

Cambridge TECHNICALS LEVEL 3

# ***BUSINESS***

Cambridge  
TECHNICALS  
2016

Unit 11

Accounting concepts

H/507/8158

Guided learning hours: 60

Version 3 Assessment guidance and Opportunities for  
applying learning across units updated - August 2016

## LEVEL 3

### UNIT 11: Accounting concepts

H/507/8158

**Guided learning hours: 60**

**Essential resources required for this unit: None**

**This unit is internally assessed and externally moderated by OCR.**

#### UNIT AIM

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All businesses require accurate bookkeeping records to ensure they meet the requirements and needs of a number of stakeholders. This unit is intended to give you vital skills and knowledge of maintaining business records, using books of original entry and double-entry bookkeeping. Due to an increase in the number of national and international accounting requirements, businesses are always in need of employees who possess bookkeeping and accounting skills.

This unit will give you an introduction to the foundations of business accounting. The unit will allow you to gain essential skills in, and knowledge of, the purposes of accounting, and the accounting procedures used to produce final accounts. You will consider the reasons for keeping accurate financial records and the importance of updating cash books and preparing bank reconciliation statements.

This will prepare you for work, in areas of business and accounting, which require accurate recording of financial transactions. The unit will ensure you are familiar with the basic requirements of International Accounting Standards (IAS).

You can build on your skills by studying the other Accounting units in this qualification.

## TEACHING CONTENT

The teaching content in every unit states what has to be taught to ensure that learners are able to access the highest grades.

Anything which follows an i.e. details what must be taught as part of that area of content. Anything which follows an e.g. is illustrative. It should be noted that where e.g. is used, learners must know and be able to apply relevant examples in their work, although these do not need to be the same ones specified in the unit content.

For internally-assessed units you need to ensure that any assignments you create, or any modifications you make to an assignment, do not expect the learner to do more than they have been taught, but must enable them to access the full range of grades as described in the grading criteria.

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
1. Understand why businesses keep accurate accounting records	<p>(The accounting cycle, i.e. the collective process of recording and processing the accounting events of a business.)</p> <p>1.1 Purposes of accounting, i.e.</p> <ul style="list-style-type: none"> <li>• to provide information</li> <li>• to record transactions (e.g. source documents, double entry bookkeeping, ledgers)</li> <li>• to monitor performance, i.e.               <ul style="list-style-type: none"> <li>○ forecasts</li> <li>○ budgets</li> </ul> </li> <li>• to manage business performance, i.e.               <ul style="list-style-type: none"> <li>○ decision making</li> <li>○ target setting</li> </ul> </li> <li>• to measure business performance (e.g. liquidity, profitability, efficiency)</li> <li>• to make decisions</li> <li>• to communicate internally and externally</li> <li>• users of accounting information (stakeholders), i.e.               <ul style="list-style-type: none"> <li>○ internal users (e.g. management, employees, owners)</li> <li>○ external users (e.g. investors, customers, lenders, suppliers)</li> </ul> </li> </ul> <p>1.2 Accounting requirements of various types of business organisations, i.e.</p> <ul style="list-style-type: none"> <li>• sole traders</li> <li>• partnerships</li> <li>• private limited companies</li> <li>• public limited companies</li> <li>• third sector organisations</li> </ul> <p>1.3 Accounting concepts and policies (e.g. matching, prudence, consistency, materiality)</p>

