

Finance Pathway Test Blueprint

I. Financial Management

A. Personal Finance

1. Describe the fundamental principles of money needed to make financial exchanges
 - a. Differentiate between different forms of financial exchange (e.g., cash, credit, debit, electronic funds transfer, etc.)
 - b. Identify types of currency (e.g., paper money, coins, banknotes, government bonds, treasury notes, etc.)
 - c. Describe sources of income (e.g., wages/salaries, interest, rent, dividends, transfer payments, etc.)
 - d. Compare and contrast the advantages and disadvantages of good versus bad credit
 - e. Identify legal responsibilities associated with personal financial exchanges
 - f. Interpret laws, regulations, and ethical behavior that affect finance operations and transactions
2. Analyze financial needs and goals
 - a. Compare and contrast financial needs vs. wants
 - b. Analyze personal financial goals (e.g., savings, college, retirement, wills, insurance, etc.)
 - c. Compare and contrast liquidity and leveraging relevant to financial needs and goals
3. Manage personal finances to achieve financial goals
 - a. Define different types of taxes (e.g., sales tax, income tax, etc.)
 - b. Interpret a pay stub
 - c. Reconcile bank statements
 - d. Maintain financial records (e.g., check registry, investment statements, insurance, etc.)
 - e. Identify credit history sources
 - f. Identify strategies to protect against identity theft
 - g. Differentiate between personal income tax forms (e.g., 1040 EZ, 1040, etc.)
4. Explain the use of financial service providers to aid in financial-goal achievement
 - a. Describe types of financial service providers
 - b. Analyze considerations for selecting a financial service provider (e.g., banks, credit unions, etc.)
5. Use investment strategies to ensure financial well-being
 - a. Define different types of investments

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b. Calculate the time value of money (e.g., rule of 72, compound interest, etc.)

B. Accounting

1. Describe the role of accounting

a. Define the basic concepts of accounting (e.g., definition, role in business, careers in accounting, etc.)

b. Identify the need for accounting standards (e.g., ethics, GAAP, legal considerations, etc.)

c. Interpret laws, regulations, and ethical behavior that affect finance operations and transactions

d. Explain accounting procedures

e. Apply the accounting equation

f. Summarize the accounting cycle

g. Analyze financial statements (e.g., balance sheets, income statements, etc.)

C. Finance Ventures

1. Explain entrepreneurial strategies in finance

a. Analyze the opportunities and feasibility of a venture idea

b. Illustrate risks and start-up requirements associated with a venture

c. Describe processes used to acquire adequate financial resources for venture creation/start-up

d. Identify considerations in selecting capital resources, including associated costs/benefits

e. Identify capital resources needed for the venture

f. Analyze exit strategies (e.g., long-term, short-term, partnership agreements, etc.)

2. Determine forms of business ownership

a. Compare and contrast ownership structures (e.g., sole proprietorship, limited liability corporation, etc.)

b. Select types of business ownership appropriate for financial venture

c. Interpret laws, regulations, and ethical behavior that affect finance operations and transactions

D. Corporate Finance

1. Describe regulations governing corporate finance

a. Identify laws and regulations pertaining to business finance

b. Interpret the nature of business taxation

c. Summarize the role and impact of the US Securities and Exchange Commission in the regulation of corporate finance

d. Interpret laws, regulations, and ethical behavior that affect finance

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operations and transactions

2. Identify the role of financial planning in corporate finance

a. Summarize the financial planning process

b. Compare and contrast short- and long-term (strategic and operating) financial plans

II. Financial Systems

A. Banking Systems

1. Recognize types of financial institutions and services and products

a. Identify the impact of technology on financial services and products (e.g., efficiency, accessibility, etc.)

b. Identify services and products offered by financial institutions

2. Identify government regulations and agencies

a. Identify federal regulations for lending institutions

b. Describe role of regulatory agencies (e.g. SEC, OCC, FDIC, FRB, etc.)

c. Summarize legal responsibilities associated with financial exchanges

3. Analyze the components of the banking system

a. Describe the manner in which financial institutions generate profit

b. Describe the manner in which financial institutions generate profit for customers

c. Compare and contrast the Federal Reserve and financial institutions

d. Describe the importance of customer relationship management

B. Financial Markets

1. Comprehend the role of securities in financial markets

a. Identify the types of securities (e.g. bonds, insurance, annuities, etc.)

