Department for Education

Accounting and Finance

Level 3 V Level subject content

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Contents

1. Introduction

V Level subject content sets out the knowledge, understanding and skills common to all V Level qualification specifications in this subject. The content provides the framework within which awarding organisations create detailed specifications.

This subject content is grounded in internationally recognised accounting concepts as the conceptual foundation for applied financial understanding. Students will develop the ability to interpret, analyse and evaluate financial and accounting information responsibly within UK organisational contexts. Finance is positioned as the applied use of accounting information rather than as a standalone technical or occupational discipline.

Applied learning is achieved through structured organisational scenarios, contextualised financial information and case material.

The Department does not set mandatory prior learning requirements for V Levels. As V Level content is set at level 3, providers will set their own entry requirements at level 2, including any GCSEs required.

2. Aims

This content enables students to develop and apply knowledge, understanding and skills in accounting and finance. It supports learners to interpret, analyse and evaluate financial information within organisational contexts, and to use that understanding to inform decision making. The content provides a broad level 3 foundation that supports progression to further study and apprenticeships.

Organisational scenarios used within the content should be varied and inclusive, drawing on examples from a range of sectors, local labour markets and organisational contexts to avoid reliance on prior workplace experience or sector-specific knowledge.

Teaching and learning materials developed by awarding organisations should, where possible, include a diverse range of organisational contexts, sectors and leadership examples, reflecting the contribution of individuals and organisations from different backgrounds and communities.

The purpose of this qualification is to enable students to:

Apply their knowledge, skills and understanding to achieve the following work-related purposes (WRPs):

- WRP1: Be able to interpret financial and accounting information to support organisational decision making
- WRP2: Be able to analyse and evaluate organisational financial performance and position
- WRP3: Be able to evaluate financial decision making in organisational contexts
- WRP4: Be able to evaluate the ethical and regulatory context of accounting and finance within organisational settings
- WRP5: Be able to communicate and present financial and accounting information in organisational contexts

Through this, develop transferable skills[1], including:

- critical thinking and problem solving through the interpretation and evaluation of accounting and finance information in organisational contexts
- reasoning, evaluation and judgement when assessing alternative courses of action, performance outcomes and financial risks
- communication of financial and accounting information clearly and appropriately to different audiences, including non-specialists

[1] Please refer to Framework for Transferable Skills and Work-related Behaviours, published alongside the subject content as part of the consultation.

- reflection on assumptions, limitations, uncertainty and ethical considerations when applying financial information to real-world contexts.

Develop in-depth knowledge and understanding of the key theories and principles which support effective practice in the subject, including:

- accounting concepts (such as accruals, prudence, consistency and materiality) and financial concepts (such as liquidity, profitability, cost behaviour and return on investment) used to describe and evaluate organisational performance and position
- principles, concepts and conventions underpinning accounting and record keeping, including the role of judgement, consistency and control, without requiring technical or occupational competence
- ethical, governance and risk considerations relevant to accounting and finance, including the responsibilities associated with the use and communication of financial information

The aspects listed above are indicative of the scope and intent of the qualification and are not intended to be exhaustive.

2.1 Progression

V Levels aim to encourage motivation and interest in pursuing careers and further study related to accounting and finance systems and practices, by providing a broad and applied understanding of this, without requiring early occupational specialisation.

The content provides both a strong conceptual foundation for the subject and the basis for developing in-depth understanding of accounting and finance through applying knowledge and skills to achieve practical work-related purposes.

This combination of theory and practice and the transferable skills students develop should effectively prepare them to access a wide range of related higher-level study and training across multiple sectors. This may include accounting, finance, business, economics and related disciplines, as well as higher and degree apprenticeships where accounting and finance knowledge underpins occupational roles.

3. Subject Content

3.1 Guidance for awarding organisations

Inclusion of content in qualification specifications

All content outlined in this document must be included in qualification specifications.

Lists of content that start with a colon ':'

This denotes that all the content in the list is compulsory and is expected to be included in awarding organisations' qualification specifications.

Lists of content that start with 'including'

This denotes that all the content in the list is compulsory and is expected to be included in awarding organisations' qualification specifications. The list is a minimum; awarding organisations can choose to add to the list. To ensure comparability between awarding organisations' qualification specifications in a subject, DfE will use this approach in limited instances where additional relevant content could reasonably be added without affecting the comparability of qualification specifications and assessments.

Use of 'e.g.'

