

Accounting II is an advanced study of concepts, principles and techniques that build on the competencies acquired in Accounting I used in keeping the electronic and manual financial records of a sole proprietorship, partnership and corporation. Departmental, management, cost and not-for-profit accounting systems are explored.

Recommended Prerequisites: Accounting I

Grades: 11, 12

Recommended Credit: 1 Credit

Standard: 1.0

The student will perform operations necessary to plan, control and evaluate business operations for a departmentalized accounting system. (GAI: 1.0, 2.0, 4.0)

Standard: 2.0

The student will analyze general accounting adjustments for uncorrectable accounts, merchandise inventory, depreciation, notes payable and receivable, accrued expenses and revenue, prepaid expenses and unearned revenue. (GAI: 1.0, 2.0, 3.0, 4.0)

Standard: 3.0

The student will examine the process of organizing, paying dividends, acquiring additional capital and reporting financial statements for a corporation. (GAI: 1.0, 2.0, 3.0, 4.0, 5.0)

Standard: 4.0

The student will plan budgets, organize accounting information for management decisions, analyze financial statements and prepare cash flow analyses. (GAI: 1.0, 2.0, 3.0, 4.0)

Standard: 5.0

The student will calculate and document cost accounting records for a merchandising and a manufacturing business. (GAI: 1.0, 2.0, 4.0, 5.0)

Standard: 6.0

The student will perform special accounting procedures for not-for-profit organizations, voucher systems and partnerships. (GAI: 1.0, 2.0, 3.0, 4.0, 5.0)

Standard: 7.0

The student will analyze the role of human resources in a business organization.

Course Description

Accounting II is an advanced study of concepts, principles and techniques that build on the competencies acquired in Accounting I used in keeping the electronic and manual financial records of a sole proprietorship, partnership and corporation. Departmental, management, cost and not-for-profit accounting systems are explored. This course will apply the theory and practices developed in Accounting I. (Activities in this course will be completed manually and electronically. This course requires a computerized workstation for each student with accounting and spreadsheet software and tools provided.)




Standard: 1.0

The student will perform operations necessary to plan, control and evaluate business operations for a departmentalized accounting system.

Learning Expectations**The student will:**

- 1.1 Record departmental sales, cash receipts and payments, purchases and payroll.
- 1.2 Prepare financial reports at end-of-fiscal period.

Student Performance Indicators: Evidence Standard Is Met**The student:**

-  Analyzes and journalizes departmental purchases/cash payments and sales/cash receipts in special journals and posts to ledgers.(GAI 1.0, 2.0)
-  Prepares employee benefits, earnings records, payroll records and journal entries for payroll. (GAI 1.0, 2.0)
-  Creates a departmental statement of gross profit, financial statements and end-of-period work. (GAI 1.0, 2.0, 4.0)

Sample Performance Task

Complete a simulation or a mini-project for a departmentalized merchandising business organized as a corporation.

Integration/Linkages

SCANS (The Secretary's Commission on Achieving Necessary Skills), National Standards for Business Education, Business Professionals of America, Future Business Leaders of America, Delta Pi Epsilon, Industry Standards, Work Keys, Business Finance, Mathematics and Language Arts

Standard: 2.0

The student will analyze general accounting adjustments for uncollectible accounts, merchandise inventory, depreciation, notes payable and receivable, accrued expenses and revenue, prepaid expenses and unearned revenue.

Learning Expectations**The student will:**

- 2.1 Analyze and prepare adjustments for uncollectible accounts using the direct write-off method and allowance methods and compute accounts receivable turnover ratios and average number of days to pay.
- 2.2 Analyze methods related to planning, counting and assigning cost to inventory.
- 2.3 Analyze and journalize the acquisition, depreciation and disposal of plant assets.
- 2.4 Calculate depreciation on plant assets using straight-line, declining balance, sum-of-the-years digits, modified accelerated cost recovery system (MACRS) and calculate depletion of plant assets due to removal of natural resources.
- 2.5 Calculate and journalize adjustments for notes payable and receivable, prepaid and accrued expenses and unearned and accrued revenue.

Student Performance Indicators: Evidence Standard Is Met**The student:**

- ✚ Differentiates between direct write-off and allowance methods of accounting for uncollectible accounts. (GAI 3.0)
- ✚ Prepares stock record cards, perpetual and periodic inventory records: values inventory using LIFO, FIFO, lower of cost or market, weighted average, gross profit and retail methods of estimating inventory; and calculates merchandise inventory turnover ratio and number of days' sales. (GAI 1.0, 2.0, 4.0)
- ✚ Prepares adjustments using aging accounts receivable, percentage of sales and percentage of accounts receivable methods. (GAI 1.0, 2.0)
- ✚ Calculates and journalizes annual and partial-year depreciation for plant assets using straight-line, sum-of-the year's digits, declining balance, production unit, MACRS and depletion of natural resources. (GAI 1.0, 2.0, 3.0, 4.0)
- ✚ Records disposition of plant assets through buying, selling or trading. (GAI 1.0, 2.0)
- ✚ Calculates and journalizes interest and payment of notes payable and receivable. (GAI 1.0, 2.0)
- ✚ Prepares adjusting and reversing entries for prepaid and accrued expenses and unearned and accrued revenue. (GAI 1.0, 2.0, 3.0)

Sample Performance Task

Investigate current interest rates on promissory notes at a local bank. Compute interest and maturity dates and values of notes.

