## Sample course outline
### Accounting and Finance – General Year 12

**Semester 1 – Unit 3**

<table>
<thead>
<tr>
<th>Week</th>
<th>Syllabus content</th>
</tr>
</thead>
</table>
| 1–2  | Introduction to the course, distribution of syllabus, course outline and assessment outline.  
**Financial institutions and systems: Financial systems and fundamental principles**  
- characteristics of the main types of small business ownership: sole trader, partnership and small proprietary company, including:  
  - number of owners  
  - liability of owners  
  - ability to raise capital or borrow funds  
  - distribution of profits  
  - transfer of ownership  
  - separate accounting or legal entity  
  - continuity of existence  
- advantages and disadvantages of the main types of small business ownership.  
**Government and the community: The role and influence of governments and other bodies**  
- legislation relating to the formation of sole traders and partnership, including:  
  - GST Act 1999 (WA)  
  - Business Names Registration Act 2011 (Cth)  
  - Partnership Act 1895 (WA)  
- the concept of bankruptcy as defined by the Bankruptcy Act 1966 (WA) |
| 3–4  | **Financial institutions and systems: Financial institutions**  
- sources of finance, other than equity, available to small businesses  
- advantages and disadvantages of these sources of finance  
- factors considered by financial institutions when approving finance  
  - risk  
    - collateral  
    - liquidity  
    - history  
    - guarantors  
  - return  
    - interest rate  
    - future business  
**Financial institutions and systems: Financial systems and fundamental principles**  
- different types and characteristics of business undertakings, including:  
  - manufacturing  
  - trading/retailing  
  - service providing |
| 5    | **Financial institutions and systems: Financial systems and fundamental principles**  
- fundamental concepts and conventions of financial accounting, including:  
  - the accounting equation  
  - double entry accounting  
  - the accounting cycle: documents, journals, ledger, adjusting entries, closing entries and financial statements |
<table>
<thead>
<tr>
<th>Week</th>
<th>Syllabus content</th>
</tr>
</thead>
</table>
| 6    | • definition of the elements of financial statements  
      /// assets  
      /// liabilities  
      /// equity  
      /// income  
      /// expenses  
      • accepted accounting principles and conventions, including:  
        /// accounting entity  
        /// monetary  
        /// historical cost  
        /// materiality  
        /// accounting period  
        /// going concern  
| 7–9  | Government and the community: The role and influence of governments and other bodies  
      • the impact of GST legal requirements on small businesses, including:  
        /// registering for GST  
        /// Australian Business Number (ABN)  
      Financial institutions and systems: Financial systems and fundamental principles  
      • principles and features of the GST, including:  
        /// taxable supplies, GST-free supplies and input taxed supplies  
        /// accounting and reporting for the GST, including the business activity statement (BAS)  
      Recording, using and evaluating financial information: Recording, processing and communicating financial information  
      • calculation of the GST receivable or payable  
      • manual preparation of the general journal and general ledger (including GST) to include:  
        /// entries to commence business  
        /// cash and credit transactions to include cash receipts, cash payments, sales, purchases, sales returns, purchases returns, discount allowed, discount received  
        /// perpetual inventory system given the cost of sales  
        /// purchase of non-current assets  
        /// write-off bad debts  
        /// withdrawal of inventory or cash by the proprietor  
        /// correction of errors  
        /// closing entries  
      • manual preparation of trial balance  
      Financial institutions and systems: Financial systems and fundamental principles  
      • fundamental concepts and conventions of financial accounting, including:  
        /// principles of the perpetual inventory system  
        /// perpetual versus periodic inventory methods  
        /// purpose of trial balance  
        /// errors disclosed by the trial balance  
        /// errors not disclosed by the trial balance |
<table>
<thead>
<tr>
<th>Week</th>
<th>Syllabus content</th>
</tr>
</thead>
</table>
| 10–13 | **Financial institutions and systems: Financial systems and fundamental principles**  
  • purpose of financial statements, including:  
    ▪ performance  
    ▪ financial position  
    ▪ liquidity  
  **Recording, using and evaluating financial information: Recording, processing and communicating financial information**  
  • manual preparation of simple classified financial statements for a sole trader, excluding balance day adjustments  
    ▪ income statements  
