

The last date for assessment is 31 October 2014

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**PRESCRIPTION: 400 ACCOUNTING PRINCIPLES**

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This prescription replaces prescription *100 Accounting Principles*.

**CORE PRESCRIPTION**

<b>LEVEL</b>	4
<b>CREDIT</b>	20
<b>VERSION</b>	1
<b>INTRODUCED</b>	2006
<b>AIM</b>	Students will understand financial statements and reports and be able to analyse and interpret business performance for sole traders and small companies.
<b>PREREQUISITES</b>	Nil

**ASSESSMENT WEIGHTINGS**

Learning Outcomes	Assessment weighting %
1. Students will understand the purpose of accounting and its relationship to the New Zealand business environment.	10
2. Students will understand accounting policies and prepare financial statements using accrual based accounting for a sole trader and/or a company.	50
3. Students will analyse and report on business performance for a sole trader or a company.	30
4. Students will demonstrate an understanding of management accounting tools.	10
<b>TOTAL</b>	<b>100</b>

All learning outcomes must be evidenced: a 10% aggregate variance is allowed.

**ASSESSMENT NOTES**

1. Assessment materials should reflect relevant and current legislation, standards, regulations and acknowledged good industry/business practices.
2. Learning outcome one does not include assessment of debits and credits.
3. The full accounting equation must be assessed for learning outcome two, key element c).

## LEARNING OUTCOME ONE

Students will understand the purpose of accounting and its relationship to the New Zealand business environment.

### *Key elements*

- a) The New Zealand Framework for the Preparation and Presentation of Financial Statements:
  - definitions
  - qualitative characteristics.
- b) The accounting cycle.
- c) The impact of GST on business.
- d) Function of internal controls.
- e) The various forms of business ownership within an accounting context.
- f) The New Zealand share market:
  - published statistics eg. daily newspaper.

## LEARNING OUTCOME TWO

Students will understand accounting policies and prepare financial statements using accrual based accounting for a sole trader and/or a company.

### *Key elements*

- a) Purpose, elements and preparation of (from a given list):
  - balance sheet
  - income statement
  - statement of changes in equity
  - cash flow statement.
- b) Accounting policies:
  - receivables
  - inventory
  - non-current tangible assets
  - contingent liabilities.
- c) Show how transactions affect the accounting equation.

### **LEARNING OUTCOME THREE**

Students will analyse and report on business performance for a sole trader or a company.

*Key elements*

- a) Purpose and limitations of financial analysis.
- b) Calculate ratios and percentages.
- c) Profitability, financial stability and asset utilisation.
- d) Recommendations.

### **LEARNING OUTCOME FOUR**

Students will demonstrate an understanding of management accounting tools.

*Key elements*

- a) The purpose of budgets.
- b) Preparation of a simple trading budget.
- c) Report on variances.
- d) Apply simple break-even analysis.