Indiana CTE

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

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

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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