

FBLA: ACCOUNTING II

Competency: Financial Statements	
Tasks	
1.	Describe the different types of financial statements; explain their purpose and compare the difference.
2.	Prepare a trial balance, a worksheet (8 and 10 columns), and an adjusted trial balance.
3.	Prepare and interpret an income statement.
4.	Prepare and interpret a balance sheet that reports the financial condition of the entity.
5.	Prepare a statement of Owner's Equity/Partner's Equity/Retained Earnings.
6.	Explain the purposes of each financial statement and describe the way they articulate with each other.
7.	Analyze the effects of revenue on financial statements.
8.	Use manual and computerized accounting systems for preparing financial statements and evaluating the effect of changes.
9.	Determine acceptable levels of financial performance to be used as a basis for management decisions.
10.	Define terminology and classifications necessary for financial statements.
Competency: Corporate Accounting	
Tasks	
1.	Identify the methods for forming a corporation and complete the various steps of the accounting cycle for a corporation or for a not-for-profit business.
2.	Identify and describe the different classes of stock and explain the rights afforded each class of stock.
3.	Journalize transactions: capital stock issuance, organization costs, stock subscriptions, and dividend declaration and payment to stockholders.
4.	Differentiate between stock splits and stock dividends, and explain how each affect equity.
5.	Determine stockholders equity and earnings per share and prepare a statement of stockholders' equity for a corporation.
6.	Perform all of the functions of the closing process, journalize and post the closing entries, prepare the post-closing trial balance, and prepare all of the appropriate financial statements and reports for a corporation.
7.	Apply appropriate accounting techniques for the formation, allocation, and distribution of earnings and dissolution of corporations.
8.	Describe the purposes of the revenue, expense, and drawing accounts and illustrate the effects on capital/owner's or stockholder's equity.
9.	Describe the different levels of liability and taxation for Subchapter S Corporations and Limited Liability Corporations.
10.	Analyze the information derived from the corporate financial statements.
Competency: Partnerships	
Tasks	
1.	Identify the characteristics of a partnership and the steps for forming a partnership and admitting new partners.
2.	Create financial statements for partnerships including end-of-fiscal-period worksheet, income statement, distribution of net income statement/owner's equity statement, balance sheet, adjusting and closing entries, and post-closing trial balance.
3.	Apply appropriate accounting techniques for the formation, allocation, and distribution of earnings and dissolution of a partnership.
Competency: Ratios and Data Analysis	
Tasks	
1.	Compute financial ratios and analyze financial statements using horizontal analysis, vertical analysis, and commonly used financial ratios.
2.	Analyze and describe how a change in an independent variable can produce a change in a dependent variable.
3.	Calculate financial strength analysis by determining current ratio of assets to liabilities, acid-test ratio, debt ratio, working capital, equity ratio, and equity and earnings per share.
4.	Apply differential analysis to make decisions such as buying or making a product; leasing or buying an asset; discontinuing a department, plant, or product; replacing or repairing equipment; or offering discounted prices on special orders.

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Competency: Accounts Receivable and Payable	
Tasks	
1.	Analyze and journalize transactions of merchandise sold for cash, on account, or by credit card; post to proper ledger accounts; and prove subsidiary ledger by preparing a schedule of accounts receivable.
2.	Analyze and journalize purchases of merchandise on account; demonstrate knowledge of net purchases; post to proper ledger accounts; and prove subsidiary ledger by preparing a schedule of accounts payable.
3.	Record transactions and journalize entries to write off uncollectible accounts using the direct write-off and allowance method.
4.	Prepare adjustments using aging accounts receivable, percentage of sales, and percentage of accounts receivable methods.
5.	Explain the purpose of notes payable and notes receivable and calculate, record transactions, and journalize interest and payment of notes payable and receivable.
6.	Prepare adjusting and reversing entries for prepaid and accrued expenses and unearned and accrued revenue.
Competency: Budgeting and Cash Flow	
Tasks	
1.	Review revenues, expenditures, trends, priorities, and projections in preparation of a budget.
2.	Prepare master and flexible budgets and describe how they are each used.
3.	Compare the projected budgeted amounts with the actual amounts through preparation of a performance report.
4.	Use cost-volume-profit and contribution margin analysis to plan operations.
5.	Prepare budget analysis using spreadsheet software.
6.	Calculate and prepare cash flow statements.
7.	Determine cash flows from operating activities, investing activities, and financing activities.
Competency: Cost Accounting/Manufacturing	
Tasks	
1.	Define managerial accounting and understand the terminology and techniques related to cost accounting.
2.	Interpret and explain costs and accounts that are unique to the manufacturing process.
3.	Calculate manufacturing cost of finished goods by determining cost of direct materials, labor, and factory overhead.
4.	Prepare a schedule of cost of goods manufactured and explain its relationship to the income statement.
5.	Journalize entries that summarize cost records at the end of the fiscal year.
6.	Use various allocation methods to allocate overhead and indirect costs.
7.	Explain the difference between variable, mixed, and fixed costs.
8.	Compute break-even and cost-revenue analysis values and understand how to interpret the results.
9.	Prepare a materials ledger and a finished goods ledger for a manufacturing business.
10.	Apply appropriate software to prepare and maintain cost accounting records.
Competency: Departmentalized Accounting	
Tasks	
1.	Define terminology related to departmentalized accounting.
2.	Analyze and journalize departmental purchases/cash payments and sales/cash receipts in special journals and posts to ledgers.
3.	Create a departmental statement of gross profit, financial statements, and end-of-period work.
4.	Prepare and maintain payroll records for a departmentalized business.
5.	Journalize and post adjusting and closing entries for a departmentalized business.
6.	Apply appropriate software to maintain departmentalized records.

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Competency: Ethics	
Tasks	
1.	Describe the importance of integrity, confidentiality, and high ethical standards in preparation of financial statements, and in interpretation and use of data.
2.	Explain the importance of ethical business decisions.
3.	Adhere to financial laws and regulations and to established company rules, regulations, and policies.
4.	Utilize security measures to minimize loss and to create trust (e.g., maintain data security, develop strategies to protect data).
Competency: Income Tax	
Tasks	
1.	Complete various basic business-related tax forms, such as 941, 940, payroll, etc.
2.	Identify differences between pretax financial income and taxable income.
3.	Identify special issues related to deferred income taxes, explain the effect of various tax rates on deferred income taxes, and describe their presentation in financial statements.
4.	Differentiate between taxation at personal and business levels, including tax-planning strategies.
5.	Calculate federal income tax expense, record the adjustment, and complete the corporate worksheet.
6.	Identify the basic differences between Generally Accepted Accounting Principles (GAAP) and tax law.
7.	Distinguish between tax avoidance and tax evasion.
8.	Evaluate accrual methods, inventory methods, and depreciation options to determine tax effects.
9.	Analyze current business decisions to determine the impact on taxes.
Competency: Inventory	
Tasks	
1.	Explain the importance of an inventory system and its valuation.
2.	Determine the value of inventory using various costing methods, such as LIFO, FIFO, or Weighted Average method.
3.	Estimate the cost of inventory using the retail and the gross profit methods.
4.	Calculate and analyze merchandise turnover ratio.
5.	Determine costs of obsolete inventory and/or materials.
Competency: Journalizing and Posting	
Tasks	
1.	Analyze and journalize cash receipts and cash payment transactions and post to proper ledger accounts.
2.	Analyze and journalize purchases and sales on account.
3.	Analyze and journalize transactions for the return of merchandise and post to the appropriate ledger accounts.
4.	Journalize and post the adjusting and closing entries for a business.
5.	Record business transactions in the general journal and the special journals using appropriate correction methods.
6.	Post business transactions to the general and subsidiary ledger accounts and prove their accuracy.
7.	Journalize business transactions using multicolumn journals.
8.	Journalize adjustments of prepaid (deferred) expenses as assets or expenses, of prepaid (deferred) revenue as liabilities or income, and of accrued expenses and accrued revenue.
9.	Prove and rule journals.
10.	Prepare a post-closing trial balance.
11.	Journalize entries in a voucher system.

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Competency: Payroll	
Tasks	
1.	Calculate earnings at an hourly and piece rate; and on a salary, commission, and salary/commission basis.
2.	Calculate and journalize deductions including federal income tax, social security tax, Medicare tax, state income tax, and other deductions to determine net pay.
3.	Calculate and journalize employer's payroll taxes (e.g., social security, Medicare, federal unemployment, state unemployment) and employee benefits paid by the employer.
4.	Prepare payroll checks and vouchers.
5.	Record payroll earnings and deductions in a payroll register.
6.	Maintain employee earnings record.
7.	Complete federal and state employment tax forms such as W-4, W-2, quarterly reports, and unemployment tax forms.
Competency: Plant Assets and Depreciation	
Tasks	
1.	Explain the need for recording the depreciation of assets.
2.	Calculate and journalize annual and partial-year depreciation for plant assets using straight line, sum-of-the-year's digits, declining balance, production unit, MACRS, and depletion of natural resources.
3.	Record disposition of plant assets through buying, selling, or trading.
4.	Explain, compare, and analyze various depreciation methods and their effect on the value of assets.
5.	Identify property, plant, and equipment assets; and record their initial costs.
Competency: Purchases and Sales	
Tasks	
1.	Evaluate a business's sales and purchasing activities to minimize expenses.
2.	Differentiate between cost of sales and general operating expenses.
3.	Compare and contrast transactions recorded as assets versus expenses, such as supplies inventory/supplies expense.
4.	Calculate sales dollars and sales units required to earn a set amount of net income.
5.	Calculate the contribution margin rate, breakeven point, sales dollars, and units required to earn a planned amount of net income.
6.	Describe the effects of changes in sales volume, unit costs, and unit sales prices on net income.
7.	Calculate the cost of goods sold for a specified period.
8.	Calculate amount due with given terms of sales, sales tax, discounts, etc.
9.	Calculate cash discounts/trade discounts with given terms of sale, shipping, etc.
10.	Identify the difference between debit and credit memorandums.

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