Accounting - Basic
Test Type: The Accounting-Basic industry-based credential is included in NOCTI’s Job Ready assessment battery. Job Ready assessments measure technical skills at the occupational level and include items which gauge factual and theoretical knowledge. Job Ready assessments typically offer both a written and performance component and can be used at the secondary and post-secondary levels. Job Ready assessments can be delivered in an online or paper/pencil format.

Revision Team: The assessment content is based on input from secondary, post-secondary, and business/industry representatives from the states of Georgia, Idaho, Michigan, Missouri, and Pennsylvania.

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NOCTI written assessments consist of questions to measure an individual's factual theoretical knowledge.

**Administration Time:** 3 hours  
**Number of Questions:** 190  
**Number of Sessions:** This assessment may be administered in one, two, or three sessions.

### Areas Covered

- **Journalizing** 7%  
- **Posting** 10%  
- **Payroll Preparation** 17%  
- **Cash and Banking Procedures** 15%  
- **Merchandise Inventory** 10%  
- **Completion of Accounting Cycle** 14%  
- **Identification and Application of Source Data** 5%  
- **Security** 8%  
- **Basic Accounting Knowledge and skills** 14%
Specific Standards and Competencies Included in this Assessment

Journalizing
- Apply the accounting equation to journalize an opening entry
- Follow principles of double-entry bookkeeping in the journalizing process
- Analyze transactions involving owner’s equity

Posting
- Post to general and subsidiary ledger accounts
- Demonstrate understanding of multicolumn ledgers
- Demonstrate familiarity with computerized posting methods
- Reconcile subsidiary to general ledgers
- Use appropriate posting references
Specific Standards and Competencies (continued)

Payroll Preparation
- Calculate employee earnings, including salary, hourly, overtime, and commission
- Demonstrate familiarity with electronic payroll data entry
- Complete a payroll register
- Prepare a payroll check and check stub with appropriate information
- Record information found on W-4 forms in employee data section
- Calculate appropriate employee payroll taxes
- Calculate appropriate employer payroll tax liabilities
- Determine appropriate deposit dates and documentation, and prepare federal tax forms
- Journalize payroll entries at end of earnings period in general journal

Cash and Banking Procedures
- Complete check stubs and checks
- Enter appropriate data on a deposit slip
- Reconcile a bank statement
- Demonstrate familiarity with online and electronic banking procedures
- Exhibit understanding of credit cards and/or debit cards
- Manage multiple bank accounts and transactions
- Reconcile and replenish petty cash funds

Merchandise Inventory
- Demonstrate knowledge of a merchandise inventory account using perpetual and periodic methods
- Analyze effects on accounts by the purchase of goods
- Calculate the cost of goods sold
- Prepare adjusting entries based on physical inventory
- Calculate for obsolete or a shrinkage of inventory

(Continued on the following page)
Specific Standards and Competencies (continued)

Completion of Accounting Cycle
- Complete 8 or 10 column worksheets
- Prepare the financial statements from a completed worksheet
- Verify the financial statements against the worksheet for accuracy
- Record and post adjusting and closing entries
- Locate and correct accounting errors
- Prepare post-closing trial balance from general ledger

Identification and Application of Source Data
- Identify and locate appropriate business forms used in bookkeeping and/or accounting
- Apply procedures for using electronic data for various bookkeeping and/or accounting purposes
- Interpret and identify information contained in source documents

Security
- Exhibit familiarity with the internal controls for sensitive source documents
- Exhibit familiarity with the internal controls for e-commerce
- Exhibit familiarity with internal controls for the protection of company assets and property
- Exhibit familiarity with confidentiality and ethics

Basic Accounting Knowledge and Skills
- Exhibit understanding of terminology relating to accounting
- Exhibit understanding of careers in accounting
- Exhibit understanding of regulatory bodies
- Demonstrate ability to use calculator, 10-key, and computer
- Identify various business entities
- Determine classification of accounts and identify normal balances
- Generate and interpret spreadsheets, charts, and graphs
Sample Questions

When the owner takes merchandise for personal use, it will _____ account.
   A. decrease the Drawing
   B. decrease the Expense
   C. increase the Capital
   D. increase the Drawing

Use the Posting Reference (PR) column in the General Ledger to
   A. trace the entry to the book of final entry
   B. show the accountant that the transaction was posted in the General Ledger
   C. trace the transaction to the original book of entry
   D. show which employee posted the record to the General Ledger

Taxes that are the employer's sole responsibility are considered to be a/an
   A. expense of a business
   B. asset of a business
   C. deduction from capital
   D. addition to employee earnings

A signed statement ordering a bank to pay cash from funds already deposited in
that bank is a
   A. check
   B. promissory note
   C. bill of lading
   D. transfer

An actual count of merchandise is called a _____ inventory.
   A. physical
   B. perpetual
   C. merchandise control
   D. supply

(Continued on the following page)
Sample Questions (continued)

The ending capital balance of Owner's Equity is found
A. on the worksheet
B. on the Income Statement
C. on the Balance Sheet
D. in the general journal

The source document for issuing a note payable is a/an
A. check stub
B. receipt
C. promissory note
D. invoice

Many people with an accounting degree become a company's
A. secretary
B. attorney
C. buyer
D. comptroller

In automated accounting, an audit trail
A. ensures accuracy of processed information
B. is generated on a yearly basis
C. is always on a CD or disk
D. corrects manually-entered data

Sensitive items and data, such as payroll figures and Social Security numbers, should be kept
A. as long as possible
B. on each employee's laptop
C. under lock and key
D. only on the manager's computer
NOCTI performance assessments allow individuals to demonstrate their acquired skills by completing actual jobs using the tools, materials, machines, and equipment related to the technical area.

**Administration Time:** 3 hours and 30 minutes  
**Number of Jobs:** 7

**Areas Covered:**

- **7% Identification of Account Balances**  
  Participant will use a list of provided accounts to indicate the normal balance by placing a check mark in the appropriate debit or credit column.

- **31% Journal Entries**  
  Participant will use the spreadsheet provided and record entries for each document in the general journal.

- **10% Posting Verification**  
  Participant will accurately prepare a schedule of accounts receivable using the information provided.

- **9% Banking**  
  Participant will prepare a bank reconciliation with the proper headings using the provided information.

- **18% Payroll**  
  Participant will compute net pay for employees using correct formatting, and total the payroll register for the week.
Areas Covered (continued)

9%  Complete Worksheet
Participant will legibly complete the adjusted trial balance columns, totaling the income statement and balance sheet columns.

16%  Financial Statements
Participant will use the worksheet provided to prepare an income statement, statement of owner’s equity, and balance sheet, including proper heading.
Sample Job

Posting Verification

**Maximum Time:** 15 minutes

**Participant Activity:** Using provided ledger accounts, the participant will accurately prepare a schedule of accounts receivable and a trial balance.