

# **Advanced Placement (AP) Accounting Course & Exam Pilot Program**

## *Course Outline, Learning Objectives and Student Outcomes*

### **Course Overview**

The Advanced Placement (AP) Accounting Course & Exam Pilot Program is a year-long course based on high school teachers having 90 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 70 learning outcomes for the course. Of the 70 learning outcomes, 57 learning outcomes, or 81% of the course, are related to a financial accounting course and 13 learning outcomes, or 19% of the course, are related to a managerial accounting course.

## Learning Objectives and Student Outcomes

### Introduction to Accounting (Module 1)

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. Identify business ownership structures
4. Explain the role of management and the auditor in preparing and issuing an annual report.
5. Describe the relationship between assets, liabilities and equity on the balance sheet.
6. Identify and explain the classifications within assets, liabilities, and equity.
7. Define and calculate the current ratio and debt-equity ratio
8. Describe the information presented in an income statement . (See supplement)
9. Calculate return on sales (net profit margin) and return on equity
10. Identify and explain the three phases of the management cycle.
11. Identify and explain the four business processes.
12. Explain and calculate the operating cycle ( accounts receivable turnover and inventory turnover)
13. Explain how internal control procedures are used to safeguard assets.
14. Prepare a bank reconciliation.

### Accounting Information System (Module 3)

15. Describe the purpose of the accounting system.
16. Describe the purpose of journals and ledgers and their relationship.
17. Analyze and describe how business transactions impact the accounting equation.
18. Apply the double-entry system of accounting to record business transactions and prepare a trial balance.
19. Explain the need for adjusting entries and record adjusting entries.
20. Prepare the financial statements for the different types of business operations and ownership structures.
21. Explain the purposes of the closing process and record closing entries.
22. Complete the steps in the accounting cycle and prepare financial statements. (Practice set)

Accounting for Merchandising Companies (Module 3 & 4)

23. Describe the differences between the periodic and perpetual inventory systems.
24. Record business transactions using the periodic inventory system and the perpetual inventory system.
25. Describe the difference between the gross price method and the net price method.
26. Record business transactions using the gross price method and the net price method.
27. Determine cash paid for inventory and operating expenses.
28. Identify and describe the cost flow assumptions for inventory and explain the impact on the balance sheet and income statement.
29. Calculate cost of goods sold and ending inventory using LIFO and FIFO inventory costing methods.
30. Explain how inventory for a manufacturing business differs from inventory for a merchandising business.
31. Record direct materials and direct labor transactions.

Introduction to Taxes (Module 3)

32. Calculate payroll taxes.

Accounting for Sales and Accounts Receivable (Module 4)

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

Time Value of Money (Module 5)

37. Determine the present value and future value cash flows

Accounting for Fixed Assets (Module 6)

38. Use net present value concepts to make investment decisions.
39. Explain the purpose and methods of cost allocation.
40. Calculate and record depreciation, depletion and amortization and explain the impact on the financial statements.
41. Record the sale and disposal of fixed assets and the impact on the financial statements.

Accounting for Debt (Module 7)

42. Compare and contrast debt and equity financing.
43. Define and calculate TIE (Times-interest-earned ratio)
44. Compare and contrast a periodic payment note payable, a lump-sum note payable, and a periodic and lump-sum note payable.
45. Calculate the carrying value, interest expense and cash payment for note payable (periodic payment, lump-sum, periodic and lump-sum) transactions.
46. Record transactions for notes payable: issuance and interest expense.
47. Record transactions for bonds issued at face value, a premium and a discount.
48. Record interest expense for bonds issued at face value, a premium and a discount using the straight-line method and effective-interest method.

Accounting for Stockholder's Equity (Module 7)

49. Identify and describe the different classes of stock and explain the rights afforded each class of stock.
50. Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements
51. Record stock transactions: contributions by owners, corporate distributions (dividends), and the reacquisition of company stock.

Financial Statements (Module 8)

52. Describe the information provided in an income statement, and the purpose of an income statement.
53. Prepare an income statement.
54. Explain the difference in net income and income from continuing operations (discontinued operations, extraordinary items).
55. Describe the information provided in a balance sheet and statement of equity, and the purpose of a balance sheet and statement of equity.
56. Prepare a balance sheet and statement of equity.
57. Describe the information provided in statement of cash flows, and the purpose of a statement of cash flows.
58. Prepare a statement of cash flows using the direct method

Cost-Volume-Profit Analysis (Module 2)

59. Identify the activities in the three operating processes.
60. Identify and explain variable costs, fixed costs, and mixed costs.
61. Use high-low analysis to determine variable costs, fixed costs, and mixed costs.
62. Calculate break-even point and perform cost-volume-profit (CVP) analysis.
63. Apply sensitivity analysis to CVP analysis.
64. Determine selling price using sensitivity analysis and CVP analysis.
65. Describe the process of determining selling prices and demonstrate how various strategies are used to determine selling price
66. Describe the differences among product and non-product costs.
67. Identify and explain product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead.
68. Record direct materials and direct labor transactions.
69. Analyze a make-or-buy decision and/or accept-reject decision.
70. Identify what constitutes compensation.

Summary of Ratios:

Assess a company's profitability by calculating:

1. Return on sales (Net profit margin) (Module 1)
2. Earnings per share (EPS) (Module 8)
3. DuPont ROI (ROA) (Module 8)
4. ROE (Return on Equity) (Module 1)

Assess a company's liquidity and solvency by calculating:

5. Current ratio (Module 1)
6. Operating cycle (Module 1)
  - a. Inventory turnover in days
  - b. accounts receivable turnover in days

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

7. Debt-equity ratio (Module 1)
8. TIE (Times-interest-earned ratio) (Module 7)

### Course Outline

<b>Module</b>	<b>TITLE</b>	<b>Hours</b>	<b>% of Course</b>
Module 1	Introduction To Accounting & Financial Reporting	8	9%
Module 2	Cost-Volume-Profit Analysis	13	15%
Module 3	Accounting Information System	17	19%
Module 4	Accounting for Sales and Inventory	10	12%
Module 5	Time Value of Money	8	9%
Module 6	Accounting for Fixed Assets	8	9%
Module 7	Accounting for Long-term Liabilities and Equity	15	17%
Module 8	Financial Statements	9	10%
	<b>Total</b>	<b>88</b>	<b>100%</b>

<b>MODULE 1: INTRODUCTION to ACCOUNTING &amp; FINANCIAL REPORTING</b>			
<b>Chapters 1, 2 &amp; Supplements</b>			
Learning Objective: Describe generally accepted accounting principles and the objectives of financial reporting.			
<b>Student Outcomes:</b>		<b>Topic*</b>	<b>Ch &amp; Time</b>
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	4 hours
1.2	Describe the information provided in each financial statement and how the statements articulate with each other. (See revised exhibit 1.4)	F	
1.3	Identify business ownership structures	F	
1.4	Explain the role of management and the auditor in preparing and issuing an annual report.	F	
1.5	Describe the relationship between assets, liabilities and equity on the balance sheet.	F	
1.6	Identify and explain the classifications within assets, liabilities, and equity. (See revised exhibit 1.4)	F	
1.7	Define and calculate the current ratio and debt-equity ratio	A	
1.8	Describe the information presented in an income statement. (See supplement.)	F	
1.9	Calculate return on sales (net profit margin) and return on equity	A	
1.10	Identify and explain the three phases of the management cycle.	F	4 hours
1.11	Identify and explain the four business processes.	F	
1.12	Explain and calculate the operating cycle ( accounts receivable turnover and inventory turnover)	A	
1.13	Explain how internal control procedures are used to safeguard assets.	F	
1.14	Prepare a bank reconciliation.	F	
<b>Module 1 Total Hours</b>			<b>8 Hours</b>

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

<b>MODULE 2: COST-VOLUME-PROFIT ANALYSIS Chapters 3, 4, &amp; 5</b>				
<b>Learning Objective: Evaluate the operating results of a company.</b>				
<b>Student Outcomes:</b>			<b>Topic*</b>	<b>Ch &amp; Time</b>
2.1	Identify the activities in the three operating processes.	M	5 hours	
2.2	Identify and explain variable costs, fixed costs, and mixed costs.	M		
2.3	Use high-low analysis to determine variable costs, fixed costs, and mixed costs.	M		
2.4	Calculate break-even point and perform cost-volume-profit (CVP) analysis.	M	6 hours	
2.5	Apply sensitivity analysis to CVP analysis.	M		
2.6	Determine selling price using sensitivity analysis and CVP analysis.	M		
2.7	Describe the process of determining selling prices and demonstrate how various strategies are used to determine selling price.	M		
2.8	Describe the differences among product and non-product costs.	M		
2.9	Identify and explain product costs: direct/indirect materials, direct/indirect labor, manufacturing overhead.	M		
2.10	Analyze a make-or-buy decision and accept-reject decision.	M		
2.11	Identify what constitutes compensation (no calculations).	M		
			<b>Module 2 Total Hours</b>	<b>13 Hours</b>

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

<b>MODULE 3: ACCOUNTING INFORMATION SYSTEM Chapters 7 &amp; 8</b>			
<b>Learning Objectives:</b>			
<ol style="list-style-type: none"> <li>1. Complete the steps in the accounting cycle in order to prepare the financial statements</li> <li>2. Apply generally accepted accounting principles to the purchasing (inventory) process for merchandising companies</li> </ol>			
<b>Student Outcomes:</b>		<b>Topic*</b>	<b>Ch &amp; Time</b>
3.1	Describe the purpose of the accounting system	F	12 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	Prepare the financial statements for the different types of business operations and ownership structures	F	
3.7	Explain the purposes of the closing process and record closing entries	F	
3.8	Complete the steps in the accounting cycle and prepare financial statements (Practice set)		
3.9	Describe the differences between the periodic and perpetual inventory systems.	F	5 hours
3.10	Record business transactions using the periodic inventory system and the perpetual inventory system.	F	
3.11	Describe the difference between the gross price method and the net price method.	F	
3.12	Record business transactions using the gross price method and the net price method.	F	
3.13	Determine cash paid for inventory and operating expenses.	F	
3.14	Calculate payroll taxes	F	
<b>Module 3 Total Hours</b>			<b>17 Hours</b>

