Michigan CTE

CTE Finance - Technical Standards

Maintain, Control, and plan the use of financial resources to protect solvency A

1 **Discuss the fundamental principles of money** A.1

- a Explain forms of financial exchange (cash, credit, debit, electronic funds transfer, etc.) A.1.A
- b Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.) A.1.B
- c Describe functions of money (medium of exchange, unit of measure, store of value) A.1.C
- d Describe sources of income (wages/salaries, interest, rent, dividends, transfer payments, etc.) A.1.D
- e Explain the time value of money A.1.E
- f Explain the purposes and importance of credit A.1.F
- g Explain legal responsibilities associated with financial exchanges A.1.G

2 **Analyze personal financial needs and goals** A.2

3 **Manage personal finances to achieve financial goals** A.3

- a Explain the nature of tax liabilities A.3.A
- b Interpret a pay stub A.3.B
- c Validate credit history A.3.C
- d Protect against identity theft A.3.D
- e Prepare personal income tax forms (i.e., 1040 EZ) A.3.E

4 **Describe the use of financial-services providers** A.4

- a Describe types of financial-services providers A.4.A
- b Discuss considerations in selecting a financial-services provider A.4.B

5 **Use investment strategies** A.5

- a Explain types of investments A.5.A
- b Explain the nature of capital investment A.5.B

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6 **dentify potential business threats and opportunities to protect a business's .inancial well-being** A.6

a Describe the concept of insurance A.6.A

b Identify speculative business risks A.6.B

c Explain the nature of risk management A.6.C

7 Obtain business credit and control its use A.7

a Explain the purposes and importance of obtaining business credit A.7.A

b Analyze critical banking relationships A.7.B

c Identify risks associated with obtaining business credit A.7.C

d Explain sources of financial assistance A.7.D

e Explain loan evaluation criteria used by lending institutions A.7.E

8 Manage financial resources to ensure solvency A.8

a Describe the nature of budgets A.8.A

b Explain the nature of operating budgets A.8.B

c Describe the nature of cost/benefit analysis A.8.C

d Determining relationships among total revenue, marginal revenue, output, and profit A.8.D

e Calculate financial ratios A.8.E

f Interpret financial statements A.8.F

g Describe types of financial statement analysis (e.g., ratio analysis, trend analysis, etc.) A.8.G

h Spot problems in/issues with financial statements A.8.H

9 Explain the importance of financial markets in business A.9

a Describe the role of financial institutions A.9.A

b Explain types of financial markets (i.e., money markets, securities markets, property market, market for risk transfer) A.9.B

10 Explain the nature of assets' values A.10

a Discuss factors that affect the value of an asset (e.g., cash flows, growth rate, timing, inflation, interest rate, opportunity cost, and risk and required return) A.10.A

11 Utilize sources of securities information to make informed financial decisions A.11

a Describe sources of securities information A.11.A

b Read/Interpret securities table A.11.B

12 Use debt and equity capital to raise funds for business growth A.12

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a Describe the financial needs of a business at different stages of its development A.12.A

b Discuss factors to consider in choosing between debt and equity capital A.12.B

c Explain the significance of a firm's capital structure A.12.C

Plan, control, and organize a finance organization/department B

1 **Explain management's role in business success** B.1

2 **Utilize planning tools that can guide finance organization's/department's activities** B.2

a Explain the nature of business plans B.2.A

b Explain external planning considerations B.2.B

c Identify and benchmark key performance indicators (e.g., dashboards, scorecards, etc.) B.2.C

d Develop action plans B.2.D

e Develop business plan B.2.E

3 **Control a finance organization's/department's activities** B.3

a Describe the nature of managerial control (control process, types of control, what is controlled) B.3.A

b Analyze operating results in relation to budget/industry B.3.B

c Track performance of business plan B..3.C

Employ planning and time management skills and tools to enhance results and complete work tasks C

1 **Develop goals and objectives** C.1

2 **Prioritize tasks to be completed** C.2

3 **Develop timelines using time management knowledge and skills** C.3

4 **Use project-management skills to improve workflow and minimize costs** C.4

5 **Implement expense-control strategies** C.5

a Explain the nature of overhead/operating costs C.5.A

b Explain employee's role in expense control C.5.B

c Control use of supplies C.5.C

d Conduct breakeven analysis C.5.D

e Negotiate service and maintenance contracts C.5.E

f Negotiate lease or purchase of facility C.5.F

g Develop expense control plans C.5.G

h Use budgets to control operations C.5.H

6 **Maintain property and equipment** C.6

Identify routine activities for maintaining business facilities and equipment C.6.A

