



## IAB Level 1 Award in Bookkeeping (RQF)

### Qualification Specification

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## 1 Introduction to the qualification

The Level 1 Award in Bookkeeping (RQF) qualification is part of the Regulated Qualification Framework (RQF).

## 2 Statement of level

This is an entry Level 1 qualification as defined within the regulations of the RQF.

## 3 Aims

Learners who complete the qualification successfully will have a 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 are 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.

The qualification will give the learner the basis on which they will be able to progress in their studies with the IAB by:

- Widening their knowledge and skills by studying other linked qualifications at Level 1 in the subjects of computerised bookkeeping and/or payroll.
- Advancing their bookkeeping knowledge and skills by undertaking further studies of manual bookkeeping and accounting routines and procedures at Level 2.

## 4 Target groups

The Level 1 Award in Bookkeeping (RQF) qualification is specifically aimed at learners who wish to begin their studies of bookkeeping and gain entry to a Level 1 qualification within the RQF.

The qualification has been designed to appeal to individuals within the following groups:

- Learners starting their studies in the subject of bookkeeping from a point of no previous knowledge or experience.
- Learners 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.
- Learners returning to study and/or work after a study or career break.
- Learners considering a change in career.
- Learners considering a career as a self-employed practitioner.
- Owners of a small business wanting an introduction to the function of bookkeeping with a view of keeping financial records for their business.

## 5 Entry requirements

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

## 6 Progression

**Holders of the Level 1 Award in Bookkeeping (RQF) qualification are able to progress with their studies by:**

- Progressing to another qualification at Level 1 and converting their Award to higher value qualification.
- Progressing to a qualification in the same subject area but at a higher level, thereby expanding their knowledge and skills base in the subject area.

## 7 Level 1 Award in Bookkeeping (RQF) – Units and Learning Outcomes

<b>Unit Title – Introduction to double entry bookkeeping</b>
<b>Learning outcomes</b>
1 Understand the basics of double entry bookkeeping
2 Understand bookkeeping terms
3 Recognise source documents and understand their purpose
4 Understand the basics of VAT
5 Understand the purpose of the trial balance and petty cash and bank reconciliations

<b>Unit Title – Keep double entry records and prepare a trial balance</b>
<b>Learning outcomes</b>
1 Use the journal
2 Record transactions in a double entry bookkeeping system
3 Prepare a trial balance

<b>Unit Title – Prepare reconciliations</b>
<b>Learning outcomes</b>
1 Reconcile the petty cash balance
2 Prepare a bank reconciliation statement

## 8 Level 1 Award in Bookkeeping (RQF) – Assessment, Achievement and Grading

### 8.1 Methods of assessment

A Knowledge Test and two Assignments are used for the purpose of assessing learner competence in this qualification. The assessments are shown in the table below and are completed online using the IABOnline testing platform. Assessments completed online by learners are subject to a time constraint.

For the purpose of practice and revision the IAB provides specimen pilot assessments on its testing platform.

<b>Assessment Title</b>	<b>Method of Assessment</b>
Introduction to double entry bookkeeping	Knowledge Test
Keep double entry records and prepare a trial balance	Assignment
Prepare cash and bank reconciliations	Assignment

## 8.2 Achievement and grading

To successfully achieve the qualification learners must demonstrate competence in each of the mandatory units of which the qualification is comprised. Learners are assessed as Pass or Fail. Minimum levels of achievement are set as follows:

Knowledge Test – 70%

Assignments – 70%

The qualification is not graded. On successful completion of each of the mandatory units the learner will be awarded a Pass in the unit completed.

Learners studying without being attached to an IAB accredited training centre may need to contact the IAB directly for further information on assessment, achievement and grading.

## 9 Certification

On successful completion of all mandatory units the learner will receive a Level 1 Award in Bookkeeping (RQF). A certificate will be issued to the learner confirming that they have demonstrated competence in the learning outcomes and assessment criteria in each of the units making-up the qualification. The certificate will identify the learner by name and will include the full title and accreditation number of the qualification.

