

Advanced Placement (AP) Accounting Course and Exam Pilot Program *Course Outline, Learning Objectives and Student Outcomes*

Course Overview

The Advanced Placement (AP) Accounting Course and Exam Pilot Program is a year-long course based on high school teachers having 120 contact hours with students from August/September through May/June.

The course includes financial accounting, managerial accounting and financial statement analysis topics. *Compared to the traditional, stand-alone financial accounting and managerial accounting courses, this pilot course encompasses more topics and learning outcomes than the traditional financial accounting course, and at least a quarter of the topics and learning outcomes in a traditional managerial course.*

Presented below are the learning outcomes for the course according to whether they are addressed in the traditional financial accounting or managerial accounting course. Learning outcomes for a financial statement analysis course are included with those for a financial accounting course. There are 76 learning outcomes for the course. Of the 76 learning outcomes, 65 learning outcomes, or 86 percent of the course, are related to a financial accounting course and 11 learning outcomes, or 14 percent of the course, are related to a managerial accounting course.

Learning Objectives and Student Outcomes

Introduction to Accounting

1. Explain how and why the conceptual framework of accounting and generally accepted accounting principles provide guidance and structure for preparing financial statements
2. Describe the information provided in each financial statement and how the statements articulate with each other.
3. Explain the role of management and the auditor in preparing and issuing an annual report.
4. Describe the relationship between assets, liabilities and equity on the balance sheet.
5. Identify and explain the classifications within assets, liabilities, and equity.
6. Identify the classifications in an income statement and explain their relationship to each other (revenue, expense, gains, losses).
7. Identify the different formats of an income statement.
8. Identify and explain the three phases of the management cycle.
9. Identify and explain the four business processes.
10. Explain how internal control procedures are used to safeguard assets.
11. Prepare a bank reconciliation.

Accounting Information System

12. Describe the purpose of the accounting system.
13. Describe the purpose of journals and ledgers and their relationship.
14. Analyze and describe how business transactions impact the accounting equation.
15. Apply the double-entry system of accounting to record business transactions and prepare a trial balance.
16. Explain the need for adjusting entries and record adjusting entries.
17. Explain the purposes of the closing process and record closing entries.
18. Complete the steps in the accounting cycle and prepare financial statements.
19. Describe the relationship between the closing process, the financial statements and the post-closing trial balance.

Accounting for Merchandising Companies

20. Prepare the financial statements for the different types of business operations.
21. Describe the differences between the periodic and perpetual inventory systems.
22. Record business transactions using the periodic inventory system and the perpetual inventory system.
23. Describe the difference between the gross price method and the net price method.
24. Record business transactions using the gross price method and the net price method.
25. Determine cash paid for inventory and operating expenses.
26. Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement.
27. Calculate cost of goods sold and ending inventory using LIFO and FIFO inventory costing methods.

Introduction to Taxes

28. Calculate payroll taxes.
29. Describe the composition of taxable income and calculate income tax.
30. Complete the applicable individual income tax forms.
31. Identify, discuss and apply strategies for minimizing taxable income.

Accounting for Sales and Accounts Receivable.

32. Describe the criteria used to determine revenue recognition.
33. Record revenue-related transactions.
34. 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.
35. Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries.

Time Value of Money

36. Use time value of money concepts to solve present value and future value problems.
37. Use net present value concepts to make investment decisions.

Accounting for Fixed Assets

38. Explain the purpose and methods of cost allocation.
39. Calculate and record depreciation, depletion and amortization and explain the impact on the financial statements.
40. Record the sale and disposal of fixed assets and the impact on the financial statements.

Accounting for Debt

41. Compare and contrast debt and equity financing.
42. Identify and describe the different classes of stock and explain the rights afforded each class of stock.
43. Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements
44. Record stock transactions: contributions by owners, corporate distributions (dividends), and the reacquisition of company stock.
45. Allocate partner profits and losses.

Accounting for Equity

46. Compare and contrast a periodic payment note payable, a lump-sum note payable, and a periodic and lump-sum note payable.
47. Record transactions for notes payable: issuance and interest expense.
48. Record transactions for bonds issued at face value, a premium and a discount.
49. Record interest expense for bonds issued at face value, a premium and a discount using the straight-line method and effective-interest method.
50. Calculate the carrying value, interest expense and cash payment for note payable (periodic payment, lump-sum, periodic and lump-sum) transactions.

Statement of Cash Flows

51. Identify and explain the three sections of a statement of cash flows.
52. Prepare the operating activities section of a statement of cash flows using the direct and indirect method.
53. Prepare the investing activities section of a statement of cash flows.
54. Prepare the financing activities section of a statement of cash flows.

