



Government of **Western Australia**  
School Curriculum and Standards Authority

# ACCOUNTING AND FINANCE

GENERAL COURSE

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Year 12 syllabus

## **Acknowledgement of Country**

Kaya. The School Curriculum and Standards Authority (the Authority) acknowledges that our offices are on Whadjuk Noongar boodjar and that we deliver our services on the country of many traditional custodians and language groups throughout Western Australia. The Authority acknowledges the traditional custodians throughout Western Australia and their continuing connection to land, waters and community. We offer our respect to Elders past and present.

## **Important information**

This syllabus is effective from 1 January 2024.

Users of this syllabus are responsible for checking its currency.

Syllabuses are formally reviewed by the School Curriculum and Standards Authority (the Authority) on a cyclical basis, typically every five years.

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## Rationale

The Accounting and Finance General course aims to make students financially literate by creating an understanding of the systems and processes through which financial practices and decision making are carried out, as well as the ethical, social and environmental issues involved. It helps students to analyse and make informed decisions about finances.

Financial literacy gives individuals the ability to make sound financial judgements. In an age when many business practices and ethical standards are being questioned, awareness of the ways financial practices impact on their lives helps students take responsibility for their own financial commitments. It gives them the problem-solving skills to operate at many levels of financial decision making.

Through engagement with the course, students develop an understanding of the fundamentals on which accounting and financial management are based. Many students will find themselves self employed and there is a high probability that they will have to engage in some form of accounting practices. Having an understanding of these practices enables them to analyse their own financial data and make informed decisions based on that analysis.

In a rapidly changing world, the impact of technology on financial and accounting practices has been vast. The use of computer systems for record keeping, and the communication of financial data is already vital, and will continue to shape future careers. Many of these careers have not yet evolved, but when they do, they will involve technology and financial practices at some level.

## Course outcomes

The Accounting and Finance General course is designed to facilitate achievement of the following outcomes.

### Outcome 1 – Financial conceptual understanding

Students understand the concepts, principles, systems and structures that are fundamental to accounting and other financial processes.

In achieving this outcome, students:

- understand the concepts and principles of financial decision-making
- understand the elements of financial systems
- understand the relationship between the purpose and structure of financial information.

### Outcome 2 – Factors influencing financial decisions

Students understand the interrelationship between financial decisions and the individual, society and the environment.

In achieving this outcome, students:

- understand the influence of values and ethics on financial decisions
- understand that government policies, legal requirements and other regulations influence financial decisions
- understand the impact of societal and environmental factors on financial decisions.

### Outcome 3 – Financial systems

Students explore and apply appropriate financial systems to meet personal and organisational needs.

In achieving this outcome, students:

- explore and select an appropriate financial system to meet user needs
- use a financial system to record and present information
- adapt and/or customise a financial system to meet user needs.

### Outcome 4 – Analysis and interpretation of financial information

Students select, use and interpret financial information.

In achieving this outcome, students:

- select financial information for analysis and use appropriate techniques
- draw conclusions from financial information
- recommend appropriate action based on financial information analysis.

## Organisation

This course is organised into a Year 11 syllabus and a Year 12 syllabus. The cognitive complexity of the syllabus content increases from Year 11 to Year 12.

### Structure of the syllabus

The Year 12 syllabus is divided into two units which are delivered as a pair. The notional time for the pair of units is 110 class contact hours.

#### Unit 3

The focus for this unit is double-entry accounting for small businesses.

#### Unit 4

The focus for this unit is accrual accounting.

Each unit includes:

- a unit description – a short description of the focus of the unit
- unit content – the content to be taught and learned.

### Organisation of content

The course content is divided into three areas:

- Financial institutions and systems
- Recording, using and evaluating financial information
- Government and the community.

The terminology used in this syllabus is current at the time of publishing. Terminology and processes used in the delivery of this course should be compliant with current Australian Accounting Standards Board requirements.

