



# Accounting and Finance General Course Year 12

## Selected Unit 3 syllabus content for the Externally set task 2026

This document is an extract from the *Accounting and Finance General Course Year 12 syllabus*, featuring all of the content for Unit 3. The content that has been highlighted in the document is the content on which the Externally set task (EST) for 2026 will be based.

All students enrolled in the course are required to complete an EST. The EST is an assessment task which is set by the Authority and distributed to schools for administering to students. The EST will be administered in schools during Term 2, 2026 under standard test conditions. The EST will take 50 minutes.

The EST will be marked by teachers in each school using a marking key provided by the Authority. The EST is included in the assessment table in the syllabus as a separate assessment type with a weighting of 15% for the pair of units.

# Unit 3

## Unit description

The focus for this unit is double-entry accounting for small businesses. Students apply their understanding of financial principles, systems and institutions to manage financial information and make decisions in a variety of small businesses. Students develop an understanding of the rationale for the use of particular conventions and principles and the consequences of disregarding them. Students record and process financial information using the double-entry system and apply the principles of Goods and Services Tax (GST). Students learn about the various forms of business organisations adopted by small business.

In implementing this syllabus, teachers must refer to the current practices as prescribed by the Australian Accounting Standards Board and other relevant legislation.

## Unit content

An understanding of the Year 11 content is assumed knowledge for students in Year 12. It is recommended that students studying Unit 3 and Unit 4 have completed Unit 1 and Unit 2.

This unit includes the knowledge, understandings and skills described below.

### 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 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
- different types and characteristics of business undertakings
  - manufacturing
  - trading/retailing
  - service providing

- 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
  - principles of the perpetual inventory system
- 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)
- accepted accounting principles and conventions, including:
  - accounting entity
    - monetary
    - historical cost
    - materiality
  - accounting period
    - going concern
- perpetual versus periodic inventory methods
- purpose of trial balance
  - errors disclosed/not disclosed by trial balance
- simple definition of the elements of financial statements
  - assets
  - liabilities
    - equity
    - income
    - expenses
- purpose of financial statements, including:
  - performance
  - financial position
  - liquidity

## 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 and discount received
  - perpetual inventory system given the cost of sales (Note: there is no requirement to teach inventory costing systems, such as Last-in First-out, First-in First-out and weighted average)
  - 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
- 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

### **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

## **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 impact of GST legal requirements on small businesses, including:
  - registering for GST
  - Australian Business Number (ABN)
- the concept of bankruptcy as defined by the *Bankruptcy Act 1966* (WA)

### **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