decision might be taken to form a limited liability partnership
- Explain the limits of liability for different business structures

Learning Outcome 1.4

Understand the main accounting concepts that apply:

- Identify and explain the concepts of business entity, going concern, historical cost, consistency, prudence, and accruals
- Explain the importance of separating personal and business transactions
- Explain how the accruals concept affects income and expenditure recognition
- Explain why consistency in accounting treatment is important
- Recognise the impact of inappropriate application of accounting concepts

Learning Outcome 1.5

Understand the accounting standards applied to the production of year end accounts:

- Identify the difference between international accounting standards and UK GAAP
- Explain the purpose of accounting standards
- Distinguish between FRS 105 for micro entities and FRS 102 Section 1A for small entities
- Explain how bookkeeping records support accounts prepared under these standards

Learning Outcome 1.6

Understand the different VAT schemes that are available for use:

- Explain why different VAT schemes exist
- Identify VAT schemes that may be available to businesses, including annual accounting, flat rate, retail, partial exemption, and margin schemes
- Explain at a high level when each scheme may be appropriate
- Recognise that implementation of VAT schemes may require specialist advice

Learning Outcome 1.7

Understand the importance of being able to clearly communicate relevant information: (provide ATPs Resources as guidance)

- Explain why clear communication is important in bookkeeping work
- Communicate missing, incomplete, or inconsistent information clearly
- Explain bookkeeping issues and assumptions in plain language
- Adapt communication style to suit different audiences, for example: Accountants, stakeholders and other non-financial persons.

Learning Outcome 1.8

Understand the requirements for uploads to HMRC under Making Tax Digital:

- Explain digital record keeping requirements under Making Tax Digital for VAT
- Explain the requirement to use compatible software
- Explain the importance of digital links and maintaining an audit trail
- Identify VAT reporting deadlines under Making Tax Digital

Learning Outcome 1.9

Understand safe digital working, cyber security, and responsible use of automation and AI:

- Explain common cyber security risks relevant to bookkeeping work, including phishing, invoice fraud, and unauthorised access to systems
- Apply secure working practices when handling client financial data, including password security, multi factor authentication, and secure document storage
- Explain the importance of protecting personal and financial data in line with data protection requirements
- Explain the role of automation and AI within modern bookkeeping software
- Recognise the limitations of automated and AI generated outputs and the need for human review and verification
- Explain why responsibility for accuracy, compliance, and submissions remains with the bookkeeper
- Follow organisational or practice rules regarding approved software tools and data sharing
- Maintain appropriate evidence and audit trails to support decisions influenced by automation or AI

Topic 2 - Reconciliation of Accounts and Correction of Errors

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 2.1

Reconcile debtors and creditors control accounts:

- Reconcile Debtors and creditors ledgers to control accounts
- Identify common causes of differences
- Correct differences using appropriate entries

Learning Outcome 2.2

Correct errors in bookkeeping records:

- Identify and correct bookkeeping errors
- Clear suspense accounts using correct double entry
- Distinguish between manual and system generated errors
- Maintain a clear audit trail of corrections

Topic 3 - Reconciliation and Production of a VAT Return

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 3.1

Reconcile the VAT account:

- Reconcile VAT return figures to the VAT control account
- Identify differences arising from timing issues, late postings, or miscoding
- Identify and correct common VAT coding errors
- Explain reasons for discrepancies between VAT returns and ledger balances
- Maintain appropriate supporting documentation for VAT transactions

Learning Outcome 3.2

Prepare and submit Quarterly Returns:

- Prepare VAT returns under standard and cash accounting schemes
- Carry out basic reasonableness checks prior to submission, including comparison to previous periods
- Identify unusual movements or anomalies that require further investigation
- Recognise when VAT issues require escalation or specialist advice
- Complete VAT returns in line with Making Tax Digital requirements

- Prepare and complete a quarterly Income Tax Return in line with Making Tax Digital

