



## ASSESSOR GUIDE

### FNSACC311

# Process financial transactions and extract interim reports

## Assessment 1 of 3



SWINBURNE  
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EDUCATION

## Assessment Instructions

### Task overview

This assessment task is divided into 14 questions. Read each question carefully before typing your response in the space provided.

### Additional resources and supporting documents

To complete this assessment, you will need:

- Access to your learning materials
- Access to a computer and the internet
- Access to Microsoft Word
- FNSACC311\_01\_SAQ\_Isla & Co Accounting Policy & Procedures Manual

## Assessment Information

### Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

### Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

## Assessment 1 Assessor Instructions

### Purpose of the Task

This assessment requires the student to answer fourteen [14] written questions to demonstrate that they understand the knowledge required of this unit.

### Reassessment Arrangements

If the student answers any questions in this assessment incorrectly, they will need to be given an appropriate time to resubmit. The student should only redo questions that are incorrect; however, they will need to resubmit the entire assessment.

### Guidance to Assessors About this Task

The student can be given the opportunity to answer questions verbally if appropriate. Benchmark responses for each question have been provided.

#### QUESTION 1

In your own words, explain: <ul style="list-style-type: none"><li>the key principle of the double entry accounting system and the accrual accounting system <i>[Response length approximately 25 words]</i></li><li>the key practice that applies to each principle <i>[Response length approximately 20 words]</i></li><li>how each practice is applied when processing financial transactions and extracting and interim reports. <i>[Response length approximately 25 words]</i></li></ul>		
<b>Double entry accounting system</b>		
Key principle	Key practice	How it is applied in processing financial transactions extracting interim reports
Every business transaction affects at least two [2] different general ledger accounts.	There is always at least one [1] debit entry and one [1] credit entry for every transaction.	Transactions are recorded in a business's accounting system by posting at least one [1] debit entry and one [1] credit entry.
<b>Accrual accounting system</b>		
Key principle	Key practice	How it is applied in processing financial transactions extracting interim reports
Accounting transactions are recorded in the period in which they occur rather than in the period the cash flow relating to them occurs.	Revenue is recognised when a customer is invoiced. Expenses are recognised when they are incurred.	Students must demonstrate their knowledge and understanding of the timing differences which occur when recognising revenue and expenses in an accrual accounting system.

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Under the Corporations Law

**QUESTION 2**

Explain:

- What is the ePayment Code? *[Response length approximately 25 words]*
- Who is bound by the Code? *[Response length approximately 30 words]*
- What is the purpose of the Code? *[Response length approximately 140 words]*

a. What is the ePayment Code?

Below is an example of a satisfactory response.

The ePayment Code regulates electronic payments, including ATM, EFTPOS and credit card transactions, online payments, internet and mobile banking, and BPAY.

*Download.asic.gov.au. 2022. [online] Available at: <<https://download.asic.gov.au/media/3798542/epayments-code-published-29-march-2016.pdf>> [Accessed 15 March 2022].*

b. Who is bound by the Code?

Below is an example of a satisfactory response.

This ePayment Code is a voluntary code of practice. Banks, credit unions, building societies and other providers of electronic payment facilities to consumers subscribe to this Code.

*Download.asic.gov.au. 2022. [online] Available at: <<https://download.asic.gov.au/media/3798542/epayments-code-published-29-march-2016.pdf>> [Accessed 15 March 2022].*

c. What is the purpose of the Code?

Below is an example of a satisfactory response.

This code plays an important role in the regulation of electronic payment facilities in Australia.

It complements other regulatory requirements, including financial services and consumer credit licensing, advice, training and disclosure obligations under the Corporations Act 2001 and the National Consumer Credit Protection Act 2009.

This Code:

- requires subscribers to give consumers terms and conditions, information about changes to terms and conditions (such as fee increases), receipts and statements,
- sets out the rules for determining who pays for unauthorised transactions, and
- establishes a regime for recovering mistaken internet payments.

