**Course Description:**

Financial Accounting explores how businesses track, record, summarize and report their financial transactions. Learners will develop knowledge and skills to prepare financial documents, project future income and expenses, and evaluate the accuracy of financial information. This course also includes learning outcomes for evaluating financial performance and monitoring the use of financial resources.

**Strand 1. Business Operations/21st Century Skills**

Learners apply principles of economics, business management, marketing and employability in an entrepreneur, manager and employee role to the leadership, planning, developing and analyzing of business enterprises related to the career field.

**Outcome 1.1 Employability Skills**

Develop career awareness and employability skills (e.g., face‐to‐face, online) needed for gaining and maintaining employment in diverse business settings.

**Competencies**

1.1.2 Identify the scope of career opportunities and the requirements for education, training, certification, licensure and experience.

1.1.5 Develop strategies for self-promotion in the hiring process (e.g., filling out job applications, résumé writing, interviewing skills, portfolio development).

**Outcome 1.2 Leadership and Communications**

Process, maintain, evaluate and disseminate information in a business. Develop leadership and team building to promote collaboration.

**Competencies**

1.2.2 Deliver formal and informal presentations.

1.2.5 Communicate information (e.g., directions, ideas, vision, workplace expectations) for an intended audience and purpose.

1.2.12 Use technical writing skills to complete forms and create reports.

**Outcome 1.3 Business Ethics and Law**

Analyze how professional, ethical and legal behavior contributes to continuous improvement in organizational performance and regulatory compliance.

**Competencies**

1.3.3 Use ethical character traits consistent with workplace standards (e.g., honesty, personal integrity, compassion, justice).

1.3.9 Identify potential conflicts of interest (e.g., personal gain, project bidding) between personal, organizational and professional ethical standards.

**Outcome 1.4 Knowledge Management and Information Technology**

Demonstrate current and emerging strategies and technologies used to collect, analyze, record and share information in business operations.

**Competencies**

1.4.2 Select and use software applications to locate, record, analyze and present information (e.g., word processing, e-mail, spreadsheet, databases, presentation, Internet search engines).

**Outcome 1.9 Financial Management**

Use financial tools, strategies and systems to develop, monitor, and control the use of financial resources to ensure personal and business financial well-being.

**Competencies**

1.9.1 Create, analyze, and interpret financial documents (e.g., budgets, income statements).

1.9.2 Identify tax obligations.

1.9.8 Identify income sources and expenditures.

1.9.10 Identify the role of depreciation in tax planning and liability.

**Strand 2. Business Foundations**

Learners acquire foundational knowledge of business activities supported by economic principles, business processes and global business considerations.

**Outcome 2.1 Business Activities**

Relate business functions to business models, operations and strategies.

**Competencies**

2.1.3 Explain forces driving business changes (e.g., globalization, consumer demand, government policies, legal/regulatory changes, political climate, diversity, spending trends, industry structure changes).

2.1.4 Explain the role and function of accounting and finance and how they interact with other business activities.

**Strand 3. Business Communications**

Learners communicate with internal and external stakeholders by applying relationship management techniques and business communication processes and strategies.

**Outcome 3.1 Customer Relations**

Develop, maintain and grow positive internal and external customer relationships.

**Competencies**

3.1.5 Describe the importance of maintaining confidentiality and security of customer information.

**Strand 4. Business Governance**

Learners acquire foundational legal knowledge and apply business governance principles to minimize risk, maintain organizational compliance and establish and maintain organizational structure.

**Outcome 4.2 Contract Oversight**

Administer and evaluate contracts.

**Competencies**

4.2.1 Distinguish among types of contracts (e.g., express, written, implied, bilateral, unilateral, quasi, promissory estoppel, counteroffer, executory, executed, implied, valid, voidable, void, letters of intent).

4.2.3 Identify the components of a legally enforceable contract (e.g., offer, acceptance, consideration, legality, capacity, consent, writing [if applicable]).

4.2.5 Identify financial arrangements in contracts and the financial information required to verify compliance with the contract terms (e.g., cost plus pricing, contingent pricing, time and materials pricing, profit-sharing, percentage-based fees).

4.2.6 Identify contract terms that might restrict future business activity (e.g., required credit rating, maximum debt-to-equity ratio, minimum cash reserve, prohibited lease transactions, shared information).

4.2.7 Identify contract terms that mandate reporting of financial and non-financial information and establish processes to collect and submit required information.

