

# Bookkeeping Transactions

Unit level	GLH value	Assessment
2	60	Unit and synoptic assessment

## Introduction

This unit introduces students to the double-entry bookkeeping system and the associated documents and processes. Students will reach the stage of extracting an initial trial balance, before any adjustments are made. This unit provides students with the skills necessary to operate a manual double-entry bookkeeping system and provides a strong foundation for progression to more advanced manual and computerised activities.

On completion of this unit, students will be able to check the accuracy of invoices, credit notes, remittance advices, statements of account and petty cash vouchers. They will know how to use these documents to make entries in sales and purchases daybooks, sales and purchases returns daybooks, and discounts allowed and received daybooks using account codes, as well as how to transfer those totals to the sales, purchases and general ledgers.

The UK government department responsible for collecting taxes (HMRC) offers more than one method of accounting treatment when prompt payment discount (PPD) is allowed and received. However, students at Foundation level are only required to use credit notes to adjust for PPD. Using this approach, credit notes are recorded in separate daybooks, a discounts allowed daybook and/or a discounts received daybook, removing the need for discount columns in the cash book. There is no requirement at this level for learners to understand how to account for PPD by any other method.

The cash book and petty cash book are also covered in this unit, including making entries into both and transferring totals to the ledgers. Students will make appropriate checks on the accuracy of supplier invoices and credit notes, reconcile supplier statements with the purchases ledger account and calculate payments due to suppliers. They will also calculate sales invoice and credit note amounts and check receipts from customers.

This unit refers to value added tax or VAT. This is an indirect tax operating in the UK but this type of tax may also operate and be known by another name in other countries.

Bookkeeping Transactions is a **mandatory** unit in this qualification.

## Learning outcomes

1. Understand financial transactions within a bookkeeping system
2. Process customer transactions
3. Process supplier transactions
4. Process receipts and payments
5. Process transactions through the ledgers to the trial balance

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand financial transactions within a bookkeeping system

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#### 1.1 Indicate the purpose of business documents

Students need to know:

- the purpose of business documents: petty cash voucher, invoice, credit note (including for PPD), remittance advice, statement of account.
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#### 1.2 Distinguish between prompt payment, trade and bulk discounts

Students need to know:

- the difference between discounts offered: prompt payment, trade and bulk
  - how discounts are shown on invoices: prompt payment, trade and bulk
  - how to use credit notes to adjust for PPD and how PPD is recorded once taken: discounts allowed or discounts received daybook, sales or purchases ledger account, general ledger discounts allowed or received account as income or expenditure, sales or purchases ledger control account, value added tax (VAT) account.
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#### 1.3 Demonstrate an understanding of a coding system

Students need to know:

- the different types of code: customer account, supplier account, product
  - where to use codes: sales, sales returns and discounts allowed daybooks and purchases, purchase returns and discounts received daybooks, sales and purchases ledgers
  - how to create codes: alphabetical, numerical, alphanumeric.
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#### 1.4 Demonstrate an understanding of the process of recording financial transactions

Students need to know:

- the role of the books of prime entry: sales and sales returns daybooks, purchases and purchases returns daybooks, discounts allowed and discounts received daybooks
  - the role of the cash book and petty cash book: as a book of prime entry only, as a book of prime entry and as part of the double-entry bookkeeping system
  - the ledgers: sales, purchases and general
  - the accounting equation: calculation of assets, liabilities and capital, dual effect of transactions
  - the classification of items: assets and liabilities
  - the classification of income and expenditure: capital income, capital expenditure, revenue income, revenue expenditure
  - the purpose of the trial balance.
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## 2. Process customer transactions

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### 2.1 Calculate invoice and credit note amounts

Students need to know:

- the documents to be used: quotations, discount policy, customer order, delivery note, price list.

Students need to be able to:

- calculate invoice amounts: item price, net, VAT and total amounts, trade and bulk discounts
  - calculate credit note amounts: item price, net, VAT and total amounts, trade, bulk and prompt payment discounts.
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### 2.2 Enter sales invoices and credit notes into books of prime entry

Students need to know:

- the books of prime entry: sales, sales returns and discounts allowed daybooks
- the columns within books of prime entry: customer name, customer account code, total, VAT, net, analysis (including product codes).

Students need to be able to:

- calculate VAT amounts from net and total figures
  - calculate total and net amounts from the VAT figure
  - make entries in books of prime entry
  - total columns in books of prime entry.
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### 2.3 Check the accuracy of receipts from customers

Students need to know:

- the records and documents to use: sales ledger account, sales invoice, sales credit note, remittance advice, discount policy.

