1974

Summary of CPA Review Notebook

Marilyn Metcalf

Ouachita Baptist University

Follow this and additional works at: http://scholarlycommons.obu.edu/honors_theses

Part of the Business Commons

Recommended Citation

http://scholarlycommons.obu.edu/honors_theses/348

This Thesis is brought to you for free and open access by the Carl Goodson Honors Program at Scholarly Commons @ Ouachita. It has been accepted for inclusion in Honors Theses by an authorized administrator of Scholarly Commons @ Ouachita. For more information, please contact mortensona@obu.edu.
SUMMARY
OF
CPA REVIEW NOTEBOOK

Honors 481

Presented to Associate Professor Margaret Wright of the
Ouachita Baptist University Faculty
In Fulfillment of the
Requirements

For

Honors Special Studies

By

Marilyn Metcalf
Arkadelphia, Arkansas
Spring 1974
A candidate who wishes to pass the CPA exam must be proficient in the areas of Accounting Theory, Accounting Practice, Auditing, and Business Law. This is a tremendous amount of material to understand, or to even review. Just because a person has studied in all these areas at the undergraduate or graduate level does not mean a person will pass the exam. "Only by diligent study, and a well-paced review will the candidate acquire the necessary educational background and confidence to pass"¹ This can only be accomplished with a serious individual study program.

This Honors Project is a beginning of an individual review for the CPA examination. It is by no means a complete review for the exam, but is a beginning—to be added to through continual study. The project itself is a loose-leaf notebook divided into four major sections: problems and solutions, accounting concept notes, legal terms, and law notes on four areas of law.

The first section of the notebook contains problems and their solutions from Horngren and Leer's book, CPA Problems and Approaches to Solutions. The problems were

taken from three major topics: Accounting Fundamentals, Current Assets, and Production Costs. Each topic contained a general approach, actual CPA problems, and a specific approach for each problem.

The procedure used was:

a) to study the general approach given in the book,
b) go to other books for review and additional notes,
c) read the Specific approach for the individual problem,
d) work the problem,
e) check the problem and make corrections.

This procedure was a study of new concepts as well as a review of previous studies. The problems worked and corrected are listed below:

I. Accounting Fundamentals
   1. Worksheet, cash to accrual basis
   3. Adjusting entries versus footnote disclosure
   4. Financial ratios and analysis of variation in gross profit
   6. Incomplete records; preparation of income statement

III. Current Assets
   1. Examination of accounts receivable
   2. Miscellaneous inventory methods
   3. Examination of inventories
   4. Consignments; corrections of errors
   5. Installment method
   6. Retail inventory method; last in, first out
   7. Various retail methods
   9. Percentage of completion
IV. Production Costs

5. Unit costs and breakeven analysis

7. Standard costs and variance analysis

8. Analysis of variances

The second section of the notebook contains notes on the accounting concepts reviewed in preparation for working the above problems.

A candidate for the CPA exam must understand and be familiar with many legal terms---not only for the Business Law portion of the test but for the other areas as well.

The third section of the Review Notebook contains a list of 100 legal terms and their definitions. Knowing the definitions of these 100 terms is considered to be essential to the CPA candidate.

The fourth section of the Review Notebook is devoted to the area of Business Law. In studying for the Business Law portion of the test, it is suggested that summary notes be taken on each essential rule of law as it is studied. Later, when a systematic review is begun, these notes will be able to refresh the candidate’s memory when he does not have time to read the whole law text again.

In the last portion of the Review Notebook, a business law review has been begun. It covers the following areas:
Introduction to Law

Definition of Law
Three Sources of Law
Criminal Law
Tort Law

Courts and Court Procedure

Functions of the Courts
Jurisdiction of Courts
Federal Courts
Classification of State Courts
Court Officers

Contracts---Nature and Classes

Classification of Contracts
Valid, Void, and Voidable Contracts
Formal and Informal Contracts
Executory and Executed Contracts
Unilateral and Bilateral Contracts

Offer and Acceptance

Quasi-Contract
Contracts
Auction Sales
Invitations to Make Offers
Duration of the Offer
Acceptance
Effective Moment of Acceptance
Contract Formed by Conduct
Credit Cards

The above outline deals with the Introduction to Law, Courts and Court Procedure, Contracts---Nature and Classes, and Offer and Acceptance. Many areas of law have not been covered, but as study continues will be added.