Plan maintenance program C.6.B

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Discuss techniques and strategies used in finance to foster positive, ongoing relationships with customers D

1 **Describe characteristics, motivations, and behaviors of finance clients** D.1

- a Describe customer needs and wants that are met by financial products and services D.1.A
- b Explain the responsibilities of finance professionals in providing client services D.1.B

2 **Use Customer Relationship Management technology** D.2

- a Explain the use of databases in customer relationship management D.2.A

Access, process, maintain, evaluate, and disseminate financial information to assist business decision-making E

1 **Use information literacy skills when accessing, evaluating and disseminating information** E.1

- a Describe the need for financial information E.1.A
- b Explain the nature and scope of the financial-information management function E.1.B
- c Explain the role of ethics in financial-information management E.1.C

2 **Discuss the importance of accurately reporting a business's financial position** E.2

- a Describe the need to accurately report a business's financial position E.2.A
- b Describe the relationship between accounting (with an emphasis on cash flow) and finance (with an emphasis on decision-making) E.2.B
- c Discuss types of accounting systems used to report a business's financial position (i.e., financial, tax, management, cost, accrual) E.2.C

3 **Discuss the nature and scope of financial information analysis** E.3

- a Discuss the impact of economic conditions on finance E.3.A
- b Explain the use of financial information to identify trends E.3.B
- c Describe the need to analyze customer financial information E.3.C
- d Identify reasons to analyze financial data (e.g., to understand accounting treatment, to verify information, to analyze variances, to guide financial decision-making) E.3.D

4 **Utilize financial-information technology tools** E.4

- a Describe the use of technology in the financial-information management function E.4.A
- b Demonstrate budgeting applications E.4.B
- c Demonstrate financial analysis applications E.4.C

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1 **Explain the nature and scope of product/service management** F.1

- Explain the nature and scope of the product/service management function F.1.A
- Identify the impact of product life cycles on business decisions F.1.B

respond to market opportunities F

- c Explain the use of technology in the product/service management function F.1.C
- d Discuss business ethics in product/service management F.1.D

2 Develop a financial product/service mix F.2

- a Explain the concept of financial product/service mix F.2.A
- b Describe the nature of financial product/service bundling F.2.B
- c Identify financial product/service to fill a customer need F.2.C

3 Position financial products/services to acquire desired business image F.3

- a Describe factors used to position financial products/services F.3.A
- b Explain the nature of financial product/service branding F.3.B
- c Explain the role of customer service in positioning/image F.3.C

4 Position company to acquire desired business image F.4

- a Explain the nature of corporate branding F.4.A
- b Describe factors used by businesses to position corporate brands F.4.B

Employ financial risk-management strategies and techniques used to minimize business loss G

1 Describe the nature and scope of risk management in finance G.1

- a Explain the role of ethics in risk management G.1.A
- b Describe the use of technology in risk management G.1.B
- c Discuss legal considerations affecting risk management G.1.C

2 Use risk management techniques in finance G.2

- a Discuss the relationship between risk and business objectives G.2.A

3 Describe risk control methods in finance G.3

- a Discuss the nature of risk control (i.e., internal and external) G.3.A
- b Explain ways to assess risk G.3.B
- c Describe the importance of auditing risk control G.3.C
- d Discuss risk control systems G.3.D

Journalizing H

1 Journalize an opening entry H.1

2 Interpret information contained in source documents H.2

3 Follow principles of double-entry bookkeeping in the journalizing process H.3

4 Record entries in special journals H.4

Total and post special journals H.5

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Adjust for bad debts using direct write off or allowance methods H.6

