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**Institute of Certified Bookkeepers**

**Level II Certificate in Bookkeeping  
Syllabus from April 2014**

## **Level II Certificate in Bookkeeping**

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from April 2014  
Course Code L2C**

### **Introduction**

The Level II Certificate in Bookkeeping covers the basic principles of single and double entry bookkeeping and its application to business in both a manual and a computerised system.

### **Occupational Role: Assistant Bookkeeper**

Upon completion of this qualification candidates will be able to carry out the role of an employed assistant bookkeeper under supervision. They should be able to apply postings from the books of prime entry and from source documents to the ledger accounts and produce an initial trial balance. They will also be able to set up a computerised bookkeeping system, enter details of all transactions and produce reports.

### **Pre requisites**

No prior bookkeeping knowledge is assumed at this level but candidates must have basic numerical skills.

### **Qualification aims**

**On completion of this level of study a candidate will be able to:**

- Understand the following areas of underpinning knowledge:
  - The importance of adhering to a code of professional ethics
  - The differences between the structure of different types of businesses
  - The importance of legislation that applies to bookkeepers
  - The basic elements of a contract
  - The accounting equation
  - The concept of reporting on a cash basis for income tax purposes
  - The concept of business entity, duality and historical cost
- Understand banking procedures including the need for security
- Understand the purpose and range of business documents, and accurately prepare them
- Understand the purpose of, and make entries into, the ledgers and books of prime entry including the use of control accounts
- Understand the process of dealing with and accounting for VAT in the ledgers
- Understand the purpose and use of the two and three-column cash book, the analysed cash book and the petty cash book
- Understand the purpose and use of the trial balance
- Understand when to open a suspense account
- Set up a business in a computerised system
- Process entries into nominal and subsidiary ledger accounts
- Print out reports as follows:
  - Trial balance
  - Audit trail
  - Nominal account transactions
  - Sales and purchase ledger transactions

## Assessment and Grading

The testing of knowledge and skills for the qualification will comprise three online assessments, all of which are taken in the candidate's home or place of work. The first two will test manual knowledge of double entry bookkeeping to trial balance for a variety of types of businesses; the third will test the set up and data entry to trial balance using a computerised system. The content of each assessment is listed below, together with the relevant weighting of each section within each paper.

### Paper B1 – Basic double-entry bookkeeping to trial balance

Home /place of work based assessment to include:

- Underpinning knowledge (10% weighting)
  - terms in bookkeeping (assets, liabilities etc.)
  - banking procedures
  - Understanding the different categories of VAT (standard, reduced, zero, exempt, outside the scope)
- Calculation of business documents including calculation of VAT (20% weighting)
- entering transactions into the ledgers including the analysed cash book, cash transactions, credit transactions, discounts, petty cash book, two column cash book and VAT (40% weighting)
- making and receiving payments (20% weighting)
- Production and explanation of a trial balance (10% weighting)

### Paper B2 – Further double entry bookkeeping to trial balance

Home /place of work based assessment to include:

- Underpinning knowledge (10% weighting)
  - ethics
  - legislation
  - types of businesses including simple cash based businesses
  - identifying sections of the ledger
  - accounting concepts
- Further double entry including the following (60% weighting)
  - Topics from paper 1
  - Day books and control accounts in a double-entry system
  - Writing off a bad debts
  - Construction Industry Scheme
  - Non-sole trader entries (subscriptions, donations, drawings of partners etc)
- Making and receiving payments (20% weighting)
  - Three column cash book
  - The analysed cash book
- Production and explanation of a trial balance (10% weighting)

### Paper B3 – Data entry to trial balance using a computerised accounts package

Home /place of work based test to include the use of a computerised accounting package to include:

- opening entries
- entering cash and credit transactions
- producing a trial balance
- producing reports for debtors, creditors, bank and the audit trail

The three assessments should be taken in the order listed above.

Each assessment will generate an accreditation notification. Successful candidates will need to pass all three assessments to gain the full qualification.

**The full qualification will be graded at Distinction with Honours, Distinction, Merit or Pass**

Because all assessments are taken at home or at the place of work, each test will be graded as follows:

Distinction	95 -100%
Merit	90 - 94%
Pass	85 - 89%
Fail	0 - 84%

Once all assessments have been successfully completed a final certificate can be applied for which will be graded at Distinction with Honours, Distinction, Merit or Pass. Unit results will be aggregated. To achieve the relevant grade in the full qualification, the following aggregate marks must be achieved:

Distinction with Honours	295 marks and above
Distinction	285 – 294 marks
Merit	270 – 284 marks
Pass	255 – 269 marks

**Level of Membership**

Successful achievement at the full qualification will lead to the offer to upgrade to Affiliate Member of ICB and the award of the designatory letters AfICB.

Topic 1 - Underpinning Knowledge	
Learning Outcome	Assessment Criteria
1.1 Understand the importance of adhering to a code of Professional Ethics	Be able to: <ul style="list-style-type: none"> <li>• explain why each of the following professional values is important to bookkeepers and why they should adhere to a code of ethics               <ul style="list-style-type: none"> <li>- Confidentiality</li> <li>- Security of data</li> <li>- Competency</li> <li>- Duty of care</li> <li>- Integrity</li> </ul> </li> </ul>
1.2 Understand the basic differences between the structures of different types of businesses	Be able to: <ul style="list-style-type: none"> <li>• explain the basic structure and reasons for operating as one of the following types of businesses:               <ul style="list-style-type: none"> <li>- Sole Trader</li> <li>- Partnership</li> <li>- Limited Company</li> <li>- Limited Liability Partnership</li> <li>- Not-for-Profit Organisation</li> </ul> </li> <li>• understand and explain the basic principles behind the Construction Industry Scheme (CIS)               <ul style="list-style-type: none"> <li>- Understand the duties of a contractor to verify sub-contractors</li> <li>- Explain the criteria under which some sub-contractors are paid gross</li> <li>- Understand the different levels of tax that might be deducted at source from a CIS invoice</li> </ul> </li> </ul>
1.3 Understand the importance of legislation that applies to bookkeepers	Be able to: <ul style="list-style-type: none"> <li>• understand the basics of current legislation such as:               <ul style="list-style-type: none"> <li>- Money Laundering</li> <li>- Data Protection Act</li> <li>- The Bribery Act</li> <li>- Health and Safety at Work</li> </ul> </li> </ul>
1.4 Understand the basic elements of a contract	Be able to: <ul style="list-style-type: none"> <li>• understand the basic elements of a contract (e.g. offer, acceptance and consideration)</li> <li>• given certain circumstances, decide whether a contract exists</li> </ul>
1.5 Understand the Accounting Equation	Be able to: <ul style="list-style-type: none"> <li>• show an understanding of the terms Assets, Liabilities, Capital</li> <li>• state the Accounting Equation</li> <li>• explain how the Accounting Equation relates to a double-entry bookkeeping system</li> </ul>
1.6 Understand the concept of reporting on a cash basis for income tax purposes	Be able to: <ul style="list-style-type: none"> <li>• explain when the use of a cash based system is sufficient for the smallest of businesses to enable them to correctly report income and expenditure for taxation purposes</li> </ul>
1.7 Identify the various methods of payments and receipts to and from a bank account	Be able to: <ul style="list-style-type: none"> <li>• identify the different types of receipts and payments available through banks and building societies including:               <ul style="list-style-type: none"> <li>- cash</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- cheques</li> <li>- direct debits</li> <li>- standing orders</li> <li>- BACS</li> <li>- CHAPS</li> <li>- credit and debit cards</li> <li>- Paypal and other online methods</li> </ul>
1.8 Understand the need for bank security	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• describe the various forms of security that relate to the different forms of payments including: <ul style="list-style-type: none"> <li>- PIN numbers</li> <li>- online passwords</li> <li>- telephone banking passwords</li> <li>- dual signatures</li> <li>- payment value restriction</li> </ul> </li> </ul>
1.9 Understand the basic accounting concepts	<p>Be able to</p> <ul style="list-style-type: none"> <li>• explain the concepts of: <ul style="list-style-type: none"> <li>– business entity</li> <li>– duality</li> <li>– historic cost</li> </ul> </li> </ul>

