

RATIONALE

Financial matters affect every member of our society. Through engagement with *Accounting*, Level 3, learners develop an understanding of the fundamentals on which accounting and financial management are based. In our current economic environment, where small businesses are the largest employers, many learners will find themselves self-employed or working in small business and there is a high probability that they will have to engage in some form of accounting practice. Small businesses account for almost 96 percent of the count of all actively trading businesses and 46 percent of total private sector industry employment (Department of Industry, Innovation, Science, Research and Tertiary Education (2012) *Australian Small Business Key Statistics and Analysis*.)

Accounting, Level 3, aims to make learners 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 regulatory issues involved. An understanding of accounting assists with the discharge of accountability and in the management of financial resources. Accounting also helps learners analyse and make informed decisions about business finance. They develop skills in critical thinking, decision-making and the use of information and communication technologies and an appreciation of active and responsible citizenship. The knowledge and skills developed in accounting also enables them to analyse their own financial position and make informed decisions based on that analysis. Many learners who study *Accounting*, Level 3, will go on to further study and careers in business and finance.

PATHWAYS

Business Studies - Foundation, Level 2, provides a pathway to this course.

Accounting, Level 3, introduces learners to the environment of accounting and establishes a foundation for tertiary study in accounting and finance and further education, training and employment in finance and management across a wide range of businesses and in their personal lives.

COURSE SIZE AND COMPLEXITY

This course has a complexity level of 3.

At Level 3, the learner is expected to acquire a combination of theoretical and/or technical and factual knowledge and skills and use judgment when varying procedures to deal with unusual or unexpected aspects that may arise. Some skills in organising self and others are expected. Level 3 is a standard suitable to prepare learners for further study at tertiary level. VET competencies at this level are often those characteristic of an AQF Certificate III.



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ACCOUNTING 3



COURSE DESCRIPTION

Accounting is an information system that provides financial and other information for making and evaluating decisions about the allocation of resources of a business. It involves recording, reporting, analysing and interpreting financial data and accounting information which is then communicated to internal and external stakeholders for decision making purposes.

This course focuses on fundamental knowledge and procedures for a single-activity sole trader operating a trading business under the perpetual inventory system.

COURSE CONTENT

Unit 1: The Accounting Landscape for a Sole Trader

This unit introduces the learner to the landscape of accounting in Australia for the sole trader form of business enterprise. It focuses on who may use accounting information and what type of information they require. It introduces learners to the Goods and Services Tax and the legal obligations of a sole trader. Unit 1 provides the terminology, concepts and principles which are then applied in the other units of study.

Unit 2: Recording and Controlling Financial Information

The focus for this unit is the use of double-entry accounting to record transactions for a sole trader operating a trading business under the perpetual inventory system with amounts given for cost of goods sold. Learners will record transactions using manual methods and an accounting software package or application. They then apply accounting concepts and principles to the recording of financial data and information for the risk management of cash, using both manual and digital methods.

Unit 3: Preparing Financial Reports Using Accrual Accounting Techniques (50 hours)

The focus for this unit using accrual accounting to prepare financial reports (income statements and balance sheets) for a sole trader operating a trading business under the perpetual inventory system with amounts given for cost of goods sold. Learners address a range of balance day adjustments and prepare the reports using both manual and digital methods.



Unit 4: Analysing Financial Information and Making Business Decisions (40 hours)

The focus of this unit is for learners to understand the importance of preparing and analysing financial information for the purposes of internal management. They are introduced to the analytical tools of ratio analysis, cash flow statements and cash budgets. Learners use both manual and digital methods to analyse financial data and information, draw conclusions about business performance and make recommendations to users of accounting information.

Unit 5: Financial Investigation (15 hours)

This unit focuses on learners undertaking an independent investigation into one of the financial topics outlined below. They will apply the inquiry approach to their study of a real-world situation. The inquiry approach can be represented by the following diagram:

