



International
association of
bookkeepers

IAB LEVEL 2 CERTIFICATE IN BOOKKEEPING (QCF)

Qualification Accreditation Number: 601/0730/3

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QUALIFICATION SPECIFICATION – NON APPRENTICESHIP

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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.

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 a manual 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 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 (2012) 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 – M/505/1092
(level 2 – 2 credits)

Professional values and basic business legislation - F/600/8757 (level 2 – 1 credit)

Principles of VAT – A/505/1094 (level 3 – 2 credits)

Banking procedures – R/505/1098 (level 1 – 1 credit) *

Preparing and recording financial documentation – H/505/1106 (level 2 – 2 credits)

Maintaining petty cash records – R/505/1120 (level 1 – 1 credit)*

Maintaining and reconciling the cash book – D/505/1122 (level 2 – 2 credits)

Maintaining the journal – H/505/1123 (level 2 – 2 credits)

Processing ledger transactions and extracting a trial balance – M/505/1125
(level 2 – 2 credits)

Maintaining control accounts – K/505/1124 (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 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 units	
Principles of recording and processing financial transactions	Knowledge tests
Professional values and basic business legislation	
Principles of VAT	
Banking procedures*	
Preparing and recording financial documentation	Assignment 1
Maintaining and reconciling the cash book	Assignment 2
Maintaining petty cash records*	Assignment 3
Maintaining the journal	Examination
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 units

PRINCIPLES OF RECORDING AND PROCESSING BUSINESS TRANSACTIONS – M5051092 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 following books of prime entry: <ul style="list-style-type: none"> • sales and sales returns day books • purchase and purchase return day books • cash book • petty cash book 1.2 Outline the purpose of the following business documents: <ul style="list-style-type: none"> • purchase order • invoice • credit note • remittance advice • statement of account • petty cash voucher 1.3 Explain why it is important to retain and securely store business documents in line with legal requirements and the organisation's confidentiality requirements 1.4 Identify systems for filing and storing business documents 1.5 Identify when authorisation is required to prepare business documents, make payment and communicate with customers and suppliers
2 Understand the principles of coding	2.1 Explain the advantages of using a system for coding in the processing of financial transactions within a double entry bookkeeping 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 bookkeeping system and identify the accounting concept on which the accounting equation is based 3.3 Explain how the concepts of business entity, money measurement and historic cost are relevant to the function of bookkeeping

	<p>3.4 Outline how the books of prime entry integrate with double entry bookkeeping system</p> <p>3.5 Explain how business transactions are processed using real-time and batch processing techniques</p> <p>3.6 Explain how to process financial transactions from the books of prime entry into the double entry bookkeeping system</p> <p>3.7 Define, and distinguish between, capital income and capital expenditure.</p> <p>3.8 Define, and distinguish between, revenue income and revenue expenditure</p>
<p>4 Understand the various types of discount</p>	<p>4.1 Explain the difference between trade, bulk and settlement discounts</p> <p>4.2 Describe the effect that a settlement discount has on the calculation of Value Added Tax (VAT)</p>
<p>5 Understand the use of the journal</p>	<p>5.1 Describe the reasons for maintaining a journal</p> <p>5.2 Describe the content and format of the journal</p> <p>5.2 Give examples of the types of transactions that might be entered into the bookkeeping system from the journal, to include its use in accounting for:</p> <ul style="list-style-type: none"> • balances to open a double entry bookkeeping system • the write off a bad debt and claiming VAT bad debt relief • the correction of bookkeeping errors • wages, salaries and employment on-costs
<p>6 Understand control accounts</p>	<p>6.1 Describe the purpose of control accounts as a checking device, to aid management in the control of credit, and to help identify bookkeeping errors</p> <p>6.2 Describe the specific purpose of the following control accounts:</p> <ul style="list-style-type: none"> • sales ledger control account • purchase ledger control account • VAT control account <p>6.3 Explain why it is important to reconcile the sales and purchase ledger control accounts regularly</p> <p>6.4 Identify discrepancies revealed by the reconciliation process and explain how to deal with them</p> <p>6.5 Describe the usefulness of an aged debtor analysis for monitoring debtors, as the basis of communicating with customers in response to queries, and in chasing payment</p>

