IAB LEVEL 2 CERTIFICATE IN BOOKKEEPING (QCF)

Qualification Accreditation Number **500/9053/7**

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QUALIFICATION SPECIFICATION

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Level 2 Certificate in Bookkeeping (QCF)

1 Introduction

This qualification is part of the Qualification and Credit Framework (QCF), which became fully operational in September 2010. Qualifications within the framework are made up of units and each unit is given a credit value, where one credit represents 10 hours of learning time. The title of every qualification within the new framework will contain details of the size (award/certificate/diploma), level of difficulty (Entry to level 8) and general content of the qualification. This qualification is **competence** based, as it is deemed to include all the relevant knowledge and skills for a level 2 bookkeeper.

It is anticipated that the majority of providers engaging with the QCF will be in a position to obtain a Unique Learner Number (ULN) and this should have been evidenced through the completion of the IAB Supplementary QCF accreditation of centres Application Form. It is a condition of operating within the QCF that this document has been fully completed and accepted by the IAB, for any QCF qualifications which have been publically funded. This will confirm that providers are in a position to generate a ULN, which in turn will allow the successful completion of any QCF unit or qualification to be transferred to each individual Personal Learner Record. A key aim of the Personal Learner Record is to improve the flow of information about learners from schools to other education providers and ultimately employers, leading to more effective data sharing and better decision making.

Learners studying without being attached to an IAB accredited training centre, should contact the IAB for further information.

2 Aims

In summary, the IAB Level 2 Certificate in Bookkeeping aims to:

1 Act as an introduction to the underpinning knowledge of financial record keeping and account preparation within the scope of double-entry bookkeeping, and giving the candidate the necessary skills to record financial transactions in both a manual and computerised, double-entry bookkeeping system.

2 Give candidates the necessary underpinning knowledge and skills to assess their own competence and understanding in carrying out a range of day-to-day bookkeeping routines and activities using either a manual or computerised double-entry bookkeeping system. The underpinning knowledge gained from this qualification will enhance a candidates understanding of a computerised bookkeeping system based on double-entry. The activities will include entry of business transactions into the double-entry ledger system, and further routine bookkeeping tasks

3 Give candidates the necessary underpinning knowledge and skills to assess their understanding of the importance of maintaining accuracy, security and integrity in performing any bookkeeping tasks using either a manual or computerised double-entry bookkeeping system.

4 Enable candidate to progress in their learning to further develop their knowledge, understanding and skills of dealing with financial transactions by:

- Undertaking further studies of bookkeeping and accounting routines and procedures at Level 3 both in manual and computerised environments.
- Widening their skills at this level by progressing to the IAB Level 2 Certificate in Computerised Accounting for Business as this aims to give a Sage competency qualification alongside the IAB qualification and includes units not covered within the bookkeeping competency.

3 Links to National Occupational Standards

Direct relationship based on NOS for Accountancy and Finance FA-1,FA-2 and FA-3

4 Target groups

The IAB Level 2 Certificate in Bookkeeping is aimed at individuals who wish to further their studies of bookkeeping and gain a competence qualification at Level 2 of the National Framework having completed studies of the IAB Level 1 Award in Bookkeeping. It could also be used by those candidates who have some practical knowledge and skills and wish to gain an accredited competence qualification in this subject.