Students need to be able to:

- identify discrepancies: under- or over-payment, incorrect discount taken, incorrect amounts
  - calculate amounts due from customers, including PPD.
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### 3. Process supplier transactions

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#### 3.1 Check the accuracy of supplier invoices and credit notes

Students need to know:

- the documents to use: quotations including discounts, purchase orders, goods received notes, delivery notes, goods returned notes.

Students need to be able to:

- identify discrepancies that may be found: non-delivery of goods, incorrect type or quantity of goods, incorrect calculations, incorrect discounts (trade, bulk and prompt payment), date and terms of payment.
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#### 3.2 Enter supplier invoices and credit notes into books of prime entry

Students need to know:

- the books of prime entry: purchases, purchases returns and discounts received daybooks
- the columns within books of prime entry: supplier name, supplier account code, total, VAT, net, analysis (including product code).

Students need to be able to:

- calculate VAT amounts from net and total figures
  - calculate total and net amounts from the VAT figure
  - make entries in books of prime entry
  - total columns in books of prime entry.
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#### 3.3 Prepare payments to suppliers

Students need to know:

- the records and documents to use: purchases ledger account, invoices and credit notes (including discounts and VAT), statement of account
- the information to take into account: agreed payment terms.

Students need to be able to:

- identify discrepancies between the supplier's statement of account and the purchases ledger account: timing differences, wrong amounts, missing transactions, duplicated transactions
  - calculate payments due to suppliers, including PPD.
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### 4. Process receipts and payments

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#### 4.1 Enter receipts and payments into a two column analysed cash book

Students need to know:

- the format of the cash book: date, details, cash, bank, analysis columns (including VAT)
- the documents to use: direct debit/standing order schedule, remittance advice (including BACS), paying in slip, cheque stub, cash receipt, receipts and payments listing.

Students need to be able to:

- calculate VAT amounts from net and total figures
  - make entries in the cash book.
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#### 4.2 Enter receipts and payments into an analysed petty cash book

Students need to know:

- the format of the petty cash book: date, details, amount, analysis columns (including VAT)
- the documents to use: cash receipt, petty cash voucher.

Students need to be able to:

- calculate VAT amounts from net and total figures
  - make entries in the petty cash book, including reimbursement, using the imprest and non-imprest systems.
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#### 4.3 Total and balance the cash book and petty cash book

Students need to be able to:

- present totals and balances: column totals, balance carried down, balance brought down, debit balance, credit balance, date and details.
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### 5. Process transactions through the ledgers to the trial balance

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#### 5.1 Transfer data from the books of prime entry to the ledgers

Students need to know:

- the books of prime entry: sales and sales returns daybooks, purchases and purchases returns daybooks, discounts allowed and discounts received daybooks, cash book, petty cash book
- the ledgers: sales, purchases, general
- that the sales and purchases ledger control accounts are part of the double-entry system.

Students need to be able to:

- transfer data from books of prime entry to the relevant accounts in the ledgers.
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#### 5.2 Total and balance ledger accounts

Students need to be able to:

- total and balance ledger accounts: balance carried down, balance brought down, debit balance, credit balance.
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#### 5.3 Extract an initial trial balance

Students need to know:

- to use the general ledger to extract balances
- the column to use in the trial balance: debit, credit.

Students need to be able to:

- transfer balances to the initial trial balance
  - total and balance the initial trial balance.
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## Delivering this unit

This unit has the following links across the AAT Foundation Certificate in Accounting.

Unit name	Content links	Suggested order of delivery
Bookkeeping Controls	Bookkeeping Transactions is the first of two bookkeeping units at Foundation level. With Bookkeeping Controls, it is the foundation for financial accounting at Advanced level.	It is recommended that Bookkeeping Transactions is delivered either before or at the same time as Bookkeeping Controls.
Elements of Costing	The use of codes in this unit links with Elements of Costing.	Elements of Costing might be delivered before, at the same time as or after Bookkeeping Controls.
Using Accounting Software	Bookkeeping Transactions gives students underlying knowledge that may support their study of Using Accounting Software.	It is recommended that Bookkeeping Transactions is delivered either before or at the same time as Using Accounting Software.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-1 Process income
- FA-2 Process expenditure
- FA-3 Account for income and expenditure.

## Test specification for Bookkeeping Transactions unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking Type	Duration of exam
Computer based assessment	Computer marked	2 hours

Learning outcomes	Weighting
1. Understand financial transactions within a bookkeeping system	10%
2. Process customer transactions	10%
3. Process supplier transactions	15%
4. Process receipts and payments	25%
5. Process transactions through the ledgers to the trial balance	40%
<b>Total</b>	<b>100%</b>

# Bookkeeping Controls

Unit level	GLH value	Assessment
2	45	Unit and synoptic assessment

## Introduction

This unit is about control accounts, journals and methods of payment. It takes students through reconciliation processes and the use of the journal to the stage of redrafting the trial balance, following initial adjustments.

