

**Accredited Business Accountant (ABA) Exam Blueprint
Part 1**

Domain 1: Financial Accounting

Task 1: Use principles of accounting to provide financial data to manage a business.

Knowledge of:

- a. Principles (e.g., going concern, economic entity)
- b. Assumptions (e.g., revenue recognition, materiality, matching)
- c. Qualitative characteristics (e.g., relevance, reliability, comparability and consistency)
- d. Analysis of basic transactions

Task 2: Set up Records – Design a system for record setup to organize the financial data.

Knowledge of:

- a. Chart of accounts (e.g., assets, liabilities, equity, revenue, expenses)
- b. General Journal and entries
- c. Special journal and entries (e.g., payroll, sales, cash receipts, cash disbursements, purchases)
- d. Debits and credits

Task 3: Define Accounting Cycle – Analyze the transactions of the business using the accounting cycle to understand the proper reporting.

Knowledge of:

- a. Accounting cycle steps (e.g., journalizing, posting, trial balance preparation, financial statement preparation, closing entries, reversing entries)

Task 4: Cash vs. Accrual – Determine the differences between cash and accrual accounting methods.

Knowledge of:

- a. Basis of accounting (e.g., cash and accrual)

Task 5: Revenue Recognition – Determine when revenue is recognized and recorded.

Knowledge of:

- a. Long-term contracts, installment sale, and cost recovery

Task 6: Recording Adjusting/Reversing Entries – Analyze transactions to prepare adjustments and reversing journal entries using accounting principles to properly report account balances.

Knowledge of:

- a. Prepaid items, unearned revenue, deferred and accrued entries, and depreciation
- b. Closing entries and correcting entries

Skill in:

- a. Recording journal entries

Task 7: Prepare Accounting Worksheet – Organize adjusting and closing entries using worksheets to prepare financial statements.

Skill in:

- a. Organizing journal entries

b. Preparing worksheets

Task 8: Partnerships – Analyze changes in partnership interests using accounting principles to determine partners’ capital accounts.

Knowledge of:

a. Partner types (e.g., general partner, limited partner, limited liability company)

b. Inside and outside basis

c. Adding and removing partners

Task 9: Financial Statements – Identify the different reports of the business’s financial statements to analyze the business operations.

Knowledge of:

a. Financial statements – (e.g., balance sheet, income statement, statement of cash flows, statement of owner’s/stockholders’ equity)

b. Single-step and multistep comparative statements

c. Account and report format

d. Cash flows statement, direct and indirect

Task 10: Provide Supplemental Information – Identify additional information not reported elsewhere to give more information to the reader.

Knowledge of:

a. Generally accepted accounting principles (GAAP)

Task 11: Report Disclosures – Identify information of the business that is required to be disclosed in the financial statements to provide information to the reader.

Knowledge of:

a. Generally accepted accounting principles (GAAP)

Task 12: Categorize current assets as those used in a year or operating cycle.

Knowledge of:

a. Current assets – (e.g., Cash and cash equivalents, accounts and notes receivable, investments, inventory, prepaid assets)

b. Current vs. long-term assets

c. Bad debt and allowance for bad debt

d. Debt and equity securities, holding periods, amortization of bond premiums and discounts, disclosures, and equity method

e. Inventory methods (e.g., FIFO, LIFO, weighted average, specific identification, lower of cost or market, periodic and perpetual, gross profit and retail)

Task 13: Record Property and Equipment – Identify the fixed assets of a business that should be classified as property and equipment.

Knowledge of:

a. Depreciation and depletion of real and personal property

b. Proper recording of real and personal property including natural resources

c. Depreciation methods (e.g., straight line, sum of the digits, declining balance, units of production)

d. Revenue expenditures vs. capital expenditures
Task 14: Intangible Assets – Identify the non-physical assets of a business that should be classified as intangible.
Knowledge of:
a. Patents, startup costs, organizational costs, goodwill, copyrights, leaseholds, trademark, and trade names
b. Amortization of intangibles/straight line
Task 15: Liabilities – Identify and classify obligations of a business to determine the amount of business debt and risk of services non- performed.
Knowledge of:
a. Liabilities – (e.g., current, long-term, deferred revenue)
b. Short-term and long-term interest bearing notes and noninterest bearing notes
c. Contingent liabilities
d. Secured and unsecured bonds, and discount and premium bonds
Task 16: Equity – Analyze/Measure the effect of owner investments and business operations to determine the equity investors have in the business.
Knowledge of:
a. Common stock, additional paid in capital, preferred stock, par value, stated value, treasury stock, and cost vs. par value
b. Preferred stock features (e.g., cumulative, participating, convertible and callable)
c. Retained earnings and dividends (e.g., cash, property, scrip, liquidating, stock)
Task 17: Compensation – Compute the labor expense of the business using payroll reports.
Knowledge of:
a. Salaries, wages, commissions, and bonuses
b. Payroll taxes, FICA, Medicare, and unemployment
c. Classification of employees/independent contractors
d. Pensions
e. Earnings records and reporting
Skill in:
a. Calculating labor costs
Task 18: Leases – Identify the proper classification of the business’s leases to determine if a lease should be a business expense or a fixed asset (e.g., operating lease vs. capital leases).
Knowledge of:
a. Residual, sales, and direct financing
Task 19: Accounting for Pensions – Identify how pensions and retirement plans are accounted for on financial statements.
Knowledge of:
a. Contributory and noncontributory plans, vested benefits, vested employees, funded and unfunded plans, service costs, gain and loss on pensions, and ERISA

Task 20: Depreciation – Calculate the recovery of the cost of fixed assets using depreciation.
Skill in:
a. Determining the appropriate method (e.g., modified accelerated cost recovery system [MACRS], straight line, declining balance)
Task 21: Statement Analysis – Use financial statement analysis to determine business performance.
Knowledge of:
a. Current ratio, quick ratio, working capital, accounts receivable/payable turnover, and debt-to-equity ratio
b. Comparative balance sheet and financial statements, and common size method
Skill in:
a. Computing ratios
Task 22: Statements on Standards for Accounting and Review Services (SSARS) – Apply the appropriate level of SSARS financial reporting to present financial statements.
Knowledge of:
a. SSARS 21
Task 23: Engagement Letters – Compose and record the agreement between the professional and the client using an engagement letter to define responsibilities.
Knowledge of:
a. SSARS 21 and safe harbor language, and disclaimer letter
b. Prepared and compiled statements
Task 24: Basis of Accounting – Use a specific basis of accounting to determine consistent reporting.
Knowledge of:
a. Types (e.g., generally accepted accounting principles [GAAP], cash, financial reporting framework, tax)
Task 25: Work Papers – Document conclusions using source documents to support information reported in the financial statements.
Knowledge of:
a. Management assertions, nature of report, and extent of risk
b. Recommended work papers (e.g., engagement letters, working trial balance, adjusting journal entries, engagement summary checklist, specific procedures)
Skill in:
a. Creating work papers to document conclusions
Task 26: Report/Transmittals – Determine the proper accountant’s report to include with financial statements using the report that defines the accountant’s level of service.
Knowledge of:
a. Transmittal and cover letters, and compilation reports (e.g., single-year, comparative, disclosures and nondisclosures, personal financial statement reports)