This is used to exemplify what is meant by the content statement. It is used to ensure awarding organisations have a clear and consistent understanding of the term; to signal that the example in use now may be superseded by more up-to-date examples; or where different examples could reasonably be included without affecting the comparability of qualification specifications and assessments. Awarding organisations can use the cited example, where it remains relevant and appropriate.

3.2 Work-related purposes

Students are expected to apply knowledge, understanding and skills to achieve authentic work-related purposes. The content specified in this section is expected to be demonstrated through applied activity.

When developing qualification specifications, awarding organisations must allocate between 180 and 220 guided learning hours (GLH) to the development of applied knowledge, understanding and skills directly needed to achieve the defined work-related purposes.

WRP1: Be able to interpret financial and accounting information to support organisational decision making

To achieve this work-related purpose, students must apply knowledge and understanding through the interpretation of financial and accounting information within organisational contexts. This includes the use of structured financial data and simple calculations to interpret performance and position, and to support decision making. Students are expected to apply accounting principles, including understanding the dual effect of transactions, alongside numerical skills to explain what financial information indicates and how it informs organisational decisions.

To do this, students must apply the following knowledge and understanding:

- the role of financial and accounting information in supporting decision making within organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations, including how financial information informs choices rather than determining outcomes, supported by the application of relevant calculations and accounting principles
- the application and interpretation of profit, cost and cash flow calculations and how these link to and are derived from the accounting concepts identified within this subject content and the dual effect of common business transactions, including sales, purchases, operating expenditure, receipts and payments, in order to interpret financial performance and position
- the application and interpretation of variance calculations to compare planned and actual financial performance and support organisational review and decision making
- the main types and sources of financial and accounting information used to support organisational review and decision making, including:
    - statements of financial performance
    - statements of financial position
    - cash flow information
    - budget summaries and variance reports
    - cost and contribution data

- the purpose of financial ratio information in supporting the interpretation of organisational performance and decision making
- interpretation of financial information and indicators in identifying patterns and trends
- how accounting principles, concepts and conventions influence the measurement and presentation of financial information within financial statements, including the role of double entry bookkeeping in generating financial information. Students must apply this understanding when interpreting how transactions are reflected in

financial information and how this informs organisational performance and position.

- the assumptions, estimates, professional judgements and limitations that underpin financial and accounting information, including their impact on reliability, comparability and decision making
- how financial statement extracts, budget summaries and performance indicators are interpreted in relation to organisational objectives, strategic priorities and stakeholder expectations across private, public and third sector organisations

In working to achieve the work-related purpose, students must be able to:

- apply appropriate financial and accounting calculations to produce information that supports financial analysis, interpretation and organisational decision making
- interpret financial statement extracts, budget summaries and performance indicators, including those generated through digital accounting systems and spreadsheet tools, within structured organisational scenarios, recognising their purpose, source and intended audience
- analyse financial statement data, cost and contribution information and ratio outputs to compare alternative courses of action, considering both financial and non-financial factors
- evaluate the implications of financial information for short and medium-term organisational decisions
- form and justify reasoned judgements using appropriate financial evidence and contextual understanding
- communicate financial interpretations clearly and coherently to stakeholder groups as defined within this subject content.

WRP2: Be able to analyse and evaluate organisational financial performance and position

To achieve this work-related purpose, students must apply knowledge and understanding through the analysis and evaluation of financial information within organisational contexts, including the use of calculations to assess performance and support judgement. Students must apply numerical skills in a way that demonstrates understanding of accounting principles introduced in WRP1.

To do this, students must apply the following knowledge and understanding:

- the purpose and structure of:
    - statements of financial performance
    - statements of financial position
    - summarised cash flow information
- the calculation and interpretation of financial ratios:
    - profitability
    - liquidity
    - efficiency
    - solvency
- the analysis of financial performance over time, including:
    - comparison across reporting periods
    - trend analysis using consistent timeframes, reporting dates and appropriate cut-off points
    - the impact of transaction dates and cut-off points on the interpretation and comparison of financial performance and position
- how accounting principles and concepts (including accruals, prudence, consistency, materiality and going concern) influence financial performance, position and the interpretation of financial results
- the impact of estimates, professional judgement, accounting choices and limitations on the reliability and interpretation of financial information
- how financial statement information and performance indicators are interpreted by different stakeholder groups
- how the dual effect of transactions influences financial statement outputs and financial performance

Numerical expectations

- students are expected to apply calculations to support interpretation of financial performance, including the use of ratios, percentage change and simplified variance analysis by:
    - calculating and interpreting financial ratios across the following categories: profitability, liquidity, efficiency and solvency, using structured financial information
    - calculating margins and percentage changes
    - analysing simplified variance data
    - interpreting summarised cash flow information in relation to performance and position

Students are not expected to:

- prepare full statutory financial statements
- apply procedural double entry bookkeeping, including recording transactions through journal entries or ledger accounts

In working to achieve this work-related purpose, students must be able to:

- analyse financial statement extracts, performance indicators and digitally generated financial information to assess organisational performance and financial position
- calculate and interpret profitability, liquidity, efficiency and solvency ratios (including gross profit margin, net profit margin, return on capital employed (ROCE), current ratio, inventory turnover ratio and gearing ratio) using structured financial data

- compare financial performance across reporting periods using percentage change and trend analysis, recognising how reporting periods, transaction dates and cut-off points influence the interpretation and comparison of financial performance and position.
- analyse movements in key financial indicators and evaluate possible explanations using contextual information
- evaluate the strengths and limitations of financial statement information when forming reasoned judgements about organisational performance and position.
- communicate financial analysis clearly and coherently for relevant stakeholder groups

WRP3: Be able to evaluate financial decision making in organisational contexts

To achieve this work-related purpose, students must apply knowledge and understanding through structured organisational scenarios involving budgeting data and other financial information generated through digital systems, cost information and basic investment appraisal calculations.

To do this, students must apply the following knowledge and understanding:

- the purpose of budgeting in supporting organisational decision making and performance review
- the principles of cost behaviour, including fixed, variable and semi-variable costs
- contribution and margin analysis in evaluating financial options
- basic investment appraisal techniques, including:
    - payback period
    - simple rate of return
- the role of risk, uncertainty and assumptions in financial decision making
- the interaction between financial and non-financial factors in organisational decisions
- the role of sustainability considerations in financial decision making, including environmental, social and governance (ESG) factors and how these may influence financial performance, risk and long-term value

Numerical expectations

Students are expected to:

- calculate contribution and margin
- interpret break-even information where provided, including both numerical values and simple graphical representations
- calculate payback period and simple rate of return using structured data
- analyse simplified budget variance information
- interpret and complete structured or partially prepared budget information

Students are not expected to:

- construct full budgets from raw data, including multi-step budget preparation
- perform complex financial modelling, including discounted cash flow techniques, multi-variable forecasting models and scenario-based financial modelling
- undertake advanced discounted cash flow modelling, including detailed net present value (NPV) and internal rate of return (IRR) calculations, beyond simple interpretation of investment information

In working to achieve this work-related purpose, students must be able to:

- analyse budgeting data, cost information and investment appraisal calculations within structured organisational scenarios
- compare alternative financial options using contribution, margin and basic appraisal techniques
- evaluate the financial and non-financial implications of different courses of action using structured financial evidence and organisational context
- consider the impact of risk, uncertainty and assumptions when forming financial judgements
- justify financial recommendations using structured financial evidence, calculations where appropriate, and contextual reasoning
- communicate financial reasoning clearly for relevant stakeholder groups
- consider how sustainability factors may influence financial decisions and organisational outcomes

WRP4: Be able to evaluate the ethical and regulatory context of accounting and finance within organisational settings

To achieve this work-related purpose, students must apply knowledge and understanding through structured organisational scenarios involving ethical considerations and regulatory expectations in the use of financial information.

To do this, students must apply the following knowledge and understanding:

- the purpose of the fundamental ethical principles in accounting and finance:
    - integrity
    - objectivity
    - professional competence and due care
    - confidentiality
    - professional behaviour
- the role of governance mechanisms in supporting trust in financial reporting, including internal controls, oversight and transparency
- the purpose of financial reporting requirements in supporting accountability and stakeholder confidence
- the potential consequences of unethical, misleading or biased financial reporting for organisations and stakeholders
- the role of assumptions, estimates and judgement in creating ethical risk within financial information
- the distinction between ethical reasoning and technical compliance
- the conceptual meaning and purpose of the fundamental ethical principles in accounting and finance, including how conflicts of interest, bias and misrepresentation may arise in organisational contexts

In working to achieve this work-related purpose, students must be able to:

- analyse organisational scenarios involving ethical issues in financial reporting and decision making
- evaluate how regulatory expectations influence organisational behaviour and financial communication
- apply the fundamental ethical principles (integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) when analysing organisational scenarios involving financial reporting and decision making
- assess the potential impact of ethical and regulatory issues on different stakeholder groups
- justify conclusions using structured ethical and financial reasoning rather than technical-rule application alone, recognising the role of context, assumptions and professional judgement
- communicate ethical considerations clearly within financial contexts

WRP5: Be able to communicate and present financial and accounting information in organisational contexts

To achieve this work-related purpose, students must apply knowledge and understanding through structured communication tasks involving financial statement extracts, budget summaries and performance indicators within defined organisational scenarios.

