

APPLY FINANCIAL ACCOUNTING SKILLS

UNIT CODE: 0411 551 08A

TVET CDACC UNIT CODE: BUS/OS/HRM/CC/01/6/MA

UNIT DESCRIPTION

This unit specifies the competencies required to apply financial accounting skills. It involves applying accounting concepts, conventions and policies, preparing books of original entries, posting transactions to the ledger, preparing cash books, correcting accounting errors, preparing bank reconciliation statements, maintaining non-current assets register, maintaining receivables and payables ledgers and preparing sole trader statements.

ELEMENTS AND PERFORMANCE CRITERIA

ELEMENT	PERFORMANCE CRITERIA
These describe the key outcomes which make up workplace function .	These are assessable statements which specify the required level of performance for each of the elements. <i>Bold and italicized terms are elaborated in the range.</i>
1. Apply accounting concepts, conventions and policies	1.1 <i>Accounting concepts, conventions and policies</i> are applied as per accounting standards. 1.2 Accounting equation is drawn as per the double entry concept and accounting principles 1.3 <i>Users of accounting information</i> are identified according to the business entity
2. Prepare books of original entries	2.1 Transactions are classified based on type of transaction 2.2 Source documents are identified in line with transactions 2.3 Books of original entries are identified based on purpose 2.4 Source documents are recorded in the books of original entry based on transaction type
3. Post transaction to the ledger	3.1 Ledgers are classified based on transaction types 3.2 Ledger accounts are identified as per types of ledgers

	3.3 Transactions are posted to ledger accounts as per accounting guidelines 3.4 Ledger accounts are balanced as per accounting guidelines 3.5 Trial balance is extracted from ledger accounts as per accounting guidelines
4. Prepare cash books	4.1 Cash books are identified according to their columns 4.2 Cash receipts are classified as either incoming or outgoing as per accounting principles 4.3 Cash receipts are recorded in line with their classification. 4.4 Cash discounts are recorded as per accounting guidelines
5. Correct accounting errors	5.1 Errors that affect the agreement of the trial balance are identified as per GAAPs 5.2 Errors that do not affect the agreement of trial balance are identified following GAAPs 5.3 Errors are corrected on the basis of double entry rules 5.4 Suspense balance is eliminated based on errors corrected. 5.5 Reported gross/net profit is corrected on the basis of corrected errors. 5.6 Statement of financial position is corrected on basis of corrected errors.
6. Prepare bank reconciliation statements	6.1 Cash book and bank statement balance discrepancies are identified as per the accounting principles 6.2 Cash book (bank column) balance is updated as per accounting guidelines 6.3 Bank Reconciliation statement is prepared as per accounting guidelines
7. Maintain non-current assets' register	7.1 Costs of assets are determined as per accounting standards 7.2 Depreciation is computed as per organization procedures on valuation of non-current assets 7.3 Depreciation is recorded as per accounting guidelines

	7.4 Purchase of non-current assets are recorded in line with accounting guidelines 7.5 Disposals are recorded as per accounting guideline 7.6 Asset balances are determined as per accounting guidelines
8. Maintain receivables and payables ledgers	8.1 Bad debts are identified and written off as per organization policies 8.2 Allowances (provisions) are created in line with the prudence concept 8.3 Receivables balance is adjusted as per written off debts and the allowances (provisions) created 8.4 Payables balance is adjusted as per GAAPs 8.5 Control accounts are prepared as per GAAPs
9. Prepare sole trader statements	9.1 Income and expense balances are identified as per entity's trial balance 9.2 Year- end adjustments are made on the balances as per accounting guidelines 9.3 Statement of profit or loss is prepared based on adjusted balances. 9.4 Asset, liability and capital balances are identified as per the entity's trial balance 9.5 Year-end adjustments are made in the balances as per accounting guidelines. 9.6 Statement of financial position is prepared based on adjusted balances

RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

Variables	Range
1. Accounting concepts,	• Going concern • Accrual

conventions and policies may include but not limited to:	• Prudence • Matching
2. Cashbooks include but not limited to:	• Two column cashbook • Three column cashbook • Petty cashbook
3. Accounting guidelines:	• Accounting standards • Accounting concepts/conventions/bases
4. Accounting Standards include but not limited to:	• Kenya Accounting Standards (KAS) • International Accounting Standards (IAS) • International Financial Reporting Standards (IFRS)

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit of competency.

Required skills

The individual needs the following skills:

- Numeracy
- Analytical
- Computational
- Recording with accuracy and precision

Required knowledge

The individual needs knowledge of:

- Principles of book-keeping
- Basic accounting principles/concepts

EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

1. Critical Aspects of Competency	<i>Assessment requires evidence that the candidate:</i> 1.1 Recorded source documents in the books of original entry as per accounting standards 1.2 Posted transaction to ledger accounts as per accounting standards 1.3 Recorded cash receipts in the cash book as per accounting standards 1.4 Corrected accounting errors as per accounting standards 1.5 Prepared Bank Reconciliation statement as per accounting standards 1.6 Recorded depreciation as per accounting standards 1.7 recorded purchase of non-current assets as per accounting standards 1.8 Prepared control accounts as per accounting standards
2. Resource implications	The following resources should be provided: 2.1 Access to relevant workplace 2.2 Appropriately simulated environment where assessment can take place 2.3 Materials relevant to the proposed activity or tasks
3. Methods of Assessment	Competency in this unit may be assessed through: 3.1 Practical 3.2 Projects 3.3 POE evaluation 3.4 Third party reports 3.5 Written tests
4. Context of Assessment	4. Competency may be assessed individually in the actual workplace or simulated workplace environment
5. Guidance information for assessment	5. Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.