



Teaching the Accounting Study Design 2012–2016

This document will address the key changes to the key knowledge and key skills in the 2012–2016 VCE Accounting Study Design.

There has been re-wording for clarification throughout the study, such as to the scope, rationale and introductory area of study statements. You should take your time to fully familiarise yourself with the new study design prior to teaching this course in 2012.

This teacher version of the Study Design is provided for educational purposes to assist teachers in preparing for the revised course and should not be used with students.

Victorian Curriculum and Assessment Authority



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Introduction

SCOPE OF STUDY

VCE Accounting focuses on the financial recording, reporting and decision-making processes of a sole proprietor small business. Students study both theoretical and practical aspects of accounting. Financial data will be collected and recorded, and accounting information reported, using both manual and information and communications technology (ICT) methods.

The preparation and presentation of financial statements is governed by Australian Accounting Standards and guided by the Framework for the Preparation and Presentation of Financial Statements (AASB Framework).

Comment [1]: New section in all reaccredited studies.

RATIONALE

Accounting is the process of recording, reporting, analysing and interpreting financial data and accounting information which is then communicated to internal and external users of this information. It plays an integral role in the successful operation and management of businesses.

VCE Accounting focuses on small business. Unit 1 begins with a small service business, allowing students to develop knowledge and skills in accounting without the complexities of accounting for trading businesses or large organisations. Units 2, 3 and 4 then focus on a single activity trading business where students build on and extend their accounting skills.

Many students who study VCE Accounting will go on to further studies and careers in business and finance.

Comment [2]: Small business aim removed to prevent overlap with other study designs.

AIMS

This study enables students to:

- acquire knowledge and skills to record financial data and report accounting information in a manner that is appropriate for the needs of the user
- develop an understanding of the role of accounting in the management and operation of a small business
- develop skills in the use of information and communications technology in an accounting system
- develop the capacity to identify, analyse and interpret financial data and accounting information
- use financial and non-financial information to improve the decision-making processes of a small business owner.

STRUCTURE

The study is made up of four units:

Unit 1: Establishing and operating a service business

Unit 2: Accounting for a trading business

Unit 3: Recording and reporting for a trading business

Unit 4: Control and analysis of business performance

Each unit deals with specific content contained in areas of study and is designed to enable students to achieve a set of outcomes for that unit. Each outcome is described in terms of key knowledge and key skills.

ENTRY

There are no prerequisites for entry to Units 1, 2 and 3. Students must undertake Unit 3 prior to undertaking Unit 4. Units 1 to 4 are designed to a standard equivalent to the final two years of secondary education. All VCE studies are benchmarked against comparable national and international curriculum.

DURATION

Each unit involves at least 50 hours of scheduled classroom instruction.

CHANGES TO THE STUDY DESIGN

During its period of accreditation minor changes to the study will be announced in the *VCAA Bulletin VCE, VCAL and VET*. The *VCAA Bulletin VCE, VCAL and VET* is the only source of changes to regulations and accredited studies. It is the responsibility of each VCE teacher to monitor changes or advice about VCE studies published in the *VCAA Bulletin VCE, VCAL and VET*.

MONITORING FOR QUALITY

As part of ongoing monitoring and quality assurance, the Victorian Curriculum and Assessment Authority will periodically undertake an audit of VCE Accounting to ensure the study is being taught and assessed as accredited. The details of the audit procedures and requirements are published annually in the *VCE and VCAL Administrative Handbook*. Schools will be notified if they are required to submit material to be audited.

SAFETY

It is the responsibility of the school to ensure that duty of care is exercised in relation to the health and safety of all students undertaking the study.

USE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

In designing courses for this study teachers should incorporate information and communications technology (ICT) where appropriate and applicable to the teaching and learning activities.

**EMPLOYABILITY SKILLS**

This study offers a number of opportunities for students to develop employability skills. The 'Advice for teachers' section provides specific examples of how students can develop employability skills during learning activities and assessment tasks.

LEGISLATIVE COMPLIANCE

When collecting and using information, the provisions of privacy and copyright legislation, such as the Victorian *Information Privacy Act 2000* and *Health Records Act 2001*, and the federal *Privacy Act 1988* and *Copyright Act 1968*, must be met.



Assessment and reporting

SATISFACTORY COMPLETION

The award of satisfactory completion for a unit is based on a decision that the student has demonstrated achievement of the set of outcomes specified for the unit. This decision will be based on the teacher's assessment of the student's performance on assessment tasks designated for the unit. Designated assessment tasks are provided in the details for each unit. The Victorian Curriculum and Assessment Authority publishes online an assessment handbook that includes advice on the assessment tasks and performance descriptors for assessment for Units 3 and 4.

Teachers must develop courses that provide opportunities for students to demonstrate achievement of outcomes. Examples of learning activities are provided in the 'Advice for teachers' section.

Schools will report a result for each unit to the Victorian Curriculum and Assessment Authority as S (Satisfactory) or N (Not Satisfactory).

Completion of a unit will be reported on the Statement of Results issued by the Victorian Curriculum and Assessment Authority as S (Satisfactory) or N (Not Satisfactory). Schools may report additional information on levels of achievement.

AUTHENTICATION

Work related to the outcomes of each unit will be accepted only if the teacher can attest that, to the best of their knowledge, all unacknowledged work is the student's own. Teachers need to refer to the current *VCE and VCAL Administrative Handbook* for authentication procedures.

LEVELS OF ACHIEVEMENT

Units 1 and 2

Procedures for the assessment of levels of achievement in Units 1 and 2 are a matter for school decision. Assessment of levels of achievement for these units will not be reported to the Victorian Curriculum and Assessment Authority. Schools may choose to report levels of achievement using grades, descriptive statements or other indicators.

Units 3 and 4

The Victorian Curriculum and Assessment Authority will supervise the assessment of all students undertaking Units 3 and 4.

In VCE Accounting students' level of achievement will be determined by School-assessed Coursework, a mid-year examination and an end-of-year examination. The Victorian Curriculum and Assessment Authority will report students' level of performance on each assessment component as a grade from A+



to E or UG (ungraded). To receive a study score, students must achieve two or more graded assessments and receive S for both Units 3 and 4. The study score is reported on a scale of 0–50; it is a measure of how well the student performed in relation to all others who took the study. Teachers should refer to the current *VCE and VCAL Administrative Handbook* for details on graded assessment and calculation of the study score. Percentage contributions to the study score in VCE Accounting are as follows:

- Unit 3 School-assessed Coursework: 17 per cent
- Unit 4 School-assessed Coursework: 17 per cent
- Mid-year examination: 33 per cent
- End-of-year examination: 33 per cent.

