



National Unit specification: general information

Unit title: Recording Credit Transactions

Unit code: FN15 11

Superclass: AK

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Summary

The purpose of this Unit is to provide candidates with the basic knowledge and skills to develop skills and techniques to process credit transactions from source documents (order forms, goods received notes, invoices and credit notes) and enter them into the primary accounting records.

This Unit is suitable for candidates who expect to take up a career or further study in accounting and/or financial administration.

This is an optional Unit within the National Certificate in Accounting (SCQF level 5), but can also be offered as a free-standing Unit. The NC accounting is an introductory qualification designed to prepare candidates for further study or entry into employment at a technical level. It is envisaged that candidates successfully completing this Unit will have the underpinning knowledge to enable progression to the HN Unit Recording Financial Information.

Outcomes

- 1 Organise source documents for credit sales and sale returns
- 2 Organise source documents for credit purchases and purchase returns
- 3 Enter transactions accurately into the primary accounting records

Recommended entry

While entry is at the discretion of the centre, candidates would normally be expected to have basic competence in arithmetic/numeracy which could be evidenced by achievement of Standard Grade Maths at 1–3 or Intermediate 1 Maths or equivalent experience.

National Unit specification: general information (continued)

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Credit points and level

1 National Unit credit at SCQF level 5: (6 SCQF credit points at SCQF level 5)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Core Skills

There is no automatic certification of Core Skills or Core Skill component in this Unit.

The Unit provides opportunities for candidates to develop aspects of the following Core Skills:

- ◆ Numeracy
- ◆ Problem Solving

These opportunities are highlighted in the Support Notes of this Unit specification.

National Unit specification: statement of standards

Unit title: Recording Credit Transactions

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Outcome 1

Organise source documents for credit sales and sales returns

Performance Criteria

- (a) Identify documents relating to credit sales and sales returns
- (b) Match up order forms, delivery notes and invoices and batch as credit sales
- (c) Match up goods returns notes with credit notes and batch as sales returns
- (d) Check documents for discrepancies, altering and recalculating where required

Outcome 2

Organise source documents for credit purchases and purchase returns

Performance Criteria

- (a) Identify documents relating to credit purchases and purchase returns
- (b) Match up order forms, delivery notes and invoices and batch as credit purchases
- (c) Match up goods returns notes with credit notes and batch as purchase returns
- (d) Check all documents relate to purchases, and suppliers are VAT registered, and orders correctly authorised.

Outcome 3

Enter transactions accurately into the primary accounting records

Performance Criteria

- (a) Complete sales and sales returns day books
- (b) Complete purchase and purchase return day books

National Unit specification: statement of standards (cont)

Unit title: Recording Credit Transactions

Evidence Requirements for this Unit

Evidence is required to demonstrate that the candidates have achieved all of the Outcomes and Performance Criteria.

Assessments will be carried out under closed-book supervised conditions.

It is anticipated that this Unit could be assessed holistically.

Candidates should be presented with two batches of documents — one for credit sales/returns and one for credit purchases/returns. They will be expected to identify the sales and purchases from the top item in each bundle.

Assessment will consist of a minimum of 19 transactions (6 sales, 2 sales returns, 6 purchases, 2 purchase returns, and 3 journal items) and candidates should have access to pro forma sales and sales returns day books, purchase and purchase returns day books. Note that the completion of a journal is not necessary and that candidate need only batch journal items.

Candidates should be able match up documents making up each transaction as described in the performance criteria, and amend any errors where appropriate. Clear evidence of the checking process must be given.

Errors must include:

Sales Invoices

- ◆ Sales invoices where address does not match address on customer order form/business records
- ◆ Quantity invoiced does not match quantity ordered and delivered — invoice will need to be recalculated
- ◆ Old sales from previous month to be removed and batched as journal item

Purchase invoices

- ◆ Identify 2 invoices which relate to asset acquisition on credit and remove to Journal folder.
- ◆ Check all purchase invoices with VAT have VAT registration numbers — if not, remove the VAT to Zero.
- ◆ Check order forms have been authorised in accordance with company policy.

Candidates must be able to complete this assessment in 2 hours. The day books can be generated manually or using a recognised spreadsheet package.

National Unit specification: support notes

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This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

In this Unit candidates are required to process a range of credit documents and record them in the books of original entry. They should achieve a level of competence of someone who is expected to carry out, under supervision, the routine recording of credit transactions in the books of a range of organisations.

