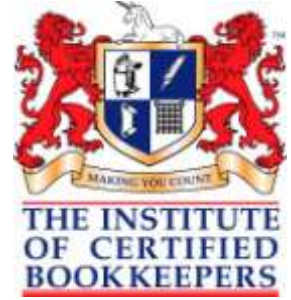


Level II Certificate in Manual Bookkeeping



Prerequisites:	Level I Certificate in Basic Bookkeeping,
Study Method:	Supported Self Study
Support:	Telephone/Email
Type of Examination:	Centre-based Assessment

Students must be able to demonstrate their ability to understand and carry out the following functions:

(1) Accounting for VAT

Understand the process of accounting for VAT and completing a VAT Return. Be able to:

- explain the need for a business to register for VAT
- identify the form and content of a VAT invoice
- define the terms
 - Input tax
 - Output tax
 - Standard rate
 - Zero Rate
 - Exempt Supplies
 - Tax Point
- account for VAT using a VAT control account
- explain the process of bad debt relief
- prepare a VAT Return

(2) The Cash Book and Petty Cash Book

2.1 Understand the purpose and need to record petty cash. Be able to:

- explain the purpose of the imprest system
- prepare and authorise petty cash vouchers
- code the expenditure
- record the transactions in the petty cash book
- balance off and restore the imprest
- post to ledger accounts

2.2 Understand the purpose and use of a three column cash book. Be able to:

- accurately record receipts and payments in a three-column cash book
- balance off cash and bank columns and bring down balances
- complete the double entry to main and subsidiary ledgers

(3) Bank Reconciliation Statement

3.1 Understand the need to balance bank transactions and the bank reconciliation statement. Be able to:

- compare individual items on the bank statement with those in the cash book
- update the cash book
- prepare the bank reconciliation statement

(4) Control Accounts and Reconciliation of Sales and Purchase Ledger Accounts

Understand the purpose and use of control accounts. Be able to:

- prepare sales and purchase ledger control accounts
- total and balance off accounts in the subsidiary ledgers
- reconcile control accounts with the total from subsidiary ledger

(5) Correction of Errors and the Suspense Account

Understand the need to correct errors and use a suspense account until errors have been clearly identified. Be able to:

- open a suspense account
- correct errors through the journal
- prepare the suspense account

(6) Depreciation of Fixed Assets

Understand the need to depreciate fixed assets and calculate depreciation using appropriate rates and methods. Be able to:

- record Capital Expenditure in appropriate records
- calculate and record the charge for depreciation using both straight line and reducing balance method
- prepare a schedule of fixed assets showing clearly their net book value
- understand the effects of depreciation on the accounts

(7) Accruals and Prepayments

Understand the need for accruals and prepayments.

Apply the accruals or matching concept by:

- calculating accruals
- calculating pre-payments
- accounting for accruals and prepayments
- understand the effect of accruals and prepayments on final accounts



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(8) Bad Debts

Understand the need to recognise and deal with writing off a bad debt. Be able to:

- recognise when a debt becomes classed as 'bad'
- prepare a journal entry to write off a bad debt
- post the transaction to both the bad debts accounts and the debtors account
- understand the effect of bad debts on final accounts

(9) Final Accounts of a Sole Trader

Prepare the Trading and Profit & Loss Accounts of a Sole Trader and be able to:

- explain the role and purpose of final accounts
- prepare a trading and profit and loss account from a trial balance to include adjustments for:
 - accruals and pre-payments
 - depreciation (straight line and reducing balance)
 - write off of a bad debt
 - Prepare a Balance Sheet in good (vertical) form showing clearly the main categories of assets and liabilities



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