Details of the assessment program are described in the sections on Units 3 and 4 in this study design

Comment [03]: External assessment structure remains the same.



Comment [4]: New mandated section of study design which provides details of underpinning concepts, methods, principles, indicators.

Characteristics of the study

FRAMEWORK FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (AASB FRAMEWORK)

In January 2005 Australia adopted 'The Framework for the Preparation and Presentation of Financial Statements' Australian Accounting Standards Board (AASB) Framework, which is the Australian equivalent to the International Accounting Standards Board (IASB) Conceptual Framework (international standards). The AASB Framework is a guide to the definitions of the elements of financial statements.

For the purposes of this study, 'Cash Flow Statement', 'Income Statement', 'Profit and Loss Summary Account' and 'Balance Sheet' will be the titles used for the accounting reports.

Comment [5]: The term Income Statement now replaces the term Profit and Loss Statement in line with the Accounting Standards.

ACCOUNTING PRINCIPLES AND QUALITATIVE CHARACTERISTICS

The following accounting principles and qualitative characteristics underpin each of Units 1 to 4. The explanations come from *The Financial Reporting Handbook of 2010* (Institute of Chartered Accountants Australia, John Wiley & Sons, pages 27–31). Where appropriate, the accounting procedures developed in each unit should incorporate the application of accounting principles and the qualitative characteristics of accounting information.

Accounting principles

Entity

The business must be a separate accounting entity from its owner and from other entities. It is important to identify for whom the preparation of financial reports is being conducted. A common illustration of the entity principle is seen in the way in which the business will have separate records from the owner.

Comment [06]: Definitions and explanations drawn from *The Financial Reporting Handbook 2010*.

Reporting period

The ongoing life of a business is broken into regular intervals of time for the preparation of financial reports. Under accrual accounting profit is revenue earned less expenses incurred in that period.

Conservatism

It is acknowledged that gains will not be recognised until earned and losses will be recognised as soon as they are likely to occur. This principle is followed so as not to overstate assets and revenues and not understate liabilities and expenses.

Historical cost

All transactions are recorded at their original value. Therefore, items are shown in the accounting records at their historical (original) price.

**Going concern**

It is assumed that the business will be ongoing, i.e. the business will have an indefinite life. The purpose of this rule is so that a distinction can be made between assets, which will provide benefit to future reporting periods, and expenses that are totally consumed within one reporting period.

Consistency

The accounting methods used by the business should be applied consistently from one reporting period to another. This allows valid comparisons of performance to be made.

Monetary unit

To understand the meaning of the reported information it is necessary to use a common unit of measurement. Australian dollars are used as this measure.

Qualitative characteristics**Relevance**

To be useful, information must be relevant to the decision-making needs of users. Information has the quality of relevance when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluation.

The relevance of information is affected by its nature and materiality. In some cases, the nature of information alone is sufficient to determine its relevance. In other cases, both the nature and materiality are important. Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

Reliability

To be useful, information must also be reliable. Information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully that which it either purports to represent or could reasonably be expected to represent.

If information is to represent faithfully the transactions and other events that it purports to represent, it is necessary that transactions are accounted for and presented in accordance with the transactions' substance and economic reality and not merely their legal form.

To be reliable, the information contained in financial reports must be neutral, that is, free from bias. Financial reports are not neutral if, by the selection or presentation of information, they influence the making of a decision or judgment to achieve a predetermined result or outcome.

Comparability

Users must be able to compare the financial reports of an entity through time to identify trends in the entity's financial position and performance. Users must also be able to compare the financial reports of different entities to evaluate their relative financial position, financial performance and cash flows. Hence, the measurement and display of the financial effect of like transactions and other events must be carried out in a consistent way throughout an entity and over time and in a consistent way for different entities.

Understandability

An essential quality of the information provided in financial reports is that it is readily understandable by users. For this purpose, users are assumed to have a reasonable knowledge of business, economic activities and accounting, and a willingness to study the information with reasonable diligence. However, information about complex matters should be included in the financial report because of its relevance to the economic decision-making needs of users, and should not be excluded merely on the grounds that it may be too difficult for certain users to understand.



GOODS AND SERVICES TAX

The Goods and Services Tax (GST) is to be included throughout the study design, except where it has been specifically excluded as shown in the relevant key knowledge dot points.

Comment [7]: For the purposes of this study transactions where the calculation and recording of GST are very complicated or add little to student understanding have been excluded.

STOCK GAIN

Stock gains are to be determined by using the lowest available price in the balance column of the stock card, as required by the conservatism accounting principle.

Comment [8]: This is the method to be used in this study design.

NOTE: An example has been included in the Advice to teachers.

STOCK LOSS

Stock losses are to be determined by following the First-In, First-Out (FIFO) assumption.

Comment [9]: This is the method to be used in this study design.

NOTE: An example has been included in the Advice to teachers.

SALES RETURNS

Sales returns are to be calculated by using the latest issued cost price in the stock card (i.e. reversing the last out).

Comment [10]: This is the method to be used in this study design. The reason for issuing the stock is irrelevant, it is the cost price that is to be used.

PURCHASES RETURNS

Purchases returns are to be calculated by using the cost price identified by supplier's credit note.

FINANCIAL INDICATORS

Comment [011]: The financial indicators are no longer classified under the headings liquidity, efficiency, profitability and stability.

Financial indicator	Calculation	Expressed as
Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Sales}} \times 100$	percentage
Net Profit Margin	$\frac{\text{Net Profit}}{\text{Sales}} \times 100$	percentage
Return on Assets	$\frac{\text{Net Profit}}{\text{Average Total Assets}} \times 100$	percentage
Return on Owner's Investment	$\frac{\text{Net Profit}}{\text{Average Capital}} \times 100$	percentage
Asset Turnover	$\frac{\text{Sales}}{\text{Average Total Assets}}$	times per period
Creditors Turnover	$\frac{\text{Average Creditors}}{\text{Credit Purchases}} \times 365$	number of days
Debtors Turnover	$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times 365$	number of days
Stock Turnover	$\frac{\text{Average Stock}}{\text{Cost of Goods Sold}} \times 365$	number of days
Cash Flow Cover	$\frac{\text{Net Cash Flow from Operating Activities}}{\text{Average Current Liabilities}}$	times per period
Quick Asset Ratio	$\frac{\text{Current Assets} - (\text{Stock} + \text{Prepayments})}{\text{Current Liabilities} - \text{Bank Overdraft}}$	ratio quick assets:1
Working Capital Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100$	ratio current assets:1



Debt Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100$	percentage
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Comment [12]: New indicator included to enable a broader discussion/evaluation of business performance. (This indicator was previously known as Gearing.)