    ▪ balance sheet (statement of financial position) for a trading/merchandising/service business  
  **Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing**  
  • principles of internal control  
  • application of the principles of internal control over cash, inventory, accounts receivable, accounts payable and non-current assets  
  • limitations of internal control |
| 14–15 | **Government and the community: The influence of social, environmental and ethical factors**  
  • costs and benefits for small business of engaging in socially, environmentally and ethically responsible behaviour, including:  
    ▪ sponsorship  
    ▪ resource conservation  
    ▪ taxation responsibility |
<table>
<thead>
<tr>
<th>Week</th>
<th>Syllabus content</th>
</tr>
</thead>
</table>
| 1–2  | Introduction to the unit  
**Financial institutions and systems: Financial systems and fundamental principles**  
- accrual basis assumption as per *The Framework for the Preparation and Presentation of General Purpose Financial Reports* (The Framework)  
- the distinction between cash and accrual methods of accounting  
- definition, and recognition criteria of:  
  - assets  
  - liabilities  
  - equity  
  - income  
  - expenses  
- classification of income, expenses, assets and liabilities by nature and function  
- purpose and nature of the following balance day adjustments:  
  - accrued expenses  
  - prepaid expenses  
  - stock of supplies  
  - accrued income  
  - income in advance  
  - depreciation  |
| 3–5  | Recording, using and evaluating financial information: Recording, processing and communicating financial information  
- manual preparation of general journal and ledger entries for balance day adjustments (asset and liability method only) to prepare financial reports (GST not included)  
- manual preparation of closing general journal entries  
- manual preparation of trial balance  |
| 6    | Financial institutions and systems: Financial institutions  
- nature, benefits and risks to small business of the following types of electronic processing:  
  - EFTPOS  
  - bill payments – electronic payment system  
  - credit cards  
  - online banking  
  - direct debits  |
| 7–8  | Recording, using and evaluating financial information: Recording, processing and communicating financial information  
- manual preparation of general journal and general ledger entries for recording of depreciation (straight line method only)  |
| 9–11 | Recording, using and evaluating financial information: Recording, processing and communicating financial information  
- manual preparation of classified financial statements for a sole trader, including balance day adjustments  
  - income statements  
  - statement of financial position for a trading/merchandising/service business |
<table>
<thead>
<tr>
<th>Week</th>
<th>Syllabus content</th>
</tr>
</thead>
</table>
| 12–13 | **Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing**  
  - interpretation of the following ratios to evaluate the profitability and stability of a business:  
    - profitability ratios  
      - profit formula  
        \[
        \text{profit} = \frac{\text{profit}}{\text{net sales}}
        \]  
      - gross profit formula  
        \[
        \text{gross profit} = \frac{\text{gross profit}}{\text{net sales}}
        \]  
      - expense formula  
        \[
        \text{operating expenses} = \frac{\text{operating expenses}}{\text{net sales}}
        \]  
      - rate of return on assets formula  
        \[
        \text{profit} = \frac{\text{profit}}{\text{average total assets}}
        \]  
    - liquidity ratios:  
      - working capital formula  
        \[
        \text{current assets} - \text{current liabilities}
        \]  
      - quick asset formula  
        \[
        \text{current assets} - \text{inventory and prepayments} - \text{current liabilities} - \text{bank overdraft}
        \]  
    - leverage ratio:  
      - debt to equity formula  
        \[
        \frac{\text{total liabilities}}{\text{total equity}}
        \] |
| 14–15 | **Government and the community: The role and influence of governments and other bodies**  
  - the role of the professional accounting and financial associations, including:  
    - CPA Australia  
    - Chartered Accountants Australia and New Zealand  
    - The Institute of Public Accountants  
    - Financial Planning Association of Australia Limited  
  **Government and the community: The influence of social, environmental and ethical factors**  
  - the nature and purpose of the professional codes of conduct for members of professional accounting service providers associations  
  **Recording, using and evaluating financial information: Recording, processing and communicating financial information**  
  - using an established chart of accounts and the perpetual inventory system, apply double entry principles using Mind Your Own Business (MYOB) or QuickBooks® to electronically record financial data and produce financial reports |