**Chief Co-ordinator's Report**

# LEVEL 1 AWARD IN BOOKKEEPING SKILLS (MANUAL)  (05524)

# LEVEL 1 AWARD IN BOOKKEEPING SKILLS (COMPUTER)  (05525)

# LEVEL 1 EXTENDED AWARD IN BOOKKEEPING SKILLS  (05526)

## 2010-2011

These qualifications are in their first year, having been launched in August 2010.  There are five units in the Level 1 Award in Bookkeeping Skills (Manual) and two units in the Level 1 Award in Bookkeeping Skills (Computerised).  For an Award, candidates need to achieve either all the manual units or all the computerised units.  For an Extended Award, candidates need to achieve both the manual units and the computerised units.

The Level 1 Awards in Bookkeeping are flexible qualifications and are accessible to all age groups.  They provide a stepping-stone to the Level 2 Awards and Certificate in Bookkeeping and Accounting Skills.  During the year, there has been an increase in the number of centres offering these qualifications. The qualifications are popular with employers and adults of all ages.

Candidates can be entered for a full award or for single units, using the named or unnamed route.  Candidates entered for single units are awarded a certificate for each unit achieved.  When a candidate has achieved five manual units or two computerised units, OCR's systems will automatically trigger certification for a full Award.

### ASSESSMENT

All units are assessed by an OCR–set assignment that centres may schedule at a time convenient for their candidates.  Each of the live assignments (including answer books) is available for centres to download from OCR's secure website, Interchange.  These can be printed for each candidate to complete under examination conditions.  The CSV files for the computerised units are also available to download from Interchange.

All units are externally marked by OCR Examiners.  Centre staff must not assess candidates' completed assignments before they are sent to the OCR Examiner.

**LIVE ASSIGNMENTS**

There will be two sets of live assignments available at any time and assignments remain live for two years.  Live assignments for the academic year 2011/2012 are:

2010/2011  Set A and Set B
2011/2012  Set A and Set B

Candidates' work derived from withdrawn assignments after the withdrawal date will not be accepted for assessment.   OCR will ascertain the date an assignment was taken from the Submission Cover Sheet or from printouts for the computerised units.

**ADMINISTRATION OF COMPUTERISED ASSIGNMENTS**

In order to ensure that software and hardware equipment will allow candidates to achieve the assessment objectives, centres must ensure that the computerised assignments are worked by tutors in advance of candidate assessment.  **Please note, tutors are NOT permitted to work the *manual* assignments in advance of candidate assessment.**

Tutors are also requested to submit printed reports of their tutor input with each batch of candidates' completed scripts.  These are used to check that candidates have been given a correct copy of the input at the start of the assignment, as well as informing the Examiner of the VAT codes in use at the centre.  In some instances where these reports have been omitted, the Examiner has been delayed in completing their marking until copies have been forwarded from the centre.

Tutors should ensure that candidates enter their name or initials with the company name, so that it appears on each printed report.  Failure to do so can cause problems, as reports cannot always be identified as belonging to a particular candidate.

**UNIT COMMENTARY**

**Unit M1 - Preparing and processing bookkeeping documents**

This unit deals with understanding the preparation of invoices and credit notes, the amount of information required and the practical completion of invoices and credit notes.  Accuracy in carrying out calculations is essential.  It also includes checking supplier invoices and credit notes against purchase orders, goods received and delivery notes, identifying any errors and indicating reasons if supplier invoices and credit notes cannot be processed for payment.

Candidates are required to:

* Prepare 2 sales invoices and 2 sales credit notes from source documents.
* Enter correct invoice and credit note numbers, dates, order numbers and reasons for return.
* Enter correct quantities, product code, description and unit price.
* Carry out accurate calculations, calculate Value Added Tax and accurately total invoices and credit notes.

- Check the accuracy of supplier invoices and credit notes against purchase orders, goods received and delivery notes.
- Check quantities, product code, description, unit price and calculations are accurate.
- Check trade and/or bulk discounts have been correctly calculated and accurately applied.
- Identify any errors and indicate reason if supplier invoices and credit notes cannot be processed for payment.

*Common faults in Unit M1 are:*

- Customer's names and addresses incorrectly spelt.
- Incorrect and incomplete dates.
- Customer's order number omitted.
- Incomplete description of goods.
- Inaccurate calculations.
- Figures not displayed to two decimal places.
- Percentage rate of VAT omitted.
- Errors in suppliers' invoices and credit notes not identified.

## Unit M2 - Recording credit transactions

This unit requires a clear understanding of the principles and procedures related to the processing of business documents and the treatment of invoices and credit notes issued on a credit basis.

Candidates are required to:

- Complete Purchases and Purchase Returns Day Books and Sales and Sales Returns Day Books.
- Identify purchase invoices, sales invoices, purchase credit notes and sales credit notes and enter accurate details into correct analysed day books.
- Enter correct date, business name, total goods, VAT and document total.
- Accurately total all day books and cross check day books for accuracy.