	6.6 Identify persons within the organisation to whom aged debtor information should be circulated and explain how the information would be used
7 Understand the Purpose of the Trial Balance	<p>7.1 Explain the form and function of the trial balance</p> <p>7.2 Identify the types of error in a bookkeeping system that will not be disclosed by preparing a trial balance</p> <p>7.3 Identify the types of error in a bookkeeping system that are disclosed by preparing a trial balance, to include:</p> <ul style="list-style-type: none"> • errors made in posting transactions to ledger accounts and/ or balancing off ledger accounts • posting one-legged entries • incorrect double entry by recording two debits or two credits for a transaction • errors made in transferring balances from the general ledger to the trial balance • omission of a general ledger account balance <p>7.4 Explain how a suspense account is used as a temporary measure when the trial balance reveals bookkeeping errors (i.e. a difference in books balance)</p>

PROFESSIONAL VALUES AND BASIC BUSINESS LEGISLATION - F6008757

Credit value: 1 Level: 2

Learning Outcomes	Assessment criteria
1 Understand the importance of Integrity and professionalism	<p>1.1 Explain why each of the following professional values is important to a book-keeper:</p> <ul style="list-style-type: none"> • confidentiality • security of data • competency • duty of care • integrity <p>1.2 Explain why it is important for a book-keeper to comply with the Code of Ethics of a professional body</p>
2 Understand that legislation exists relating to the workplace	<p>2.1 Explain the importance of maintaining security over computerised and manual information held on individuals or businesses</p> <p>2.2 Identify and describe principles of data protection including:</p> <ul style="list-style-type: none"> • adequate, relevant and not excessive • not kept longer than necessary • not transferred to countries without adequate data protection laws <p>2.3 Describe the main duties and responsibilities of employers and employees under health and safety legislation</p>

<p>3 Know the fundamental principles of money laundering legislation</p>	<p>3.1 Define the term 'money laundering'</p> <p>3.2 Give examples of offences under the money laundering regulations</p> <p>3.3 Outline the risks for book-keepers associated with the money laundering legislation</p> <p>3.4 Identify internal procedures that businesses can introduce to lessen risks</p> <p>3.5 Outline the requirements to report suspicions of money laundering to the appropriate authorities</p>
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PRINCIPLES OF VAT – A5051094 Credit value: 2 Level: 3	
Learning Outcomes	Assessment criteria
<p>1 Understand current VAT regulations</p>	<p>1.1 Identify sources of information on VAT</p> <p>1.2 Explain the relationship between the organisation and Her Majesty's Revenue and Customs (HMRC)</p> <p>1.3 Explain the VAT registration requirements</p> <p>1.4 Identify the information that must be included on business documentation of VAT registered businesses</p> <p>1.5 Recognise different types of inputs and outputs</p> <p>1.6 Identify how different types of supply are classified for VAT purposes:</p> <ul style="list-style-type: none"> • standard supplies • exempt supplies • zero rated supplies • imports • exports <p>1.7 Explain the requirements and the frequency of reporting for the following VAT schemes:</p> <ul style="list-style-type: none"> • annual accounting • cash accounting • flat rate scheme • standard scheme <p>1.8 Recognise the implications and penalties for the organisation resulting from failure to abide by VAT regulations including late submission of VAT returns</p>

