

ACCOUNTING

Grade Level:	11,12
Length:	1 Year
Period(s) Per Day:	1
Credit:	1
Credit Requirement Fulfilled:	Vocational/Elective

Course Description

Students will be taught the accounting cycle and double entry accounting. Various forms such as: ledgers, journals, financial statements, worksheets, and payroll forms. The textbook utilizes a traditional accounting cycle approach to introducing students to new concepts and procedures. This step-by-step development gives students the guidance they look for and clearly demonstrates the continuity and interrelationships of the accounting process. There will be an integration of computerized accounting with both spreadsheets and accounting software.

Themes

1. Business Transactions and The Accounting Equation
2. Transactions that affect Assets, Liabilities, and Owner's Capital
3. Transactions that Affect Revenue, Expenses, and Withdrawals
4. Recording Transactions in a General Journal
5. Posting Journal Entries to General Ledger Accounts
6. The Six-Column Work Sheet
7. Financial Statements for a Sole Proprietorship
8. Completing the Accounting Cycle for a Sole Proprietorship
9. Cash Control and Banking Activities

Course Objectives and Expectations

This course covers the main concepts and procedures of the Accounting Cycle in a Sole Proprietorship. This will include the internal and external documents and paperwork necessary in a business. Students should be able to maintain Accounting records for a live Sole Proprietorship by the end of the course.

1. Prepare a trial balance
2. Prepare a worksheet
3. Prepare financial statements
4. Journalize and post-closing entries
5. Prepare a post-closing trial balance

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Pacing	Montana Standards for Career and Vocational	National Standards for Business Education
<i>Semester 1</i>		
<i>Unit 1. Introduction to Accounting</i>		
Ch. 1 – The World of Accounting	M1-BII	N-Acc1
Ch. 2 – The World of Business and Accounting	M1-BII	N-Acc1
<i>Unit 2. The Basic Accounting Cycle</i>		
Ch. 3 – Business Transactions and The Accounting Equation	M4-BII	N-Acc4
Ch. 4 – Transactions that Affect Assets, Liabilities, And Owner’s Capital	M4-BII	N-Acc4 N-Acc4
Ch. 5 – Transactions that Affect Revenue, Expenses, and Withdrawals	M4-BII	N-Acc4
Ch. 6 – Recording Transactions in a General Journal	M4-BII	N-Acc5
Ch. 7 – Posting Journal Entries to General Ledger Accounts	M4-BII	N-Acc5
Ch. 8 – The Six-Column Work Sheet	M4-BII	N-Acc5

Introduction to Accounting

- A. You and the World of Accounting
 - a. Exploring Careers
 - b. Accounting Careers and Organizations
- B. The World of Business and Accounting
 - a. Types and forms of businesses
 - b. Financial versus Managerial Accounting

The Basic Accounting Cycle

- A. Business Transactions and the Accounting Equation
 - a. Property and Financial Claims
 - b. Transactions that affect Owner’s Investment, Cash, and Credit
 - c. Transactions that affect revenue, expense, and withdrawals by the owner
- B. Transactions that Affect Assets, Liabilities, and Owner’s Capital
 - a. Accounts and the double entry system
 - b. Applying the rules of debit and credit
- C. Transactions that Affect Revenue, Expenses, and Withdrawals
 - a. Relationship of revenue, expenses, and withdrawals to owner’s equity
 - b. Applying the rules of debit and credit to revenue, expense, and withdrawals transactions
- D. Recording Transactions in a General Journal
 - a. The Accounting Cycle
 - b. Recording transactions in the general journal
- E. Posting Journal Entries to General Ledger Accounts
 - a. The general ledger
 - b. The posting process
 - c. Preparing a Trial Balance
- F. The Six-Column Work Sheet
 - a. Preparing the Work Sheet
 - b. Completing the Work Sheet

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Pacing	Montana Standards for Career and Vocational	National Standards for Business Education
<i>Semester 2</i> <i>Unit 2 The Basic Accounting Cycle</i> Ch. 9 Financial Statements for a Sole Proprietorship Ch. 10 Completing the Accounting Cycle for a Sole Proprietorship Ch. 11 Cash Controls and Banking Activities <i>Unit 3 Accounting for a Payroll System</i> Ch. 12 Payroll Accounting Ch. 13 Payroll Liabilities and Tax Records Final Project Create Your Own Company	M2 – BII, M4-BII M4-BII M2 – BII, M4-BII M2 – BII, M4-BII M2 – BII, M4-BII M3 – BII, M4-BIII	N-Acc2, N-Acc3, N-Acc6 N-Acc2, N-Acc3, N-Acc6 NAcc7 NAcc7 NAcc7 N-Acc5, N-Acc6, N-Acc7

