



VCE INDUCTION PACKAGE 2022

UNITS 3 AND 4

ACCOUNTING



Welcome to Accounting

Dear Year 12 Accounting students,

Welcome to this exciting journey we have ahead of us!

Organisation is the key to success. We expect you to keep an up-to-date folio of exercises and an organised workbook that contains all handouts, class notes, activities and assessment pieces throughout the year.

We would like you to put in 100% effort next year in Accounting so that there are no regrets. As long as we both know you tried your hardest in this study, that is all that really matters.

Your commitment to Accounting starts these holidays. You need to complete the holiday homework set by the first lesson of 2022. It would also be a good idea to familiarise yourself with this induction booklet. Have a look at the study design (particularly Unit 3) and the course timeline to see what will be happening over the first semester.

In terms of preparation, please ensure you have the textbook at the beginning of the year. The workbook is also a requirement and will make your life much easier!

We look forward to our year of Accounting together – your final high school accounting studies. It will go very quickly. It is essential you keep communicating with us throughout the year, in order for you to achieve the results we're sure you all deserve. Best wishes for Accounting in 2022, but also for all of your studies!

Warm Regards,
Miss Gerbing and Mrs Venthan

Accounting Teaching Staff

NAME OF TEACHER	EMAIL ADDRESS	LOCATION
Laura Gerbing	gerbingl@vermontsc.vic.edu.au	Senior Programs Office
Nelomi Venthan	venthann@vermontsc.vic.edu.au	Commerce Office

Study Design for Accounting

Unit 3: Financial accounting for a trading business

Outcome 1

On completion of this unit the student should be able to record financial data using a double entry system; explain the role of the General Journal, General Ledger and inventory cards in the recording process; and describe, discuss and analyse various aspects of the accounting system, including ethical considerations.

Key knowledge

- accounting assumptions and qualitative characteristics as applicable
- documents used by a business to record financial transactions
- the accounting elements: assets, liabilities, owner's equity, revenues and expenses
- classification of assets and liabilities into categories of current and non-current
- the effect of transactions on the accounting equation
- characteristics of the General Ledger with T-form accounts for manual recording
- the GST Clearing account
- the General Journal and General Ledger and their use in recording transactions, both manually and using ICT, including:
 - establishment of a double entry system
 - cash payments (GST on settlement discounts excluded)
 - cash receipts (GST on settlement discounts excluded)
 - credit sales of inventory
 - credit purchases of inventory
 - sales returns from accounts receivable
 - purchase returns to accounts payable
 - inventory write-down
 - inventory loss or gain
 - correction of errors
 - inventory used for advertising purposes (GST excluded)
 - drawings of inventory by the owner (GST excluded)
 - contribution of non-current assets at fair value by the owner
- the purpose and use of the pre-adjustment Trial Balance
- inventory cards using the First-In, First-Out (FIFO) and Identified Cost methods for:
 - inventory sold
 - inventory purchased
 - inventory returned
 - drawings of inventory by the owner
 - inventory used for advertising
 - inventory loss or gain
 - inventory write-down
- inventory valuation:
 - product and period costs
 - the lower of cost and net realisable value (NRV)
- internal control procedures to safeguard resources against theft and fraud
- financial indicators: inventory turnover, accounts payable turnover, accounts receivable turnover
- non-financial information available to assist analysis and decision-making in relation to inventory, accounts receivable and accounts payable
- strategies to improve the management of inventory, accounts receivable and accounts payable
- ethical considerations when making business decisions in relation to operating a trading business.

Key skills

- use correct accounting terminology
- explain and apply relevant qualitative characteristics and accounting assumptions
- apply theoretical knowledge to simulated situations
- identify and manually record financial data in the General Journal, General Ledger and inventory cards
- use ICT to record financial data in the General Journal, General Ledger and inventory cards and to construct graphical representations
- distinguish between current and non-current assets, and current and non-current liabilities
- explain the purpose of a Trial Balance
- explain and apply appropriate internal control procedures
- analyse the effect of financial transactions on the accounting equation
- distinguish between product and period costs in relation to inventory valuation
- use ICT, including spreadsheets, to model and analyse the effect of alternative inventory valuation methods and cost assignment methods
- evaluate the effect of alternative inventory valuation methods and cost assignment methods on the accounting equation
- discuss strategies to improve the management of inventory, accounts receivable and accounts payable
- discuss ethical considerations involved in decisions made by owners of trading businesses.

