



IAB LEVEL 1 CERTIFICATE IN BOOK-KEEPING (Qualification Accreditation Number 500/3159/)

INTRODUCTION

The overall aim of this qualification is to accredit candidates' knowledge and understanding of the fundamental principles concerned in the use of a manual accounting system.

Within the qualification, candidates have the opportunity to gain knowledge of basic manual book-keeping routines concerning the documentation and processes related to making and receiving payments. They will gain an initial insight into both cash and credit business transactions, VAT and other manual routines.

The qualification requires candidates to understand those transactions, which are necessary for the day-to-day function of an accounting system and for processing of simple documents. Accuracy, integrity and security of data should always be uppermost in the candidates mind.

Candidates may use this qualification as the basis of further study of manual systems and use it as underpinning knowledge for the study of the IAB Level 2 Certificate in Book-keeping and also progress to the IAB Level 1 Certificate in Computerised Book-keeping.

To be awarded the full qualification, candidates are required to successfully demonstrate their competence by means of an external examination. It will also provide progression to the NVQs in Accounting at Levels 2, 3 and 4. Candidates will receive acknowledgement of successful completion of the qualification.

Examination Specification:

The Examination of this qualification will take the form of a formal, externally marked, examination of 1 hour 30 minutes duration. The examination may take place on set examination dates throughout the year or by an 'on-demand' sitting with eight weeks notice being given to the IAB.

Questions are to be drawn from the main topic areas (Assessment Criteria An Answer Book will be provided giving some 'dummy documents' for the candidates' use. Some of the transactions will be presented in a 'dummy document' or 'business transaction' format.

Candidates will be required to complete four Tasks from the five presented within the Answer Booklet provided.

CERTIFICATION

All candidates who achieve a Pass grade will receive a Certificate for the successful completion of IAB Level 1 Certificate in Book-keeping.

IAB LEVEL 1 CERTIFICATE IN BOOK-KEEPING

SINGLE UNIT TITLE: (IAB Code B1) Keeping Simple Financial Records

Aims of the Unit

Upon completion of study for this qualification it is intended that the candidate will be able to:

- Understand the Functions of Book-Keeping and Accounting
- Make simple Value Added Tax (VAT) calculations
- Prepare and check business documents
- Process and Record Credit Transactions
- Make and Receive Payments through a Bank Current Account
- Process Receipts and Payments through the Analysed Cash Book
- Prepare a Bank Reconciliation Statement
- Process Petty Cash Transactions

Prior Knowledge and Skills Requirements

There are no formal qualifications required for entry to the qualification at this level. It is, however, desirable that candidates have appropriate literacy and numeracy skills.

Learning Outcome	Assessment Criteria
1 Understand the Functions of Book-Keeping and Accounting	Understand the functions of book-keeping and accounting Understand the terms assets, capital and liabilities, income and expenditure. Be able to: <ul style="list-style-type: none"> • Explain the function of book-keeping • Identify Assets, Liabilities and Capital, Income and Expenditure Be aware of the need for confidentiality in the keeping of financial records.
2 Make simple Value Added Tax (VAT) calculations	Understand the purpose of the Value Added Tax (VAT) Scheme and make simple VAT calculations Have knowledge of the current VAT registration rules and know who must register for VAT. Be aware of the need to quote a VAT registration number on business documents. Be able to: <ul style="list-style-type: none"> • Identify the government department responsible for administration of the VAT scheme • Explain the purpose of the VAT Scheme as a form of indirect taxation • Demonstrate an awareness of VAT terminology and rates of VAT: <ul style="list-style-type: none"> • VAT output tax • VAT input tax • Rates of VAT (standard rate, reduced rate, zero rate, exempt)
Learning Outcome	Assessment Criteria
2 Make simple Value Added Tax	Be able to make simple VAT calculations (from net to gross)

