



Institute of
accountants &
bookkeepers

Qualification Specification

IAB Level 1 Award in Bookkeeping

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Introduction

The objective of this Qualification Specification is to provide an overview of the IAB Level 1 Award in Bookkeeping.

This document includes the aim, size, level, structure and content, including learning outcomes and assessment criteria.

There is guidance relating to the centre approval requirements, delivery and assessment for this qualification, and details of grading criteria and the grading of units.

Purpose of the Qualification

Learners who complete the qualification successfully will have knowledge and understanding of basic and technical terms used by bookkeepers and will be able to apply concepts that are fundamental to the function of bookkeeping.

They will be able to recognise the common source documents from which transactions are recorded in the books of account and be able to use source documents for the purpose of recording transactions in a manual bookkeeping system using double entry processing techniques.

Successful completion of the qualification will give learners the skills required to classify business income and expenditure so that they will be able to record capital income and expenditure, account for purchases and sales, the payment of business expenses and the taking of drawings.

They will also be able to process receipts and payments through the business bank account and petty cash account, where payment is made or received in cash, by cheque, plastic card, BACS or other automated payment methods. Learners will also have the skills to account for VAT.

On completing the qualification, learners will have progressed to the stage whereby they can verify the accuracy of their work by carrying out the routine tasks of balancing off ledger accounts, preparing a trial balance, and carrying out other checks on accuracy by reconciling the bank current account and petty cash account balances.

Target audience

The Level 1 Award in Bookkeeping has been designed to appeal to learners who are:

- starting their studies in the subject of bookkeeping from a point of no previous knowledge or experience
- employed at a junior level with some limited basic bookkeeping knowledge and skills, who want to formalise their competence by gaining a recognised accredited qualification in bookkeeping
- returning to study and/or work after a study or career break
- considering a change in career
- considering a career as a self-employed practitioner

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- wanting an introduction to the function of bookkeeping with a view to keeping financial records for their own small business.

Access and Entry Requirements

The entry requirements below are intended for guidance only as applicants may apply with various backgrounds and qualifications.

Approved IAB Centers are responsible for checking applications against the following admission requirements and ensuring learners can fulfil the demands of the qualification before admission and enrolment.

There are no formal entry requirements for the Level 1 Award in Bookkeeping qualification. However, it is recommended that prospective learners have acquired basic skills in both numeracy and literacy prior to starting their studies in this subject area.

Progression and articulation

Holders of the Level 1 Award in Bookkeeping qualification may progress to another qualification at:

- Level 1 carrying with them credits for units achieved to expand their knowledge and skills in the subject area
- a higher level, thereby developing their knowledge and skills in the subject area.

Further details of articulation agreements can be obtained at <http://www.iab.org.uk>

Qualification Level, Size and Structure

The Office of Qualifications and Examinations Regulation (Ofqual), Qualification Wales and CCEA Regulations regulates qualifications, examinations, and assessments in England, Wales, and Northern Ireland. It adheres to the regulations set out in the regulators' Handbooks. The IAB Level 1 Award in Bookkeeping is a vocationally related qualification on Qualification Wales, CCEA and Ofqual Regulated Qualification Frameworks.

Regulated qualifications are recognised and trusted by parents, employers and educational establishments globally due to the stringent controls and quality assurance requirements the regulators place on awarding organisations, qualifications and approved delivery centres.

Qualification Size

The qualification is designed to be delivered in 50 hours of TQT (Total Qualification Time), of which 32 are Guided Learning Hours (GLH). TQT is the total amount of time, in hours, expected to be spent by a learner to achieve a qualification.

Definitions:

- Guided Learning Hours – GLH
This is the amount of time the average learner is expected to spend in supervised learning and practice but may vary by learner.

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- Total Qualification Time – TQT
TQT is made up of Guided Learning Hours plus all other time taken in preparation, study or any form of participation in education and training but not under the direct supervision of a lecturer or centre marker.

The following activities are indicative of those included in TQT:

- Guided Learning (GLH) when the lecturer is present, e.g. formal classes, lectures, seminars, tutorials, supervised assessments such as exams or observed practice.
- Independent and unsupervised learning or research.
- Unsupervised coursework or directed activity.
- Watching pre-recorded webinars or podcasts.
- Work placement, self-study, visits to accounting or finance firms, revision and time spent on written assignments.

Learners completing this qualification should demonstrate their ability as independent learners.

Qualification Level

This qualification is at

- Level 1 on the Regulated Qualifications Framework in England, Wales, and Northern Island.

IAB qualifications comply with level descriptors set by Ofqual, which are divided into two categories:

- Knowledge and Understanding.
- Skills.

The descriptors below set out the generic knowledge and skills associated with the typical holder of a qualification at that level.

