Advanced Accounting
Levels: Grades 11-12
Units of Credit: 1.0
CIP Code: 52.0332
Prerequisite: None required; Accounting I and II recommended
Skill Test:

COURSE DESCRIPTION:
In this college prep accounting course students will learn traditional college-level financial accounting concepts integrated with managerial accounting concepts. They 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.

CORE STANDARDS, OBJECTIVES, AND INDICATORS:

STANDARD 1: Describe generally accepted accounting principles and the objectives of financial reporting.
Objective 1: Explain how and why the conceptual framework of accounting and generally accepted accounting principles provides guidance and structure for preparing financial statements.
Objective 2: Describe the information provided in each financial statement and how the statements articulate with each other.
Objective 3: Identify business ownership structures.
Objective 4: Explain the role of management and the auditor in preparing and issuing an annual report.
Objective 5: Describe the relationship between assets, liabilities and equity on the balance sheet.
Objective 6: Identify and explain the classifications within assets, liabilities, and equity.
Objective 7: Define and be able to calculate the current ratio and debt-equity ratio.
Objective 8: Describe the information presented in an income statement.
Objective 9: Define and calculate return on sales (net profit margin) and return on equity.
Objective 10: Identify and explain the three phases of the management cycle.
Objective 11: Identify and explain the three phases of the management cycle.
Objective 12: Explain and calculate the operating cycle (accounts receivable turnover and inventory turnover).
Objective 13: Explain how internal control procedures are used to safeguard assets.
Objective 14: Identify the elements needed in a bank reconciliation.

STANDARD 2: Evaluate the operating results of a company.
Objective 1: Identify and explain variable costs, fixed costs, and mixed costs.
Objective 2: Use high-low analysis to determine 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 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: Describe the differences among product and non-product costs.
Objective 8: Identify and explain product costs (direct/indirect materials, direct/indirect labor, manufacturing overhead).
**Objective 9:** Describe the process of determining selling prices and demonstrate how various strategies are used to determine selling price.

**STANDARD 3:** Complete the steps in the accounting cycle in order to prepare the financial statements and apply generally accepted accounting principles to the purchasing (inventory) process for merchandising companies.

**Objective 1:** Describe the purpose of the accounting system.

**Objective 2:** Describe the purpose of journals and ledgers and their relationship.

**Objective 3:** Analyze and describe how business transactions impact the accounting equation.

**Objective 4:** Apply the double-entry system of accounting to record business transactions and prepare a trial balance.

**Objective 5:** Explain the need for adjusting entries and record adjusting entries.

**Objective 6:** Explain the need for and prepare the financial statements for the different types of business operations and ownership structures.

**Objective 7:** Explain the purposes of the closing process and record closing entries.

**Objective 8:** Complete the steps in the accounting cycle and prepare financial statements.

**Objective 9:** Describe the differences between the periodic and perpetual inventory systems and record business transactions using both methods.

**Objective 10:** Describe the difference between the gross price method and the net price method and record business transactions using the gross price method and the net price method.

**Objective 11:** Determine cash paid for inventory and operating expenses.

**Objective 12:** Define which payroll taxes the employer and employee are each responsible for and calculate taxes appropriately.

**STANDARD 4:** Apply generally accepted accounting principles to the inventory, cost of goods sold, sales and collection processes.

**Objective 1:** Describe the criteria used to determine revenue recognition and record revenue-related transactions.

**Objective 2:** Explain the accounting methods used to determine the value of accounts receivable to be reported on the balance sheet and describe the effect on the income statement. Record transactions involving accounts receivable, including uncollectible accounts, write-offs, and recoveries.

**Objective 3:** Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement.

**Objective 4:** Define and calculate cost of goods sold and ending inventory using LIFO, FIFO and Weighted Average inventory costing methods.

**Objective 5:** Explain how inventory for a manufacturing business differs from inventory for a merchandising business.

**Objective 6:** Explain the flow of costs through the manufacturing accounts used in process/product or job-order costing systems.

**Objective 7:** Explain how to compute a predetermined overhead rate, and explain its use in job-order costing. Using the predetermined overhead rate, determine whether manufacturing overhead is over/under-applied.

**Objective 8:** Understand the necessary journal entries to record the costs of direct material, direct labor, and manufacturing overhead.

**Objective 9:** 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 5: Apply generally accepted accounting principles to fixed assets.

Objective 1: Explain the purpose and methods of cost allocation.

Objective 2: Understand depreciation, depletion and amortization with different methods (e.g., double-declining, straight-line, MACRS) and explain the impact on the financial statements. Calculate amounts and record applicable journal entries.

Objective 3: Record the sale and disposal of fixed assets and the impact on the financial statements.

STANDARD 6: Apply generally accepted accounting principles to long-term liabilities and equity transactions.

Objective 1: Compare and contrast debt and equity financing; review debt-to-equity ratio.

Objective 2: Identify and describe the different classes of stock and explain the rights afforded each class of stock.

Objective 3: Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements.

Objective 4: Analyze stock transactions—contributions by owners, corporate distributions (dividends), and the reacquisition of company stock.

Objective 5: Compare and contrast multiple financing options (e.g., periodic payment note payable, lump-sum note payable, and periodic and lump-sum note payable—interest only and principal and interest notes) and analyze the TIE (times-interest-earned ratio). Calculate the carrying value, interest expense and cash payments associated with these loan types.

Objective 6: Analyze transactions for notes payable: issuance and interest expense.

Objective 7: Analyze transactions for bonds issued at face value, a premium and a discount.

Objective 8: Analyze interest expense for bonds issued at face value, a premium and a discount using the effective-interest method.

STANDARD 7: Prepare and analyze financial statements.

Objective 1: Describe the purpose of, information provided within and steps needed to prepare an income statement.

Objective 2: Explain the difference in net income and income from continuing operations (discontinued operations, extraordinary items).

Objective 3: Define and calculate earnings per share (EPS).

Objective 4: Describe the purpose of, information provided in, and steps needed to prepare a balance sheet and statement of equity.

Objective 5: Describe the purpose of, information provided in, and steps needed for a statement of cash flows.

STANDARD 8 (Optional): 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.