



National Unit specification: general information

Unit title: Recording Cash Transactions

Unit code: FN14 11

Superclass: AK

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Summary

The purpose of this Unit is to provide candidates with the basic knowledge and skills to process cash transactions, including VAT, from source documents, enter into the Petty Cash Book and Cash Book, and prepare a simple banking pay in of cash and cheques.

This Unit is suitable for candidates who aim 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 may also be offered as a free standing Unit. The NC accounting is an introductory qualification 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 Record Petty Cash transactions in the primary accounting records
- 2 Organise source documents for cash receipts and payments and record in the primary accounting records
- 3 Prepare the banking of both cash and cheques

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

Achievement of this Unit gives automatic certification of the following Core Skills 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.

National Unit specification: statement of standards

Unit title: Recording Cash 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

Record Petty Cash transactions in the primary accounting records

Performance Criteria

- (a) Check that Petty Cash Vouchers are correctly completed, authorised, for business purposes and within the petty cash limit
- (b) Check the accuracy of VAT calculations – both adding and extracting
- (c) Record transactions correctly into the Petty Cash Book and analyse to the correct classification headings
- (d) Calculate totals and reinstate the imprest balance

Outcome 2

Organise source documents for cash receipts and payments and record in the primary accounting records

Performance Criteria

- (a) Check documents for accuracy and correct any errors, ensuring all documents are arithmetically correct, correctly completed and authorised
- (b) Sort documents into receipts and payments
- (c) Record transactions into the cash book showing correct classification of transaction
- (d) Calculate closing cash and bank balances

Outcome 3

Prepare the banking of both cash and cheques

Performance Criteria

- (a) Identify and enter total cash on face of the pay in slip
- (b) Identify and list cheques on reverse of a pay in slip and show totals on front
- (c) Total the pay in slip and complete the counterfoil

National Unit specification: statement of standards (continued)

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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.

Outcome 1

Candidates are required to process petty cash documents, check for errors and authorisation (amending where possible), and cancel any vouchers not wholly or exclusively for business or those over the petty cash limit. Clear evidence of the checking process must be shown.

Assessment will consist of 15 petty cash vouchers and candidates should have access to a pro forma petty cash book and the current rate of VAT.

Errors must all include all of the following:

- ◆ Arithmetic addition
- ◆ Incorrect calculation of VAT (both adding and extracting at standard rate)
- ◆ Incorrect authorisation
- ◆ Items of a personal nature to be cancelled
- ◆ Items over the petty cash limit to be cancelled

This outcome can be assessed either manually or using a recognised spreadsheet package, and candidates should be able to complete in 1.5 hours.

Outcome 2 and 3

Candidates are required to process cash documents and identify receipts or payments. They must also be able to identify the correct classification of transaction sales, purchases, asset acquisition, expense, customer receipts, and supplier payments and enter this into the details column of the cash book.

Documents must include

- ◆ Till summaries
- ◆ Supplier statements with attached settlement cheques/electronic payment advice
- ◆ Customer statements with attached settlement cheques/electronic payment advice
- ◆ Cash Payment vouchers
- ◆ Cash Receipts
- ◆ Cheque Receipts
- ◆ Cheque counterfoils
- ◆ Credit/debit card settlement transactions

National Unit specification: statement of standards (continued)

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Errors must include arithmetic on internal documents, authorisation on paid items and incorrect completion of cheques (eg words and figures errors to be amended). There should be no VAT errors to check in this assessment.

Assessment will consist of 15 transactions and candidates should have access to a pro forma cash book. Where Outcome 2 assessment is combined with Outcome 3, there should be a minimum of 5 received cheques, and a note of the cash to be banked to enable completion of the pay in slip and candidates should be provided with a pro forma pay in slip (face and reverse).

Candidates should correctly complete both the face and reverse of a pay in slip. This could be assessed with Outcome 2, where all receipt cheques and cash are correctly identified and entered on the banking pay in slip.

Candidates should be able to complete the assessment (for Outcomes 2 and 3) in 1.5 hours. The cash book can be generated manually or using 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

This Unit is an optional Unit within the National Certificate in Accounting at SCQF level 5, but can also be taken as a free-standing Unit.

In this Unit candidates are required to process a range of cash receipts and payments 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 transactions in the books of a range of organisations.

The unit covers the first part of the Recording Transactions series, and for those undertaking National Certificate in Accounting at SCQF level 5, it could be logically followed by Recording Credit Transactions(FN15 11) and Recording Data in the Ledger (FN16 11).

