

Achievement Standard

Subject Reference Accounting 1.2

Title Process financial transactions for a small entity

Level 1 **Credits** 5 **Assessment** Internal

Subfield Accounting

Domain Accounting - Generic

Status Registered **Status date** 17 November 2011

Planned review date 31 December 2019 **Date version published** 20 November 2014

This achievement standard involves processing financial transactions for a small entity.

Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> Process financial transactions for a small entity. 	<ul style="list-style-type: none"> Process financial transactions in depth for a small entity. 	<ul style="list-style-type: none"> Comprehensively process financial transactions for a small entity.

Explanatory Notes

1 This achievement standard is aligned with *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to the material in the *Teaching and Learning Guide for Accounting*, Ministry of Education, 2011 at <http://seniorsecondary.tki.org.nz>.

2 *Process financial transactions for a small entity* means:

- correctly entering financial transactions in the accounting records of the entity.

Process financial transactions in depth for a small entity means:

- correctly entering financial transactions in the accounting records of the entity, including the correct treatment of GST, non-GST, and cash and electronic transactions following good accounting practice.

Comprehensively process financial transactions for a small entity means:

- correctly entering financial transactions impacting on all financial elements in the accounting records of the entity, including the consistently correct treatment of GST, non-GST, cash and electronic transactions and consistently following good accounting practice.

Good accounting practice means:

- For cash journals:
 - use of dates
 - correct use of the receipts and bank column in the cash receipts journal for electronic and cash transactions on the same day
 - for both journals correct account names recorded in the particulars or equivalent for each entry extended to the sundry column
 - correct totalling processes (minor mathematical errors can be ignored).
 - For the general ledger:
 - identifying correct chart of accounts codes
 - using appropriate particulars
 - entering ledger account balances into the trial balance.
- 3 The small entity must be registered for GST on the payments basis and can be either a service business or a trading business that uses a periodic inventory system or a community organisation or an iwi organisation.
- 4 The accounting records include:
- source documents including:
 - tax invoice, and
 - two of – receipt, credit note, cheque and cheque butt, payment voucher
 - cash receipts journal
 - cash payments journal
 - a complete set of general ledger accounts prepared from cash journal entries and classified according to a chart of accounts
 - trial balance
 - bank reconciliation including:
 - updating the cash journals
 - completing the bank general ledger account
 - preparing a bank reconciliation using a template provided.
- 5 Cash journal entries may be prepared from source documents or descriptions of transactions.
- 6 The bank reconciliation statement may be prepared from cash journals and a bank statement or from a summary of relevant information extracted from these.
- 7 Conditions of Assessment related to this achievement standard can be found at <http://ncea.tki.org.nz/Resources-for-Internally-Assessed-Achievement-Standards>.

Quality Assurance

- 1 Providers and Industry Training Organisations must have been granted consent to assess by NZQA before they can register credits from assessment against achievement standards.
- 2 Organisations with consent to assess and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.

Consent and Moderation Requirements (CMR) reference

0233