

LEVEL 2 AWARD IN BOOKKEEPING & ACCOUNTING SKILLS (MANUAL) (05527)

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LEVEL 2 CERTIFICATE IN BOOKKEEPING & ACCOUNTING SKILLS (05529)

2010-2011

This is the first academic year in which OCR has offered the QCF Bookkeeping and Accounting Skills suite of qualifications.

The Level 2 Bookkeeping and Accounting Skills qualifications are vocationally-related, 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.

The Level 2 Award(s)/Certificate in Bookkeeping and Accounting Skills have been designed to provide candidates with a flexible, modern and coherent introduction to key topics in bookkeeping and accounting, build on the Level 1 Award(s) in Bookkeeping Skills and offer progression to OCR's Level 2 and 3 vocational qualifications. They are aimed at candidates who have a basic knowledge of bookkeeping and 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 qualifications with professional accounting bodies such as AAT and CIPFA.

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

Two sets of assignments have been provided for the current year and they will remain live for two years, before being withdrawn to be used as practice material. There is no requirement for candidates to work towards units in any particular order and tutors may tailor learning programmes to meet individual needs. Live assignments provided for the academic year 2011-2012 are:

2010–2011 Sets A & B
2011–2012 Sets A & B

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 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.

Sales Invoices and Credit Notes	Candidates are required to use different source documents to prepare sales invoices and credit notes, calculating relevant trade discount, sales tax (VAT) and settlement discount
Sales and Sales Return Day Books and Sales Ledger	Candidates are required to enter invoices and credit notes into the books of prime entry (Day Books) and post this information to the relevant Sales Ledger accounts
Process Payments from Customers	Candidates are required to check the accuracy and validity of receipts against relevant supporting information, identify and deal with any discrepancies and enter payment details and settlement discount into customer accounts
Customer Statement	Candidates are required to complete a statement for a specified customer

Purchase Invoices and Credit Notes	Candidates are required to check the accuracy of supplier invoices and credit notes against supporting documentation and identify and deal with any discrepancies
Purchase and Purchase Return Day Books and Purchase Ledger	Candidates are required to enter supplier invoices and credit notes into the books of prime entry (Day Books) and post this information to the relevant Purchase Ledger accounts
Supplier Reconciliation Statement	Candidates are required to reconcile supplier statements and complete a reconciliation statement for any supplier whose account does not agree with the Purchase Ledger account.
Remittance Advice Note and Cheque	Candidates are required to calculate payments due to suppliers from relevant documentation and prepare a remittance advice note to accompany payment to a supplier

There were some excellent responses to the assignments, however, many candidates did not complete the invoice and credit note details accurately and had difficulty in completing the Statement and Remittance Advice Note.

Common faults in Unit M6 are:

- Invoice and Credit Note details inaccurate or incomplete
- Incorrect VAT calculation (calculated on 'net amount' instead of 'net amount less the cash settlement allowed')
- Wrong reason for invalid cheque. Many candidates did not realise that a person with a different name to that of the company is authorised to sign a cheque
- Statement details entered into the wrong column debit/credit
- Remittance Advice Note details entered into the wrong column debit/credit

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.

Three Column Analysed Cash Book	Candidates are required to enter opening balances, receipts and payment details and discounts from relevant primary records into the three column analysed cash book. The accounts must be accurately balanced, entering the balances carried down and brought down. Discounts allowed and discounts received must be totalled
Reconcile a Bank Statement with the Cash Book	Candidates are required to identify discrepancies between the balance in the cash book and the balance on the bank statement. The cash book must be accurately updated from details of transactions that appear on the bank statement and balanced
Bank Reconciliation Statement	Candidates are required to prepare a bank reconciliation statement showing full details of unpresented cheques and bank lodgements and reconcile the final balance with the balance as per the bank statement

Responses to the assignments were reasonably accurate, although many candidates had difficulty with overdrawn bank balances.

Common faults in Unit M7 are:

- Opening overdrawn bank balance entered on the wrong side of account
- Bank receipts entered with the cheque date instead of the 'banked' date
- Names entered instead of 'cash sales' or 'cash purchases'
- VAT entered as a total with cash sales or cash purchases instead of as separate transactions
- Overdrawn bank balance brought down to the updated cashbook on the wrong side
- References omitted from transactions updating the cashbook (DD, BACS, BGC)
- Overdrawn amounts entered in the Bank Reconciliation Statement without either a minus sign or O/D to denote overdrawn amounts

Unit M8 - Processing ledger transactions and extracting a trial balance

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

Process Ledger Transactions from the Books of Prime Entry Candidates are required to enter existing balances and transactions from day books, cash book and petty cash book into correct double entry ledger accounts

Prepare Ledger Balances Candidates are required to balance the ledger accounts clearly showing balances carried down and brought down as appropriate

Trial Balance Candidates are required to enter balances into a correctly constructed trial balance to prove that double entry has been completed in the case of each transaction, total both debit and credit columns and ensure they agree

There were some excellent responses to the assignments, however, some candidates did not post the transactions from the cash and petty cash accounts with accurate dates and most found difficulty with the narratives in the VAT account.

