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| <b>UNIT TITLE:</b> PREPARE FINANCIAL STATEMENTS  |   | <b>NOMINAL HOURS:</b> 55 |
| <b>UNIT NUMBER:</b> D1.HFI.CL8.06 D1HFA.CL7.04 D2.TFA.CL7.06   |   |                          |
| <b>UNIT DESCRIPTOR:</b> This unit deals with skills and knowledge required to generate financial statements required to monitor business performance   |   |                          |
| <b>ELEMENTS AND PERFORMANCE CRITERIA</b>   | <b>UNIT VARIABLE AND ASSESSMENT GUIDE</b>   |                          |
| <p><b>Element 1: Identify the context for the preparation of financial statements</b></p> <p><b>1.1</b> Identify the <i>financial statements</i> that need to be produced</p> <p><b>1.2</b> Identify the <i>frequency</i> with which financial statements need to be produced</p> <p><b>1.3</b> Identify the <i>responsibilities and authorities</i> that attach to the preparation of financial statements</p> <p><b>1.4</b> Identify the <i>internal requirements</i> in relation to financial statements</p> <p><b>1.5</b> Identify the <i>format</i> for the preparation of financial statements</p> <p><b>1.6</b> Identify the <i>distribution requirements</i> for financial statements</p> <p><b>Element 2: Maintain an assets register</b></p> <p><b>2.1</b> <i>Prepare a register of fixed assets</i></p> <p><b>2.2</b> Determine the <i>method of calculating depreciation</i></p> <p><b>2.3</b> <i>Update the assets register</i></p> <p><b>2.4</b> Produce the assets register</p> | <p><b>Unit Variables</b></p> <p>The Unit Variables provide advice to interpret the scope and context of this unit of competence, allowing for differences between enterprises and workplaces. It relates to the unit as a whole and facilitates holistic assessment</p> <p>This unit applies to all industry sectors that use financial data and statements to monitor the operation and performance of the business within the labour divisions of the hotel and travel industries and may include:</p> <ol style="list-style-type: none"> <li>1. Front Office</li> <li>2. Housekeeping</li> <li>3. Food and Beverage Service</li> <li>4. Food Production</li> <li>5. Travel Agencies</li> <li>6. Tour Operation</li> </ol> <p>Financial statements may include:</p> <ul style="list-style-type: none"> <li>• Asset register</li> <li>• Balance sheet</li> <li>• Profit and loss statement</li> <li>• Revenue statements</li> <li>• Bank reconciliations.</li> </ul> |                          |