Knowledge descriptor: The holder...	Skills descriptor: The holder can...
<ul style="list-style-type: none"> • Has knowledge and understanding of facts, procedures and ideas in an area of study or field of work to complete well-defined tasks and address straightforward problems. • Can interpret relevant information and ideas. • Is aware of a range of information that is relevant to the area of study or work. 	<ul style="list-style-type: none"> • Select and use relevant cognitive and practical skills to complete well-defined, generally routine tasks and address straightforward problems. • Identify, gather and use relevant information to inform actions. Identify how effective actions have been.

Qualification Structure

The qualification structure, units, sizing information and assessment types for the IAB Level 2 Certificate in Finance are set out in the following table. Further details of the unit are included later in the specification.

Credit Value (CV):				
Guided Learning Hours (GLH) for Qualification:				
Unit Title	L	CV	GLH	Assessment Method
Introduction to Bookkeeping	1	1	6	Knowledge test
Keep double entry records and prepare a trial balance	1	3	20	Assignment
Prepare reconciliations	1	1	6	Assignment
Total		5	32	

Qualification Grading Criteria

To achieve the qualification, learners must take and pass the assessments for the two mandatory units of which the qualification is comprised. To pass an assessment, the learner must achieve a minimum of 60% in each assessment to be awarded the certificate.

There are no grade scales – learners will receive either a pass or a fail result.

Assessment Methodology

The assessment methodology implemented by the IAB has been designed to ensure that learners are familiar with the format of the final assessment and ensure that continuous learning and assessment takes place.

The IAB uses a variety of assessment methodologies to ensure learners' competence. These methodologies include online multiple-choice knowledge tests, assignments (if applicable) and a final online summative assessment.

Reasonable Adjustment

As an Awarding Organisation, the IAB has a duty not to discriminate against individuals in relation to conferring qualifications regarding the protected characteristics set out in the Equality Act 2010. The IAB will take steps when developing specifications, identifying the assessment criteria, and drafting assessment content to minimise the impact on individuals with differing protected characteristics.

The duty of the IAB to make a reasonable adjustment will apply where assessment arrangements would put a learner who has a disability or learning need at a substantial disadvantage compared

to a learner who does not have a disability or learning need. In such circumstances, the IAB must take steps to mitigate that disadvantage.

Qualification Units

Module	Introduction to Bookkeeping		
Level	1		
GLH	6	TQT	10
Learning Outcomes	Assessment Criteria		
1. Understand the basics of double entry bookkeeping	1.1 Understand the function of bookkeeping 1.2 Understand the system of recording business transactions known as 'double entry bookkeeping' 1.3 Recognise the term 'sole trader' and understand the characteristics of a sole trader type entity in terms of ownership, control and owner's personal financial liability 1.4 Understand the purpose of the following within a manual double entry bookkeeping system: <ul style="list-style-type: none"> • the journal • the ledger • ledger accounts • petty cash book 1.5 Recognise elements within the accounting equation and understand the terms assets (fixed and current), capital and liabilities (long-term and current) 1.6 Understand the basic accounting concepts of: <ul style="list-style-type: none"> • business entity • dual aspect 1.7 Understand how the bookkeeping system links with the preparation of financial statements (trading and profit and loss account and balance sheet - an overview only of financial statements is required, learners will not be required to prepare financial statements) 1.8 Understand how coding is used in a bookkeeping system to identify accounts and as the basis of a chart of accounts 1.9 Understand the need for security of the bookkeeping system and the confidentiality of information and data		
2. Understand bookkeeping terms	2.1 Understand the use of the following bookkeeping terms: <ul style="list-style-type: none"> • income (capital and revenue) • expenditure (capital and revenue) • drawings • stock 		

	<ul style="list-style-type: none"> • cash purchases and sales • credit purchases, sales and returns • cash (notes and coins), cheque, automated payment (BACS, plastic card debit and credit card, standing order and direct debit) • single transaction processing • batch processing • discounts (trade and prompt payment) • wages and salaries (gross pay, deductions from pay, and net pay) • petty cash • imprest system (petty cash)
3. Recognise source documents and understand their purpose	<p>3.1 Understand the purpose of the following source documents and files:</p> <ul style="list-style-type: none"> • customer and supplier files • invoice • credit note • customer/supplier statement of account • remittance advice • receipt (to support a payment made in cash, by cheque or plastic card) • end of day sales summaries (to support payments received in cash, by cheque or plastic card) • cheque book counterfoil • paying-in slip • bank statement • petty cash voucher • payroll analysis <p>3.2 Understand the HMRC rules relating to the retention of source documents</p>
4. Understand the basics of VAT	<p>4.1 Recognise the government agency responsible for administration of the VAT system</p> <p>4.2 Understand the terms 'input tax' and 'output tax'</p> <p>4.3 Recognise the rates of VAT</p> <p>4.4 Understand the terms 'exempt' and 'outside the scope'</p> <p>4.5 Understand the requirements of HMRC VAT legislation relating to the calculation of VAT where prompt payment discounts are offered</p>
5. Understand the purpose of the trial balance and petty cash and bank reconciliations	<p>5.1 Recognise the format of the trial balance</p> <p>5.2 Understand the purpose of a trial balance and the process of preparing the trial balance</p>

