

## Level II The Certificate in Manual Bookkeeping

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

### **VAT Returns**

- 1) Show an understanding of the requirements for making VAT returns
- 2) Prepare VAT returns
- 3) Explain the balancing figure on the VAT return and its implications for the business

### **Cash Books**

- 1) Explain the imprest system for dealing with petty cash
- 2) Enter opening balances and transactions into a petty cash book
- 3) Calculate and bring down balances
- 4) Restore the imprest
- 5) Post the analysed totals to the relevant ledger accounts
- 6) Set up a three column cash book and post relevant items including cash discounts involving VAT

### **Reconcile Sales and Purchases Ledger Accounts**

- 1) Explain the need for reconciling the sales and purchases ledger accounts
- 2) Explain how discrepancies in the reconciliation can occur
- 3) Carry out a reconciliation of the sales and purchases ledger accounts

### **Correction of Errors**

- 1) Correct errors in the accounts including those involving the suspense account

### **Bank Reconciliation Statements**

- 1) Explain the discrepancies between bank statements and the bank columns of cash books
- 2) Update the cash book
- 3) Prepare such statements

### **Trading and Profit and Loss Account for a Sole Trader**

- 1) Explain their purpose
- 2) Prepare them from
  - i) Ledger accounts
  - ii) Trial balances
  - iii) Lists of balances
- 3) Derive and explain
  - i) Gross profit (or loss)
  - ii) Net profit (or loss)
  - iii) Cost of goods sold
- 4) Adjust the trading, profit and loss account for
  - i) Depreciation (straight line and reducing balance Methods)
  - ii) Prepayments and Accruals
  - iii) Bad debts

### **Balance sheet for a Sole Trader**

- 1) Explain their purpose
- 2) Compile them from ledger accounts and a trading and profit and loss account
- 3) Explain the meaning of:
  - i) Capital
  - ii) Debtors and creditors
  - iii) Fixed and current assets

### **Year End Ledger Entries**

- 1) Close off the ledger accounts at the year end making allowances for depreciation, prepayments and accruals

### **Non-Profit Making Organisations**

- 1) Prepare a statement of affairs
- 2) Accurately prepare a receipts and payments account
- 3) Make adjustments to the accounts with regard to the accruals and prepayments of income and expenditure items including subscriptions
- 4) Prepare an income and expenditure account
- 5) Prepare a balance sheet