

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

### **Bookkeeping and Accounting Skills**

Bookkeeping and Accounting Skills (Manual) Level 2 Award – **05527**

Bookkeeping and Accounting Skills (Computerised) Level 2 Award – **05528**

Bookkeeping and Accounting Skills Level 2 Certificate – **05529**

### **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.

© OCR 2015

## **CONTENTS**

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

Bookkeeping and Accounting Skills (Manual) Level 2 Award – **05527**

Bookkeeping and Accounting Skills (Computerised) Level 2 Award – **05528**

Bookkeeping and Accounting Skills Level 2 Certificate – **05529**

### **OCR REPORT TO CENTRES**

<b>Content</b>	<b>Page</b>
Level 2 Bookkeeping and Accounting Skills (Manual and Computerised) – 05527–05529	4

## **Level 2 Bookkeeping and Accounting Skills (Manual and Computerised) – 05527–05529**

### **Overview:**

The Level 2 Award(s)/Certificate in Bookkeeping and Accounting Skills has been designed to provide candidates with a flexible, modern and coherent introduction to key topics in bookkeeping and accounting and builds on the Level 1 Award(s) in Bookkeeping Skills. It is aimed at candidates who have a basic knowledge of bookkeeping and is suitable for those employed in a bookkeeping/data processing role wishing to develop further their bookkeeping and accounting skills. It is suitable for those expected to work autonomously in carrying out accounting tasks.

The following units comprise the Level 2 Bookkeeping and Accounting Skills series:

05527 – Award in Bookkeeping and Accounting Skills (Manual)

M6 – Preparing and recording financial documentation

M7 – Maintaining and reconciling the cash book

M8 – Processing ledger transactions and extracting a trial balance

M9 – Maintaining control accounts

05528 – Award in Bookkeeping and Accounting Skills (Computerised)

C3 – Process routine payments and receipts using a computerised system

C4 – Setting up accounting software to manage accounting information

C5 – Carry out stock control processes using a computerised system

05529 – Certificate in Bookkeeping and Accounting Skills

This comprises all units from qualifications 05527 and 05528 (M6 – M9 and C3 – C5) plus:

M5 – Maintaining petty cash records – from the Level 1 Award (Manual)

M10 – Maintaining the journal – additional Level 2 unit not included in Level 2 Award (Manual).

### **General Comments**

During the current academic year, the total number of entries for the Level 2 suite of bookkeeping and accounting skills qualifications has again been disappointingly low, especially for Unit M10, which also has a low achievement rate. Units M7, C3 and C5 have been the most successful but Units M6 and C4 have caused most problems for candidates.

### **Comments on Individual Units**

#### **Unit M6: Preparing and recording financial documentation**

The purpose of this unit is to develop learners' skills in processing financial documents. This involves preparing and recording the necessary documents to be sent to customers as well as processing payments received. It also involves processing and recording documents received from suppliers and preparing payments to suppliers. It includes a variety of bookkeeping processes and requires an understanding of underpinning bookkeeping knowledge. The responses to this task were very mixed.

Common faults included inaccuracies in document creation, which were both textual and numerical, and calculations of VAT on discounted stock total amounts were often incorrect. (AC1.1, 1.2 *'Calculate relevant sales tax, trade discount and settlement discount'*)

Those candidates who had most trouble completing this unit accurately had difficulty understanding the difference between customers' and suppliers' documents and frequently requested their own accounting staff to amend invalid suppliers' documents. (LO4 *'Check the accuracy of supplier invoices and credit notes....'*)

### **Unit M7: Maintaining and reconciling the cash book**

The purpose of this unit is to develop learners' skills in maintaining the cash book by entering receipts and payments accurately, balancing off the cash book and reconciling with a bank statement.

Responses to this task were varied and some candidates were not able to enter the expense account payment accurately when it included VAT. (AC1.1 *'Enter correct dates and business names or nominal account names for cheques paid'*)

There was, however, an improvement in completing the reconciliation statement this year, with more candidates understanding the principles and procedures of calculations that started with an overdrawn cash book balance.

### **Unit M8 – Processing ledger transactions and extracting a trial balance**

The purpose of this unit is to develop the learner's skill in balancing off the accounts held within the ledgers and from them, preparing an initial trial balance.

There were some excellent responses to this task, but the main error was in distinguishing between the narratives 'cash' and 'cash book'. The cash book is the ledger in which both the cash and bank accounts are entered and the narrative 'cash book' should only be used in the two discount accounts in this unit. (AC1.2 *Transfer data correctly from the cash book to the ledgers*).

