

STRANDS AND STANDARDS

ACCOUNTING 1



Course Description

Students will develop skills beginning with an understanding of the basic elements and concepts of double-entry accounting systems related to a service business organized as a sole proprietorship. Skills include understanding the accounting equation, analyzing business transactions, entering transactions in journals, posting to ledgers, compiling end-of-period financial statements, preparing closing entries, and managing and protecting cash.

Note: This course is a Core elective, which may be offered for either 0.5 units of mathematics or Career and Technical Education (CTE) credit. Persons who teach this course would be required to have a Mathematics endorsement, a Business and Marketing Core endorsement, or a Business and Marketing (CTE/General) endorsement. The credentials of the instructor do not determine the credit options for students. Students may decide to take this class for mathematics or CTE credit, but not both. However, to generate CTE add-on dollars, a mathematics teacher must also have an approved CTE endorsement. Based on industry practice, students will be allowed to use resources on the state skills certification exam.

Intended Grade Level	10-12
Units of Credit	0.5
Core Code	32.02.00.00.010
Concurrent Enrollment Core Code	32.02.00.13.010
Prerequisite	None
Skill Certification Test Number	210
Test Weight	0.5
License Area of Concentration	CTE and/or Secondary Education 6-12
Required Endorsement(s)	
Endorsement 1	Business and Marketing (CTE/General)
Endorsement 2	Business and Marketing Core
Endorsement 3	

STRAND 1

Students will define generally accepted accounting principles and basic business structures.

Standard 1

Define accounting and generally accepted accounting principles (GAAP).

- GAAP concepts:
 - Business entity
 - Going concern
 - Accounting period
 - Revenue recognition

Standard 2

Identify each step of the accounting cycle.

- Step 1 - Analyze business transactions to determine debit(s) and credit(s)
- Step 2 - Journalize transactions in a general journal
- Step 3 - Post debit(s) and credit(s) from the general journal to ledger
- Step 4 - Prepare a trial balance to prove that debits equal credits
- Step 5 - Prepare the following financial statements:
 - Income statement (profit and loss)
 - Balance sheet
- Step 6 - Journalize and post-closing entries
- Step 7 - Prepare post-closing trial balance

Standard 3

Identify and explain business structures

- Identify and differentiate among the three forms of business ownership.
 - Sole proprietorship
 - Partnership
 - Corporation
- Identify and differentiate among the three types of businesses.
 - Service
 - Merchandising
 - Manufacturing

STRAND 2

Students will identify the three basic accounting equation elements, apply them to accounts, and use them in the accounting equation.

Standard 1

Identify the characteristics of an asset, liability, and owner's equity.

- Asset: property owned by the business
- Liability: creditors' financial claim to assets (debt)
- Owner's Equity: an owner's financial claim to assets

Standard 2

Demonstrate an understanding of the fundamental accounting equation.

- Accounting equation: Assets = Liabilities + Owner's Equity
- Explain why the accounting equation must be in balance
- Manipulate the accounting equation to find the missing variable

Standard 3

Classify accounts as assets, liabilities, or owner's equity.

Strand 2 Performance Skills included below.

STRAND 3

Students will explain the process of analyzing transactions using double-entry accounting and determine debit(s) and credit(s).

Standard 1

Explain the basic steps of double-entry accounting in business transactions.

- Identify which accounts are affected.
- Classify the affected accounts as an asset, liability, or owner's equity.
- Determine if the affected accounts will increase or decrease.

Standard 2

Define debit and credit and identify the effect of each on individual accounts.

- Define debit and credit.
- Identify increase, decrease, and normal balance of assets, liability and owner's equity accounts.

Standard 3

Explain how to use T-accounts as a tool to analyze business transactions into debit(s) and credit(s).

- Label a T-account
- Enter the debit(s) and credit(s) on the T-account
- Recognize the effect of debit(s) and credit(s) on the accounting equation using T-accounts.
- Verify the accounting equation is in balance.

Strand 3 Performance Skills included below.

STRAND 4

Students will identify and use source documents to journalize transactions, post journal entries to the ledger, and prepare a trial balance.

Standard 1

Identify and categorize source documents and explore the effect of technological advances on each source document.

- Checks - cash purchases
- Invoices - sales on account
- Receipts - cash receipts
- Memorandums - when other source documents are not produced or available.

Standard 2

Define and explain the purpose of the general journal and journalize business transactions.

Standard 3

Define and explain the purpose of the general ledger and post debits and credits from the journal to the ledger accounts.

- Post information from the general journal to the general ledger.
- Calculate and record new account balance.
- Explain how to trace a transaction back to its source. Methods may include post-referencing or audit trail.

Standard 4

Define the trial balance and explain how it could be equal but not accurate.

