

## Achievement Standard

**Subject Reference** Accounting 2.4

**Title** Interpret accounting information for entities that operate accounting subsystems

**Level** 2      **Credits** 4      **Assessment** External

**Subfield** Accounting

**Domain** Accounting - Generic

**Status** Registered      **Status date** 17 November 2011

**Planned review date** 31 December 2020      **Date version published** 20 November 2014

This achievement standard involves interpreting accounting information for entities that operate accounting subsystems.

### Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> <li>Interpret accounting information for entities that operate accounting subsystems.</li> </ul>	<ul style="list-style-type: none"> <li>Interpret accounting information in depth for entities that operate accounting subsystems.</li> </ul>	<ul style="list-style-type: none"> <li>Interpret accounting information comprehensively for entities that operate accounting subsystems.</li> </ul>

### Explanatory Notes

- This achievement standard is derived from *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, 2010 at <http://seniorsecondary.tki.org.nz>.
- Interpret accounting information* involves examining financial performance, financial position and management effectiveness by selecting from:
  - calculating analysis measures
  - describing the analysis measures
  - describing financial performance, and/or financial position, and/or cash flows and/or management effectiveness
  - describing trends
  - describing links between related analysis measures
  - making recommendation(s) to the entities.

*Interpret accounting information in depth* involves explaining financial performance, financial position and management effectiveness by selecting from:

- explaining the analysis measures
- explaining financial performance, and/or financial position, and/or cash flows and/or management effectiveness
- explaining trends
- explaining links between related analysis measures
- explaining recommendation(s) to the entities.

*Interpret accounting information comprehensively* involves explaining in detail the financial performance, financial position and management effectiveness by selecting from:

- justifying analysis measures
- justifying financial performance, and/or financial position, and/or cash flows and/or management effectiveness
- justifying trends and consequences
- justifying links between analysis measures and other information
- justifying a recommendation(s) to the entities.

3 The *entities* are sole proprietor businesses that are registered for GST on the invoice basis and are either:

- service firms and/or
- trading firms using a perpetual inventory system.

4 *Analysis measures* are selected from:

- measures of profitability
  - percentage change from one year to the next
  - change in dollar amount from one year to the next
  - mark-up percentage
  - gross profit percentage
  - expense/cost percentages
  - net profit percentage
  - return on equity percentage
  - rate of return on total assets percentage
- measures of liquidity
  - current ratio
  - liquid ratio
- measures of financial stability
  - equity ratio
- measures of management effectiveness
  - inventory turnover
  - age of accounts receivable.

Note: Formulae will be provided for analysis measures.

5 Assessment Specifications for this achievement standard can be accessed through the Accounting Resources page found at <http://www.nzqa.govt.nz/qualifications-standards/qualifications/ncea/ncea-subject-resources/>.

**Replacement Information**

This achievement standard replaced AS90225.

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**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