 **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** |