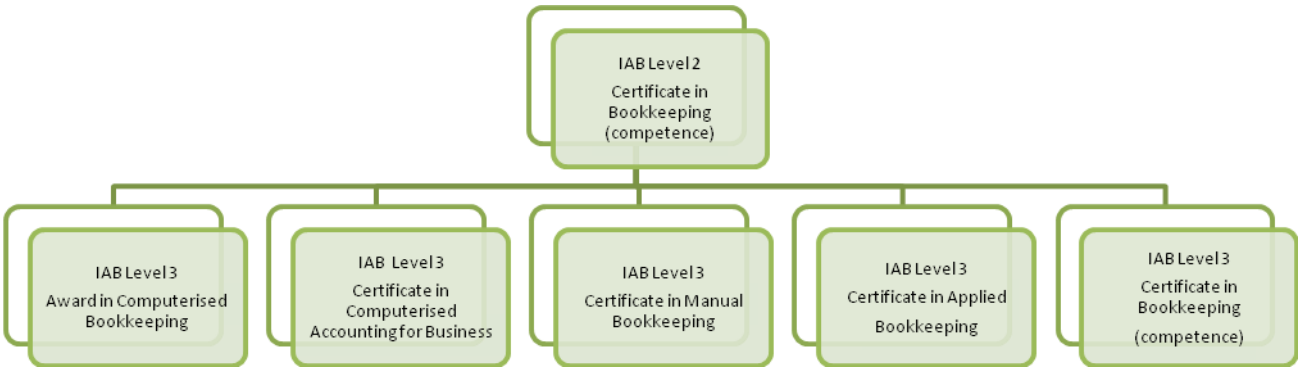
5 Statement of level

This is a level 2 qualification as defined within the regulations of the Qualification and Credit Framework.

6 Entry requirements

There are no formal entry requirements for the IAB Level 2 Certificate in Bookkeeping (QCF). However, it is recommended that before commencing a course leading to the IAB Level 2 Certificate in Bookkeeping (QCF), the prospective learner will already have basic skills in numeracy and literacy and some understanding of basic bookkeeping practices and terminology. The successful completion of the IAB Level 1 Award in Bookkeeping or the IAB Level 1 Award in Manual Bookkeeping would be ideal qualifications to allow progression to the Level 2 Certificate in Bookkeeping (QCF).

7 Progression



8 Qualification Structure

To achieve this qualification, all the **mandatory** units consisting of 16 credits must be achieved. The accreditation number, level and credit value of each unit is as follows:

Mandatory units

Principles of recording and processing financial transactions - A/600/8756 (level 2 – 2 credits)
Professional values and basic business legislation - F/600/8757 (level 2 – 1 credit)
Principles of VAT – F/600/4952 (level 3 – 2 credits)
Banking procedures - A/600/8739 (level 1 – 1 credit) *****
Preparing and recording financial documentation – J /600/8758 (level 2 – 2 credits)
Maintaining petty cash records - R/600/8746 (level 1 – 1 credit)*****
Maintaining and reconciling the cash book – L/600/8759 (level 2 – 2 credits)
Maintaining the journal – T/600/8772 (level 2 – 2 credits)
Processing ledger transactions and extracting a trial balance – F/600/8760 (level 2 – 2 credits)
Maintain control accounts – K/600/8770 (level 2 – 1 credit)

***** If already covered in level 1 then no need to take the assessment

9 Assessment and Grading

With the introduction of the QCF the IAB has introduced additional assessments to supplement the standard form of examination. The additional assessments can consist of a combination of knowledge tests, assignments or a project. In order to successfully complete the qualification all the modes of assessment listed in the table below must be successfully completed.

For this qualification the IAB will provide all assessment material including knowledge tests, assignments and examination. For assessments other than the examination it is expected that the accredited centre will mark the original scripts with a 20% sample being forwarded to the IAB for external moderation. Front sheets will be supplied with answer books which will allow the recording of the marks for the assessment and allow for details of internal verification and external moderation. IAB examinations will be offered as standard sittings in January and June, or on an 'on demand' basis. All 'on demand' sittings are subject to a minimum period of notice.

Internal verification of knowledge tests and assignments

The IAB needs to be assured that at least 25% of Centre based assessments have been internally moderated. A box to be signed by the Internal Verifier is provided for this purpose on the front sheet of the assessment answer booklet. In any batch of assignments forwarded for external moderation the IAB would expect to see some evidence of internal verification.

External moderation of knowledge tests and assignments

It is the responsibility of each centre to choose a cross section of scripts for moderation by the IAB. The IAB would expect to see a high proportion of marginal passes together with scripts that are good passes. If the centre has any doubt about which scripts to send for external moderation they should contact the Education Department of the IAB.

