
PRESCRIPTION: 101 ACCOUNTING PRACTICES

Last date for assessing this prescription is 31 December 2008

INTRODUCED	1991
REVISED	1997 (Implemented Semester One 1998)
	2001 (Implemented Semester One 2002)

AIM OF SUBJECT

To provide students with the skills and knowledge to record and process financial transactions that will enable the preparation of management information and financial statements for entities in accordance with current accounting practices.

ASSUMED PRIOR KNOWLEDGE

It is recommended that prior to commencing this subject, students have:

- an understanding of financial statements and are able to analyse and interpret business performance, with reference to the New Zealand Diploma in Business paper 100 Accounting Principles OR relevant accounting work experience
- AND experience in the use of a computer spreadsheet application.

COURSE LENGTH

The equivalent of 20 National Qualifications Framework credits, with a minimum of 60 class contact hours or the equivalent for open learning/distance tuition.

RESOURCES

Suggested Student References

Kirkwood, L. and others. Accounting: an introductory framework. Melbourne: Addison Wesley Longman Australia. Latest edition.

McNally, Q.E. and others. Accounting: principles and practice. Auckland: Addison Wesley Longman. Latest edition.

Clarke, Edward A. Accounting: an introduction to principles and practice. Sydney: Harcourt. Latest edition.

Willis, David and Irvine, John. Accounting: an introduction. Roseville, NSW: McGraw-Hill. Latest edition.

Useful Web-sites

Inland Revenue: www.ird.govt.nz

MYOB New Zealand: www.myob.co.nz

Institute of Chartered Accountants of New Zealand: www.icanz.co.nz

Suggested Computer Software

The following computer application packages are recommended for use in meeting the learning outcomes. When selecting software, care must be taken to ensure that it allows students to focus on the accounting processes required in this prescription as well as performing the necessary range of functions.

Topic 1: MYOB, Quickbooks (latest version) or other current accounting software that is widely used commercially and has suitable features for the teaching of accounting.

Topic 2: As above plus Microsoft Excel or similar.

Suggested Lecturer/Tutor References

Gaffikin, M.J.R. (1993) Principles of accounting. 3rd ed. Sydney: Harcourt Brace Jovanovich.

Hamilton, F. & Black, C. (2000) 2nd ed. Accounting: A user/decision perspective. Pearson Education NZ Ltd.

Hoggett, J.R. & Edwards, L. (2000) Accounting in Australia. 4th ed. Brisbane: John Wiley & Sons Ltd.

McNally, Q., Kirkwood, I., Ryan, C., Falt, J. & Stanley, T. (1996). Accounting Concepts and Applications. Longman.

N.Z. Department of Justice. Commercial Affairs Division. (1993) A guide to the Incorporated Societies Act 1908. Wellington.

Wells, P.K., Dixon, B.R. & Ridgeway, E. (1999) 3rd Ed Accounting principles. Auckland: Addison Wesley Longman.

TIME AND ASSESSMENT SCHEDULE

The prescription assumes a RCAP model of assessment (R = recall, C = comprehension, A = application, P = problem solving). In assessing to the prescription, it is expected that, in general, assessment will be of the ability of students to apply the learning outcomes and to undertake problem solving within the course material. Assessment of comprehension should be undertaken only where it is appropriate. Assessment of recall is implicit.

TOPICS	Time in hours	Assessment Weightings (%)	
		min	max
1 Flow of Accounting Information to Trial Balance	34	50	60
2 Period-End Information Processing	13	20	25
3 Accounting for Other Entity Types	13	20	25
	TOTAL	60	100%

This schedule is a recommendation and guide for lecturers/tutors, examiners and students. It gives:

- 1 an approximate allocation of time in hours, by topic
- 2 an approximate allocation of assessment in percentages, by topic.

Special Note

It is recommended that between 33% and 67% of teaching time and between 25% and 50% of assessment weighting should be computer based.