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
2. Be able to use the accounting equation	(Accounting definitions, i.e. <ul style="list-style-type: none"> <li>• Capital/Equity</li> <li>• Assets</li> <li>• Liabilities)</li> </ul> 2.1 Principle of the accounting equation, i.e. <ul style="list-style-type: none"> <li>• <math>\text{Assets} = \text{Capital} + \text{Liabilities}</math></li> </ul> 2.2 Calculations using the accounting equation
3. Be able to prepare the principal documents in business transactions	3.1 Purpose and completion of the principal source documents in business transactions, i.e. <ul style="list-style-type: none"> <li>• sales invoice</li> <li>• purchase invoice</li> <li>• credit note</li> <li>• statement of account</li> <li>• cheque</li> <li>• receipt</li> </ul> 3.2 The purpose, effect and recording of cash and trade discounts.           3.3 Purpose and preparation of the: <ul style="list-style-type: none"> <li>• purchase day book</li> <li>• sales day book</li> <li>• returns outwards day book</li> <li>• returns inwards day book</li> <li>• cash book</li> <li>• petty cash book</li> <li>• general journal (note: day books are sometimes referred to as journals)</li> </ul> 3.4 How to complete: <ul style="list-style-type: none"> <li>• a three-column cash book</li> <li>• a petty cash book</li> <li>• a reconciliation of the imprest system</li> </ul>
4. Be able to use basic double entry bookkeeping to prepare a trial balance	4.1 Double entry bookkeeping, i.e. <ul style="list-style-type: none"> <li>• preparing ledger accounts (e.g. assets, liabilities, capital)</li> <li>• posting transactions to the ledger accounts</li> <li>• balancing ledger accounts and making transfers to final accounts</li> <li>• interpreting ledger accounts and their balances</li> </ul> 4.2 To recognise the division of the ledger, i.e. <ul style="list-style-type: none"> <li>• sales ledger</li> <li>• purchases ledger</li> <li>• nominal (general) ledger</li> </ul>

Learning outcomes	Teaching content
The Learner will:	Learners must be taught:
	<p>4.3 Classification and treatment of:</p> <ul style="list-style-type: none"> <li>• capital expenditure</li> <li>• revenue expenditure</li> <li>• capital income</li> <li>• revenue income</li> </ul> <p>4.4 To prepare a trial balance from balances in a ledger account at a given date</p>
<p>5. Be able to reconcile a cash book with a bank statement</p>	<p>5.1 Methods of payment and receipt of money (e.g. cash and alternatives (e.g. contactless, electronic payment methods, mobile payment methods))</p> <p>5.2 How to update the cash book</p> <p>5.3 The need for bank reconciliation statements</p> <p>5.4 How to prepare a bank reconciliation statement, i.e.</p> <ul style="list-style-type: none"> <li>• bank errors</li> <li>• uncredited deposits</li> <li>• unrepresented cheques</li> </ul> <p>5.5 The use and purpose of a bank statement</p>

## GRADING CRITERIA

LO	Pass	Merit	Distinction
The learner will:	The assessment criteria which are the Pass requirements for this unit.	To achieve a Merit the evidence must show that, in addition to the Pass criteria, the candidate is able to:	To achieve a Distinction the evidence must show that, in addition to the Pass and Merit criteria, the candidate is able to:
1. Understand why businesses keep accurate accounting records	P1*: Explain the reasons for keeping accounting records in business organisations		
	P2*: Describe the accounting record requirements of at least 3 different stakeholders for a specific organisation	M1: Explain how the failure to keep accurate accounting records could impact on stakeholders with reference to a specific business	D1: Assess how a specific business applies an accounting concept or policy to their accounting records
2. Be able to use the accounting equation	P3: Calculate the value of assets, liabilities and capital from given data		
3. Be able to prepare the principal documents in business transactions	P4*: Prepare principal source documents for given business transactions	M2: Compare the accounting procedures for cash and trade discounts	D2: Evaluate the use of cash and trade discounts in more than one business organisation
	P5*: Produce a three column cash book from given financial information		
4. Be able to use basic double entry bookkeeping to prepare a trial balance	P6: Explain the need for subdivisions of the ledger		
	P7: Explain the difference between capital and revenue items of expenditure and income	M3: Analyse the effect of the incorrect placement of capital and revenue items of income and expenditure	
	P8*: Prepare ledger accounts and accompanying trial balances for business transactions		



LO	Pass	Merit	Distinction
5. Be able to reconcile a cash book with a bank statement	P9: Update a completed cash book from given data		
	P10: Produce a bank reconciliation statement		
	P11: Describe payment methods for business transactions		
	P12: Explain the purpose of a bank statement and the need for a bank reconciliation statement		

## ASSESSMENT GUIDANCE

It is important for learners to have the opportunity to learn and apply their knowledge and skills to meaningful substantial tasks, in order to successfully achieve the unit.

Feedback to learners: you can discuss work-in-progress towards summative assessment with learners to make sure it's being done in a planned and timely manner. It also provides an opportunity for you to check the authenticity of the work. You must intervene if you feel there's a health and safety risk.

