



SAMPLE COURSE OUTLINE

ACCOUNTING AND FINANCE
ATAR YEAR 12

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Sample course outline

Accounting and Finance – ATAR Year 12

Semester 1 – Unit 3

Note 1: This unit (and unit 4) requires reference to the current practices as prescribed by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Note 2: Application of GST is **not** required in this unit (or unit 4).

Week	Key teaching points
1–2	<p>Introduction to the course, distribution of the syllabus, course outline and assessment outline</p> <p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • distinguish between management accounting and financial accounting • the important financial principles of asset management <ul style="list-style-type: none"> ▪ appropriate levels of investment in non-current assets ▪ appropriate management of accounts receivable, inventory and cash ▪ appropriate management of short and long term debt ▪ appropriate level of equity capital <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • differences between internal and external reporting, including: <ul style="list-style-type: none"> ▪ users: internal and external ▪ regulation: accounting standards ▪ types of financial statements ▪ types of reports • internal audit and control, including: <ul style="list-style-type: none"> ▪ purpose of internal audit ▪ review of business procedures and policies ▪ detection and correction of errors and deficiencies • the role and function of the accountant in managing business operations <p>Task 1: Project (Weeks 2–3)</p>
3–4	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • the nature of cost concepts for materials, labour and overheads • classification of cost <ul style="list-style-type: none"> ▪ behaviours: fixed, variable and mixed costs ▪ relationships to cost objects: direct and indirect costs ▪ treatment of costs: product and period ▪ time orientation of costs: past and future • the concept of mark up and the calculation of the unit price of a product <p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • cost accounting limited to calculation of the unit price of a product/service using only job order costing processes <ul style="list-style-type: none"> ▪ calculation of direct materials, direct labour and overhead costs ▪ calculation and application of predetermined overhead recovery rates only using normal capacity ▪ calculation of unit cost and the setting of selling/quotation prices for a job costing product/service ▪ use of standard costing and variance analysis for: <ul style="list-style-type: none"> ○ materials price and usage ○ labour rate and efficiency <p>Task 2: Test (Week 5)</p>

Week	Key teaching points
5–7	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • explain the relationship between volume of activity, costs and profit <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • cost-volume-profit (CVP) analysis for decision making purposes <ul style="list-style-type: none"> ▪ cost behaviour ▪ contribution margin ▪ break-even point ▪ margin of safety • interpretation of CVP results and testing of sensitivity to changing decisions about: <ul style="list-style-type: none"> ▪ volumes, product mixes, pricing and costs and the impact of capacity constraints ▪ make or buy decisions ▪ close down product/business unit decisions ▪ accept or reject special orders decisions <p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • cost-volume-profit (CVP) processing for a single and multi-product (maximum three products) business <ul style="list-style-type: none"> ▪ calculation of contribution margin ▪ calculation of contribution margin per unit ▪ calculation of weighted average contribution per unit ▪ calculation of margin of safety ▪ calculation of selling price, variable cost, fixed cost, profit or sales volume ▪ calculation of break-even point ▪ calculation of the effect on profit/loss of make or buy decisions ▪ calculation of the effect on profit/loss of closing a department/dropping a segment product decision ▪ calculation of the gain or loss on special order decisions <p>Task 3: Test (Week 8)</p>
8–10	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • the nature and importance of the master budget • the components of the master budget <ul style="list-style-type: none"> ▪ operating ▪ capital expenditure ▪ financial <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • purpose and function of cash budgets <ul style="list-style-type: none"> ▪ importance of cash to business viability ▪ interpretation of cash budgets • purpose and function of budgeted income statement • interpretation of budgeted income statement • difference between cash and accrual performance • purpose and function of performance reports • interpretation of performance reports for cash budgets and budgeted income statements <p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • preparation of cash budgets, including debtors' and creditors' schedules • preparation of budgeted income statements • preparation of performance reports for cash budgets and budgeted income statement <p>Task 4: Test (Week 11)</p>

