

SFHBG6

Maintaining financial records and preparing accounts



Overview

This unit is about collecting and recording of information for the purpose of preparing accounts and maintaining effective records. It involves identifying the types of information that is required, recording it, making any appropriate calculations or adjustments and maintaining the appropriate records. It also covers presenting the information to your supervisor in the form of a trial balance or an extended trial balance. The unit requires handling queries, making suggestions for improvements and maintaining confidentiality. Ensuring that you maintain an accounting paper trail is implicit within the unit. This unit does not cover activities normally carried out by your accountant like setting the depreciation rates.

There are four elements:

- 1 Maintain records relating to capital acquisition and disposal
- 2 Record income and expenditure
- 3 Collect and collate information for the preparation of final accounts
- 4 Prepare the extended trial balance

Users of this competence will need to ensure that practice reflects up to date information and policies.

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Performance criteria

Maintain records relating to capital acquisition and disposal

You must be able to:

- P1 correctly enter relevant details relating to capital expenditure in the appropriate records
- P2 ensure the organisation's records agree with the physical presence of capital items
- P3 correctly identify and record all acquisition and disposal costs and revenues in the appropriate records
- P4 correctly calculate and record depreciation charges and other necessary entries and adjustments in the appropriate records
- P5 ensure the records clearly show the prior authority for capital expenditure and disposal and indicate the approved method of funding and disposal
- P6 correctly calculate and record profit and loss on disposal in the appropriate records
- P7 adhere to the organisation's policies and procedures relating to the maintenance of capital records
- P8 identify lack of agreement between physical items and records and either resolve it or refer it to the appropriate person
- P9 when possible, make suggestions for improvements in the way the organisation maintains its capital records to the appropriate person

Record income and expenditure

You must be able to:

- P10 correctly identify and record all income and expenditure in the appropriate records
- P11 correctly identify relevant accrued and prepaid income and expenditure and make adjustments
- P12 observe the organisation's policies, regulations, procedures and timescales in relation to recording income and expenditure
- P13 identify incomplete data and either resolve it or refer it to the appropriate person

Collect and collate information for the preparation of final accounts

You must be able to:

- P14 correctly prepare relevant accounts and reconciliations to allow the preparation of final accounts
- P15 correctly identify and record all relevant information
- P16 conduct investigations into business transactions with tact and courtesy
- P17 observe the organisation's policies, regulations, procedures and timescales relating to preparing final accounts
- P18 identify discrepancies and unusual features and either resolve them or refer them to the appropriate person
- P19 accurately prepare the trial balance and, where necessary, open a suspense account and reconcile it

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Prepare the extended trial balance

- You must be able to:*
- P20 correctly enter totals from the general ledger or other records on the extended trial balance
 - P21 identify, trace and refer material errors disclosed by the trial balance to the appropriate authority
 - P22 correctly enter adjustments not dealt with in the ledger accounts on the extended trial balance
 - P23 correctly enter an agreed valuation of closing stock on the extended trial balance
 - P24 observe the organisation's policies, regulations, procedures and timescales in relation to preparing extended trial balances
 - P25 identify discrepancies, unusual features or queries and either resolved them or refer them to the appropriate person
 - P26 accurately extend and total the extended trial balance

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Knowledge and understanding

You need to know and understand:

- K1 basic accounting concepts and principles - matching of income and expenditure within an accounting period, historic cost, accruals, consistency, prudence, materiality
- K2 principles of double entry accounting
- K3 distinction between capital and revenue expenditure, what constitutes capital expenditure
- K4 function and form of accounts for income and expenditure
- K5 function and form of a trial balance, profit and loss account and balance sheet for sole traders, partnerships, manufacturing accounts and club accounts
- K6 basic principles of stock valuation: cost or NRV; what is included in cost
- K7 objectives of making provisions for depreciation and other purposes
- K8 function and form of final accounts
- K9 methods of depreciation: straight line; reducing balance
- K10 accounting treatment of capital items sold, scrapped or otherwise retired from service
- K11 use of plant registers and similar subsidiary records
- K12 use of transfer journal
- K13 methods of funding: part exchange deals
- K14 accounting treatment of accruals and prepayments
- K15 methods of analysing income and expenditure
- K16 methods of restructuring accounts from incomplete evidence
- K17 identification and correction of different types of error
- K18 making and adjusting provisions
- K19 types and characteristics of different assets and key issues relating to the acquisition and disposal of capital assets
- K20 relevant legislation and regulations
- K21 main requirements of relevant SSAPs
- K22 methods of recording information for the organisational accounts of: sole traders; partnerships; manufacturing accounts; club accounts
- K23 the structure of the organisational accounts of: sole traders; partnerships; manufacturing accounts; club accounts
- K24 the need to present accounts in the correct form
- K25 the importance of maintaining the confidentiality of business transactions
- K26 the ways the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions

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Additional Information

External Links

This standard links with the following dimension within the NHS Knowledge and Skills Framework (October 2004):

To be agreed

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Originating organisation Skills for Health

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Relevant occupations Health, Public Services and Care; Health and Social Care; Managers and Senior Officials; Associate Professionals and Technical Oc; Health and Social Services Officers; Health Associate Professionals; Personal Service Occupations; Healthcare and Related Personal Services

Suite Drugs and Alcohol

Key words Drugs, Alcohol, Substance, Misuse, Abuse, Commissioning