ACCREDITED BUSINESS QUALIFICATIONS

FINANCIAL STATEMENTS (FNST)

CURRICULUM STATEMENT

CURRICULUM STATEMENT: ICB FINANCIAL STATEMENTS

Recording business financial transactions

- define assets, non-current assets and current assets;
- define liabilities, non-current liabilities and current liabilities;
- explain what is meant by a 'proprietary account';
- define income and expenses;
- explain and apply the rules of double entry;
- process receipts and payments;
- enter records in an analysed cash book for both cash and bank entries;
- check invoices received against orders;
- record debtors and creditors;
- prepare a bank reconciliation statement;
- draw up and interpret a trial balance;
- record and interpret financial transactions with reference to the monthly bookkeeping
- function.

Depreciable assets

- Explain the purpose of depreciation;
- calculate depreciation on non-current assets using the straight-line method;
- calculate depreciation on non-current assets using the diminishing balance method;
- record adjustments and closing transfers pertaining to depreciation in the general journal;
- explain how the accumulated depreciation account works;
- complete and interpret an asset register;
- maintain records relating to capital acquisition and disposal; and
- disclose property, plant and equipment in the financial statements at year-end.

Finalisation and interpretation of accounts

- Demonstrate how a 'year-end' procedure is run in the books of a business;
- explain the purpose and working of a trading account;
- explain the purpose and working of a profit and loss account;
- demonstrate how various year-end adjustments are used to make financial statements more realistic;
- prepare the final accounts for a small business;
- prepare the income statement for a small business;
- prepare the statement of financial position for a small business;
- apply profitability and liquidity ratios to a set of financial statements and appraise the efficiency and profitability of a small business using these tools;
- explain the difference between gross profit, net profit and cash on hand; and
- discuss the limitations of ratio analyses.

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Financial statements of the sole proprietorship

- Explain and demonstrate the accounting concepts of prudence, accrual and matching;
- demonstrate an understanding of the business and accounting environment;
- identify financial statement information for a sole trader; and
- draft the year-end financial statements of a sole trader after passing the required year-end adjustments.

Partnerships

- Explain and demonstrate the basic differences between a sole proprietorship and a partnership;
- define and explain accounting concepts and procedures for a partnership;
- prepare and interpret the final accounts and financial statements of a partnership; and
- analyse the peculiar transactions of a partnership under the accounting equation.

Internal reporting for corporate entities

For close corporations:

- Explain the advantages and disadvantages of trading as a CC;
- explain the difference between members' interest and members' net investment;
- illustrate the effect of changes in membership on members' funds and members' interest percentages; and
- prepare the final accounts and financial statements for a CC (with notes where applicable).

For companies:

- Define a company and explain its legal status;
- explain the advantages of trading as a company;
- explain the difference between a public and a private company;
- explain what is meant by shares and shareholders, stated capital and market value, as well as authorised and issued share capital;
- discuss how shares are issued, and how the amounts are recorded;
- prepare a statement of changes in equity for a limited company;
- prepare the financial statements of a company, as well as appropriate notes to such statements;
- discuss the general principles of consolidation; and
- discuss the impact of the International Financial Reporting Standards (IFRS) on the accounting profession.

An Introduction to IFRS for SMMEs

- Understand the key concepts and pervasive principles underlying the preparation of financial statements using IFRS for SMEs;
- understand the basic aspects of financial statement presentation using IFRS for SMEs; and
- apply the recognition and measurement principles of key financial statement elements covered by IFRS for SMEs.

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Statement of cash flows

- Perform a series of asset disposal procedures in order to obtain key figures needed for the preparation of a statement of cash flows and the notes thereto;
- calculate the amount representing cash receipts from customers during a financial year;
- calculate the amount representing cash paid to suppliers and employees during a financial year; calculate the cash outlays incurred with respect to SARS and shareholders' dividends;
- reconcile net profit before tax with cash generated from operations; and prepare a statement of cash flows, sectored into cash flows from operating, investing and financing activities.