

ACCOUNTING III

MIS03 14012

Students in Accounting III will acquire a more thorough, in-depth knowledge of accounting procedures and techniques utilized in solving business problems and making financial decisions. Students will develop skills in analyzing and interpreting financial information common to businesses. A contemporary business simulation set that lets the student put accounting skills into practice is often included.

Credit ½ credit
Max credit = ½

Level Grades 10-12

Prerequisite: Accounting II

-These are the standards/competencies taken from the larger Business Education document that are the bare minimum to be covered in the class in any school using this MIS03 code.

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Standard 1	ACCOUNTING	
THE ACCOUNTING PROFESSION		
Topic 1.1	Explain the role that accountants play in business and society.	
	Student Competencies	
	1.1.3	Explain how current events impact the accounting profession.
	1.1.4	Explain how the rapid advances in technology continue to impact the accounting profession.
Topic 1.2	Explain career opportunities in the accounting profession.	
	Student Competencies	
	1.2.2	State and explain the professional designations and certifications in the accounting profession.
	1.2.4	Explain why accounting firms are shifting their hiring models to focus more on technology skills and nonaccountants.
	1.2.5	Explain the skills and competencies needed to succeed in the accounting profession and how those required skills and competencies are evolving with the rapid advances in technology.
	1.2.6	Explain the areas of specialization within the accounting profession and careers that require a knowledge of accounting.

Topic 1.3 Demonstrate the business and professional skills and competencies required to succeed in the accounting profession and/or in an accounting-related career.		
Student Competencies		
	1.3.3	Demonstrate ethical decision-making skills and conduct in a business scenario.
	1.3.4	Apply analytical and critical decision-making skills.
FINANCIAL REPORTS		
Topic 1.4 Use an annual report and financial statements to make informed business decisions.		
Student Competencies		
	1.4.5	State and explain the types of audit opinions.
	1.4.6	Explain the role of accounting and regulatory organizations in relation to financial reports.
	1.4.7	State and explain the information provided in each financial statement and how the statements articulate with each other.
	1.4.10	State and explain the different formats of an income statement.
	1.4.11	State the classifications in an income statement and explain their relationship to each other (e.g., revenue, expenses, gains, losses).
	1.4.12	Explain changes in the ownership structure using the statement of equity.
	1.4.13	Explain how and why the conceptual framework of accounting and generally accepted accounting principles provide guidance and structure for preparing financial statements.
	1.4.15	Explain how the different forms of business ownership are reported in the financial statements.
	1.4.16	State and explain the different types of business operations.
	1.4.17	Explain how the different types of business operations are reflected in the financial statements.
	1.4.18	State and explain the business activities reported in a statement of cash flow (e.g., operating, investing, financing).
	1.4.19	Define other comprehensive income (loss) and explain its relationship to operating results.
	1.4.20	Explain how disclosure requirements impact financial reporting.
FINANCIAL ANALYSIS		
Topic 1.5 Assess the financial condition and operating results of a company and analyze and interpret financial statements and information to make informed business decisions.		
Student Competencies		
	1.5.1	Discuss the information that can be obtained from analyzing financial statements.
	1.5.2	Recognize the primary areas of analysis (e.g., trend analysis, profitability, liquidity, capital structure) and explain the information that can be obtained from each type of analysis.
	1.5.3	Perform a horizontal and vertical analysis of the income statement and balance sheet.
	1.5.4	Assess profitability by calculating and interpreting financial ratios (e.g., gross profit margin, operating profit margin, net profit margin, return on assets, return on operating assets, sales turnover).
	1.5.5	Assess liquidity and solvency by calculating and interpreting financial ratios (e.g., working capital, current ratio, quick ratio, cash ratio, inventory turnover, accounts receivable turnover, operating cycle).
	1.5.6	Compare and contrast debt and equity financing and explain the impact on the financial statements.

