

# VCE ACCOUNTING INFORMATION GUIDE



# **VCE ACCOUNTING**

### **RATIONALE**

Accounting involves modelling, forecasting and providing advice to stakeholders through the process of collecting, recording, reporting, analysing and interpreting financial and non-financial data and accounting information. This data and information is communicated to internal and external stakeholders and is used to inform decision-making within the business with a view to improving business performance. Accounting plays an integral role in the successful operation and management of businesses.

### **UNIT 1**

### Area of Study 1

### The role of accounting

Individuals should consider a range of factors before committing to or continuing in a business venture. In this area of study students investigate the reasons for establishing a business and possible alternatives to operating a business. They explore types of business ownership, factors that lead to the success or failure of a business, sources of business finance and ethical considerations. They develop an understanding of the role and importance of accounting in operating a business, and consider how accounting is used to provide information for making operational and investment decisions.

### Area of Study 2

## Recording financial data and reporting accounting information for a service business

In this area of study students investigate the role of accounting in generating financial data and accounting information. They use the accrual method for determining profit for a service business operating as a sole proprietor with cash and credit transactions. Students use both manual methods and ICT to record financial data and report accounting information. They apply accounting assumptions and qualitative characteristics, and use business documents and indicators to measure business performance in order to consider the success or failure of the business.

### **UNIT 2**

### Area of Study 1

### Accounting for inventory

The strategic management of inventory is a key factor in the success or failure of a trading business. In this area of study students investigate use of both the First-In, First-Out (FIFO) and Identified Cost inventory cost assignment methods to record and report the movements of inventory through the business. Using both methods, students discuss the effect of relevant financial and non-financial factors, including ethical considerations, on the outcomes of decisions taken in relation to inventory

### **Area of Study 2**

# Accounting for and managing accounts receivable and accounts payable

Managing accounts receivable and accounts payable successfully is essential to maintaining an adequate cash flow for a business. In this area of study students record and report transactions relating to accounts receivable and accounts payable. They examine strategies for managing credit transactions and use indicators, such as accounts receivable turnover and accounts payable turnover, to analyse decisions related to these areas. Students also take account of ethical considerations involved in managing accounts receivable and accounts payable and the effects of these on business performance.

### **Area of Study 3**

### Accounting for and managing non-current assets

In this area of study students develop an understanding of the accounting processes for non-current assets and the issues that can arise when determining a valuation for a non-current asset. Students calculate and apply depreciation using the straight-line method and undertake recording and reporting of depreciation.

# INFORMATION GUIDE

### **CAREER OPTIONS**

- Accounting
- Banking
- Business Management
- Conveyancing
- Econometrics
- Finance

- Financial Analyst
- · Financial Planning
- Loans Officer

### **UNIT 3**

### Area of Study 1

### Recording and analysing financial data

In this area of study students focus on identifying and recording financial data for a business. They use double entry accounting to record data and generate accounting information in the form of accounting reports and graphical representations. This information is used to assist the owner in making informed decisions about the operation of the business. Students should also consider strategies to improve the performance of the business, taking into account the ethical considerations relevant to the business owner.

#### Area of Study 2

### Preparing and interpreting accounting reports

The preparation of financial reports at the end of the reporting period provides information to be used as a basis for planning and decision-making by the business owner. Students develop their understanding of the accounting processes and complete those processes that are applicable to the end of a reporting period for a trading business. They apply the accrual method of accounting to the preparation of accounting reports and draw a distinction between cash and profit, considering the implications of these differences when using reports to make decisions. Students undertake an analysis of accounting reports and interpret the information, taking into account relevant ethical considerations, in order to evaluate the performance of the business.

### **UNIT 4**

### Area of Study 1

### Extension of recording and reporting

In this area of study students further develop their understanding of the recording and reporting of financial data in the General Journal and General Ledger by focusing on balance day adjustments and the alternative methods of depreciating for non-current depreciable assets. Students prepare accounting reports using manual methods and ICT. They consider the effect of balance day adjustments on the accounting reports, and the implications of using alternative methods of depreciation on the accounting reports and on the performance of the business. They also examine ethical considerations that may affect the recording and reporting of financial data and business performance.

### Area of Study 2

### Budgeting and decision-making

Business owners must plan for future activities if they are to successfully manage the business. Preparing budgeted accounting reports provides the owner with information that will assist in managing and developing strategies to improve business performance. Students prepare and analyse budgeted accounting reports, both manually and using ICT, and suggest strategies to improve the performance of the business. They also discuss and evaluate the ethical considerations associated with business decision-making and business improvement.



To find out more information about VCE Accounting at Kilbreda College, please contact:

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This flyer is correct as of July 2024, however may be subject to change.

