

Accounting I

Levels: Grades 10-12

Units of Credit: 0.50

CIP Code: 53-0312

Core Code: 32-02-00-00-010

Prerequisite: None

Skill Test: # 210

COURSE DESCRIPTION

Students will develop skills beginning with an understanding of the basic elements and concepts of double-entry accounting systems related to service businesses organized as a sole proprietorship. Skills 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.

CORE STANDARDS, OBJECTIVES, AND INDICATORS

STANDARD 1

Students will acquire accounting vocabulary and business skills used in accounting.

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: Demonstrate critical thinking, problem solving, and decision making skills.

Objective 4: Demonstrate team building to enhance cooperative learning and interpersonal skills.

Objective 5: Understand and use business ethics in accounting decision making.

Objective 6: Identify and explain the three forms of business ownership.

- a. List the characteristics, advantages, and disadvantages of a sole proprietorship, partnership, and corporation.

Objective 7: Identify and explain three types of businesses.

- a. List the characteristics of service, merchandising, and manufacturing businesses.

Objective 8: Demonstrate mathematical calculations necessary for accounting procedures.

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.

- a. Understand the accounting equation: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
- b. Explain mathematically why the accounting equation must be in balance.
- c. Manipulate the accounting equation to find the missing variable.

Objective 2: Classify accounts as assets, liabilities, or owner's equity.

STANDARD 3

Students will apply the theory of debit and credit to the accounting equation, define a business transaction, and show how and why accounts are increased and decreased.

- Objective 1:** Apply the rules of double-entry accounting to business transactions.
- Refer to a chart of accounts to identify accounts that are affected.
 - Show the resulting changes that occur within the accounting equation.

Objective 2: Identify and describe the purpose of permanent/real accounts

Objective 3: Identify and describe the purpose of temporary/nominal accounts

- Objective 4:** Use T-accounts to analyze business transactions into debits and credits.
- Identify normal balance, increase and decrease sides of all accounts.
 - Calculate changes in account balances.
 - Calculate the increases/decreases to owner's equity from each of the temporary accounts.
 - Show that the accounting equation is in balance.

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.
- Identify different types of source documents.
 - Evaluate checks, invoices, memorandums, receipts, and register tapes to determine accounts affected by a transaction.

- Objective 2:** Explain the purpose of the general journal
- Record journal transactions in chronological order.
 - Journal includes complete transaction.

Objective 3: Use appropriate steps to journalize transactions verifying that debits equal credits.

- Objective 4:** Explain the purpose of the general ledger.
- Organize the ledger according to account classification.
 - Use general ledger account information to prepare financial statements.

- Objective 5:** Post information from the general journal to the general ledger.
- Record date
 - Record journal page number
 - Record debit/credit amount
 - Calculate new account balance
 - Record account number in journal
 - Explain the need for post-referencing in accounting
 - Use the audit trail to trace a transaction

- Objective 6:** Prepare a Trial Balance to prove equality of debits and credits.
- Explain the uses and limitations of a trial balance.
 - Identify and use mathematical methods for locating and correcting errors shown by the trial balance. (i.e. difference is multiple of 1, evenly divided by 9, evenly divided by 2, or an omitted amount)
 - Journalize correcting entries

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

- a. Calculate revenue
- b. Calculate expenses
- c. Compute net income/net loss

Objective 3: Determine the ending capital account balance.

- a. Compute the change in capital using one of the following formulas:

$$\text{Beginning capital} + \text{net income} - \text{drawing/withdrawals}$$

$$\text{Beginning capital} - \text{net loss} - \text{drawing/withdrawals}$$

Objective 4: Prepare a formal Balance Sheet.

- b. List and calculate total assets
- c. List and calculate total liabilities
- d. Record ending capital
- e. Prove the accounting equation is in balance

Objective 5: Explain the purposes of each financial statement and describe the way the statements articulate with each other.

Objective 6: Use percentages and ratios to analyze financial statement data.

STANDARD 6

Students will complete the accounting cycle.

Objective 1: Journalize and post closing entries.

- a. Identify accounts that need to be closed (temporary accounts).
- b. Journalize and post the entry to bring revenue/sales account to zero balance.
- c. Journalize and post the entry to bring expense accounts to zero balances.
- d. Journalize and post the entry to close Income Summary using "If/Then" statements.
- e. Journalize and post the entry to bring drawing/withdrawal account to zero balance.
- f. Verify that the current balance of the capital account matches balance sheet.

Objective 2: Prepare a Post-Closing Trial Balance to prove equality of debits and credits for permanent accounts.

STANDARD 7

Students will demonstrate an understanding of cash control systems.

Objective 1: Understand banking vocabulary and identify the specific details of business-related banking forms/documents.

- a. Prepare banking documents/forms (i.e. deposit slips, checks, and endorsements)
- b. Prepare a bank statement reconciliation and make necessary journal entries.
- c. Demonstrate cash proof of the checkbook, bank statement and cash account.

Objective 2: Establish and replenish a petty cash fund

- a. List and discuss situations in which a petty cash fund would be used.
- b. Journalize an entry to establish a petty cash fund.
- c. Journalize an entry to increase or decrease the balance in the petty cash fund.
- d. Prepare petty cash proof using petty cash receipts as source documents.
- e. Journalize an entry to replenish the petty cash fund.

STANDARD 8

Students will acquire automated accounting competency or calculator proficiency if computers are not available (OPTIONAL STANDARD).

Objective 1: Use spreadsheet and accounting software.

- a. Maintain accounting records.

- b. Graph accounting data.

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

- a. Understand automated posting.
- b. Understand automated computation.
- c. Print reports.

Objective 3: Identify types of accounting software.

- a. Identify industry-standard accounting & tax software.

Objective 4: Explore internet web sites for accounting purposes.

Objective 5: Explore careers in the field of accounting.