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

<b>MODULE 4: ACCOUNTING FOR SALES AND INVENTORY Chapter 9 &amp; 10</b>		
<b>Learning Objectives:</b>		
1. Apply generally accepted accounting principles to the sales and collection process.		
2. Apply generally accepted accounting principles to the inventory and cost of goods sold.		
<b>Student Outcomes</b>	<b>Topic*</b>	<b>Ch &amp; Time</b>
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	Record direct materials and direct labor transactions.	M
<b>Module 4 Total Hours</b>		<b>10 Hours</b>

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<b>MODULE 5: TIME VALUE OF MONEY/CAPITAL INVESTMENTS Chapter 11</b>		
<b>Learning Objective: Apply time value of money concepts to business scenarios.</b>		
<b>Student Outcomes</b>	<b>Topic*</b>	<b>Ch &amp; Time</b>
5.1	Determine the present value and future value cash flows.	F
<b>Section 5 Total Hours</b>		<b>8 Hrs</b>

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

<b>MODULE 6: ACCOUNTING FOR FIXED ASSETS Chapter 12 &amp; 16</b>			
<b>Learning Objective:</b>			
<b>1. Apply time value of money concepts to make capital investments.</b> <b>2. Apply generally accepted accounting principles to fixed assets.</b>			
<b>Student Outcome</b>		<b>Topic*</b>	<b>Ch &amp; Time</b>
6.1	Use net present value concepts to make investment decisions.	F	2 hours
6.2	Explain the purpose and methods of cost allocation.	F	6 hours
6.3	Calculate and record depreciation, depletion and amortization and explain the impact on the financial statements.	F	
6.4	Record the sale and disposal of fixed assets and the impact on the financial statements.	F	
<b>Module 6 Total Hours</b>			<b>8 hours</b>

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

<b>MODULE 7: ACCOUNTING FOR LONG-TERM LIABILITIES AND EQUITY</b>			
<b>Chapters 13, 14 &amp; 15</b>			
<b>Learning Objective: Apply generally accepted accounting principles to long-term liabilities and equity transactions.</b>			
<b>Student Outcomes</b>		<b>Topic*</b>	<b>Ch &amp; Time</b>
7.1	Compare and contrast debt & equity financing; review debt-to-equity ratio	F	5 hours
7.2	Identify and describe the different classes of stock and explain the rights afforded each class of stock.	F	
7.3	Describe the difference between cash dividends, stock dividends and stock splits, and the impact on the financial statements	F	
7.4	Record stock transactions: contributions by owners, corporate distributions (dividends), and the reacquisition of company stock.	F	
7.5	Define and calculate TIE (Times-interest-earned ratio)	F	
7.6	Compare and contrast a periodic payment note payable, a lump-sum note payable, and a periodic and lump-sum note payable.	F	5 hours
7.7	Calculate the carrying value, interest expense and cash payment for note payable (periodic payment, lump-sum, periodic and lump-sum) transactions.	F	
7.8	Record transactions for notes payable: issuance and interest expense.	F	5 hours
7.9	Record transactions for bonds issued at face value, a premium and a discount.	F	
7.10	Record interest expense for bonds issued at face value, a premium and a discount using the effective-interest method.	F	
<b>Module 7 Total Hours</b>			<b>15 Hours</b>

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

<b>MODULE 8: FINANCIAL STATEMENTS Chapters 17, 18, and 19</b>		
<b>Learning Objective: Prepare and analyze financial statements.</b>		
<b>Student Outcomes</b>	<b>Topic*</b>	<b>Ch &amp; Time</b>
8.1	Describe the information provided in an income statement, and the purpose of an income statement.	F
8.2	Prepare an income statement.	F
8.3	Explain the difference in net income and income from continuing operations (discontinued operations, extraordinary items).	F
8.4	Define and calculate earnings per share (EPS) and DuPont ROI (supplement).	F
8.5	Describe the information provided in a balance sheet and statement of equity, and the purpose of a balance sheet and statement of equity.	F
8.6	Prepare a balance sheet and statement of equity.	F
8.7	Describe the information provided in statement of cash flows, and the purpose of a statement of cash flows.	F
8.8	Prepare a statement of cash flows using the direct method.	F
<b>Module 8 Total Hours</b>		<b>9 Hours</b>

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