Financial Statement Analysis

Assess a company's profitability by calculating:

55. Return on sales (Net profit margin)
56. Earnings per share (EPS)
57. DuPont ROI (ROA)
58. ROE (Return on Equity)

Assess a company's liquidity and solvency by calculating:

59. Current ratio
60. Quick ratio
61. Operating cycle (inventory turnover in days plus accounts receivable turnover in days)
62. Accounts payable turnover in days.

Assess a company's debt position and ability to pay interest by calculating:

63. Debt ratio
64. Debt-equity ratio.
65. TIE (Times-interest-earned ratio)

Cost-Volume-Profit Analysis

66. Identify and explain variable costs, fixed costs, and mixed costs.
67. Use high-low analysis to determine variable costs, fixed costs, and mixed costs.
68. Calculate break-even point and perform cost-volume-profit (CVP) analysis.
69. Apply sensitivity analysis to CVP analysis.
70. Determine selling price using sensitivity analysis and CVP analysis.
71. Analyze a make-or-buy decision and/or accept-reject decision.
72. Prepare a contribution margin income statement.

Variance Analysis

73. Explain how inventory for a manufacturing business differs from inventory for a merchandising business.
74. Identify and explain product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead.
75. Calculate direct materials and direct labor price and use variances.
76. Record direct materials and direct labor transactions.

Course Outline

Module	TITLE	Hours	% of Course
Module 1	Introduction To Accounting and Financial Reporting	8	7%
Module 2	Cost-Volume-Profit Analysis	20	17%
Module 3	Accounting Information System	25	21%
Module 4	Accounting for Sales and Inventory	12	10%
Module 5	Time Value of Money/Capital Investments	12	10%
Module 6	Accounting for Fixed Assets	8	7%
Module 7	Accounting for Long-term Liabilities and Equity	25	21%
Module 8	Statement of Cash Flows	10	8%
		120	100%

MODULE 1: INTRODUCTION to ACCOUNTING AND FINANCIAL REPORTING			
Learning Objective: Develop an understanding and working knowledge of financial statements.			
Student Outcomes:		Topic *	Time
1.1	Explain how and why the conceptual framework of accounting and generally accepted accounting principles provide guidance and structure for preparing financial statements	F	6 hours
1.2	Describe the information provided in each financial statement and how the statements articulate with each other.	F	
1.3	Explain the role of management and the auditor in preparing and issuing an annual report.	F	
1.4	Describe the relationship between assets, liabilities and equity on the balance sheet.	F	
1.5	Identify and explain the classifications within assets, liabilities and equity.	F	
1.6	Calculate current ratio and debt-equity ratio	A	
1.7	Identify the classifications in an income statement and explain their relationship to each other (revenue, expense, gains, losses).	F	
1.8	Identify the different formats of an income statement	F	
1.9	Calculate return on sales (net profit margin), earnings per share (EPS) and DuPont ROI (ROA)	A	
1.10	Identify and explain the three phases of the management cycle.	F	2 hours
1.11	Identify and explain the four business processes.	F	
1.12	Explain how internal control procedures are used to safeguard assets.	F	
1.13	Prepare a bank reconciliation.	F	
Module 1 Total Hours			8 Hours

* F: Financial Accounting; M: Managerial Accounting; A: Financial Statement Analysis

MODULE 2: COST-VOLUME-PROFIT ANALYSIS				
Learning Objective: Evaluate the operating results of a company.				
Student Outcomes:			Topic*	Time
2.1	Identify and explain variable costs, fixed costs, and mixed costs	M	4 hours	
2.2	Use high-low analysis to determine variable costs, fixed costs, and mixed costs	M		
2.3	Calculate break-even point and perform cost-volume-profit (CVP) analysis	M	5 hours	
2.4	Apply sensitivity analysis to CVP analysis	M		
2.5	Determine selling price using sensitivity analysis and CVP analysis.	M	1 hour	
2.6	Identify and explain product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead	M	8 hours	
2.7	Analyze a make-or-buy decision and/or accept-reject decision	M		
2.8	Prepare a contribution margin income statement	M		
2.9	Calculate the operating cycle (inventory turnover in days plus accounts receivable turnover in days) and accounts payable turnover in days.	A	2 hour	
2.10	Calculate the quick ratio.	A		
			Module 2 Total Hours	20 Hours

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MODULE 3: ACCOUNTING INFORMATION SYSTEM**Learning Objectives:**

1. Complete the steps in the accounting cycle in order to prepare the financial statements;
2. Apply generally accepted accounting principles to the purchasing (inventory) process for merchandising companies; and,
3. Apply individual income tax procedures and requirements to comply with tax laws.