Semester 2

Unit 2 – The Basic Accounting Cycle

- G. Financial Statements for a Sole Proprietorship
 - a. The Income Statement
 - b. The Statements of Changes in Owner’s Equity
 - c. The Balance Sheet and The Statement of Cash Flows
- H. Completing the Accounting Cycle for a Sole Proprietorship
 - a. Preparing Closing Entries
 - b. Posting Closing Entries and Preparing a Post-Closing Trial Balance
- I. Cash Controls and Banking Activities
 - a. Banking Procedures
 - b. *Reconciling the Bank Statement*

Unit 3 – Accounting for a Payroll System

- A. Payroll Accounting
 - a. Calculating Gross Earnings
 - b. Payroll Deductions
 - c. Payroll Records
- B. Payroll Liabilities and Tax Records
 - a. Journalizing and Posting the Payroll
 - b. Employer’s Payroll Taxes
 - c. Tax Liability Payments and Tax Reports

Final Project – Create Your Own Company

- A. Apply the Accounting Concepts and Cycle to a real business model

Timeline

Ch. 1	(2 weeks to cover)
Ch. 2	(2 weeks to cover)
Ch. 3	(3 weeks to cover)
Ch. 4	(3 weeks to cover)
Ch. 5	(3 weeks to cover)
Ch. 6	(3 weeks to cover)
Ch. 7	(3 weeks to cover)
Ch. 8	(3 weeks to cover)
Ch. 9	(3 weeks to cover)
Ch. 10	(3 weeks to cover)
Ch. 11	(3 weeks to cover)
Ch. 12	(2 weeks to cover)
Ch. 13	(2 weeks to cover)
Final Project	(3 weeks to cover)

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Career and Vocational/Technical Education Content Standard 1

M1

Students experience various career opportunities and assess personal career pathways.

Rationale - rewarding careers and productive employment are built through exploration and an understanding of career choices.

Benchmark I (by the end of 8th grade)	Benchmark II (grades 9-12)	Benchmark III (concentrators)
<ol style="list-style-type: none"> 1. describe and demonstrate the importance of goal setting and career planning. 2. explore and investigate career opportunities. 3. describe various lifetime roles (e.g., friend, student, leader, worker, family member). 	<ol style="list-style-type: none"> 1. explore and identify personal interests, aptitudes, and abilities and develop strategies to achieve tentative career goals. 2. utilize local resources to research career plans. 3. recognize the interrelationships of family, community career, and leisure roles. 	<ol style="list-style-type: none"> 1. develop evaluate, and modify personal career plans. 2. experience an internship, job shadow, or work experience related to their career plan. 3. evaluate career choices and the effect on family and lifestyle.

Career and Vocational/Technical Education Content Standard 2

M2

Students demonstrate an understanding and apply principles of Resource Management (i.e., financial, time, personal management).

Rationale - Students must be able to manage workplace resources in order to become successful members of society.

Benchmark I (by the end of 8th grade)	Benchmark II (grades 9-12)	Benchmark III (concentrators)
<ol style="list-style-type: none"> 1. use basic monetary skills, practice maintaining basic financial records. 2. follow detailed instructions and complete assignment (e.g., project/time management). 3. recognize time constraints (e.g., personal time). 4. recognize limitations on physical resources. 	<ol style="list-style-type: none"> 1. prepare a budget and keep financial records. 2. prioritize, allocate time, prepare and follow schedule to complete a project. 3. apply appropriate time to task. 4. use physical resources wisely to accomplish a goal. 	<ol style="list-style-type: none"> 1. prepare and analyze financial plans, make forecasts, make adjustments to meet objectives, and evaluate financial records. 2. select, design, complete and evaluate a project (e.g., manage multiple facets of a project)(3. manage multiple priorities and assess effectiveness of outcomes (school, work, family). 4. evaluate the use of physical resources.

Career and Vocational/Technical Education Content Standard 3

M3

Students acquire and utilize personal and leadership skills to become successful, productive citizens.

The development of positive personal qualities and leadership is a vital component in career success. This development can be achieved through a variety of methods, which may include Career and Technical Student Organizations.