The units for this qualification are assessed through the following methods:

Unit	Assessment
Mandatory	
Principles of recording and processing financial transactions	**Knowledge test 1**
Professional values and basic business legislation	
Principles of VAT	
Banking procedures*	**Knowledge test 2**
Preparing and recording financial documentation	**Assignment 1**
Maintaining and reconciling the cash book	**Assignment 2**
Maintaining petty cash records*	**End examination 1**
Maintaining the journal	
Processing ledger transactions and extracting a trial balance	
Maintain control accounts	

* If already successfully completed in level 1 then no need to take the assessment

To successfully complete the qualification the candidate must pass each of the above **mandatory** elements of assessment. Units are graded as Pass or Fail and the minimum levels of achievement for each unit, within each mode of assessment, will be set as follows:

Knowledge tests	70%
Assignment	70%
Examination	70%

The qualification is not graded and therefore on successful completion the learner will receive a Pass in the Level 2 Certificate in Bookkeeping (QCF).

10 Certification

On successful completion of all the mandatory units listed above, the learner will receive a certificate to confirm the achievement of the Level 2 Certificate in Bookkeeping (QCF). The certificate will include the full name and accreditation number of the qualification and the award of pass.

Learners may request a certificate for the successful completion of each unit of the qualification on payment of a unit certificate fee. The certificate will include the full title and accreditation number of the unit, the credit value and level of the unit.

The award of credit and the successful completion of the accredited qualification will be transferred to an individual's Personal Learner Record (if applicable).

11 Reasonable Adjustments and Special Consideration policy and procedure

Please refer to the IAB web site www.iab.org.uk for a copy of this policy and procedure or contact the Education Department of the IAB.

12 Enquiries and Appeals procedure

Please refer to the IAB web site www.iab.org.uk for a copy of this procedure or contact the Education Department of the IAB.

13 Units with Learning Outcomes and Assessment Criteria

Mandatory

PRINCIPLES OF RECORDING AND PROCESSING BUSINESS TRANSACTIONS – A6008756 Credit value: 2 Level 2	
Learning Outcomes	**Assessment criteria**
1 Understand the role of the books of prime entry	1.1 Outline the purpose, content and format of the books of prime entry 1.2 Outline the purpose and content a range of business documents to include: • petty cash voucher • invoice • credit note • remittance Advice 1.3 Identify when authorisation is required 1.4 Explain how transactions are entered in the following books of prime entry: • sales and sales returns day books • purchase and purchase return day books • cash book • petty cash book
2 Understand the principles of coding	2.1 Describe the need for a coding system for financial transactions within a double entry book-keeping system 2.2 Describe the use of coding within a filing system
3 Understand the double entry bookkeeping system	3.1 State the accounting equation 3.2 Explain how the accounting equation relates to a double entry book-keeping system 3.3 Outline how the books of prime entry integrate with double entry book-keeping system 3.4 Explain how to process financial transactions from the books of prime entry into the double entry book-keeping system 3.5 Define, and distinguish between, capital income and capital expenditure. 3.6 Define, and distinguish between, revenue income and revenue expenditure

4 Understand the various types of discount	4.1 Explain the difference between settlement, trade and bulk discount 4.2 Describe the effect that settlement discount has on the sales tax (e.g. VAT) charged
5 Understand the use of the Journal	5.1 Describe the reasons for maintaining a Journal 5.2 Describe the content and format of the Journal 5.2 Give examples of the types of transactions that might be entered into the bookkeeping system by using the Journal: • bad debts • wages/salaries • PAYE/NIC liability • opening balances
6 Understand control accounts	6.1 Describe the purpose of control accounts as a checking device to aid management and help identify book-keeping errors 6.2 Describe the specific purpose of the following control accounts: • sales ledger • purchase ledger • sales tax account (e.g. VAT) 6.3 Explain why it is important to reconcile the Sales and Purchase ledger control accounts regularly 6.4 Describe the usefulness of an aged debtor analysis for monitoring debtors 6.5 Explain the need to deal with discrepancies quickly and professionally

PROFESSIONAL VALUES AND BASIC BUSINESS LEGISLATION - F6008757 **Credit value: 1 Level: 2**	
Learning Outcomes	**Assessment criteria**
1 Understand the importance of Integrity and professionalism	1.1 Explain why each of the following professional values is important to a book-keeper: • confidentiality • security of data • competency • duty of care • integrity 1.2 Explain why it is important for a book-keeper to comply with the Code of Ethics of a professional body

