
Overview

This unit is about an organisation's accounting processes. It involves:

- 1 checking and verifying bank transactions
- 2 preparing ledger balances and control accounts
- 3 drafting a trial balance

It also involves identifying and correcting or referring any errors or discrepancies as well as maintaining security and confidentiality of information at all times.

The figures you produce here may form the basis for the organisation's accounts and financial statements.

FSP FA3 SQA Unit Code FD9L 04

Account for income and expenditure

Performance criteria

- You must be able to:*
- P1 record details from the relevant primary records in the cashbook and ledgers
 - P2 correctly calculate totals and balances of receipts and payments
 - P3 compare individual items on the bank statement and in the cashbook for accuracy and identify discrepancies
 - P4 prepare a bank reconciliation statement that illustrates any discrepancies
 - P5 make and record authorised adjustments
 - P6 balance relevant accounts in the main ledger
 - P7 reconcile control accounts with the totals of the balance in the subsidiary ledger accounts
 - P8 reconcile the petty cash book with cash in hand and subsidiary records
 - P9 identify discrepancies arising from the reconciliation of control accounts and either resolve them or refer to the appropriate person
 - P10 draft a trial balance and open a suspense account to record any imbalance where necessary
 - P11 identify reasons for imbalance, rectify them and make accurate corrections in the journal
 - P12 securely store documentation in line with the organisation's confidentiality requirements

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Account for income and expenditure

Knowledge and understanding

The business environment

You need to know and understand:

- K1 types of business transactions and the documents involved
- K2 the general principles of vat
- K3 relevant bank services and the operation of the bank clearing system
- K4 the function and form of banking documentation

Accounting techniques, principles and theory

You need to know and understand:

- K5 capital and revenue expenditure
- K6 how to identify different types of errors
- K7 how to make adjustments to correct errors and write off bad debts
- K8 methods of posting from books of prime entry to ledger accounts
- K9 double entry bookkeeping and balancing accounts
- K10 the inter-relationship of accounts and the double entry system
- K11 the use of journals
- K12 how to identify discrepancies through control account reconciliation
- K13 the function and form of a trial balance
- K14 how to rectify imbalances and adjust errors not requiring a suspense account
- K15 the purpose and function of a suspense account
- K16 how to rectify imbalances by creating and then subsequently clearing a suspense account

The organisation

You need to know and understand:

- K17 The organisation's accounting, administrative and filing systems and procedures
- K18 The nature of the organisation's business transactions

FSP FA3 SQA Unit Code FD9L 04

Account for income and expenditure

Links to other NOS

1. CAS Computerised Accounting Software [Link](#)
2. SS Spreadsheet Software [Link](#)
3. BS Bespoke or Specialist Software [Link](#)
4. PM Project Management Software [Link](#)
5. WP word processing software [Link](#)
6. ITS IT security for users [Link](#)
7. E1 Manage a budget [Link](#)
8. F1 Manage a project [Link](#)
9. E2 Manage Finance In your area of responsibility [Link](#)
10. D16 Manage Redundancies In Your Area Of Responsibility [Link](#)
11. MN3 Keep Financial Records For Your Business [Link](#)
12. MN4 Manage Cash Flow In Your Business [Link](#)
13. MN5 Get Customers To Pay On Time [Link](#)
14. MN8 Monitor Borrowing For Your Business [Link](#)
15. MN9 Carry Out The Banking For Your Business [Link](#)
16. MN10 Prepare Wages [Link](#)
17. MN11 VAT Registration And Returns [Link](#)
18. E11 Communicate Information And Knowledge [Link](#)
19. ICF IT Communication Fundamentals [Link](#)
20. ISF IT Software Fundamentals [Link](#)
21. B8 Ensure Compliance With Legal, Regulatory, Ethical And Social Requirements [Link](#)
22. E9 Manage The Environmental Impact Of Your Work [Link](#)
23. HSS7 Make Sure Your Own Actions Within The Workplace Aim To Protect The Environment [Link](#)
24. HSS1 Make Sure Your Own Actions Reduce Risks To Health And Safety [Link](#)
25. HSS2 Develop Procedures To Safely Control Work Operations [Link](#)
26. HSS6 Conduct A Health And Safety Assessment Of A Workplace [Link](#)
27. IUF IT User Fundamentals [Link](#)
28. EE5 Build Relationships to Build Your Business [Link](#)
29. F5 Resolve Customer Service Problems [Link](#)
30. F6 Monitor And Solve Customer Service Problems [Link](#)
31. F7 Support Customer Service Improvements [Link](#)
32. F14 Prepare For And Participate In Quality Audits [Link](#)
33. F15 Carry Out Quality Audits [Link](#)
34. LG2 Keep Up To Date With Current Legislation Affecting Your Business [Link](#)

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Suite Accountancy

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