

Accounting II

Levels: Grades 10-12
Units of Credit: 0.50
CIP Code: 52-0322
Core Code: 32-02-00-00-020
Prerequisite: Accounting I
Skill Test: # 212

COURSE DESCRIPTION

Students will develop advanced skills that build upon those acquired in Accounting I. Students continue applying concepts of double-entry accounting systems related to merchandising businesses. Additional accounting skills will be developed including preparing and journalizing payroll records, calculating and recording adjusting entries, and interpreting financial information. Exposure to automated accounting procedures is strongly encouraged.

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 purpose of a corporation as a form of business ownership.
a. List the characteristics, advantages, and disadvantages.

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 prepare payroll records.

Objective 1: Prepare and maintain payroll records using manual and computerized systems.
a. Calculate earnings at an hourly and piece rate and on a salary, commission, and salary/commission basis.
b. Calculate deductions including Federal income tax, Social Security tax, Medicare tax, State Income tax, and other deductions to determine net pay.
c. Calculate employer's payroll taxes (e.g., Social Security, Medicare, Federal Unemployment, and State Unemployment) and employee benefits paid by the employer.
d. Prepare payroll reports.

Objective 2: Make journal entries related to payroll.

- a. Journalize and post payment of the payroll (Salary Expense).
- b. Journalize and post employer payroll taxes (Payroll Taxes Expense).
- c. Journalize and post payment of tax liabilities.

STANDARD 3

Apply accepted accounting principles to sales, purchases, cash receipts and cash payment transactions.

Objective 1: Verify and analyze source documents related to business transactions.

- a. Identify different types of source documents.
- b. Evaluate source documents to determine accounts affected by a transaction.

Objective 2: Analyze transactions for purchases and cash payments.

- a. Journalize and post purchases of merchandise.
- b. Journalize and post cash payments.
- c. Journalize and post the return of merchandise to a vendor.
- d. Calculate purchases discounts.
- e. Compute updated account balances.
- f. Prove subsidiary ledger by preparing a schedule of accounts payable.

Objective 3: Analyze transactions for sales and cash receipts.

- a. Journalize and post sale of merchandise including calculation of sales tax.
- b. Journalize and post cash receipts.
- c. Journalize and post the return of merchandise from a customer.
- d. Calculate sales discounts.
- e. Compute updated account balances.
- f. Prove subsidiary ledger by preparing a schedule of accounts receivable.

STANDARD 4

Students will demonstrate the ability to handle uncollectible accounts/bad debts/doubtful accounts.

Objective 1: Explain the purpose of and record transactions related to uncollectible accounts/bad debts/doubtful accounts.

- a. Justify the need for writing off uncollectible accounts/bad debts/doubtful accounts.
- b. Explain the differences between the direct write-off and allowance methods.
- c. Estimate uncollectible accounts/bad debts/doubtful accounts using the percentage of total sales method; record and post the adjusting entry.
- d. Journalize and post the adjusting entry for uncollectible accounts expense.
- e. Journalize and post the entry to write off an account.
- f. Journalize and post the entries for collecting a previously written-off account.

STANDARD 5

Students will demonstrate and explain the principles for handling depreciation of assets as a means of cost allocation.

Objective 1: Explain the purpose of and record transactions related to depreciation of assets.

- a. Justify and explain the need for recording the depreciation of assets.
- b. Estimate depreciation expense using the straight-line method.
- c. Journalize and post the adjusting entry for depreciation.
- d. Compute updated account balances.
- e. Compute the book value of a plant asset as a result of depreciation.

STANDARD 6

Students will prepare adjusting entries and financial statements for a corporation.

Objective 1: Perform the necessary steps prior to preparing financial statements.

- a. Prepare a Trial Balance to prove equality of debits and credits.
- b. Identify accounts to be adjusted, calculate adjustments, prepare adjusting entries, post to general ledger accounts and compute updated account balances.
- c. Prepare an Adjusted Trial Balance to show updated account balances and prove equality of debits and credits.

Objective 2: Prepare financial statements.

- a. Prepare a formal Income Statement for a merchandising business calculating the following: Net Sales, Cost of Goods/Merchandise Sold, Gross Profit, Total Expenses and Net Income/Net Loss.
- b. Use appropriate formulas to prepare a Statement of Stockholders' Equity/Retained Earnings.
- c. Use knowledge of the accounting equation to prepare a Balance Sheet.
- d. Explain the purposes of each financial statement and describe the way the statements articulate with each other.
- e. Use percentages and ratios to analyze financial statement data.

STANDARD 7

Students will prepare closing entries and a Post-Closing Trial Balance.

Objective 1: Prepare closing entries.

- a. Identify accounts that need to be closed (temporary nominal accounts).
- b. Journalize and post closing entries to bring temporary nominal account balances to zero.
- c. Close Income Summary using "If/Then" statements.
- d. Calculate current balance of Retained Earnings and verify with the Balance Sheet.

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

STANDARD 8

Students will demonstrate an understanding of the following recommended enrichment activities (OPTIONAL STANDARD).

Objective 1: Use various methods to calculate the value of inventory.

- a. Use LIFO, FIFO, or the Weighted-Average method for calculating ending inventory.

Objective 2: Understand and use various tax forms.

Objective 3: Use spreadsheet and accounting software.

- a. Maintain accounting records.
- b. Graph accounting data.

Objective 4: Describe the differences between manual and computerized accounting systems.

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

Objective 5: Identify types of accounting software.

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

Objective 6: Explore internet web sites for accounting purposes.

Objective 7: Explore careers in the field of accounting.

Objective 8: Use vertical and horizontal analysis with the Income Statement and Balance Sheet.