2 Understand that legislation exists relating to the workplace	2.1 Explain the importance of maintaining security over computerised and manual information held on individuals or businesses 2.2 Identify and describe principles of data protection including: • adequate, relevant and not excessive • not kept longer than necessary • not transferred to countries without adequate data protection laws 2.3 Describe the main duties and responsibilities of employers and employees under health and safety legislation
3 Know the fundamental principles of money laundering legislation	3.1 Define the term 'money laundering' 3.2 Give examples of offences under the money laundering regulations 3.3 Outline the risks for book-keepers associated with the money laundering legislation 3.4 Identify internal procedures that businesses can introduce to lessen risks 3.5 Outline the requirements to report suspicions of money laundering to the appropriate authorities

UNIT TITLE: PRINCIPLES OF VAT – F6004952 **Credit value: 2 Level: 3**	
Learning Outcomes	**Assessment criteria**
1 Understand current VAT regulations	1.1 Identify sources of information on VAT 1.2 Explain the relationship between the organisation and the relevant government agency 1.3 Explain the VAT registration requirements 1.4 Identify the information that must be included on business documentation of VAT registered businesses 1.5 Recognise different types of inputs and outputs 1.6 Identify how different types of supply are classified for VAT purposes: • Standard supplies • Exempt supplies • Zero rated supplies • Imports • exports

	1.7 Explain the requirements and the frequency of reporting for the following VAT schemes • Annual accounting • Cash accounting • Flat rate scheme • Standard scheme 1.8 Recognise the implications and penalties for the organisation resulting from failure to abide by VAT regulations including late submission of VAT returns

BANKING PROCEDURES – A6008739 **Credit value: 1 Level: 1**	
Learning Outcomes	**Assessment criteria**
1 Understand the banking process	1.1 Identify the main services offered by banks and building societies 1.2 Describe how the banking clearing system works 1.3 Identify different forms of payment which include: • cash • cheques • credit cards • debit cards • direct payments 1.4 Identify the information required to ensure the following payments are valid: • cash • cheque • credit card • debit card 1.5 Describe the processing and security procedures relating to the different forms of payments
2 Understand document retention and storage requirements.	2.1 Explain why it is important for an organisation to have a formal document retention policy 2.2 Identify the different types of documents that may be stored

UNIT TITLE: PREPARING AND RECORDING FINANCIAL DOCUMENTATION – J6008758 **Credit value: 2 Level : 2**	
Learning Outcomes	**Assessment criteria**
1 Prepare the financial documents to be sent to credit customers	1.1 Use difference source documents to prepare sales invoices and credit notes 1.2 Calculate relevant sales tax (e.g. VAT), trade discount and settlement discount 1.3 Produce statements of account to be sent to credit customers
2 Enter sales invoices and credit notes into the appropriate books of prime entry	2.1 Code sales invoices and credit notes 2.2 Enter invoices and credit notes into the books of prime entry
3 Process payments from customers	3.1 Check the accuracy and validity of receipts against relevant supporting information 3.2 Identify and deal with any discrepancies 3.3 Enter settlement discounts to relevant customer accounts
4 Process suppliers' invoices and credit notes	4.1 Check the accuracy of supplier invoices and credit notes against purchase orders, goods received and delivery notes 4.2 Check agreed trade, bulk and settlement discounts where appropriate
5 Enter supplier invoices and credit notes into the appropriate books of prime entry	5.1 Code supplier invoices and credit notes 5.3 Enter supplier invoices and credit notes into the books of prime entry
6 Prepare payments to suppliers	6.1 Reconcile supplier statements 6.2 Calculate the payments due to suppliers from relevant documentation 6.3 Prepare remittance advices to accompany payments to suppliers

MAINTAINING PETTY CASH RECORDS – R6008746 **Credit: 1 Level 1**	
Learning Outcomes	**Assessment criteria**
1 Complete a petty cash voucher	1.1 Prepare petty cash vouchers 1.2 Calculate the purchase tax (e.g. VAT) where the expense includes it
2 Maintain an analysed petty cash book	2.1 List the petty cash vouchers into an analysed petty cash book ensuring that the expenses are entered and analysed Account for any tax paid e.g. VAT 2.2 Total and cross cast the petty cash book
3 Maintain the petty cash balance	3.1 Balance off the petty cash book using the imprest system. 3.2 Reconcile the petty cash book with cash in hand 3.3 Prepare a petty cash reimbursement request or equivalent 3.4 Show the reimbursement of the petty cash expenditure in the petty cash book.