INFORMATION AND COMMUNICATIONS TECHNOLOGY

ICT is an essential part of the operation of a small business. Computers are used at the inputting, processing and outputting stages of the accounting process. Students need to be aware of the use of spreadsheets, current commercial accounting software packages, the Internet and multimedia presentation software.

Each unit of VCE Accounting includes outcomes that require the use of ICT by the student. As a guide, students would typically require a minimum of 15 hours scheduled class time involving ICT to be able to achieve the outcomes of the units.

Comment [13]: 15 hours is a guide to the minimum number of hours that would be required to meet the outcomes of the units. Teachers could use this to help gain access to computer labs if their access is restricted.

The use of word processing software alone does not allow students to demonstrate the skills to be developed across Units 1 to 4 of Accounting. Therefore students using word processing software would not be able to sufficiently demonstrate completion of the outcomes in Units 1 to 4 Accounting.

Knowledge and use of spreadsheets is important for students and should be integrated throughout Units 1 to 4 where relevant. Spreadsheets can be used in a variety of ways such as undertaking numeric calculations, presenting information in various formats, analysing data and assisting in the decision-making process.

Comment [14]: Students are required to use spreadsheets, multimedia, commercial accounting software packages and presentation software in order to meet the outcomes and the requirements of the study design. Word processing packages are not sufficient to demonstrate the outcomes.

Following is a guide to the use of ICT across the four units:

Unit 1: Establishing and operating a service business

Spreadsheets, the Internet, single entry accounting packages and presentation software may be used in this unit for recording transactions, preparing financial reports, applying cash control systems and procedures and budgeting.

Unit 2: Accounting for a trading business

A commercial accounting software package must be used in Outcome 2, Area of Study 2: ICT in accounting.

Comment [15]: Previously spreadsheets were sufficient. Students now need to use MYOB or QuickBooks or another commercial package.

Unit 3: Recording and reporting for a trading business

Spreadsheets and commercial accounting software packages may be used in Outcomes 1 and 2.

Unit 4: Control and analysis of business performance

Spreadsheets should be used in this unit in Area of Study 2: Financial planning and decision making. The spreadsheets can be used to facilitate calculations, present information and analyse business performance with the calculation of indicators.

Further advice and specific examples of ICT applications are provided in the 'Advice for teachers' section.



Unit 1: Establishing and operating a service business

This unit focuses on the establishment of a small business and the accounting and financial management of the business. Students are introduced to the processes of gathering and recording financial data and the reporting and analysing of accounting information by internal and external users. The cash basis of recording and reporting is used throughout this unit.

Using single entry recording of financial data and analysis of accounting information, students examine the role of accounting in the decision-making process for a sole proprietor of a service business.

Where appropriate, the accounting procedures developed in each area of study should incorporate the application of accounting principles and the qualitative characteristics of accounting information (see pages 12–14).

AREA OF STUDY 1

Going into business

A potential small business owner needs to make many decisions before commencing the operations of the business. The decisions made at this early stage will often influence the success or failure of the business. In this area of study students investigate the reasons for establishing a small business, factors that lead to success or failure, sources of finance and how pre-operational decisions are made.

Outcome 1

On completion of this unit the student should be able to describe the resources required, and explain and discuss the knowledge and skills necessary, to set up a small business.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 1.

Key knowledge

- reasons for establishing a small business
- alternatives to establishing a small business
- factors that lead to the success or failure of a small business
- resources required to establish a small business
- the role of professionals, such as accountants, business advisors and professional organisations in providing advice to achieve business success
- internal and external sources of finance, including features, advantages and disadvantages.

Comment [16]: Establishing a small business is one way to invest and grow wealth. Alternatives include investment in the shares, term deposits, bonds etc.

Key skills



- use correct accounting terminology
- research information about small business from a range of sources
- apply theoretical knowledge to simulated situations
- analyse issues in relation to the establishment of a small business
- explain the sources of finance available to small businesses
- discuss factors leading to the success or failure of a small business.

Comment [17]: Students need to be able to explain details about the various sources of finance available.

Comment [18]: Requires students to discuss why some businesses succeed while others fail; which factors contribute to success and which may result in failure.
NOTE: not enough to explain – discuss implies looking at strengths/weaknesses, advantages/limitations and to come to a conclusion.

AREA OF STUDY 2

Recording financial data and reporting accounting information

In this area of study students investigate the role of accounting in the generation of financial data and accounting information for the owner of a service business. This information is used by the owner to assist in the decision-making processes of the business. The focus is on the recording of financial data and the reporting of accounting information using a single entry recording system. Students are required to use both manual and ICT methods in the recording and reporting process.

Comment [19]: A clear distinction needs to be made between financial data and accounting information.

Outcome 2

On completion of this unit the student should be able to identify and record the financial data, and report and explain accounting information, for a sole proprietor of a service business.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 2.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- the definition of the accounting elements: assets, liabilities, owner’s equity, revenue and expenses
- the accounting equation
- classification of current and non-current items in the balance sheet
- the two-fold effect of transactions on the balance sheet
- source and business documents for a service business, including cash receipts, cheque butts, memos, bank statements
- special journals: cash receipts and cash payments
- internal control procedures, including cash control and the bank reconciliation process
- accounting reports:
 - Statement of Receipts and Payments
 - Income Statement
 - Balance Sheet
- budgeting for cash and profit:
 - role and benefits of cash and profit budgeting in planning and control
 - budgeted reports for cash and profit
 - budget variance reports for cash and profit
- graphical representations of accounting information.

Comment [020]: ‘Including’ or a colon (:) mean that the following content must be included for study. Other areas may be covered if the teacher wishes. For example, the list of source and business documents includes – therefore the ones listed must be studied, others can be included if wished.

Comment [21]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.

Comment [22]: Revised list of source and business documents which must be used in Unit 1.

Comment [23]: Key knowledge expanded to include budget and variance reports for profit.