Outcome 2

On completion of this unit the student should be able to record transactions and prepare, interpret and analyse accounting reports for a trading business.

Key knowledge

- accounting assumptions and qualitative characteristics as applicable
- documents used by a business to record financial transactions
- the recording of transactions using manual methods and ICT including spreadsheets
- the process of balancing General Ledger accounts for assets, liabilities and owner's equity
- the recording of closing entries for revenue and expenses in the General Journal and in the General Ledger
- the preparation of the Profit and Loss Summary account in the General Ledger with transfer of profit or loss to the Capital account in the General Journal and the General Ledger
- the recording of the transfer of drawings to the Capital account in the General Journal and General Ledger
- characteristics and use of classified accounting reports:
 - Cash Flow Statement
 - Income Statement
 - Balance Sheet
- the effect of transactions on the accounting reports
- the distinction between cash and profit
- financial indicators and non-financial information used to measure business performance
- graphical representations related to preparing and interpreting accounting reports
- strategies to improve business performance
- ethical considerations in relation to recording and reporting of accounting information.

Key skills

- use correct accounting terminology
- explain and apply relevant qualitative characteristics and accounting assumptions
- apply theoretical knowledge to simulated situations
- identify and record financial data manually in the General Journal and the General Ledger and manually prepare accounting reports
- use ICT, including spreadsheets, to record transactions in the General Journal and the General Ledger and prepare accounting reports
- construct appropriate graphical representations to assist with the analysis of classified accounting reports and other information to evaluate the performance of a business
- analyse the effect of financial transactions on the accounting reports
- distinguish between cash and profit
- discuss ethical considerations in relation to the recording and reporting of accounting information.

Unit 4: Recording, reporting, budgeting and decision-making

Outcome 1

On completion of this unit the student should be able to record financial data and balance day adjustments using a double entry system, report accounting information using an accrual-based system and evaluate the effect of balance day adjustments and alternative methods of depreciation on accounting reports.

Key knowledge

- accounting assumptions and qualitative characteristics as applicable
- documents used by a business to record financial transactions
- indicators and other relevant information to measure business performance: financial and non-financial
- the recording of transactions in the General Journal and General Ledger and preparation of classified accounting reports using manual methods and ICT
- the purchase of non-current depreciable assets for cash and financed by a loan
- methods of depreciation: straight-line and reducing balance
- the implications of alternative methods of depreciation on accounting reports
- the recording and reporting on the disposal of a non-current depreciable asset
- the recording and reporting of balance day adjustments:
 - prepaid expenses (asset approach) with GST being recorded at the time of payment
 - accrued expenses with GST being recorded at the time of payment
 - the payment of accrued expenses in the subsequent reporting period
 - unearned revenue (liability approach) with a GST being recorded at the time revenue is earned
 - accrued revenue with GST being recorded at the time of receipt
 - receipt of accrued revenue in the subsequent reporting period
- the creation of an allowance for doubtful debts using the Income Statement approach
- the writing off of bad debts using the allowance method in the subsequent period
- the purpose and preparation of an adjusted Trial Balance
- characteristics and use of classified accounting reports:
 - Cash Flow Statement
 - Income Statement
 - Balance Sheet
- the effect of transactions on the accounting reports
- ethical considerations in relation to business decision-making and the recording and reporting of financial information.

Key skills

- use correct accounting terminology
- explain and apply relevant qualitative characteristics and accounting assumptions
- apply theoretical knowledge to simulated situations
- identify and record financial data and report accounting information
- manually record transactions in the General Journal and General Ledger and prepare accounting reports
- use ICT, including spreadsheets, to record transactions, prepare accounting reports and construct graphical representations
- prepare an adjusted Trial Balance
- analyse the effect of financial transactions on the accounting reports
- use ICT, including spreadsheets, to model and analyse alternative depreciation methods
- compare alternative methods of depreciating non-current assets and justify the method selected
- evaluate the effect of alternative methods of depreciating non-current assets on accounting reports
- analyse the effect of balance day adjustments on accounting reports
- analyse and interpret classified accounting reports, graphical representations and other information to evaluate the performance of a business
- discuss and evaluate ethical considerations in relation to business decision-making and the recording and reporting of financial information.