Week	Key teaching points
11–12	<p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • capital investment/budgeting techniques for capital expenditure, limited to calculations for cash flows using straight-line depreciation method only and net of taxation <ul style="list-style-type: none"> ▪ discounted cash flows [net present value (NPV) only] ▪ payback period <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • interpretation of capital investment/budgeting techniques to evaluate capital expenditure • importance of business planning, including a consideration of: <ul style="list-style-type: none"> ▪ goals, objectives and generic business strategies: cost leadership versus differentiation, strategic initiatives and performance management ▪ reducing costs and risks <p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • nature and importance of capital investment decisions • concept of the time value of money • factors affecting capital investment decisions, including: <ul style="list-style-type: none"> ▪ consumer preferences ▪ competition ▪ government regulation <p>Task 5: Test (Week 13)</p>
13–14	<p>Financial institutions and systems: Financial institutions</p> <ul style="list-style-type: none"> • role of financial institutions and the management of business finance <ul style="list-style-type: none"> ▪ short term: cash management trusts, money market and term deposits ▪ long term: shares, debentures, unsecured notes, trusts and term deposits ▪ the management of business finance with short term and long term perspectives <p>Government and the community: The role and influence of governments and other bodies</p> <ul style="list-style-type: none"> • the concept of insolvency as defined by the <i>Corporations Act 2001</i> <ul style="list-style-type: none"> ▪ alternative actions for insolvent companies, including: <ul style="list-style-type: none"> ○ voluntary administration ○ liquidation ○ receivership • order of priority of the distribution of funds when insolvent <p>Government and the community: The influence of social, environmental and ethical factors</p> <ul style="list-style-type: none"> • identification of the costs and potential income associated with engaging in socially and environmentally responsible practices • the ethical issues encountered in financial dealings between business owners/managers and their employees, clients and investors
15	<p>Task 6: Semester 1 Examination</p>

Semester 2 – Unit 4

Week	Key teaching points
1–2	<p>Introduction to unit</p> <p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • characteristics of public and large proprietary companies <ul style="list-style-type: none"> ▪ liability of owners ▪ number of members and directors ▪ continuity of existence ▪ legal entity ▪ transferability of ownership ▪ separation of ownership and management <p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • preparation of the general journal and general ledger for the following: <ul style="list-style-type: none"> ▪ issue of ordinary shares payable in full on application ▪ bonus share issues ▪ interim and final dividends (recommended, declared or paid) ▪ share issue costs • preparation of the retained earnings ledger account, including: <ul style="list-style-type: none"> ▪ profit or loss ▪ dividends ▪ transfers to and from reserve accounts ▪ debit or credit opening balances <p>Government and the community: The role and influence of governments and other bodies</p> <ul style="list-style-type: none"> • the purpose and nature of the <i>Corporations Act 2001</i>, and its impact on company formation and operations <ul style="list-style-type: none"> ▪ powers and duties of directors ▪ a written constitution ▪ replaceable rules ▪ prospectus ▪ rights of shareholders <p>Task 7: Test (Week 3)</p>
3	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • the purpose of the <i>Conceptual Framework</i> and its key elements <ul style="list-style-type: none"> ▪ the nature of the reporting entity ▪ the objective of general purpose financial reports ▪ evaluation and application of the fundamental and enhancing qualitative characteristics of financial information ▪ evaluation and application of asset, liability, income and expense recognition criteria