Comment [24]: New key knowledge. Accounting information can be presented using charts, graphics etc, so students must be able to understand them.

Key skills

- identify, classify and record financial data
- use correct accounting terminology
- explain and apply the principles underlying the recording of financial data and preparation of accounting information
- apply theoretical knowledge to simulated situations
- explain how control is maintained over an accounting system

Comment [25]: Higher order skill of explain and apply requires students to give details, clarify the meaning and apply the principles of recording and reporting.



- prepare and analyse financial reports to make business decisions
- prepare budgeted reports for cash and profit, and prepare variance reports
- interpret accounting information from reports and graphical representations.

Comment [26]: New key skill required for budget and variance reports for cash and profit.

Comment [27]: New key skill requires students to interpret the meaning and implications of the information contained in accounting reports and graphical representations.

ASSESSMENT

The award of satisfactory completion for a unit is based on a decision that the student has demonstrated achievement of the set of outcomes specified for the unit. This decision will be based on the teacher's assessment of the student's overall performance on assessment tasks designated for the unit.

The key knowledge and key skills listed for each outcome should be used as a guide to course design and the development of learning activities. The key knowledge and key skills do not constitute a checklist and such an approach is not necessary or desirable for determining the achievement of outcomes. The elements of key knowledge and key skills should not be assessed separately.

Assessment tasks must be a part of the regular teaching and learning program and must not unduly add to the workload associated with that program. They must be completed mainly in class and within a limited timeframe. Teachers should select a variety of assessment tasks for their assessment program to reflect the key knowledge and key skills being assessed and to provide for different learning styles.

For this unit students are required to demonstrate achievement of two outcomes. As a set these outcomes encompass both areas of study.

Demonstration of achievement of Outcomes 1 and 2 must be based on the student's performance on a selection of assessment tasks. Where teachers allow students to choose between tasks they must ensure that the tasks they set are of comparable scope and demand.

Assessment tasks for this unit are selected from the following:

- a folio of exercises (manual and ICT-based)
- a test (manual and/or ICT-based)
- an assignment (manual and/or ICT-based)
- a case study (manual and/or ICT-based)
- a classroom presentation (oral or multimedia)
- a report (written, oral or multimedia).

Comment [028]: If a folio of exercises is used, it **MUST** contain both manual and ICT-based exercises.

Students must use ICT in **at least two** of the selected assessment tasks.

Comment [29]: No change from current study design. This requirement must be followed.



Unit 2: Accounting for a trading business

This unit extends the accounting process from a service business and focuses on accounting for a sole proprietor of a single activity trading business. Students use a single entry recording system for cash and credit transactions and the accrual method for determining profit. They analyse and evaluate the performance of the business using financial and non-financial information. Using these evaluations, students suggest strategies to the owner on how to improve the performance of the business.

Comment [30]: A business which buys and sells stock.

Students develop their understanding of the importance of ICT in the accounting process by using a commercial accounting software package to establish a set of accounts, record financial transactions and generate accounting reports.

Comment [31]: Student use a "commercial accounting software package" eg MYOB or QuickBooks or another commercial software package.

Where appropriate, the accounting procedures developed in each area of study should incorporate the application of accounting principles and the qualitative characteristics of accounting information (see pages 12–14).

AREA OF STUDY 1

Recording financial data and reporting accounting information

A small business operator needs to input and process financial data to provide information for decision making on the management and performance of the business. In this area of study students record financial data and report accounting information for a single activity sole trader using the single entry accounting system. Both manual and ICT methods of recording and reporting are used.

Outcome 1

On completion of this unit the student should be able to record financial data and report accounting information for a sole trader.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 1.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- service and trading businesses
- price setting strategies:
 - methods of determining selling price
 - cost, volume, profit analysis
- source and business documents for a trading business: cash receipts, cheque butts, sales and purchases invoices, bank statements, memos, statements of account
- special journals: cash receipts, cash payments, purchases and sales
- individual debtors and creditors records

Comment [32]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.

Comment [33]: Price setting has been moved from Unit 1 as it is more appropriate for trading businesses. The key knowledge about quotes has been removed.



- perpetual inventory system recording on stock cards using the First In, First Out (FIFO) method
- physical stocktakes and their impact on accounting records and reports, including stock losses and gains
- balance day adjustments:
 - depreciation using the straight-line method
 - stock loss and gain
 - prepaid expenses using the asset approach
 - accrued expenses
- accounting reports:
 - Cash Flow Statement
 - Income Statement
 - Balance Sheet
- graphical representations of accounting information
- the distinction between cash and profit
- the two-fold effect of transactions on the accounting reports.

Comment [34]: New key knowledge. Accounting information can be presented using charts, graphics, etc.

Key skills

- use correct accounting terminology
- explain the differences between service and trading businesses
- identify, classify and record financial data
- explain and apply the principles underlying the recording of financial data and preparation of accounting information
- apply theoretical knowledge to simulated situations
- prepare and analyse financial reports
- interpret accounting information from written reports and graphical representations.

Comment [35]: New skill, requires students to explain details about the differences between service and trading businesses.

Comment [36]: Higher order skill of explain and apply to expand the current skills and broaden student knowledge.

Comment [37]: Expanded skill of analyse requires a more in-depth study of the parts and structure of financial reports, and what they are showing about the business.

Comment [38]: New key skill requires students to interpret the meaning and implications of the information contained in accounting reports and graphical representations.

AREA OF STUDY 2

ICT in accounting

Information and communications technology is an essential tool in the operation of a small business. In this area of study students develop an understanding of the role of ICT in the accounting process. Students use a commercial accounting software package to record financial data and report accounting information for a single activity sole trader, and to demonstrate their understanding of the importance of ICT in the accounting process.

Outcome 2

On completion of this unit the student should be able to record financial data and report accounting information for a single activity sole trader using a commercial accounting software package, and discuss the use of ICT in the accounting process.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 2.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- the advantages and disadvantages of both computerised accounting systems and manual accounting systems
- the chart of accounts
- the process of recording transactions from source documents or a transaction list using a commercial accounting software package

Comment [39]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.

Comment [40]: Expanded key knowledge to include commercial accounting software packages.



- accounting reports.

Key skills

- use correct accounting terminology
- identify, classify and record financial data and report accounting information using a commercial accounting software package
- explain and apply the principles underlying the recording of financial data and preparation of accounting information
- apply theoretical knowledge to simulated situations
- present accounting information in a format suitable for users
- compare computerised accounting systems with manual accounting systems
- discuss the use of ICT in the accounting process
- interpret accounting information from written reports and graphical representations.