MAINTAINING AND RECONCILING THE CASHBOOK – L6008759 **Credit value:2 Level: 2**	
Learning Outcomes	**Assessment Criteria**
1 Maintain a three Column analysed cashbook	1.1 Enter receipts and payments details from relevant primary records into the three column analysed cashbook 1.2 Enter sales tax (e.g. VAT) where applicable 1.3 Total, balance and cross cast the cashbook 1.4 Identify and deal with discrepancies
2 Reconcile a bank statement with the cashbook	2.1 Check individual items on the bank statement accurately against the cashbook to identify differences 2.2 Update the cashbook from the bank statement, direct debit and standing order schedules 2.3 Prepare a bank reconciliation statement

MAINTAINING THE JOURNAL – T6008772 **Credit value: 2 Level: 2**	
Learning Outcomes	**Assessment Criteria**
1 Open a new set of double entry bookkeeping records using the journal	1.1 Prepare the journal entries to open a double entry set of book-keeping records for a new and existing business 1.2 Record the journal entries in the ledger account
2 Use the Journal to correct errors disclosed and not disclosed by the trial balance.	2.1 Identify and record journal entries in the general ledger to correct errors not disclosed by the trial balance. 2.2 Identify the types of errors in a book-keeping system that are not disclosed by extracting a Trial Balance 2.3 Identify the types of errors in a book-keeping system that are disclosed by extracting a trial balance: • Addition errors in individual ledger accounts • Single entry transactions • Recording two debits or two credits for a transaction • Errors transferring balances from the General ledger to the Trial Balance • Omission of a General ledger account 2.4 Re-draft a Trial Balance following the correction of errors
3 Create and clear a suspense account using the Journal.	3.1 Balance a trial balance by recording the difference in a suspense account 3.2 Prepare Journal entries to correct book-keeping errors and clear the balance on a suspense account 3.3 Record the journal entries in the general ledger to clear the suspense account 3.4 Re-draft a trial balance following the correction of errors and the elimination of a suspense account
4 Use the Journal to record other transactions	4.1 Prepare journal entries to write off a bad debt 4.2 Enter the journal entries in the general ledger to write off a bad debt including the sales tax (e.g. VAT) where appropriate
5 Use the Journal to process wages costs.	5.1 Prepare and enter the journal entries in the general ledger to process payroll transactions.

PROCESSING LEDGER TRANSACTIONS AND EXTRACTING A TRIAL BALANCE – F6008760 **Credit value: 2 Level: 2**	
Learning Outcomes	**Assessment Criteria**
1 Process ledger transactions from the books of prime entry	1.1 Transfer data correctly from the day books to the ledgers 1.2 Transfer data correctly from the cashbook to the ledgers 1.3 Transfer data correctly from the petty cash book to the ledgers
2 Prepare ledger balances and an initial trial balance	2.1 Balance ledger accounts clearly showing balances carried down and brought down as appropriate 2.2 Extract an initial trial balance

MAINTAINING CONTROL ACCOUNTS – K6008770 **Credit value: 1 Level: 2**	
Learning Outcomes	**Assessment Criteria**
1 Prepare sales and purchase ledger and tax control accounts	1.1 Prepare a sales ledger control account from information extracted from the books of prime entry 1.2 Balance the sales ledger control account 1.3 Prepare a purchase ledger control account from information extracted from the books of prime entry 1.4 Balance the purchase ledger control account 1.5 Prepare a tax control account from information extracted from the books of prime entry
2 Reconcile sales and purchase ledger and tax control accounts	2.1 Reconcile the balance on the sales ledger control account with a list of debtors 2.3 Reconcile the balance on the purchase ledger control account with a list of creditors 2.3 Reconcile the balances on the tax control account