## Topic 2 – Business Documents

Learning Outcome	Assessment Criteria
2.1 Understand the purpose and range of business documents.	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• explain the purpose and flow of documents between seller and buyer for both cash and credit transactions including: <ul style="list-style-type: none"> <li>- quotation</li> <li>- purchase order</li> <li>- delivery note</li> <li>- invoice</li> <li>- credit note</li> <li>- returns note</li> <li>- remittance note</li> <li>- statement</li> <li>- cash receipts</li> </ul> </li> <li>• Understand the importance of source documents</li> <li>• Explain the action to be taken where no source document exists</li> </ul>
2.2 Understand the need to accurately prepare business documents for goods supplied	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• accurately prepare invoices and credit notes including the treatment of VAT and cash discount allowed</li> <li>• ensure that these are correctly authorised</li> <li>• where applicable, ensure that they are correctly coded</li> <li>• prepare statements for despatch to debtors</li> </ul>
2.3 Understand the need to check business documents received	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• check supplier invoices and credit notes with relevant documents</li> <li>• check calculations on supplier invoices and credit notes including treatment of VAT and discount received</li> <li>• correctly code invoices and credit notes</li> <li>• identify and resolve discrepancies</li> <li>• identify when and why authorisation may be required to process such documents</li> </ul>

### Topic 3 - Ledger accounts and the division of the ledger

Learning Outcome	Assessment Criteria
<p>3.1 Understand the purpose of, and make entries into, the ledger accounts</p>	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• understand the divisions of the ledger</li> <li>• enter invoices and credit notes into the appropriate ledger accounts including the treatment of VAT: <ul style="list-style-type: none"> <li>- sales ledger</li> <li>- purchase ledger</li> <li>- main/nominal/general ledger</li> </ul> </li> <li>• enter relevant CIS invoices, credit notes, receipts and payments showing how to deal with any tax deducted at source for sole traders, partnerships and limited companies</li> <li>• record income into the ledgers including: <ul style="list-style-type: none"> <li>- income from trading and supply of services</li> <li>- income from capital invested</li> <li>- loans</li> <li>- sale of capital items</li> <li>- donations</li> <li>- subscriptions</li> </ul> </li> <li>• record expenditure into the ledgers including <ul style="list-style-type: none"> <li>- both capital and revenue expenditure</li> <li>- the treatment of wages and salaries</li> <li>- the drawings of a sole trader or partner via drawings accounts</li> <li>- withdrawal of funds by a director of a company (salary, dividends, loans) via a director's loan account</li> </ul> </li> <li>• balance off accounts at the end of an accounting period</li> <li>• post relevant figures from the books of prime entry into the ledgers</li> <li>• post opening entries</li> <li>• write off of a bad debt including the treatment of VAT</li> </ul>
<p>3.2 Use a set of control accounts in the ledgers</p>	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• understand the use of control accounts in a double entry system</li> <li>• understand the role of supplier and customer accounts as memorandum accounts when using control accounts</li> <li>• enter transactions into control accounts from the relevant books of prime entry</li> </ul>



<b>Topic 4 – Books of prime entry</b>	
<b>Learning Outcome</b>	<b>Assessment Criteria</b>
4.1 Understand the purpose of, and make entries into, the books of prime entry	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• explain how the books of prime entry integrate with the ledgers</li> <li>• enter invoices and credit notes into books of prime entry and prepare: <ul style="list-style-type: none"> <li>- sales day book</li> <li>- sales returns day book</li> <li>- purchases day book</li> <li>- purchase returns day book</li> </ul> </li> <li>• prepare an opening journal entry for a business</li> <li>• prepare a journal entry to record purchase of a fixed asset</li> </ul>

