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# VCE UNITS INFORMATION

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## VCE Accounting Units 3 and 4

### CONTENT

#### Unit 3: Financial Accounting for a Trading Business

This unit focuses on financial accounting for a trading business owned by a sole proprietor, and highlights 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 and the perpetual method of inventory recording.

Students develop their understanding of the accounting processes for recording and reporting and consider the effect of decisions made on the performance of the business. They interpret reports and information presented in a variety of formats and suggest strategies to the owner to improve the performance of the business.

Where appropriate, the accounting procedures developed in each area of study should incorporate the application of the Conceptual Framework, financial indicators to measure business performance, as well as the ethical considerations of business owners when making decisions, including financial, social and environmental.

#### Unit 4: Recording, Reporting, Budgeting and Decision-making

In this unit, students further develop their understanding of accounting for a trading business owned by a sole proprietor and 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 and the perpetual method of inventory recording. Both manual methods and ICT are used to record and report.

Students extend their understanding of the recording and reporting process with the inclusion of balance day adjustments and alternative depreciation methods. They investigate both the role and importance of budgeting in decision-making for a business. They analyse and interpret accounting reports and graphical representations to evaluate the performance of a business. From this evaluation, students suggest strategies to business owners to improve business performance.

Where appropriate, the accounting procedures developed in each area of study should incorporate application of the Conceptual Framework and financial indicators to measure business performance, as well as the ethical considerations of business owners when making decisions, including financial, social and environmental.

### OUTCOMES

#### Unit 3

- Students 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
- Students should be able to record transactions and prepare, interpret and analyse accounting reports for a trading business