

Qualification number: 601/8221/0  
Qualification Specification  
Version 3.0 published 11 September 2017

# FOUNDATION

## CERTIFICATE IN BOOKKEEPING

LEVEL 2

aat

## Updates to this specification

Since first publication of the AAT Foundation Certificate in Bookkeeping qualification specification, the following areas of the qualification specification have been updated.

Version	Date first published	What's been updated
Version 3.0	11 September 2017	Section 10 Equality and diversity
Version 2.0	22 April 2016	Section 1 Short qualifications Section 4.6 Transferring units Section 8.0 Bookkeeping Transactions Section 8.0 Bookkeeping Controls
Version 1.0	01 October 2015	First publication

**Disclaimer:** This qualification specification applies only to students registered with AAT from 01 September 2016.

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# 1. Short Qualifications from AAT

AAT works across the globe with around 130,000 students and members in more than 90 countries. They are represented at every level of the finance and accounting world, including students studying for a career in finance, people already working in accountancy and self-employed business owners.

Alongside the AAT Accounting Qualifications, AAT also offers Short Qualifications to meet the varied needs of our students. Our Short Qualifications provide a range of entry points through which students with varied experiences can engage with AAT and achieve their career goals.

In studying an AAT Short Qualification, students will focus on specific finance knowledge and skills. They may then choose to advance in specialised subject areas such as bookkeeping or to move on to study full AAT Accounting Qualifications and become full members of AAT.

The decisions made in the course of a professional life in accountancy or finance can have real ethical implications. To reflect these realities of the workplace, we have embedded ethical dilemmas and decision making throughout AAT's qualifications and assessments. We hope that this will help to set our students on the right path as they embark on careers as accountancy or finance professionals.

## 2. Studying with AAT

All students must register with AAT to study their AAT Short Qualification.

The annual AAT student registration fee allows students to:

- study AAT Short Qualifications
- sit AAT assessments
- access a range of study resources that support successful study progression.

We support and develop our students through more than 500 AAT-approved training providers around the world. We also have an extensive branch network where students can access support and training and meet other AAT students in their local area.

Prospective students wishing to register for a qualification are able to register online at [aat.org.uk/register/student](https://aat.org.uk/register/student) Students are advised to register with an AAT-approved training provider before registering as a student member with the AAT. On registration, an email confirming registration and AAT membership number will be sent.

## 3. Choosing to study the AAT Foundation Certificate in Bookkeeping

### 3.1 Who should choose to study this qualification?

The AAT Foundation Certificate in Bookkeeping provides an entry point for anyone wishing to start a career in accountancy or finance. It may also support career progression for those already in employment by formally recognising their skills in manual bookkeeping.

Manual bookkeeping underpins all accountancy and finance roles. Studying the AAT Foundation Certificate in Bookkeeping helps students to develop a strong foundation of bookkeeping knowledge and skills needed to work in accountancy and finance or to go on to study higher-level bookkeeping or accountancy. Students completing this qualification will be able to confidently carry out typical bookkeeping transactions and tasks.

This qualification is suitable for those already working in finance, those returning to work after a break or those wishing to change career. The qualification is open to those who are working and those who are not currently in employment. It also offers progression for students who have started studying accountancy and bookkeeping with AAT.

AAT does not set any prerequisites for the study of the AAT Foundation Certificate in Bookkeeping. However, for the best chance of success, we recommend that students begin their studies with a good standard of English and maths.

### 3.2 Why choose this qualification?

Students who wish to build their practical skills quickly should choose the AAT Foundation Certificate in Bookkeeping. This qualification allows students to develop specialised skills or to gain recognition for the skills that they already have.

Studying this qualification will give students confidence in manual bookkeeping. This may support them in entering employment or in improving their career prospects. The qualification may help students to enter a financial administration role, help them to gain a promotion or give them the skills to support the financial processes within their own business.

This qualification would be an ideal next step for students who have already studied accountancy and bookkeeping with AAT.