Comment [041]: New skill of compare – to note the similarities and differences of the two systems.

Comment [42]: Higher order skill of discuss to extend the current skills. Discuss requires students to outline why ICT is used in the accounting process, it's advantages/limitations, strengths/weaknesses, costs/benefits. Given the skill of compare in the dot point above, students could then compare computerised systems with manual systems.

Comment [43]: New key skill. A commercial accounting software package can generate charts and graphs which students can interpret along with the written reports.

AREA OF STUDY 3

Evaluation of business performance

The performance of a business should be measured and evaluated regularly. Using financial and non-financial information assists the owner in planning and decision making. This area of study focuses on an evaluation of the performance of a business using particular criteria such as stock and debtors. Based on this information, students discuss strategies that may improve business performance.

Outcome 3

On completion of this unit the student should be able to select and use financial and non-financial information to evaluate the performance of a business and discuss strategies that may improve business performance.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 3.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- business performance evaluation:
 - financial and non-financial information
 - the role of selected financial indicators
- strategies to improve the business operations in selected areas.

Comment [044]: Teachers can select appropriate financial indicators relevant to the areas of business operations studied.

Comment [45]: Reworded to encourage wider choice of areas. For example, strategies to improve control over debtors or creditors, strategies to improve recording procedures, strategies implemented to increase profit.

Key skills

- use correct accounting terminology
- apply theoretical knowledge to simulated situations
- explain and apply the principles underlying the recording of financial data and preparation of accounting information
- select and use financial and non-financial information to evaluate business performance
- interpret accounting information from written reports and graphical representations
- discuss strategies for improvement in business performance.

Comment [46]: New key skill to use features of commercial accounting software packages and spreadsheets. MYOB and QuickBooks produce a vast range of graphs and charts from accounting reports.

Comment [47]: Discuss requires students to look at strategies that will improve business performance, the advantages/limitations, benefits/costs of each and justify the recommended course of action for the business.

ASSESSMENT



The award of satisfactory completion for a unit is based on a decision that the student has demonstrated achievement of the set of outcomes specified for the unit. This decision will be based on the teacher's assessment of the student's overall performance on assessment tasks designated for the unit.

The key knowledge and key skills listed for each outcome should be used as a guide to course design and the development of learning activities. The key knowledge and key skills do not constitute a checklist and such an approach is not necessary or desirable for determining the achievement of outcomes. The elements of key knowledge and key skills should not be assessed separately.

Assessment tasks must be a part of the regular teaching and learning program and must not unduly add to the workload associated with that program. They must be completed mainly in class and within a limited timeframe. Teachers should select a variety of assessment tasks for their assessment program to reflect the key knowledge and key skills being assessed and to provide for different learning styles.

For this unit students are required to demonstrate achievement of three outcomes. As a set these outcomes encompass all areas of study.

Demonstration of achievement of Outcomes 1, 2 and 3 must be based on the student's performance on a selection of assessment tasks. Where teachers allow students to choose between tasks they must ensure that the tasks they set are of comparable scope and demand.

Assessment tasks for this unit are selected from the following:

- exercise/s using a commercial accounting software package
- a folio of exercises (manual and ICT-based)
- a test (manual and/or ICT-based)
- an assignment (manual and/or ICT-based)
- a case study (manual and/or ICT-based)
- a classroom presentation (oral or multimedia)
- a report (written, oral or multimedia).

Students must use ICT in **at least two** of the selected assessment tasks.

Comment [48]: No change from current study design. This requirement must be followed.



Unit 3: Recording and reporting for a trading business

This unit focuses on financial accounting for a single activity trading business as operated by a sole trader and emphasises the role of accounting as an information system. Students use the double entry system of recording financial data and prepare reports using the accrual basis of accounting. The perpetual method of stock recording with the First In, First Out (FIFO) method is also used.

Where appropriate, the accounting procedures developed in each area of study should incorporate the application of accounting principles and the qualitative characteristics of accounting information (see pages 12–14).

AREA OF STUDY 1

Recording financial data

This area of study focuses on identifying and recording financial data for a single activity sole trader. Students record data using double entry accounting to provide the owner with accounting information, enabling the owner to make informed decisions about the operation of the business.

Outcome 1

On completion of this unit the student should be able to record financial data for a single activity sole trader using a double entry system, and discuss the function of various aspects of this accounting system.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 1.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- the elements of financial reports: assets, liabilities, owner's equity, revenue and expenses
- the two-fold effect of transactions on the accounting equation
- source and business documents for a trading business, including cash receipts, cheque butts, sales and purchases invoices, statements of account, memos
- stock cards using the First In, First Out (FIFO) method for cash and credit purchases and sales of stock, advertising use and drawings
- the GST Clearing account
- special journals:
 - sales journal, all credit sales of stock
 - purchases journal, all credit purchases of stock
 - cash receipts journal, all receipts of cash with GST not applicable on discount expense

Comment [49]: Discuss requires students to look at how the accounting system works, advantages/limitations, strengths/weaknesses, costs/benefits of various aspects of the system. For example, why financial data is recorded in a certain way.

Comment [50]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.



- cash payments journal, all payments of cash with GST not applicable on discount revenue
- the use of the general journal to record infrequent non-cash transactions:
 - establishing a double entry system
 - correction of errors
 - contribution of non-current assets by the owner at agreed value
 - use of stock for advertising purposes
 - withdrawals of stock by the owner with GST not applicable
 - bad debts with GST not applicable
- the distinction between historical cost and agreed value in relation to non-current assets
- the general ledger using T-form accounts
- the process of posting to the general ledger from the general journal and special journals on a monthly basis
- the process of balancing the general ledger and subsidiary ledger accounts in preparation for the next reporting period
- reasons for using control accounts
- control accounts for debtors, creditors and stock
- subsidiary ledgers and schedules for debtors and creditors, with individual transactions posted to the subsidiary ledger accounts on the date the transaction occurs
- internal control procedures and practices of this accounting system
- pre-adjustment trial balance.

Key skills

- use correct accounting terminology
- identify, classify and record financial data
- explain and apply the qualitative characteristics and accounting principles underlying the recording of financial data and presentation of accounting information
- apply theoretical knowledge to simulated situations
- explain the effect of financial transactions on the accounting equation
- discuss the function of the various aspects of the accounting system for a single activity trading business.