Common faults in Unit M8 are:

- Incorrect dates for postings from the cash and petty cash accounts
- Incorrect narratives for the Discount Allowed and Discount Received account total postings (should be 'Cash Book' not 'Cash')
- Postings from the cash account to the VAT account for 'VAT on purchases' and 'VAT on expenses paid' were totalled instead of being entered as separate transactions - use the actual dates of the transactions and narratives to specify the type of transaction ('cash purchases' and 'cash building repairs').
- Omission of 'end of month' date for the Trial Balance
- Omission of Trial Balance column headings DR and CR

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.

Sales Ledger	Candidates are required to enter transactions from day books and cash book into sales ledger accounts, enter bad debts from journal entries and total and balance the accounts
Sales Ledger Control Account	Candidates are required to prepare a sales ledger control account and total and balance the account
Purchase Ledger	Candidates are required to enter transactions from day books and cash book into purchase ledger accounts and total and balance the accounts
Purchase Ledger Control Account	Candidates are required to prepare a purchase ledger control account and total and balance the account
Tax Control Account	Candidates are required to enter VAT totals from day books and cash book and total and balance the account
Debtors' List	Candidates are required to enter the balance on each debtor's account into the debtors' list, total the list and reconcile with the balance on the sales ledger control account
Creditors' list	Candidates are required to enter the balance on each creditor's account into the creditors' list, total the list and reconcile with the balance on the purchase ledger control account

Most candidates presented work of a high standard, however, some candidates had difficulty with the narratives in the VAT account.

Common faults in Unit M9 are:

- Omission of 'total' from the narrative in the Control Accounts to denote the postings from the day books were 'totals for the month'
- Postings from the cash account to the VAT account for 'VAT on purchases' and 'VAT on expenses paid' were totalled instead of being entered as separate transactions.
- Omission of the reconciliation explanations in the debtors' and creditors' lists to denote that the balances equal the balances on the control account

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 then used to enter those transactions into the double entry bookkeeping records.

Open a New Set of Double Entry Accounts	Candidates are required to prepare journal entries to open a double entry set of bookkeeping records for an existing business, identify the capital balance and enter a narration to explain the journal entries
Record Journal Entries in the Ledgers	Candidates are required to post the entries from the journal into double entry ledger accounts
Record Errors not disclosed by Trial Balance using Journal Entries	Candidates are required to identify and record journal entries to correct errors not disclosed by the Trial Balance and write off a bad debt, identifying the types of error in the journal narrations
Complete Ledger Accounts	Candidates are required to post journal entries to the ledger accounts
Trial Balance	Candidates are required to prepare, complete and total a Trial Balance from the balanced ledger accounts, following the correction of errors
Suspense account	Candidates are required to draft a Trial Balance and open a Suspense account to record the difference in Trial Balance totals
Record Errors disclosed by Trial Balance using Journal Entries	Candidates are required to identify and record journal entries to correct errors disclosed by the Trial Balance and process payroll transactions
Clear the Suspense Account	Candidates are required to post journal entries to the suspense account to clear the account
Re-draft a Trial Balance	Candidates are required to re-draft a Trial Balance following the correction of errors

In this unit, the majority of candidates had difficulty identifying the correct journal accounts to complete corrections.

Common faults in Unit M10 are:

- Omission of the Capital account from the journal to open the books of a company
- Incorrect accounts identified to complete journal entries
- Accounts entered in the wrong debit/credit column for journal entries
- VAT content of journal entries not identified correctly
- Suspense account not balanced when journal entries are incorrect and suspense totals not equal

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 transaction errors, process salary journals, carry out reconciliations to verify information generated and produce reports using selection criteria and parameters.