The AAT Foundation Certificate in Bookkeeping will take approximately 12 weeks to complete, but this will depend on the study method and course timetable.

### 3.3 What does the qualification cover?

The purpose of the AAT Foundation Certificate in Bookkeeping is to ensure that students have the solid bookkeeping skills necessary for most finance roles. Students will gain the knowledge and skills needed to carry out typical bookkeeping transactions and tasks in two mandatory units (105 guided learning hours).

The qualification is composed of two mandatory units, assessed in two end-of-unit assessments:

- Bookkeeping Transactions
- Bookkeeping Controls.

A student completing this qualification will develop practical accountancy skills in the double-entry bookkeeping system and in using associated documents and processes. Students will be able to check transactions for accuracy, make entries in appropriate books and ledgers, and calculate sales invoices and credit notes. They will also cover more complex Foundation level bookkeeping procedures, including dealing with VAT, reconciliation and trial balances, and will develop their understanding of the relationship between the various accounting records.

It is good practice for students to work with employers while studying. This could include work experience or placements, working on projects or exercises set or supervised by those working in the industry, or by attending masterclasses or guest lectures by people working in accounting.

Employers also contribute to the development of AAT qualifications. A student who passes an AAT assessment is passing a test of real workplace skills, set in a real workplace context and reviewed by practitioners and industry experts.

### 3.4 What will this qualification lead to?

The skills developed by studying this qualification will enable a student to seek employment with confidence and/or to progress to the next level of learning.

A student completing this qualification will develop the underpinning skills required in all accountancy and finance roles. They will use bookkeeping skills to confidently perform accounting transactions and understand how to process financial information in accordance with set procedures and schedules. The AAT Foundation Certificate in Bookkeeping can lead to further study in bookkeeping or accountancy or to employment as:

- a clerical assistant
- a trainee bookkeeper
- an accounts clerk
- a finance assistant
- an accounts administrator.

The AAT Foundation Certificate in Bookkeeping is not part of an apprenticeship.

### 3.5 How can this qualification lead to other AAT qualifications?

At Foundation level, AAT offers a Short Qualification in using accounting software, the AAT Foundation Award in Accounting Software, and two larger Accounting Qualifications: the AAT Foundation Certificate in Accounting and the AAT Foundation Diploma in Accounting and Business.

Students completing the AAT Foundation Certificate in Bookkeeping may wish to complete the Foundation Award in Accounting Software alongside it as a complementary qualification. This will give them an understanding of both manual bookkeeping and the practical use of accounting software. If students wish to continue studying and choose to complete one of the full AAT Accounting Qualifications, their Short Qualification achievement/s may be transferred to the larger qualifications.

### 3.6 Who supports this qualification?

AAT qualifications are recognised and valued by employers as vocational and technical qualifications that effectively prepare students for the world of work and for working specifically in accountancy and finance roles. Completing an AAT qualification also demonstrates to an employer that a student not only has technical and professional skills, but that they are also committed to developing their skills and knowledge.

Throughout the qualification development process, AAT works with employers in the accountancy and finance sector to consult on the content, structure and assessment of our qualifications in order to ensure that the skills developed while studying an AAT qualification are those that are valued by employers.



I'd encourage anyone thinking about a career in finance to consider AAT Bookkeeping. It gave me the skills, knowledge and confidence I needed to get my ideal job.

**Leanne Ivey**  
Student

## 4. About the AAT Foundation Certificate in Bookkeeping

Qualification name	Qualification number
AAT Foundation Certificate in Bookkeeping	601/8221/0
Level	Credits
2	16
Guided learning hours (GLH)	Total qualification time (TQT)
105	160 hours

### 4.1 Guided Learning Hours (GLH) value

The total GLH value for this qualification is 105 hours.

The GLH for a qualification are an estimate of the amount of time a student spends learning under the supervision of a teacher or tutor. This might include lectures, tutorials or supervised study. Learning that involves the teacher or tutor and makes use of 'simultaneous electronic communication' methods such as telephone conversations or remote invigilation is also included, as well as time spent by tutors, teachers or external experts assessing student performance. It does not include time that students spend on unsupervised preparation or study.

