

# STRANDS AND STANDARDS

## ADVANCED ACCOUNTING



### Course Description

In this college prep accounting course you will learn traditional college-level financial accounting concepts integrated with managerial accounting concepts. Students will learn how accounting systems gather and provide data to internal and external decision makers and gain an understanding of how businesses plan for and evaluate operating, financing, and investing decisions. This course includes financial accounting, managerial accounting, and financial statement analysis topics.

Note: Based on industry practice, students will be allowed to use resources on the state skills certification exam.

<b>Intended Grade Level</b>	10-12
Units of Credit	0.5
Core Code	32.02.00.00.030
Concurrent Enrollment Core Code	32.02.00.13.030
Prerequisite	None (Accounting 1 & 2 Recommended)
Skill Certification Test Number	213
Test Weight	0.5
<b>License Type</b>	CTE and/or Secondary Education 6-12
<b>Required Endorsement(s)</b>	
Endorsement 1	Business and Marketing (CTE/General)
Endorsement 2	Business and Marketing Core
Endorsement 3	

## STRAND 1

**Define and interpret Generally Accepted Accounting Principles (GAAP) and how they affect financial reporting.**

### Standard 1

Explain how the Generally Accepted Accounting Principles (GAAP) provide guidance and structure for preparing financial statements.

### Standard 2

Describe the information provided in each financial statement (income statement, balance sheet, cash flow statement, statement of equity) and how the statements integrate with each other.

### Standard 3

Identify business ownership structures (e.g., proprietorship, partnership, corporation).

### Standard 4

Identify types of business (e.g., service, manufacturing, merchandising).

### Standard 5

Explain the role of management and auditors in preparing and issuing an annual report.

### Standard 6

Describe the relationship among assets, liabilities, and equity on a balance sheet.

### Standard 7

Identify the classifications within assets (e.g., current, fixed), liabilities (e.g., current, long-term) and equity.

### Standard 8

Identify the proper accounts used to prepare an income statement. Identify and explain what is involved in the three phases of the management cycle (e.g., planning, performing, evaluating) and how those relate to accounting functions.

### Standard 9

Explain how internal control procedures are used to safeguard assets.

### Standard 10

Identify the elements needed to complete a bank reconciliation (i.e., cash balance, bank balance, outstanding checks, outstanding deposits, service charges).

### Standard 11

Identify taxes associated with payroll, define employer- and/or employee-paid taxes, and calculate taxes appropriately.

## STRAND 2

**Define the flow of the accounting cycle and complete the steps of the accounting cycle.**

**Standard 1**

Describe how business transactions affect the accounting equation.

**Standard 2**

Describe how the double-entry accounting system is used to record business transactions in a journal, posting transactions to a ledger, and preparing a trial balance.

**Standard 3**

Explain the need for adjusting entries and how to journalize.

**Standard 4**

Explain the need for and describe how to prepare the financial statements

- income statement
- balance sheet
- statement of equity
- cash flow statement

**Standard 5**

Explain the purposes of the closing process and describe how to journalize and post closing entries and the purpose of a post-closing trial balance.

**Strand 2 Performance Skills included below.**

**STRAND 3**

**Identify and describe the operations and production costs of a business.**

**Standard 1**

Identify product costs (e.g., direct/indirect materials, direct/indirect labor, manufacturing overhead); describe differences between product and non-product costs

- Describe journal entries to record costs of direct materials, direct/indirect labor, and manufacturing overhead.

**Standard 2**

Identify variable costs, fixed costs, and mixed costs.

**Standard 3**

Describe how high-low analysis is used to determine amounts of variable, fixed, and mixed costs.

**Standard 4**

Define the calculation for the break-even point, and describe how it is used to perform cost-volume-profit (CVP) analysis and setting prices.

**Standard 5**

Explain the flow of costs through the manufacturing accounts used in process/product or job- order costing systems.

**Standard 6**

Explain how to compute a predetermined overhead rate, its use in job-order costing, and its use in determining over/under-applied manufacturing overhead.

**Standard 7**

Define a schedule of cost of goods manufactured, a schedule of cost of goods sold and describe how they relate to the income statement.

**Strand 3 Performance Skills included below.**

**STRAND 4**

**Compare periodic and perpetual inventory systems; compare different inventory costing methods and how each method affects the cost of goods sold.**

**Standard 1**

Describe the differences between the periodic and perpetual inventory systems, and how to record business transactions using both methods.

**Standard 2**

Describe how to calculate the cost of ending inventory using the LIFO, FIFO, and weighted average inventory costing methods and how each affects the cost of goods sold.

**Standard 3**

Define the calculation for inventory turnover ratio and its impact on business decision making.

**Standard 4**

Explain how inventory for a manufacturing business differs from inventory for a merchandising business.