| report/statement   |   |
|--|---|
| <p><b>Element 3: Maintain the general ledger</b></p> <p><b>3.1</b> <i>Process journal entries</i> in accordance with enterprise requirements</p> <p><b>3.2</b> <i>Prepare a trial balance</i> according to applicable accounting standards</p> <p><b>3.3</b> <i>Prepare final general ledger accounts</i></p> <p><b>Element 4: Prepare bank reconciliations</b></p> <p><b>4.1</b> <i>Check deposits</i> against bank statements</p> <p><b>4.2</b> <i>Check withdrawals</i> against authorised expenditure</p> <p><b>4.3</b> <i>Confirm fees and charges</i></p> <p><b>4.4</b> <i>Confirm all transaction balances</i></p> <p><b>4.5</b> Produce the bank reconciliation statement</p> <p><b>Element 5: Prepare the identified financial statements</b></p> <p><b>5.1</b> <i>Compile necessary data</i></p> <p><b>5.2</b> Produce the <i>revenue report</i></p> <p><b>5.3</b> Produce the <i>balance sheet</i></p> <p><b>5.4</b> Produce the <i>profit and loss statement</i></p> <p><b>5.5</b> Prepare explanatory notes to accompany financial statements, as necessary</p> <p><b>5.6</b> <i>Validate the financial statements</i> that have been prepared</p> <p><b>5.7</b> <i>Update internal records</i></p> | <p><i>Frequency</i> will include:</p> <ul style="list-style-type: none"> <li>• Reporting periods as dictated by enterprise policies, including daily, weekly, monthly, quarterly, half-yearly and annually</li> <li>• Compliance with legal requirements of the host country</li> <li>• Compliance with head office or other externally imposed requirements</li> <li>• Responding to the operational needs of the business as they vary from time-to-time.</li> </ul> <p><i>Responsibilities and authorities</i> may be related to:</p> <ul style="list-style-type: none"> <li>• Access to statistical and trading information</li> <li>• Requirements relating to confidentiality and disclosure</li> <li>• Internal protocols regarding the release, movement and return of information supplied from within the business.</li> </ul> <p><i>Internal requirements</i> should relate to the need for financial statements to indicate:</p> <ul style="list-style-type: none"> <li>• Financial position of the enterprise at the end of the period</li> <li>• Revenue and expenses for the period</li> <li>• Investments made by the business</li> <li>• Changes in assets and equity.</li> </ul> <p><i>Format</i> may include:</p> <ul style="list-style-type: none"> <li>• Meeting externally imposed requirements, including accrual accounting and/or cash accounting</li> <li>• Alignment with established enterprise preference</li> <li>• Meeting the needs of external accounting service requirements</li> <li>• Imposed formats as determined by accounting packages being used</li> <li>• Preferred options relating to ease of use and interpretation of financial information</li> <li>• Narrative or t format</li> </ul> |

**5.8** Distribute the prepared financial statements

- Use of spreadsheets and electronic forms.

*Distribution requirements* should relate to:

- Identification of the personnel, departments and organisations to receive the statements, including internal and external users
- Protocols for recording that statements have been distributed and received
- Security and commercial-in-confidence issues
- Timing requirements regarding dissemination and availability of statements
- Hard copy and electronic formats for distribution.

*Prepare a register of fixed assets* may include:

- Identifying property, plant and equipment
- Listing property, plant and equipment.

*Method of calculating depreciation* may include:

- Straight-line method
- Reducing balance method.

*Update the assets register* may include:

- Recording purchases and disposals
- Maintaining depreciation schedule.

*Process journal entries* may include:

- Preparing and posting journal entries into the general ledger system
- Reconciling accounts payable and accounts receivable subsidiary ledgers with the general ledger
- Using the chart of accounts
- Rectifying errors in documentation

- Recording depreciation of non-current assets and disposal of fixed assets
- Adjusting expense and revenue accounts for pre-payments and accruals
- Recording bad and doubtful debts
- Adjusting ledger accounts for inventories.

*Prepare a trial balance* may include:

- Listing the ledger account balances from the general ledger
- Checking total debits equal total credits
- Tracing of errors
- Identifying and rectifying errors, including correcting entries and adjusting entries.

*Prepare final general ledger accounts* may include:

- Entering general journal entries for balance day adjustments
- Posting revenue and expense account balances to final general ledger accounts
- Preparing final ledger to reflect gross and net profits for the reporting period.

*Check deposits* may include:

- Comparing bank deposit slips against bank statements
- Comparing cash summary sheets against bank deposit slips.

*Check withdrawals* may include:

- Comparing check book stubs with bank statements
- Comparing authorised periodic payment arrangements with bank statement.

*Confirm fees and charges* may include:

- Ensuring only legitimate fees and charges have been levied
- Ensuring the amount of fees and charges levied are in accordance with agreements and/or expectations.

*Confirm all transaction balances* may include:

- Calculating cumulative balances
- Verifying final balance
- Querying variances.

*Compile necessary data* may include:

- Coding and classifying data
- Checking and ensuring accuracy and reliability of source data
- Ensuring data is transcribed into nominated forms and/or electronic fields in the authorised manner
- Ensuring all necessary internal and external data has been obtained
- Budgets and forecasts
- Previous financial statements.