The GLH are set and recommended as appropriate by AAT, but some learners may need more or less support to achieve the qualification. The GLH value is not a compulsory measure for all learners. Training providers have the flexibility to offer the qualification in the hours required by their own students, within the constraints of any funded provision requirements.

### 4.2 Total Qualification Time (TQT) value

The TQT value for this qualification is 160 hours.

The TQT is also a measure of how long it takes to complete a qualification, but it includes both guided learning and unsupervised learning.

Any independent study time or any additional work by the student that is directed by, but not under the supervision of, a tutor is included in the TQT value. This might include working through e-learning at home or time spent on independent research.

### 4.3 Is this qualification linked to the National Occupational Standards?

This qualification is linked to the current [Accountancy National Occupational Standards](#), last revised in 2012.

#### **4.4 Are there any prerequisites for this qualification?**

AAT does not set any prerequisites for the study of this qualification.

However, for the best chance of success, we recommend that students begin their studies with a good standard of English and maths. Accountants work at the very heart of a business and are expected to be able to communicate information clearly and appropriately to a given audience.

#### **4.5 Will current students be able to transfer their results onto this qualification to complete their studies?**

Students who have already started an AAT qualification should try to complete their studies on their current programme where possible.

If this is not possible, transitional arrangements may be available. In some cases, students may be able to transfer results for current units to similar units in an updated qualification, although this will be strictly time limited.

It is important to check for the latest information to see if transitional arrangements apply via [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](http://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

#### **4.6 Transferring results from a Short Qualification to an AAT Accounting Qualification**

Students who have completed unit assessments in AAT Short Qualifications may be able to transfer their results if the same units appear in the following AAT Accounting Qualifications:

- AAT Foundation Certificate in Accounting
- AAT Foundation Diploma in Accounting and Business
- AAT Advanced Diploma in Accounting.

There may be restrictions on transferring some units. Any unit result transferred from a Short Qualification to an AAT Accounting Qualification will only be transferred at 70% (the pass threshold). To achieve a higher percentage for a unit that has been transferred this way, a student is required to retake the assessment and any re-sit rules of the AAT Accounting Qualifications will apply.

It is important to check for the latest information to see if transitional arrangements apply through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](http://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

#### **4.7 Recognition of prior learning (RPL)**

If a student can demonstrate that they already have the knowledge and skills to meet the requirements for a unit assessment, they may be eligible for RPL. This must be arranged through a registered AAT training provider and mapping of the student's skills and knowledge must be uploaded to AAT's assessment platform. There are restrictions regarding which units may be claimed under exemptions or RPL, and restrictions on the number of units that may be claimed.

**For this qualification, RPL is available**, although there is a restriction on the number of units that may be claimed by RPL. This ensures that at least 50% of the qualification will always be externally assessed.

Where RPL is successfully claimed for a unit assessment, the student will be given a mark of 70% for that assessment (the pass threshold).

It is important to check for the latest information to see if transitional arrangements apply through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl](https://aat.org.uk/training/qualifications/aq2016-faqs-ta-rpl)

## **4.8 Exemptions from AAT assessments**

Exemptions may be offered to students who can provide evidence of gaining a previous relevant qualification. If eligible, students may be exempt from sitting some AAT assessments. This includes students who have completed a recognised accounting or finance-related degree with one of AAT's partner universities.

There are restrictions on how many exemptions are allowed within each qualification. Fees will be charged for exemptions.

Where an exemption is successfully claimed for a unit assessment, the student will be given a mark of 70% for that assessment (the pass threshold).

Full details on exemptions can be accessed through MyAAT at [aat.org.uk/training/qualifications/aq2016-faqs](https://aat.org.uk/training/qualifications/aq2016-faqs)

## 5. Employer involvement

AAT qualifications are recognised and valued by employers as vocational and technical qualifications that prepare students for the world of work and for working specifically in accountancy and finance roles.

### 5.1 Employer involvement in development and assessment

AAT has worked closely with employers in the development of this qualification to ensure that the qualification demands the skills that an employer would expect of a student at this level.

### 5.2 Working with employers to deliver the qualification

AAT qualifications are practical and technical qualifications that have been developed with the involvement and support of employers. Teaching and learning should reflect this practical focus, and students must be encouraged to relate their learning to current issues and activities within the sector. Students must have significant contact with employers in the accounting sector and/or in an accounting department of an organisation during their course of study. Employer involvement enhances the student's experience by allowing them to apply their knowledge to real workplace situations and builds bridges between the worlds of study and work.

Employer involvement may include:

- students participating in structured work experience or placements that enable them to develop their accounting skills and knowledge
- students working on projects, exercises or assessments set or supervised by those working in the industry (for example, employers may develop case studies or assignments for students to complete)
- areas of qualification content delivered via masterclasses or guest lectures by industry practitioner(s)
- visiting employers (or employers providing premises, facilities or equipment)
- attending talks by employers on employability, general careers advice, CV writing and interview preparation
- attending careers fairs, events or other networking opportunities
- learning in simulated or centre-based working environments
- employers providing job references for students.

AAT reserves the right to inspect training provider evidence that these opportunities are being offered.

## 6. Support for this qualification

### 6.1 AAT qualification support

Throughout the life of this qualification, AAT will make available a range of free materials and resources to support tutors and students in delivery and assessment.

Materials produced for this qualification may include:

- specification
- sample assessment materials
- e-learning
- Green Light tests
- webinars
- tutor-to-tutor sessions at network meetings.

Up-to-date information on support materials can be accessed through MyAAT at [aat.org.uk/training/study-support/search](https://aat.org.uk/training/study-support/search)

### 6.2 Published materials

A number of commercial publishers produce support materials for AAT qualifications. While AAT ensures that commercial publishers have the information they need to produce materials in good time to support our training providers and students, we do not formally endorse the materials of any one publisher and we do not review publishers' materials for accuracy.

Tutors are reminded to always refer back to the unit content for what to teach and what will be assessed, and to refer to a range of support materials where possible. While published materials can offer excellent support and variety in teaching and learning, they should not be used without reference to this specification.

## 7. The assessment in detail

### 7.1 How will students be assessed?

Students must successfully complete two unit assessments to achieve this qualification. The proportion of this qualification assessed by external assessment is 100%.

All assessments in this qualification:

- are set and marked by AAT (with the exception of RPL, which is marked by the training provider)
- are computer based
- are time limited
- are scheduled by training providers or assessment venues
- take place at approved centres and venues under controlled conditions.

This qualification is not graded. To pass the qualification, students must pass all mandatory assessments.

### 7.2 Availability of assessments

Unit assessments are available to be scheduled on demand throughout the year, except during periods set and communicated by AAT.

### 7.3 Controlled conditions

AAT has published detailed regulations for training providers regarding the conduct of computer based assessments.

Training providers must ensure that they comply with the minimum requirements for the hardware and software used in the delivery of AAT assessments and must ensure that all assessments are delivered securely.

Each training provider and assessment venue must have at least one computer based assessment (CBA) administrator and at least one invigilator. Training providers and assessment venues must ensure that all assessments are invigilated and conducted in accordance with AAT policies and procedures. To avoid any possible conflict of interest, the CBA administrator and invigilator for an assessment must not be active AAT student members or related to any student taking that assessment. Tutors who have prepared students for the assessment cannot act as the sole invigilator.

AAT requirements and regulations for the conduct of assessments are detailed in the *Instructions for conducting AAT computer based assessments (CBAs)* guidance document, available at [aat.org.uk/assessment/secureassess/support](https://aat.org.uk/assessment/secureassess/support)

## 7.4 Sitting the assessment

The assessments in this qualification are computer based with a time restriction.

Students will be presented with a range of question types and formats in the assessment. These may include multiple-choice questions, numeric gap-fill questions, or question tools that replicate workplace activities, such as making entries in a journal. In some assessments, questions will require a written answer. While tasks generally do not have to be completed in a specific order, students are encouraged to proceed through them in the order in which they are presented.

Students should familiarise themselves with the CBA environment and some of the question styles that they might encounter in the exam by using the sample assessment materials provided by AAT. Registered students may access Study Support and sample assessment materials through MyAAT at [aat.org.uk/training/study-support/search](https://aat.org.uk/training/study-support/search)

## 7.5 Marking

All assessments are marked by AAT, with the exception of RPL. Assessments may be:

- wholly computer marked
- partially computer marked and partially human marked
- wholly human marked.

Computer marking is completed within the assessment software in accordance with an objective marking scheme devised during assessment development. Human marking is conducted by a team of markers, with appropriate subject matter knowledge, who are appointed by AAT. Markers use mark schemes devised during assessment development.

Assessments undergo regular quality assurance, which includes:

- standardisation of markers
- sampling for marking consistency
- review of borderline scripts.

## 7.6 Results

For computer-marked assessments, provisional results will be available straight after the assessment. Results for assessments that are wholly or partially human marked are delivered within the timescales advertised on the AAT website.

Students' results will simply state whether they are competent or not yet competent in the assessment.

AAT's feedback service provides a simple summary of a student's performance in each assessment. The feedback statement confirms their overall result and includes a breakdown of performance by task. Feedback statements are automatically generated and are designed to help students identify their strengths and any topic areas requiring further study. The student is presented with a short descriptor for each task to describe their performance in that task against the topics assessed. There are five feedback descriptors. Each descriptor provides an indication of how the student has performed in that task and includes generic advice on how to proceed with their studies or continuing professional development (CPD).

## 7.7 Re-sits

**This qualification is not subject to re-sit restrictions.**

Students should only be entered for an assessment when they are well prepared and they are expected to pass the assessment. Where a student is unsuccessful in an assessment attempt, they should discuss their results with their tutor and revise appropriately before retaking the assessment.

Students who have completed unit assessments in AAT Short Qualifications may be able to transfer their results if the same units appear in an AAT Accounting Qualification. Any unit result transferred from a Short Qualification to an Accounting Qualification will only be transferred at 70% (the pass threshold). To achieve a higher percentage in an Accounting Qualification for a transferred unit, a student would be required to retake the assessment and any re-sit rules of the Accounting Qualifications would apply.

Full details on AQ2016 may be found on [aat.org.uk/aq2016](http://aat.org.uk/aq2016)

## 7.8 Enquiry and appeals

If the student thinks that their assessment outcome does not reflect their performance, they can submit an enquiry through MyAAT at [aat.org.uk/assessment/enquiries-and-appeals](http://aat.org.uk/assessment/enquiries-and-appeals). AAT's results enquiry service includes a check of all procedures leading to the issue of the outcome. This service checks that all parts of the assessment were marked; that the marks were totalled correctly; and that the marks were recorded correctly. It also includes a review of the original marking to check that the agreed mark scheme was applied correctly.

Enquiries can be made by a training provider on behalf of an individual student or group of students.

If the student is not satisfied with the response to their enquiry, they can submit an appeal.

There is an administrative fee for enquiries and appeals. AAT will not charge a fee if the enquiry leads to a change in mark awarded for the assessment.

## 8. Units

All units in this qualification specification follow a standard format. The unit specification gives guidance on the requirements of the unit for students, tutors, assessors and those responsible for monitoring national standards. Each unit contains the following sections.

### **Unit title**

This qualification, and its component units, is regulated. The unit title shown is the regulated title of the unit. The unit title will appear on the student's qualification certificate exactly as it appears in this specification.

### **Unit level**

All regulated units and qualifications are assigned a level. There are nine levels of achievement, from Entry Level to Level 8.

### **GLH value**

The GLH value is defined as all the time when a tutor, trainer or facilitator is present to give specific guidance. This definition includes lectures, tutorials and supervised study. It also includes time spent by staff assessing student achievements. It does not include time spent by staff marking assignments or homework where the student is not present.

### **Assessment**

Short Qualification units will be assessed by unit assessment only.

### **Introduction**

The unit introduction gives the reader an appreciation of the unit in the context of the vocational setting of the qualification, as well as highlighting the focus of the unit. It gives the reader a snapshot of the unit and the key knowledge, skills and understanding gained while studying the unit. The unit introduction highlights any links to other AAT units and shows how the unit relates to them.

### **Learning outcomes**

The learning outcomes of a unit set out what a student is expected to know or be able to do as a result of their learning.

### **Scope of content**

The scope of content identifies the breadth of knowledge, skills and understanding needed to achieve each of the learning outcomes. The content provides the range of subject material for the programme of learning and specifies the skills, knowledge and understanding required for achievement of the unit.

## **Content structure**

1. Each learning outcome is stated in full.
2. Assessment criteria specify the standard that a student is expected to meet in order to demonstrate that the learning outcome has been achieved. These may be shown as 'students must know' for a knowledge criterion, or 'students must be able to' for a skills criterion. Some learning outcomes may include both knowledge and skills elements.
3. Each assessment criterion is then expanded into key concepts related to that learning outcome.
4. Each concept is then further expanded into indicative content where applicable.

## **Relationship between content and assessment**

Students must have the opportunity to cover all of the unit content. It is not a requirement of the unit specification that all of the content is assessed. However, the indicative content will need to be covered in a programme of learning in order for students to be able to meet the standard determined in the assessment criteria.

## **Delivering this unit**

This section explains the unit content's relationship to content in other AAT units.

## **Links to standards**

This section lists any relevant National Occupational Standards or Apprenticeship Standards that apply to the unit.

## **Test specification for unit assessment**

The test specification for the unit assessment gives details about the assessment method, marking type and duration of the exam. The contribution that each learning outcome makes to the overall mark for the unit assessment is also provided.

# Bookkeeping Transactions

Unit level	GLH value	Assessment
2	60	Unit 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.
- 

#### 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.
- 

#### 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.
- 

#### 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.
-

## 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.
- 

### 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.
- 

### 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.
- 

## 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.
-

### 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.
- 

### 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.
- 

## 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.
- 

### 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.
- 

### 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.
-

## 5. Process transactions through the ledgers to the trial balance

---

### 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.
- 

### 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.
- 

### 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.
-

## Delivering this unit

This unit has the following links with other AAT Foundation level qualification units.

Unit name	Content links
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.
Elements of Costing	The use of codes in this unit links with Elements of Costing.
Using Accounting Software	Bookkeeping Transactions gives students underlying knowledge that may support their study of 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 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 will consolidate the double-entry bookkeeping skills gained in Bookkeeping Transactions.

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

---

#### 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.
- 

#### 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.
- 

### 2. Understand controls in a bookkeeping system

---

#### 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.
- 

#### 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.
- 

#### 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.
-

### 3. Use control accounts

---

#### 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.
- 

#### 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.
- 

### 4. Use the journal

---

#### 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.
- 

#### 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.
- 

#### 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.
- 

#### 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.
- 

#### 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.
-

## 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, unrepresented cheques and outstanding lodgements.
- 

### 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.
- 

### 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, unrepresented cheques, outstanding lodgements
  - check a bank statement has been correctly reconciled with a (debit) closing cash book balance.
- 

## Delivering this unit

This unit has the following links with other AAT Foundation level qualification units.

Unit name	Content links
Bookkeeping Transactions	This unit builds on the knowledge and skills acquired from studying Bookkeeping Transactions, in particular double-entry bookkeeping techniques and reconciliation processes.
Using Accounting Software	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.

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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>

## 9. Delivering AAT qualifications

### 9.1 Staff requirements

AAT requires that all staff who deliver AAT qualifications, including tutors, assessors and verifiers, are professionally competent to do so.

If a training provider wishes to claim recognition of prior learning (RPL) for a student, then staff must hold the relevant assessor and/or internal verifier qualifications.

For more information on assessing RPL, and the role and qualifications required for assessors and/or internal verifiers, please refer to the *AAT Code of practice for training providers* and *AAT Guidance for training providers* documents available through MyAAT on [aat.org.uk/about-aat/aat-standards](https://aat.org.uk/about-aat/aat-standards)

### 9.2 Training provider and assessment venue approval

Training providers must be approved by AAT to offer these qualifications. To apply to become an AAT-approved training provider, email [trainingproviders@aat.org.uk](mailto:trainingproviders@aat.org.uk) with the following information:

- full name of organisation
- full postal address, including postcode
- landline telephone number
- website address – this must be a live, fully functioning website
- other awarding bodies with which the organisation is accredited.

When AAT has received this information, an account manager will set up a meeting and discuss the criteria needed for approval. Training providers offering funded provision to 16–19-year-old students will be required to confirm that they are providing employer engagement for those students.

Only applications that meet AAT's high standards will be approved.

Existing training providers who wish to offer the qualification(s) should contact [qualityassurance@aat.org.uk](mailto:qualityassurance@aat.org.uk) to obtain the additional approval application form.

To apply to become an AAT-approved assessment venue, email [assessment.operations@aat.org.uk](mailto:assessment.operations@aat.org.uk) with the following information:

- the full address of the proposed venue
- any experience in administering computer based assessments.

AAT will evaluate whether a venue meets the minimum hardware and software requirements, is a suitable environment for delivering assessments and has the staff to run assessments successfully. One of the AAT assessment team may visit a centre before approval is granted.

AAT doesn't approve venues on a permanent basis and may review a venue's status at any time. If a venue's status changes, the venue administrator will be notified in writing.

### 9.3 Quality assurance

AAT monitors training providers to ensure their continued compliance with the AAT approval criteria, the *AAT Code of practice for training providers* and appropriate regulatory requirements. Within the United Kingdom, our qualifications are regulated by the Office of Qualifications and Examinations Regulation (Ofqual) in England and Northern Ireland and internationally; by the Scottish Qualifications Authority (SQA) in Scotland; and by Qualifications Wales in Wales.

All training providers have an allocated point of contact, and from time to time they will be visited by AAT to ensure that quality standards are being met. The frequency of visits will depend on a number of factors and visits will not necessarily occur on an annual basis. If a centre has been delivering assessments using RPL as an assessment method, AAT may also ask for particular information and/or documents to be made available so that a remote verification activity might be conducted rather than a physical visit.

Training providers will receive an annual report from AAT identifying any actions that are to be addressed.

AAT may apply an action plan with deadlines and/or a sanction where training providers do not meet the requirements set out in the *AAT Code of practice for training providers* which can be accessed via MyAAT at [aat.org.uk/support/quality-assurance/resources](https://aat.org.uk/support/quality-assurance/resources)

Sanctions will be applied at training provider level and will take the following form:

Level 1	Action plan imposed
Level 2	Suspension of the right to claim certification
Level 3	Suspension of the right to register students and claim certification.

Where AAT considers that there is an irretrievable breakdown in the management and quality assurance of the delivery of specified qualifications, AAT will withdraw training provider approval.

## 10. Equality and diversity

AAT firmly believes in equality of opportunity for all who participate in its qualifications.

We aim to ensure that:

- our qualifications are free from barriers that restrict access and progression
- our qualifications are attainable by all who can demonstrate the required standard by whatever means
- our qualifications and publications are free from discriminatory practices or stereotypes with regard to age, caring responsibilities, disability, gender, gender identity, marriage and civil partnerships, part-time working, pregnancy and maternity, race, religion or belief, sexual orientation.
- assessment tasks and study opportunities are sufficiently varied and flexible to ensure that no particular group of students or would-be students are placed at any disadvantage
- all reasonable adjustments are made to cater for the individual requirements of students
- assessments are valid and reliable to ensure that all students receive impartial treatment.