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

Candidates should be introduced to the concept of handling small cash items within a business and the responsibility of being accountable for controlling the expenditure, and keeping accurate records. They should understand the responsibilities of the petty cashier and in particular the following:

- ◆ Recording of receipts of cash floats from head cashier.
- ◆ Cash must be kept securely under lock and key.
- ◆ The authorisation policy, and apply it rigorously to ensure only authorised and business expenditure is passed for payment.
- ◆ Maintaining accurate and up-to-date information of receipts and expenditure within the petty cash book.
- ◆ Reporting of any discrepancies promptly to the person who controls expenditure.
- ◆ Maintaining records in line with organisational requirements, including petty cash limits.

National Unit specification: support notes (continued)

Unit title: Recording Cash Transactions

Outcome 2

Candidates should understand the need to accurately record all cash receipts and payments in a business, and that cash includes both physical cash and all cheques and electronic banking receipts and payments. In particular, they should understand the following:

- ◆ Main types of cash documents.
- ◆ Identification of receipts and payments from documents.
- ◆ Classification of transactions, ie sales, purchases, assets, expenses and the importance of recording the items correctly in the cash book and the implications for final accounts.
- ◆ Ensuring all expenditure is correctly authorised in line with organisational policy.
- ◆ Recording cash and bank items in their own column.
- ◆ Maintaining cash book records in accordance with organisational policy.
- ◆ Importance of cash books for monitoring cash and bank balances.

Outcome 3

Candidates should understand that all cheques received and any surplus cash must be prepared for banking in line with organisational procedures. They should also understand that cheques must be passed through the banking clearing system before payment can be confirmed, thus the importance of processing cheques promptly. The need for obtaining a receipt for all banking should also be clearly understood.

Through successful completion of this Unit, candidates will be working towards the following elements of the National Occupational Standards in Accounting

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

- FA - 1 Process Income
- FA - 2 Process Expenditure
- FA - 3 Account for Income and Expenditure

National Unit specification: support notes (continued)

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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.

The following approach is suggested:

For **Outcome 1** candidates should be presented with a series of progressive exercises which will give them the necessary skills to examine petty cash vouchers and check them to ensure they fall within the petty cash house rules. They should be able to enter these into a Petty Cash Book calculate period end totals and reinstatement of a given imprest, both during the period and at the end of the period.

For **Outcome 2** candidates should be presented with a series of progressive exercises which will give them the necessary skills to:

- ◆ classify transactions into sales, purchases, settlement of credit transactions and capital and revenue expenditure.
- ◆ correctly identify receipts and payments from source documents.
- ◆ Complete cash book receipts and payments

Outcome 3 could be combined with the final stages of Outcome 2 where consolidation exercises include the received cheques and cash to enable candidates to complete a banking pay in slip.

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 — developing practical skills to industry standards; working on time limited tasks

National Unit specification: support notes (continued)

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Opportunities for developing Core Skills

In this Unit candidates will learn how to process cash transactions, including VAT, from source documents, enter into the Petty Cash Book and Cash Book, and prepare a simple banking pay in of cash and cheques.

Candidates will:

- ◆ process petty cash documents
- ◆ check documents for identify errors
- ◆ make calculations
- ◆ make decisions about what payments are allowed (ie not items of a personal nature)
- ◆ apply house rules in relation to Petty Cash
- ◆ identify receipts or payments
- ◆ classify transactions
- ◆ carry out tasks accurately

This Unit has the Numeracy component of Using Number embedded in it, so when candidates achieve this Unit their Core Skills profile will be updated to show they have achieved Using Number at SCQF Level 5. In addition, as candidates are doing this Unit they will be developing aspects of the Core Skills in Problem Solving and Information and Communication Technology.

Guidance on approaches to assessment for this Unit

The following approaches to assessment are suggested:

Outcome 1: Practical task consisting of instructions on the operation of a petty cash system (imprest amount and petty cash limit), actual Petty Cash Vouchers, and completion of a pro forma petty cash book. The checking process could be evidenced by amending the face of the voucher and/or completing a checklist of amended vouchers.

Outcome 2&3: Practical task consisting of a series of source documents, a pro forma cash book and pro forma pay in slip. . 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.

National Unit specification: support notes (continued)

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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)*.

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

National Unit specification: support notes (cont)

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History of changes to Unit

Version	Description of change	Date
02	Core Skills Component Using Number at SCQF level 5 embedded.	08/08/2011

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