

## **Vocational Qualifications (QCF, NVQ, NQF)**

### **Bookkeeping Skills**

Bookkeeping Skills (Manual) Level 1 Award – **05524**

Bookkeeping Skills (Computerised) Level 1 Award – **05525**

Bookkeeping Skills Level 1 Extended Award – **05526**

### **OCR Report to Centres: 2014 – 2015**

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

This report on the examination provides information on the performance of candidates, which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

OCR will not enter into any discussion or correspondence in connection with this report.

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# Level 1 Bookkeeping Skills (Manual and Computerised) – 05524–05526

## Overview:

The Bookkeeping series are vocational, credit-based qualifications that provide valuable opportunities for individuals to develop skills, gain underpinning knowledge and understanding, demonstrate competence in the workplace and provide progression to the accounting sector. They support achievement of Functional Skills/Essential Skills and relate to national occupational standards (NOS).

The Level 1 Award(s)/Extended Award in Bookkeeping Skills has been designed to provide candidates with a flexible, modern and coherent introduction to key topics in bookkeeping and requires no previous knowledge in bookkeeping skills. They are suitable for those employed in a bookkeeping/data processing role wishing to further develop their bookkeeping and accounting skills. They are suitable for those expected to work autonomously in carrying out accounting tasks. Candidates could progress to OCR Level 2 qualifications or with professional accounting bodies such as the AAT and CIPFA.

The following units comprise the Level 1 Bookkeeping Skills series:

05524 – Award in Bookkeeping Skills (Manual)

Unit M1: Preparing and processing bookkeeping documents

Unit M2: Recording credit transactions

Unit M3: Making and receiving payments

Unit M4: Recording receipts and payments

Unit M5: Maintaining petty cash records

05525 – Award in Bookkeeping Skills (Computerised)

Unit C1: Record routine bookkeeping transactions using a computerised system

Unit C2: Prepare & record sales & purchase documents using a computerised system

05526 – Extended Award in Bookkeeping Skills

This comprises all units from qualifications 05524 and 05525 (M1 – M5 and C1 and C2)

## General Comments

During the current academic year, the total number of entries for the Level 1 suite of bookkeeping skills qualifications has not really increased since last year, being disappointingly low.

Units M1, M2 and C1 have been the most successful but Units M4, and C2 have caused most problems for candidates.

## Comments on Individual Units

### Unit M1: Preparing and processing bookkeeping documents

The purpose of this unit is to develop learners' skills in creating and processing financial documents.

This involves candidates creating invoices and credit notes using documents and price lists provided. The second part of the assignment includes checking invoices and credits received to ensure they are correct and if not specify why they cannot be processed.

This unit is generally completed well with a high pass rate. Listed below are the most common errors.

- Omitting product descriptor (colour, size, weight) when completing invoices and credit notes. This incurs a maximum of 2 text faults; it is often omitted on the invoices and then included on the credit notes.
- Product code, product description and price do not match; this often occurs when the descriptor has been omitted and is a concept fault. If candidates used a ruler when taking information from the price list this error could be vastly reduced.
- Incorrect calculation of VAT, using incorrect rate or candidates not quoting figures to two decimal places as required.
- Incorrect multiplication of quantity and unit price, to calculate product total resulting in a numeric error.
- Failing to identify the reason documents cannot be processed; candidates do not enter all the information requested and often enter the valid documents as well, but giving a reason they cannot be processed. Tutors need to teach candidates how to check documents and explain in their own words why documents cannot be processed.

### Unit M2: Recording credit transactions

The purpose of this unit is for the learner to have a clear understanding of the principles and procedures related to the processing of business documents.

Candidates are asked to enter sales and purchase documents into day books for a given month.

This unit has a high success rate and most candidates enter all the documents correctly.

The main errors were:

- Documents entered into the incorrect day book, which incurs a concept fault.
- Dates omitted for individual entries and total
- Columns incorrectly added or not totalled at all.
- Candidates do not cross cast the day books and this would show if any errors had been made.

The latter of these could be avoided if tutors taught candidates how to 'cross cast' (cross check) and then the candidate would be aware of the error and able to amend.

### Unit M3 – Making and receiving payments

The purpose of this unit is for candidates to understand the banking processes for receipts; and it covers credit control for customer receipts and understanding the documentation for payments.