We do this in the following ways.

1. Considering issues of diversity and equality as part of the development process.
2. Avoiding the creation of barriers that might disadvantage those students who share one or more protected characteristics.
3. Consultation with students (or their representatives).
4. Collection of data for monitoring and evaluation.
5. Provision of additional information at [aat.org.uk/about-aat/aat-equal-opportunities-policy](https://aat.org.uk/about-aat/aat-equal-opportunities-policy).

### 10.1 Reasonable adjustments and special consideration

'Reasonable adjustment' is the term used for any special arrangement that is needed to enable students with disabilities or temporarily incapacitated students to do their best in an assessment. A common example would be extra time for a dyslexic student.

'Special consideration' is the term used to describe the process by which a student's script is reassessed after it has been taken, due to the student suffering an illness, traumatic accident or major and unpredictable life event at, or shortly before, the time of assessment.

In most cases, the training provider may make the decision to grant adjustments: for example, granting extra time up to and including one third of the available time as published for that assessment.

In the event of a more significant adjustment, training providers will need to contact AAT as outlined in the *Reasonable Adjustment Policy* available through MyAAT at [aat.org.uk/assessment/adjustments-and-considerations](https://aat.org.uk/assessment/adjustments-and-considerations).

The required forms and more details are available in *Guidance on the Application of Reasonable Adjustments and Special Consideration in AAT Assessments*, available through MyAAT at [aat.org.uk/assessment/adjustments-and-considerations](https://aat.org.uk/assessment/adjustments-and-considerations).

# 11. Support for training providers

## 11.1 Centre Support team

The Centre Support team is dedicated to helping training providers with the daily running of AAT qualifications. The team also offers one-to-one support for new training providers to help them get their AAT qualifications up and running.

Phone: +44 (0)203 3735 2443

Email: [centre.support@aat.org.uk](mailto:centre.support@aat.org.uk)

## 11.2 Regional Account Manager (RAM)

Each training provider has their own Regional Account Manager (RAM) assigned to support them once they have been approved as an AAT training provider. RAMs help provide links to local employers, and visit regularly to keep training providers up to date on qualification developments, apprenticeships and possible commercial opportunities.

## 11.3 Weekly email update from AAT – *SummingUp*

Every Friday morning, *SummingUp* shares all the latest news from AAT, including:

- technical updates
- qualification developments
- upcoming events
- new e-learning materials
- the latest marketing materials.

## 11.4 Events for training providers

Tutors have the opportunity to attend a number of events throughout the year. There are three types of tutor events.

### Annual conference

The annual training provider conference is a chance to get together, network and share ideas. The two-day conference includes:

- topical workshops
- a networking dinner on the first evening
- the opportunity to learn about new developments from AAT.

### Network meetings

At these events, training providers can raise queries, share best practice and ideas with AAT and other training providers. These events:

- cover a wide range of topics
- keep tutors up to date on the latest issues
- provide relevant and cost-effective CPD.

### Technical events (tutor-to-tutor sessions)

These events are free of charge to training providers and cover a range of our qualifications and assessment areas. Experienced and high-performing training providers share their experiences, tips and techniques with attendees to help others improve their achievement rates.

## **11.5 Tutor Talk forum**

All AAT-approved training providers have access to Tutor Talk, where tutors can contribute to online conversations about a wide range of AAT issues. Tutors will receive:

- unlimited user logins for all AAT tutors
- email updates on posts they're interested in.

## **11.6 Online support resources**

In order to help AAT tutors successfully deliver AAT qualifications, a range of support materials are offered for all of our qualifications, such as:

- interactive PDFs
- recorded webinars
- videos
- podcasts
- training materials
- quiz questions for all AAT units
- content queries.

All tutor support materials can be found on the AAT website.

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