

Accounting Units 1 & 2

Contents

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Contents

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Series contents

This series covers the complete VCE Accounting Units 1 & 2 course as set out in the *VCE Accounting Study Design 2025–2029* — **Unit 1: The role of accounting in business** and **Unit 2: Accounting and decision-making for a trading business** — together with the qualitative characteristics, accounting assumptions and accounting elements described in the study design’s *Characteristics of the study*. It comprises **nineteen content workbooks**, cumulative **topic tests**, and a **practice-examination booklet**. Each content workbook follows the same structure: concise theory, scaffolded and unscaffolded worked examples, graded practice questions, a compact answer key, and fully-worked solutions. Units 1 & 2 record cash and credit transactions using **special journals** (not the double-entry General Ledger); the final workbook, **Chapter 19**, is a *Headstart to Units 3 & 4* preview and is **not assessed** in the graded topic tests or practice examinations.

Topic 1 — Establishing and financing a business

Chapter 1 — The nature and role of accounting (24 pp)

1A The need for accounting and the accounting process · 1B Accounting assumptions and qualitative characteristics

Chapter 2 — The accounting equation (42 pp)

2A The elements and the accounting equation · 2B The Balance Sheet and classification · 2C Transactions, the equation and financial indicators

Chapter 3 — Business ownership (60 pp)

3A Establishing a business: resources, planning and operations · 3B Ownership structures · 3C Starting versus buying; reasons for success and failure; ethical considerations · 3D Alternative investment opportunities · 3E Measuring investment performance: return on investment

Chapter 4 — Sources of finance (27 pp)

4A Sources of finance and applying for a loan · 4B The Debt Ratio, risk and return

Chapter 5 — Price-setting strategies (44 pp)

5A Pricing and profit; pricing methods and quotes · 5B Mark-up · 5C Cost-volume-profit analysis and break-even

Topic 1 Test A (recording and analysis) and Test B (short-answer recording), with fully-worked solutions, are included at the end of this workbook.

Topic 2 — Recording and reporting for a service business

Chapter 6 — Source documents (40 pp)

6A The role of source documents; evidence of cash transactions · 6B Bank statements and the changing nature of cash · 6C Credit and other business transactions

Chapter 7 — Cash accounting for a service business (60 pp)

7A Service businesses, cash and single-entry accounting · 7B The Cash Receipts Journal · 7C The Cash Payments Journal · 7D The Statement of Receipts and Payments, the Cash Flow Statement, GST and indicators

Chapter 8 — Cash control (31 pp)

8A Internal control and cash control · 8B The Bank Statement and bank reconciliation

Chapter 9 — Credit transactions (45 pp)

9A Credit transactions and recording credit purchases · 9B Payments to accounts payable; recording credit fees · 9C Receipts from accounts receivable; the Statement of Account

Chapter 10 — Reporting for a service business (59 pp)

10A Calculating profit and the Income Statement · 10B Cash versus profit; net profit in the Balance Sheet · 10C Uses of the Income Statement and graphical representations

Topic 2 Test A and Test B, with fully-worked solutions, are included at the end of this workbook.

Topic 3 — Inventory

Chapter 11 — Trading firms and inventory (77 pp)

11A Trading firms and accounting for inventory · 11B Returns and other inventory transactions · 11C Inventory cards and recording · 11D The physical count: Identified Cost · 11E First-In First-Out and comparison; the perpetual system

Chapter 12 — Reporting and managing inventory (77 pp)

12A Reporting for trading firms; Cost of Sales · 12B The Cash Flow Statement and Income Statement for a trading firm · 12C Financial indicators and the Balance Sheet · 12D Inventory turnover and inventory management

Topic 3 Test A and Test B, with fully-worked solutions, are included at the end of this workbook.

Topic 4 — Accounts receivable and payable

Chapter 13 — Accounts payable for a trading business (69 pp)

13A Credit purchases of inventory and payments to accounts payable · 13B Subsidiary records for accounts payable · 13C Purchase returns and discount revenue · 13D The Statement of Account; benefits of subsidiary records

Chapter 14 — Accounts receivable for a trading business (49 pp)

14A Credit sales and receipts from accounts receivable · 14B Subsidiary records for accounts receivable · 14C Sales returns, discount expense and bad debts

Chapter 15 — Reporting and managing accounts payable and receivable (86 pp)

15A Accounting reports and credit transactions; the Cash Flow Statement · 15B The Income Statement and its uses · 15C The Balance Sheet · 15D Managing accounts payable and accounts receivable

Topic 4 Test A and Test B, with fully-worked solutions, are included at the end of this workbook.

Topic 5 — Non-current assets

Chapter 16 — Managing non-current assets (80 pp)

16A Non-current assets: valuation, management and ethics · 16B Depreciation and methods of depreciation · 16C Reporting depreciation; calculation issues · 16D A comprehensive example · 16E Financial indicators and non-current assets

Topic 5 Test A and Test B, with fully-worked solutions, are included at the end of this workbook.

Topic 6 — Budgeting and evaluating performance

Chapter 17 — Budgets (85 pp)

17A The budgeting process and the Budgeted Cash Flow Statement · 17B The Budgeted Cash Flow Statement over consecutive periods · 17C The Budgeted Income Statement and Balance Sheet · 17D Variance reports

Chapter 18 — Evaluating performance (96 pp)

18A Analysis and interpretation; assessing profitability · 18B Return on Owner's Investment and Return on Assets · 18C Asset Turnover, Net Profit Margin and Gross Profit Margin · 18D Vertical analysis of the Income Statement · 18E Assessing liquidity: Working Capital and Quick Asset Ratios · 18F Cash Flow Cover, the speed of liquidity and non-financial information

Topic 6 Test A and Test B, with fully-worked solutions, are included at the end of this workbook.

Headstart to Units 3 & 4 (preview — not assessed)

Chapter 19 — Headstart to Units 3 & 4 (56 pp)

19A Double-entry accounting and the General Ledger · 19B Recording revenues, expenses and specific transactions · 19C The Trial Balance and balancing

Chapter 19 introduces the double-entry General Ledger used in Units 3 & 4. It is a preview beyond the Units 1 & 2 study design and is not assessed in the graded topic tests or practice examinations.

Practice examinations

Chapter 20 — Practice examinations (110 pp)

Six complete practice examinations, each mirroring the end-of-year examination — 100 marks, eight compulsory questions, in a Question Book with a separate Answer Book of pre-printed response templates — graduated in difficulty, with fully-worked solutions. Chapter 19 preview content is excluded.

This series comprises ≈ 1222 pages across twenty-one booklets.