	5.3 Understand the purpose of a petty cash reconciliation statement
	5.4 Understand the purpose of the bank reconciliation statement and the process of preparing the statement

Module	Keep double entry records and prepare a trial balance		
Level	1		
GLH	20	TQT	30
Learning Outcomes	Assessment Criteria		
1. Use the journal	1.1 Prepare a journal entry as the basis of recording opening account balances for a sole trader in a double entry bookkeeping system		
2. Record transactions in a double entry bookkeeping system	2.1 Use an entry in the journal to record balances in ledger accounts to set-up a double entry bookkeeping system for a sole trader 2.2 Use invoices issued and received to record credit based purchases and sales 2.3 Use credit notes issued and received to record purchases and sales returns 2.4 Use an invoice received from a supplier to record the purchase of a fixed asset 2.5 Use summaries of cash sales (till summaries/takings summaries) to record cash sales 2.6 Use information provided by the owner of a business, and/or supporting documentation, to record additional capital introduced by the owner 2.7 Record loan capital in the bookkeeping system 2.8 Use a petty cash voucher to record petty cash expenditure in a petty cash book 2.9 Total and balance off the petty cash book, transfer totals from the petty cash book into appropriate ledger accounts 2.10 Record the top-up of the petty cash float 2.11 Record payments made to a supplier for cash purchases, the payment of business expenses, net pay to employees and proprietor drawings 2.12 Use a remittance advice issued to a credit supplier to record a payment made by cheque, in full settlement or part payment of an invoice 2.13 Use a remittance advice received from a credit customer to record a payment received by cheque, in full settlement or part payment of an invoice		

	<p>2.14 Record the transfer of cash from the cash account to the bank current account</p> <p>2.15 Use a bank statement to record bank charges, a BACS payment to a supplier, a BACS receipt from a customer, and automated payments by standing order and direct debit.</p>
3. Prepare a trial balance	<p>3.1 Balance off ledger accounts clearly showing closing balances carried down and brought down</p> <p>3.2 Correctly enter closing ledger account balances on a trial balance</p> <p>3.3 Total the trial balance debit and credit columns and prove the arithmetic accuracy of the double entry bookkeeping system</p>

Module	Prepare reconciliations		
Level	1		
GLH	6	TQT	10
Learning Outcomes	Assessment Criteria		
1. Reconcile the petty cash balance	<p>1.1 List the results of a physical count of petty cash on a petty cash reconciliation statement</p> <p>1.2 Record the closing balance on a petty cash ledger account, or in a petty cash book on a cash reconciliation statement</p> <p>1.3 Agree the total of physical cash held by a business with the balance in the petty cash book</p>		
2. Prepare a bank reconciliation statement	<p>2.1 Match transactions recorded in the bank current account in the ledger of a business with the transactions posted on a statement of account received from the bank</p> <p>2.2 Identify time-lag differences between transactions recorded in a bank current account in the ledger of a business and those recorded on a statement of account received from the bank</p> <p>2.3 Prepare a statement to reconcile the closing balance on the bank current account in the ledger of a business with the closing balance on a statement of account received from the bank</p> <p>2.4 Update the bank current account in the ledger of a business following reconciliation</p>		

Sample Assessments and practice exercises

The IAB has deliberately not included sample assessment questions within this qualification specification. The bespoke material developed will provide sufficient sample questions and practise exercises to ensure that learners are well prepared for the questions covered in the tests, assignments and final exam.

Furthermore, as the curriculum is updated to ensure that learners exiting with the qualification are meeting the needs of business and the latest regulations, legislation and practices, the bespoke material will encompass these changes, whilst any sample paper produced here could become obsolete over time.

About IAB

Introduction

Setting world-class standards offer learners worldwide the chance to gain the very best financial qualifications and lifelong skills. The IAB is one of the most prestigious not-for-profit organisations for professional bookkeepers globally. With qualifications regulated by Ofqual, the IAB is a statutory supervisory body under the Money Laundering Regulations. The IAB is also a professional body for bookkeepers.

Founded in 1973, the IAB is both an awarding and professional body. Today, celebrating 50-years of success, it not only offers a host of regulated bookkeeping and business qualifications but also supports and regulates professionals on their career paths.

With membership attracting learners, business owners and accounting professionals alike, the IAB's sights are on the future – helping members maintain their skills and respected status. At the forefront of benchmarking, the IAB works with the government and standard-setting bodies to promote the professional integrity of bookkeepers.

Under the UK Money Laundering Regulations, the IAB is a statutory supervisor – ensuring members in practice comply with the law. Alongside this, it also plays a key role in developing national qualifications.

Policies

IAB Policies are available to Approved Centres and learners to refer to in the programme's administration and delivery.

Location

IAB offices are located in central London, United Kingdom, within easy walking distance of underground and bus stops. We always welcome visits from Centres and encourage this wherever possible.

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