Subscribers must warrant that they will comply with this Code in the terms and conditions they give consumers. This means that compliance with this Code must be a term of the contract between the subscriber and each of its account or facility holders.

Download.asic.gov.au. 2022. [online] Available at:  
<https://download.asic.gov.au/media/3798542/epayments-code-published-29-march-2016.pdf>  
 [Accessed 15 March 2022].

### QUESTION 3

Identify one (1) proof of lodgements that meet standard industry banking procedures and guidelines for each deposit method listed below. *[Response length approximately 5 words per deposit method]*

#### Answer

The student must identify one (1) form of proof of lodgement for each deposit methods in relation to standard industry banking procedures and guidelines.

Deposit Method	Proof of Lodgement
Online deposit	A satisfactory response could include one of the following: <ul style="list-style-type: none"> <li>• Transaction list</li> <li>• Email verification of the transaction</li> <li>• SMS verification of the transaction</li> <li>• Payment details confirmation</li> <li>• Payment register reports.</li> </ul>
Over the counter deposit	A satisfactory response could include one of the following: <ul style="list-style-type: none"> <li>• Bank stamped deposit slip</li> <li>• Tearaway part of a deposit slip</li> <li>• Bank@Post transaction receipt.</li> </ul>

### QUESTION 4

Identify two (2) industry-accepted security and safety precautions in line with the standard industry banking procedures and guidelines appropriate for banking method.

*[Response length between 10 - 30 words per security and safety precaution]*

#### Answer

The student must identify two (2) industry-accepted security and safety precautions appropriate to the following banking methods.

Banking Method	Security Precautions	Safety Precautions
Internet banking	A satisfactory response could include two of the following: <ul style="list-style-type: none"> <li>• Install or update firewall, anti-virus, and anti-spyware software.</li> <li>• Always log out after each session and clear your browsing history.</li> <li>• Choose a unique, secure password with a combination of letters and numbers that no one could guess.</li> </ul>	A satisfactory response could include two of the following: <ul style="list-style-type: none"> <li>• Watch out for phishing emails posing as authentic emails from your bank.</li> <li>• Avoid using unsecured wi-fi networks when banking online.</li> <li>• Use the organisation's recommended network connection.</li> </ul>

	<ul style="list-style-type: none"> <li>• Never show or tell anyone your PIN or password and destroy any paper records of these carefully.</li> <li>• Avoid keeping records of your internet banking login name and password together.</li> <li>• Change your password regularly and do not use the same password for other services.</li> <li>• Check the web address is correct and the site is not fake.</li> <li>• Ensure the banking site is secure—look for a web address beginning with 'https' and a closed padlock symbol.</li> <li>• Regularly check bank statements for any suspicious activity.</li> <li>• Do not give out credit card or online account details over the phone unless you initiated the phone call and the phone number is from a trusted source, through an email or while chatting online.</li> <li>• Do not respond to emails or phone calls from someone claiming to be the bank and asking for account details. Genuine banks or financial institutions never do this.</li> </ul>	<ul style="list-style-type: none"> <li>• Keep your computer, smartphone, or tablet up to date with anti-virus, firewall software, and the latest patches.</li> </ul>
<p>Depositing cash and cheques through a branch</p>	<p>A satisfactory response could include two of the following:</p> <ul style="list-style-type: none"> <li>• During business hours, all forms of cash and cheques should be stored in a safe or cash register.</li> <li>• Ensure there is separation of duties when dealing with cash.</li> <li>• Only keep small amounts of cash on the premises.</li> <li>• Two employees count the cash, together.</li> <li>• Reconciled deposits regularly to the bank statement.</li> </ul>	<p>A satisfactory response could include two of the following:</p> <ul style="list-style-type: none"> <li>• Vary the route and time of day when the person goes to the bank so movements cannot be predicted.</li> <li>• Where possible travel by vehicle rather than on foot or public transport.</li> <li>• Wear plain clothing rather than a uniform to be less conspicuous.</li> <li>• Do not take large amounts of cash to the bank in the same bag at the same time every day.</li> <li>• Ensure workers are trained and understand what precautions they should take when they are transporting cash.</li> </ul>

**QUESTION 5**

Identify two [2] industry accepted security precautions to minimise the risk of cheque fraud.



