

DESCRIPTION

The first summative assessment in a series, Accounting I measures the knowledge and skills necessary for understanding the basic elements and concepts of double-entry accounting systems. Topics include: understanding of the accounting equation, analyzing business transactions, entering transactions in journals, posting to ledgers, compiling end-of-period financial statements, preparing closing entries, and managing cash.

Total Test Questions: 65

Levels: Grades 10-12

Units of Credit: .50

Prerequisites: None

STANDARDS, OBJECTIVES, AND INDICATORS

STANDARD 1

13% of Exam Blueprint

◆ **STUDENTS WILL LIST AND IDENTIFY CHARACTERISTICS OF THE THREE BASIC ACCOUNTING EQUATION ELEMENTS.**

- Objective 1: Define accounting, explain the purpose of the accounting system, and apply each step of the accounting cycle.
- Objective 2: Define and use accounting terminology and generally accepted accounting principles (GAAP).
- Objective 3: Identify and explain the three forms of business ownership.
1. List the characteristics, advantages, and disadvantages of a sole proprietorship, partnership, and corporation.
- Objective 4: Identify and explain three types of businesses.
1. List the characteristics of service, merchandising, and manufacturing businesses.

STANDARD 2

17% of Exam Blueprint

◆ **STUDENTS WILL LIST AND IDENTIFY CHARACTERISTICS OF THE THREE BASIC ACCOUNTING EQUATION ELEMENTS.**

- Objective 1: Demonstrate an understanding of the fundamental accounting equation.
1. Understand the accounting equation: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
 2. Equity. Explain why the accounting equation must be in balance.
 3. Manipulate the accounting equation to find the missing variable.
 4. Demonstrate mathematical calculations necessary for accounting activities.
- Objective 2: Classify accounts as assets, liabilities, or owner's equity.



STANDARD 3

13% of Exam Blueprint

◆ **STUDENTS WILL APPLY THE RULES OF DEBIT AND CREDIT DOUBLE-ENTRY ACCOUNTING TO ANALYZE BUSINESS TRANSACTIONS.**

- Objective 1: Apply the rules of double-entry accounting to business transactions.
1. Refer to a chart of accounts to identify accounts that are affected.
 2. Show how and why accounts are increased and decreased and the resulting changes that occur within the accounting equation.
- Objective 2: Use T-accounts to analyze business transactions into debits and credits.
1. Identify normal balance and increase and decrease sides of all accounts.
 2. Calculate changes in account balances.
 3. Show that the accounting equation is in balance.

STANDARD 4

18% of Exam Blueprint

◆ **STUDENTS WILL IDENTIFY AND USE SOURCE DOCUMENTS FOR JOURNALIZING TRANSACTIONS, POST JOURNAL ENTRIES TO A LEDGER, AND PREPARE A TRIAL BALANCE.**

- Objective 1: Use source documents to analyze business transactions.
1. Identify different types of source documents.
 2. Evaluate checks, invoices, memorandums, receipts, and register tapes to determine accounts affected by a transaction.
- Objective 2: Explain the purpose of the general journal.
1. Use appropriate steps to journalize transactions.
- Objective 3: Explain the purpose of the general ledger.
1. Organize the ledger according to account classification.
- Objective 4: Post information from the general journal to the general ledger.
1. Properly calculate and record new account balance.
 2. Explain the need for post-referencing in accounting.
 3. Use the audit trail to trace a transaction.
- Objective 5: Prepare a Trial Balance to prove equality of debits and credits.
1. Explain the uses and limitations of a trial balance.
 2. Identify and use mathematical methods for locating and correcting errors shown by the trial balance (e.g., difference is multiple of 1, evenly divided by 9, evenly divided by 2, or an omitted amount).
 3. Journalize correcting entries.

STANDARD 5

16% of Exam Blueprint

◆ **STUDENTS WILL PREPARE, ANALYZE AND INTERPRET FINANCIAL STATEMENTS.**



ACCOUNTING I (210)

- Objective 1: Know the elements of an appropriate heading for each financial statement.
- Objective 2: Prepare a formal Income Statement.
 1. Calculate revenue
 2. Calculate expenses
 3. Compute net income/net loss
- Objective 3: Determine the ending capital account balance.
 1. Accurately compute the change in capital with net income or net loss.
- Objective 4: Prepare a Balance Sheet.
 1. List and calculate accounts accurately.
 2. Record ending capital
 3. Prove the accounting equation is in balance
- Objective 5: Explain the purposes of each financial statement.
 1. Use general ledger account information to prepare financial statements.

STANDARD 6

10% of Exam Blueprint

 **STUDENTS WILL DEMONSTRATE HOW TO CLOSE AN ACCOUNTING PERIOD.**

- Objective 1: Prepare, journalize and post-closing entries.
 1. Journalize and post the entries to bring revenue/sales accounts, expense accounts, and the income summary to zero balances. Income summary to a zero-balance dependent on net income or loss.,
- Objective 2: Verify that the current balance of the capital account matches balance sheet.
- Objective 3: Identify and describe the purpose of temporary and permanent accounts.
 1. Calculate the increases/decreases to owner's equity from each of the temporary accounts.
- Objective 4: Prepare a Post-Closing Trial Balance to prove equality of debits and credits for permanent accounts.

STANDARD 7

13% of Exam Blueprint

 **STUDENTS WILL DEMONSTRATE AN UNDERSTANDING OF CASH CONTROL SYSTEMS.**

- Objective 1: Understand accounting terminology that relates to banking and cash control and identify the specific details of business-related banking forms/documents.



ACCOUNTING I (210)

1. Prepare banking documents/forms (i.e. deposit slips, checks, and endorsements)
2. Identify types of endorsements (i.e. blank, restrictive, special).
3. Prepare a bank statement reconciliation and make necessary journal entries.
4. Demonstrate verification of the cash balance using the checkbook, bank statement, and cash account.

STANDARD 8 (Optional)

◆ STUDENTS WILL ACQUIRE AUTOMATED ACCOUNTING COMPETENCY, OR CALCULATOR PROFICIENCY IF COMPUTERS ARE NOT AVAILABLE.

Objective 1: Use spreadsheet and accounting software.

1. Maintain accounting records.
2. Graph accounting data.

Objective 2: Describe the differences between manual and computerized accounting systems.

1. Understand automated posting.
2. Understand automated computation.
3. Print reports.

Objective 3: Identify types of accounting software.

1. Identify industry-standard accounting and tax software.

Objective 4: Explore internet web sites for accounting purposes.

Objective 5: Explore careers in the field of accounting.