Learners who do not achieve the full qualification may request a Unit Certificate of Completion (RQF) for any of the individual units they successfully complete. This certificate will refer only to the title of the unit completed. Prior to issue of the Unit Certificate of Completion (RQF) a fee per unit must be paid to the IAB. Details of these fees are available on our current fees list which can be accessed online, alternatively please contact the Education Team.

## 10 Reasonable Adjustments and Special Considerations Policy and Procedure

Please refer to the IAB website [www.iab.org.uk](http://www.iab.org.uk) for a copy of this policy and procedure or contact the Education Department of the IAB.

## 11 Enquiries and Appeals Procedure

Please refer to the IAB website [www.iab.org.uk](http://www.iab.org.uk) for a copy of this procedure or contact the Education Department of the IAB.

## 12 Level 1 Award in Bookkeeping (RQF) – Unit Specifications

The unit specifications indicate the content, in terms of learning outcomes and assessment criteria, of each of the three mandatory units within the Level 1 Award in Bookkeeping (RQF) qualification.

All the learning outcomes and assessment criteria must be covered by providers when delivering the qualification. However, all learning outcomes and assessment criteria may not be fully covered by the knowledge test and assignments used by the IAB at Level 1 for the purpose of assessing learner competence.

The content of the knowledge test and assignments used to assess competence are subject to ongoing review by the IAB and may change periodically.

Each of the unit specifications is provided below:

## Level 1 Award in Bookkeeping (RQF)

<b>Unit title</b>	Introduction to bookkeeping
<b>Level</b>	<b>1</b>
<b>GLH/TQT</b>	<b>4/10</b>
<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
<p><b>Demonstrate knowledge</b></p> <p>1 Understand the basics of double entry bookkeeping</p>	<p><b>Learners are required to demonstrate that they:</b></p> <p>1.1 Understand the function of bookkeeping</p> <p>1.2 Understand the system of recording business transactions known as 'double entry bookkeeping'</p> <p>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</p> <p>1.4 Understand the purpose of the following within a manual double entry bookkeeping system:</p> <ul style="list-style-type: none"> <li>• the journal</li> <li>• the ledger</li> <li>• ledger accounts</li> <li>• petty cash book</li> </ul> <p>1.5 Recognise elements within the accounting equation and understand the terms assets (fixed and current), capital and liabilities (long-term and current)</p> <p>1.6 Understand the basic accounting concepts of:</p> <ul style="list-style-type: none"> <li>• business entity</li> <li>• dual aspect</li> </ul> <p>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 <b>not</b> be required to prepare financial statements)</p> <p>1.8 Understand how coding is used in a bookkeeping system to identify accounts and as the basis of a chart of accounts</p> <p>1.9 Understand the need for security of the bookkeeping system and the confidentiality of information and data</p>

<p><b>Demonstrate knowledge</b> 2 Understand bookkeeping terms</p>	<p><b>Learners are required to demonstrate that they:</b> 2.1 Understand the use of the following bookkeeping terms:</p> <ul style="list-style-type: none"> <li>• income (capital and revenue)</li> <li>• expenditure (capital and revenue)</li> <li>• drawings</li> <li>• stock</li> <li>• cash purchases and sales</li> <li>• credit purchases, sales and returns</li> <li>• cash (notes and coins), cheque, automated payment (BACS, plastic card debit and credit card, standing order and direct debit)</li> <li>• single transaction processing</li> <li>• batch processing</li> <li>• discounts (trade and prompt payment)</li> <li>• wages and salaries (gross pay, deductions from pay, and net pay)</li> <li>• petty cash</li> <li>• imprest system (petty cash)</li> </ul>
<p><b>Demonstrate knowledge</b> 3 Recognise source documents and understand their purpose</p>	<p><b>Learners are required to demonstrate that they:</b> 3.1 Understand the purpose of the following source documents and files:</p> <ul style="list-style-type: none"> <li>• customer and supplier files</li> <li>• invoice</li> <li>• credit note</li> <li>• customer/supplier statement of account</li> <li>• remittance advice</li> <li>• receipt (to support a payment made in cash, by cheque or plastic card)</li> <li>• end of day sales summaries (to support payments received in cash, by cheque or plastic card)</li> <li>• cheque book counterfoil</li> <li>• paying-in slip</li> <li>• bank statement</li> <li>• petty cash voucher</li> <li>• payroll analysis</li> </ul> <p>3.2 Understand the HMRC rules relating to the retention of source documents</p>
<p><b>Demonstrate knowledge</b> 4 Understand the basics of VAT</p>	<p><b>Learners are required to demonstrate that they:</b> 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>