### Answer

The student must identify two [2] industry accepted security precautions to minimise the risk of cheque fraud. A satisfactory response could include two of the following:

- Always keep cheque book in a safe place
- Do not leave signed blank cheques in the cheque book
- Ensure no gaps in words or numbers when writing cheques
- Ensure the cheque is fully completed, especially the drawer's name and the amount
- If a cheque or cheque book is stolen, lost or misused, contact the bank as soon as possible and follow up in writing
- Limit cheque book availability to authorised employees.
- Regularly reconcile cheques drawn to the bank account
- Contact as soon as possible to arrange a 'Stop Payment' on a cheque.

### QUESTION 6

The table below answers the following questions about the Corporations Act.	
a. What is the Corporations Act? <i>[Response length approximately 10 words]</i>	Below is an example of a satisfactory response. The Corporations Act is the primary piece of federal legislation which governs company law in Australia.
b. Who administers and enforces the Corporations Act? <i>[Response length approximately 10 words]</i>	The student <b>must</b> provide the following answer. Australian Securities & Investment Commission (ASIC).
c. What is the requirement Under the Corporations Law for disclosing entities regarding maintaining financial transactions? <i>[Response length approximately 35 words]</i>	Below is an example of a satisfactory response. Under the Corporations Law all disclosing entities are required to maintain records that accurately record their financial transactions and which would enable the preparation of financial statements and the audit of those financial statements.

Question 7 – 10 will require you to refer to the downloadable *Isla & Co's Accounting Policy & Procedures Manual*. [FNSACC311\\_01\\_SAQ\\_Isla & Co Accounting Policy & Procedures Manual](#)

### QUESTION 7

Identify:

- a. four [4] considerations when preparing tax invoices
- b. four [4] considerations when processing supplier invoices.

<p>a. Preparing Tax Invoices</p> <p><i>[Response length between 40 – 50 words]</i></p>	<p>The student must refer to the Accounts Receivable &amp; Invoicing Policy in Isla &amp; Co Accounting Policy &amp; Procedure Manual.</p> <p>A satisfactory response <b>must include</b> any four (4) of the following considerations when preparing a tax invoice.</p> <ul style="list-style-type: none"> <li>• Invoice must include Isla &amp; Co's business name – Isla &amp; Co Pty Ltd</li> <li>• Invoice must include Isla &amp; Co's ABN – 11 111 111 138</li> <li>• Invoice must include an invoice number</li> <li>• Invoice must be issued in numerical sequence order</li> <li>• Invoice must include the date the invoice was issued</li> <li>• Invoice must include payment due date</li> <li>• Invoice must include a brief description of the items sold, including the quantity and the price</li> <li>• Invoice must include the GST included for each item sold</li> <li>• Invoice must identify the sale is fully taxable by including the words 'Total price includes GST'</li> <li>• Invoice must include the buyer's identity.</li> </ul>
<p>b. Processing Supplier Invoices</p> <p><i>[Response length between 40 – 50 words]</i></p>	<p>The student must refer to the Accounts Payable Policy in Isla &amp; Co Accounting Policy &amp; Procedure Manual.</p> <p>A satisfactory response <b>must include</b> any four (4) of the following considerations when processing supplier invoices.</p> <ul style="list-style-type: none"> <li>• Invoices must include the supplier's identity</li> <li>• Invoices must include the suppliers ABN</li> <li>• Invoices must include the date the invoice was issued</li> <li>• Invoices must include an accurate description of the items supplied, including the quantity and the price</li> <li>• Invoices must include the GST included for each item supplied</li> <li>• Invoices must identify the sale is fully taxable by including the words 'Total price includes GST'</li> <li>• Invoices must be matched against the purchase order</li> <li>• Invoices must have a unique invoice number.</li> </ul>

### QUESTION 8

<p>Describe the seven (7) steps in Isla &amp; Co's bank reconciliation procedure. <i>[Response length approximately 150-200 words]</i></p>
<p>The student must refer to the bank reconciliation procedure in Isla &amp; Co Accounting Policy &amp; Procedure Manual and their response <b>must include</b> the following seven (7) steps.</p>
<ol style="list-style-type: none"> <li>1. Download the bank statements from the bank.</li> <li>2. Compare the deposits and withdrawals</li> </ol> <p>To do this, match the business records' deposits with those in the bank statement. Compare the amount of each deposit recorded in the debit side of the bank column of the cashbook</p>



with the credit side of the bank statement and the credit side of the bank column with the debit side of the bank statement. Mark the items appearing in both the records.

3. Adjust the bank statement

Adjust the balance on the bank statements to the corrected balance. To do this, you add deposits received and recorded by the business but are not yet recorded by the bank, deduct outstanding cheques and add/deduct bank errors.

Bank errors are mistakes made by the bank while creating the bank statement. Errors may include entering an incorrect amount or omitting an amount from the bank statement. Compare the cash account's general ledger to the bank statement to spot the errors.

4. Adjust the cash account

Adjust the cash balances in the business account by adding interest or deducting monthly charges and overdraft fees.

5. Compare the balances

The adjusted amounts should be the same after adjusting the balances as per the bank statement and the cash account. If they are still not equal, investigate the discrepancy and reconcile again.

6. Once the balances are equal, prepare journal entries for the adjustments.

7. Record journal entries

### QUESTION 9

Refer to Isla & Co's General Ledger Journal Entry Policy and Procedure. In the space below outline Isla & Co's:

- a. input standards
- b. process for authorising manual journals

#### Answer

The student must refer to the General Ledger Journal Entry Policy and Procedure in Isla & Co Accounting Policy & Procedure Manual.

<p>a. Input Standard</p>	<p>The student's response <b><u>must include</u></b>:</p> <ul style="list-style-type: none"> <li>• Isla &amp; Co use the double entry accounting system</li> <li>• Isla &amp; Co group transactions into assets, liabilities, equity, income and expenses in the General Ledger.</li> </ul>
<p>b. Process for Authorising Manual Journals</p> <p><i>[Response length approximately 110 words]</i></p>	<p>Below is an example of a satisfactory response.</p> <p>All manual journals must be submitted to the Finance Manager for authorisation before they are posted. The Finance Manager is responsible for:</p> <ul style="list-style-type: none"> <li>• reviewing the journal entry and supporting documentation to ensure the appropriateness of the transaction</li> <li>• approving or rejecting the journal within three working days.</li> </ul> <p>Before approving a manual journal, the Finance Manager must be satisfied that:</p> <ul style="list-style-type: none"> <li>• the supporting documentation is appropriate and sufficient</li> <li>• the date of the journal is correct</li> <li>• the journal is being allocated to the correct accounts in the General Ledger</li> <li>• the description is sufficient to explain the reason for the manual journal</li> <li>• the debit and credit have been correctly allocated.</li> </ul>

**QUESTION 10**

<p>Refer to List Isla &amp; Co's Cash Handling and Receipting Policy. Describe Isla &amp; Co's cash receipting security procedures when handling:</p> <ul style="list-style-type: none"> <li>• Cash received</li> <li>• Cheques received</li> <li>• EFTPOS transactions</li> </ul> <p><i>[Response length between 20 -40 words per security procedure]</i></p>	
<p><b>Answer</b></p> <p>The student must refer to Isla &amp; Co's Cash Handling and Receipting Policy in Isla &amp; Co Accounting Policy &amp; Procedure Manual and describe Isla &amp; Co's cash receipting security procedures when handling:</p> <ul style="list-style-type: none"> <li>• Cash received</li> <li>• Cheques received</li> <li>• EFTPOS transactions.</li> </ul>	
<p>Cash Received</p>	<p>Accounting for cash as it is received - Cash received must be entered immediately via the point-of-sale system (POS) and placed into the cash drawer.</p>

Cheque Received	Cheques received – Cheques received in the mail are to be receipted via the POS system as soon as practical. All cheques received must be endorsed immediately (or as soon as practical) with a " not negotiable " stamp.
EFTPOS Transactions	EFTPOS transactions - Transactions processed through the EFTPOS terminal must be recorded concurrently with a corresponding entry in the POS system.