BANKING PROCEDURES – R5051098**Credit value: 1 Level: 1**

Learning Outcomes	Assessment criteria
1 Understand the banking process	<p>1.1 Identify the main types of account and services, offered by banks to their business customers. To include:</p> <ul style="list-style-type: none">• Deposit accounts• Current accounts• Business loans• Business overdrafts• Telephone and internet banking facilities• Foreign exchange and foreign currency• Safety deposit facilities <p>1.2 Explain the relationship(s) which exists between the bank and a business customer</p> <p>1.3 Describe how the bank clearing system works</p> <p>1.4 Identify the different forms by which payment is made and received by businesses, to include:</p> <ul style="list-style-type: none">• Payment in cash (notes and coins)• Payment by cheque• Payment by plastic card• Payment by standing order and direct debit• Payment by BACS and CHAPS• Payment by telegraphic transfer <p>1.5 Describe the security procedures applied by businesses in respect of the following receipt and payment methods:</p> <ul style="list-style-type: none">• Payment in Cash (notes and coins)• Payment by cheque• Payment by plastic card• Payment using telephone and internet banking <p>1.6 Identify problems for businesses associated with the physical security of monies in respect of forgery, theft, the safekeeping of monies on the business premises and in transferring monies to the bank</p> <p>1.7 Explain the use of automated payment systems and identify the advantages of telephone and internet banking</p>
2 Understand document retention and storage requirements.	2.1 Explain why it is important for an organisation to have a formal document retention policy for source documents

	<p>supporting transactions processed through its bank account(s)</p> <p>2.2 Identify systems commonly used for the filing and storage of banking documents, to include:</p> <ul style="list-style-type: none"> • paying-in books • cheque books • bank statements • loan agreements
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PREPARING AND RECORDING FINANCIAL DOCUMENTATION – H5051106	
Credit value: 2 Level : 2	
Learning Outcomes	Assessment criteria
1 Prepare the financial documents to be sent to credit customers	<p>1.1 Prepare accurate sales invoices and credit notes from source documents in respect of goods and services supplied in accordance with organisational and VAT scheme requirements</p> <p>1.2 Apply trade, bulk and settlement discounts, and calculate the VAT to be added to the net goods value on an invoice or credit note</p> <p>1.3 Produce statements of account for despatch to customers</p>
2 Enter sales invoices and credit notes into the appropriate books of prime entry	<p>2.1 Correctly code sales invoices and credit notes</p> <p>2.2 Enter sales invoices and credit notes into a sales day book and sales returns day book</p> <p>2.3 Code the day books</p> <p>2.4 Make transfers from a sales day book and sales returns day book into the double entry bookkeeping system</p>
3 Process payments from customers	<p>3.1 Check the accuracy and validity of receipts from credit customers against relevant supporting information</p> <p>3.2 Enter payments received from customers, and settlement discounts allowed to them, into appropriate ledger accounts</p>
4 Process suppliers' invoices and credit notes	<p>4.1 Check the accuracy of supplier invoices and credit notes against purchase orders, goods received and delivery notes</p> <p>4.2 Check that price extensions on invoices and credit notes received from suppliers are correct, that agreed trade, bulk and settlement discounts have been applied and that VAT has been correctly calculated</p>
5 Enter supplier invoices and credit notes into the	5.1 Enter supplier invoices and credit notes into a purchase day

appropriate books of prime entry	<p>book and purchase returns day book</p> <p>5.2 Code the day books</p> <p>5.3 Make transfers from a purchase day book and purchase returns day book into the double entry bookkeeping system</p>
6 Prepare payments to suppliers	<p>6.1 Reconcile supplier statements against their personal accounts in the purchase ledger</p> <p>6.2 Calculate payments due to suppliers</p> <p>6.3 Make payment to suppliers ensuring payments are on time and using appropriate payment methods</p> <p>6.4 Prepare a remittance advice to support payments made to suppliers</p>

MAINTAINING PETTY CASH RECORDS – R5051120	
Credit value: 1 Level 1	
Learning Outcomes	Assessment criteria
1 Complete a petty cash voucher	<p>1.1 Prepare petty cash vouchers</p> <p>1.2 Calculate the VAT element of a VAT inclusive petty cash payment</p>
2 Maintain an analysed petty cash book	<p>2.1 List petty cash vouchers into an analysed petty cash book ensuring that the expenses are entered and analysed and that any VAT input tax is accounted for</p> <p>2.2 Total and cross cast the petty cash book</p> <p>2.3 Code the petty cash book</p> <p>2.4 Transfer column totals from the petty cash book into the double entry bookkeeping system</p>
3 Maintain the petty cash balance	<p>3.1 Balance off the petty cash book and restore the petty cash balance using the imprest system.</p> <p>3.2 Reconcile the balance of petty cash per the petty cash book with cash in hand</p> <p>3.3 Prepare a petty cash reimbursement requisition</p> <p>3.4 Show the reimbursement of the petty cash expenditure in the petty cash book</p>

