

Financial Accounting 1

Unit level 4

Unit code A/617/6915

GLH 60

Credit value 15

Unit grading structure

Pass-Merit-Distinction

Unit aims

The aim of this unit is to develop the financial reporting skills of those who manage or seek to manage the day-to-day finances and financial needs of small and medium-sized enterprises (SMEs) and small and medium-sized practices (SMPs).

The unit will develop the ability to prepare financial statements according to the International Accounting Standard for Small and Medium-Sized entities (IFRS for SMEs) and to interpret financial statements prepared according to that standard.

Learning outcomes The learner will:

Assessment criteria The learner can:

Pass

Merit

Distinction

1. Understand the regulatory framework for financial reporting.

1. Explain the role of accounting as a means of analysing, monitoring and controlling business performance.
2. Analyse the conceptual and regulatory framework for financial reporting of SMEs.
3. Review accounting concepts and principles used when preparing financial accounts.

1. Assess the importance of accurately applying accounting concepts and principles when preparing financial accounts.

2. Be able to prepare and interpret a statement of cash flows.

1. Prepare a statement of cash flows from given data.
2. Interpret the significance of an entity's performance shown in its statement of cash flows.
3. Make justified recommendations based on an organisation's statement of cash flows.

1. Evaluate the significance of information within a statement of cash flows.

1. Evaluate the usefulness of a statement of cash flows to different organisations.

3. Be able to prepare a credit control policy.

1. Discuss how legislation impacts upon credit control.
2. Develop a credit control policy for a specific organisation which complies with the organisation's objectives.

1. Analyse the key components of a credit control policy.

1. Evaluate the importance of maintaining a comprehensive credit control policy.

Indicative content

1. Understand the regulatory framework for financial reporting

- Outline, explain and assess the purposes of accounting standards.
- Working knowledge of IFRS for SMEs.
- Working knowledge of IASB.
- Accounting concepts (e.g. prudence, consistency, going concern, materiality, matching, money measurement, realisation, etc.).
- Accounting principles (e.g. relevance, reliability, comparability and understandability).

2. Be able to prepare and interpret a statement of cash flows

- Explain the purpose of statements of cash flows.
- Prepare a statement of cash flow (indirect method).
- Prepare the note to the statement of cash flow reconciling operating profit to net cash flow from operating activities.
- Analyse and evaluate the significance of information within the statement of cash flows.

3. Be able to prepare a credit control policy

- Explain the different factors that an organisation will consider before it allows credit to a customer including credit checks and referencing.
- Differentiate between the factors that are available within an organisation (internal) such as past orders and external such as credit referencing by an agency.
- Legislation relating to credit control systems.

- Credit control policy sections:
 - Goals and responsibilities
 - Analysis
 - Collections.

Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.