### QUESTION 11

Identify two safety procedures for each banking method listed below. <i>[Response length between 20 -40 words per banking method]</i>	
The student must demonstrate knowledge of two (2) safety procedures for each of the banking methods listed below.	
Banking Method	Safety Procedure
Electronic Banking	<p>A satisfactory response could include two [2] of the following.</p> <ul style="list-style-type: none"> <li>• Use two factor authentication when logging into bank account</li> <li>• Create a strong password</li> <li>• Change password regularly</li> <li>• Don't give your password out to other people</li> <li>• Ensure the security on your computer is kept up to date</li> <li>• Always access the account from a secure location</li> <li>• Always log out of the banking site when you have finished online banking</li> <li>• Don't walk away from your computer while log in to the bank</li> <li>• Monitor your accounts</li> </ul>
Branch deposits	<p>A satisfactory response could include two [2] of the following.</p> <ul style="list-style-type: none"> <li>• Reconcile bank account regularly</li> <li>• Bank small amounts of cash frequently</li> <li>• Vary the route and time of day when the person goes to the bank so movements cannot be predicted</li> <li>• When transferring cash to the bank, do not place cash in obvious bank bags</li> <li>• Ensure the bank teller stamps the deposit slip</li> <li>• Use an armored service to deliver large amounts of cash to the bank.</li> </ul>

### QUESTION 12

For each financial report listed below identify three [3] key features.

*[Response length between 40 -60 words per financial report]*

The student must identify three [3] key features for each of the financial reports listed below.

Trial Balance

A satisfactory response may include three [3] of the following features.

- A trial balance is a list of the various ledger account and their balances whether debit or credit.
- A trial balance is prepared in the form of a statement.
- A trial balance is prepared to check the arithmetical accuracy of the ledger accounts.
- The arithmetical accuracy established by a trial balance is not proof that there are no mistakes in the books of accounts.
- A trial balance is usually prepared at the end of the accounting period. This may be weekly, monthly, quarterly or half-yearly or at the end of the accounting period.
- A trial balance does not form a part of the final accounts.
- A trial balance provides a summary of the ledger accounts and serves as a link between the books of accounts and the Profit and Loss Statement and Balance Sheet.

Bank Reconciliation Report

A satisfactory response may include three [3] of the following features.

- It is prepared to reconcile the causes of difference between the Bank balance as per cash book and the bank balance as per the bank statement.
- It can be prepared at any time during the financial year, as and when required.
- It is prepared on a particular date.
- The bank reconciliation report identifies mistakes in the Cash Book and on the bank statement.
- The bank reconciliation report is used to detect and prevent frauds and errors in recording banking transactions.
- To incorporate certain expenditures/income that is debited or credited by Bank in the books of accounts.

Balance Sheet

A satisfactory response may include three [3] of the following features.

- It summarises a company's assets, liabilities and owners' equity at a specific point in time.
- It's called a balance sheet because the two sides balance.
- The balance sheet must follow the following formula  $\text{Assets} = \text{Liabilities} + \text{Owners Equity}$ .
- Most of the information about assets, liabilities and owners' equity items are obtained from the adjusted trial balance of the company.
- In the Asset section all the resources (i.e., assets) of the business are listed.