<b>Topic 5 – Accounting for VAT</b>	
<b>Learning Outcome</b>	<b>Assessment Criteria</b>
5.1 Understand the process of dealing with and accounting for VAT in the ledgers.	<p>Be able to:</p> <ul style="list-style-type: none"> <li>• explain the difference between the following levels of VAT: <ul style="list-style-type: none"> <li>– standard rate</li> <li>– reduced rate</li> <li>– zero rate</li> <li>– exempt of VAT</li> <li>– outside the scope of VAT</li> </ul> </li> <li>• extract the VAT from a VAT inclusive amount</li> <li>• correctly account for input and output tax in the ledgers including amounts that are VAT inclusive</li> <li>• explain the significance of debit and credit balances in the VAT accounts</li> <li>• understand how VAT is calculated and entered into the books of account for the following types of invoices: <ul style="list-style-type: none"> <li>– invoices to customers and from suppliers outside the EU that are zero rated</li> <li>– invoices to customers and from suppliers outside the UK but within the EU that <ul style="list-style-type: none"> <li>a) are not registered for VAT in their own country</li> <li>b) are registered for VAT in their own country</li> </ul> </li> </ul> </li> </ul>

Topic 6 – Making and receiving payments	
Learning Outcome	Assessment Criteria
6.1 Understand the use of an analysed cash book	Be able to: <ul style="list-style-type: none"> <li>understand when an analysed cash book is suitable as the sole record of income and expenditure for the smallest of businesses</li> <li>record income and expenditure into an analysed cash book</li> </ul>
6.2 Understand the purpose and need to record petty cash	Be able to: <ul style="list-style-type: none"> <li>explain the purpose of the imprest system</li> <li>prepare petty cash vouchers</li> <li>seek authorisation for a petty cash payment</li> <li>code the expenditure</li> <li>record the transactions in the petty cash book</li> <li>balance off and restore the imprest</li> <li>post to ledger accounts</li> </ul>
6.3 Understand the purpose and use of the two and three column cash books	Be able to: <ul style="list-style-type: none"> <li>accurately record receipts and payments in a two column cashbook</li> <li>accurately records receipts and payments in a three column cash book including the treatment of cash discount allowed and received</li> <li>balance off cash and bank columns and bring down balances</li> <li>complete the double entry to main and subsidiary ledgers</li> </ul>

Topic 7 – Trial Balance	
Learning Outcome	Assessment Criteria
7.1 Understand the purpose and use of the trial balance.	Be able to: <ul style="list-style-type: none"> <li>prepare a trial balance from the ledger accounts</li> <li>understand what to do if the trial balance does not balance</li> <li>open a suspense account where applicable to account for any imbalance</li> </ul>

Topic 8 – Use a computerised accounts package	
Learning Outcome	Assessment Criteria
8.1 Health and Safety	Be able to: <ul style="list-style-type: none"> <li>demonstrate an awareness of the health and safety issues of using computer systems</li> </ul>
8.2 Business Set Up	Be able to: <ul style="list-style-type: none"> <li>access the software</li> <li>set up the details for a new business to include:               <ul style="list-style-type: none"> <li>name, address, start-up date, VAT registration</li> <li>product lines (sales)</li> <li>VAT rates</li> <li>set up customer and supplier accounts in sales and purchase ledger with details of name, address, credit limit and opening balances where appropriate</li> <li>extract print outs with all appropriate details</li> <li>set up accounts to record income and expenditure items and set up nominal codes</li> <li>set up pro forma for producing sales invoices, credit notes and other documentation</li> </ul> </li> </ul>
8.3 Processing Nominal Ledger and Subsidiary Ledger Accounts	Be able to: <ul style="list-style-type: none"> <li>create entries to record transactions in the appropriate ledger accounts (by use of coding) for:               <ul style="list-style-type: none"> <li>credit sales and returns (including trade and cash discount)</li> <li>credit purchases and returns</li> <li>supplier invoices for goods and services other than purchases</li> <li>cash sales and cash purchases</li> <li>payment of supplier invoices (creditors) for purchases, and other goods and services</li> <li>receipts from customers (debtors)</li> <li>accounting treatment of entries relating to payroll</li> <li>accounting treatment of bad debts</li> <li>treatment of petty cash</li> <li>sale of fixed assets</li> </ul> </li> </ul>
8.4 Generate reports	Be able to: <ul style="list-style-type: none"> <li>generate and print out the following reports:               <ul style="list-style-type: none"> <li>trial balance</li> <li>audit trail</li> <li>nominal account transactions</li> <li>bank account transactions</li> <li>sales and purchase ledger transactions</li> </ul> </li> </ul>



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