**Strand 4 Performance Skills included below.**

**STRAND 5**

**Define the sales, revenue recognition, and collections processes.**

**Standard 1**

Describe the GAAP of revenue recognition and how to record revenue-related transactions.

**Standard 2**

Describe transactions involving accounts receivable, uncollectible accounts, write-offs and recoveries and explain their impact on the income statement.

**Standard 3**

Describe the difference between the gross price method and the net price method, and how to journalize transactions using both methods.

**Standard 4**

Explain how to calculate the book value of accounts receivable reported on the balance sheet.

**Standard 5**

Define the calculation for the accounts receivable turnover ratio and its impact on business decision making.

**Strand 5 Performance Skills included below.**

**STRAND 6**

**Define the accounting methods for purchases of fixed assets, depreciation and disposal.**

**Standard 1**

Describe how to identify a fixed asset and the useful life.

**Standard 2**

Describe how to calculate the total cost of an asset purchase (e.g., sales tax, delivery charges, and installation charges) and how to journalize the purchase.

**Standard 3**

Define the calculations for depreciation using different methods (e.g., declining balance, sum-of-the-years digits, and straight-line); describe how to record the adjusting journal entries for depreciation.

**Standard 4**

Describe the impact of depreciation on the financial statements (e.g., book value, operating expenses).

**Standard 5**

Describe how to calculate gain/loss on the sale and/or disposal of assets.

**Strand 6 Performance Skills included below.**

**STRAND 7**

**Define how GAAP relates to long-term liabilities and equity transactions.**

**Standard 1**

Compare and contrast debt and equity financing.

**Standard 2**

Identify and describe the different classes of stock and explain the rights afforded each.

**Standard 3**

Explain cash dividends, stock dividends, and stock splits.

**Standard 4**

Explain how to journalize stock transactions (e.g., sale of stock, dividends distribution, and treasury stock).

**Standard 5**

Describe journal entries for recording a notes payable and the interest expense when paying off a notes payable.

**Standard 6**

Describe journal entries for bonds issued at face value, premium, and discount, and the expiration of those bonds.

**Strand 7 Performance Skills included below.**

## STRAND 8

**Analyze financial statements using ratios.**

### Standard 1

Define the calculation for earnings per share (EPS).

### Standard 2

Define the calculations for quick ratio and current ratio.

### Standard 3

Define the calculation for debt to equity ratio.

### Standard 4

Define the calculation for return on sales.

### Standard 5

Define the calculation for return on equity.

**Strand 8 Performance Skills included below.**

## STRAND 9

**Explore different accounting career options and how ethics and technology affect the accounting profession.**

### Standard 1

Explore examples of ethics in the accounting profession.

### Standard 2

Identify and explore the use of automated accounting software, such as:

- Spreadsheets
- QuickBooks
- Industry-standard accounting and tax software

### Standard 3

Explore Internet sites and mobile apps for accounting purposes (e.g. AICPA, start here go places, IRS, Intuit, Accounting today, Journal of Accountancy, Securities and Exchange Commission, Xero, Sage)

### Standard 4

Explore careers in the field of accounting (e.g., accountant, accounting clerk, CPA)

### Standard 5

Explore industry certifications available to students (e.g., QuickBooks, MOS Excel). Encourage students to obtain certification.

## Performance Skills

Strand 2:

- Analyze day-to-day business transactions, adjusting entries, and closing entries; prepare income statement, balance sheet, statement of equity, and cash flow statement.

Strand 3:

- Analyze business transactions to record costs of direct materials, direct/indirect labor, and manufac-

turing overhead

- Use high-low analysis to determine the variable and fixed cost portion of a mixed cost.

Strand 4:

- Analyze business transactions to record purchases of inventory using both periodic and perpetual inventory systems
- Calculate ending inventory balance using LIFO, FIFO and weighted average methods.
- Calculate inventory turnover ratio

Strand 5:

- Analyze business transactions to recognize revenue using gross price method and net price method
- Calculate accounts receivable turnover ratio

Strand 6:

- Calculate depreciation of assets using straight-line, declining balance, and sum-of-the-years' digits methods
- Analyze adjusting entry for depreciation
- Analyze business transactions for disposal of assets; including gains and losses

Strand 7:

- Analyze business transactions for bond issuance and redemption including face value, premium, and discount.

Strand 8:

- Analyze business transactions for sale of stock, dividend distributions, and treasury stock.
- Calculate financial ratios:
  - earnings per share (EPS)
  - quick ratio and current ratio
  - debt-to-equity
  - return on sales
  - return on equity

### Skill Certification Test Points by Strand

Test Name	Test #	Number of Test Points by Strand										Total Points	Total Questions	
		1	2	3	4	5	6	7	8	9	10			