



## Subject Outline

# **FPE014 Financial Accounting Principles**

## Section 1 — General information

### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF9

### 1.2 Core or elective subject

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This is an elective subject for the Master of Financial Planning.

### 1.3 Delivery mode

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This subject is delivered online.

### 1.4 Assumed knowledge

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Kaplan assumes that students have completed FPC006 Tax and Commercial Law for Financial Planning, or understand the content covered in this subject, prior to undertaking FPE014 Financial Accounting Principles.

### 1.5 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/FINSIA/Kaplan course and have completed the following subjects:

- there are no equivalences for this subject.

### 1.6 Work integrated learning

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There are no placements, internships or work experience requirements associated with undertaking this subject.

### 1.7 Other resource requirements

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Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

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This subject introduces students to the basic framework and key principles of accounting. The subject provides an introduction to management accounting and the analysis of financial accounting statements. Students prepare basic financial statements and reports. This subject equips students with the ability to analyse and interpret financial data and apply their knowledge for projecting and assessing the performance of organisations and business units.

Students will follow fictitious case studies through the assessments, so they may apply the above concepts when preparing basic financial statements and reports.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Analyse and classify accounting transactions drawing on the financial reporting framework and key accounting concepts.
2. Prepare accounts with adjustments within the areas of cash, inventory, non-current assets and accounts receivables.
3. Prepare basic financial statements and reports.
4. Assess a company's performance based on the calculation of its financial ratios and other financial data.
5. Analyse the cost behaviour and its impact on businesses' activities and their profitability.

### 2.3 Topic learning outcomes

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#### Topic 1: Nature of accounting

On successful completion of this topic, students should be able to:

- describe the nature and use of accounting
- recognise potential users of information and illustrate the role of accounting in supporting economic decisions
- distinguish between the common types of business entities
- demonstrate an understanding of the major financial reports.

#### Topic 2: Statement of financial position

On successful completion of this topic, students should be able to:

- identify the different types of financial statement
- understand the role of company annual reports
- identify the different aspects of a financial statement.



### Topic 3: Income statements

On successful completion of this topic, students should be able to:

- describe the structure of the income statement
- distinguish all parts of the income statement

use a worksheet to prepare a financial statement.

### Topic 4: Statement of cash flows

On successful completion of this topic, students should be able to:

- explain the reasons for preparing a statement of cash flows and describe the general format
- classify cash inflows and outflows into operating, investing and financing activities
- prepare a comprehensive cash flow statement
- discuss the limitations of cash flow statements.

### Topic 5: Financial statement analysis I

On successful completion of this topic, students should be able to:

- identify the different types of financial statement analysis techniques
- understand the role of company annual reports
- identify the different aspects of a financial statement.

### Topic 6: Financial statement analysis II

On successful completion of this topic, students should be able to:

- outline the analytical techniques used to assess performance and financial position
- carry out and interpret horizontal, trend, and vertical analysis of an entity's financial statements
- conduct ratio analysis to assess an entity's profitability, liquidity and financial stability
- analyse and interpret ratio information from a statement of cash flows
- understand the limitations of financial statement analysis.

### Topic 7: Profit ratios

On successful completion of this topic, students should be able to:

- calculate various key financial ratios (EBIT margin, NPAT margin, gross margin, return on assets, return on equity and financial gearing profitability) that assist in assessing a company's profitability (based on its recent earnings history) to assist management in making decisions
- evaluate a company's performance using the results of the financial ratios calculated
- assess a company's earnings quality.

### Topic 8: Market efficiency ratios I

On successful completion of this topic, students should be able to:

- explain the importance of per share information
- describe the reporting requirements for earnings per share (EPS) under Accounting Standard AASB 133
- calculate EPS
- interpret per share ratios calculated from financial statements.

### Topic 9: Market efficiency ratios II

On successful completion of this topic, students should be able to:

- explain the importance of per share information
- understand the core functions of ratio analysis
- calculate PER, DPS, DY and CFPS.

### Topic 10: Cost behaviour and analysis

On successful completion of this topic, students should be able to:

- investigate how cost behaviour is used to make decisions within a business
- demonstrate an understanding of how changes in business activity will change costs.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Assignment	This assessment contains six (6) short-answer questions covering topics addressed in Topics 1–5.	Week 6	1–5	50%	LO1–LO3
Exam	This exam contains multiple-choice questions only.	Week 12	1–10	50%	LO1–LO5

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

The prescribed text for this subject is listed below. Each week you will be required to undertake readings from this text in order to complete the subject. This eBook is available in the Kaplan Library.

Hoggett, J, Medlin, J, Chalmers, K, Beattie, C, Hellmann, A & Maxfield, J 2017, *Financial accounting*, 10th edn, Wiley, Milton.

## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Nature of accounting	10
2	Topic 2: Statement of financial position	10
3	Topic 3: Income statements	10
4	Topic 4: Statement of cash flows	10
5	Topic 5: Financial statement analysis I	10
6	Topic 6: Financial statement analysis II <b>Assignment (Weighting 50%)</b>	15
7	Topic 7: Profit ratios	10
8	Topic 8: Market efficiency ratios I	10
9	Topic 9: Market efficiency ratios II	10
10	Topic 10: Cost behaviour and analysis	10
11–12	<b>Exam (Weighting 50%)</b>	15
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
<b>Total study load, including additional study hours</b>	<b>190 hours</b>