

## Achievement Standard

**Subject Reference** Accounting 2.7

**Title** Demonstrate understanding of an inventory subsystem for an entity

**Level** 2      **Credits** 3      **Assessment** Internal

**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 demonstrating understanding of an inventory subsystem for an entity.

### Achievement Criteria

| Achievement  | Achievement with Merit  | Achievement with Excellence  |
|--|---|--|
| <ul style="list-style-type: none"> <li>Demonstrate understanding of an inventory subsystem for an entity.</li> </ul> | <ul style="list-style-type: none"> <li>Demonstrate in-depth understanding of an inventory subsystem for an entity.</li> </ul> | <ul style="list-style-type: none"> <li>Demonstrate comprehensive understanding of an inventory subsystem for an entity.</li> </ul> |

### 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, 2010 at <http://seniorsecondary.tki.org.nz>.

2 *Demonstrate understanding of an inventory subsystem* involves:

- processing financial information for the entity's inventory subsystem
- describing elements of the entity's inventory subsystem.

*Processing financial information* includes individual inventory records that identify quantities and costs for balances, sales, and purchases using either FIFO or weighted average cost measurement.

*Demonstrate in-depth understanding of an inventory subsystem* involves:

- processing detailed financial information for the entity's inventory subsystem
- explaining elements of the entity's inventory subsystem.

*Processing detailed financial information* includes entries for return(s) and shortage.

*Demonstrate comprehensive understanding of an inventory subsystem* involves:

- processing complex financial information for the entity's inventory subsystem
- justifying the elements of the entity's inventory subsystem.

*Processing complex financial information* includes entries for drawings of inventory and/or a transposition error between inventory items.

- 3 The *entity* for this achievement standard is registered for GST on the invoice basis using a perpetual inventory system.
- 4 The *entity* may be an actual entity or a case study of an entity.
- 5 *Elements* of the entity's inventory subsystem may include, but are not limited to:
  - perpetual inventory system
  - authorisation of inventory purchases
  - checking inventory received
  - managing inventory levels
  - internal control of documents
  - authorisation of payments
  - stock take.
- 6 Conditions of Assessment related to this achievement standard can be found at <http://ncea.tki.org.nz/Resources-for-Internally-Assessed-Achievement-Standards>.

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### Replacement Information

This achievement standard and AS91179 replaced AS90222, AS90223, unit standard 7367, unit standard 7368, and unit standard 7369.

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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