Learners should use their own words when producing evidence of their knowledge and understanding. When learners use their own words it reduces the possibility of learners' work being identified as plagiarised. If a learner does use someone else's words and ideas in their work, they must acknowledge it, and this is done through referencing. Just quoting and referencing someone else's work will not show that the learner knows or understands it. It has to be clear in the work how the learner is using the material they have referenced **to inform their** thoughts, ideas or conclusions.

For more information about internal assessment, including feedback, authentication and plagiarism, see the centre handbook. Information about how to reference is in the OCR *Guide to Referencing* available on our website: <http://www.ocr.org.uk/i-want-to/skills-guides/>.

It is important that learners are provided with opportunities to plan and prepare financial accounts for business organisations.

Simulations or case studies must be provided to enable the learners to have sufficient data and information to prepare the source documents, ledger accounts, trial balance, cash book and bank reconciliation statement. These simulations and case studies need to allow for learners to use a variety of methods to complete the tasks and to provide scope for different responses so that learners do not collaborate to produce evidence.

For LO1, learners need to consider the grading criteria in the context of the types of business organisation and the stakeholders studied in Unit 1 for P1 and P2. Learners should be given enough scope in the assignment to enable them to consider a range of different business organisations and stakeholders appropriate to those organisations. There will need to be access to sufficient data for at least one of these organisations to allow P2/D1 to be met.

For LO2 P3, LO3 P5 and LO5 P9, there will need to be access to sufficient data, within any assignment used, to allow learners to meet the grading criteria.

For LO3, LO4 and LO5, learners should be given the opportunity to complete the tasks using manual bookkeeping or electronic accounting (bookkeeping) software for P4, P5, P8, P9, P10 and P11.

Learners should be encouraged to use manual bookkeeping templates or accounting software but this is not a requirement.

## SYNOPTIC ASSESSMENT

It will be possible for learners to make connections between other units over and above the unit containing the key tasks for synoptic assessment, please see section 6 of the centre handbook for more detail. We have indicated in this unit where these links are with an asterisk and provided more detail in the next section.

## \*OPPORTUNITIES FOR APPLYING LEARNING ACROSS UNITS

This identifies opportunities for developing links between teaching and learning with other units in the business suite.

Name of other unit and related LO	This unit and specified LO
<b>Unit 1 The business environment</b> LO2 Understand how the functional areas of businesses work together to support the activities of businesses LO4 Be able to use financial information to check the financial health of businesses	LO1 Understand why businesses keep accurate accounting records
<b>Unit 2 Working in business</b> LO3 Be able to use business documents	LO3 Be able to prepare the principal documents in business transactions
<b>Unit 3 Business decisions</b> LO1 Understand factors to be taken into account when making business decisions	LO1 Understand why businesses keep accurate accounting records
<b>Unit 4 Customers and communication</b> LO4 Be able to convey messages for business purposes	LO1 Understand why businesses keep accurate accounting records
<b>Unit 5 Marketing and market research</b> LO1 Understand the role of marketing in businesses	LO1 Understand why businesses keep accurate accounting records
<b>Unit 6 Marketing strategy</b> LO2 Understand factors influencing marketing strategies	LO1 Understand why businesses keep accurate accounting records



Name of other unit and related LO	This unit and specified LO
<b>Unit 12 Financial accounting</b> LO1 Understand the impact on legislation, concepts and principals on accounting processes LO3 Be able to prepare final accounts for sole traders	LO1 Understand why businesses keep accurate accounting records LO4 Be able to use basic double entry bookkeeping to prepare a trial balance
<b>Unit 17 Responsible business practices</b> LO2 Understand the importance of adopting responsible business practices	LO1 Understand why businesses keep accurate accounting records
<b>Unit 20 Business events</b> LO1 Be able to prepare for a business event	LO1 Understand why businesses keep accurate accounting records
<b>Unit 22 Delivering a business project</b> LO1 Be able to scope a project	LO1 Understand why businesses keep accurate accounting records

To find out more

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or call our Customer Contact Centre on **02476 851509**

Alternatively, you can email us on **[vocational.qualifications@ocr.org.uk](mailto:vocational.qualifications@ocr.org.uk)**



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