#### Financial institutions and systems

##### Financial institutions

An understanding of interactions with financial institutions is important for everyone in our society. The course looks at financial instruments, including the use of electronic funds transfer point of sale (EFTPOS), internet banking and debit and credit cards. The various forms of financial institutions and sources of borrowings are covered.

##### Financial systems and fundamental principles

Knowledge of the principles and conventions underlying finance and accounting and the terminology used in these fields are essential. The course covers conventions, such as the accounting entity, and the principles of double-entry and the accounting equation. The essential elements of financial reports, such as assets, liabilities, expenses, income and equity are defined. Concepts, such as profitability, stability, risk and return and the financial reports and the systems which produce them are addressed.

## Recording, using and evaluating financial information

### Recording, processing and communicating financial information

Financial recording involves various processes, such as source documents verifying financial transactions and ledger accounts. It is important to use ethical processes when recording financial information. A variety of electronic tools, including accounting packages and spreadsheet programs are used. The course outlines the purposes of the various financial reports produced by business entities.

### Evaluating financial information for planning, coordinating, controlling and investing

The most important aspect of business financial management is the analysis and interpretation of financial reports for decision making. Appropriate sources of finance and internal controls are examined and these are evaluated against various goals and objectives. The concepts of risk, return and capital growth are compared and other long-term investments considered.

## Government and the community

### The role and influence of governments and other bodies

The taxation system impacts on individuals and organisations. The course looks at why taxation is necessary and the various systems of taxation in use in Australia. This includes legislation governing the collection, payment and reporting of Goods and Services Tax (GST). Government influences financial decision making, through legislation, such as the *Partnership Act 1895 (WA)* and the *Bankruptcy Act 1966 (WA)*. The role and services of professional associations and community bodies and the influences they have on financial processes and practices are addressed.

### The influence of social, environmental and ethical factors

The influence that financial decisions have on social and environmental issues and the importance of maintaining ethical decision-making processes is an important aspect of accounting and financial management.

## Representation of the general capabilities

The general capabilities encompass the knowledge, skills, behaviours and dispositions that will assist students to live and work successfully in the twenty-first century. Teachers may find opportunities to incorporate the capabilities into the teaching and learning program for the Accounting and Finance General course. The general capabilities are not assessed unless they are identified within the specified unit content.

### Literacy

Students become literate as they develop the knowledge, skills and dispositions to interpret and use language confidently for learning and communicating in and out of school, and for participating effectively in society. Literacy involves students in listening to, reading, viewing, speaking, writing and creating oral, print, visual and digital texts, and using and modifying language for different purposes in a range of contexts.

In the Accounting and Finance General course, students learn to examine and interpret a variety of business data and/or information. They will learn to effectively use the specialised language and terminology of Accounting and Finance when applying concepts to contemporary issues and events, and communicating conclusions to a range of audiences using a range of approaches.

Students learn to make increasingly sophisticated language choices and consider divergent approaches to business issues and events when evaluating business issues and communicating conclusions.

### **Numeracy**

Students become numerate as they develop the knowledge and skills to use mathematics confidently across all learning areas at school and in their lives more broadly. Numeracy involves students in recognising and understanding the role of mathematics in the world and having the dispositions and capacities to use mathematical knowledge and skills purposefully.

In the Accounting and Finance General course, students apply relevant numeracy knowledge and skills when they source, sort and identify relevant numerical data, perform calculations, solve problems, create financial statements, and communicate information with supporting evidence. Through the study of accounting and finance, students appreciate the way numeracy knowledge and skills are used in society and apply these to hypothetical and/or real life experiences.

### **Information and communication technology capability**

Students develop information and communication technology (ICT) capability as they learn to use ICT effectively and appropriately to access, create and communicate information and ideas, solve problems and work collaboratively in all learning areas at school and in their lives beyond school. The capability involves students in learning to make the most of the technologies available to them, adapting new ways of doing things as technologies evolve and limiting the risks to themselves and others in a digital environment.

Throughout the Accounting and Finance General course, students develop ICT capability when they access and use ICT as a tool. They research, communicate and present financial data and other information using ICT to evaluate the performance of a business to a variety of users.