(VAT) calculations (continued)	<ul style="list-style-type: none"> • Calculate VAT output tax in accordance with current VAT rules • Calculate VAT output tax given a VAT inclusive amount • Calculate VAT input tax in accordance with current VAT rules • Calculate VAT input tax given a VAT inclusive amount • Check VAT input tax on incoming business documents • Identify and report errors in calculation of VAT
3 Prepare and Check Business Documents	<p>Understand the function of various business documents that flow between the buyer and seller and are used as the basis of supporting business transactions</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Demonstrate an awareness of cash v credit transactions • Understand the function of the following business documents that flow between the buyer and seller: <ul style="list-style-type: none"> • Purchase order • Delivery note • Invoice • Credit note • Statement of account • Remittance advice • Calculate Trade Discount • Recognise and prepare the following documents, received from or issued to customers, ensuring accuracy of calculations and completeness of information: <ul style="list-style-type: none"> • Purchase order • Invoice • Credit note • Statement • Remittance • Recognise and check the following documents, received from or issued to suppliers, ensuring accuracy of calculations and completeness of information: <ul style="list-style-type: none"> • Purchase order • Invoice • Credit note • Use internal material and documentation, i.e.: <ul style="list-style-type: none"> • Customer and/or supplier files • Catalogues and price lists • Goods received notes • Goods returned notes
4 Process and Record Credit Transactions	<p>Understand the concept of Trading on Credit</p> <p>Be able to:</p> <ul style="list-style-type: none"> • List information from invoices received from creditors in a Purchase Day Book • Maintain the Purchase Day Book in a columnar format to facilitate the analysis of goods, services and VAT • Total the Day Book <p>Be able to:</p> <ul style="list-style-type: none"> • List information from invoices issued to debtors in a Sales Day Book • Maintain the Sales Day Book in a columnar format to facilitate the analysis of goods, services and VAT. • Total the Day Book
Learning Outcome	Assessment Criteria
4 Process and Record Credit	Be able to:

<p>Transactions (continued)</p>	<ul style="list-style-type: none"> • List information from credit notes received from creditors in a Purchase Returns Day Book • Maintain the Purchase Day Book in a columnar format to facilitate the analysis of goods, services and VAT. • Total the Day Book <p>Be able to:</p> <ul style="list-style-type: none"> • List information from credit notes issued to debtors in a Sales Returns Day Book • Maintain the Sales Returns Day Book in a columnar format to facilitate the analysis of goods, services and VAT • Total the Day Book
<p>5 Make and Receive Payments through a Bank Current Account</p>	<p>Understand and identify common methods of making and receiving payment used in business</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Identify appropriate methods of making payment, i.e.: <ul style="list-style-type: none"> • Cash (notes and coins) • Cheque • EFTPOS (debit and credit card transactions) • Standing order and direct debit • BACS <p>Be able to</p> <ul style="list-style-type: none"> • Prepare a till contents sheet for cash based transactions • Prepare 'monies' (notes, coins and cheques) for banking by completing a paying-in slip • Make and receive payment in cash (notes and coins) • Prepare a cheque for signature • Check a cheque received for accuracy of information and completeness <p>Understand the importance, in the interests of security, of the need to bank 'monies' regularly.</p> <p>Understand the function of a business Bank Current Account.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Explain the function of a business Bank Current Account • Recognise the following features of a Bank Current Account: <ul style="list-style-type: none"> • Paying-in book • Cheque book • Bank Statement of Account • Bank overdraft • Bank charges and interest
<p>6 Process Receipts and Payments through the Analysed Cash Book</p>	<p>Understand the purpose of the analysed Cash Book.</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Process receipts and payments transactions through a columnar/analysed Cash Book
<p>Learning Outcome</p>	<p>Assessment Criteria</p>
<p>6 Process Receipts and Payments through the</p>	<ul style="list-style-type: none"> • Extend receipts/payments to appropriate analysis columns. • Balance off the Cash Book and bring down balances

Analysed Cash Book (continued)	
7 Prepare a Bank Reconciliation Statement	<p>Understand the purpose of the Bank Reconciliation Statement and reconcile the closing balance of the Cash Book to the Bank Statement closing balance (where opening balances agree).</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Compare the Bank Current Account balance per the Analysed Cash Book to the Bank Statement of Account and identify differences between the two sets of records • Update the Cash Book • Prepare a Bank Reconciliation Statement
8 Process Petty Cash Transactions	<p>Understand the form and function of the Petty Cash Book using an Imprest system</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Explain the imprest system of petty cash • Prepare a petty cash voucher • Enter petty cash transactions in a Petty Cash Book, analysing expenditure • Balance off the Petty Cash Book • Compare the Petty Cash Book balance to the cash held in the Petty Cash box • Complete a Cheque Requisition and restore the petty cash imprest balance

UNIT ASSESSMENT

Candidates may sit the Examination of this Unit on either the specific dates set and published by the IAB or on dates set by Centres on an 'On-demand' basis