### **Unit M9 – Maintaining control accounts**

The purpose of this unit is for the learner to understand the importance of maintaining control over debtors and creditors aided by preparation and use of debtor and creditor control accounts. Unfortunately very few candidates presented work of a high standard and many did not understand the reason for completing the Control Accounts.

There were many instances of incorrect processing of the bad debt or partial bad debt entry, with some candidates omitting the transaction(s) completely. (AC1.1 *Enter bad debts in the sales ledger which have already been entered in the journal as appropriate*).

Many candidates did not appear to understand the reason for completing the debtors' and creditors' lists and entered the reconciliation statement when their total figures did not agree with the sales or purchase control account balances, thus incurring penalties. (AC2.1 *....reconcile with the balance on the sales ledger control account*) (AC2.2 *....reconcile with the balance on the purchase ledger control account*).

Postings from the cash account to the VAT account for 'VAT on purchases' and 'VAT on expenses paid' were often entered as one transaction instead of two transactions. The entries should be 'Total cash purchases' and 'Total cash expenses', where the expenses are specified as the nominal account used in the relevant assignment, for example 'Total cash stationery expenses'.

### **Unit M10 – Maintaining the journal**

The purpose of this unit is for the learner to understand that the journal is a primary accounting record that lists non-standard bookkeeping transactions and that it is used to enter those transactions into the double entry bookkeeping records. The responses to this task were again very mixed.

Candidates had difficulty identifying the correct journal accounts to complete corrections or entered reversed journals.

In Part 1 the reasons for entering the journals should be shown accurately. For example, omission, commission, principle. (AC2.2 'Identify the types of errors in a book-keeping system....')

The VAT content of journal entries was often not identified correctly or completely omitted.

### **Unit C3 – Process routine payments and receipts using a computerised system**

The purpose of this unit is for the learner to understand the business and computer environment, enter transactions into the nominal ledger, correct transactional errors, process salary journals, carry out reconciliations to verify information generated and produce reports using selection criteria and parameters.

There were some excellent responses to this task and there was an improvement in the number of candidates entering a correct salary journal. Most candidates achieved the standard required for this unit, although some had difficulty calculating the net and VAT from the gross amount for recurring entries. (AC3.3)

### **Unit C4 – Setting up accounting software to manage accounting information**

The purpose of this unit is for the learner to understand the business and computer environment; set up company information on accounting software; create and maintain accounts; enter opening balances; enter transactions into the sales, purchase and nominal ledgers; make journal entries where appropriate; produce management information relating to customers and suppliers; and produce reports using selection criteria and parameters.

Many candidates had difficulty with this unit, especially when completing the journal entries to record error corrections, bad debts and non-standard accounting transactions. Often journal entries were reversed debit/credit or the VAT tax codes were incorrectly used. (AC7.1)

### **Unit C5 – Carry out stock control processes using a computerised system**

The purpose of this unit is for the learner to demonstrate competence in using a computerised accounting system to add and amend stock records, produce sales and purchase orders, generate and print stock invoices, create stock credit notes, update sales ledger and stock levels as appropriate and produce appropriate reports using selection criteria and parameters.

There were some excellent responses to this task and most candidates achieved the standard required for this unit. The most common faults were omission of (or partial) sales ledger update (AC8.1), incorrect date range selected for reports and non-submission of the sales and purchase order status reports. (AC9.1)

## Sector Update

### RESOURCES

OCR has provided many useful documents available for download from the interchange. Access the section for Bookkeeping & Accounting Skills Level 2 Certificate at <http://www.ocr.org.uk/qualifications/vocational-qualifications-qcf-bookkeeping-and-accounting-skills-level-2-certificate-05529/> 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.

**OCR (Oxford Cambridge and RSA Examinations)**  
1 Hills Road  
Cambridge  
CB1 2EU

**OCR Customer Contact Centre**

**Skills and Employment**

Telephone: 02476 851509

Fax: 02476 421944

Email: [vocational.qualifications@ocr.org.uk](mailto:vocational.qualifications@ocr.org.uk)

[www.ocr.org.uk](http://www.ocr.org.uk)

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

**Oxford Cambridge and RSA Examinations**  
is a Company Limited by Guarantee  
Registered in England  
Registered Office; 1 Hills Road, Cambridge, CB1 2EU  
Registered Company Number: 3484466  
OCR is an exempt Charity

**OCR (Oxford Cambridge and RSA Examinations)**  
Head office  
Telephone: 01223 552552  
Facsimile: 01223 552553

© OCR 2015

