



Advanced Accounting

EXAM INFORMATION

Items

46

Points

49

Prerequisites

ACCOUNTING I AND II RECOMMENDED

Grade Level

11-12

Course Length

ONE SEMESTER

Career Cluster

FINANCE

Performance Standards

INCLUDED

Certificate Available

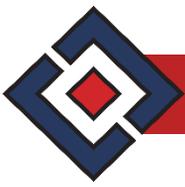
YES

DESCRIPTION

In this college prep accounting course, students 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 and 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.

EXAM BLUEPRINT

STANDARD	PERCENTAGE OF EXAM
1- Accounting Principles (GAPP)	12%
2- Operation and Production Business Costs	24%
3- The Accounting Cycle	17%
4- Inventory Cost Methods	9%
5- Sales, Revenue Recognition, Collections	6%
6- Purchases, Depreciation, and Fixed Assets	10%
7- Long-Term Liability and Equity Transactions	16%
8- Financial Statements Using Ratios	6%
9- Independent Standard (Optional)	



STANDARD 1

STUDENTS WILL UNDERSTAND WHAT GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) ARE AND THE OBJECTIVES OF FINANCIAL REPORTING

- Objective 1 Explain how the Generally Accepted Accounting Principles (GAAP) provide guidance and structure for preparing financial statements.
- Objective 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.
- Objective 3 Identify business ownership structures (Proprietorship, Partnership, Corporation).
- Objective 4 Identify the types of business (service, manufacturing, merchandising).
- Objective 5 Explain the role of management and the auditors in preparing and issuing an annual report.
- Objective 6 Describe the relationship among assets, liabilities and equity on the balance sheet.
- Objective 7 Identify the classifications within assets (current, fixed), liabilities (current, long-term) and equity.
- Objective 8 Identify the proper accounts used to prepare an income statement.
- Objective 9 Identify and explain what is involved in the three phases of the management cycle (Planning, Performing, Evaluating) and how those relate to accounting functions.
- Objective 10 Explain how internal control procedures are used to safeguard assets.
- Objective 11 Identify the elements needed to complete a bank reconciliation (cash balance, bank balance, outstanding checks, outstanding deposits, service charges).
- Objective 12 Identify taxes associated with payroll, define employer and/or employee paid taxes and calculate taxes appropriately.

STANDARD 2

STUDENTS WILL UNDERSTAND THE OPERATIONS AND PRODUCTION COSTS OF A BUSINESS

- Objective 1 Identify variable costs, fixed costs, and mixed costs.
- Objective 2 Use high-low analysis to determine amounts of variable costs, fixed costs, and mixed costs.
- Objective 3 Define and calculate break-even point and perform cost-volume-profit (CVP) analysis.
- Objective 4 Apply sensitivity analysis to (changes to fixed costs and/or variable costs) CVP analysis.
- Objective 5 Determine selling price using sensitivity analysis and CVP analysis.
- Objective 6 Describe the process of determining selling prices and demonstrate how various strategies are used to determine selling price.
- Objective 7 Identify product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead
- Objective 8 Describe the differences between product and non-product costs.
- Objective 9 Explain the flow of costs through the manufacturing accounts used in process/product or job-order costing systems.
- Objective 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.
- Objective 11 Understand the necessary journal entries to record the costs of direct material, direct labor, and manufacturing overhead.
- Objective 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.



Standard 2 Performance Evaluation included below (Optional)

STANDARD 3

STUDENTS WILL UNDERSTAND THE FLOW OF THE ACCOUNTING CYCLE AND COMPLETE THE STEPS OF THE ACCOUNTING CYCLE

- Objective 1** Apply the rules of double-entry accounting to business transactions.
1. Refer to a chart of accounts to identify accounts that are affected.
 2. Show how and why accounts are increased and decreased and the resulting changes that occur within the accounting equation.
- Objective 2** Use T-accounts to analyze business transactions into debits and credits.
1. Identify normal balance and increase and decrease sides of all accounts.
 2. Calculate changes in account balances.
 3. Show that the accounting equation is in balance.
- Objective 3** Apply the double-entry accounting system to record business transactions in a journal, post transactions to a ledger and prepare a trial balance.
- Objective 4** Explain the need for adjusting entries and record adjusting entries.
- Objective 5** Explain the need for and prepare the financial statements (Income Statement, Balance Sheet, Statement of Equity, Cash Flow Statement).
- Objective 6** Explain the purposes of the closing process and record closing entries.
- Objective 7** Prepare a post-closing trial balance.

Standard 3 Performance Evaluation included below (Optional)

STANDARD 4

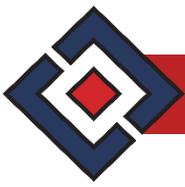
STUDENTS WILL UNDERSTAND DIFFERENT INVENTORY COSTING METHODS AND HOW EACH METHOD AFFECTS COST OF GOODS SOLD

- Objective 1** Describe the differences between the periodic and perpetual inventory systems and record business transactions using both methods.
- Objective 2** Define and calculate cost of goods sold and ending inventory using LIFO, FIFO and Weighted Average inventory costing methods.
- Objective 3** Calculate Inventory Turnover Ratio.
- Objective 4** Explain how inventory for a manufacturing business differs from inventory for a merchandising business.

