

STRANDS AND STANDARDS

ACCOUNTING 2



Course Description

Students will develop advanced skills that build upon those acquired in Accounting 1. 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.

Intended Grade Level	10-12
Units of Credit	0.5
Core Code	32.02.00.00.020
Concurrent Enrollment Core Code	32.02.00.13.020
Prerequisite	Accounting 1
Skill Certification Test Number	212
Test Weight	0.5
License Type	CTE and/or Secondary Education 6-12
Required Endorsement(s)	
Endorsement 1	Business and Marketing (CTE/General)
Endorsement 2	Business and Marketing Core
Endorsement 3	N/A

STRAND 1

Students will understand accounting terminology, basic business structures, and apply management decision making skills.

Standard 1

Define accounting, explain the purpose of the accounting system, and apply each step of the accounting cycle.

Standard 2

Define and use accounting terminology and generally accepted accounting principles (GAAP).

Standard 3

Demonstrate critical thinking, problem-solving, and decision-making skills.

Standard 4

Understand and use business ethics in accounting decision making.

Standard 5

Identify and explain the three forms of business ownership.

- List the characteristics, purposes, advantages, and disadvantages of a sole proprietorship, partnership, and corporation.

Standard 6

Identify and explain the characteristics of the three types of businesses.

- List the characteristics of a service, merchandising, and manufacturing business.

Standard 7

Demonstrate the mathematical calculations necessary for accounting procedures.

Performance Objective

- Identify the three types of businesses.
- List the advantages and disadvantages of the three forms of business ownership.

STRAND 2

Students will prepare payroll records.

Standard 1

Prepare and maintain payroll records using manual or computerized systems.

- Calculate gross earnings based on an hourly rate, piece rate, salary, commission, and salary plus commission.
- Calculate taxes (Federal, Social Security, Medicare, State) and other deductions to determine net pay.

- Calculate employers' payroll taxes (Social Security, Medicare, Federal Unemployment, and State Unemployment) and employee benefits paid by the employer.
- Prepare payroll reports.

Standard 2

Make journal entries related to payroll.

- Journalize and post payment of the payroll (salary expense).
- Journalize and post employer payroll taxes (payroll taxes expense).
- Journalize and post payment of tax liabilities.

Performance Objective

- Calculate, prepare, journalize, and post employee payroll records.
- Calculate, prepare, journalize, and post employer payroll tax records.

STRAND 3

Students will complete transactions for sales, purchases, cash receipts and cash payments.

Standard 1

Verify and analyze source documents.

- Identify different types of source documents (checks, sales invoices, purchases invoices, memorandums, cash register tapes, and receipts).
- Evaluate source documents to determine necessary information to create a journal entry.

Standard 2

Analyze transactions for purchases and cash payments.

- Journalize and post purchases of merchandise.
- Journalize and post cash payments.
- Journalize and post the return of merchandise to a vendor.
- Calculate, journalize, and post payments that involves purchases discounts.
- Prove Accounts Payable Subsidiary Ledger by preparing a Schedule of Accounts Payable.

Standard 3

Analyze transactions for sales and cash receipts.

- Journalize and post sale of merchandise, including calculation of sales tax.
- Journalize and post cash receipts.
- Journalize and post the return of merchandise from a customer.
- Calculate, journalize, and post receipts that involves sales discounts.
- Prove Accounts Receivable Subsidiary Ledger by preparing a Schedule of Accounts Receivable.

Performance Objective

Journalize and post transactions for the following:

- Sale of merchandise for cash,
- Sale of merchandise on account,
- Sales return,
- Sales discount,
- Purchase of merchandise with cash,
- Purchase of merchandise on account,
- Purchases return, and
- Purchases discount.

STRAND 4

Students will determine uncollectible accounts/bad debts/doubtful accounts.

Standard 1

Record transactions for uncollectible accounts/bad debts/doubtful accounts.

- Justify the need for writing off bad accounts.
- Understand both the direct write-off and allowance methods.
- Estimate uncollectible accounts/bad debts/doubtful accounts using the percentage of total sales method and the aging method.
- Journalize and post the adjusting entry for uncollectible accounts expense.
- Journalize and post the entry to write off an account.
- Journalize and post the entries for collecting a previously written-off account.

Performance Objective

- Journalize and post entries using the direct write-off and allowance methods of an uncollectible accounts receivable.
- Journalize and post the entry for collecting a previously written-off account using the direct write-off and allowance methods.

STRAND 5

Students will determine depreciation of fixed/plant/long-term assets as a means of cost allocation.

Standard 1

Explain the purpose of and record transactions for depreciation of assets.

- Understand the need for recording depreciation of assets.
- Estimate depreciation expense using the straight-line method.
- Journalize and post the adjusting entry for depreciation.
- Compute net account balances (book value) of fixed assets as a result of depreciation.

Performance Objective

- Calculate depreciation expense using the straight-line method.
- Journalize and post depreciation adjusting entries.

STRAND 6**Prepare adjusting entries and financial statements for a corporation.****Standard 1**

Complete adjusting entries.

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

Standard 2

Prepare financial statements.

- Explain the purposes of each financial statement and describe the way the statements articulate with each other.
- Prepare a formal income statement including: net sales, cost of goods/merchandise sold, gross profit, total expenses, and net income/net loss.
- Prepare a Statement of Stockholders' Equity.
- Prepare a balance sheet.
- Use percentages and ratios to analyze financial statements.

Performance Objective

- Prepare a balance sheet and an income statement for a corporation.

STRAND 7**Prepare closing entries and a post-closing trial balance.****Standard 1**

Prepare closing entries.

- Identify accounts that need to be closed.
- Journalize and post-closing entries to bring all temporary account balances to zero.
- Calculate ending balance of retained earnings and compare with the balance sheet.

Standard 2

Prepare a post-closing trial balance to prove equality of debits and credits for permanent accounts.

Performance Objective

- Journalize and post closing entries.
- Prepare a Post-Closing Trial Balance.

STRAND 8 (OPTIONAL)

Demonstrate an understanding of the following optional activities.

Standard 1

Use various methods to calculate the value of inventory.

- Use LIFO, FIFO, or Weighted-Average methods for calculating ending inventory.

Standard 2

Understand and use various tax forms.

Standard 3

Incorporate use of spreadsheets and accounting software.

Standard 4

Describe the differences between manual and computerized accounting systems.

- Understand automated posting.
- Understand automated computation.
- Print reports.

Standard 5

Identify industry standard accounting and tax software.

Standard 6

Explore careers in the field of accounting.

Skill Certificate Test Points by Strand

Test Name	Test #	Number of Test Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		
Accounting 2	212	8	11	18	4	3	9	4	-	-	-	59	57