Benchmark I (by the end of 8th grade)	Benchmark II (grades 9-12)	Benchmark III (concentrators)
<ol style="list-style-type: none"> 1. serve as a positive role model by following the rules, regulations, and policies of the school community. 2. identify personal and work ethics. 3. recognize characteristics of good citizenship. 4. identify methods that can increase a person's self-esteem. 5. observe and recognize diversity. 6. describe several methods of communication. 	<ol style="list-style-type: none"> 1. demonstrate active leadership skills by participation in group activities and projects. 2. demonstrate positive personal and work ethics. 3. demonstrate skills to be a productive citizen. 4. apply self-esteem building practices. 5. demonstrate appreciation for diverse perspective needs and characteristics. 6. practice several methods of effective communication. 	<ol style="list-style-type: none"> 1. assume a leadership role (e.g., team leader, CTSO officer, committee chair). 2. evaluate, compare and contrast positive personal and work ethics. 3. implement and evaluate a successful, productive citizenship activity (i.e., community service project). 4. select methods to constructively build esteem in others as well as self. 5. respect differences and works well with individuals from diverse backgrounds and philosophies. 6. utilize multiple communication methods to complete a class project.

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Career and Vocational/Technical Education Content Standard 4

M4

Students acquire and demonstrate current technical skills leading to an occupation.

Rationale: In today's technology-driven society, students must be able to use tools, materials and processes to improve task completion and transfer technical skills within a variety of workplace settings.

Benchmark I (by the end of 8th grade)	Benchmark II (grades 9-12)	Benchmark III (concentrators)
<ol style="list-style-type: none"> 1. identify appropriate technical skills required for selected occupation. 2. practice safe and appropriate use of technology. 3. identify and use the appropriate tools and equipment for the task. 4. identify and demonstrate appropriate care of technological tools. 5. follow basic technical instruction. 	<ol style="list-style-type: none"> 1. practice technical skills and procedures required for an occupation. 2. practice safe and appropriate use of technology. 3. select the appropriate tools, equipment, and procedures for the task. 4. manage and maintain technological tools and follow troubleshooting protocol. 5. apply technical information to a variety of sources. 	<ol style="list-style-type: none"> 1. master the technical skills required for an entry level job or advanced training. 2. practice safe and appropriate use of technology. 3. master of tools and equipment needed for an entry level job or advanced training. 4. manage and maintain technological systems and follow troubleshooting protocol. 5. adapt technical information generated from a variety of technical sources.

Career and Vocational/Technical Education Content Standard 5

M5

Students acquire and demonstrate current technical skills leading to an occupation.

Rationale: In today's technology-driven society, students must be able to use tools, materials and processes to improve task completion and transfer technical skills within a variety of workplace settings.

Benchmark I (by the end of 8th grade)	Benchmark II (grades 9-12)	Benchmark III (concentrators)
<ol style="list-style-type: none"> 1. apply academic and technical skills to a class project. 2. identify the concepts of entrepreneurship. 3. describe how decisions affect self and others. 4. use acceptable industry standard equipment in a school setting. 	<ol style="list-style-type: none"> 1. practice and demonstrate academic and technical skills to a workplace setting 2. apply the concepts of entrepreneurship. 3. identify possible outcomes and consequences of decisions. 4. use acceptable industry standard equipment in a school setting. 	<ol style="list-style-type: none"> 1. transfer academic an technical skills to the level of industry standards. 2. evaluate and/or design components of a business plan. 3. demonstrate decision-making and problem-solving skills. 4. use acceptable industry standard equipment in a school setting.