Integration/Linkages

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Standard: 3.0

The student will examine the process of organizing, paying dividends, acquiring additional capital and reporting financial statements for a corporation.

Learning Expectations**The student will:**

- 3.1 Analyze practices and journalize transactions related to the start-up of a corporation, stock subscriptions, dividend declaration and payment.
- 3.2 Analyze and journalize entries for acquiring additional capital, treasury stock and bonds payable.
- 3.3 Prepare and analyze financial statements for a corporation at the end of a fiscal period.
- 3.4 Calculate federal income tax for a corporation.

Student Performance Indicators: Evidence Standard Is Met**The student:**

- ✚ Analyzes the articles of incorporation required to start a corporation.
- ✚ Differentiates between common and preferred stock and par- and no-par-value stock. (GAI 3.0)
- ✚ Records the issuance of preferred stock at par, more or less than par, or for assets other than cash. (GAI 1.0)
- ✚ Journalizes transactions: capital stock issuance, organization costs, stock subscriptions and dividend declaration and payment to stockholders. (GAI 1.0, 2.0)
- ✚ Journalizes the purchase of treasury stock and selling it at original cost and more or less than original cost. (GAI 1.0 2.0, 4.0)
- ✚ Journalizes the issuance of bonds as a means of acquiring additional capital, paying interest on bonds, setting up a bond sinking fund and retiring a bond issue. (GAI 1.0, 2.0, 3.0)
- ✚ Differentiates between the characteristics of stocks and bonds. (GAI 3.0)
- ✚ Calculates federal income tax expense, records the adjustment and completes the corporate work sheet. (GAI 1.0, 2.0)
- ✚ Prepares income statement, statement of stockholders' equity and balance sheet for a corporation. (GAI 1.0, 2.0, 5.0)
- ✚ Calculates analysis figures for component percentages, earnings per share, price-earnings ratio, accounts receivable turnover ratio and average number of days for payment, rate earned on average stockholders' equity and rate earned on average total assets. (GAI 1.0, 2.0, 3.0)
- ✚ Prepares adjusting, closing and reversing entries at the end of the fiscal period and proves the accuracy of the ledger by preparing a post-closing trial balance. (GAI 1.0, 2.0, 4.0)

Sample Performance Task

Obtain the annual reports of several publicly held corporations and analyze, compare and contrast them. Use the analyzed data to prepare U.S. Corporation Income Tax Returns provided by the Internal Revenue Service.

Integration/Linkages

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Standard: 4.0

The student will plan budgets, organize accounting information for management decisions, analyze financial statements and prepare cash flow analyses.

Learning Expectations**The student will:**

- 4.1 Analyze and prepare budgetary planning and controls for the financial operations of a business.
- 4.2 Compare the projected amounts budgeted with the actual amounts received and spent for a specific period of time.
- 4.3 Calculate analysis figures for making wise management decisions.

Student Performance Indicators: Evidence Standard Is Met**The student:**

- ✚ Plans and prepares the following budgets: sales and purchases, selling and administrative expenses, revenue and expense, cash receipts and payments and cash budget. (GAI 1.0, 2.0)
- ✚ Plans, prepares, and analyzes budgeted income statement. (GAI 1.0, 2.0, 3.0)
- ✚ Compares the projected budgeted amounts with the actual amounts through preparation of a performance report. (GAI 1.0, 2.0, 3.0, 4.0)
- ✚ Prepares accounting information necessary for wise management decisions: an income statement reporting contribution margin; calculates the contribution margin rate, breakeven point, sales dollars and units required to earn a planned amount of net income, effects of changes in sales volume, unit costs and unit sales prices on net income; and calculates a sales mix. (GAI 1.0, 2.0, 3.0)
- ✚ Calculates financial strength analysis by determining current ratio of assets to liabilities, acid-test ratio, debt ratio, working capital, equity ratio and equity per share. (GAI 1.0, 2.0, 3.0, 4.0)
- ✚ Prepares comparative financial statements with component percentages for horizontal and vertical trend analyses and determines acceptable levels of financial performance to be used as a basis for management decisions. (GAI 1.0, 2.0, 3.0, 4.0)
- ✚ Calculates and prepares cash flow statements. (GAI 1.0, 2.0, 3.0)

Sample Performance Task

Using the computer and an electronic spreadsheet, prepare a budget for a college student, a young married couple, or a fictitious business (using formulas in the spreadsheet for all calculations). If computer is not available, prepare budgets manually.