Student Outcomes:		Topic*	Time
3.1	Describe the purpose of the accounting system	F	15 hours
3.2	Describe the purpose of journals and ledgers and their relationship	F	
3.3	Analyze and describe how business transactions impact the accounting equation	F	
3.4	Apply the double-entry system of accounting to record business transactions and prepare a trial balance	F	
3.5	Explain the need for adjusting entries and record adjusting entries	F	
3.6	Explain the purposes of the closing process and record closing entries	F	
3.7	Prepare the financial statements for the different types of business operations and ownership structures	F	
3.8	Describe the relationship between the closing process, the financial statements and the post-closing trial balance	F	
3.9	Complete the steps in the accounting cycle and prepare financial statements		Practice set / Christmas break
3.10	Describe the differences between the periodic and perpetual inventory systems.	F	10 hours
3.11	Record business transactions using the periodic inventory system and the perpetual inventory system.	F	
3.12	Describe the difference between the gross price method and the net price method.	F	
3.13	Record business transactions using the gross price method and the net price method.	F	
3.14	Determine cash paid for inventory and operating expenses.	F	
3.15	Calculate payroll taxes	F	
3.16	Describe the composition of taxable income and calculate income tax	F	
3.17	Complete the applicable individual income tax forms	F	
3.18	Identify, discuss and apply strategies for minimizing taxable income	F	
Module 3 Total Hours			25 Hours

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MODULE 4: ACCOUNTING FOR SALES AND INVENTORY		
Learning Objectives:		
<ol style="list-style-type: none"> 1. Apply generally accepted accounting principles to the sales and collection process; and, 2. Apply generally accepted accounting principles to the inventory and cost of goods sold. 		
Student Outcomes	Topic*	Time
4.1	Describe the criteria used to determine revenue recognition	F
4.2	Record revenue-related transactions	F
4.3	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	F
4.4	Record transactions for accounts receivable, including uncollectible accounts, write-offs, and recoveries	F
4.5	Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement	F
4.6	Calculate cost of goods sold and ending inventory using LIFO and FIFO inventory costing methods.	F
4.7	Explain how inventory for a manufacturing business differs from inventory for a merchandising business.	M
4.8	Prepare direct materials and direct labor price and use variances.	M
4.9	Record direct materials and direct labor transactions.	M
Module 4 Total Hours		12 Hours

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MODULE 5: TIME VALUE OF MONEY/CAPITAL INVESTMENTS		
Learning Objective: Apply time value of money concepts to make capital investments.		
Student Outcomes	Topic*	Time
5.1	Use time value of money concepts to solve present value and future value problems.	F
5.2	Use net present value concepts to make investment decisions.	F
Section 5 Total Hours		12 Hrs

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MODULE 6: ACCOUNTING FOR FIXED ASSETS			
Learning Objective: Apply generally accepted accounting principles to fixed assets.			
Student Outcome		Topic*	Time
6.1	Explain the purpose and methods of cost allocation.	F	8 hours
6.2	Calculate and record depreciation, depletion and amortization and explain the impact on the financial statements.	F	
6.3	Record the sale and disposal of fixed assets and the impact on the financial statements.	F	
Module 6 Total Hours			8 hours

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MODULE 7: ACCOUNTING FOR LONG-TERM LIABILITIES AND EQUITY			
Learning Objective: Apply generally accepted accounting principles to long-term liabilities and equity transactions.			
Student Outcomes		Topic*	Time
7.1	Compare and contrast debt and equity financing; review debt-to-equity ratio	F	5 hours
7.2	Calculate TIE (Times-interest-earned ratio) and ROE (Return on Owner's Equity)	A	
7.3	Identify and describe the different classes of stock and explain the rights afforded each class of stock.	F	
7.4	Calculate Return on Common Equity	A	
7.5	Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements	F	
7.6	Allocate partner profits and losses	F	
7.7	Compare and contrast a periodic payment note payable, a lump-sum note payable, and a periodic and lump-sum note payable.	F	10 hours
7.8	Calculate the carrying value, interest expense and cash payment for note payable (periodic payment, lump-sum, periodic and lump-sum) transactions.	F	
7.9	Record stock transactions: contributions by owners, corporate distributions (dividends), and the reacquisition of company stock.	F	10 hours
7.10	Record transactions for notes payable: issuance and interest expense.	F	
7.11	Record transactions for bonds issued at face value, a premium and a discount.	F	
7.12	Record interest expense for bonds issued at face value, a premium and a discount using the straight-line method and effective-interest method.	F	
Module 7 Total Hours			25 Hours

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MODULE 8: STATEMENT OF CASH FLOWS			
Learning Objective: Prepare a statement of cash flow using the direct and indirect method.			
Student Outcomes		Topic*	Time
8.1	Identify and explain the three sections of a statement of cash flows.	F	10 hours
8.2	Prepare the operating activities section of a statement of cash flows using the direct and indirect method.	F	
8.3	Prepare the investing activities section of a statement of cash flows.	F	
8.4	Prepare the financing activities section of a statement of cash flows.	F	
		Module 8 Total Hours	10 Hours

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