

STUDENTS AND COLLEGE COURSES THE BENEFITS OF ADVANCED PLACEMENT ACCOUNTING COURSES (AP)

By Michael P. Dole, MS, CPA



ISTOCKPHOTO.COM



Many high school students planning to continue their education take Advanced Placement (AP) courses to earn college credit and skip introductory course work in a variety of areas. These areas include economics, chemistry, foreign languages, mathematics, and a variety of other subjects, but do not include accounting. By earning AP credit, the high school student can possibly eliminate the need to take some of these introductory courses in college.

This may enable an incoming college freshman to broaden his or her college experience easier by studying abroad or taking on an additional major. These AP courses are under the guidance of the Advanced Placement Program of The College Board. The College Board is a nonprofit organization whose primary purpose is to help students enhance their opportunity for higher education. Its membership includes approximately 6,000 universities, colleges and other educational institutions.

Possible AP credit is awarded for college course credit, based on the score obtained on the examination administered by The College Board, and by the university or college that the student will be attending.

Each university or college independently decides whether to award college course credit based on an individual determination of the content and rigor of the AP course and examination. Usually a high score obtained on the AP examination may entitle the student to pass out of one or possibly more introductory courses.

For example, at Marquette University

in Milwaukee, if an incoming freshman earns a score of three out of five on the AP chemistry exam, the student can bypass the first introductory four-credit chemistry course, and with a score of five out of five, the student can bypass the first two four-credit introductory chemistry courses.

GOALS OF AN AP ACCOUNTING COURSE

Currently there is initiative and an ongoing pilot program in 10 states to create an AP accounting course and subsequent examination. In 2012, The College Board will be accepting proposals based on this initiative and the outcomes of the pilot programs for possible course adoption. The College Board's decision to accept an accounting AP course and examination is based in part on whether there is demand from high school educators and students for the course, whether there are enough colleges and universities that will possibly grant course credit, and whether a successful pilot course is demonstrated.

Core area of study	Some general important topics covered in the core area of study
1. Introduction to Accounting in Business	<ul style="list-style-type: none"> • The Conceptual Framework of Accounting • Financial Statement Articulation • Types of Business Entities • The Accounting Equation • The Classified Balance Sheet Purpose and Preparation • Internal Control Concepts • Bank Reconciliation Preparation
2. Managerial Accounting Concepts and Break-Even Analysis	<ul style="list-style-type: none"> • Cost Classifications • Cost Behavior • Mixed Cost Analysis • Cost-Volume-Profit Analysis • Relevant Costs for Decision Making
3. The Accounting Cycle and Information Systems	<ul style="list-style-type: none"> • The Accounting Cycle • Analyzing Economic Transactions • The Bookkeeping Process • Contrasting Perpetual and Periodic Inventory Procedures • Payroll Accounting
4. Accounting for Merchandising Operations and Inventories	<ul style="list-style-type: none"> • The Revenue Recognition Principle • Accounts Receivable Accounting • Inventory Valuation Methods
5. Present Value Concepts and Capital Budgeting	<ul style="list-style-type: none"> • Time Value of Money Concepts • Future and Present Cash Flow Calculations • Net Present Value Analysis
6. Long-term Asset Accounting	<ul style="list-style-type: none"> • Cost Determination • The Process of Cost Allocation • Depreciation Methods • Accounting for Natural Resources • Accounting for Intangible Assets
7. Long-Term Liabilities and Equity Accounting	<ul style="list-style-type: none"> • Accounting for Long-term Notes Payable • Accounting for Bonds Payable • The Characteristics of Corporations • The Basics of Capital Stock • Capital Stock Transaction Accounting • The Basics of Dividends • Dividend Accounting
8. Financial Statements	<ul style="list-style-type: none"> • The Classified Balance Sheet Purpose and Preparation • The Classified Income Statement Purpose and Preparation • The Statement of Cash Flows Purpose and Preparation

The main goals of the AP accounting course and examination are to attract the higher academic performing students to take an AP course that is currently a reflection of the accounting profession and is not simply a “bookkeeping” course, and to advertise accounting as a course of study and career path.

AP ACCOUNTING POTENTIAL COURSE CONTENT

The AP accounting course currently being piloted includes a year of high school study covering eight core areas of accounting. These core areas will have approximately 75 percent concentration on financial accounting topics and the remainder on managerial accounting topics. The adjacent table provides a summary of the piloted course content.

The piloted AP accounting course must be taught at college level intensity. Teachers who have had the required training in these financial and managerial accounting areas must instruct the course. Currently, high school teachers will require 24 to 32 hours of training sessions to get educated in these accounting disciplines. The College Board recommends, but does not require, that the teachers have significant advanced coursework and experience in the AP course discipline they are instructing.

ADVANTAGES OF THE AP ACCOUNTING COURSE

As earlier stated, the goals of having an AP course and examination are also the benefits the accounting profession is looking for. The goals and benefits are: attracting high-caliber high school students

to consider accounting as a career path; displaying the state of accounting in its relationship with the current business environment; and trying to rid the stereotyped perceptions of accounting as just a “bookkeeping” vocation. These are all important benefits that can be delivered at the high school level.

In addition, studies indicate that those students taking an AP course in any discipline, compared to those students who do not, will take one additional course in that discipline while in college. Having the AP accounting course will then serve as a feeder course for additional college level course work in accounting and may serve as a basis for eventual preparation for the Uniform Certified Public Accounting Examination.

Lastly, an AP accounting course would lend credibility to the accounting profession the same as AP chemistry and biology courses lend credibility to the medical profession.

DISADVANTAGES OF THE AP ACCOUNTING COURSE

A concern is if the rigor of the AP course and examination is enough for high school students to build the necessary financial accounting foundation in order to succeed in their intermediate and advance accounting courses.

For example, by not having the proper introductory financial accounting foundation, supplied from the AP course and examination, will a demanding college intermediate financial accounting course be too overwhelming for the accounting student with AP credit? In addition, will students have a solid base for successful completion of their cost accounting courses? Another concern is if a 32-hour training course can properly equip high school educators to deliver the necessary financial and managerial accounting components to their students.

CONCLUSION

In 2012, after the application process is completed and The College Board evaluates the piloted AP course’s outcomes, the decision to adopt an accounting AP course will solely rest with the Board. If the accounting AP course and examination are adopted, based on forthcoming accounting college enrollments, maintaining and not diluting current college accounting programs, and assessing the future passing rates of the Uniform Certified Public Accounting Examination, only then will the accounting profession get a feel if the goals and benefits of the program are being obtained.



MICHAEL P. DOLE, MS, CPA is an adjunct assistant professor of accounting at Marquette University. He can be reached at 414-288-6587 or michael.dole@marquette.edu.



Accounting and finance professionals for temporary, interim and project work

Our Mission...Happy Accountants!

T-Accountants provides Wisconsin companies with smart, experienced, productive accounting and finance professionals to help them manage workloads, keep employees happy and get work done.

We strive to offer accounting and finance professionals more flexibility and control over their professional and personal concerns.

View available contractors at our website or give us a call.

www.t-accountants.com | info@t-accountants.com | 262-349-3593