Standard 4 Performance Evaluation included below (Optional)

STANDARD 5

STUDENTS WILL UNDERSTAND SALES, REVENUE RECOGNITION, AND COLLECTION PROCESSES



- Objective 1 Describe the criteria used to determine timing of revenue recognition and record revenue-related transactions accordingly.
- Objective 2 Explain the accounting methods used to determine Accounts Receivable amount on the balance sheet.
- Objective 3 Record transactions involving Accounts Receivable, uncollectible accounts, write-offs and recoveries and explain the impact on the income statement.
- Objective 4 Describe the difference between the gross price method and the net price method and record business transactions using both methods.
- Objective 5 Calculate and interpret Accounts Receivable Turnover Ratio.

Standard 5 Performance Evaluation included below (Optional)

STANDARD 6

STUDENTS WILL UNDERSTAND THE ACCOUNTING METHODS FOR PURCHASES, DEPRECIATION, AND DISPOSAL OF FIXED ASSETS

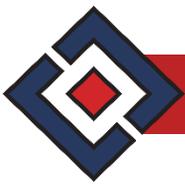
- Objective 1 Understand different classifications of fixed assets and the useful life of each.
- Objective 2 Determine total cost of the asset (sales tax, FOB, delivery, installation) and record the purchase.
- Objective 3 Understand depreciation, depletion and amortization with different methods (i.e. Double-declining balance, straight-line) and explain the impact on the financial statements. Calculate amounts and record applicable journal entries.
- Objective 4 Determine Net Book Value of fixed assets and properly report on the Balance Sheet.
- Objective 5 Record the gain/loss on sale and/or disposal of fixed assets and the impact on the financial statements.

Standard 6 Performance Evaluation included below (Optional)

STANDARD 7

STUDENTS WILL APPLY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO LONG-TERM LIABILITIES AND EQUITY TRANSACTIONS

- Objective 1 Compare and contrast debt & equity financing.
- Objective 2 Identify and describe the different classes of stock and explain the rights afforded each class of stock.
- Objective 3 Identify and describe the different classes of stock and explain the rights afforded each class of stock.
- Objective 4 Record stock transactions: sale of stock, dividends distribution, and treasury stock.
- Objective 5 Compare and contrast multiple financing options (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.
- Objective 6 Calculate the TIE (Times-interest-earned ratio).
- Objective 7 Record the issuance and interest expense on Notes Payable.
- Objective 8 Record transactions for bonds issued at face value, a premium and a discount and the expiration of those bonds.



Objective 9 Calculate and record interest expense for bonds issued at face value, a premium and a discount using the effective-interest method.

Standard 7 Performance Evaluation included below (Optional)

STANDARD 8

STUDENTS WILL ANALYZE FINANCIAL STATEMENTS USING RATIOS

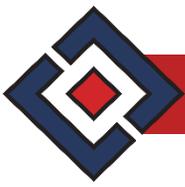
- Objective 1 Explain the difference in net income and income from continuing operations (discontinued operations, extraordinary items).
- Objective 2 Define and calculate earnings per share (EPS).
- Objective 3 Define and be able to calculate the current ratio and debt-equity ratio.
- Objective 4 Define and calculate return on sales (net profit margin) and return on equity.

Standard 8 Performance Evaluation included below (Optional)

STANDARD 9 (Optional, not included on exam)

THIS STANDARD IS OPTIONAL IF TIME ALLOWS. ALL OBJECTIVES ARE INDEPENDENT AND WOULD BE FIT INTO CURRICULUM WHERE THEY RELATE, NOT TAUGHT AS A STANDARD TOGETHER

- Objective 1 Analyze a make-or-buy decision.
- Objective 2 Analyze a Keep or Drop decision.
- Objective 3 Analyze an Accept or Reject decision.
- Objective 4 Explain how an activity-based costing system operates, including the identification of activity cost pools, and the selection of cost drivers.
- Objective 5 Determine the present value and future value cash flows.
- Objective 6 Use net present value concepts to make investment decisions.
- Objective 7 Optional industry certifications available: QuickBooks, MOS Excel.



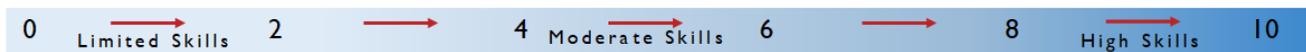
Advanced Accounting Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of **8 or higher** on the rating scale. Students may be encouraged to repeat the objectives until they average **8 or higher**.

Students Name _____

Class _____

PERFORMANCE RATING SCALE



STANDARD 2 Business Operation and Production Costs

Score:

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

STANDARD 3 The Accounting Cycle

Score:

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

STANDARD 4 Inventory Cost Methods

Score:

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

STANDARD 5 Sales, Revenue Recognition, and Collections Processes

Score:

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

STANDARD 6 Purchases, Depreciation, and Disposal of Assets

Score:

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

STANDARD 7 Long-Term Liabilities and Equity Transactions

Score:

- 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

STANDARD 8 Financial Statement

Score

- 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

PERFORMANCE STANDARD AVERAGE SCORE: