

## **SQA Advanced Unit Specification**

### **General information for centres**

**Unit title:** Recording Financial Transactions (SCQF level 6)

**Unit code:** HP6F 46

**Superclass:** AK

**Publication date:** August 2017

**Source:** Scottish Qualifications Authority

**Version:** 01

### **Unit purpose**

This unit is designed to enable learners to develop the knowledge and skills required to provide financial data to a business in order to complete a trial balance, a VAT return and a bank reconciliation. It is primarily intended for learners who wish to develop book-keeping as a skill within an administrative role, or for those considering a career in book-keeping or finance. It is also relevant to learners with appropriate work experience who wish to obtain formal recognition of their book-keeping skills.

### **Outcomes**

On successful completion of the unit the learner will be able to:

- 1 Post business transactions to ledger accounts using the principles of double entry book-keeping and prepare a trial balance.
- 2 Complete a VAT Return.
- 3 Prepare a Bank Reconciliation Statement

### **Credit points and level**

1 SQA Credit at SCQF level 6: (8 SCQF credit points at SCQF level 6)

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### Recommended entry to the unit

Access to this unit is at the discretion of the centre. However, it would be beneficial if learners have competence in communication and numeracy skills which may be demonstrated by the achievement of the Core Skills *Communication* and *Numeracy* at SCQF level 5 or equivalent, or have relevant experience.

### Core Skills

Achievement of this Unit gives automatic certification of the following Core Skills component:

Complete Core Skill	None
Core Skill component	Using Number at SCQF level 5

There are also opportunities to develop aspects of Core Skills which are highlighted in the support notes of this unit specification.

### Context for delivery

If this unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

### Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

## **Unit specification: statement of standards**

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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.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Learners should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### **Outcome 1**

Post business transactions to ledger accounts using the principles of double entry book-keeping and prepare a trial balance.

#### **Knowledge and/or Skills**

- ◆ Day books
- ◆ Analysed petty cash book
- ◆ Cash book
- ◆ VAT
- ◆ Double entry book-keeping principles
- ◆ Accounting ledgers
- ◆ Trial balance

### **Outcome 2**

Complete a VAT Return.

#### **Knowledge and/or Skills**

- ◆ Inputs
- ◆ Outputs
- ◆ VAT Return

### **Outcome 3**

Prepare a Bank Reconciliation Statement.

#### **Knowledge and/or Skills**

- ◆ Bank Statement
- ◆ Bank Reconciliation Statement

### Evidence Requirements for this unit

Learners will need to provide evidence to demonstrate their Knowledge and/or Skills across all Outcomes by showing that they can:

#### Outcome 1

- ◆ Post business transactions for assets, liabilities, income, and expenses from the books of original entry to ledger accounts using double entry book-keeping principles. The transactions should be posted from six prepared and totalled day books (Sales, Sales Returns, Purchases, Purchases Returns, Discount Allowed and Discount Received) containing a total of six transactions, a completed Petty Cash Book containing four transactions, and a completed Cash Book containing seven transactions.
- ◆ Extract balances from the ledger accounts to prepare a trial balance.

Evidence should be presented as seven general, two sales and two purchases ledger accounts and a trial balance.

The evidence should be generated under closed-book supervised conditions. The use of accounting or book-keeping software is not permitted.

Figures must be accurate within a tolerance of two arithmetic errors with a maximum of two errors of principle.

#### Outcome 2

- ◆ Extract data on inputs and outputs from a set of book keeping records or ledger accounts.
- ◆ Complete a VAT Return.

Evidence will be in the form of a completed VAT Return form.

The evidence should be generated under closed-book supervised conditions. The use of accounting or book-keeping software is not permitted.

Figures must be accurate within a tolerance of two arithmetic errors, with a maximum of two errors of principle. Consequential errors arising from Outcome 1 should not be counted.

#### Outcome 3

Reconcile a cash book with a bank statement, and prepare a bank reconciliation statement. Six different anomalies covering outstanding lodgements, unrepresented cheques, standing orders, direct debits and charges should be included in the reconciliation.

The evidence should be generated under supervised conditions with access restricted to a pro forma layout. Figures must be accurate within a tolerance of one arithmetical error. No errors of principle are permitted.

### Unit specification: support notes

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Unit Support Notes are offered as guidance and 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

This unit is likely to form part of a Group Award and is designed to provide learners with the knowledge and skills for further study or employment within an administrative environment. This unit is mandatory within the SQA Advanced Diploma in Administration and Information Technology (GM68 48) but may form part of other Group Awards and may be delivered as a stand-alone unit.

Where this unit is being delivered as part of the SQA Advanced Diploma in Administration and Information Technology Group Award it is recommended that a thematic approach to delivery and assessment is adopted. Themes for small, sole trader types of business could be specialist shops, services providers or repair workshops.

This unit is primarily intended for learners who wish to offer book-keeping skills within an administrative role. It is also relevant to those with appropriate work experience and who wish to formalise their book-keeping skills.

It introduces them to the principles of double entry book-keeping, VAT and bank reconciliation. Learners will develop the knowledge and skills required to carry out the routine book-keeping tasks they could encounter in small to medium sized businesses. The financial records and terminology used should be in accordance with current accounting standards.

### Guidance on approaches to delivery of this unit

It is recommended that this unit be delivered and assessed in the order suggested by the Outcomes. It is possible to assess the Outcomes holistically by combining all three Outcomes or by combining Outcomes 1 and 2 or 1 and 3.

While it is not appropriate to use book-keeping or accounting software in delivering and assessing this unit, centres may choose to allow learners to use other non-specialist software such as word processing or spreadsheets. Where centres provide books and ledgers in these formats, no formulae should be included. Learners should be aware of the need for accuracy and a logical approach to studying this unit.

The source documents used to complete the petty cash book could show a range of document designs. The importance of dates on documents in relation to tax point and of showing net and gross amounts will link to discussion on VAT. Cash and bank transactions should direct learners to apply standard, reduced or zero VAT rates rather than specify the actual current rates, and transactions for exempt goods or services should also be included. Calculation of VAT should cover both adding VAT to net amounts and extracting VAT from gross amounts.

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For Outcome 1 centres can decide whether to use the running balance or 'T' account approach for presenting double entry information. However, it would be useful for learners to know that there is an alternative approach. While it is usual practice to divide ledgers into three categories, trade receivables/revenue, trade payables/purchases, nominal/general, centres may decide to work with one ledger.

For Outcome 2, an overview of the UK VAT scheme, its purpose, and how businesses are involved will provide a framework for the transactions learners have posted.

For Outcome 3 learners should become familiar with bank statements and recognise the difference between the bank's viewpoint and the cash book; they should be made aware of the effect of time on these differences.

### Guidance on approaches to assessment of this unit

Evidence can be generated using different types of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

Assessments for Outcomes 1 and 2 are carried out under closed-book supervised conditions, to assess learners' recall of knowledge and ability to apply it without reference to notes or supporting material. Assessment for Outcome 3 is to be carried out under supervised conditions to ensure authenticity.

The use of formative assessments should give learners the opportunity to prepare for the summative assessment. The importance of accuracy should be emphasised from the outset and learners should be fully briefed on the logical steps that are taken in the preparation of day books, ledgers and trial balance.

In Outcome 2, learners should be fully aware of the implications of the VAT Return and the need for accuracy in its preparation in relation to the requirements of Her Majesty's Revenue and Customs.

Learners cannot use accounting or book-keeping software whilst undertaking this unit but they will find the knowledge and skills contained in this unit an advantage if they then go on to undertake the unit *Using Financial Accounting Software*.

### Opportunities for 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 social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at [www.sqa.org.uk/e-assessment](http://www.sqa.org.uk/e-assessment).

### **Opportunities for developing Core and other essential skills**

Throughout all three Outcomes of the unit, learners apply a range of numerical skills to practical tasks.

This unit has the Using Number component of Numeracy embedded in it. This means that when learners achieve the unit, their Core Skills profile will also be updated to show they have achieved Using Number at SCQF level 5.

## Administrative information

Version	Description of change	Date
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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#)

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### General information for candidates

#### **Unit title:** Recording Financial Transactions (SCQF level 6)

This unit is designed to enable you to develop the knowledge and skills required to provide financial data to a business in order to complete a trial balance, a VAT return and a bank reconciliation book-keeping skills, covering double-entry book-keeping, UK VAT and bank reconciliation.

Outcome 1 will enable you to understand the basic principles of double entry book-keeping by introducing you to the books of original entry. In the assessment you will be asked to carry out double entry book-keeping by posting transactions to the ledger accounts for assets, liabilities, income and expenses and use balances from these to prepare a trial balance.

Outcome 2 covers the principles of UK VAT. In the assessment you will be required to complete a basic VAT Return Form. A VAT Return records things for the accounting period, such as — total sales and purchases, the amount of VAT you owe, the amount of VAT you can reclaim and any VAT refund from HMRC.

Outcome 3 is concerned with bank reconciliation. A bank reconciliation is a process that explains the difference between the bank balance shown in an organisation's bank statement, as supplied by the bank, and the corresponding amount shown in the organisation's own accounting records at a particular point of time. This may occur due to recent transactions not having been fully processed yet, or even due to error by the bank or organisation. For the assessment you will be required to reconcile a cash book with a bank statement, and prepare a bank reconciliation statement.

The Outcomes may be assessed separately or the assessments may be combined.

You may have opportunities to develop the Core Skill of Numeracy at SCQF level 5 in this unit.

This unit has the Using Number component of Numeracy embedded in it. This means that when you achieve the unit, your Core Skills profile will also be updated to show you have achieved Using Number at SCQF level 5.