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**Prescription: 601 Financial Accounting**


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**Elective prescription**

<b>Level</b>	6
<b>Credit</b>	20
<b>Version</b>	3
<b>Aim</b>	Students will apply Generally Accepted Accounting Practice (GAAP) to prepare and present general purpose financial reports for a company and evaluate a listed company for the purpose of shareholder investment.
<b>Prerequisites</b>	500 <i>Accounting Principles</i> or equivalent knowledge and skills and 501 <i>Accounting Practices</i> or equivalent knowledge and skills.

**Assessment weightings**

Learning outcomes	Assessment weighting %
1. Students will process transactions relating to the formation of a company and changes to shareholder equity, and analyse relevant implications.	10
2. Students will examine the New Zealand Accounting Standards Framework.	10
3. Students will apply aspects of accounting standards in the preparation and presentation of general purpose financial reports for a company.	45
4. Students will critically review, analyse, and interpret financial and non-financial information and effectively communicate conclusions for the purpose of shareholder investment.	20
5. Students will explain the purpose of and apply the current accounting requirements for consolidated financial statements.	15
<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. For Learning outcome three the term *aspects* refers to more than just disclosure and includes appropriate journal entries or interpretations applying knowledge from New Zealand International Financial Reporting Standards.
3. For Learning outcome four analysis should be a minimum of 3 years.

**Learning outcome one**

Students will process transactions relating to the formation of a company and changes to shareholder equity, and analyse relevant implications.

Key elements:

- a) Formation of a company:
  - fully paid shares
  - over subscribed
  - cash and other considerations.
- b) Changes to share capital:
  - bonus issues
  - share re-purchase
  - share splits.
- c) Distributions:
  - solvency test
  - dividends
  - share options.

**Learning outcome two**

Students will examine the New Zealand Accounting Standards Framework.

Key elements:

- a) New Zealand Accounting Standards Framework:
  - the role of the External Reporting Board and the New Zealand Accounting Standards Board
  - the relevance of GAAP for financial reporting
  - the purpose of general purpose financial reports
  - reporting tiers and their reporting requirements.

**Learning outcome three**

Students will apply aspects of accounting standards in the preparation and presentation of general purpose financial reports for a company.

Key elements:

- a) Standards include but are not limited to:
- NZ IAS 1 Presentation of financial statements
  - NZ IAS 2 Inventories
  - NZ IAS 7 Cash flow statements
  - NZ IAS 8 Accounting policies, changes in accounting estimates
  - NZ IAS 10 Events after the reporting period
  - NZ IAS 16 Property, plant and equipment
  - NZ IAS 18 Revenue
  - NZ IAS 36 Impairment of assets
  - NZ IAS 37 Provisions, contingent liabilities and contingent assets.

**Learning outcome four**

Students will critically review, analyse, and interpret financial and non-financial information and effectively communicate conclusions for the purpose of shareholder investment.

**Learning outcome five**

Students will explain the purpose of and apply the current accounting requirements for consolidated financial statements.

Key elements:

- a) 100% single subsidiary business combinations:
- elimination entries including but not limited to:
    - the parent investment in the subsidiary
      - goodwill/bargain purchase
    - intra-group balances, transactions:
      - sales and purchases
      - loans
      - fees
      - dividends
  - worksheet for consolidated financial statements.

**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	N/A