This unit covers more complex Foundation level bookkeeping procedures, which will enable students to develop their understanding of the relationship between the various accounting records and consolidate their knowledge of double-entry bookkeeping. Students will gain the confidence they need to perform well in the workplace and the unit will prepare them for greater responsibility.

Students will develop the ability to prepare the value added tax (VAT) control account as well as the sales and purchases ledger control accounts, including reconciliation with the sales and purchases ledgers. They will use the journal to record a variety of transactions, including the correction of errors. Students will be able to redraft the initial trial balance, following adjustments, and be able to identify different methods of payment and their use. They will learn to update the cash book following receipt of a bank statement, and also how to prepare a bank reconciliation statement.

This unit builds on the knowledge and skills acquired from studying Bookkeeping Transactions. Studying Bookkeeping Controls and consolidating the double-entry bookkeeping skills gained in Bookkeeping Transactions will also provide an important foundation for the financial accounting units at Advanced level: Advanced Bookkeeping and Final Accounts Preparation.

This unit refers to value added tax or VAT. This is an indirect tax operating in the UK but this type of tax may also operate and be known by another name in other countries.

Bookkeeping Controls is a **mandatory** unit in this qualification.

## Learning outcomes

1. Understand payment methods
2. Understand controls in a bookkeeping system
3. Use control accounts
4. Use the journal
5. Reconcile a bank statement with the cash book

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand payment methods

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#### 1.1 Identify the appropriate use of different payment methods

Students need to know:

- different payment methods: cash, cheque, debit card, credit card, bank draft, standing order, direct debit, BACS (Bankers' Automated Clearing Services), direct credit, CHAPS (Clearing House Automated Payment System), Faster Payments.
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#### 1.2 Identify the effect of different payment methods on the bank balance

Students need to know:

- that different payment methods affect the bank balance in different ways: reduce funds on the date of payment, reduce funds at a later date, no effect.
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### 2. Understand controls in a bookkeeping system

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#### 2.1 Identify the purpose of control accounts

Students need to know:

- the purpose of the sales and purchases ledger control accounts (part of the double-entry bookkeeping system)
  - the purpose of the VAT control account.
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#### 2.2 Identify the purpose of reconciliation

Students need to know:

- reasons for reconciling the sales and purchases ledger control accounts with the sales and purchases ledgers
  - reasons for reconciling the bank statement with the cash book.
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#### 2.3 Identify the purpose of the journal

Students need to know:

- the purpose of the journal as a book of prime entry
  - transactions that are recorded in the journal: opening entries for a new business, irrecoverable debts written off, payroll transactions
  - errors that are corrected through the journal and the effect on the trial balance: disclosed and not disclosed
  - names of errors not disclosed by trial balance: error of commission, error of omission, error of original entry, error of principle, reversal of entries, compensating errors.
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### 3. Use control accounts

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#### 3.1 Produce control accounts

Students need to be able to:

- prepare control accounts: sales ledger, purchases ledger, VAT
  - total and balance control accounts: balance carried down, balance brought down.
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### 3.2 Reconcile control accounts

Students need to be able to:

- total the balances of the individual sales and purchases ledger accounts: sales ledger debit/credit balances, purchases ledger debit/credit balances
  - identify discrepancies between the sales and purchases ledger control accounts and the individual ledgers
  - identify reasons for discrepancies between the sales and purchases ledger control accounts and the individual ledgers.
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## 4. Use the journal

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### 4.1 Produce journal entries to record accounting transactions

Students need to be able to:

- record opening entries for a new business
  - identify and record entries to write off irrecoverable debts: record VAT where appropriate, calculate VAT from gross and net amounts
  - identify and record entries for payroll transactions: wages control account, gross pay, income tax, employer's and employees' National Insurance contributions (NIC), employer's and employees' pension and voluntary deductions.
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### 4.2 Produce journal entries to correct errors not disclosed by the trial balance

Students need to be able to:

- correct errors using the journal: errors of commission, errors of omission, errors of original entry, errors of principle, reversal of entries, compensating errors.
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### 4.3 Produce journal entries to correct errors disclosed by the trial balance

Students need to be able to:

- open a suspense account
  - correct errors and clear the suspense account using the journal.
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### 4.4 Use journal entries to make adjustments in the ledger accounts

Students need to be able to:

- post journal entries to the general ledger accounts
  - total and balance the general ledger accounts: balance carried down, balance brought down.
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### 4.5 Redraft the trial balance following adjustments

Students need to be able to:

- recalculate the balance of a general ledger account following journal entries
  - complete a trial balance from adjusted and unadjusted balances
  - balance the adjusted trial balance: total debit and credit columns.
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## 5. Reconcile a bank statement with the cash book

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### 5.1 Locate differences between items on the bank statement and entries in the cash book

Students need to be able to:

- recognise items on the bank statement but not in the cash book and recognise items in the cash book but not on the bank statement: opening balance differences, bank interest paid/received, bank charges, automated payments/receipts, unpresented cheques and outstanding lodgements.
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## 5.2 Use the bank statement to update the cash book

Students need to be able to:

- make appropriate entries from the bank statement into the cash book: bank interest paid/received, bank charges and automated payments/receipts
- total and balance the cash book: credit/debit balance carried down, credit/debit balance brought down.