MAINTAINING AND RECONCILING THE CASH BOOK – D5051122**Credit value:2 Level: 2**

Learning Outcomes	Assessment Criteria
1 Maintain a columnar cash book	<p>1.1 Prepare a paying-in slip and reconcile monies to be banked to supporting records</p> <p>1.2 Enter receipts and payments, including on-line transactions and automated payments, from relevant source documents into a columnar cash book.</p> <p>1.3 Analyse and record receipts and payments including any VAT collected and paid</p> <p>1.4 Total, balance and cross cast the cash book and deal with any discrepancies found in carrying out this process</p> <p>1.5 Code the cash book</p> <p>1.6 Transfer column totals from the cash book into appropriate accounts within the ledgers</p>
2 Reconcile a bank statement with the cashbook	<p>2.1 Check individual items on the bank statement against postings in the cash book and identify discrepancies</p> <p>2.2 Prepare a bank reconciliation statement and bring the cash book balance into agreement with the balance per the bank statement</p> <p>2.3 Update the cash book following the preparation of the bank reconciliation statement</p>

UNIT TITLE : MAINTAINING THE JOURNAL – H5051123**Credit value: 2 Level: 2**

Learning Outcomes	Assessment Criteria
1 Open a new set of double entry bookkeeping records using the journal	<p>1.1 Prepare the journal entries to open a double entry set of bookkeeping records for a new or existing business</p> <p>1.2 Record the journal entries in the ledger accounts</p>
2 Use the journal to correct bookkeeping errors	<p>2.1 Prepare Journal entries to correct bookkeeping errors and clear a suspense account difference in books balance</p> <p>2.2 Record the journal entries in the general ledger to correct</p>

	ledger account balances and clear a suspense account balance
3 Use the journal to record bad debts	<p>3.1 Prepare the journal entry to write off a bad debt and claim VAT bad debt relief (where appropriate)</p> <p>3.2 Record the journal entry to write off a bad debt and claim VAT bad debt relief in the double entry bookkeeping system</p>
4 Use the Journal to account for wages, salaries and employer on-costs	<p>4.1 Prepare the journal entries to account for net pay, deductions from pay and employer on-costs</p> <p>4.2 Record the journal entries to account for wages salaries and employer on-costs in the double entry bookkeeping system</p>

PROCESSING LEDGER TRANSACTIONS AND EXTRACTING A TRIAL BALANCE – M5051125
Credit value: 2 Level: 2

Learning Outcomes	Assessment Criteria
1 Process ledger transactions from the books of prime entry	1.1 Make transfers from books of prime entry into the double entry bookkeeping system
2 Prepare ledger balances and an initial trial balance	<p>2.1 Balance off ledger accounts clearly showing balances carried down and brought down</p> <p>2.2 Prove the arithmetic accuracy of the double entry records by listing account balances in trial balance format</p> <p>2.3 Where a trial balance reveals bookkeeping errors balance the trial balance by introducing a suspense account difference in books balance</p> <p>2.4 Correct bookkeeping errors and re-draft a trial balance following the correction of errors and the elimination of a suspense account balance</p>

MAINTAINING CONTROL ACCOUNTS – K5051124**Credit value: 1 Level: 2**

Learning Outcomes	Assessment Criteria
1 Prepare sales ledger, purchase Ledger and VAT 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 VAT control account from information extracted from the books of prime entry
2 Reconcile sales ledger, purchase ledger and VAT control accounts	2.1 Reconcile the balance on the sales ledger control account with a list of debtors taken from the sales ledger 2.2 Reconcile the balance on the purchase ledger control account with a list of creditors taken from the purchase ledger 2.3 Reconcile the balances on the VAT control account with information provided to Her Majesty's Revenue and Customs (HMRC)