*Revenue report* must:

- Reflect the operating profit for the reporting period
- Comply with organisational policy and procedures
- Align with designated accounting requirements.

*Balance sheet* must:

- Reflect the financial position of the business at the end of the reporting period
- Comply with organisational policy and procedures
- Align with designated accounting requirements.

*Profit and loss statement* must:

- Reflect transactions over a period of time and business performance

- Comply with organisational policy and procedures
- Align with designated accounting requirements.

*Validate the financial statements* may include:

- Ensuring statements, data and explanatory notes are error free
- Ensuring all provided information is clear, accurate, easy to understand and comprehensive
- Ensuring statements meet necessary reporting requirements
- Making necessary additions and/or corrections.

*Update internal records* may include:

- Entering data to reflect the current status of the financial statements
- Printing and archiving copies of the financial statements.

### **Assessment Guide**

The following skills and knowledge must be assessed as part of this unit:

- Knowledge of the enterprise's policies and procedures in regard to preparation, presentation and distribution of financial statements including identification of the statements to be prepared
- Ability to comply with principles of accounting and book-keeping
- Ability to use standard account preparation techniques
- Ability to use computerised accounting software, where applicable
- Knowledge of relevant accounting and financial terminology
- Ability to apply statistical manipulation to develop underpinning data for statements
- Knowledge of the relevant legislated accounting provisions that apply to the host country

- Knowledge of the accepted principles and standards of account preparation and presentation.

#### **Linkages To Other Units**

- Access and retrieve computer-based data
- Perform clerical procedures
- Use common business tools and technology
- Audit financial procedures
- Maintain financial standards and records
- Manage financial performance within a budget
- Manage payroll records
- Monitor catering revenue and costs
- Manage legal requirements for business compliance
- Monitor staff performance
- Maintain guests' financial records
- Process a financial sale transaction
- Manage and control operational costs
- Maintain a secure financial accounting system
- Interpret financial statements.

#### **Critical Aspects of Assessment**

Evidence of the following is essential:

- Understanding of host enterprise policies and procedures in regard to preparation, presentation and distribution of financial statements including identification of the statements to be prepared

- Demonstrated ability to prepare an accurate nominated set of financial statements from information provided in accordance with prescribed enterprise and other stated requirements.

### **Context of Assessment**

This unit may be assessed on or off the job:

- Assessment should include practical demonstration either in the workplace or through a simulation activity, supported by a range of methods to assess underpinning knowledge
- Assessment must relate to the individual's work area or area of responsibility.

### **Resource Implications**

Training and assessment to include access to a real or simulated workplace and records; and access to workplace standards, procedures, policies, guidelines, tools and equipment.

### **Assessment Methods**

The following methods may be used to assess competency for this unit:

- Analysis of financial statements produced to determine accuracy, comprehensiveness and compliance with stated requirements
- Case studies
- Oral and written questions
- Third party reports completed by a supervisor
- Project and assignment work.

### **Key Competencies in this Unit**

*Level 1 = competence to undertake tasks effectively*

*Level 2 = competence to manage tasks*

*Level 3 = competence to use concepts for evaluating*



|  | <b>Key Competencies</b>                          | <b>Level</b> | <b>Examples</b>  |
|--|--|--------------|--|
|  | Collecting, organising and analysing information | 2            | Determine data for inclusion in financial statements                             |
|  | Communicating ideas and information              | 1            | Seek input and advice in relation to the preparation of financial statements     |
|  | Planning and organising activities               | 2            | Schedule the preparation of nominated financial statements                       |
|  | Working with others and in teams                 | 3            | Liaise with colleagues to resolve errors   |
|  | Using mathematical ideas and techniques          | 2            | Manipulate financial information to develop required financial statements        |
|  | Solving problems                                 | 3            | Analyse and rectify errors with financial data                                   |
|  | Using technology                                 | 2            | Use computer software to manage financial data and generate financial statements |