

National Unit Specification: general information

UNIT Maintaining Financial Records (Intermediate 2)

NUMBER D3GH 11

COURSE

SUMMARY

This unit will enable candidates to maintain financial records by recording payroll transactions in the primary accounting records, recording transactions in the journal, and preparing an extended trial balance which incorporates adjustments for period end accounts. They will also be able to prepare a VAT return by extracting information from a set of manual accounts.

OUTCOMES

- 1 Record payroll transactions in the primary accounting records.
- 2 Record transactions in the journal.
- 3 Prepare an extended trial balance.
- 4 Prepare a VAT return.

RECOMMENDED ENTRY

Entry is at the discretion of the centre. However, it would be beneficial if candidates had achieved suitable performance (eg a General Level award) in relevant subjects at Standard Grade such as Accounting and Finance or had relevant units in Recording Income and Receipts and Making Payments (Intermediate 2) and Recording of Financial Transactions (Intermediate 2). Candidates would also benefit from having achieved Numeracy (Intermediate 1).

CREDIT VALUE

1 Credit at Intermediate 2.

CORE SKILLS

Information on the automatic certification of any core skills in this unit is published in *Automatic Certification of Core Skills in National Qualifications* (SQA, 1999).

Administrative Information

Superclass: AK

Publication date: August 2000

Source: Scottish Qualifications Authority 2000

Version: 01

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National Unit Specification: statement of standards

UNIT

Maintaining Financial Records (Intermediate 2)

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 the Scottish Qualifications Authority.

OUTCOME 1

Record payroll transactions in the primary accounting records

Performance criteria

- a) Gross employee earnings are correctly calculated from source documentation.
- b) The payroll status of the employee is accurately determined.
- c) Statutory deductions are correctly calculated in accordance with authorities held.
- d) Pay advice records and coin analysis statements are correctly prepared.

Note on the range for the outcome

Gross employee earnings: basic pay, bonus, overtime.

Payroll status: personal details, rate of pay, tax code.

Deductions: income tax; national insurance.

Pay advice records: employee records, employer records.

Evidence requirements

Please refer to *Evidence requirements for the unit* at the end of the Statement of Standards.

OUTCOME 2

Record transactions in the journal

Performance criteria

- a) The journal is headed correctly, legibly and laid out in good form.
- b) Entries made in the journal adhere to accepted book-keeping practices.
- c) Narratives adequately explain the reasons for the journal entry.

Note on the range for the outcome

Transactions: correction of errors affecting the trial balance; correction of errors not affecting the trial balance; acquisition and sale of fixed assets; proprietor's transactions; opening balances and closing entries (period end adjustments and transfers).

Evidence requirements

Please refer to *Evidence requirements for the unit* at the end of the Statement of Standards.

National Unit Specification: statement of standards (cont)

UNIT Maintaining Financial Records (Intermediate 2)

OUTCOME 3

Prepare an extended trial balance

Performance criteria

- a) Closing balances are correctly entered.
- b) Adjustments to the closing balances are correctly entered.
- c) Capital and revenue items are correctly transferred to either the profit and loss account or balance sheet.
- d) The net profit or loss is correctly deduced and carried to the appropriate balance sheet column.
- e) All columns are balanced correctly.
- f) The statement is neat, legible and laid out in good form.

Note on the range for the outcome

Closing balances: capital, drawings, fixed assets, current assets, long-term liabilities, current liabilities, income and expenditure.

Adjustments: accruals, prepayments, depreciation (straight line), provision for bad debts.

Evidence requirements

Please refer to *Evidence requirements for the unit* at the end of the Statement of Standards.

OUTCOME 4

Prepare a VAT return

Performance criteria

- a) Inputs and outputs are identified correctly.
- b) Input and output calculations are correct.
- c) Postings to the VAT input and output accounts are correct.
- d) VAT returns are completed correctly.

Note on the range for the outcome

Inputs and outputs: standard, zero rated.