b. Demonstrate how securities are utilized in the market

2. Comprehend the role of Investments in financial markets

a. Identify the types of investment (e.g. real estate, stocks, mutual funds, and commodities, etc.)

b. Demonstrate how investments are utilized in the market

3. Comprehend the role of credit in financial markets

a. Identify the types of credit (i.e. secured and unsecured)

b. Demonstrate how credit is utilized in the market

III. Economics

A. Fundamentals of Economics Related to Finance

1. Analyze cost/profit relationships in finance

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a. Apply the concept of productivity
b. Analyze impact of specialization/division of labor on productivity
c. Demonstrate the impact of the law of diminishing returns
d. Illustrate the concept of economies of scale
2. Identify economic indicators
a. Describe the concept of price stability as an economic measure
b. Define consumer price index (CPI)
c. Interpret the concept of supply and demand
d. Analyze the effects of inflation and deflation on the economy
e. Analyze the impact of unemployment on an economy
f. Define the Gross Domestic Product
g. Analyze the economic impact of monetary policy on the economy (e.g., interest rate, money supply, etc.)
h. Recognize the relationship between the business cycle and the economy
3. Recognize the factors influencing economic behavior
a. Describe how economic incentives impact behavior (e.g., people respond to incentives, gain from voluntary trade, etc.)
b. Apply the principle of opportunity cost
c. Summarize how economic scarcity impacts behavior
B. Economic Systems
1. Explain the role of globalization
a. Determine globalization's impact on business decision-making
b. Describe the determinants of exchange rates and their effects on the domestic economy
c. Describe the relationship of cultural and social environments on globalization
d. Identify labor issues associated with global trade
2. Describe economic systems
a. Identify the types of economic systems
b. Compare and contrast business opportunities relevant to economic systems
c. Determine factors affecting business risk
d. Compare and contrast the degrees of competition relevant to economic systems
C. Fiscal and Monetary Policy
1. Explain the impact of fiscal policy on business activities
a. Identify the components of fiscal policy (e.g., taxation, government

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spending, etc.)

b. Describe the effects of fiscal policy

2. Discuss the role of monetary policy on business activities

a. Identify the functions of the Federal Reserve System

b. Describe the effects of monetary policy (e.g., influence of the money supply, interest rates, etc.)

Accounting

I. Accounting

A. Accounting Principles

1. Describe the generally accepted accounting principles (GAAP) and explain how these principles influence how financial transactions are recorded and financial statements are prepared
 - a. Identify the conceptual framework of accounting and generally accepted accounting principles and assumptions
 - b. Demonstrate the accounting methods used to classify and determine assets, liabilities, and owner's equity
 - c. Summarize the criteria used to determine revenue recognition and record revenue related transactions
 - d. Summarize the criteria used to determine expense recognition and record expense-related transactions
 - e. Demonstrate the relationship between revenue and expenses resulting in gains and losses

B. Accounting Process

1. Complete the steps in the accounting cycle in order to prepare the financial statements
 - a. Apply the double-entry system of accounting to record business transactions (i.e., journalizing in general journals and special journals, posting, etc.)
 - b. Prepare a trial balance
 - c. Prepare the financial statements for the different types of business operations and ownership structures
 - d. Demonstrate the relationship between the adjusting and closing procedures, the financial statements, and the post-closing trial balance
2. Explain cash control procedures
 - a. Identify the conceptual framework for cash control procedures (e.g., checking, deposit slips, internal/external controls, etc.)
 - b. Apply cash control procedures (e.g., requisitions, purchase orders, sales slips, etc.)
 - c. Demonstrate cash control procedures related to petty cash, cash short and over, and proving cash

C. Payroll

1. Apply appropriate accounting practices to payroll
 - a. Demonstrate an understanding of employee payroll taxes and deductions to calculate net pay
 - b. Demonstrate an understanding of employer's payroll taxes

c. Prepare payroll reports
D. Financial Reports
1. Develop the knowledge, financial acumen, and competencies needed to make informed decisions in business and personal life
a. Identify the sections in end-of-fiscal period reports and the purpose for each section
b. Identify how financial statements are interrelated
c. Apply the conceptual framework of accounting and generally accepted accounting principles to provide guidance and structure for preparing financial statements
E. Financial Analysis
1. Assess the financial condition and operating results of a company and analyze financial statements to make informed business decisions
a. Perform a horizontal and vertical analysis of the income statement and balance sheet
b. Compare and contrast the impact of debt and equity financing