*Common faults in Unit M2 are:*

- Business names incorrectly spelt.
- Documents entered into incorrect day books.
- Figures not displayed to two decimal places.
- Month end dates omitted.

## Unit M3 - Making and receiving payments

This unit deals with processing cash receipts, cheques received and receipts through the banking system. It also includes identifying any errors in the preparation of cheques, processing payments in cash and by cheque, preparation and completion of paying in slips and remittance advice note.

Candidates are required to:

- Accurately calculate notes and coins and complete till contents sheet.
- Accurately calculate cash takings from cash sales receipts and reconcile with till contents sheet.
- Deduct cash float which must be retained, consisting of original note and coin analysis.
- Accurately complete paying in slip with correct details.
- Carry out checking procedures to ensure cheques received are valid.
- Compare and complete outstanding invoice list against cheques received and payments received through the banking system.
- Check calculations are accurate on purchase invoice and complete cash request slip.
- Accurately complete cheque ready for signature and complete remittance advice note.

*Common faults in Unit M3 are:*

- Inaccurate calculations.
- Dates omitted.
- Business names incorrectly spelt.
- Figures not displayed to two decimal places.
- Not using least number of notes and coins possible for Cash Request slip.
- Amount in words on cheque incorrectly spelt.

## Unit M4 - Recording receipts and payments

This unit requires a clear understanding of the principles and procedures in maintaining a two column analysed cash book and reconciling it to a bank statement.

Candidates are required to:

- Enter balances brought forward from previous month, enter correct details of receipts and payments.
- At the end of the month, total and balance the cash book and bring down the balances.
- Reconcile the cash book with the bank statement and make the entries necessary to update the cash book, calculate the revised bank balance and prepare a Bank Reconciliation Statement.

*Common faults in Unit M4 are:*

- Incorrect and omitted dates, banked date must be used not cheque date.
- Business names incorrectly spelt.
- Incorrect narratives, for example, name of signatory on cheque instead of business name.
- Figures not displayed to two decimal places.
- Totals not parallel
- Omission of bank statement references SO, DD, CHAPS, BGC, BACS.

## 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, reconciling the balance with the cash in hand and calculating the amount to restore the imprest.

Candidates are required to:

- Prepare petty cash vouchers for expenses, enter dates, voucher numbers, details of expenditure, calculate the VAT where it is included in the expense and sign vouchers.
- Enter opening balance and calculate amount to restore imprest, enter details of petty cash vouchers into an analysed petty cash book.
- Accurately calculate and enter total payments and totals for all analysis columns, balance and cross cast petty cash book.
- Reconcile the closing balance with the cash in hand, enter the amount of reimbursement into the petty cash book and complete and sign the petty cash reimbursement request.

*Common faults in Unit M5 are:*

- Details of items purchased incorrectly spelt or omitted on petty cash vouchers.
- Incorrect or omitted dates.
- Incorrect or omitted voucher number.
- Inaccurate calculations.
- Totals not parallel with each other.
- Inaccurate cross cast of analysis columns.

**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 of a 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.

*Common faults in Unit C1 are:*

- Incorrect transaction dates.
- Transactions posted to incorrect nominal account.
- Incorrect method of payment, for example, purchase payment instead of payment on account.

- Purchase or sales settlement discount omitted.
- Error corrections not carried out.
- Incorrect date range for reports, this fault often means that insufficient evidence is available.

**Unit C2 - Prepare and record sales and 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, enter, amend and restore data accurately.
- Enter information from purchase invoices & credit notes into correct supplier accounts.
- Allocate payments 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.

***Common faults in Unit C2 are:***

- Customer and supplier details incorrectly spelt or omitted.
- Invoice and credit note descriptive details incorrectly spelt or omitted.
- Incorrect dates and omitted references.
- Transactions posted to incorrect nominal account.
- Unit price not printed on invoices and credit notes.
- Purchase settlement discount omitted.
- Incorrect Tax codes.
- Incorrect date range for reports, this fault often means that insufficient evidence is available.

**SAMPLE ASSIGNMENTS AND SUPPORT MATERIAL**

OCR has provided many useful documents available for download from the OCR website including:

- Centre handbook
- Units (learning outcomes, assessment criteria and knowledge, understanding & skills)
- Submission cover sheet
- Sample assessment material and worked solutions
- Hints and tips
- Fault tolerances
- Marking guidance

**TRAINING EVENTS**

An experienced OCR Chief Examiner is able to give detailed guidance to delegates about completing the assignments at all-day training workshops. These are held nationally at several different locations, aimed at tutors delivering these qualifications. Details of the training programme for 2011/2012 can be obtained from OCR Training or the OCR website.