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NATIONAL STANDARDS FOR BUSINESS EDUCATION

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- 1) The Accounting Profession **N-Acc1**
 - a) Achievement Standard: Explain the role that accountants play in business and society.
 - i) Level 3-4 Performance Expectations
 - (1) Describe the current and historical regulatory environment of the Accounting profession.
 - (2) Identify the major-policy setting bodies in the accounting profession and explain their role
 - (3) Explain how current events impact the accounting profession
 - (4) Explain the need for a code of ethics in accounting and the ethical responsibilities required of accountants
 - (5) Explain how accounting information is used to allocate resources in the business and personal decision-making process
 - b) Achievement Standard: Describe career opportunities in the accounting profession.
 - i) Level 3-4 Performance Expectation
 - (1) State and explain the role, service or mission of student and professional accounting organizations and associations
 - (2) State and explain the professional designations and certifications in the accounting profession
 - (3) Explain the educational requirements for various careers, professional designations and certifications in the accounting profession
 - (4) Explain the skills and competencies needed to be successful in the accounting profession
 - (5) Describe the areas of specialization within the accounting profession and careers that require a knowledge of accounting.
 - c) Achievement Standard: Demonstrate the skills and competencies required to be successful in the accounting profession and/or in an accounting-related career.
 - i) Level 3-4 Performance Expectations
 - (1) Deliver a speech and make a presentation
 - (2) Perform research and communicate in writing the results of the research
 - (3) Demonstrate ethical decision-making skills and conduct in a business scenario
 - (4) Apply analytical and critical-decision making skills
 - (5) Identify and use information technology productively
 - (6) Exhibit leadership skills
 - (7) Demonstrate the ability to work within a team concept
 - 2) Financial Reports **N-Acc2**
 - a) Achievement Standard: Use an annual report and financial statements to make informed business decisions.
 - i) Level 3-4 Performance Expectations
 - (1) Identify sources for obtaining financial reports
 - (2) Describe the users and uses of financial information
 - (3) Identify the sections in an annual report and explain the purpose of each section
 - (4) Explain the role of management and the auditor in preparing and issuing an annual report
 - (5) Identify and explain the types of audit opinions
 - (6) Explain the role of accounting and regulatory organizations in relation to financial reports
 - (7) Describe the information provided in each financial statement and how the statements articulate with each other
 - (8) Describe the relationship between assets, liabilities and equity on the balance sheet
 - (9) Identify and explain the classifications within assets, liabilities, and equity
 - (10) Identify the different formats of an income statement
 - (11) Identify the classifications in an income statement and explain their relationship to each other (revenue, expense, gains, losses)
 - (12) Describe changes in the ownership structure using the statement of equity
 - (13) Explain how and why the conceptual framework of accounting and generally accepted accounting principles provide guidance and structure for preparing financial statements
 - (14) Describe the different forms of business ownership and the advantages and disadvantages of each form
 - (15) Explain how the different forms of business ownership are reported in the financial statements
 - (16) Identify the different types of business operations
 - (17) Explain how the different types of business operations are reflected in the financial statements
 - 3) Financial Analysis **N-Acc3**
 - a) Achievement Standard: Assess the financial condition and operating results of a company and analyze and Interpret financial statements and information to make informed business decisions.
 - i) Level 3-4 Performance Expectations.
 - (1) Discuss the information that can be obtained from analyzing financial statements
 - (2) Recognize the primary areas of analysis (trend analysis, profitability, liquidity, capital structure) and explain the information that can be obtained from each type of analysis
 - (3) Perform a horizontal and vertical analysis of the income statement and balance sheet
 - (4) Assess profitability by calculating and interpreting financial ratios (working capital, current ratio, quick ratio, cash ratio, inventory turnover, accounts receivable turnover, operating cycle)
 - (5) Compare and contrast debt and equity financing and explain the impact on the financial statements
 - (6) Assess capital structure by calculating and interpreting financial ratios (debt ratio, long-term debt ratio, debt-to-equity ratio, Times-Interest-Earned ratio)