	<ul style="list-style-type: none"> <li>• Assets are divided into current assets and non-current assets.</li> <li>• Current assets include cash and assets that can be converted into cash or are expected to be consumed within a short period of time – usually one year.</li> <li>• Non-current assets continue providing benefit for a long period of time – usually more than one year.</li> <li>• Liabilities are divided into current liabilities and non-current liabilities.</li> <li>• Current liabilities are the obligations that are expected to be met within a period of one year.</li> <li>• All liabilities that are not current liabilities are considered non-current liabilities.</li> <li>• Owner’s equity is the obligation of the business to its owners.</li> </ul>
Profit & Loss Statement	<p>A satisfactory response may include three (3) of the following features.</p> <ul style="list-style-type: none"> <li>• Summarises a company’s revenues, expenses, and profits/losses over a given period of time.</li> <li>• The revenue and expense figures used for the preparation of profit &amp; loss statement are directly taken from the adjusted trial balance.</li> <li>• If revenue exceeds the total expenses, the profit &amp; loss statement shows a net profit for the period.</li> <li>• If the total expenses exceed the revenue, the profit &amp; loss statement shows a net loss for the period.</li> <li>• The net profit from the profit in loss statement is journeled to the equity account in the balance sheet at the end of the accounting period.</li> </ul>

**QUESTION 13**

<p>For each of the fourteen (14) work tasks listed below:</p> <ul style="list-style-type: none"> <li>• list two (2) processes</li> <li>• list two (2) procedures.</li> </ul> <p><i>[Response length between 10 -20 words per work task process and procedure]</i></p>		
<p>The student must identify two (2) processes and two (2) procedures that demonstrate their knowledge of the work task.</p>		
Work Task	Process The student must identify two (2) processes that demonstrate their knowledge of the work task.	Procedure The student must identify two (2) procedures that demonstrate their knowledge of the work task.
Entering and balancing deposits	Below is an example of a satisfactory response.	Below is an example of a satisfactory response.

	<ul style="list-style-type: none"> <li>• Ensure that all information in bank records and/or deposit slips are accurate.</li> <li>• Ensure that all deposits are properly recorded, including relevant documentation.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that deposit slip totals reconcile with the total of cash and cheques.</li> <li>• Stamped copies of all deposit slips are to be retained on file in date order.</li> </ul>
Entering and balancing payments	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• All payments made must be supported by appropriate documentation.</li> <li>• Ensure that all information relevant to payments made is correct.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that all staff handling payment transactions are adequately trained.</li> <li>• All cheques should be banked intact for the prescribed amount.</li> </ul>
Reconcile bank statement	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Bank reconciliations should be performed regularly.</li> <li>• Investigate all irregularities and resolve them in a timely manner.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that there is a written record of all queries for all bank reconciliations and any discrepancies are investigated and resolved.</li> <li>• Access to banking systems must be strictly controlled.</li> </ul>
Processing and balancing petty cash transactions	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Maintain a record of all relevant receipts.</li> <li>• Investigate all irregularities and resolve them in a timely manner.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Petty cash system must be kept independently from other financial records.</li> <li>• Petty cash float must be reconciled and authorised after every reimbursement.</li> </ul>
Checking and verifying supporting documentation for financial transactions	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that all financial transactions are supported by valid documentation.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Monthly accounting records – bank reconciliation and financial reports must be certified.</li> </ul>



	<ul style="list-style-type: none"> <li>• Ensure that all payments are properly authorised.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct an audit of bank account transactions to ensure that documentation for all receipts and payments are in order.</li> </ul>
Applying security and safety measures when preparing and banking receipts	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that all financial transactions are supported by valid documentation.</li> <li>• Ensure that all payments are properly authorised.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Monthly accounting records – bank reconciliation and financial reports must be certified.</li> <li>• Conduct an audit of bank account transactions to ensure that documentation for all receipts and payments are in order.</li> </ul>
Preparing deposit facilities	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Use standard bank deposit documentation for all transactions.</li> <li>• Ensure that all staff preparing deposit documentation are properly authorised to do so.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Totals of cash and cheques included in banking totals are to be reconciled with bank deposit slips.</li> <li>• All deposits are to be made into the one business bank account.</li> </ul>
Entering data into financial systems	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that all staff entering data into the system are given proper permissions to do so.</li> <li>• Files used must be backed up regularly.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Log in to the system used by the organisation</li> <li>• Enter the information into the system, ensuring that all information is accurate.</li> </ul>
Processing general and special journal entries	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>• Ensure that all staff processing data are given proper permissions to do so.</li> </ul>	<p>Below is an example of a satisfactory response</p> <ul style="list-style-type: none"> <li>• Ensure that there is an audit trail for all financial activities in the business.</li> </ul>

