



EXAM INFORMATION

Items

67

Points

73

Prerequisites

NONE

Grade Level

10-12

Course Length

ONE SEMESTER

Career Cluster

FINANCE

Performance Standards

INCLUDED

Certificate Available

YES

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.

EXAM BLUEPRINT

STANDARD	PERCENTAGE OF EXAM
1- Accounting Terminology & Business Structure	13%
2- Three Basic Accounting Equations	17%
3- Business Transactions	13%
4- Source Documents	18%
5- Prepare, Analyze, Interpret Statements	16%
6- Closing an Accounting Period	10%
7- Cash Control Systems	13%
8- Automated Account Competency (Optional)	

**STANDARD 1****STUDENTS WILL UNDERSTAND ACCOUNTING TERMINOLOGY AND BASIC BUSINESS STRUCTURES**

- 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**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 2 Performance Evaluation included below (Optional)

STANDARD 3**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 3 Performance Evaluation included below (Optional)

**STANDARD 4**

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 4 Performance Evaluation included below (Optional)

STANDARD 5

STUDENTS WILL PREPARE, ANALYZE, AND INTERPRET FINANCIAL STATEMENTS.

- 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 5 Performance Evaluation included below (Optional)

STANDARD 6

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 6 Performance Evaluation included below (Optional)

STANDARD 7

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.
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 7 Performance Evaluation included below (Optional)

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.

I. 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.

Standard 8 Performance Evaluation included below (Optional)



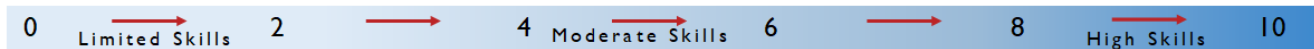
Accounting I Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of **8 or higher** on the rating scale. Students may be encouraged to repeat the objectives until they average **8 or higher**.

Students Name _____

Class _____

PERFORMANCE RATING SCALE



STANDARD 2 Three Basic Accounting Equation Elements

Score:

- Demonstrate the ability to balance the basic accounting equation
- Classify items as assets, liabilities, or owner's equity accounts

STANDARD 3 Business Transactions

Score:

- Explain why the accounting equation must be in balance
- Analyze transactions that increase/decrease assets, liabilities and owner's capital accounts and record them in T-accounts
- Prove the equality of debits and credits

STANDARD 4 Source Documents

Score:

- Analyze and journalize business transactions using source documents
- Open general ledger accounts and post business transactions from a general journal to the accounts in the general ledger (including correcting entries)
- Prepare a trial balance

STANDARD 5 Prepare, Analyze, and Interpret Financial Statements

Score:

- Prepare and explain the purposes of an income statement and a balance sheet
- Describe how financial statements correlate with each other

STANDARD 6 How to Close an Accounting Period

Score:

- Analyze, journalize, and post-closing entries
- Prepare a post-closing trial balance

STANDARD 7 Cash Control Systems

Score:

- Prepare banking documents/forms
- Prepare a bank reconciliation and necessary journal entries

PERFORMANCE STANDARD AVERAGE SCORE:

**Accounting I List of Terms**

Standard	Objective	Term	Definition
1	1	Accounting	Planning, recording, analyzing, and interpreting financial information
1	1	Accounting System	A planned process for providing financial information that will be useful to management
1	1	Accounting Cycle	<ol style="list-style-type: none">1. Analyze business transactions2. Journalize business transactions3. Post to ledger accounts4. Prepare a trial balance5. Journalize & Post Adjusting Entries6. Prepare an Adjusted Trail Balance7. Prepare Financial Statements8. Journalize and Post Closing Entries9. Prepare a post-closing Trial Balance
1	2	GAAP	Generally Accepted Accounting Principles; the standards and rules to follow while recording and reporting financial activities
1	2	Accounting Concepts/Assumptions	Basic concepts that underlie all financial statements
1	2	Monetary Unit	Requires that only those things that can be exchanged in money are included in the accounting records
1	2	Economic/Business Entity	Every economic entity can be separately identified and accounted for
1	2	Time/Fiscal Period	The life of a business can be divided into artificial time periods and useful reports covering those periods can be prepared for the business
1	2	Full Disclosure	Requires that all companies disclose all circumstances and events that would make a difference to financial statement users
1	2	Cost Principle	Assets should be recorded at their cost
2	2	Going Concern	The business will remain in operation for the foreseeable future
1	6	Sole Proprietorship	A business owned by one person
1	6	Partnership	A business in which two or more persons combine their assets and skills
1	6	Corporation	An organization with the legal rights of a person and which may be owned by many persons
1	7	Service Business	A business that performs an activity for a fee
1	7	Merchandising Business	A business that purchases and sells goods
2	1	Assets	Anything of value that is owned
2	1	Liabilities	An amount owned by a business
2	1	Owner's Equity	The amount remaining after the value of all liabilities is subtracted from the value of all assets
2	1	Accounting Equation	$Assets = Liabilities + Owner's Equity$
3	1	Double-entry Accounting	The recording of debit and credit parts of a business transaction



3	1	Business Transaction	A business activity that changes assets, liabilities, or owner's equity
3	2	Permanent/Real Account	Accounts used to accumulate information from one fiscal period to the next
3	3	Temporary/Nominal Account	Accounts used to accumulate information until it is transferred to the owner's capital account at the end of the fiscal period
3	4	Debit	An amount recorded on the left side of a T account
3	4	Credit	An amount recorded on the right side of a T account
3	4	Normal Balance	The side of the account that is increased
3	4	Account Balance	The amount in an account
4	1	Source Document	A business paper from which information is obtained for a journal entry
4	1	Check	A business form ordering a bank to pay cash from a bank account
4	1	Invoice	A form describing the goods or services sold, the quantity, and the price
4	1	Memorandum	A form on which a brief message is written describing a transaction
4	1	Receipt	A business form giving written acknowledgement for cash received
4	1	Register Tape	A source document for daily sales
4	2	General Journal	A journal with two amount columns in which all kinds of entries can be recorded
4	2	Chronological Order	Recording transactions in the order in which they occur by date
4	4	General Ledger	A ledger that contains all accounts needed to prepare financial statements
4	4	Account Classification	Determining which classification an individual account belongs to. The account classifications for service businesses are as follows; Assets, Liabilities, Owner's Equity, Revenue, and Expenses.
4	4	Financial Statements	Financial reports that summarize the financial conditions and operations of a business. Income Statement Statement of Owner's Equity Balance Sheet
4	6	Trial Balance	A proof of the equality of debits and credits in a general ledger
4	6	Correcting Entry	A journal entry made to correct an error found in the ledger
5	2	Income Statement	A financial statement showing the revenue and expenses for a fiscal period
5	2	Revenue	An increase in owner's equity resulting from the operation of a business
5	2	Expenses	A decrease in owner's equity resulting from the operation of a business



5	2	Net Income	The difference between total revenue and total expenses when total revenue is greater
5	2	Net Loss	The difference between total revenue and total expenses when total expenses are greater
5	4	Balance Sheet	A financial statement that reports assets, liabilities, and owner's equity on a specific date
5	6	Ratio	A comparison between two items of financial information
5	6	Current Ratio	Current Assets divided by Current Liabilities
5	6	Profit Margin Rate	Net Income divided by Net Sales
6	1	Closing Entries	Journal entries used to prepare temporary accounts for a new fiscal period
7	1	Deposit Slip	A form used to place cash or checks in a bank account
7	1	Check	A business form ordering a bank to pay cash from a bank account
7	1	Endorsements	A signature or stamp on the back of a check transferring ownership
7	1	Blank Endorsement	An endorsement consisting only of the endorser's signature
7	1	Special Endorsement	An endorsement indicating a new owner of a check "Pay to the Order Of"
7	1	Restrictive Endorsement	An endorsement restricting further transfer of a check's ownership. "For Deposit Only"
7	1	Bank Statement Reconciliation	Used to verify that information on a bank statement and a checkbook are in agreement
7	1	Cash Proof	Determine if the amount of cash agrees with the balance of the cash account
7	1	Checkbook	Contains checks and helps account for all checks and assure that no checks have been lost or stolen
7	1	Bank Statement	A report of deposits, withdrawals, and bank balances sent to a depositor by a bank
7	2	Petty Cash	An amount of cash kept on hand and used for making small payments