	7	Analyze transactions involving owners' equity H.7
Posting I	1	Post from special journals to general and subsidiary ledger accounts I.1
	2	Demonstrate understanding of multicolumn ledgers I.2
	3	Demonstrate familiarity with computerized posting methods I.3
	4	Use appropriate posting references I.4
	5	Prove accuracy of posting to ensure entries are in-balance I.5
Payroll Preparation J	1	Calculate employee earnings based on hourly and/or salaried time records J.1
	2	Enter payroll data in a payroll earnings record J.2
	3	Demonstrate familiarity with electronic payroll data entry J.3
	4	Complete a payroll register J.4
	5	Prepare a payroll check and check stub with appropriate information J.5
	6	Record information found on W-4 forms in employee data section J.6
	7	Demonstrate understanding of payroll taxes J.7
	8	Demonstrate understanding of employer payroll liabilities J.8
	9	Journalize payroll entries at end of earnings period in appropriate journals J.9
	10	Demonstrate understanding of processes and functions of various payroll records J.10
Banking and Banking Procedures K	1	Complete check stubs and checks K.1
	2	Enter appropriate data on a deposit slip K.2
	3	Reconcile a bank statement K.3
	4	Follow-up on outstanding checks, including voiding and/or reissuing checks K.4
	5	Demonstrate familiarity with online and electronic banking procedures K.5
	6	Exhibit understanding of credit cards and/or debit cards K.6
Merchandise Inv	1	Demonstrate knowledge of a merchandise inventory account L.1
		nalyze effects on accounts by the purchase of merchandise L.2

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	3	Analyze effects on accounts by the sale of merchandise L.3
	4	Demonstrate the ability to determine the cost of merchandise sold L.4
	5	Prepare adjusting entries based on physical inventory L.5
Completion of Accounting Cycle M	1	Complete 8 or 10 column worksheet M.1
	2	Prepare the needed financial statements from a completed worksheet M.2
	3	Verify the financial statements against the worksheet for accuracy M.3
	4	Record and post adjusting and closing entries M.4
	5	Locate and correct accounting errors M.5
	6	Prepare post-closing trial balance from general ledger M.6
Locating Source Data N	1	Identify uses of business forms used in bookkeeping and/or accounting N.1
	2	Locate data from a bookkeeping and/or accounting record or source document N.2
	3	Manipulate electronic data for various bookkeeping and/or accounting purposes N.3
Mechanical and Electronic Accounting Devices O	1	Demonstrate ability to use calculator, adding machine, and computer O.1
	2	Demonstrate ability to understand charts and graphs O.2
	3	Demonstrate familiarity with basic computer terminology O.3
	4	Demonstrate basic familiarity with spreadsheet software O.4
Advanced Accounting Practices P	1	Demonstrate understanding of cash or accrual accounting P.1
	2	Demonstrate understanding of departmentalized accounting P.2
	3	Demonstrate understanding of terminology relating to accounting P.3
	4	Demonstrate entry use to establish and replenish the petty cash fund P.4
	5	Apply the various methods of maintaining inventory P.5
	6	Differentiate between proprietorship, partnership, and corporation P.6
	7	Demonstrate accounting procedures used in partnerships P.7
	8	Record accounting entries for the installment payment systems P.8

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	9 Determine uncollectible accounts through aging of accounts receivable P.9
	10 Record bookkeeping entries for distributing dividends P.10
	11 Recognize and understand the concept of goodwill P.11
	12 Record entries for research and developmental costs P.12
	13 Demonstrate understanding of stocks, dividends, declarations and payments P.13
	14 Record entries for corporations issuing cash dividends P.14
	15 Analyze and project net yearly income P.15
Introduction to Accounting Q	1 Explain how and why the conceptual framework of accounting and generally accepted accounting principles provide guidance and structure for preparing financial statements Q.1
	2 Describe the information provided in each financial statement and how the statements articulate with each other Q.2
	3 Identify business ownership structures Q.3
	4 Explain the role of management and the auditor in preparing and issuing an annual report Q.4
	5 Describe the relationship between assets, liabilities and equity on the balance sheet Q.5
	6 Identify and explain the classifications within assets, liabilities, and equity Q.6
	7 Define and calculate the current ratio and debt-equity ratio Q.7
	8 Describe the information presented in an income statement (See supplement) Q.8
	9 Calculate return on sales (net profit margin) and return on equity Q.9
	10 Identify and explain the three phases of the management cycle Q.10
	11 Identify and explain the four business processes Q.11
	12 Explain and calculate the operating cycle (accounts receivable turnover and inventory turnover) Q.12
	13 Explain how internal control procedures are used to safeguard assets Q.13
	14 Prepare a bank reconciliation Q.14