	<ul style="list-style-type: none"> <li>Update journal entries regularly to ensure that all information is up to date.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that the comments on all journal entries contain enough detail to enable the transaction to be verified.</li> </ul>
Identifying and correcting errors in a journal	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Adjust the entry in the accounts concerned.</li> <li>Trial balances must be done regularly to ensure that there are no errors.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>The trial balance is prepared. If it does not balance, staff must go through all transactions to identify the error/s made.</li> <li>Adjustments made in the general journal must also be reflected in the specific account.</li> </ul>
Preparing, authorising and checking journals	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>All journal entries must be authorised before processing.</li> <li>Ensure that all staff preparing and accessing journals are authorised to do so.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>All journal entries are to be signed off as evidence of review and authorisation.</li> <li>All journal entries should be referenced to and verifiable against supporting documentation.</li> </ul>
Processing interim reports	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Ensure that all staff processing the reports are given proper permissions to do so.</li> <li>Ensure that the reports are prepared within the correct time period.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Prepare all relevant documentation, including: <ul style="list-style-type: none"> <li>Balance sheets</li> <li>Income statements</li> <li>Trial Balance.</li> </ul> </li> <li>Ensure that the report is prepared following organisation's recommended format.</li> </ul>
Extracting, checking, and correcting a trial balance	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Ensure all staff have the required permissions to</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Confirm that the trial balance flows through to the financial reports.</li> </ul>

	<p>generate management reports.</p> <ul style="list-style-type: none"> <li>Financial reports in including Profit &amp; Loss Report, Balance Sheet and Trial Balance, must be prepared regularly and formally as the output from the accounting system.</li> </ul>	<ul style="list-style-type: none"> <li>The monthly trial balance must be signed off to signify that it balances.</li> </ul>
Filing documentation following organisational and regulatory requirements	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Ensure that all staff processing reports are given proper permissions to do so.</li> <li>All business records and reports are filed away securely in a structured filing system and all personal information is protected under the privacy act.</li> </ul>	<p>Below is an example of a satisfactory response.</p> <ul style="list-style-type: none"> <li>Document the process for filing reports and personal information.</li> <li>Observe the security of the filing systems in protecting the records and reports of the business.</li> </ul>

**QUESTION 14**

a. Explain each accounting convention listed below. <i>(Approximately 20 – 30 words per accounting convention)</i>	
<p><b>Answer</b></p> <p>The student must explain each of the accounting conventions listed below. An example of a satisfactory response has been provided for each accounting convention.</p>	
Full Disclosure Convention	This convention requires a financial statement to be prepared in such a way that they disclose all the material information to users, so users can make a rational decision.
Consistency Convention	This convention requires accounting methods to be consistently applied from one period to the next.
Materiality Convention	This convention states all significant items must be reported in accounting reports. This allows for immaterial amounts to be omitted.
b. Explain each accounting concept listed below. <i>(Approximately 20 – 40 words per accounting concept)</i>	
<p><b>Answer</b></p>	

The student must explain each of the accounting concept listed below. An example of a satisfactory response has been provided for each accounting concept.

Accounting entity concept	A business and its owner should be treated separately as far as their financial transactions are concerned.
Money measurement concept	Only business transactions that can be expressed in terms of money are recorded in accounting, though records of other types of transactions may be kept separately.
Dual aspect concept	For every credit, a corresponding debit is made. The recording of a transaction is complete only with this dual aspect.
Matching concept	This principle dictates that for every entry of revenue recorded in a given accounting period, an equal expense entry has to be recorded for correctly calculating profit or loss in a given period.
Accrual concept	Income and expense must be recognised in the accounting periods to which they relate rather than on cash basis.

Congratulations, you have reached the end of the Assessment. ✓

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