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## 5.3 Produce a bank reconciliation statement

Students need to be able to:

- use appropriate items to complete a bank reconciliation statement: closing bank statement credit balance, unpresented cheques, outstanding lodgements
  - check a bank statement has been correctly reconciled with a (debit) closing cash book balance.
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## Delivering this unit

This unit has the following links across the AAT Foundation Certificate in Accounting.

Unit name	Content links	Suggested order of delivery
Bookkeeping Transactions	This unit builds on the knowledge and skills acquired from studying Bookkeeping Transactions, in particular double-entry bookkeeping techniques and reconciliation processes.	It is recommended that Bookkeeping Controls is delivered either after or at the same time as Bookkeeping Transactions.
Using Accounting Software	Prior completion of both Foundation level manual bookkeeping units will benefit students studying Using Accounting Software. The skills and knowledge gained will enable students to understand the business environment and facilitate their comprehension of a computerised accounting system.	It is recommended that Bookkeeping Controls is delivered either before or at the same time as Using Accounting Software.

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## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- FA-3 Account for income and expenditure.

## Test specification for Bookkeeping Controls unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Computer marked	2 hours

Learning outcomes	Weighting
1. Understand payment methods	5%
2. Understand controls in a bookkeeping system	5%
3. Use control accounts	20%
4. Use the journal	50%
5. Reconcile a bank statement with the cash book	20%
<b>Total</b>	<b>100%</b>

# Elements of Costing

Unit level	GLH value	Assessment
2	45	Unit and synoptic assessment

## Introduction

The purpose of this unit is to give students a basic introduction to costing, while building a sound foundation in the knowledge and skills they need for more complex costing and management accounting units such as Advanced level Management Accounting: Costing and Professional level Management Accounting: Budgeting. Students will understand the importance of the costing system as a source of information for internal management decision making. In contrast to the more outward perspective of financial accounting, the skills developed in this unit will allow students to provide information to managers that can be used to assist in internal business planning, decision making and control.

A student successfully completing this unit will be an effective member of the costing function within the accounting team. Working with the management/financial accountant and supervision, they can be expected to:

- use the costing system to record and extract data and information for management purposes
- extract, compare and provide information on actual performance against budget.

This unit covers the nature of cost and how it is used in a costing system. Students will understand the different classifications of cost and how they can be used for internal management decision making. As well as classifying costs, students will code transactions and build up a unit cost for a product or service, using a range of techniques to cost material, labour and overheads. Students will also engage with the budgetary control system by comparing actual costs with budgeted costs and they will determine variances, noting whether they are adverse or favourable.

Cost behaviour is essential to the unit. Students will understand how cost behaves at different levels of output, and how variable and fixed costs per unit behave as output changes. The High-Low method, in its simplest format, is introduced to give students the underpinning knowledge and skill development for later units for management accounting at Advanced and Professional levels, where marginal costing is used as an aid to management decision making.

Another important knowledge and skill that students will develop is to understand overhead as a component of cost and to build a basic unit product cost using labour hours, machine hours and per unit as a basis. This will prepare students and give them the basic tools for studies in overhead apportionment, reapportionment and absorption at Advanced level.

Elements of Costing is a **mandatory** unit in this qualification.

## Learning outcomes

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1. Understand the cost recording system within an organisation
  2. Use cost recording techniques
  3. Provide information on actual and budgeted costs and income
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## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand the cost recording system within an organisation

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#### 1.1 Recognise how costs are collected and classified in different types of organisation

Students need to know:

- how costs are collected in different organisations
  - what constitutes cost in different organisations and different types of organisation
  - how elements of cost are classified: labour, material, overhead
  - how costs are classified by nature: direct, indirect
  - how costs are classified by behaviour: fixed, variable, semi-variable.
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#### 1.2 Recognise common costing techniques used in an organisation

Students need to know:

- how product cost is determined: material, labour and overhead
  - inventory valuation methods: first-in-first-out (FIFO), last-in-first-out (LIFO), weighted average cost (AVCO)
  - labour costing methods: time-rate, overtime, piecework, bonus payments
  - overhead absorption methods: per unit, labour hours, machine hours.
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#### 1.3 Identify the relationship between the costing and financial accounting systems within an organisation