To do this, students must apply the following knowledge and understanding:

- the purposes of financial communication within a range of organisational contexts, including sole traders, partnerships, limited companies, public sector bodies and third sector organisations
- the differing information needs of stakeholder groups, including managers, investors or funders, regulators, service users and internal decision makers, as referenced throughout this subject content
- the importance of clarity, accuracy and transparency in presenting financial statement information and performance data
- the role of financial terminology in ensuring precise and professional communication, including terminology relating to financial statements, accounting transactions, budgeting, costing, profitability, cash flow and financial performance
- how digital systems (for example, accounting software and spreadsheet tools) are used within organisations to generate, process and present structured financial information, including the outputs they produce and how these support analysis and decision making
- the importance of data security, confidentiality and cyber security in the storage, processing and communication of financial information
- the role of emerging technologies, including artificial intelligence, in supporting the generation, analysis and communication of financial information within organisations
- the risks associated with miscommunication, selective presentation or misinterpretation of financial information

In working to achieve this work-related purpose, students must be able to:

- present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology relevant to the financial information being communicated
- adapt financial explanations and analysis to suit stakeholder groups as defined within this subject content.
- structure financial information logically to support reasoned discussion and recommendations
- select and use appropriate methods of communication (such as tables, charts or structured written explanations) to present financial information clearly and accurately.

- critically evaluate how financial information may be framed, simplified or selectively presented
- communicate financial judgements in a way that demonstrates awareness of limitations and uncertainty

3.3 Core Knowledge and Understanding

When developing qualification specifications, awarding organisations must allocate between 140 and 180 GLH to Core Knowledge and Understanding to ensure sufficient depth of coverage of key accounting and finance concepts, theories and principles at level 3.

The Core Knowledge and Understanding:

- provides the conceptual foundation that underpins achievement of the work-related purposes
- ensures that students develop a coherent understanding of the subject more broadly

Where concepts appear across both Core Knowledge and Understanding and work-related purposes, the Core Knowledge and Understanding section defines what students must understand conceptually, while the work-related purposes specify how that understanding is applied, evidenced and demonstrated in context.

Students must know and understand:

- the purpose and broad structure of financial statements and supporting financial information, including their role in supporting transparency, accountability, governance and organisational oversight
- how financial and accounting information is generated, processed and communicated within organisations, including the conceptual role of digital systems in producing structured financial information
- the role of accounting principles, assumptions, estimates and professional judgement in the preparation and interpretation of financial statement information
- the ethical, governance and risk considerations associated with the production, use and communication of financial and accounting information in organisational contexts
- the relationship between finance, accounting and wider organisational activity, including how financial information reflects organisational objectives, resource constraints and strategic priorities
- the purpose, characteristics and limitations of different types of financial information, including financial statement extracts, budget summaries, performance indicators and cost information
- core financial and accounting terminology and measures used to describe financial performance, position and activity, including revenue, expenses, profit, assets, liabilities, equity, cash flow, contribution, margin and ratios
- the conceptual basis of double entry bookkeeping, including the dual effect of transactions on assets, liabilities, equity, income and expenditure, and how these relationships are reflected in financial statements. Students must apply this

understanding within work-related purposes by interpreting how transactions are reflected in financial information and using structured financial data to analyse and evaluate organisational performance and position, using calculations to demonstrate and interpret the impact on financial performance and position

- the role and importance of reporting periods, transaction dates and cut-off points in financial information, including how timing affects the interpretation and comparison of financial performance and position
- the role of sustainability, environmental, social and governance (ESG) considerations in accounting and finance, including their influence on organisational performance, reporting and decision making
- risks associated with digital systems, including cyber security threats, data integrity and confidentiality in financial information
- the impact of emerging technologies, including artificial intelligence, on accounting and finance practices, including opportunities and risks associated with their use

