



Australian Government

Department of Education, Employment and Workplace Relations

FNSBKG402A Establish and maintain a cash accounting system

Revision Number: 1

FNSBKG402A Establish and maintain a cash accounting system

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit describes the performance outcomes, skills and knowledge required to establish and manage organisational procedures in arranging for and administering receipts and payments to establish and maintain a manual and computerised bookkeeping system on a cash basis.</p> <p>This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including various aspects of the Tax Act, Goods and Services Tax (GST) rulings.</p>
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Application of the Unit

Application of the unit	<p>This unit applies to individuals who provide contract bookkeeping services across all industries and bookkeepers working directly for organisations and small business owners or managers.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Identify relevant information and establish a chart of accounts	1.1. Business owner or manager is consulted to establish what business activities are undertaken, the <i>nature of the entity</i> and the industry type 1.2. <i>Existing material</i> is identified and examined for relevance in creating and/or modifying the chart of accounts 1.3. Business operations are examined in conjunction with the tax agent and business owner or manager to identify the accounting software required and to determine other relevant requirements 1.4. Chart of accounts and opening balances for <i>assets, liabilities, equity</i> , income, cost of sales and expenses are established 1.5. Chart of accounts and balances are validated and authorised by <i>relevant persons</i>
2. Analyse and verify source documents	2.1. Invoices and other source documents are verified for accuracy and compliance with taxation requirements 2.2. <i>Discrepancies between monies owed and monies paid</i> are identified and investigated according to <i>organisational policies and procedures</i>
3. Process receipts and payments	3.1. Payments are made and money is received and banked 3.2. Receipts and payments are coded and recorded in bookkeeping system on a cash basis 3.3. Receipts and payments are filed 3.4. Cash register is balanced against purchases and takings are processed in internal bookkeeping system
4. Set up and maintain a petty cash system	4.1. An <i>expenditure</i> authorisation record is prepared and expenditure encoded, recorded and filed 4.2. Expenditure is reconciled and reimbursed
5. Process and reconcile credit cards	5.1. Credit card transactions are processed against invoices and other source documents, verified and reconciled against credit card statements 5.2. Credit card payments are processed in accordance with organisational policies and procedures
6. Manage bank reconciliations and prepare and produce reports	6.1. On receipt of statement, processed transactions are verified against the bank statement in a timely manner 6.2. Bank entries are processed and verified and the bank statement reconciled to balance as per bookkeeping

ELEMENT	PERFORMANCE CRITERIA
	system 6.3. Reports are produced in line with the business needs and are validated in a timely manner with corrections made as required

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication skills to:
 - build relationships, determine and confirm client requirements, using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
 - accurately analyse, code, record and store data in accordance with organisational requirements
 - access and use appropriate financial management software, spreadsheets and databases
 - use internet information
- analysis for accessing, interpreting and managing relevant financial data
- literacy skills for interpreting documentation and compiling reports
- self-management skills for complying with ethical, legal and procedural requirements
- problem solving skills to identify any issues that have the potential to impact on the bookkeeping process or outcome and to develop options to resolve these issues when they arise or refer to other professionals as appropriate
- organisational skills, including the ability to plan and sequence work to provide a timely and professional service
- teamwork skills to identify activities required with business owners or managers and tax agents

Required knowledge

- statutory, legislative and regulatory requirements relevant to bookkeeping including future changes in requirements
- differences between cash and accrual accounting
- relevant industry codes of practice
- relevant organisational policies and procedures in regard to processing accounts and transactions
- relevant statutory, legislative and regulatory requirements specifically with relation to ensuring that all bookkeeping activities undertaken meet requirements related to Activity Statements
- manual and computerised accounting systems

Evidence Guide

EVIDENCE GUIDE	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • establish client files and set up bookkeeping system on a cash basis • thoroughly check invoices, receipts, payments and balances outstanding • interpret and comply with relevant statutory, legislative and regulatory requirements • use bank account and cash reconciliation processes • establish a basic chart of accounts • carry out bank reconciliations.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • access to and the use of a range of common office equipment, technology, software and consumables. • access to an integrated financial software system and real or simulated banking information.
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • observing processes and procedures in workplaces or role plays • verbal or written questioning on underpinning knowledge and skills • setting and reviewing workplace projects and business simulations or scenarios • evaluating samples of work • accessing and validating third party reports.
Guidance information for	

EVIDENCE GUIDE	
assessment	

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<p><i>Nature of the entity</i> may be:</p>	<ul style="list-style-type: none"> • association • limited company • not-for-profit groups • partnership • private company • public company • sole trader • trust.
<p><i>Existing material</i> may include:</p>	<ul style="list-style-type: none"> • computer data file • existing chart of account • financial statements and other material available from accountant • source documents such as: <ul style="list-style-type: none"> • asset and inventory records • cash receipts journals • cash payments journals • sales and purchases distribution journals • general ledger.
<p><i>Assets</i> include:</p>	<ul style="list-style-type: none"> • current assets • non-current assets - fixed assets.
<p><i>Liabilities</i> include:</p>	<ul style="list-style-type: none"> • Business Activity Statement (BAS) liabilities • current liabilities • non-current liabilities (long-term) • payroll liabilities.
<p><i>Equity</i> includes:</p>	<ul style="list-style-type: none"> • capital • current year earnings • drawings • reserves • retained earnings.
<p><i>Relevant persons</i> includes, but is not</p>	<ul style="list-style-type: none"> • accountants • debtors • directors

RANGE STATEMENT	
limited to:	<ul style="list-style-type: none"> • managers • owners • staff members.
<i>Discrepancies between monies owed and monies paid</i> may occur as a result of:	<ul style="list-style-type: none"> • deduction of brokers' or agents' commissions • incorrect account allocation • keystroke errors • overpayments • part payments • system errors • termination of policies • underpayments.
<i>Organisational policies and procedures</i> may include:	<ul style="list-style-type: none"> • manual or computer system documentation • internal control guidelines • legal obligations • operations manuals • policies and procedures relating to: <ul style="list-style-type: none"> • working with others • participating in ongoing learning • monitoring and evaluating own performance • managing own time and priorities • applying goals and visions • suspension of credit facilities • trading terms and credit limits.
<i>Expenditure</i> will include:	<ul style="list-style-type: none"> • cost of goods sold • cost of sales • expenses.

Unit Sector(s)

Unit sector	Bookkeeping
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Competency field

Competency field	
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Co-requisite units

Co-requisite units	FNSACC404A	Prepare financial statements for non-reporting entities
	FNSBKG401A	Develop and implement policies and practices relevant to bookkeeping activities