Evidence requirements

Please refer to *Evidence requirements for the unit* at the end of the Statement of Standards.

National Unit Specification: statement of standards (cont)

UNIT Maintaining Financial Records (Intermediate 2)

EVIDENCE REQUIREMENTS FOR THE UNIT

Outcome 1

Practical exercises where the candidate records the payroll transactions of weekly paid employees on a manual basis incorporating all the items in the range and in accordance with the standards laid down in the performance criteria.

Outcome 2

Practical activities where transactions, of the nature mentioned in the range, are recorded in the journal.

Outcome 3

On a manual basis the preparation of an extended trial balance for a sole trader, which generates performance evidence and meets the performance criteria across the range.

Outcome 4

The preparation of a VAT return where all types of inputs and outputs identified in the range can be extracted from a realistic set of accounts.

National Unit Specification: support notes

UNIT Maintaining Financial Records (Intermediate 2)

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

This unit deals with the procedures required to maintain financial records by recording payroll transactions in the primary accounting records, recording transactions in the journal, and preparing an extended trial balance which incorporates adjustments for period end accounts. A VAT return is also required to illustrate the principal of ensuring accurate recording and extraction of inputs and outputs from the appropriate sources.

Candidates should be aware of the book-keeping processes required to record basic transactions in ledger accounts on a double entry basis.

The candidate should achieve a level of competence of someone who is expected to carry out, under supervision, the routine recording of transactions in the books of a range of organisations. The candidate should be able to apply the underpinning knowledge and understanding to both large and small organisations within the private, public and voluntary sectors.

In outcome 1 the candidate is required to prepare the weekly pay records for a business so that they can demonstrate an understanding of the importance of accurate and complete payroll control.

Outcome 2 will enable the candidate to understand the use of the journal to record transactions relating to the various adjustments that can occur in an organisation.

For outcome 3 candidates should be familiar with the preparation of a basic trial balance which can then be adjusted for some of the transactions described in the outcomes of this unit. This will be achieved by using the extended trial balance to record the adjustments, in the format of a worksheet, in order to assist in the preparation of final accounts.

In outcome 4 the candidate is required to prepare a basic VAT return in order to understand the importance of preparing statutory returns to external bodies.

GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT

The emphasis throughout the unit should be on an activity based approach where candidates undertake practical exercises to overtake the unit content. It is important, however, that due emphasis be put on the theoretical background to these practical activities.

Teaching and learning strategies should be adopted which enable each candidate to progress at his/her own speed, irrespective of the progress of the remainder of the group.

There is scope within the unit for the use of information technology using spreadsheets or accounting packages. However, it is important that candidates understand the operation of the processes involved, as the unit internal assessments require manual methods to be employed.

National Unit Specification: support notes (cont)

UNIT

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GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT

Practical assignments will be the most suitable form of assessment instrument. One method of assessment would be to assess an outcome immediately following its delivery, with time allowed for remediation prior to any reassessment. Alternatively it could be possible to assess more than one outcome with one assessment instrument.

The recommended approach to assessment is the use of assignments delivered under controlled conditions. No prescribed time limit has been determined for the completion of each assessment.

Where an instrument assesses more than one outcome, success in one outcome and failure in another would require only the failed outcome to be reassessed.

For the purposes of assessment an error refers to any errors involving the recording of accounting information, arithmetical errors or any errors relating to the application of accounting theory and principles.

It is expected that each assessment will require the application of a marking scheme articulating with specific criteria. Such criteria would include and allow for different types of errors – arithmetic, consequentiality, and lack of accounting knowledge. There is no specific upper limit for the allocation of marks over an assessment instrument, but ease of use, consistency and comprehensiveness should be evident.

SPECIAL NEEDS

This unit specification is intended to ensure that there are no artificial barriers to learning or assessment. Special needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering special alternative outcomes for units. For information on these, please refer to the SQA document *Guidance on Special Assessment and Certification Arrangements for Candidates with Special Needs/Candidates whose First Language is not English* (SQA, 1998).