

INTRODUCTION TO ACCOUNTING

Introduction to Accounting introduces the language of business using Generally Accepted Accounting Principles (GAAP) and procedures for proprietorships and partnerships using double-entry accounting. Emphasis is placed on accounting principles as they relate to both manual and automated financial systems. This course involves understanding, analyzing, and recording business transactions and preparing, analyzing, and interpreting financial reports as a basis for decision-making.

- DOE Code: 4524
- Recommended Grade Level: 10, 11
- Recommended Prerequisite: None
- Credits: 2 semester course, 2 semesters required, 1 credit per semester, 2 credits maximum semesters, maximum of 2 credits
- Counts as a Directed Elective or Elective for all diplomas

Dual Credit

This course provides the opportunity for dual credit for students who meet postsecondary requirements for earning dual credit and successfully complete the dual credit requirements of this course.

Application of Content

Intensive laboratory applications are a component of this course and may be either school based or work based or a combination of the two. Work-based learning experiences should be in a closely related industry setting. Instructors shall have a standards-based training plan for students participating in work-based learning experiences.

Career and Technical Student Organizations

Career and Technical Student Organizations are considered a powerful instructional tool when integrated into Career and Technical Education programs. They enhance the knowledge and skills students learn in a course by allowing a student to participate in a unique program of career and leadership development. Students should be encouraged to participate in Business Professional of America, DECA, or Future Business Leaders of America, the CTSOs for this area.

Content Standards

Domain – Accounting Cycle

Core Standard 1 Students connect the steps of the accounting cycle to the various types of business ownership.

Standards

- IA-1.1 Define accounting and explain the purpose of the accounting system
- IA-1.2 Explain the importance of following Generally Accepted Accounting Principles (GAAP) and interpret, analyze, and apply the standards correctly
- IA-1.3 Demonstrate a working knowledge of the fundamental accounting equation
- IA-1.4 Discuss the purpose of the elements of financial statements: assets, liabilities, contributions by owners, distributions to owners, equity, revenues, expenses, gains, and losses
- IA-1.5 Identify and interpret a variety of source documents

- IA-1.6 Analyze business transactions using source documents and interpret their effect on the accounting equation
- IA-1.7 Explain the double-entry system of accounting and demonstrate the applications of the debit and credit rules when recording and analyzing business transactions
- IA-1.8 Journalize business transactions using various journal formats
- IA-1.9 Explain the purpose of a journal and its relationship to the ledger through postings
- IA-1.10 Construct and maintain the chart of accounts
- IA-1.11 Construct a worksheet and use it to prepare financial statements using various formats
- IA-1.12 Prepare a trial balance and use it to determine necessary adjusting entries including accruals and deferrals
- IA-1.13 Prepare financial statements in appropriate form and specify the purpose and relationship of each statement
- IA-1.14 Describe the purpose of the closing process and prepare closing entries and the post-closing trial balance
- IA-1.15 Compare and contrast the advantages and disadvantages of the forms of business ownership—sole proprietorships, partnerships, and the varying types of corporations

Domain – Accounting Principles

Core Standard 2 Students apply concepts of the Generally Accepted Accounting Principles (GAAP) to determine the value of assets, liabilities, owner’s equity, revenues, and expenses.

Standards

- IA-2.1 Identify asset types and their effect on financial statements
- IA-2.2 Specify the importance of internal cash control and banking activities and demonstrate their use
- IA-2.3 Explain the use of and maintain the accounts receivable subsidiary ledger
- IA-2.4 Apply appropriate accounting techniques for uncollectible accounts
- IA-2.5 Explain the purpose of notes receivable; establish, calculate, and maintain records for receivables and related interest
- IA-2.6 Compare, contrast and evaluate inventory concepts and costing procedures to a business
- IA-2.7 Apply appropriate accounting concepts and techniques for acquisition, depreciation, depletion, and disposal of assets
- IA-2.8 Identify liability types and their effect on financial statements
- IA-2.9 Explain the use of and maintain the accounts payable subsidiary ledger
- IA-2.10 Explain the purpose of notes payable; establish, calculate, and maintain records for payables and related interest
- IA-2.11 Apply Generally Accepted Accounting Principles (GAAP) and techniques to analyze and record the issuance, amortization, and retirement of bonds
- IA-2.12 Analyze and record mortgage and lease obligations
- IA-2.13 Identify the components of owner’s equity and their effect on financial statements
- IA-2.14 Discuss the purpose of various owner’s equity accounts as they relate to the business ownership structure
- IA-2.15 Identify revenues and their effect on financial statements

- IA-2.16 Determine procedures for cash basis versus accrual methods
- IA-2.17 Identify expenses and their effect on financial statements
- IA-2.18 Differentiate between cost of goods sold and general operating expenses
- IA-2.19 Discuss year-end cut-offs for expenses

Domain – Financial Statements

Core Standard 3 Students analyze and synthesis financial statements to determine the financial position of a business.

Standards

- IA-3.1 Create financial statements in various formats
- IA-3.2 Evaluate financial statements using horizontal analysis, vertical analysis, and commonly used financial ratios
- IA-3.3 Interpret and evaluate industry trends and other relevant data to make sound business decisions
- IA-3.4 Discuss the importance of integrity, confidentiality, and high ethical standards in the preparation of financial statements
- IA-3.5 Discuss the three basic types of business activities—operating, investing, and financing
- IA-3.6 Generate statements of cash flow using the direct and indirect methods

Domain – Specialized Applications

Core Standard 4 Students apply Generally Accepted Accounting Principles (GAAP) to various forms of ownership and payroll, income taxation, and managerial accounting systems.

- IA-4.1 Compare and contrast the advantages and disadvantages of corporations
- IA-4.2 Apply appropriate accounting techniques for the formation, allocation and distribution of earnings, and dissolution of corporations
- IA-4.3 Generate and maintain employee and employer payroll records using manual and computerized systems
- IA-4.4 Analyze the effects of payroll taxes for a business enterprise
- IA-4.5 Prepare federal, state, and local government payroll reports
- IA-4.6 Differentiate between taxation at personal and business levels, including tax-planning strategies