Students need to know:

- costing and financial accounting systems within an organisation
  - how each system uses cost: costing using many classifications of cost, financial accounting depending on historic cost.
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#### 1.4 Identify sources of information about income and expenditure

Students need to know:

- how historic cost is used for accounting and costing reporting
  - how costing systems use actual or budgeted costs to determine unit/job cost
  - how budgeted and actual costs are used for planning and control purposes.
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#### 1.5 Distinguish between cost, profit and investment centres

Students need to know:

- differences between cost centres, profit centres and investment centres
  - use of different centres in different organisations.
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#### 1.6 Identify how materials, labour and overheads are classified and recorded

Students need to know:

- how costs are classified: element, nature, behaviour, function
  - how costs are coded using numeric, alphabetic and alphanumeric coding systems
  - the components and construction of a manufacturing account.
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## 2. Use cost recording techniques

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### 2.1 Calculate cost of inventory issues and inventory valuations

Students need to be able to:

- cost issue of inventory for management accounting purposes using FIFO, LIFO and AVCO
  - calculate closing values of inventory using FIFO, LIFO and AVCO (rounding figures as necessary).
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### 2.2 Calculate labour payments

Students need to be able to:

- calculate labour payments: time-rate and overtime, piecework, bonuses.
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### 2.3 Calculate overhead absorption rates

Students need to be able to:

- calculate simple overhead absorption rates: per unit, labour hours, machine hours (rounding figures as necessary) to show differing methods to arrive at unit cost.
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### 2.4 Use cost behaviour to calculate total and unit costs

Students need to be able to:

- calculate total and unit costs at different levels of output
  - apply simple High-Low method to arrive at output costs at differing levels of output
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### 2.5 Calculate the direct cost of a product

Students need to know:

- how direct cost is a component of product cost.

Students need to be able to:

- calculate direct cost of a product in a manufacturing organisation, taking into account the flow of inventory in the production process, what constitutes direct cost, manufacturing cost, cost of goods manufactured and cost of goods sold.
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## 3. Provide information on actual and budgeted costs and income

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### 3.1 Compare actual and budgeted costs and income

Students need to be able to:

- calculate differences between actual and budgeted costs and income
  - identify whether variance is adverse or favourable for costs and income.
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### 3.2 Apply exception reporting to identify significant variances

Students need to be able to:

- calculate variances as a percentage of budget
  - identify significant variances according to an organisation's policy
  - report significant variances to a relevant manager.
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## Delivering this unit

This unit has the following links across the AAT Foundation Certificate in Accounting.

Unit name	Content links	Suggested order of delivery
Bookkeeping Transactions	The use of codes in this unit links with Bookkeeping Transactions.	Bookkeeping Transactions might be delivered before, at the same time or after Elements of Costing.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- MA-1 Provide cost and revenue information.

## Test specification for Elements of Costing unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Computer marked	1 hour 30 minutes

Learning outcomes	Weighting
1. Understand the cost recording system within an organisation	20%
2. Use cost recording techniques	60%
3. Provide information on actual and budgeted costs and income	20%
<b>Total</b>	<b>100%</b>

# Using Accounting Software

Unit level	GLH value	Assessment
2	45	Unit assessment only

## Introduction

This unit provides students with the knowledge and skills needed to carry out typical bookkeeping transactions and tasks using accounting software. In the modern business environment, processing data and information into accounting software is a necessary task in most finance roles. This unit teaches students the practical steps for processing accounting information electronically and will allow students to reinforce their understanding of the sequence in which bookkeeping tasks are carried out.

On completion of this unit, students will have the practical ability to enter accounting transactions into accounting software and to perform bank reconciliations accurately. Students will be able to enter information into accounting software and understand the main features of accounting software. They will learn how to set up general ledger accounts for new and existing businesses and process the typical bookkeeping entries expected of students at this level, including the processing of sales and purchase documentation, recording bank and cash entries and carrying out bank reconciliations accurately. Students will also learn how to produce reports using the software and understand the purpose of these reports.

Students must have access to a suitable specialised accounting software package as part of their study for this unit and for the assessment. Spreadsheet software alone will not allow full unit content coverage, so cannot be used for the study or assessment of this unit.

The program selected by learning providers must be capable of producing reports in at least one of the following formats at various stages of the process: XLS, XLSX, CSV, DOC, DOCX, PDF, BMP, GIF, JPEG, PNG.

Screenshots may also be submitted using one of these formats. Assessment evidence submitted in alternative file formats will not be marked.