	1.5.7	Assess capital structure by calculating and interpreting financial ratios (e.g., debt ratio, long-term debt ratio, debt-to-equity ratio, Times-Interest-Earned ratio).
	1.5.8	Research industry averages and explain their use in assessing the financial condition, operating results, profitability, liquidity, and capital structure.
	1.5.9	Use current technology, research tools, financial/business or data analytic software to conduct financial analysis.
	1.5.10	State and explain common methods for manipulating financial statements and financial ratios.
	1.5.11	Explain the ethical and legal implications resulting from the manipulation of financial statements and financial ratios.
	1.5.12	Use the statement of cash flow to analyze business activities (e.g., operating, investing, financing).
	1.5.13	Analyze cash flow from operating activities to assess profitability and liquidity.
ACCOUNTING PRINCIPLES		
Topic 1.6	State and explain generally accepted accounting principles (GAAP) and explain how applying GAAP impacts the recording of financial transactions and the preparation of financial statements.	
Student Competencies		
	CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING	
	1.6.1	Explain the conceptual framework of accounting and GAAP and assumptions.
	1.6.2	Discuss U.S. GAAP and International Financial Reporting Standards (IFRS) and explain the role of the Financial Accounting Standards Board (FASB), Securities and Exchange Commission (SEC), and International Accounting Standards Board (IASB).
	1.6.5	Distinguish between the accrual basis of accounting and the cash basis of accounting and discuss the impact each has on the financial statements.
	ASSETS	
	1.6.6	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.
	1.6.7	Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries.
	1.6.8	Explain the difference between the periodic and perpetual inventory methods.
	1.6.9	Determine the cost of inventory for merchandising and manufacturing businesses and apply appropriate valuation methods.
	1.6.10	State and explain the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement.
	1.6.11	Explain the criteria used to distinguish between capital expenditures (recording an asset) and revenue expenditures (recording an expense).
	1.6.12	Determine the costs of property, plant and equipment, natural resources, and intangible assets.
	1.6.13	Explain the purpose of cost allocation.
	1.6.14	Calculate and record depreciation, depletion, and amortization expense and explain the impact on the financial statements.
	1.6.15	Determine the impact on the financial statements when assets are sold, disposed of, or rendered obsolete.

	<i>LIABILITIES</i>	
	1.6.16	Record transactions for accounts payable and other short-term debt.
	1.6.17	Record transactions for long-term debt instruments.
	1.6.18	Determine the initial valuation of long-term debt instruments and their impact on the financial statements.
	1.6.19	Explain why businesses issue bonds and why they are issued at a discount or premium.
	1.6.20	Calculate the cost of borrowed funds and determine the impact on the financial statements.
	1.6.21	Record bond-related transactions, including issuance, payment of interest, and retirement of bonds.
	<i>EQUITY</i>	
	1.6.22	Explain how operating results, capital contributions, and distribution of earnings affect equity for the various ownership structures.
	1.6.23	State the different classes of stock and explain the rights afforded each class of stock.
	1.6.24	Explain how classes of stock can be converted into other classes and how to account for the conversion.
	1.6.25	Record equity-related transactions.
	1.6.26	Differentiate between a cash dividend and a stock dividend and explain the impact on the financial statements.
	1.6.29	Explain how other comprehensive income/(loss) affects equity.
	<i>REVENUE</i>	
	1.6.30	Explain the criteria used to determine revenue recognition.
	1.6.31	Determine the amount of revenue earned and the proper period.
	1.6.32	Record revenue-related transactions, including unearned portions of revenue.
	<i>EXPENSE</i>	
	1.6.34	Record expense-related transactions.
	<i>GAINS AND LOSSES</i>	
	1.6.37	Record transactions resulting in gains and losses.
	<i>OTHER COMPREHENSIVE INCOME/(LOSS)</i>	
	1.6.38	Distinguish between revenue, gains, and other comprehensive income.
	1.6.39	Distinguish between expenses, losses, and other comprehensive losses.
	1.6.40	Record transactions resulting in other comprehensive income or loss.
ACCOUNTING PROCESS		
Topic 1.7	Complete the steps in the accounting cycle to prepare financial statements.	
	Student Competencies	
	1.7.6	Explain and analyze how business transactions impact the accounting equation.
	1.7.7	Apply the double-entry system of accounting to record business transactions and prepare a trial balance.
	1.7.8	Explain the need for adjusting entries and record adjusting entries.
	1.7.9	Explain the purposes of the closing process and record closing entries.
	1.7.10	Prepare the financial statements for the different types of business operations and ownership structures.
	1.7.11	Explain the relationship between the closing process, the financial statements, and the post-closing trial balance.

	1.7.12	Use ledgers and financial statements to determine the business transactions that occurred and to trace back to source documents.
INTERPRETATION AND USE OF DATA		
Topic 1.8	Use planning and control principles to evaluate the organization's performance and apply differential analysis and present-value concepts to make informed business decisions.	
	Student Competencies	
	<i>PLANNING AND CONTROL</i>	
	1.8.1	State and explain internal control procedures used to safeguard assets and ensure the integrity of the accounting information system.
	1.8.2	State and explain the most effective way to test internal controls.
	1.8.3	Explain how to apply appropriate information technology to the accounting system.
	1.8.4	Explain how to use activity-based costing in the planning process.
	1.8.5	Explain and compare the behavior of fixed, variable, and mixed costs.
	1.8.6	Apply cost-volume- profit and contribution margin analysis in planning operations.
	<i>DECISION MAKING</i>	
	1.8.7	Explain how accounting information facilitates management decision-making.
	1.8.8	Apply differential analysis to make the following types of decisions: make or buy a product; lease or buy an asset; discontinue a department, plant, or product; offer discounted prices on special orders; replace or repair equipment.
	1.8.9	Apply present-value concepts to evaluate capital investment opportunities.