Candidates are required to calculate cash and cheque payments and receipts.

This unit is usually completed well and has a high success rate. The main errors were:

- Incomplete till contents sheet, the individual amounts are incorrect; this is also the same for the cash paying in slip. Candidates either enter nothing but the total or enter a range of figures that calculate to the total they require but are not the correct amounts. This incurs numeric faults and can result in a fail on the first page.
- Identifying invalid cheques does cause problems for some candidates and this again is something tutors could rectify by teaching all the different ways in which a cheque can be invalid.
- Business names incorrectly spelt.
- Figures not displayed to two decimal places.
- First line of address entered instead of supplier's name on cash request slip.
- Not using least number of notes and coins possible for the cash request slip as specified on the question paper.
- Amount in words on cheque incorrectly spelt and cheque counterfoil not completed.
- Cheque signed by candidate. Question paper specifies '*complete cheque ready for signature*' (AC5.1) It doesn't instruct candidates to sign the cheque. This incurs a text fault.

### Unit M4 – Maintaining control accounts

The purpose of this unit is for the learner to understand the importance of recording all payments and receipts, and completing bank reconciliation. This is the level 1 version of unit M7 at level 2.

Candidates are required to complete a two-column cash book and reconcile against the bank statement. This requires a clear understanding of the principles and procedures of bookkeeping. The main errors were:

- Incorrect and omitted dates; banked date must be used not date the cheque was written (AC 1.2).
- Business names incorrectly spelt or partial, candidates omitted Ltd, & Co.
- Incorrect narratives, for example: name of signatory on cheque instead of business name.
- Inaccurate calculations when balancing cash book.
- Incorrect balancing procedure with balances c/d and balances b/d reversed.
- Figures not displayed to two decimal places.

- Totals not parallel and irrelevant figures entered by candidates.
- Omission of bank statement references, SO, DD, CHAPS, BGC, BACS.
- Omitted date, narrative and subtotal on Bank reconciliation statement.
- The bank reconciliation statement is only partially completed by candidates; the subtotals should be given for all calculations.

### **Unit M5 – Maintaining petty cash records**

This unit requires knowledge and understanding of the principles and procedures related to the processing of petty cash transactions, the preparation of petty cash vouchers and the calculation of Value Added Tax where it is included in an expense. It also includes entering petty cash vouchers into an analysed petty cash book; totalling, balancing and cross casting the analysed petty cash book; and reconciling the balance with the cash in hand and calculating the amount to restore the imprest.

Candidates are required to calculate and complete petty cash vouchers. Enter information on to correct voucher, calculate net and VAT from gross figure and then total voucher before entering in analysed petty cash book. Total columns, cross cast with petty cash book total and complete reimbursement slip. Again this unit is either completed well or very badly and candidates incur numeric and concept faults. The main errors were:

- Details of items purchased incorrectly spelt or omitted on petty cash vouchers.
- Incorrect and omitted dates.
- Incorrect or omitted voucher number.
- Inaccurate calculations.
- Incorrect calculation of VAT, often 25% instead of 20%.
- Item spelt incorrectly on voucher and then spelt a different way in petty cash book.
- Lack of knowledge regarding items placement in correct analysis column. (Envelopes entered in Postage column instead of stationery)
- Totals not parallel with each other.
- Inaccurate cross cast of analysis columns. Cross cast (check) should be taught when completing unit M2.
- Balance b/d entered on incorrect side of petty cash book
- Cash in hand form not completed correctly
- Cash in hand form amount entered on reimbursement request instead of difference as required.

### **Unit C1 – Record routine bookkeeping transactions using a computerised system**

This unit requires a clear understanding of the principles and procedures relating to maintaining the ledgers of a company within a computerised accounting package. It also requires an understanding of the procedures related to the processing of business transactions and the processing involved for bank reconciliation.

Candidates are required to:

restore data using a computerised accounting package and enter, restore or amend data accurately.

Enter information taken from invoices and credit notes into the correct customer and supplier accounts using the correct Nominal code, date, reference and details.

Identify amounts due by customers and allocate cheques and cash received to the correct account.

Identify amounts owed to suppliers and allocate cheques and cash to the correct accounts.