This unit refers to value added tax or VAT. This is an indirect tax operating in the UK but this type of tax may also operate and be known by another name in other countries.

Using Accounting Software is a **mandatory** unit in this qualification.

## Learning outcomes

1. Set up accounting software
2. Process sales and purchases transactions
3. Process bank and cash transactions
4. Perform period end routine tasks
5. Produce reports

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Set up accounting software

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#### 1.1 Enter information relating to the organisation at the beginning of an accounting period

Students need to be able to:

- set up and amend general ledger accounts
  - enter the relevant opening balance information.
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#### 1.2 Set up customer accounts

Students need to be able to:

- create customer accounts
  - enter the relevant opening balance information.
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#### 1.3 Set up supplier accounts

Students need to be able to:

- create supplier accounts
  - enter the relevant opening balance information.
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### 2. Process sales and purchases transactions

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#### 2.1 Process sales invoices and credit notes

Students need to be able to:

- process sales invoices from source documents ensuring that value added tax (VAT) where applicable is posted to the correct account
  - process credit notes from source documents ensuring that VAT where applicable is posted to the correct account.
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#### 2.2 Allocate receipts from customers

Students need to be able to:

- process receipts from customers and allocate amounts correctly: in full payment, in part payment, against the opening balance, invoices and credit notes.
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#### 2.3 Process purchase invoices and credit notes

Students need to be able to:

- process purchase invoices from source documents ensuring that VAT where applicable is posted to the correct account
  - process credit notes from source documents ensuring that VAT where applicable is posted to the correct account.
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#### 2.4 Allocate payments to suppliers

Students need to be able to:

- process payments to suppliers and allocate amounts correctly: in full payment, in part payment, against the opening balance, invoices and credit notes.
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### 3. Process bank and cash transactions

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#### 3.1 Process receipts and payments for non-credit transactions

Students need to be able to:

- process bank and cash receipts ensuring that VAT where applicable is posted to the correct account
  - process bank and cash payments ensuring that VAT where applicable is posted to the correct account.
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#### 3.2 Process recurring receipts and payments

Students need to be able to:

- set up and process a recurring bank receipt
  - set up and process a recurring bank payment.
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#### 3.3 Process petty cash receipts and payments

Students need to know:

- how to top up petty cash.

Students need to be able to:

- process petty cash payments ensuring that VAT where applicable is posted to the correct account
  - process petty cash receipts ensuring that VAT where applicable is posted to the correct account.
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### 4. Perform period end routine tasks

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#### 4.1 Process journals

Students need to be able to:

- process journals: to correct errors, to record unrecorded transactions or adjustments.
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#### 4.2 Reconcile the bank statement

Students need to know:

- how to agree the payments and receipts for the period from the bank statement to the bank entries made on accounting software.

Students need to be able to:

- process unrecorded payments and receipts
  - reconcile the bank balance at the end of an accounting period.
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### 5. Produce reports

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#### 5.1 Produce routine reports for customers and suppliers

Students need to know:

- how to identify the customer or supplier report required.

Students need to be able to:

- produce reports that meet business requirements.
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#### 5.2 Produce routine reports from the general ledger

Students need to be able to:

- produce a trial balance and audit trail
  - identify additional general ledger reports required
  - produce reports that meet business requirements.
-

## Delivering this unit

This unit has the following links across the AAT Foundation Certificate in Accounting.

Unit name	Content links	Suggested order of delivery
Bookkeeping Transactions	Manual bookkeeping skills are useful underpinning knowledge for Using Accounting Software.	It is recommended that Bookkeeping Transactions is delivered either before or at the same time as this unit.
Bookkeeping Controls	Control account reconciliations and basic journal adjustments offer useful underpinning knowledge for Using Accounting Software.	It is recommended that Bookkeeping Controls is delivered either before or at the same time as this unit.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- PS-1 Work effectively in accounts and finance
- FA-1 Process income
- FA-2 Process expenditure.

## Test specification for Using Accounting Software unit assessment

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment method	Marking type	Duration of exam
Computer based assessment	Human marked	2 hours

Learning outcomes	Weighting
1. Set up accounting software	25%
2. Process sales and purchases transactions	35%
3. Process bank and cash transactions	20%
4. Perform period end routine tasks	15%
5. Produce reports	5%
<b>Total</b>	<b>100%</b>

# Work Effectively in Finance

Unit level	GLH value	Assessment
2	45	Synoptic assessment only

## Introduction

This unit will help students to develop the professional skills and behaviours needed in the workplace. While this unit is set in the context of the finance function, these skills are transferable to many other working environments.

Students will understand the work of the finance function and why that work is important to an organisation. They will understand that finance employees require more than numerical skills: they also need interpersonal and written communication skills. Students will learn the importance of being an effective employee and what this means, and how to work as part of a finance team. Students will be able to identify activities that develop current skills and knowledge, and those that will help them achieve future career aspirations. Students will understand how to ensure data security and the importance of maintaining confidentiality of information. Students will understand why corporate social responsibility is important and what actions individuals can take to ensure that they behave ethically and support sustainability.

Studying this unit helps to prepare students for Advanced level Ethics for Accountants. The communication and numeracy skills included within this unit will be beneficial to those studying all AAT qualifications. The written communication skills element of this unit will prepare students for work and further study by developing their reading and writing skills. The basic numerical functions covered in this unit are important in all financial computations and, as such, students who successfully complete this unit should have an increased confidence in dealing with financial computations.

Work Effectively in Finance is a **mandatory** unit in this qualification.

## Learning outcomes

1. Understand the finance function within an organisation
2. Use personal skills development in finance
3. Produce work effectively
4. Understand corporate social responsibility (CSR), ethics and sustainability within organisations

## Scope of content

This section illustrates the depth and breadth of content to be delivered for this unit. All areas indicated in the table below must be covered in teaching.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### 1. Understand the finance function within an organisation

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#### 1.1 Identify the role of the finance function

Students need to know:

- the role of the finance function: responsibility for production of statutory financial statements, providing a service (information, support, advice and guidance) to both internal and external stakeholders.
- 

#### 1.2 Demonstrate an understanding of how finance staff contribute to an organisation's success

Students need to know:

- the importance of establishing good business relationships
  - the principles of effective communication: content is written clearly, complete, accurate, timely, concise and meets the needs of the recipient, and an appropriate medium is used in a suitable environment
  - actions of finance staff that support efficient working practices, solvency and long-term financial stability, legal and regulatory compliance
  - the importance to an organisation's survival of remaining solvent and managing funds effectively
  - the different types of policies and procedures affecting finance staff: finance function-specific and organisation-wide.
- 

#### 1.3 Indicate the role of information in the work of the finance function

Students need to know:

- types of information and documentation received by the finance function: budgetary, inventory control and costing information, information from suppliers and customers, purchase orders, remittance advice, statements, supplier invoices, credit notes
  - types of information and documentation produced by the finance function: information to help management decision making, budgetary information, cash information, taxation information, information for suppliers and customers, sales invoices, credit notes, statements
  - the importance of providing useful information
  - characteristics of useful information: complete, accurate, timely and fit for purpose.
- 

#### 1.4 Identify the importance of data security

Students need to know:

- why it is important to ensure the security of data and information
  - the implications for the organisation if data and information is not secure
  - how data and information is retained securely: using passwords, archiving, backups and restricting access.
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## 2. Use personal skills development in finance

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### 2.1 Identify the interpersonal skills required by finance staff

Students need to know:

- a range of interpersonal skills: respecting others, developing trust, being responsible, being reliable, communicating effectively, negotiation, problem solving, decision making
  - how to use active listening skills
  - how to use appropriate business language
  - the importance of appropriate language, personal appearance and body language in different business situations to project a professional image
  - how interpersonal skills help to build good business relationships.
- 

### 2.2 Identify the features of an effective finance team

Students need to know:

- the characteristics of an effective finance team: good communication channels, shared values, a mix of complementary skills, clear leadership, common purpose and clearly defined roles and responsibilities
  - the skills, competencies and behaviours required of individuals within a high-performing finance team: trust, shared goals and values, clear roles and responsibilities, effective communication, numeracy skills, clear leadership, every member feels valued, a mix of complementary skills and diversity
  - the actions a team member can take to support the success of the finance team: work independently but be aware of the work of others, help others in the team wherever possible, take responsibility for completing work within targets and to standard, communicate effectively, contribute ideas, understand role within the team, understand individual and team objectives, have commitment to achieving team and individual objectives.
- 

### 2.3 Identify development needs

Students need to know:

- the importance of continuing professional development (CPD) to finance staff.

Students need to be able to:

- review own performance and use feedback from others
  - identify development objectives and activities to address objectives.
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## 3. Produce work effectively

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### 3.1 Produce accurate work in appropriate formats

Students need to know:

- standard business communications: business letters, emails, formal business reports, spreadsheets
- how standard business communications are usually structured and presented: business letters, emails, business reports, spreadsheets.

Students need to be able to:

- choose the appropriate format to present business information
  - produce accurate information, which is technically correct and free from spelling and grammatical errors
  - use numerical functions for business calculations in any combination: addition, subtraction, multiplication, division, percentages, proportions, ratios, averages and fractions.
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### 3.2 Communicate information effectively

Students need to be able to:

- communicate using acceptable business language
  - produce written communication that is clear, structured and follows a logical progression
  - prepare logical and clearly structured notes to plan for verbal communications.
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### 3.3 Plan workload to meet the needs of the organisation

Students need to know:

- the importance of communicating with others during the completion of tasks or when deadlines are in danger of not being met
- the importance of meeting agreed deadlines and adhering to working practices
- the impact on others of not completing specified tasks.

Students need to be able to:

- work independently, and manage workload using time management techniques and planning aids
  - plan, prioritise, monitor and review workload within deadlines.
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## 4. Understand corporate social responsibility (CSR), ethics and sustainability within organisations

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### 4.1 Demonstrate an understanding of corporate social responsibility (CSR)

Students need to know:

- what CSR is
  - organisational actions that support CSR
  - good practice in organisations with a strong CSR commitment.
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### 4.2 Identify how finance staff can support ethical business practices

Students need to be able to:

- maintain confidentiality of information
  - behave professionally in finance: acting with honesty and fairness, ensuring that professional knowledge is up to date.
- 

### 4.3 Establish the features and benefits of sustainable business practices

Students need to know:

- areas of sustainability: economic, social, environmental
  - organisational actions that support sustainability
  - the impact of sustainability activities on the organisation: costs, benefits
  - the impact of sustainability activities outside the organisation: on stakeholders, on the environment, on society.
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## Delivering this unit

This unit has the following links across the AAT Foundation Certificate in Accounting.

Elements of this unit are found across the qualification and this unit may be delivered at any time throughout the course. However, it is recommended that the synoptic assessment is only taken when all other units have been completed.

Unit name	Content links	Suggested order of delivery
Bookkeeping Transactions	Numerical skills, communication of information and professional behaviour may be linked with Bookkeeping Transactions.	Bookkeeping Transactions might be delivered before, at the same time as or after Work Effectively in Finance. It is recommended that the synoptic assessment is only attempted after the contributing units are completed, although this is not compulsory.
Bookkeeping Controls	Numerical skills, communication of information and professional behaviour may be linked with Bookkeeping Controls.	Bookkeeping Controls might be delivered before, at the same time as or after Work Effectively in Finance. It is recommended that the synoptic assessment is only attempted after the contributing units are completed, although this is not compulsory.
Elements of Costing	Numerical skills may be linked with Elements of Costing.	Elements of Costing might be delivered before, at the same time as or after Work Effectively in Finance. It is recommended that the synoptic assessment is only attempted after the contributing units are completed, although this is not compulsory.

## Links to standards

This unit links with the following National Occupational Standards (NOS) for Accountancy and Finance:

- PS-1 Work effectively in accountancy and finance
- PS-2 Professional ethics in accountancy and finance.

## 12. Synoptic test specification

Please refer to the latest Qualification Technical Information (QTI) for specific legislation or rates that apply to the current assessments. Details can be accessed at [aat.org.uk/about-aat/qualification-development](http://aat.org.uk/about-aat/qualification-development)

Assessment	Marking type	Duration of exam
Computer based synoptic assessment	Partially computer / partially human marked	2 hours

### 12.1 Assessment objectives

<b>Assessment objective 1</b>	Demonstrate an understanding of the finance function and the roles and procedures carried out by members of an accounting team.
<b>Related learning outcomes</b>	<b>Work Effectively In Finance</b> L01 Understand the finance function within an organisation L02 Use personal skills development in finance L03 Produce work effectively L04 Understand corporate social responsibility (CSR), ethics and sustainability within organisations
<b>Assessment objective 2</b>	Process transactions, complete calculations and make journal entries.
<b>Related learning outcomes</b>	<b>Bookkeeping Transactions</b> L02 Process customer transactions L03 Process supplier transactions L04 Process receipts and payments L05 Process transactions through the ledgers to the trial balance
<b>Assessment objective 3</b>	Compare, produce and reconcile journals and accounts.
<b>Related learning outcomes</b>	<b>Bookkeeping Controls</b> L03 Use control accounts L04 Use the journal L05 Reconcile a bank statement with the cash book <b>Elements of Costing</b> L02 Use cost recording techniques L03 Provide information on actual and budgeted costs and income
<b>Assessment objective 4</b>	Communicate financial information effectively.
<b>Related learning outcomes</b>	<b>Work Effectively In Finance</b> L03 Produce work effectively

## 12.2 Summary

<b>Assessment objective</b>	<b>Weighting</b>
A01 Demonstrate an understanding of the finance function and the roles and procedures carried out by members of an accounting team.	24%
A02 Process transactions, complete calculations and make journal entries.	24%
A03 Compare, produce and reconcile journals and accounts.	34%
A04 Communicate financial information effectively.	18%
<b>Total</b>	<b>100%</b>