<p><b>Demonstrate knowledge</b></p> <p>5 Understand the purpose of the trial balance and petty cash and bank reconciliations</p>	<p><b>Learners are required to demonstrate that they:</b></p> <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> <p>5.3 Understand the purpose of a petty cash reconciliation statement</p> <p>5.4 Understand the purpose of the bank reconciliation statement and the process of preparing the statement</p>
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<b>Unit title</b>	Keep double entry records and prepare a trial balance
<b>Level</b>	<b>1</b>
<b>GLH/TQT</b>	<b>18/50</b>
<b>Learning Outcomes</b>	<b>Assessment Criteria</b>
<b>Demonstrate skills</b> 1 Use the journal	<b>Learners are required to demonstrate that they can:</b> 1.1 Prepare a journal entry as the basis of recording opening account balances for a sole trader in a double entry bookkeeping system  <b>Note:</b> learners will <b>not</b> be required to make a missing term calculation
<b>Demonstrate skills</b> 2 Record transactions in a double entry bookkeeping system	<b>Learners are required to demonstrate that they can:</b> 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,  2.14 Record the transfer of cash from the cash account to the bank

	<p>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> <p>*an amount received from a customer by BACS will also be supported by a customer remittance advice</p> <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. Learners are required to have a knowledge of prompt payment discounts, but are <b>not</b> required to account for prompt payment discounts or VAT adjustments resulting from the taking-up of an offer of a prompt payment discount</li> <li>2. Learners are required to make VAT calculations to add VAT to the net value of goods, calculate VAT (at standard rate) given a VAT inclusive amount, and keep a VAT account in the ledger to account for VAT input tax and output tax.</li> </ol>
<p><b>Demonstrate skills</b></p> <p>3 Prepare a trial balance</p>	<p><b>Learners are required to demonstrate that they can:</b></p> <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> <p><b>Note:</b> Learners will <b>not</b> be required to identify or correct bookkeeping errors</p>

<b>Unit title</b>	Prepare reconciliations	
<b>Level</b>	<b>1</b>	
<b>GLH/TQT</b>	<b>8/20</b>	
<b>Learning Outcomes</b>	<b>Assessment Criteria</b>	
<b>Demonstrate skills</b> 1 Reconcile the petty cash balance	<b>Learners are required to demonstrate that they can:</b> 1.1 List the results of a physical count of petty cash on a petty cash reconciliation statement  1.2 Record the closing balance on a petty cash ledger account, or in a petty cash book on a cash reconciliation statement  1.3 Agree the total of physical cash held by a business with the balance in the petty cash book	
<b>Demonstrate skills</b> 2 Prepare a bank reconciliation statement	<b>Learners are required to demonstrate that they can:</b> 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  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  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  2.4 Update the bank current account in the ledger of a business following reconciliation	

### 13 Links to National Occupational Standards (NOS)

The mandatory units within the Level 1 Award in Bookkeeping (RQF) qualification link with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-1 Process Income
- FA-2 Process Expenditure
- FA-3 Account for Income and Expenditure