Annex

Glossary

Term	Definition
Accounting principles and concepts	Foundational concepts including accruals, prudence, consistency, materiality and going concern.
Applied learning	Classroom deliverable activity requiring interpretation, analysis and evaluation of structured financial information within defined organisational contexts.
Budget summaries	Structured summaries of planned income and expenditure used for review, analysis and completion of structured or partially prepared budget information, not full budget construction.
Cost information	Structured data relating to fixed, variable and semi-variable costs used for analysis of contribution and margin.
Financial information	For the purposes of this qualification, includes financial statement extracts, budget summaries, performance indicators, cost information, profit information, cash flow information and variance information used to interpret organisational performance, position and decision making.
Financial statement extracts	Structured extracts from statements of financial performance, financial position and summarised cash flow information provided for analysis and interpretation, not preparation.
Performance indicators	Quantitative measures derived from financial information used to assess organisational performance, including ratios and margin measures.
Professional judgement	The application of accounting principles and informed reasoning when interpreting financial information.
Ratio categories	Profitability, liquidity, efficiency and solvency ratios used for performance analysis.
Structured organisational scenario	A defined classroom-based scenario containing contextualised financial and accounting information provided to support interpretation, analysis, evaluation, decision making and judgement.

Transferable Skills

The following transferable skills[2] have been integrated into the content for work-related purposes

WRP(s)	Transferable skills
WRP1 WRP2 WRP3 WRP4 WRP5	**Critical thinking** and **problem solving** through the interpretation and **evaluation** of accounting and finance information in organisational contexts
WRP1 WRP2 WRP3 WRP4	**Analysing**, **evaluating** and **decision making** when assessing alternative courses of action, performance outcomes and financial risks
WRP1 WRP2 WRP3 WRP4 WRP5	**Communicating** financial and accounting information clearly and appropriately to different audiences, including non-specialists
WRP1 WRP2 WRP3 WRP4	**Think critically** when dealing with assumptions, limitations, uncertainty and ethical considerations when applying financial information to real-world contexts.
WRP1 WRP2 WRP3	**Numerical reasoning** through the application and interpretation of financial calculations and quantitative information
WRP1 WRP2 WRP3	**Decision making** informed by financial and non-financial evidence within organisational contexts

[2] Please refer to Framework for Transferable Skills and Work-related Behaviours, published alongside the subject content as part of the consultation.

WRP(s)	Transferable skills
WRP4	**Ethical reasoning** when assessing financial issues, organisational responsibilities and stakeholder impacts
WRP1 WRP2 WRP3	**Risk awareness** when evaluating financial, organisational and regulatory implications
WRP1 WRP2 WRP3 WRP4 WRP5	**Reflection** on the reliability, validity and presentation of information when forming conclusions and recommendations
WRP1 WRP2 WRP3 WRP5	**Adaptability** when applying financial and accounting knowledge to different organisational contexts and scenarios
WRP1 WRP2 WRP3 WRP5	**Digital literacy** through the use, interpretation and communication of information generated by digital systems and technologies
WRP4 WRP5	**Professional responsibility** in the handling, presentation and communication of financial information
WRP1 WRP2 WRP3 WRP5	**Information literacy** through identifying, selecting, interpreting and using relevant financial and accounting information to support conclusions and recommendations

Workplace behaviours

Teaching and learning opportunities to develop the following workplace behaviours[2] may be developed through student engagement with work-related purposes:

WRP(s)	Workplace behaviours
WRP1 WRP2 WRP3	**Attention to detail** when analysing and interpreting financial information
WRP4 WRP5	**Professional integrity** in the use and communication of financial data
WRP4 WRP5	**Responsible** handling of confidential financial information
WRP1 WRP2 WRP3	Analytical **persistence** when working with numerical data
WRP1 WRP2 WRP3 WRP4 WRP5	Clear and **professional** communication of financial reasoning
WRP3 WRP4 WRP5	**Responsible** with an awareness of organisational accountability and the impact of financial decisions on relevant stakeholder groups
WRP1 WRP2 WRP3 WRP4	**Professional judgement** when evaluating financial information, assumptions and organisational decisions

Links to Occupational Standards

The subject content for this V Level draws upon the following Occupational Standards. These are provided for reference and awarding organisations are not expected to include any further content from these standards or signal content alignment in any more detail in their qualification specifications.

Occupational Standard	Reference	SOC Codes
Accounting Technician	ST0187	4122
Assistant Accountant	ST0002	3533, 4122
Business Administrator	ST0240	4150
Commercial Finance Analyst	ST0362	2421
Finance Business Partner	ST0177	2421

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