

## CARRY OUT FINANCIAL ACCOUNTING

UNIT CODE: BUS/OS/AC/CR/03/6

### UNIT DESCRIPTION

This unit specifies the competencies required to carry out financial accounting. It involves accounting for assets and liabilities, preparing financial statements of a partnership, of a company, of a manufacturing entity, of a not-for-profit making organization, analyzing financial statements and carrying out public sector accounting.

### ELEMENTS AND PERFORMANCE CRITERIA

<b>ELEMENT</b> These describe the <b>key outcomes</b> which make up <b>workplace function</b> .	<b>PERFORMANCE CRITERIA</b> These are <b>assessable</b> statements which specify the required level of performance for each of the elements. <b><i>Bold and italicized terms are elaborated in the range.</i></b>
1. Account for assets and liabilities	1.1 <b><i>Organization assets</i></b> are determined as per the accounting standards. 1.2 <b><i>Organizational liabilities</i></b> are determined as per the accounting standards. 1.3 Plant, property and equipment movement schedule is prepared as per the accounting standards.
2. Prepare Financial statements of a partnership	2.1 Partnership income statement is prepared as per the accounting standards. 2.2 Partnership financial position statement is prepared. 2.3 Changes in partnership – admission of a new partner, retirement and change are established. 2.4 Partnership profit sharing ratio is applied as per the partnership deed.
3. Prepare Financial statements of a company	3.1 Income statement is prepared as per the accounting standards. 3.2 Statement of financial position is prepared as per the accounting standards 3.3 Financial statements under incomplete information are prepared.
4. Prepare Financial statements of a manufacturing entity	4.1 Features of a manufacturing entity are identified 4.2 Costs between manufacturing selling and administration are Classified and apportioned as per the SOPs. 4.3 manufacturing account, income statement and 4.4 Statement of financial position is prepared as per the

	SOPs.
5. Prepare financial statements of a not-for-profit making organization	<p>5.1 Non-profit making Features are determined as per the organizational requirements</p> <p>5.2 Funds and their accounting treatment are established as per the work place requirements.</p> <p>5.3 Income and expenditure account are prepared as per the accounting principles.</p> <p>5.4 Statement of financial position is drafted as per the SOPs.</p>
6. Analyze financial statements	<p>6.1 Categories of cash are identified as per the SOPs.</p> <p>6.2 Methods of preparing statement of cash flows are determined.</p> <p>6.3 Statement of cash flows is prepared as per accounting standards.</p> <p>6.4 Ratios are analyzed as per the accounting principles.</p>
7. Carry out public sector accounting	<p>6.1 Public sector entities are identified as per the international public sector accounting standards (IPSAS)</p> <p>6.2 Regulatory and oversight structures are identified.</p> <p>6.3 Public sector accounting sector techniques are applied as per the IPSAS.</p> <p>6.4 Public sector accounts are carried out as per the IPSAS.</p>

## RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

Variable	Range
<ul style="list-style-type: none"> <li>Organization assets include but not limited to:</li> </ul>	<ul style="list-style-type: none"> <li>Non -current assets: Property, plant and equipment</li> <li>Intangible assets – recognition, measurement (amortization, impairment and revaluation),</li> <li>Disposals and disclosures</li> <li>Financial assets</li> <li>Current assets: stock, debtors</li> </ul>
<ul style="list-style-type: none"> <li>Organizational liabilities include but not limited to:</li> </ul>	<ul style="list-style-type: none"> <li>Loans – Accounting treatment of repayment of principal and interest</li> <li>Creditors</li> </ul>

## REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit of competency.

### Required skills

The individual needs to demonstrate the following skills:

- Analytical
- Critical thinking
- Decision making
- Communication
- Time management
- Planning
- Organizing
- Directing

### Required knowledge

The individual needs to demonstrate knowledge of:

- The accounting framework
- Sources of regulations at national and global levels; the law (Companies Act), professional bodies, global regulatory bodies
- Accounting standards (IASs/IFRSs) (their importance and limitations) -
- Professional ethics

## EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

1. Critical Aspects of Competency	Assessment requires evidence that the candidate: 1.1 Accounted for assets and liabilities 1.2 Prepared Financial statements of a sole trader 1.3 Prepared Financial statements of a company 1.4 Prepared Financial statements of a company 1.5 Prepared Financial statements of a manufacturing entity 1.6 Prepared Financial statements of a not-for-profit making organization 1.7 Analyzed financial statements 1.8 Demonstrated the ability to carry out Public Sector Accounting.
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2. Resource Implications	The following resources must be provided: 2.1 Policy documents
3. Methods of Assessment	Competency may be accessed through: 3.1 Observation 3.2 Written tests 3.3 Oral questioning 3.4 Third party report
4. Context of Assessment	Competency may be assessed: 4.1 On-the- job 4.2 Off the job 4.3 Off the job assessment must be undertaken in a closely simulated workplace environment.
5. Guidance information for assessment	Holistic assessment with other units relevant to the industry sector, workplace and job roles is recommended.

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