This Unit is an optional Unit within the National Certificate in Accounting at SCQF level 5, but can also be offered as a free-standing Unit. This Unit is the next logical step after completion of Recording Cash Transactions (FN14 11), and it is important at the outset that candidates understand the difference between cash and credit transactions.

It is envisaged that candidates successfully completing this Unit will have the underpinning knowledge to enable progression to the HN Unit Recording Financial Information.

Outcome 1 and 3

Candidates will need to correctly identify credit sales documents and be familiar with the following:

- ◆ The process of receiving orders, delivering and invoicing.
- ◆ Contents of sales order forms, delivery notes and invoices.
- ◆ The need to check the accurate completion of invoices with other source documents to ensure that customers are invoiced for the correct goods.
- ◆ Invoices are being dispatched to the correct address.
- ◆ Errors can cause delays in receiving payment from customers, and the implications of this for the cash flow of a business.
- ◆ Entering sales invoices and credit notes accurately into the books of original entry.

Outcome 2 and 3

Candidates will need to correctly identify credit purchases documents and be familiar with the following:

- ◆ The process of making orders, receiving delivery and invoices for payment.
- ◆ The contents of purchase order forms, delivery notes and invoices.
- ◆ The need to check that order forms have been correctly authorised in line with organisational policy.
- ◆ Checking invoices with source documents to ensure that only ordered goods have been invoiced.
- ◆ VAT can only be paid to a VAT registered creditor.
- ◆ Entering purchase invoices and credit notes accurately into the books of original entry.

National Unit specification: support notes (continued)

Unit title: Recording Credit Transactions

In completing this Unit candidates will be developing aspects of the following National Occupational Standards for Accountancy and Finance produced by the Financial Skills Partnership:

- FA - 1 Process Income
- FA - 2 Process Expenditure

Guidance on learning and teaching approaches for this Unit

The emphasis through the Unit should be on a candidate-centred approach where candidates undertake practical exercises which enable them to develop the necessary skills. Knowledge, understanding and computational skills can be developed simultaneously throughout the Unit.

Candidates may be presented with simple text exercises to build up required skills in completing day books. However the primary focus of this unit is to enable development of skills in processing documents which make up credit transactions. Simulated documents should be used to generate understanding of how data is originated and transferred and classified.

Opportunities exist to simulate an office environment in the matching and batching of documents and the need for double checking through add listing and totalling of documents for checking purposes. The practicalities of dispatching invoices to wrong address or for wrong quantity of goods can be considered, and the impact of this on cash flow and customer service.

If the centre has access to tally roll adding machines, each batch of documents could be totalled and tallies attached to batches to simulate office environment.

The activities require candidates to be organised and accurate in processing, checking and recording of transactions.

By adopting the above learning and teaching approaches and/or through the Outcomes and corresponding Evidence Requirements, the Unit should provide candidates with an opportunity to develop the following essential skills for life, learning and work:

Employability — through developing practical skills to industry standards and working on time limited tasks.

National Unit specification: support notes (continued)

Unit title: Recording Credit Transactions

Opportunities for developing Core Skills

In this Unit candidates will learn how to process a range of credit documents and record them in the books of original entry.

Candidates will:

- ◆ Distinguish between sales and purchase documents
- ◆ Process multiple transactions of different types
- ◆ Process documents
- ◆ Check for and amend errors
- ◆ Make calculations
- ◆ Organise documents
- ◆ Apply skills to time limited tasks

As candidates are doing this Unit they will be developing aspects of the Core Skills in Numeracy and Problem Solving

In addition, whilst completing this Unit candidates may develop aspects of the Core Skill in Information and Communication Technology if the Unit is delivered using a recognised spreadsheet package.

Guidance on approaches to assessment for this Unit

It is recommended that the assessment should be presented as one case study opportunity to ensure that candidates are able to meet the performance criteria of identifying relevant transactions.

The checking of documents could be evidenced by correcting the face of the document and/or completing a checklist of amended documents.

Time should be allowed for any necessary re-assessment.

Opportunities for the use of e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or e-checklists. Centres which wish to use e-assessment must ensure that the national standard is applied to all candidate evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. Further advice is available in *SQA Guidelines on Online Assessment for Further Education (AA1641, March 2003)*, *SQA Guidelines on e-assessment for Schools (BD2625, June 2005)*.

National Unit specification: support notes (cont)

Unit title: Recording Credit Transactions

Disabled candidates and/or those with additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering whether any reasonable adjustments may be required. Further advice can be found on our website www.sqa.org.uk/assessmentarrangements

History of changes to Unit

Version	Description of change	Date

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