



ACCOUNTING 52.0301.00

TECHNICAL STANDARDS

An Industry Technical Standards Validation Committee developed and validated these standards on July 7, 2021. The Arizona Career and Technical Education Quality Commission, the validating authority for the Arizona Skills Standards Assessment System, endorsed these standards on January 31, 2022.

Note: Arizona's Professional Skills are taught as an integral part of the Accounting program.

The Technical Skills Assessment for Accounting is available SY2022-2023.

Note: In this document i.e. explains or clarifies the content and e.g. provides examples of the content that must be taught.

STANDARD 1.0 DEMONSTRATE THE STEPS OF THE ACCOUNTING CYCLE

- 1.1 Explain the purpose of the accounting cycle
- 1.2 Define terminology related to the accounting cycle (i.e., journal entry, trial balance, adjusting entries, financial statements, closing entries, etc.)
- 1.3 Demonstrate the fundamental accounting equation (assets = liabilities + equity)
- 1.4 Classify items as assets, liabilities, or equity
- 1.5 Practice the double-entry system (debit and credit) of accounting
- 1.6 Analyze the effect of business transactions on the basic accounting equation using source documents (i.e., bank statements, checks, invoices, deposits, etc.)
- 1.7 Journal/track basic business transactions (e.g., classify by account, determine account type, apply accounting equation, and maintain a record of all business transactions)
- 1.8 Differentiate among a journal, subsidiary ledger, and general ledger
- 1.9 Post transactions from the journal to the ledger (e.g., accruals, journal entry reversals, and adjusted journal entries)
- 1.10 Determine how equity is affected by revenue, expense, and drawing accounts
- 1.11 Explain how a trial balance worksheet is used
- 1.12 Prepare financial statements (e.g., financial statements, balance sheets, income statements, cash flow statements, and statement of shareholders' equity)
- 1.13 Explain and prepare a post-closing trial balance

STANDARD 2.0 ANALYZE ACCOUNTING PROCEDURES FOR CASH CONTROL

- 2.1 Complete check stubs or register manually and using computerized systems
- 2.2 Enter appropriate data on a deposit slip
- 2.3 Reconcile a bank statement and correct any reconciling differences
- 2.4 Demonstrate procedures for managing and reconciling cash manually and using computerized systems
- 2.5 Explain alternate currency exchange [i.e., Electronic Funds Transfer (EFT) process, wire, ACH, etc.]
- 2.6 Journal and reconcile credit card statements

STANDARD 3.0 APPLY PROCEDURES FOR ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

- 3.1 Establish and maintain the accounts receivable subsidiary ledger
- 3.2 Process sales orders and invoices received by mail and email
- 3.3 Process customer payments
- 3.4 Analyze accounts receivable using an aging schedule to determine doubtful accounts
- 3.5 Establish and maintain the accounts payable subsidiary ledger
- 3.6 Maintain customer and vendor files
- 3.7 Process invoices for payment and data entry
- 3.8 Process accounts payable checks including electronic payments (e.g., ACH and EFT)

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STANDARD 4.o GENERATE PAYROLL

- 4.1 Prepare and journal payroll records using manual and computerized systems (e.g., payroll accrual taxes)
- 4.2 Calculate earnings for various methods of compensation (i.e., commissions, hourly, salary, etc.)
- 4.3 Compute employee deductions to determine net pay (i.e., medical/insurance benefits, payroll taxes, etc.)
- 4.4 Calculate employer's payroll taxes
- 4.5 Prepare basic federal payroll forms (e.g., W-2, W-4, 940, 941, and 1099) following the Federal Employment Law

STANDARD 5.o EVALUATE ASSETS, LIABILITIES, AND EQUITY

- 5.1 Define and use terminology related to assets and liabilities (i.e., current, long-term, contra-liabilities, fixed assets, etc.)
- 5.2 Explain the purposes of notes receivable/payable
- 5.3 Maintain inventory records
- 5.4 Apply inventory costing procedures (i.e., FIFO, LIFO, weighted average, etc.)
- 5.5 Compute the cost basis of fixed assets
- 5.6 Calculate depreciation (e.g., Straight Line and Double Declining)
- 5.7 Identify internal controls used to protect assets from loss, waste, theft, forgery, and embezzlement
- 5.8 Review revenue recognition standards to determine when to record revenue
- 5.9 Determine cost of goods sold and gross profit

STANDARD 6.o UTILIZE BASIC BUSINESS, ECONOMIC, AND FINANCIAL MANAGEMENT PRACTICES

- 6.1 Describe chart of accounts and how it is used to organize accounting records and information
- 6.2 Interpret a budget based on an organization's business plan
- 6.3 Interpret an income statement and a balance sheet for an organization
- 6.4 Interpret financial information for decision making and planning
- 6.5 Monitor and adjust business operations based on financial performance
- 6.6 Describe the impact of quality internal business communications on the success of an organization
- 6.7 Describe the importance of managing customer relations
- 6.8 Explain the role of insurance in managing risk
- 6.9 Explain the role of accounting in support of the five functions of management (e.g., planning, organizing, directing, staffing, and controlling) and related decision making
- 6.10 Identify different accounting practices among industries (i.e., service, merchandising, manufacturing businesses, etc.)

STANDARD 7.o EVALUATE THE FUNCTIONS OF ACCOUNTING IN BUSINESS OPERATIONS

- 7.1 Explain GAAP (Generally Accepted Accounting Principles) and other basic accounting methods
- 7.2 Differentiate between taxation at the personal and business level
- 7.3 Explain the purpose of equity accounts (e.g., common stock, preferred stock, paid-in capital, retained earnings, and dividends for a corporation, and partnership drawing and capital accounts)
- 7.4 Identify three basic types of business funding (i.e., operating, investing, financing, etc.)
- 7.5 Compare and contrast accounting requirements for not-for-profit, for-profit, and government organizations

STANDARD 8.o EVALUATE THE FINANCIAL PERFORMANCE OF A BUSINESS

- 8.1 Analyze current and long-term assets/liabilities including their impact on the financial statements
- 8.2 Analyze the statement of cash flow and the effect on healthy performance
- 8.3 Calculate financial ratios (i.e., price earnings, quick, liquidity, and merchandise inventory turnover, etc.)
- 8.4 Determine the effect of changes in sales volume, unit costs, and unit sales process on net income (e.g., price and quantity variances)

STANDARD 9.o USE TECHNOLOGY TO MANAGE FINANCIAL INFORMATION

- 9.1 Use software to organize, calculate, and complete an accounting financial statement (i.e., Power BI, Excel, QuickBooks, etc.)

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9.2 Use software to analyze and/or audit financial information and condition of a business

STANDARD 10.0 EXAMINE ETHICAL STANDARDS IN THE ACCOUNTING PROFESSION

- 10.1 Discuss and be able to identify common ethical issues in accounting (i.e., pressure to manipulate figures, fraudulent reporting, misappropriation of assets, errors of ethical omission, etc.)
- 10.2 Differentiate between ethical and legal accounting issues
- 10.3 Explain the importance of high ethical standards in the preparation of financial statements

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