

## Achievement Standard

**Subject Reference** Accounting 2.1

**Title** Describe the conceptual basis of accounting for a sole proprietor

**Level** 2      **Credits** 3      **Assessment** External

**Subfield** Accounting

**Domain** Accounting - Generic

**Status** Registered      **Status date** 10 November 2006

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This achievement standard focuses on describing the conceptual basis of accounting for a sole proprietor.

### Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> <li>Describe the conceptual basis of accounting.</li> </ul>	<ul style="list-style-type: none"> <li>Describe and explain the conceptual basis of accounting.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensively describe and explain the conceptual basis of accounting.</li> </ul>

### Explanatory Notes

- This achievement standard is related to:
  - Accounting Curriculum for New Zealand Schools*, Ceta Resources and Curriculum Services, New Zealand Commerce and Economics Teachers' Association (NZCETA), 1998, (revision #2, Jan 2002); Level 2 The Conceptual Basis of Accounting strand, pp. 22–24
  - relevant parts of *New Zealand Equivalent to International Accounting Standards* (NZIAS) and subsequent updates, and relevant Acts of Parliament
  - the *New Zealand Framework* (previously the *Statement of Concepts*), and subsequent updates.
- Students are expected to use appropriate accounting terminology.
- Describe* means recognise and define.  
*Explain* means apply and/or justify.  
*Comprehensively* means in depth and/or breadth.

- 4 Assessment of the *conceptual basis* of accounting will be selected from, and may involve interrelationships and/or conflicts between:
- functions of accounting
  - how interested parties make use of accounting information as a basis for decision making
  - purposes, components and limitations of the financial statements selected from:
    - Statement of Accounting Policies
    - Income Statement
    - Balance Sheet
    - Cash Flow Statement
  - notions of an accounting entity and/or monetary measurement and/or reporting period
  - qualitative characteristics of accounting information selected from:
    - relevance, including materiality
    - reliability, including faithful representation, neutrality
    - understandability
    - comparability
  - underlying assumptions selected from:
    - going concern
    - accrual basis
  - constraints on relevant and reliable information selected from:
    - timeliness
    - balance between qualitative characteristics
  - financial elements, characteristics and recognition criteria selected from:
    - assets
    - liabilities
    - equity
    - income
    - expenses
  - measurement base to be historical cost
  - capital and revenue expenditure
  - depreciation with methods selected from:
    - straight line
    - diminishing value
    - units of use.
- Refer to the *Accounting NCEA Level 2 Appendix* at <http://www.tki.org.nz/ncea>.

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## Quality Assurance

- 1 Providers and Industry Training Organisations must be accredited by the Qualifications Authority before they can register credits from assessment against achievement standards.
- 2 Accredited providers and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.