Integration/Linkages

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Standard: 5.0

The student will calculate and document cost accounting records for a merchandising and a manufacturing business.

Learning Expectations**The student will:**

- 5.1 Analyze cost accounting records for a merchandising business using responsibility accounting.
- 5.2 Analyze cost accounting records for a manufacturing business.
- 5.3 Prepare accounting transactions and financial statements for a manufacturing business.

Student Performance Indicators: Evidence Standard Is Met**The student:**

-  Analyzes and journalizes entries for direct and indirect expenses using responsibility accounting as a means of assigning control to a specific manager. (GAI 1.0, 2.0)
-  Prepares departmental margin statement for a specific department. (GAI 1.0, 2.0, 5.0)
-  Prepares work sheet for merchandising business. (GAI 1.0, 2.0, 5.0)
-  Calculates manufacturing cost of finished goods by determining cost of direct materials, labor and factory overhead; determines value of inventories of work in process, raw materials and finished goods. (GAI 1.0, 2.0, 4.0)
-  Journalizes manufacturing costs, including factory payroll, materials, factory overhead, finished goods and sales and cost of goods sold. (GAI 1.0, 2.0)
-  Prepares end-of-fiscal-period work sheet, income statement and balance sheet for a manufacturing business. (GAI 1.0, 2.0, 5.0)

Sample Performance Task

Take a field trip to a local manufacturing plant to see how raw materials are converted to finished goods. Visit the accounting department for an overview of their cost accounting methods.

Integration/Linkages

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Standard: 6.0

The student will perform special accounting procedures for not-for-profit organizations, voucher systems and partnerships.

Learning Expectations**The student will:**

- 6.1 Plan and prepare budget information and record financial transactions for not-for-profit and governmental organizations.
- 6.2 Prepare financial reports for not-for-profit and governmental organizations.
- 6.3 Prepare forms and records for a voucher system as a method of cash control.
- 6.4 Determine the steps necessary to form and expand a partnership.
- 6.5 Record journal entries for forming a partnership, admitting new partners and reporting financial transactions for a partnership.

Student Performance Indicators: Evidence Standard Is Met**The students:**

- ✚ Differentiates between the types, purposes and characteristics of not-for-profit and governmental organizations. (GAI 3.0)
- ✚ Prepares annual operating budget for not-for-profit and governmental organizations. (GAI 1.0, 2.0, 5.0)
- ✚ Journalizes property tax revenues, collection of property taxes, delinquent taxes, expenditures and encumbrances, liabilities and investments of governmental organizations. (GAI 1.0, 2.0)
- ✚ Prepares work sheet; statement of revenues, expenditures and changes in fund balance; and balance sheet for not-for-profit and governmental organizations. (GAI 1.0, 2.0, 5.0)
- ✚ Records adjusting and closing entries for not-for-profit and governmental organizations. (GAI 1.0, 2.0)
- ✚ Prepares vouchers and records in voucher register; writes voucher checks using check register for payment of vouchers and records transactions using the voucher system. (GAI 1.0, 2.0)
- ✚ Analyzes a partnership agreement and the legal right of mutual agency.
- ✚ Journalizes entries to record partners' investments; admits new partners with equal, less or greater equity; admits partner with goodwill; distributes earnings according to a fixed percentage, percentage of equity, interest on equity or salaries; records liquidation of a partnership. (GAI 1.0, 2.0, 4.0)
- ✚ Prepares end-of-fiscal-period work sheet, income statement, distribution of net income statement, balance sheet, adjusting and closing entries and post-closing trial balance for a partnership. (GAI 1.0, 2.0, 5.0)

Sample Performance Task

Visit the local office of the property tax assessor to observe the accounting practices.

Integration/Linkages

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Standard: 7.0

The student will analyze the role of human resources in a business organization.

Learning Expectations**The student will:**

- 7.1 Examine the types of activities that occur in a human resources department.
- 7.2 Analyze methods of selecting new personnel and promoting, transferring and releasing current personnel.
- 7.3 Analyze ways laws and regulations affect a human resource department.
- 7.4 Compare employee benefits that may be available through an employer.

Student Performance Indicators: Evidence Standard Is Met**The student:**

- ✚ Illustrates the differing activities that are performed by a member of a human resource staff.
- ✚ Compares and contrasts the various methods that are used in hiring, firing, promoting and transferring employees in a business.
- ✚ Illustrates the effect of laws and regulations of the government on the human resource department.
- ✚ Examines and analyzes available employee benefits.

Sample Performance Task:

- ✚ Students will set-up a chart of accounts for Business Professionals of America and/or Future Business Leaders of America.
- ✚ Prepare an income statement and a balance sheet to be presented in a career technical student organization meeting.

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