- Identify the proper order of accounts on a trial balance.
- Identify and use mathematical methods for locating and correcting errors shown by the trial balance
 - Difference of 1, 10, 100, 1000, (typically refers to addition error)
 - Evenly divided by 9 (typically refers to transposition or slide error)
 - Evenly divided by 2 (typically refers to a debit or credit in the wrong location)
 - Same amount as a transaction (typically omitted a debit or credit)
- Journalize and post correcting entries.
- Common posting errors include (but are not limited to):
 - Omitting journal entry
 - Reversing the debit and credit in a transaction.
 - Recording a debit or a credit in the wrong account.

Strand 4 Performance Skills included below.

STRAND 5

Students will describe the process of creating the income statement and balance sheet.

Standard 1

Identify the appropriate headings for the income statement and balance sheet.

- Company name
- Report name
- Date (income statement → period of time, balance statement → specific point in time)

Standard 2

Explain the process of creating an income statement.

- Identify the elements of an income statement.
 - Revenue
 - Expenses
 - Net income (net loss)
- Explain the formula to calculate the net income.

Standard 3

Define ending capital and the calculation for the ending capital account balance.

- Identify elements that change in capital
 - Net income (net loss)
 - Withdrawals/drawing
 - Investments
- Compute the ending account balance
 - Beginning capital + investments +/- net income (net loss) - withdrawals/drawing

Standard 4

Explain the process of creating a balance sheet.

- Identify the elements of a balance sheet.
 - Assets
 - Liabilities
 - Owner's Equity (ending capital)
- Explain the relationship between the balance sheet and the accounting equation.
- Explain the relationship between the balance sheet and the income statement.

Strand 5 Performance Skills included below.

STRAND 6

Students will describe how to close an accounting period.

Standard 1

Identify and describe the purpose of permanent and temporary accounts.

- Permanent: assets, liabilities and capital
- Temporary: revenue, expenses and withdrawals/drawing

Standard 2

Define a closing entry and describe how closing entries change capital (e.g. net income increases capital, net loss and withdrawals/drawing decreases capital)

Standard 3

Describe the difference between a trial balance and a post-closing trial balance.

Strand 6 Performance Skills included below.

STRAND 7

Students will explain the importance of cash control documents and systems in relation to the protection of the business' cash.

Standard 1

Connect banking documents to cash controls

- Define the information needed to produce banking documents (deposit slips and checks)
- Describe the types of check endorsements (blank, restrictive, and special) and when they would be used

- Discuss internal controls to mitigate fraud and unethical behaviors (using a cash register and safe, daily cash deposits, and segregation of duties)
- Explain the three elements of the fraud triangle (opportunity, pressure, rationalization) and the relation to internal controls

Standard 2

Describe the process of reconciling a bank statement with the checkbook balance and identify the necessary journal entries.

- Define the information needed to reconcile the bank statement with the checkbook
- Identify the journal entries needed to update the general ledger cash balance (service charges and NSF charges and checks)
- Prove the cash balance by using the checkbook, bank statement, and general ledger cash balance.

Strand 7 Performance Skills included below.

STRAND 8

Students will explore automated accounting.

Standard 1

Describe the differences between manual and computerized accounting systems.

- Posting
- Computation
- Reporting

Standard 2

Identify and explore the use of automated accounting software, such as:

- Spreadsheets
- QuickBooks
- Industry-standard accounting and tax software

Standard 3

Explore Internet sites and mobile apps for accounting purposes (e.g. AICPA, start here go places, IRS, Intuit, Accounting today, Journal of Accountancy, Securities and Exchange Commission, Xero, Sage)

Standard 4

Explore careers in the field of accounting (e.g. accountant, accounting clerk, CPA)

Performance Skills

Strand 2: Accounting Equation:

- Calculate missing elements of the accounting equation.

Strand 3: Double-entry Accounting:

- Calculate changes to accounts using double-entry accounting while keeping the accounting equation in balance.
- Analyze transactions that increase/decrease assets, liabilities and owner's capital accounts, record them in T-accounts, and prove the equality of debits and credits

Strand 4: Journalizing and Posting:

- Analyze and journalize business transactions using source documents.
- Post debit(s) and credit(s) from a general journal to accounts in the general ledger.

Prepare a trial balance.

- Analyze, journalize and post correcting entries.

Strand 5: Financial Reports:

- Prepare an income statement and a balance sheet.

Strand 6: Closing entries:

- Analyze, journalize, and post closing entries and prepare a post-closing trial balance.

Strand 7: Cash Controls:

- Prepare deposit slips, checks, and bank reconciliation.
- Analyze, journalize and post journal entries related to bank reconciliation

Skill Certification Test Points by Strand

Test Name	Test #	Number of Test Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		