Make corrections to sales and purchase ledger transactions, carry out bank reconciliation and produce a variety of routine reports which can vary between assignments.

Often tutor data is not submitted with candidate work as required and this is where the moderators look to see if errors have been created by the tutor when inputting data.

The main errors were:

- Incorrect transaction dates for all documents.
- Transactions posted to incorrect nominal or personal account.
- Reconciling all bank transactions instead of those listed on the bank statement.
- Incorrect method of payment, for example: purchase payment instead of payment on account, paying incorrect invoice, excluding credit notes when instructed to include them to complete payment.
- Letter requesting overdue payment not produced. (AC 3.1 & 7.1)
- Payment of overdue invoice not completed as instructed. (AC 4.1, 4.2, 4.3 & 7.1)
- Entering total invoice/credit note amount instead of allocating two amounts to different nominal accounts.
- Omitting invoices and credit notes for both customers and suppliers.
- Error corrections not carried out. (AC 5.1)
- Incorrect date range for reports, this fault often means that insufficient evidence is available from the printouts sent by centres for moderation.
- Printing complete customer or supplier activity report instead of requested selection.
- Customer and supplier business names, addresses and contact names incorrectly spelt

### **Unit C2 – Prepare & record sales & purchase documents using a computerised system**

This unit requires a clear understanding of the principles and procedures relating to editing and maintaining the ledgers of a company within a computerised accounting package. It also



requires an understanding of the procedures related to the creation of business documents and petty cash. Allocation of payments to suppliers and allocation of payments received from customers.

Candidates are required to

restore data using a computerised accounting package.

Amend company details if required and add their own name to the company name.

Enter information taken from purchase invoices and credit notes into the correct supplier accounts.

Allocate payments as required to the correct supplier.

Allocate payments received to the correct customer.

Create service invoices and credit notes from purchase orders and goods returned notes to include VAT and trade discount.

Enter details of petty cash vouchers, receipts and calculate VAT.

Print invoices and credit notes and produce a variety of routine reports which may vary between assignments.

The main errors were:

- Own company details not amended as instructed in assignment.
- Incorrect customer, supplier and nominal account amendments.
- Incorrect dates for all entries.
- Customer and supplier details incorrectly spelt or omitted.
- Invoice and credit note descriptive details incorrectly spelt or omitted, reason for return omitted on credit note.
- Incorrect dates and omitted references.
- Omitted customer order numbers on invoices and credit notes.
- Transactions posted to incorrect supplier/customer or nominal account.
- Unit price not printed on invoices and credit notes, some candidates have entered price as quantity and quantity as price. *Enter the quantity, description and unit price of each invoice/credit note item (AC 2.1)*
- Trade discount omitted or amended incorrectly or not shown on invoices and credit notes.
- Incorrect Tax codes used for petty cash transactions.
- Petty cash receipt entered as payment.
- VAT amount not amended to match actual purchase invoice/credit note in assignment.
- Incorrect date range for reports, this fault often incurs extra penalties as transactions cannot be evidenced by the moderator.

## Sector Update

## RESOURCES

OCR has provided many useful documents available for download from Interchange. Access the section for Bookkeeping Skills Level 1 Certificate at <http://www.ocr.org.uk/qualifications/vocational-qualifications-qcf-bookkeeping-skills-level-1-extended-award-05526/> where the following documents are available:

- Centre handbook (covers all qualifications)
- Submission cover sheet
- Assessment material (download sample material)
- Support material (hints and tips, fault tolerances, marking criteria)
- Units (learning outcomes, assessment criteria and 'knowledge, understanding and skills')

## SAMPLE ASSIGNMENTS

Sample assignments for all units are available on Interchange (see above), but please note that these are only representative of the type of questions which may be included in each assignment. Candidates should not expect all assignments to follow the sample assignments exactly, as the criteria to be assessed in each unit may be tested using a variety of procedures. All elements included in the 'knowledge, understanding and skills' section of the unit document can be included in the assignments, but may be varied from one assignment to another. Reference to the unit document, which lists the full learning outcomes, assessment criteria and knowledge, understanding and skills necessary for the accurate completion of all units, should be the basis for the delivery of the QCF qualifications.

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