

Cambridge VCE Accounting – Unit 4 Control and Analysis of Business Performance

Introduction

This unit extends the recording and reporting processes from Unit 3 and examines the use of financial and non-financial data in assisting management in the decision-making process. It examines the role and importance of budgeting for cash and financial performance, and the evaluation and analysis of financial information in order to suggest strategies to the owner.

Course Outline

Week	Topic	Assessment
1	1: Returns of stock Chapter 13 Credit notes Purchase returns Sales returns	
2	2: Stock valuation Chapter 14 Product costs Period costs The lower of cost and Net Realisable Value Stock write down	Outcome 1 Assessment task A
3 – 4	3: Accounting for non-current assets Chapter 15 Credit purchase of a non-current asset Cash sale of a non-current asset Trade-in of a non-current asset	
5	4: Balance day adjustments: Revenues Chapter 16 Prepaid revenue Accrued revenue	Outcome 1 Assessment task B
6 – 8	5: Budgets Chapter 17 Budgeted Cash Flow Statement Schedule of receipts from debtors Budgeted Profit and Loss Statement Budgeted Balance Sheet Account reconstruction Cash Variance Report Profit Variance Report	Outcome 2 Assessment task A
9 – 10	6: Evaluating profitability Chapter 18 Return on owner's investment Return on assets Asset turnover Net profit rate Gross profit rate Adjusted Gross profit rate Vertical analysis Non-financial information Strategies to improve profitability	

Week	Topic	Assessment
11 – 12	7: Evaluating liquidity Chapter 19 Working capital ratio Quick asset ratio Cash flow ratio Interest cover Stock turnover Debtor's turnover Creditor's turnover	Outcome 2 Assessment task B

Outcomes

On completion of this unit you should be able to:

- record and report financial data and information using a double-entry accrual-based system for a single-activity sole trader and explain related aspects of this accounting system
- prepare and analyse budgets, evaluate a business using financial and non-financial information and suggest strategies to improve its profitability and liquidity.