**Outcome 4.6 Corporate Social Responsibility**

Identify and evaluate corporate social responsibility policies and strategies.

**Competencies**

4.6.1 Compare and contrast ethical challenges across industry sectors, global markets, nonprofit and for profit organizations and business activities.

**Outcome 4.7. Governance Structures**

Relate business governance structures to business operations, activities and strategies.

**Competencies**

4.7.2 Describe the relationship between governance structures, ownership structures (e.g., corporation, privately owned, nonprofit, limited-liability companies) and organizational size and reach (e.g., microenterprise, middle-market, large corporate, multinational, global).

4.7.3 Explain the roles and responsibilities of governing committees (e.g., Board of Directors, Audit and Finance Committees, Risk Committees), strategies used to fulfill these responsibilities and the impact on strategic planning and management functions.

4.7.5 Identify the elements of a corporate governance structure that impact staff decision-making authority.

4.7.6 Determine situations in which escalation to a governance member is appropriate.

**Strand 7. Operations Management**

Learners identify and apply policies, processes and strategies for business operations.

**Outcome 7.3 Inventory Management**

Identify, administer and evaluate inventory management policies, processes and strategies.

**Competencies**

7.3.13 Conduct inventory valuation (e.g., First In First Out, Last In First Out, average cost).

**Strand 8. Data and Process Management**

Learners apply principles of business process management to collect, analyze and distribute data and maintain business knowledge and information systems.

**Outcome 8.1 Business Process Analysis**

Identify and evaluate business processes to improve performance.

**Competencies**

8.1.1 Explain approaches for documenting business processes that identify risks, controls and performance issues.

8.1.2 Document the process activities, records or information and systems involved in business activities (e.g., developing new products, acquiring new customers, producing inventory for sale, selling goods and services, managing people).

**Outcome 8.3 Information Management**

Identify, select and evaluate information management policies, processes and strategies.

**Competencies**

8.3.3 Monitor and audit internal records.

**Strand 9. Financial Analysis and Evaluation**

Learners apply principles of financial and managerial accounting to collect, analyze and distribute financial data, evaluate investment opportunities and operate financial services.

**Outcome 9.1 Financial Principles**

Identify and apply principles of finance and accounting to plan and monitor the use of financial resources.

**Competencies**

9.1.1 Explain the role and function of profit and taxes and how they differ depending on business structure.

9.1.2 Explain how accounting standards impact business financial performance.

9.1.3 Distinguish between cash and accrual methods of accounting.

9.1.4 Analyze business performance utilizing financial ratios in the areas of liquidity, profitability, asset management, debt management and market valuation (e.g., current ratio, quick ratio, inventory turnover, debt ratio, gross margin, profit margin, return on assets, return on equity, earnings per share, price-earnings ratio).

9.1.5 Apply cost-benefit analysis to business decisions (e.g., total revenue, marginal revenue, output, profit).

9.1.6 Calculate and interpret financial ratios.

9.1.7 Identify the information needed to calculate existing and forecasted sales.

9.1.8 Review and analyze business tax returns.

**Outcome 9.4 Internal Controls**

Identify, select and evaluate internal controls in compliance with applicable regulations.

**Competencies**

9.4.1 Describe the impact of financial reporting and internal control regulations on control requirements (e.g., Sarbanes-Oxley Act of 2002, Dodd-Frank Wall Street Reform Act, Model Audit Rule, Government Accountability Standards).

9.4.2 Assess and identify the risk of errors and fraud in transactions and accounts (e.g., unusual activity, abnormal variations).

9.4.3 Assess the effectiveness of internal controls.

9.4.4 Develop and implement internal control procedures (e.g., cash controls, inventory controls, payroll controls, capital asset controls, data protection, personal information controls).

9.4.5 Inspect and ensure the continued functioning of internal controls.

**Outcome 9.5 Financial Accounting**

Apply principles of accounting to record and summarize financial transactions.

**Competencies**

9.5.1 Describe how basic accounting principles (e.g., Generally Accepted Accounting Principles [GAAP]) and requirements of accounting standards setting bodies (e.g., Financial Accounting Standards Board [FASB]) impact the accounting and auditing process.

9.5.2 Explain the accounting concepts that form the basis for accounting systems that comply with GAAP (e.g., accounting cycle, accounting method, accounting equation).

9.5.3 Create a Generally Accepted Accounting Principles (GAAP)-compliant chart of accounts providing a sufficient level of detail to support other managerial objectives (e.g., cost center reporting).

9.5.4 Identify the components of the accounting equation and identify how business transactions impact the equation and financial statements.

9.5.5 Classify and record standard business transactions (e.g., cash, accounts receivable, accounts payable, inventory, plant assets) to the general ledger using journals and reconciliation rules to reduce errors.

9.5.6 Record adjusting entries, closing entries and post-closing correcting and reversing entries to general ledger accounts using journals (e.g., depreciation, allowances, deferrals & accruals).

9.5.7 Classify asset and liability accounts into current and non-current categories.

9.5.8 Manage accounting processes in accordance with accounting standards and organizational policies and procedures (e.g., cash, accounts receivable, accounts payable, inventory usage valuation, payroll expenses and benefits, long-term assets, intangible assets).

9.5.9 Summarize accounting data in trial balances, worksheets, and financial statements.

9.5.10 Perform procedures to validate accuracy of accounting data, to identify errors and to make corrections (e.g., review trial balance, reconcile cash, proof ledgers, count inventory).

9.5.11 Calculate and process tax and benefit payments.

9.5.12 Perform automated accounting functions using available hardware and software applications.

9.5.13 Identify and preserve accounting information in compliance with regulations and policies.

9.5.14 Calculate the value of inventory and cost of goods sold using the following inventory methods: FIFO, LIFO, Average Cost.

9.5.15 Determine the impact on inventory values when the Lower of Cost or Market rule is applied.

9.5.16 Record transactions for customer receivables, including entries to write-off uncollectible accounts using the allowance method.

9.5.17 Identify the characteristics of a liability and demonstrate the accounting for long-term debt (e.g., installment loans or corporate bonds).

9.5.18 Record transactions for both service and merchandising businesses.

9.5.19 Record purchase and sales transactions that include transportation costs, returns, discount terms and sales tax.

9.5.20 Identify the difference between a periodic and a perpetual inventory system.

**Outcome 9.6 Financial Reporting and Auditing**

Collect and analyze financial information and report financial activity in compliance with applicable regulations, policies and processes.

**Competencies**

9.6.1 Explain the importance of accurately reporting a business’s financial position and activities, the types of systems that are used for that purpose (i.e., tax systems, financial, cost systems) and the linkage to operational systems (i.e., enterprise systems).

9.6.2 Determine the level and type of financial statement verification that is required to achieve business objectives and comply with regulatory requirements (compilation, review or audit).

9.6.3 Identify the regulatory bodies that set standards for business reporting (e.g., Financial Accounting Standards Board [FASB], Securities and Exchange Commission [SEC], Public Company Accounting Oversight Board [PCAOB], International Financial Reporting Standards [IFRS], Small- and Medium-Sized Entities [SME] Financial Reporting Framework, Governmental Accounting Standards Board [GASB]).

9.6.4 Account for partnership activity and allocation of partnership profits and losses in accordance with partnership agreements.

9.6.5 Record corporate equity transactions including preferred and common stock issuance, dividends and treasury stock repurchases.

9.6.6 Explain why long-term assets are depreciated.

9.6.7 Record long-term transactions (e.g., acquisitions, disposals, depreciation).

9.6.8 Calculate depreciation using straight-line & accelerated methods.

9.6.9 Describe the purpose of consolidated financial reports.

9.6.10 Identify tax accounting differences (e.g., accelerated depreciation).

9.6.11 Analyze financial statements and accounts to prepare supplemental schedules and reports that comply with reporting requirements (e.g., notes to financial statements, management discussion and analysis, sustainability disclosures, earnings per share disclosure).

9.6.12 Describe the purpose and information reported on the Income Statement, Statement of Stockholders' Equity, Balance Sheet & Statement of Cash Flows.

9.6.13 Prepare financial statements including income statement, statement of stockholders equity and balance sheet.

9.6.14 Identify the requirements associated with planning, conducting, supervising, and reporting the results of internal and external audits in accordance with auditing and attestation standards and state regulations.

9.6.15 Describe the importance of complying with financial reporting confidentiality and non-disclosure requirements.

9.6.16 Classify costs as fixed, variable or mixed costs, and identify how each cost responds to changes in volume.

**Outcome 9.10 Capital Management**

Identify policies, processes and strategies to manage capital structures and support liquidity and solvency.

**Competencies**

9.10.7 Assess the impact of capital transactions on the cost of debt, cost of equity, cost of capital and minimum capital requirements.