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Accounting Information System R	**1** Describe the purpose of the accounting system R.1
	2 Describe the purpose of journals and ledgers and their relationship R.2
	3 Analyze and describe how business transactions impact the accounting equation R.3
	4 Apply the double-entry system of accounting to record business transactions and prepare a trial balance R.4
	5 Explain the need for adjusting entries and record adjusting entries R.5
	6 Prepare the financial statement for the different types of business operations and ownership structures R.6
	7 Explain the purposes of the closing process and record closing entries R.7
	8 Complete the steps in the accounting cycle and prepare financial statements (Practice set) R.8
Accounting for Merchandising Companies S	**1** Describe the differences between the periodic and perpetual inventory systems S.1
	2 Record business transactions using the periodic inventory system and the perpetual inventory system S.2
	3 Describe the difference between the gross price method and the net price method S.3
	4 Record business transactions using the gross price method and the net price method S.4
	5 Determine cash paid for inventory and operating expenses S.5
	6 Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement S.6
	7 Calculate cost of goods sold and ending inventory using LIFO and FIFO inventory costing methods S.7
	8 Explain how inventory for a manufacturing business differs from inventory for a merchandising business S.8
	9 Explain how an activity-based costing system operates, including the identification of activity cost pools, and the selection of cost drivers S.9
	10 Explain the flow of costs through the manufacturing accounts used in product costing S.10

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	11	Compute a predetermined overhead rate, and explain its use in job-order costing S.11
	12	Determine whether manufacturing overhead is over/under-applied S.12
	13	Prepare journal entries to record the costs of direct material, direct labor, and manufacturing overhead in a job-order costing system S.13
	14	Prepare a schedule of cost of goods manufactured, a schedule of cost of goods sold, and an income statement for a manufacturer S.14
Introduction to Taxes T	1	Calculate payroll taxes T.1
Accounting for Sales and Accounts Receivable U	1	Describe the criteria used to determine revenue recognition U.1
	2	Record revenue-related transactions U.2
	3	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 U.3
	4	Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries U.4
Time Value of Money V	1	Determine the present value and future value cash flows V.1
Accounting for Fixed Assets W	1	Use net present value concepts to make investment decisions W.1
	2	Explain the purpose and methods of cost allocation W.2
	3	Calculate and record depreciation, depletion and amortization and explain the impact on the financial statements W.3
	4	Record the sale and disposal of fixed assets and the impact on the financial statements W.4
Accounting for Debt X	1	Compare and contrast debt and equity financing X.1
	2	Define and calculate TIE (Times-interest-earned ratio) X.2
	3	Compare and contrast a periodic payment note payable, a lump-sum note payable, and a periodic and lump-sum note payable X.3
	4	Calculate the carrying value, interest expense and cash payment for note payable (periodic payment, lump-sum, periodic and lump-sum) transactions X.4
	5	Record transactions for notes payable: issuance and interest expense X.5

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	6	Record transactions for bonds issued at face value, a premium and a discount X.6
	7	Record interest expense for bonds issued at face value, a premium and a discount using the straight-line method and effective-interest method X.7
Accounting for Stockholder's Equity Y	1	Identify and describe the different classes of stock and explain the rights afforded each class of stock Y.1
	2	Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements Y.2
	3	Record stock transactions: contributions by owners, corporate distributions (dividends), and the reacquisition of company stock Y.3
Financial Statements Z	1	Describe the information provided in an income statement, and the purpose of an income statem Z.1
	2	Prepare an income statement Z.2
	3	Explain the difference in net income and income from continuing operations (discontinued operations, extraordinary items) Z.3
	4	Describe the information provided in a balance sheet and statement of equity, and the purpose of a balance sheet and statement equity Z.4
	5	Prepare a balance sheet and statement of equity Z.5
	6	Describe the information provided in statement of cash flows, and the purpose of a statement of cash flows Z.6
	7	Prepare a statement of cash flows using the direct method Z.7
Cost-Volume-Profit Analysis AA	1	Identify the activities in the three operating processes AA.1
	2	Identify and explain variable costs, fixed costs, and mixed costs AA.2
	3	Use high-low analysis to determine variable costs, fixed costs, and mixed costs AA.3
	4	Calculate break-even point and perform cost-volume-profit (CVP) analysis AA.4
	5	Apply sensitivity analysis to CVP analysis AA.5
	6	Determine selling price using sensitivity analysis and CVP analysis AA.6
	7	Describe the process of determining selling prices and demonstrate how various trategies are used to determine selling price AA.7
		)escribe the differences among product and non-product costs AA.8

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9 **Identify and explain product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead** AA.9

10 **Record direct materials and direct labor transactions** AA.10

11 **Analyze a make-or-buy decision** AA.11

12 **Describe the process of determining selling prices and demonstrate how various strategies are used to determine selling price** AA.12