

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 first gain an understanding of how businesses plan for and evaluate operating, financing, and investing decisions, then learn how accounting systems gather and provide data to internal and external decision makers. This course includes financial accounting, managerial accounting, and financial statement analysis topics.

Intended Grade Level	11-12
Units of Credit	0.5
Core Code	32.02.00.00.030
Concurrent Enrollment Core Code	N/A
Prerequisite	None (Accounting 1 and 2 Recommended)
Skill Certification Test Number	213
Test Weight	0.5
License Type	CTE and/or Secondary Education 6-12
Required Endorsement(s)	
Endorsement 1	Business and Marketing (CTE/General)
Endorsement 2	Business and Marketing Core
Endorsement 3	NA

STRAND 1

Understand what Generally Accepted Accounting Principles (GAAP) are and the objectives of 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 (i.e., proprietorship, partnership, corporation).

Standard 4

Identify types of business (i.e., 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.

Standard 9

Identify and explain what is involved in the three phases of the management cycle (i.e., planning, performing, evaluating) and how those relate to accounting functions.

Standard 10

Explain how internal control procedures are used to safeguard assets.

Standard 11

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

Standard 12

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

STRAND 2

Understand the operations and production costs of a business.

Standard 1

Identify variable costs, fixed costs, and mixed costs.

Standard 2

Use high-low analysis to determine amounts of variable costs, fixed costs, and mixed costs.

Standard 3

Define and calculate the break-even point and use it to perform cost-volume-profit (CVP) analysis.

Standard 4

Apply sensitivity analysis (i.e., changes to fixed costs and/or variable costs) to CVP analysis.

Standard 5

Determine selling price using sensitivity analysis and CVP analysis.

Standard 6

Describe the process of determining selling prices, and demonstrate how various strategies are used to determine selling price.

Standard 7

Identify product costs (e.g., direct/indirect materials, direct/indirect labor, manufacturing overhead).

Standard 8

Describe the differences between product and non-product costs.

Standard 9

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

Standard 10

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 11

Understand the necessary journal entries to record the costs of direct material, direct labor, and manufacturing overhead.

Standard 12

Know the components of a schedule of cost of goods manufactured, a schedule of cost of goods sold, and an income statement for a manufacturer.

Performance Skills

- Demonstrate various strategies used to determine selling price (i.e., sensitivity analysis and CVP analysis).

STRAND 3

Understand the flow of the accounting cycle and complete the steps of the accounting cycle.

Standard 1

Describe the purpose of the accounting system.

Standard 2

Analyze and describe how business transactions affect the accounting equation.

Standard 3

Apply the double-entry accounting system to record business transactions in a journal, post transactions to a ledger, and prepare a trial balance.

Standard 4

Explain the need for adjusting entries and record adjusting entries.

Standard 5

Explain the need for and prepare the financial statements (i.e., income statement, balance sheet, statement of equity, cash flow statement).

Standard 6

Explain the purposes of the closing process, and record closing entries.

Standard 7

Prepare a post-closing trial balance.

Performance Skills

- Complete sample day-to-day transactions, adjusting entries, and closing entries then prepare the necessary financial statements (i.e., income statement, balance sheet, statement of equity, cash flow statement).

STRAND 4

Understand the 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 record business transactions using both methods.

Standard 2

Define and calculate cost of goods sold and ending inventory using the LIFO, FIFO, and weighted average inventory costing methods.

Standard 3

Calculate inventory turnover ratio.

Standard 4

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

Performance Skills

- Calculate the ending inventory balance and cost of goods using the LIFO, FIFO and weighted average methods.

STRAND 5

Understand the sales, revenue recognition, and collections processes.

Standard 1

Describe the criteria used to determine the timing of revenue recognition and record revenue-related transactions accordingly.

Standard 2

Explain the accounting methods used to determine the accounts receivable amount on the balance sheet.

Standard 3

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

Standard 4

Describe the difference between the gross price method and the net price method, and record business transactions using both methods.

Standard 5

Calculate and interpret the accounts receivable turnover ratio.

Performance Skills

- Recognize revenue using the gross price method and the net price method, and journalize related transactions using both methods.

STRAND 6

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

Standard 1

Understand different classifications of fixed assets and the useful life of each.

Standard 2

Determine the total cost of the asset (i.e., sales tax, FOB, delivery, installation) and record the purchase.

Standard 3

Understand depreciation, depletion and amortization with different methods (i.e., double-declining balance, straight-line) and explain their impact on the financial statements. Calculate amounts and record applicable journal entries.

Standard 4

Determine the net book value of fixed assets and properly report it on the balance sheet.

Standard 5

Record the gain/loss on the sale and/or disposal of fixed assets and their impact on the financial statements.

Performance Skills

- Calculate amounts and record journal entries for depreciation, depletion and amortization using different methods (i.e., straight-line, double-declining balance).

STRAND 7

Apply generally accepted accounting principles 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 class of stock.

Standard 3

Explain cash dividends, stock dividends, and stock splits, and their impact on the financial statements.

Standard 4

Record stock transactions (e.g., sale of stock, dividends distribution, and treasury stock).

Standard 5

Compare and contrast multiple financing options (i.e., periodic payment note payable, lump-sum note payable, and periodic and lump-sum note payable). Calculate the carrying value, interest expense, and cash payments associated with these loan types.

Standard 6

Calculate the TIE (times-interest-earned) ratio.

Standard 7

Record the issuance and interest expense on notes payable.

Standard 8

Record transactions for bonds issued at face value, a premium, and a discount, and the expiration of those bonds.

Standard 9

Calculate and record interest expense for bonds issued at face value, a premium, and a discount using the effective-interest method.

Performance Skills

- Journalize transactions for bond issuance, expiration, selling at a premium, and selling at a discount.
- Journalize stock transactions involving the sale of stock, dividend distributions, and treasury stock.

STRAND 8

Analyze financial statements using ratios.

Standard 1

Explain the difference in net income and income from continuing operations (e.g., discontinued operations, extraordinary items).

Standard 2

Define and calculate earnings per share (EPS).

Standard 3

Define and be able to calculate the current ratio and debt-equity ratio.

Standard 4

Define and calculate return on sales (i.e., net profit margin) and return on equity.

Performance Skills

- Calculate financial ratios (e.g., debt-to-equity, return on equity, return on sales, current ratio), and use the ratios to analyze the financial health of a company as related to the income statement and balance sheet.

STRAND 9 (OPTIONAL)

This standard is optional if time allows. All objectives are independent and should be incorporated into curriculum where they relate, not taught together as one standard.

Standard 1

Analyze a make-or-buy decision.

Standard 2

Analyze a keep-or-drop decision.

Standard 3

Analyze an accept-or-reject decision.

Standard 4

Explain how an activity-based costing system operates, including the identification of activity cost pools and the selection of cost drivers.

Standard 5

Determine present value and future value cash flows.

Standard 6

Use net present value concepts to make investment decisions.

Standard 7

Optional industry certifications available: QuickBooks, MOS Excel.

Skill Certificate 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		
Advanced Accounting	213	6	12	8	4	2	5	9	3			49	46