### **Critical and creative thinking**

Students develop capability in critical and creative thinking as they learn to generate and evaluate knowledge, clarify concepts and ideas, seek possibilities, consider alternatives and solve problems. Critical and creative thinking are integral to activities that require students to think broadly and deeply using skills, behaviours and dispositions, such as, reason, logic, resourcefulness, imagination and innovation in all learning areas at school and in their lives beyond school.

In the Accounting and Finance General course, students develop their critical and creative thinking and problem-solving skills as they identify, interpret and analyse business scenarios and financial information. They develop enterprising behaviours and capabilities as they consider alternatives and use the data and information available to them to make informed business decisions.

### **Personal and social capability**

Students develop personal and social capability as they learn to understand themselves and others, and manage their relationships, lives, work and learning more effectively. The capability involves students in a range of practices, including recognising and regulating emotions, developing empathy for and understanding of others, establishing positive relationships, making responsible decisions, working effectively in teams and handling challenging situations constructively.

In the Accounting and Finance General course, students learn to appreciate the effect of financial and management decisions. They have the opportunity to develop personal behaviours and capabilities, such as leadership and initiative and making informed and responsible decisions, while working independently or collaboratively.

### **Ethical understanding**

Students develop capability in ethical understanding as they identify and investigate the nature of ethical concepts, values, character traits and principles, and understand how reasoning can assist ethical judgement. Ethical understanding involves students in building a strong personal and socially oriented ethical outlook that helps them to manage context, conflict and uncertainty, and to develop an awareness of the influence that their values and behaviour have on others.

In the Accounting and Finance General course, students develop an awareness of the ethical issues encountered in financial dealings between business owners/managers and their employees, clients and investors. They also develop an awareness of responsible business practice through social, environmental and ethical behaviour.

### **Intercultural understanding**

Across the curriculum, students develop intercultural understanding as they learn to value their own cultures, languages and beliefs, and those of others. They come to understand how personal, group and national identities are shaped, and the variable and changing nature of culture. The capability involves students in learning about and engaging with diverse cultures in ways that recognise commonalities and differences, create connections with others and cultivate mutual respect.

In the Accounting and Finance General course, students consider the effects of decisions made by consumers, businesses and governments in Australia on other countries.

## **Representation of the cross-curriculum priorities**

The cross-curriculum priorities address the contemporary issues which students face in a globalised world. Teachers may find opportunities to incorporate the priorities into the teaching and learning program for the Accounting and Finance General course. The cross-curriculum priorities are not assessed unless they are identified within the specified unit content.

### **Aboriginal and Torres Strait Islander histories and cultures**

The Aboriginal and Torres Strait Islander histories and cultures priority provides opportunities for all learners to deepen their knowledge of Australia by engaging with the world's oldest continuous living cultures. Students will understand that contemporary Aboriginal and Torres Strait Islander Communities are strong, resilient, rich and diverse. The knowledge and understanding gained through this priority will enhance the ability of all young people to participate positively in the ongoing development of Australia.

In the Accounting and Finance General course, the Aboriginal and Torres Strait Islander histories and cultures priority is recognised through understanding that social and environmental behaviours develop positive relationships in Indigenous communities. A future focus enables students to consider past behaviours and the development of possible activities in supporting the growth of Aboriginal and Torres Strait Islander business activity and economic development.

## **Asia and Australia's engagement with Asia**

This priority ensures that students may learn about and recognise the diversity within and between the countries of the Asia region. They may develop knowledge and understanding of Asian societies, cultures, beliefs and environments, and the connections between the peoples of Asia, Australia, and the rest of the world. Asia literacy provides students with the skills to communicate and engage with the peoples of Asia so they can effectively live, work and learn in the region.

The Asia and Australia's engagement with Asia priority may provide content and contexts for developing students' accounting and finance knowledge, understanding and skills. This priority may be recognised through an awareness of social and environmental and ethical behaviour.

## **Sustainability**

This priority allows all young Australians to develop the knowledge, skills, values and world views necessary for them to act in ways that contribute to more sustainable patterns of living. It enables individuals and communities to reflect on ways of interpreting and engaging with the world. The Sustainability priority is futures oriented, focusing on protecting environments and creating a more ecologically and socially just world through informed action. Actions that support more sustainable patterns of living require consideration of environmental, social, cultural and economic systems and their interdependence.

This priority provides a context for developing students' accounting and finance knowledge, understanding and skills. The priority is addressed through considering the linkages between social and environmental sustainability and financial sustainability.

## 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* (Cth)
  - *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

## Unit 4

### Unit description

The focus for this unit is accrual accounting. Students apply financial systems and principles to the operations of businesses and distinguish between cash and accrual methods of accounting. Students prepare and analyse financial reports for a variety of types of business organisations and become familiar with the main aspects of electronic processing of financial data. They learn of the role and functions of the professional accounting and financial associations.

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

This unit builds on the content covered in Unit 3.

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

#### 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

##### Financial systems and fundamental principles

- accrual basis of accounting as per the *Conceptual Framework for Financial Reporting* (the *Conceptual Framework*)
- the distinction between cash and accrual methods of accounting
- definition, as per the *Conceptual Framework*, of:
  - assets
  - liabilities
  - equity
  - income
  - expenses
- recognition criteria, as per the *Conceptual Framework*, for:
  - assets
  - liabilities
- 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

## 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 general journal and general ledger entries for recording of depreciation (straight line method only)
- manual preparation of closing general journal entries
- manual preparation of trial balance
- 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
- using an established chart of accounts and the perpetual inventory system, apply double-entry principles using accounting software such as Mind Your Own Business (MYOB) or QuickBooks® to electronically record financial data and produce financial reports

### 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
$$\frac{\text{profit}}{\text{net sales}}$$
    - gross profit formula
$$\frac{\text{gross profit}}{\text{net sales}}$$
    - expense formula
$$\frac{\text{operating expenses}}{\text{net sales}}$$
    - rate of return on assets formula
$$\frac{\text{profit}}{\text{average total assets}}$$
  - liquidity ratios:
    - working capital formula
$$\frac{\text{current assets}}{\text{current liabilities}}$$
    - quick asset formula

current assets – inventory and prepayments

current liabilities – bank overdraft

- leverage ratio:
  - debt to equity formula
$$\frac{\text{total liabilities}}{\text{total equity}}$$

## **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

### **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

## School-based assessment

The *Western Australian Certificate of Education (WACE) Manual* contains essential information on principles, policies and procedures for school-based assessment that needs to be read in conjunction with this syllabus.

Teachers design school-based assessment tasks to meet the needs of students. The table below provides details of the assessment types for the Accounting and Finance General Year 12 syllabus and the weighting for each assessment type.

**Assessment table – Year 12**

Type of assessment	Weighting
<p><b>Tests – theory (15%–20%) and practical (30%–35%)</b></p> <p>Students respond to stimuli, such as case studies, financial information and accounting scenarios. They calculate, record, report, analyse, interpret, problem solve and provide recommendations on financial and non-financial information.</p> <p>Formats can include: written or oral response to scenarios, case studies, preparation of financial statements, recommendations, reports or any other form that demonstrate critical analysis and preparation of accounting and finance information under test conditions.</p> <p>Can include school examinations.</p>	50%
<p><b>Project</b></p> <p>Students scrutinise accounting and finance issues, analyse, critique and interpret given situations, examine references and sources, make conclusions and present the results of their open-ended or directed tasks.</p> <p>This can involve researching accounting and finance data, investigating products/services within the accounting and finance area, responding to given scenarios, drawing conclusions and making recommendations.</p> <p>Formats can include: scaffolded questions; a formal report; an oral or multimedia presentation, individually or in a group; or a combination of these.</p>	35%
<p><b>Externally set task</b></p> <p>A written task or item or set of items of 50 minutes duration developed by the School Curriculum and Standards Authority and administered by the school.</p>	15%

Teachers are required to use the assessment table to develop an assessment outline for the pair of units.

The assessment outline must:

- include a set of assessment tasks
- include a general description of each task
- indicate the unit content to be assessed
- indicate a weighting for each task and each assessment type
- include the approximate timing of each task (for example, the week the task is conducted, or the issue and submission dates for an extended task).

In the assessment outline for the pair of units, each assessment type must be included at least once over the year/pair of units. The externally set task occurs in Term 2.

The set of assessment tasks must provide a representative sampling of the content for Unit 3 and Unit 4.

Assessment tasks not administered under test/controlled conditions require appropriate validation/authentication processes. For example, student performance on a project could be validated by a student/teacher interview, a task (for example, an extended response) which is completed in class after submission of the project, or a declaration of authenticity.

## Externally set task

All students enrolled in the Accounting and Finance General Year 12 course will complete the externally set task developed by the Authority. Schools are required to administer this task in Term 2 at a time prescribed by the Authority.

### Externally set task design brief – Year 12

<b>Time</b>	50 minutes
<b>Format</b>	Written
	Conducted under invigilated conditions
	Typically between two and five questions
	Questions can require students to respond to stimuli, such as case studies, given situations, financial and non-financial information, and accounting scenarios
<b>Content</b>	The Authority informs schools during Term 3 of the previous year of the Unit 3 syllabus content on which the task will be based

Refer to the *WACE Manual* for further information.

## Grading

Schools report student achievement in terms of the following grades:

Grade	Interpretation
<b>A</b>	Excellent achievement
<b>B</b>	High achievement
<b>C</b>	Satisfactory achievement
<b>D</b>	Limited achievement
<b>E</b>	Very low achievement

The teacher prepares a ranked list and assigns the student a grade for the pair of units. The grade is based on the student's overall performance as judged by reference to a set of pre-determined standards. These standards are defined by grade descriptions and annotated work samples. The grade descriptions for the Accounting and Finance General Year 12 syllabus are provided in Appendix 1. They can also be accessed, together with annotated work samples, through the Guide to Grades link on the course page of the Authority website at [www.scsa.wa.edu.au](http://www.scsa.wa.edu.au).

To be assigned a grade, a student must have had the opportunity to complete the education program, including the assessment program (unless the school accepts that there are exceptional and justifiable circumstances).

Refer to the *WACE Manual* for further information about the use of a ranked list in the process of assigning grades.

## Appendix 1 – Grade descriptions Year 12

**A**

Provides detailed explanations of accounting theory, concepts, assumptions, conventions and principles for a small business, and applies them with a high degree of accuracy.

Calculates, processes and reports financial information relating to a small business with a high degree of accuracy.

Interprets financial information accurately to draw valid conclusions and make logical, coherent recommendations.

Conducts research to locate a variety of relevant resources with appropriate evidence and utilises the relevant information to support valid explanations, judgements and/or recommendations.

**B**

Provides explanations of accounting theory, concepts, assumptions, conventions and principles for a small business and applies most elements accurately.

Calculates, processes and reports most financial information relating to a small business accurately.

Interprets financial information accurately to draw mostly valid conclusions and make logical recommendations.

Conducts research to locate relevant evidence and utilises the relevant information to support logical explanations, judgments and/or recommendations.

**C**

Provides brief, generally accurate explanations of accounting theory, concepts, assumptions, conventions and principles for a small business and applies some elements accurately.

Calculates, processes and reports financial information relating to a small business with some accuracy.

Interprets financial information to offer simple conclusions and make simple, logical recommendations.

Conducts research to locate some appropriate evidence and utilises information to make general observations and/or recommendations.

**D**

Provides limited and/or mostly inaccurate explanations of accounting theory, concepts, assumptions, conventions and principles for a small business.

Calculates, processes and reports information relating to a small business with limited accuracy.

Arrives at interpretations of financial information that are minimal and/or mostly inaccurate, without valid conclusions or logical recommendations.

Conducts research to locate limited evidence; makes brief, superficial observations and/or unsupported recommendations.

**E**

Does not meet the requirements of a D grade and/or has completed insufficient assessment tasks to be assigned a higher grade.