
Overview

This unit is about drafting the financial statements of incorporated organisations following the preparation of an initial trial balance.

You need to be aware that:

- 1 the financial statements will need to comply with relevant accounting standards and applicable legislation
- 2 the accounting systems of an organisation are affected by its organisational structure, its administrative systems and procedures and the nature of its business transactions
- 3 reporting and presentation requirements may vary if you are working in certain types of organisation, particularly in the public sector

You will need to maintain security and confidentiality of information and business transactions at all times, and may be responsible for handling queries.

Performance criteria

- You must be able to:*
- P1 identify the users of financial accounting information and financial statements
 - P2 identify the general purpose, elements and relationships between the elements of financial statements
 - P3 use appropriate information to draft financial statements in the appropriate form and in compliance with relevant accounting standards and domestic legislation and with the organisation's policies, regulations and procedures
 - P4 correctly identify and implement subsequent adjustments
 - P5 identify discrepancies, unusual features or queries and either resolve them or refer to the appropriate person
 - P6 prepare consolidated accounts
 - P7 prepare and interpret a cash flow statement
 - P8 interpret financial statements using ratio analysis
 - P9 draw valid conclusions from the information contained within financial statements
 - P10 present issues, interpretations and conclusions clearly to the appropriate people
 - P11 work under pressure to meet year end deadlines
 - P12 identify the need for an external audit and refer as appropriate

Knowledge and understanding

The business environment

You need to know and understand:

- K1 the elements and purposes of financial statements of the organisation
- K2 the statutory form of financial statements and disclosure requirements
- K3 relevant accounting standards
- K4 the obligations of directors or other responsible parties in respect of financial statements
- K5 the forms and composition of equity, reserves and loan capital
- K6 the presentation of business taxation in financial statements
- K7 the audit needs and threshold relating to accounts
- K8 the differences between the published accounts and financial statements of different types of organisations

Accounting techniques, principles and theory

You need to know and understand:

- K9 Generally Accepted Accounting Principles/International Financial Reporting Standards (GAAP/IFRS) and concepts
- K10 the types of financial statements and how to prepare them in the proper form
- K11 the elements of financial statements
- K12 the types of relationship between the elements of financial statements;
- K13 how to calculate and interpret accounting ratios and analyse the information contained in financial statements
- K14 the concept of group accounts and the general principles of consolidation

FSP FA5 SQA Unit Code FD9M 04

Draft financial statements

Links to other NOS

1. CAS Computerised Accounting Software [Link](#)
2. SS Spreadsheet Software [Link](#)
3. BS Bespoke or Specialist Software [Link](#)
4. PM Project Management Software [Link](#)
5. WP word processing software [Link](#)
6. ITS IT security for users [Link](#)
7. E1 Manage a budget [Link](#)
8. F1 Manage a project [Link](#)
9. E2 Manage Finance In your area of responsibility [Link](#)
10. D16 Manage Redundancies In Your Area Of Responsibility [Link](#)
11. MN3 Keep Financial Records For Your Business [Link](#)
12. MN4 Manage Cash Flow In Your Business [Link](#)
13. MN5 Get Customers To Pay On Time [Link](#)
14. MN8 Monitor Borrowing For Your Business [Link](#)
15. MN9 Carry Out The Banking For Your Business [Link](#)
16. MN10 Prepare Wages [Link](#)
17. MN11 VAT Registration And Returns [Link](#)
18. E11 Communicate Information And Knowledge [Link](#)
19. ICF IT Communication Fundamentals [Link](#)
20. ISF IT Software Fundamentals [Link](#)
21. B8 Ensure Compliance With Legal, Regulatory, Ethical And Social Requirements [Link](#)
22. E9 Manage The Environmental Impact Of Your Work [Link](#)
23. HSS7 Make Sure Your Own Actions Within The Workplace Aim To Protect The Environment [Link](#)
24. HSS1 Make Sure Your Own Actions Reduce Risks To Health And Safety [Link](#)
25. HSS2 Develop Procedures To Safely Control Work Operations [Link](#)
26. HSS6 Conduct A Health And Safety Assessment Of A Workplace [Link](#)
27. IUF IT User Fundamentals [Link](#)
28. EE5 Build Relationships to Build Your Business [Link](#)
29. F5 Resolve Customer Service Problems [Link](#)
30. F6 Monitor And Solve Customer Service Problems [Link](#)
31. F7 Support Customer Service Improvements [Link](#)
32. F14 Prepare For And Participate In Quality Audits [Link](#)
33. F15 Carry Out Quality Audits [Link](#)
34. LG2 Keep Up To Date With Current Legislation Affecting Your Business [Link](#)

FSP FA5 SQA Unit Code FD9M 04

Draft financial statements

Developed by Financial Skills Partnership

Version number 1

Date approved May 2012

Indicative review date May 2015

Validity Current

Status Original

Originating organisation Financial Skills Partnership

Original URN FA5

Relevant occupations 3537 Financial and accounting technicians; 4121 Credit controllers; 4122 Accounts and wages clerks, book-keepers, other financial clerks

Suite Accountancy

Key words Accountancy and Finance