Comment [51]: Donations of stock is not included in the study design. The use of stock for advertising purposes covers any donation of stock.

Comment [52]: Non-current assets contributed by the owner will be recorded at their agreed value at the time they are contributed, not the historical cost paid by the owner.

Comment [53]: Journals will be posted to the General Ledger at the end of each month. This may not necessarily be the reporting period. (So it would be possible to have 12 entries in a ledger by balance day.)

Comment [54]: Ledgers are balanced to the first day of the next reporting period.

Comment [55]: The accounting system is the one developed for Unit 3. A double entry system using the accrual basis of accounting with perpetual method of stock, using FIFO and control accounts for Stock, Debtors and Creditors. Note: internal control procedures are not restricted to cash control.

Comment [56]: Rather than just calculating or stating the effect of a transaction, this skill requires students to give details about and the reasons for the effect of transactions on the accounting equation.

Comment [57]: Discuss aspects such as: double entry system, trial balance, control accounts, subsidiary ledgers. See handout "Teaching and Learning in Unit 3" for further details.

AREA OF STUDY 2

Balance day adjustments and reporting and interpreting accounting information

The preparation of financial reports at the end of the reporting period provides information for planning and decision making by the owner of a small business. Students complete the accounting processes required at balance day and apply the accrual method of accounting in the preparation of accounting reports. They identify the differences between cash and profit and explain the implications of these differences when using reports to make decisions.

Outcome 2

On completion of this unit the student should be able to record balance day adjustments and prepare and interpret accounting reports.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 2.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- the recording and reporting of balance day adjustments:

Comment [58]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.



- straight-line method of depreciation
- stock loss or gain as revealed by a physical stocktake
- the asset approach to recording prepaid expenses 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
- closing entries for revenue and expenses in the general journal and in the general ledger
- the preparation of the Profit and Loss Summary account with transfer of profit or loss to Capital account
- transfer of Drawings to Capital account
- post-adjustment trial balance
- classified accounting reports:
 - Cash Flow Statement using the transaction approach
 - Income Statement
 - Balance Sheet
- the effect of transactions on the accounting equation and the accounting reports
- the distinction between cash and profit.

Key skills

- use correct accounting terminology
- identify, classify and record financial data and report accounting information
- explain and apply the qualitative characteristics and accounting principles underlying the recording of financial data and the reporting and presentation of accounting information
- apply theoretical knowledge to simulated situations
- discuss the effect of financial transactions on the accounting equation and accounting reports
- distinguish between cash and profit and explain the effect on accounting reports
- prepare, explain and interpret accounting reports
- discuss the function of the various aspects of the accounting system for a single activity trading business.

Comment [59]: New skill requires students to give details about and the reasons for the effect of transactions on the accounting equation. Rather than just calculating or stating the effect of a transaction.

Comment [60]: Skill has been expanded from prepare to include explain and interpret. Requires students to clarify the meaning contained in financial reports and give reasons for items/amounts in the reports.

ASSESSMENT

The award of satisfactory completion for a unit is based on a decision that the student has demonstrated achievement of the set of outcomes specified for the unit. This decision will be based on the teacher’s assessment of the student’s overall performance on assessment tasks designated for the unit. The Victorian Curriculum and Assessment Authority publishes online an assessment handbook for this study that includes advice on the assessment tasks and performance descriptors for assessment.

The key knowledge and key skills listed for each outcome should be used as a guide to course design and the development of learning activities. The key knowledge and key skills do not constitute a checklist and such an approach is not necessary or desirable for determining the achievement of outcomes. The elements of key knowledge and key skills should not be assessed separately.

Assessment of levels of achievement

The student’s level of achievement in Unit 3 will be determined by School-assessed Coursework and a mid-year examination.

Comment [061]: Accounting will still maintain a mid-year examination.

Contribution to final assessment

School-assessed Coursework for Unit 3 will contribute 17 per cent.

The level of achievement for Unit 3 is also assessed by a mid-year examination, which will contribute 33 per cent.

However, the format is likely to change. Teachers will be notified as soon as this has been finalised.



School-assessed Coursework

Teachers will provide to the Victorian Curriculum and Assessment Authority a score representing an assessment of the student’s level of achievement.

The score must be based on the teacher’s rating of performance of each student on the tasks set out in the following table and in accordance with the assessment handbook published online by the Victorian Curriculum and Assessment Authority. The assessment handbook also includes advice on the assessment tasks and performance descriptors for assessment.

Assessment tasks must be a part of the regular teaching and learning program and must not unduly add to the workload associated with that program. They must be completed mainly in class and within a limited timeframe. Where teachers provide a range of options for the same assessment task, they should ensure that the options are of comparable scope and demand. Teachers should select a variety of assessment tasks for their program to reflect the key knowledge and key skills being assessed and to provide for different learning styles.

At least 30 marks must be allocated to assessment that uses ICT application/s.

Outcomes	Marks allocated*	Assessment tasks
<p>Outcome 1 Record financial data for a single activity sole trader using a double entry system, and discuss the function of various aspects of this accounting system.</p>	50	<p>The student’s performance on each outcome is assessed using one or more of the following:</p> <ul style="list-style-type: none"> structured questions a folio of exercises (manual and ICT) a case study (manual and/or ICT) a test (manual and/or ICT) a report (written, oral or multimedia).
<p>Outcome 2 Record balance day adjustments and prepare and interpret accounting reports.</p>	50	
Total marks	100	A least 30 marks must be allocated to ICT-based assessment

Comment [62]: No change to current mark allocation for each of the outcomes.

Comment [63]: Multimedia report is the only addition to current assessment task types that may be used.

Comment [064]: The requirement of allocating 30 marks out of the 100 available for school-assessed coursework to ICT-based assessment has not changed.

NOTE: This requirement **MUST** be met.

*School-assessed Coursework for Unit 3 contributes 17 per cent.

Mid-year examination

Description

The examination will be set by a panel appointed by the Victorian Curriculum and Assessment Authority. All outcomes in Unit 3 will be examined. All of the key knowledge and key skills that underpin the outcomes are examinable.

Students will be required to apply the knowledge and skills of the accounting processes undertaken in Unit 3. Students will not be required to use information and communications technology (ICT) in the examination.

