
Prescription: 501 Accounting Practices

Elective prescription

Level	5
Credit	20
Version	3
Aim	Students will record and process financial transactions and prepare financial statements and cash budgets for entities.
Recommended prior knowledge	500 <i>Accounting Principles</i> or equivalent knowledge and skills.

Assessment weightings

Learning outcomes	Assessment weighting %
1. Students will manually process transactions from source documents to trial balance for a sole trader.	35
2. Students will process transactions, using commercial accounting software, to prepare financial statements for a small company registered for GST.	25
3. Students will demonstrate knowledge of internal controls.	8
4. Students will process balance day adjustments and prepare financial statements.	15
5. Students will compare the key differences in the financial statements for entities and prepare financial statements.	12
6. Students will prepare, using spreadsheet software, a cash budget incorporating GST.	5
Total	100

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. The focus of this prescription is on completing the accounting cycle rather than external reporting requirements.
3. Manually processing transactions can involve the use of computers but must not involve the use of commercial accounting software.

Learning outcome one

Students will manually process transactions from source documents to trial balance for a sole trader.

Key elements:

- a) Accounting processes include:
 - general, cash, sales and purchases journals
 - general ledger
 - trial balance
 - subsidiary ledger, including reconciliation for at least one of:
 - receivables
 - payables.
- b) Inventory (periodic).
- c) Adjusting for errors.

Learning outcome two

Students will process transactions, using commercial accounting software, to prepare financial statements for a small company registered for GST.

Key elements:

- a) Accounting processes include:
 - chart of accounts
 - general and specialised journals
 - general ledger
 - subsidiary ledgers.
- b) Sub-systems:
 - receivables
 - payables
 - inventory (perpetual).
- c) Adjusting for errors.
- d) Financial statements:
 - income statement
 - balance sheet.

Learning outcome three

Students will demonstrate knowledge of internal controls.

Key elements:

- a) Internal controls, at least three of:
 - cash
 - inventory
 - receivables
 - payables
 - property plant and equipment.
- b) Computerised accounting system internal controls.
- c) Prepare bank reconciliation.

Learning outcome four

Students will process balance day adjustments and prepare financial statements.

Key elements:

- a) Balance day adjustments:
 - income accrued and in advance
 - expenses accrued and prepaid
 - depreciation
 - doubtful debts
 - reversing entries.
- b) Financial statements:
 - income statement
 - balance sheet.

Learning outcome five

Students will compare the key differences in the financial statements for entities and prepare financial statements.

Key elements:

- a) Entities
 - sole traders
 - partnerships
 - companies
 - trusts
 - not-for-profit organisations.
- b) Prepare financial statements for **one** of:
 - partnerships
 - trusts
 - not-for-profit organisations.

Learning outcome six

Students will prepare, using spreadsheet software, a cash budget incorporating GST.

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Introduced	1	2006	31 October 2014
Review	2	October 2012	31 December 2017
Revision	3	June 2016	31 December 2020