



## VCE ACCOUNTING IMPLEMENTATION WORKSHOP

### TEACHING AND LEARNING IN UNIT 3

#### VCE ACCOUNTING (2012 – 2016)

##### Area of study 1: Recording financial data

**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.**

##### Key skills

All key skills relate to the outcome, however one is particularly relevant:

- discuss the function of the various aspects of the accounting system for a single activity trading business
  - *discuss* – consider strengths/weaknesses, advantages/limitations, costs/benefits
  - *various aspects* – what aspects could be considered?
  - *function* – how does it operate? Purpose?
  - *accounting system* – system as learned in Unit 3
  - *single activity trading business*

Aspects of the accounting system in Unit 3 that could be discussed include (but are not limited to):

##### ***Double entry:***

- What is it?
- How does it operate?
- What is the ‘two-fold effect’?
- Advantages and limitations
- Benefits and costs to the business
- Question to consider: Is double entry always the best recording system for all businesses? Why/why not?

##### ***Control Accounts:***

- Which areas do we have control accounts for?
- How do they operate?
- How are they reconciled?
- Advantages and limitations
- Benefits and costs to the business
- Questions to consider: Should control accounts always be used? Should they be limited to debtors, creditors and stock? Justify your answers.

***Special Journals:***

- What are the special journals?
- Advantages and limitations
- Benefits and costs to the business
- Why are the special journals constructed differently from each other?
- Which ledger accounts are affected when special journals are balanced and transferred to the general ledger?
- Question to consider: Should all recording systems include special journals for Cash Receipts, Cash Payments, Credit Sales and Credit Purchases? Why/why not?

***Stock cards:***

- What is the purpose of a stock card?
- What is the First-In, First Out (FIFO) method of managing stock?
- Definition of perpetual inventory method
- How does the business check the stock record is accurate?
- Costs/benefits to the business
- How are details of the stock cards entered into the general ledger?
- Question to consider: Should all businesses use the perpetual inventory method? Why/why not?

***The process of balancing the general ledger and subsidiary ledger accounts:***

- Why should accounts be balanced?
- Why do businesses need to prepare for the next reporting period?
- What would happen if accounts weren't balanced?
- Benefits/costs to the business
- The difference between footing and balancing an account
- Where are the balances of accounts shown in reports?
- Question to consider: Are all accounts balanced? Why/why not?

\*\* Consider different ways to present and discuss these areas with students so that skills are taught and practised in the classroom as well as the content.