 **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 | Introduction to the course, distribution of the syllabus, course outline and assessment outline**Financial institutions and systems: Financial systems and fundamental principles*** distinguish between management accounting and financial accounting
* the important financial principles of asset management
	+ 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

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** differences between internal and external reporting, including:
	+ users: internal and external
	+ regulation: accounting standards
	+ types of financial statements
	+ types of reports
* internal audit and control, including:
	+ 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

**Task 1: Project (Weeks 2–3)** |
| 3–4 | **Financial institutions and systems: Financial systems and fundamental principles*** the nature of cost concepts for materials, labour and overheads
* classification of cost
	+ 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

**Recording, using and evaluating financial information: Recording, processing and communicating financial information*** cost accounting limited to calculation of the unit price of a product/service using only job order costing processes
	+ 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:
	+ materials price and usage
	+ labour rate and efficiency

**Task 2: Test (Week 5)** |
| 5–7 | **Financial institutions and systems: Financial systems and fundamental principles*** explain the relationship between volume of activity, costs and profit

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** cost-volume-profit (CVP) analysis for decision making purposes
	+ cost behaviour
	+ contribution margin
	+ break-even point
	+ margin of safety
* interpretation of CVP results and testing of sensitivity to changing decisions about:
	+ 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

**Recording, using and evaluating financial information: Recording, processing and communicating financial information*** cost-volume-profit (CVP) processing for a single and multi-product (maximum three products) business
	+ 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

**Task 3: Test (Week 8)** |
| 8–10 | **Financial institutions and systems: Financial systems and fundamental principles*** the nature and importance of the master budget
* the components of the master budget
	+ operating
	+ capital expenditure
	+ financial

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** purpose and function of cash budgets
	+ 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

**Recording, using and evaluating financial information: Recording, processing and communicating financial information*** 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

**Task 4: Test (Week 11)** |

| **Week** | **Key teaching points** |
| --- | --- |
| 11–12 | **Recording, using and evaluating financial information: Recording, processing and communicating financial information*** capital investment/budgeting techniques for capital expenditure, limited to calculations for cash flows using straight-line depreciation method only and net of taxation
	+ discounted cash flows [net present value (NPV) only]
	+ payback period

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** interpretation of capital investment/budgeting techniques to evaluate capital expenditure
* importance of business planning, including a consideration of:
	+ goals, objectives and generic business strategies: cost leadership versus differentiation, strategic initiatives and performance management
	+ reducing costs and risks

**Financial institutions and systems: Financial systems and fundamental principles*** nature and importance of capital investment decisions
* concept of the time value of money
* factors affecting capital investment decisions, including:
	+ consumer preferences
	+ competition
	+ government regulation

**Task 5: Test (Week 13)** |
| 13–14 | **Financial institutions and systems: Financial institutions*** role of financial institutions and the management of business finance
	+ 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

**Government and the community: The role and influence of governments and other bodies*** the concept of insolvency as defined by the *Corporations Act 2001*
	+ alternative actions for insolvent companies, including:
	+ voluntary administration
	+ liquidation
	+ receivership
* order of priority of the distribution of funds when insolvent

**Government and the community: The influence of social, environmental and ethical factors*** 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 | **Task 6: Semester 1 Examination** |

## Semester 2 – Unit 4

| **Week** | **Key teaching points** |
| --- | --- |
| 1–2 | Introduction to unit**Financial institutions and systems: Financial systems and fundamental principles*** characteristics of public and large proprietary companies
	+ liability of owners
	+ number of members and directors
	+ continuity of existence
	+ legal entity
	+ transferability of ownership
	+ separation of ownership and management

**Recording, using and evaluating financial information: Recording, processing and communicating financial information*** preparation of the general journal and general ledger for the following:
	+ 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:
	+ profit or loss
	+ dividends
	+ transfers to and from reserve accounts
	+ debit or credit opening balances

**Government and the community: The role and influence of governments and other bodies*** the purpose and nature of the *Corporations Act 2001*, and its impact on company formation and operations
	+ powers and duties of directors
	+ a written constitution
	+ replaceable rules
	+ prospectus
	+ rights of shareholders

**Task 7: Test (Week 3)** |
| 3 | **Financial institutions and systems: Financial systems and fundamental principles*** the purpose of the *Conceptual* *Framework* and its key elements
	+ 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
 |
| 4–6 | **Recording, using and evaluating financial information: Recording, processing and communicating financial information*** preparation of financial statements in accordance with the *Conceptual Framework* and in accordance with the standards
	+ statement of comprehensive income (one statement version only)
	+ statement of financial position
	+ statement of changes in equity
	+ retained earnings
	+ equity
	+ share capital
	+ reserves
* notes to financial statements/notes to accounts, limited only to:
* share capital
* other components of equity
* property, plant and equipment
* dividends

Note: preparation of the above financial statements is restricted to the following issues:* 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:
	+ 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

**Task 8: Test (Week 7)** |
| 7–8 | **Financial institutions and systems: Financial systems and fundamental principles*** the purpose of accounting standards in:
	+ protecting external users
	+ assisting directors in discharging their obligations
	+ providing confidence to investors in Australian capital markets

**Government and the community: The role and influence of governments and other bodies*** the nature and importance of the following groups which regulate and influence the general purpose financial reporting of companies in Australia:
	+ 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

**Government and the community: The influence of social, environmental and ethical factors*** 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

**Task 9: Project (Weeks 8–9)** |
| 9–11 | **Financial institutions and systems: Financial systems and fundamental principles*** Statement of Cash Flows as per AASB 107, including:
	+ benefits of the cash flow statement information
	+ concepts of cash and cash equivalents

**Recording, using and evaluating financial information: Recording, processing and communicating financial information*** cash flow statement from comparative balance sheets and income statements using the direct method only – notes **not** required and GST **not** included

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** interpretation of the movements in cash flow items

**Task 10: Test (Week 12)** |
| 12 | **Government and the community: The role and influence of governments and other bodies*** the function of the external audit, including:
	+ 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)
	+ perform an independent audit of the financial statements
 |
| 13–14 | **Recording, using and evaluating financial information: Recording, processing and communicating financial information** * preparation of the following ratios – application of GST **not** required
	+ liquidity ratios
	+ working capital/current
	+ quick asset
	+ efficiency ratios
	+ debtor’s collection
	+ inventory/stock turnover
	+ profitability ratios
	+ profit
	+ rate of return on assets
	+ times interest earned
	+ leverage ratio
	+ debt to equity
	+ market ratios
	+ earnings per share
	+ price/earnings
	+ dividend yield

**Recording, using and evaluating financial information: Evaluating financial information for planning, coordinating, controlling and investing*** 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:
	+ liquidity ratios
	+ working capital/current
	+ quick asset
	+ efficiency ratios
	+ debtor’s collection
	+ inventory/stock turnover
	+ profitability ratios
	+ profit
	+ rate of return on assets
	+ times interest earned
	+ leverage ratio
	+ debt to equity
	+ market ratios
	+ earnings per share
	+ price/earnings
	+ dividend yield
* limitations in assessing performance from financial statement analysis and from traditional financial accounting
	+ historical cost accounting
	+ lack of comparability between entities
	+ lack of disclosure

**Task 11: Test** |
| 15 | **Task 12: Semester 2 Examination** |