Enter or Restore Data	Candidates are required to enter or restore data using a computerised accounting package
Process Petty Cash Payments and Receipts	Candidates are required to enter petty cash voucher and receipt details, calculating the VAT element where appropriate and entering the rate of tax into the system. The petty cash float must be restored or increased
Process Cash and Bank Payments and Receipts	Candidates are required to enter cash and cheque payments and receipts for expenditure and income made on a non-credit basis, calculating the VAT element where appropriate and entering the rate of tax into the system
Process Recurring Entries	Candidates are required to enter and process recurring entries for payments and receipts such as direct debits, standing orders, credit transfers etc
Correction of Errors	Candidates are required to make simple corrections to the nominal ledger transactions via the accounting software's correction facility
Salary Journal	Candidates are required to enter details from wages and salary information provided, including gross wages and salaries, net wages and salaries, statutory deductions, payments to the collector of taxes and non-statutory deductions
Bank Reconciliation	Candidates are required to match individual items on the bank statement against the computer bank record, updating the computer bank record with additional items from the bank statement
Reports	Candidates are required to produce a variety of routine reports using correct selection criteria and parameters

There were some excellent responses to the assignments and most candidates achieved the standard required for this unit.

Common faults in Unit C3 are:

- Incorrect tax codes entered for zero rated VAT, exempt VAT, 5% VAT and 'not liable to VAT'
- Petty cash and cash receipts entered as payments in error
- Cheque date entered instead of the 'banked' date for cheque receipts
- Incorrect Net and VAT calculated for recurring entries
- Incorrect procedure for entering Employer's NI in the Salary Journal (Should be entered in the Employer's NI account and totalled with Employees' NI in the NI Liability account - not subtracted from the gross wages)
- Bank transactions not flagged as reconciled
- Incorrect report printed for 'Bank Statement for Reconciled and Unreconciled transactions'
- Incorrect date criteria entered when report requested for one month only

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.

Enter or Restore Data	Candidates are required to enter or restore data using a computerised accounting package
Set Up Assets, Liabilities and Capital and enter Budgets	Candidates are required to enter nominal account opening balances and budgets
Record Customer and Supplier Information & Opening Transactions	Candidates are required to enter customer and supplier information, opening invoices, credit notes and payments on account
Customer Receipts and Supplier Payments	Candidates are required to allocate monies received or paid by cheque, cash and automatic transfer in the correct Sales and Purchase Ledger accounts
Non-credit Payments and Receipts	Candidates are required to process cash, cheque and automatic transfer payments and receipts for expenditure and income made on a non-credit basis
Bad Debts, Contra Entries and Dishonoured Cheques	Candidates are required to process bad debts, contra entries and dishonoured cheques using the accounting software automatic facility
Process Journals	Candidates are required to process journals to record purchase of fixed assets, goods taken by the owner for own use, assets introduced by the owner, make simple corrections to nominal ledger accounts and process bad debts from non-credit customers
Reports	Candidates are required to produce reports using selection criteria and parameters

Many candidates had difficulty with this unit, especially when completing the journal entries to record various transactions.

Common faults in Unit C4 are:

- Omitted or incorrect nominal account opening balance entry
- Incorrect identification of cash or bank account for customer, supplier and non-credit payments and receipts
- Incorrect contra entry processing. Candidates are required to allocate a payment on account or credit note to the customer account, before processing the contra entry, but many paid the full account before processing
- Reversed journal entry for correction of nominal ledger accounts
- Incorrect tax codes used for journal entries when a transaction includes a zero rated item; the bank account always uses 'not liable to VAT' tax code
- Customer statements must always include all transactions, as requested, and must not show a balance brought forward from the previous month

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.

Enter or Restore Data	Candidates are required to enter or restore data using a computerised accounting package
Stock Details	Candidates are required to enter or amend stock details
Sales Orders	Candidates are required to create and edit sales orders accurately, including carriage charge and delivery address.
Purchase Orders	Candidates are required to create and edit purchase orders accurately, including carriage charge and delivery address
Sales Order Status	Candidates are required to process sales order status; allocate stock, unallocate stock, place order 'on hold', dispatch or part dispatch order or delete order
Purchase Order Status	Candidates are required to process purchase order status; place order 'on order', place order 'on hold', process delivery or part delivery of order or delete order
Sales Invoices	Candidates are required to generate sales invoices based on sales order details
Stock Credit Notes	Candidates are required to create stock credit notes
Update Sales Ledger	Candidates are required to update the sales ledger from invoices and credit
Reports	Candidates are required to create a variety of reports using correct selection criteria and parameters

There were some excellent responses to the assignments and very few candidates failed to achieve the standard required for this unit

Common faults in Unit C5 are:

- Inaccurate stock entry or amendment
- Incomplete sales order or purchase order amendments
- Omission of new cost price for stock 'adjustment in'
- Incorrect report produced for 'stock audit trail'; many candidates submitted a 'transactional audit trail'
- Omission of Sales Order and/or Purchase Order List
- Omission of Sales Order and/or Purchase Order Status Reports

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.