Week	Key teaching points
4–6	<p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • preparation of financial statements in accordance with the <i>Conceptual Framework</i> and in accordance with the standards <ul style="list-style-type: none"> ▪ statement of comprehensive income (one statement version only) ▪ statement of financial position ▪ statement of changes in equity <ul style="list-style-type: none"> ○ retained earnings ○ equity ○ share capital ○ reserves • notes to financial statements/notes to accounts, limited only to: <ul style="list-style-type: none"> ▪ share capital ▪ other components of equity ▪ property, plant and equipment ▪ dividends <p>Note: preparation of the above financial statements is restricted to the following issues:</p> <ul style="list-style-type: none"> • revaluation of property, plant and equipment: non-depreciable assets only • cash dividends • bonus share issues • transfers to or from general reserve • preliminary expenses • issue of ordinary shares, including share issue costs • purpose and nature of the following balance day adjustments: <ul style="list-style-type: none"> ▪ accrued expenses ▪ prepaid expenses/stock of supplies ▪ accrued income ▪ income in advance ▪ doubtful debts ▪ depreciation • for the purpose of calculating income tax expense, profit before tax is deemed to equal taxable income <p>Task 8: Test (Week 7)</p>
7–8	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • the purpose of accounting standards in: <ul style="list-style-type: none"> ▪ protecting external users ▪ assisting directors in discharging their obligations ▪ providing confidence to investors in Australian capital markets <p>Government and the community: The role and influence of governments and other bodies</p> <ul style="list-style-type: none"> • the nature and importance of the following groups which regulate and influence the general purpose financial reporting of companies in Australia: <ul style="list-style-type: none"> ▪ the Financial Reporting Council (FRC) ▪ Australian Securities and Investments Commission (ASIC) ▪ International Accounting Standards Board (IASB) ▪ Australian Accounting Standards Board (AASB) ▪ Australian Securities Exchange (ASX) ▪ lobby groups <p>Government and the community: The influence of social, environmental and ethical factors</p> <ul style="list-style-type: none"> • the extent and nature of corporate social disclosure • the difficulties faced by accountants in producing social and environmental information • the use made of corporate social disclosure by the company and other users • critical evaluation of corporate social disclosure as made by Australian companies <p>Task 9: Project (Weeks 8–9)</p>

Week	Key teaching points
9–11	<p>Financial institutions and systems: Financial systems and fundamental principles</p> <ul style="list-style-type: none"> • Statement of Cash Flows as per AASB 107, including: <ul style="list-style-type: none"> ▪ benefits of the cash flow statement information ▪ concepts of cash and cash equivalents <p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • cash flow statement from comparative balance sheets and income statements using the direct method only – notes not required and GST not included <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • interpretation of the movements in cash flow items <p>Task 10: Test (Week 12)</p>
12	<p>Government and the community: The role and influence of governments and other bodies</p> <ul style="list-style-type: none"> • the function of the external audit, including: <ul style="list-style-type: none"> ▪ protecting external users ▪ providing confidence to stakeholders in Australian capital markets • the role of the external auditor appointed by the shareholders and reappointed at the annual general meeting (AGM) <ul style="list-style-type: none"> ▪ perform an independent audit of the financial statements
13–14	<p>Recording, using and evaluating financial information: Recording, processing and communicating financial information</p> <ul style="list-style-type: none"> • preparation of the following ratios – application of GST not required <ul style="list-style-type: none"> ▪ liquidity ratios <ul style="list-style-type: none"> ○ working capital/current ○ quick asset ▪ efficiency ratios <ul style="list-style-type: none"> ○ debtor’s collection ○ inventory/stock turnover ▪ profitability ratios <ul style="list-style-type: none"> ○ profit ○ rate of return on assets ○ times interest earned ▪ leverage ratio <ul style="list-style-type: none"> ○ debt to equity ▪ market ratios <ul style="list-style-type: none"> ○ earnings per share ○ price/earnings ○ dividend yield <p>Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing</p> <ul style="list-style-type: none"> • examination and interpretation of annual reports, financial statements and stock exchange data to assess the position and performance of a public company • purpose of annual reporting and the use of key performance indicators by directors for accountability and decision-making purposes • interpretation of the following ratios: <ul style="list-style-type: none"> ▪ liquidity ratios <ul style="list-style-type: none"> ○ working capital/current ○ quick asset ▪ efficiency ratios <ul style="list-style-type: none"> ○ debtor’s collection ○ inventory/stock turnover ▪ profitability ratios <ul style="list-style-type: none"> ○ profit ○ rate of return on assets

Week	Key teaching points
	<ul style="list-style-type: none">○ times interest earned▪ leverage ratio○ debt to equity▪ market ratios<ul style="list-style-type: none">○ earnings per share○ price/earnings○ dividend yield• limitations in assessing performance from financial statement analysis and from traditional financial accounting<ul style="list-style-type: none">▪ historical cost accounting▪ lack of comparability between entities▪ lack of disclosure <p>Task 11: Test</p>
15	Task 12: Semester 2 Examination