Conditions

The examination will be completed under the following conditions:

- Duration: one and a half hours.
- Date: mid-year, on a date to be published annually by the Victorian Curriculum and Assessment Authority.
- Victorian Curriculum and Assessment Authority examination rules will apply. Details of these rules are published annually in the *VCE and VCAL Administrative Handbook*.
- The examination will be marked by a panel appointed by the Victorian Curriculum and Assessment Authority.

Comment [065]: All questions are compulsory.

**Contribution to final assessment**

The examination will contribute 33 per cent.

Further advice

The Victorian Curriculum and Assessment Authority publishes specifications for all VCE examinations on the VCAA website. Examination specifications include details about the sections of the examination, their weighting, the question format/s and any other essential information. The specifications are published in the first year of implementation of the revised Units 3 and 4 sequence together with any sample material.



Unit 4: Control and analysis of business performance

This unit provides an extension of the recording and reporting processes from Unit 3 and the use of financial and non-financial information in assisting management in the decision-making process. The unit is based on the double entry accounting system and the accrual method of reporting for a single activity trading business using the perpetual inventory recording system.

Students investigate the role and importance of budgeting for the business and undertake the practical completion of budgets for cash, profit and financial position. Students interpret accounting information from accounting reports and graphical representations, and analyse the results to suggest strategies to the owner on how to improve the performance of the business.

Where appropriate, the accounting procedures developed in each area of study should incorporate the application of accounting principles and the qualitative characteristics of accounting information (see pages 12–14).

AREA OF STUDY 1

Extension of recording and reporting

This area of study enables students to build on their knowledge of the accounting system developed in Unit 3. The collecting, measuring, processing and communication of financial data and accounting information is an important process for a sole trader. Students undertake this process using double entry accounting and an accrual-based reporting system. Students explore alternative depreciation methods in the recording and reporting process.

Outcome 1

On completion of this unit the student should be able to record financial data using double entry accounting and report accounting information using an accrual-based system for a single activity sole trader, and discuss the function of various aspects of this accounting system.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 1.

Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- the accounting system as developed in Unit 3
- source and business documents as outlined in Unit 3, and credit notes for sales returns by trade debtors and purchase returns to trade creditors
- returns of stock recorded in the general journal:

Comment [66]: The accounting principles and qualitative characteristics underpin the study and are listed in the Characteristics of the study. They should be introduced to students at the appropriate stage in the area of study.

Comment [067]: The same key knowledge as for the current study design.



- sales returns from trade debtors
- purchase returns to trade creditors
- the recording and reporting of balance day adjustments:
 - liability approach of recording prepaid revenue with no GST being recorded at the time of the deposit
 - accrued revenue with GST being recorded at the time of receipt
- receipt of accrued revenue in the subsequent reporting period
- stock valuation:
 - product and period costs
 - lower of cost and net realisable value including stock write down
- the purchase of non-current depreciable assets from a sundry creditor
- the reducing balance method of depreciation
- the implications of the use of alternative methods of depreciation on accounting reports
- disposal of non-current depreciable assets for cash or as a trade-in
- the recording and reporting of a profit or loss on disposal of a non-current depreciable asset with GST not applicable on the disposal of the asset
- recording of transactions into special and general journals, general and subsidiary ledgers and stock cards
- the effect of transactions on the accounting equation and accounting reports.

Comment [68]: Prepaid revenue is a deposit and no GST is recorded at time of receipt. GST will be recorded when goods are supplied.

Comment [69]: New key knowledge dot point. Aim is to encourage the use of higher order skills by students and move beyond simple bookkeeping.

Comment [70]: Implications of alternative methods allows for examples of the accounting principle of consistency and the qualitative characteristic of comparability. Students will have to know the differences in the methods and why.

NOTE: an example is provided in the Advice to teachers.

Comment [71]: Students must be able to compare the method as choosing different depreciation methods will affect the accounting reports.

NOTE: An example is provided in the Advice to teachers.

Comment [72]: Different methods are more appropriate for certain non-current assets. Students must be able to justify their selection. As this is a new skill, students will have to be taught how to justify and given practise in class.

Comment [73]: Skill has been expanded from prepare to include explain and interpret. Students are required to prepare, explain and interpret accounting reports and prepare, explain and interpret graphical representations.

Students are required to clarify the meaning and give reasons for items/amounts in the accounting reports and graphical representations.

Comment [74]: The accounting system is the one developed in Unit 3 and expanded in Unit 4. A double entry system using the accrual basis of accounting with perpetual method of stock using FIFO and control accounts for Stock, Debtors and Creditors.

Key skills

- use correct accounting terminology
- identify, classify and record financial data
- explain and apply the qualitative characteristics and principles underlying the recording of financial data and the reporting and presentation of accounting information
- apply theoretical knowledge to simulated situations
- explain the effect of financial transactions on the accounting equation
- distinguish between product and period costs
- compare alternative methods of depreciating non-current assets
- justify the selection of alternative depreciation methods
- prepare, explain and interpret accounting reports and graphical representations
- discuss the function of the various aspects of the accounting system for a single activity trading business.

AREA OF STUDY 2

Financial planning and decision making

The owner of a small business must be able to plan and control the activities of the business. The preparation of budgeted accounting reports provides information for the owner in this decision-making process. Students focus on preparing budgeted accounting reports and analysing financial and non-financial information for a single activity sole trader. Students evaluate this information and suggest strategies to the owner on how to improve the performance of the business.

Outcome 2

On completion of this unit the student should be able to prepare budgets and variance reports, evaluate the performance of a business using financial and non-financial information and discuss strategies to improve the profitability and liquidity of the business.

To achieve this outcome the student will draw on key knowledge and key skills outlined in Area of Study 2.



Key knowledge

- applicable accounting principles and qualitative characteristics of accounting information
- classified budgeted accounting reports, including reconstruction of accounts:
 - Cash Flow Statement
 - Income Statement
 - Balance Sheet
- variance reports for Cash Flow Statements and Income Statements
- measures for evaluating profitability, liquidity, efficiency and stability:
 - financial indicators
 - variances
 - trends
 - benchmarks
- the use of non-financial information
- strategies to improve profitability and liquidity
- strategies for the management of stock, debtors and creditors.

Comment [075]: Variance reports could show the percentage change or the amount.

Comment [076]: Measures for evaluating stability now included. Now able to incorporate the Debt Ratio in discussions.

Key skills

- use appropriate accounting terminology
- explain and apply the qualitative characteristics and principles underlying the recording of financial data and the reporting and presentation of accounting information
- apply theoretical knowledge to simulated situations
- prepare budgeted accounting reports to assist in decision making
- discuss the function of the various aspects of the accounting system for a single activity trading business
- analyse and interpret accounting reports, graphical representations and non-financial information to evaluate the performance of a business
- discuss strategies to improve the profitability and liquidity of the business
- discuss the implications of changes in the level of debt ratio.

Comment [77]: Students are required to explain the accounting principles and qualitative characteristics as well as apply them. They are listed in the Characteristics of Study and should be introduced at the appropriate stage in the area of study.

Comment [78]: Addition to key skill. Accounting information can be presented using charts, graphics, etc and students must be able to analyse and interpret a wide range of information.

Comment [79]: The discussion of strategies for improvements to the business is restricted to profitability and liquidity. (As in the current study design.)

Comment [80]: Debt ratio is a new financial indicator. Students must be able to discuss why the indicator has changed, the advantages and disadvantages of the change and the implications of the change for the business.

ASSESSMENT

The award of satisfactory completion for a unit is based on a decision that the student has demonstrated achievement of the set of outcomes specified for the unit. This decision will be based on the teacher's assessment of the student's overall performance on assessment tasks designated for the unit. The Victorian Curriculum and Assessment Authority publishes online an assessment handbook for this study that includes advice on the assessment tasks and performance descriptors for assessment.

The key knowledge and key skills listed for each outcome should be used as a guide to course design and the development of learning activities. The key knowledge and key skills do not constitute a checklist and such an approach is not necessary or desirable for determining the achievement of outcomes. The elements of key knowledge and key skills should not be assessed separately.

Assessment of levels of achievement

The student's level of achievement in Unit 4 will be determined by School-assessed Coursework and an end-of-year examination.

Contribution to final assessment

School-assessed Coursework for Unit 4 will contribute 17 per cent.

The level of achievement for Unit 4 is also assessed by an end-of-year examination, which will contribute 33 per cent.



School-assessed Coursework

Teachers will provide to the Victorian Curriculum and Assessment Authority a score representing an assessment of the student’s level of achievement.

The score must be based on the teacher’s rating of performance of each student on the tasks set out in the following table and in accordance with the assessment handbook published online by the Victorian Curriculum and Assessment Authority. The assessment handbook also includes advice on the assessment tasks and performance descriptors for assessment.

Assessment tasks must be a part of the regular teaching and learning program and must not unduly add to the workload associated with that program. They must be completed mainly in class and within a limited timeframe. Where teachers provide a range of options for the same assessment task, they should ensure that the options are of comparable scope and demand. Teachers should select a variety of assessment tasks for their program to reflect the key knowledge and key skills being assessed and to provide for different learning styles.

At least 30 marks must be allocated to assessment that uses ICT application/s.

Outcomes	Marks allocated*	Assessment tasks
<p>Outcome 1 Record financial data using double entry accounting and report accounting information using an accrual-based system for a single activity sole trader, and discuss the function of various aspects of this accounting system.</p>	50	<p>The student’s performance on Outcome 1 will be assessed using one or more of the following:</p> <ul style="list-style-type: none"> structured questions a folio of exercises (manual and/or ICT) a case study (manual and/or ICT) a test (manual and/or ICT) a report (written, oral or multimedia).
<p>Outcome 2 Prepare budgets and variance reports, evaluate the performance of a business using financial and non-financial information and discuss strategies to improve the profitability and liquidity of the business.</p>	30	<p>Outcome 2 will be assessed by two tasks:</p> <p>Task A Prepare budgets and variance reports for a business using spreadsheets. Evaluate the budgets and variance reports and discuss strategies for improvement.</p>
	20	<p>Task B Evaluate the performance of a business using financial and non-financial information and discuss strategies to improve the profitability and liquidity of the business.</p> <p>The student’s performance for Task B will be assessed using one or more of the following:</p> <ul style="list-style-type: none"> structured questions a folio of exercises (manual and/or ICT) a case study (manual and/or ICT) a test (manual and/or ICT) a report (written, oral or multimedia).
Total marks	100	A least 30 marks must be allocated to ICT-based assessment

Comment [81]: Marks allocated decreased from 60 to 50 to better reflect the requirements of the area of study.

Comment [082]: If a folio of exercises is used for Outcome 1, it does not need to include both manual and ICT tasks. Teachers can select as they wish.

Comment [83]: To meet the requirements of Outcome 2, students must undertake two separate tasks, which have been stipulated.

Task A 30 marks,
Task B 20 marks

Total marks for Outcome 2 is 50, which has been increased from 40 to better reflect the requirements of the area of study.

Comment [84]: The separate budgeting task must be completed using spreadsheets and is allocated 30 marks.

NOTE: This task alone will not meet the requirement of the ICT-based assessment for Unit 4. The ICT component (spreadsheets) may be 20 marks, while the discussion of strategies for improvement (not ICT-based) may be 10 marks.

Comment [085]: The requirement of allocating 30 marks out of the 100 available for school-assessed coursework to ICT-based assessment has not changed.

NOTE: This requirement MUST be met.

*School-assessed Coursework for Unit 4 contributes 17 per cent.

End-of-year examination

Description



The examination will be set by a panel appointed by the Victorian Curriculum and Assessment Authority. All outcomes in Unit 4 will be examined. All of the key knowledge and key skills that underpin the outcomes are examinable.

Students will be required to apply the knowledge and skills of the accounting processes undertaken in Units 3 and 4. Students will not be required to calculate financial indicators or prepare graphical representations in the examination. Students will not be required to use information and communications technology (ICT) in the examination.

Conditions

The examination will be completed under the following conditions:

- Duration: one and a half hours.
- Date: end-of-year, on a date to be published annually by the Victorian Curriculum and Assessment Authority.
- Victorian Curriculum and Assessment Authority examination rules will apply. Details of these rules are published annually in the *VCE and VCAL Administrative Handbook*.
- The examination will be marked by assessors appointed by the Victorian Curriculum and Assessment Authority.

Comment [086]: All questions are compulsory.

Contribution to final assessment

The examination will contribute 33 per cent.

Further advice

The Victorian Curriculum and Assessment Authority publishes specifications for all VCE examinations on the Victorian Curriculum and Assessment Authority website. Examination specifications include details about the sections of the examination, their weighting, the question format/s and any other essential information. The specifications are published in the first year of implementation of the revised Units 3 and 4 sequence together with any sample material.