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- (7) Research industry averages and explain their use in assessing the financial condition, operating results, profitability, liquidity and capital structure
 - (8) Apply information technology to conduct financial analysis
 - (9) Identify and explain common methods for manipulating financial statements and financial ratios
 - (10) Describe the ethical and legal implications resulting from the manipulation of financial statements and financial ratios
- 4) Accounting Principles **N-Acc4**
- a) Achievement Standard: Identify and describe generally accepted accounting principles (GAAP), explain how the application of GAAP impacts the recording of financial transactions and the preparation of financial statements.
 - i) Conceptual Framework for Financial Reporting - Level 3-4 Performance Expectations
 - (1) Describe and explain the conceptual framework of accounting and generally accepted accounting principles and assumptions
 - (2) Discuss the U.S. GAAP and International Financial Reporting Standards (IFRS) Convergence Project and explain the role of the Financial Accounting Standards Board (FASB), Securities and Exchange Commission (SEC), and International Accounting Standards Board (IASB)
 - (3) Explain the key differences between U.S. GAAP and IFRS
 - (4) Define assets, liabilities, equity, revenue, expenses, gains and losses
 - (5) Distinguish between the accrual basis of accounting and the cash basis of accounting and discuss the impact each has on the financial statements
 - ii) Assets
 - (1) 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
 - (2) Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries
 - (3) Explain the difference between the periodic and perpetual inventory methods
 - (4) Determine the cost of inventory for merchandising and manufacturing businesses and apply appropriate valuation methods
 - (5) Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement
 - (6) Describe the criteria used to distinguish between capital expenditures and revenue expenditures
 - (7) Determine the costs of property, plant and equipment, natural resources and intangible assets
 - (8) Explain the purpose of cost allocation
 - (9) Identify, calculate and record depreciation, depletion and amortization and explain the impact on the financial statements
 - (10) Determine the impact on the financial statements when assets are sold, disposed, or rendered obsolete
 - iii) Liabilities
 - (1) Record transactions for accounts payable and other short-term debt
 - (2) Determine the initial valuation of long-term debt instruments and their impact on the financial statements
 - (3) Record transactions for long-term debt instruments
 - (4) Calculate the cost of borrowed funds and determine the impact on the financial statements
 - iv) Equity
 - (1) Explain how operating results, capital contributions and distribution of earnings affect equity for the various types of ownership structures
 - (2) Identify and describe the different classes of stock and explain the rights afforded each class of stock
 - (3) Record equity-related transactions
 - (4) Explain how the acquisition and sale of company's own stock affects the financial statements
 - (5) Differentiate between stock splits and stock dividends and explain how each affects equity
 - v) Revenue
 - (1) Describe the criteria used to determine revenue recognition
 - (2) Record revenue-related transactions
 - vi) Expense
 - (1) Describe the criteria used to determine expense recognition
 - (2) Record expense related transactions
 - vii) Gains and Losses
 - (1) Distinguish between revenue and gains
 - (2) Distinguish between expenses and losses
 - (3) Record transactions resulting gains and losses
- 5) Accounting Process **N-Acc5**
- a) Achievement Standard: Complete the steps in the accounting cycle in order to prepare the financial statements
 - i) Level 3-4 performance expectations
 - (1) Explain the purpose of the accounting system
 - (2) Explain the purpose of journals and ledger and their relationship
 - (3) Describe the impact of technology on the accounting process
 - (4) Identify and explain the advantages and disadvantages of different types of accounting systems
 - (5) Differentiate between accounting and bookkeeping
 - (6) Describe and analyze how business transactions impact the accounting equation
 - (7) Apply the double-entry system of accounting to record business transactions and prepare a trial balance
 - (8) Explain the need for adjusting entries and record adjusting entries
 - (9) Explain the purposes of the closing process and record closing entries
 - (10) Prepare the financial statements for the different types of business operations and ownership structures

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- (11) Describe the relationship between the closing process, the financial statements and the post-closing trial balance
- 6) Interpretation and Use of Data **N-Acc6**
- a) Achievement Standard: Use planning and control principles to evaluate the performance of an organization and apply differential analysis and present-value concepts to make informed business decisions.
- i) Planning and Control
- (1) Identify and apply internal control procedures used to safeguard assets and ensure the integrity of the accounting information system
 - (2) Explain how to apply appropriate information technology to the accounting system
 - (3) Explain how to use activity-based costing and why it is used
 - (4) Explain and compare the behavior of fixed, variable, and mixed costs
 - (5) Apply cost volume profit and contribution margin analyses in planning operations
 - (6) Prepare a budget for planning purposes
- ii) Decision Making
- (1) Explain how accounting information facilitates management decision making
 - (2) 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.
- 7) Compliance **N-Acc7**
- a) Achievement Standard: Explain the individual income tax procedures and requirements to comply with tax laws and regulations.
- i) Personal Finance
- (1) Describe the history and purpose of tax law in the United States and the process by which tax laws are created
 - (2) Explain the composition of taxable income and calculate income tax
 - (3) Complete individual income tax forms
 - (4) Identify, discuss and apply strategies for minimizing taxable income
 - (5) Distinguish between tax avoidance and tax evasion
- ii) Financial Reporting
- (1) Explain why income for financial reporting and taxable income are calculated differently
 - (2) Identify and explain permanent and temporary difference in net income and taxable income
 - (3) Calculate permanent and temporary differences in net income and taxable income
- iii) Payroll
- (1) Calculate Net Pay
 - (2) Calculate employer's payroll taxes
 - (3) Prepare payroll reports

Resources

Montana Standards for Career and Vocational Technical Education Content Standards

<http://opi.mt.gov/pdf/Standards/ContStds-CareerTech.pdf>

National Business Education Association (NBEA) Curriculum Standards

<https://www.nbea.org/newsite/curriculum/standards/>

Guerreri, D.J., Haber, F.B., Hoyt, W.B., & Turner, R.E. (2007). *Accounting Real-World Application & Connections*. Bothell, WA: Glencoe.