Outcome 2

On completion of this unit the student should be able to prepare budgeted accounting reports and variance reports for a trading business using financial and other relevant information, and model, analyse and discuss the effect of alternative strategies on the performance of a business.

Key knowledge

- accounting assumptions and qualitative characteristics
- indicators and other relevant information to measure business performance: financial and non-financial
- the characteristics and use of classified budgeted accounting reports:
 - Budgeted Cash Flow Statement
 - Budgeted Income Statement
 - Budgeted Balance Sheet
- the use of variance reports and trends for Cash Flow Statements and Income Statements
- the distinction between cash and profit
- the analysis of historical and budgeted accounting reports, including a consideration of the limitations of analysis, to develop strategies to improve business performance
- graphical representations related to preparing and interpreting budgeted accounting reports
- strategies to improve business performance
- ethical considerations in relation to business decision-making and the strategies used to improve business performance.

Key skills

- use applicable accounting terminology
- explain and apply relevant qualitative characteristics and accounting assumptions
- apply theoretical knowledge to simulated situations
- manually prepare classified budgeted accounting reports and variance reports
- use ICT, including spreadsheets, to prepare and analyse classified budgeted accounting reports and variance reports, and construct graphical representations
- use ICT, including spreadsheets, to model and analyse the financial effects of alternative strategies to improve business performance
- analyse and interpret classified historical, budgeted and variance reports, graphical representations and other information to evaluate the performance of a business
- discuss strategies to improve the performance of a business
- discuss and evaluate ethical considerations in relation to business decision-making and the strategies used to improve business performance.

Timeline and Key Dates for 2022

Unit 3 - Financial accounting for a trading business

Area of Study	Description	Number of weeks of study	SAC Information
1	Recording and analysing financial data	13 weeks	Weighting: 60 marks SACs <ul style="list-style-type: none"> • <i>Divided into 2 SACs</i>
2	Preparing and interpreting accounting reports	4 weeks	Weighting: 40 marks SACs <ul style="list-style-type: none"> • <i>One SAC</i>

Unit 4: Recording, reporting, budgeting and decision-making

Area of Study	Description	Number of weeks of study	SAC Information
1	Extension of recording and reporting	7 weeks	Weighting: 50 marks SACs <ul style="list-style-type: none"> • <i>One SAC</i>
2	Budgeting and decision-making	5 weeks	Weighting: 50 marks SACs <ul style="list-style-type: none"> • <i>Divided into 2 SACs</i> • <i>One will be computer-based on budgeting</i> • <i>The second will be analysis and decision-making based</i>

Please note: Whilst every effort will be made to adhere to this timeline, sometimes it becomes necessary to address certain topics for a longer period of time. You will always get 2 weeks notice of SAC dates, more where possible.

Assessment – Satisfactory/Unsatisfactory completion of Accounting

To achieve a satisfactory in Accounting in Units 3 & 4 you must:

1. Complete all required exercises as set by Miss Gerbing/Mrs Venthan
 - This includes being able to authenticate your work as being your work, which means we need to see you working well in class on required work.
2. Demonstrate an understanding of each outcome
3. Attend a minimum of 90% of classes

Assessment – Study Score Assessment in Accounting

The School-assessed coursework (SACs) you will complete go towards your study score result and are not used as the sole basis for the determination of an S/N for the Units.

Percentage contributions to the study score in ACCOUNTING are as follows:

- Unit 3 School-assessed coursework: 25 per cent
- Unit 4 School-assessed coursework: 25 per cent
- End-of-year examination: 50 per cent

Useful Resources

Websites:

VCAA

<http://www.vcaa.vic.edu.au>

VCTA (Victorian Commerce Teachers Association)

www.vcta.asn.au (student section)

TEAMS:

All teacher-made resources will be uploaded to your Team

Materials Required

You are required to bring the following materials to each lesson:

Writing materials: Pencils/highlighters/pens/erasers/rulers

Texts:

- Cambridge VCE Accounting Units 3 & 4 (Simmons)
- Cambridge VCE Accounting Units 3 & 4 – Workbook (*cannot be purchased second hand*)

Workbook: Containing all handouts, notes, activities

Scientific Calculator This WILL be required for all SACs and the Examination.