

# Introduction to Accounting (2016)

**Accounting Cycle:**  
Students connect the steps of the accounting cycle to the various types of business ownership.

- 1 Define accounting and explain the purpose of the accounting system** [IA-1.1](#)

---

- 2 Explain the importance of following Generally Accepted Accounting Principles (GAAP) and interpret, analyze, and apply the standards correctly** [IA-1.2](#)

---

- 3 Demonstrate a working knowledge of the fundamental accounting equation** [IA-1.3](#)

---

- 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-1.4](#)

---

- 5 Identify and interpret a variety of source documents** [IA-1.5](#)

---

- 6 Analyze business transactions using source documents and interpret their effect on the accounting equation** [IA-1.6](#)

---

- 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-1.7](#)

---

- 8 Journalize business transactions using various journal formats** [IA-1.8](#)

---

- 9 Explain the purpose of a journal and its relationship to the ledger through postings** [IA-1.9](#)

---

- 10 Construct and maintain the chart of accounts** [IA-1.10](#)

---

- 11 Construct a worksheet and use it to prepare financial statements using various formats** [IA-1.11](#)

---

- 12 Prepare a trial balance and use it to determine the necessary adjusting entries including accruals and deferrals** [IA-1.12](#)

---

- 13 Prepare financial statements in appropriate form and specify the purpose and relationship of each statement** [IA-1.13](#)

---

- 14 Describe the purpose of the closing process and prepare closing entries and the post-closing trial balance** [IA-1.14](#)

---

**15 Compare and contrast the advantages and disadvantages of the forms of business ownership--sole proprietorships, partnerships, and the varying types of corporations** IA-1.15

---

**Accounting Principles: Students apply concepts of the Generally Accepted Accounting Principles (GAAP) to determine the value of assets, liabilities, owner's equity, revenues, and expenses.**

**1 Identify asset types and their effect on financial statements** IA-2.1

---

**2 Specify the importance of internal cash control and banking activities and demonstrate their use** IA-2.2

---

**3 Explain the use of and maintain the accounts receivable subsidiary ledger** IA-2.3

---

**4 Apply appropriate accounting techniques for uncollectible accounts** IA-2.4

---

**5 Explain the purpose of notes receivable; establish, calculate, and maintain records for receivables and related interest** IA-2.5

---

**6 Compare, contrast and evaluate inventory concepts and costing procedures to a business** IA-2.6

---

**7 Apply appropriate accounting concepts and techniques for acquisition, depreciation, depletion, and disposal of assets** IA-2.7

---

**8 Identify liability types and their effect on financial statements** IA-2.8

---

**9 Explain the use of and maintain the accounts payable subsidiary ledger** IA-2.9

---

**10 Explain the purpose of notes payable; establish, calculate, and maintain records for payables and related interest** IA-2.10

---

**11 Apply Generally Accepted Accounting Principles (GAAP) and techniques to analyze and record the issuance, amortization, and retirement of bonds** IA-2.11

---

**12 Analyze and record mortgage and lease obligations** IA-2.12

---

**13 Identify the components of owner's equity and their effect on financial statements** IA-2.13

---

**14 Discuss the purpose of various owner's equity accounts as they relate to the business ownership structure** IA-2.14

---

**15 Identify revenues and their effect on financial statements** IA-2.15

---

**16 Determine procedures for cash basis versus accrual methods** IA-2.16

---

**17 Identify expenses and their effect on financial statements** IA-2.17

---

**18 Differentiate between cost of goods sold and general operating expenses** IA-2.18

---

**19 Discuss year-end cut-offs for expenses** IA-2.19

---

**Financial Statements:**  
Students analyze and synthesize financial statements to determine the financial position of a business.

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

**Specialized Applications:** Students apply Generally Accepted Accounting Principles (GAAP) to various forms of ownership and payroll, income taxation, and managerial accounting systems.

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