Learning Outcome 3.3

Understand VAT treatment of domestic transactions, imports and exports

- Explain the difference between domestic UK transactions, imports, and exports of goods
- Identify the VAT treatment of goods exported from Great Britain, including zero-rating and evidence requirements
- Identify the VAT treatment of goods imported into Great Britain, including import VAT
- Explain the role of import VAT and how it is accounted for, including Postponed VAT Accounting (PVA) (awareness level – resource provided if required)
- Recognise the importance of maintaining appropriate evidence to support zero-rated exports

Learning Outcome 3.4

Understand VAT considerations for goods involving Northern Ireland and international transactions (awareness level – resource provided if required)

- Explain, at an awareness level, how VAT applies to goods moved between Great Britain and other countries
- Recognise that Northern Ireland follows different VAT rules for goods and identify how this differs from Great Britain
- Distinguish between domestic UK transactions, imports and exports, and movements of goods involving Northern Ireland
- Recognise the VAT implications of international trade in goods, including low value consignments
- Explain the purpose of schemes such as 'Import One Stop Shop' (IOSS) at an awareness level
- Recognise when international VAT scenarios require referral to a specialist

Topic 4 - Calculation and Posting of Adjustments

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 4.1

Account for disposal of fixed assets:

- Identify original cost and accumulated depreciation
- Prepare disposal accounts
- Calculate profit or loss on disposal
- Post disposal journals correctly

Learning Outcome 4.2

Post period end adjustments:

- Calculate and post depreciation (straight line & reducing balance)
- Account for opening and closing stock
- Post accruals and prepayments and reverse them appropriately (Income & expense)
- Create and adjust provisions for doubtful debts for both an increase and a decrease

Topic 5 - Production of Draft Final Accounts for Internal Management Purposes

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 5.1

Prepare draft final accounts:

- Close revenue and expense accounts
- Make adjustments according to notes
- Prepare a draft profit and loss account for Sole Traders
- Prepare balance sheets for internal management use
- Transfer profits and drawings for sole traders

PT5 – Final Accounts of a Partnership

Home or work-based assessment covering:

Topic 1 - Underpinning knowledge:

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 1.1

Ethical and legal structures:

- All ST4 requirements in a partnership context
- Ethical considerations and professional judgement
- Legal and structural understanding of partnerships
- Understand the difference between partners' current accounts and fixed or fluctuating capital accounts

Learning Outcome 1.2

Capital interest and drawings interest:

- Understand the appropriation account
- Understand the requirements when changes occur in a partnership structure

Topic 2 - Adjust partnership current & capital accounts:

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 2.1

Profit sharing ratios and goodwill:

- Apply revised profit-sharing ratios
- Understand and implement Goodwill
- Account for admission or retirement of partners
- Adjust capital and current accounts accordingly

Topic 3 - Post profit appropriation and transfers:

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 3.1

Prepare draft final accounts including adjustments:

- Close revenue and expense accounts
- Make adjustments according to notes
- Prepare a draft profit and loss account for a Partnership
- Prepare a partnership appropriation account
- Calculate, adjust and transfer profits to relevant accounts
- Prepare balance sheets for internal management use

LC6 – Final Accounts for Incorporated Businesses

Home or work-based assessment covering:

Topic 1 - Underpinning knowledge:

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 1.1

Ethical and legal structures:

- All ST4 requirements in a limited company context
- Legal and structural understanding of limited companies
- Ethical considerations and professional judgement
- Understand methods of funding (donations, additional shares, debentures etc) and how to deal with them in the accounts

Topic 2 – Shares and withdrawal of funds

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 2.1

Shares and dividends

- Explain the different share options and their values (ordinary and preference)
- Understand what happens if a director takes funds from the business and the requirement for a directors' loan account
- Understand payments to directors and shareholders by way of salaries or dividends

Learning Outcome 2.2

Calculation of dividends and shares

- Make entries to the directors' loan account
- Calculate and post additional shares to increase funds
- Calculate and post dividend payments to shareholders and directors
- Calculate and post salary payments to directors

Topic 3 - Interpretation of Financial Statements

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 3.1

Understand business performance

- Explain the relationship between profitability and liquidity
- Identify risks arising from high levels of borrowing

Learning Outcome 3.2

Prepare a cash flow forecast:

- Explain the importance of cash flow planning
- Prepare a monthly cash flow forecast
- Identify periods of potential cash shortfall

Learning Outcome 3.3

Analyse and interpret financial statements:

- Calculate key profitability ratios
- Calculate liquidity and working capital ratios
- Compare results over time
- Explain results in plain language

Topic 4 – Transfers of profit to relevant accounts:

Assessment criteria

On successful completion the learner will be able to:

Learning Outcome 4.1

Prepare draft final accounts including adjustments:

- Close revenue and expense accounts
- Make adjustments according to notes
- Prepare a draft profit and loss account for a limited company
- Prepare an appropriation account for the transfer of profits
- Explain the different reserve accounts and which can be used to pay dividends
- Make allowances for corporation tax and dividends as appropriate
- Calculate, adjust and transfer profits to relevant accounts
- Prepare balance sheets for internal management use

11. What Will This Qualification Lead To?

The skills and knowledge developed through the Level 3 Certificate in Bookkeeping and Accounts support progression into a range of bookkeeping and finance related roles.

Successful completion of this qualification may lead to employment as:

- An employed Bookkeeper
- An Accounts or Finance Officer
- A Junior Finance Manager

The qualification also supports progression into self-employment as a bookkeeper, subject to meeting ICB membership and practice licence requirements.

Learners completing this qualification develop the ability to prepare VAT returns, control sales and purchase ledgers, post period end adjustments, and produce draft final accounts for a range of entity types. These skills enable learners to work confidently with business owners, accountants, and other professionals.

This qualification provides a clear progression route to Level 4 ICB qualifications in financial statements, taxation, and management accounting.

12. Equality, Diversity and Inclusion Policy

The Institute of Certified Bookkeepers is committed to promoting equality, diversity, and inclusion in all aspects of its work. ICB aims to ensure that all learners, members, and stakeholders are treated fairly and with respect, regardless of age, disability, gender reassignment, marriage or civil partnership status, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.

ICB is committed to providing fair access to qualifications, assessments, learning resources, and support services. Reasonable steps are taken to remove barriers that may disadvantage individuals or groups.

Full details of the Equality, Diversity and Inclusion Policy are available on the ICB website.

13. Customer Service Statement

ICB is committed to delivering a high standard of customer service. All enquiries are handled promptly, professionally, and with respect. Customer information is treated confidentially in accordance with data protection requirements.

14. Reasonable Adjustments and Special Considerations Policy and Procedure

ICB recognises that learners may require reasonable adjustments or special consideration due to circumstances beyond their control. Requests are considered in line with published policies to ensure fairness and consistency in assessment. Full details are available on the ICB website.

15. Enquiries and Appeals Policies

ICB maintains clear and transparent procedures for enquiries and appeals to ensure assessment decisions are fair, consistent, and reliable. Full details are available on the ICB website.

2026 Syllabus Update – Summary and Detailed Change Log

Part 1: Executive Summary

The qualification structure remains familiar, with refinements to improve clarity, alignment to UK practice, and relevance to modern working environments.

Content has been updated to reflect current legislation, including post-Brexit VAT treatment and Making Tax Digital requirements.

Greater emphasis has been placed on applying knowledge in context, supporting learners to understand how bookkeeping operates in real-world scenarios.

Professional behaviours, including communication, ethical awareness, and digital responsibility, are now more explicitly embedded throughout.

Key changes at a glance

- **Assessment structure streamlined**
  - Streamlined to ST4, PT5, LC6 model
  - Removal of standalone M6 (not-for-profit unit)
- **VAT content fully updated**
  - Removal of outdated EU framing
  - Clear distinction between Great Britain and Northern Ireland
  - Inclusion of Postponed VAT Accounting (PVA)
  - Introduction of IOSS (awareness level)
- **Digital working awareness and MTD updated**
  - Expanded focus on digital records, audit trails, and compliance
  - Introduction to MTD for Income Tax
- **New professional capability themes embedded**
  - Communication and client interaction
  - Professional judgement and escalation
  - Cyber security and data protection
  - Responsible use of automation and AI
- **Content clarified and refined**
  - Reduced overly technical or low-value areas at this level
  - Greater focus on practical application

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Overall impact

The qualification is now:

- More aligned to UK legislation and practice
- Better aligned to current practice and applied understanding
- Provides a clearer structure for delivery and progression
- Better aligned to modern bookkeeping roles and tools

Part 2: Detailed Change Tracking

A. Structural Changes

1. Assessment model streamlined

Previous

- Multiple unit-based assessments (M4, M5, M6, M7, M8)

Updated

- Consolidated into:
    - ST4 (Sole trader)
    - PT5 (Partnership)
    - LC6 (Limited Company)

Change

- Reduces fragmentation across separate unit assessments
- Supports a more integrated understanding across different business entity types
- All proctored exams

2. Removal of M6 (Not-for-Profit Unit)

Previous

- Dedicated M6 assessment:
    - Not-for-profit accounting
    - Subscriptions
    - Specific adjustments

Updated

- M6 removed as a standalone assessment

Change

- Streamlines qualification structure
- Not-for-profit is no longer assessed as a standalone unit

Impact

- Not-for-profit no longer assessed as a distinct unit
- Delivery focus shifts to core business entity types

B. Technical Content Updates

3. VAT – Major Update (Topics 3.3 and 3.4)

Previous

- EU-based framing
- Less distinction between transaction types

Updated

- Clear structure:
  - Domestic transactions
  - Imports and exports (Great Britain)
  - Northern Ireland as a distinct case
- Inclusion of:
  - Postponed VAT Accounting (PVA)
  - Import One Stop Shop (IOSS)

Change

- Updates previous EU-based framing to reflect current UK VAT treatment
- Aligns with post-Brexit VAT system

Impact

- Learners gain accurate, current understanding
- Improves confidence in real-world VAT scenarios

4. Making Tax Digital (MTD) Expanded

Previous

- Focus primarily on VAT submissions

Updated

- Updated to reflect current and planned Making Tax Digital requirements:
  - Digital records
  - Audit trails and digital links
  - Quarterly updates to MTD for Income Tax

Change

- Reflects HMRC direction and future requirements

5. Adjustments and Accounts – Scope refined

Previous

- Included broader or less relevant areas (e.g. revaluation emphasis)

Updated

- Focus on:
  - Core adjustments
  - Practical account preparation

Change

- Scope refined to focus on core adjustments relevant to Level 3
- Improved clarity at Level 3

C. Professional and Behavioural Enhancements

6. Ethics and escalation strengthened

New emphasis

- Identifying unethical behaviour
- Clear escalation routes
- Understanding appropriate escalation and when to seek further guidance

Impact

- Reinforces professional responsibility

7. Communication skills introduced

New content

- Communicating financial information clearly to different audiences
- Documenting assumptions

Impact

- Reflects real business -facing expectations

8. Digital working awareness, cyber security and automation (new)

New content

- Cyber risks (phishing, fraud, access control)
- Data protection responsibilities
- Automation and AI awareness
- Human responsibility for outputs

Impact

- Positions learners as modern, responsible practitioners

D. Delivery and Teaching Impact

For Training Providers

- Streamlined assessment structure
- Improved alignment of topics across the qualification
- Updated VAT content requires refresh of materials
- M6 removal requires:
    - Scheme of work updates
    - Removal of not-for-profit assessment prep

For Learners

- Better aligned to current bookkeeping practice
- Clearer progression of knowledge
- Improved awareness of digital and compliance requirements

E. Content Removed or Reduced

- Legacy EU VAT framing
- Standalone not-for-profit assessment (M6)
- Content not aligned to Level 3 scope or current UK practice

Final Positioning Statement

These updates ensure the qualification reflects current UK legislation and practice while maintaining a clear focus on Level 3 knowledge and skills.

The qualification continues to develop core bookkeeping competence, alongside awareness of the professional, regulatory, and digital environment in which bookkeepers operate.