TOPICS

1 FLOW OF ACCOUNTING INFORMATION TO TRIAL BALANCE

Learning Outcome

Students who have fulfilled all requirements for this topic understand how to record and store financial transactions from initiating record to trial balance, incorporating current manual and computer practices and key internal controls, for at least one form of accounting entity selected from:

- sole trader
- partnership
- exempt company
- not-for-profit organisation.

Assessment Criteria

Students will be expected to:

- 1.1 Analyse financial transactions into debit and credit components and record in a general journal format.

Notes

- (i) Transactions should include examples of changes in the accounting equation elements of assets, liabilities, owners equity, revenue and expenses.
- (ii) For this assessment criterion only, the accounting entity can be either registered or not registered for Goods and Services Tax (GST).

1.2 Recognise and record the flow of financial transactions from the point of initiating the transactions to the storage and summarising of these transactions, to include:

- chart of accounts design and coding
- source documents
- data input to analysed records of cash and credit transactions
- general and subsidiary ledgers
- reconciliation of control accounts with subsidiary ledgers
- identification of other key internal controls
- trial balance.

Notes

- (i) The scope of transactions should be limited to cash receipts and payments, accounts receivable and payable, additions and disposal of property, plant and equipment.
- (ii) Examples should be selected from a range of business sectors most relevant to the local business environment (primary, secondary, tertiary sectors, eg farming, retail).
- (iii) Analysed records should include all journal records (manual and computer) that are used in current accounting practice for the entity type.
- (iv) Both the periodic or perpetual methods for recording inventory should be used where appropriate.
- (v) Subsidiary ledgers should include:
 - accounts receivable
 - accounts payable
 - inventory.
- (vi) Reconciliations should include:
 - bank
 - accounts receivable
 - accounts payable.

- (vii) Key internal controls should incorporate both manual and computer system controls.
- (viii) Both manual and computer accounting practices must be included in achieving this objective.
- (ix) GST must be included in all relevant transactions, on an invoice basis, for this assessment criterion.

2 PERIOD-END INFORMATION PROCESSING

Learning Outcome

Students who have fulfilled all requirements for this topic are able to perform the major accounting functions necessary to adjust and close the accounting records at period-end and generate financial statements.

Assessment Criteria

Students will be expected to:

- 2.1 Process information from a trial balance to prepare period-end financial statements and management reports appropriate to the entity, including:
 - period-end accruals (accrued expenses, accrued revenue, prepaid expenses, revenue received in advance)
 - property, plant and equipment depreciation schedule including depreciation expense and accumulated depreciation
 - bad and doubtful debts
 - closing and reversal entries.

Notes

- (i) It is suggested that for continuity reasons, the same form of accounting entity selected for topic one is continued in topic two.
- (ii) It is suggested that an electronic spreadsheet application is used in the teaching of these assessment criteria.
- (iii) Period-end financial statements and management reports should be generated by the computer accounting application and appropriate to the selected entity type.
- (iv) Accounting for property, plant and equipment, including depreciation, should be carried out in accordance with Inland Revenue rules.
- (v) GST must be included in all relevant transactions, on an invoice basis, for this assessment criteria.

3 ACCOUNTING FOR OTHER ENTITY TYPES

Learning Outcome

Students who have fulfilled all requirements for this topic are able to identify the similarities and differences in accounting practice in order to distinguish between the other major forms of accounting entity.

Assessment Criteria

Students will be expected to:

- 3.1 Describe the major similarities and differences in accounting for the following forms of accounting entity:
 - sole trader
 - partnership
 - exempt company
 - incorporated not-for-profit organisation
 - trust.

- 3.2 Select one of the above forms of accounting entity other than that selected for topics one and two and prepare appropriate period-end financial statements.

Note

Case-studies from relevant business sectors (eg primary, secondary, tertiary) using actual financial statements of the selected entity type would be appropriate in bringing relevance to this topic.