



EXAM INFORMATION

Items

57

Points

58

Prerequisites

ACCOUNTING I

Grade Level

10-12

Course Length

ONE SEMESTER

Career Cluster

FINANCE

Performance Standards

INCLUDED

Certificate Available

YES

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.

EXAM BLUEPRINT

STANDARD	PERCENTAGE OF EXAM
1- Accounting Terminology & Business Structure	13%
2- Payroll Records	18%
3- Business Transactions	32%
4- Uncollectible Accounts, Bad Debts	7%
5- Depreciation of Assets	7%
6- Financial Statements for Corporations	16%
7- Closing Entries	7%
8- Accounting Practices (Optional)	



STANDARD 1

STUDENTS WILL UNDERSTAND ACCOUNTING TERMINOLOGY AND BASIC BUSINESS STRUCTURES, AND APPLY MANAGEMENT DECISION MAKING SKILLS

- 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 Understand and use business ethics in accounting decision making.
- Objective 5 Identify and explain the three forms of business ownership.
1. List the characteristics, purposes, advantages, and disadvantages of a sole proprietorship, partnership, and corporation.
- Objective 6 Identify and explain three types of businesses.
1. List the characteristics of service, merchandising, and manufacturing businesses.
- Objective 7 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.
1. Calculate gross earnings based on an hourly rate, piece rate, salary, commission, and salary plus commission.
 2. Calculate taxes (Federal, Social Security, Medicare, State) and other deductions to determine net pay.
 3. Calculate employer's payroll taxes (e.g., Social Security, Medicare, Federal Unemployment, and State Unemployment) and employee benefits paid by the employer.
 4. Prepare payroll reports.
- Objective 2 Make journal entries related to payroll.
1. Journalize and post payment of the payroll (Salary Expense).
 2. Journalize and post employer payroll taxes (Payroll Taxes Expense).
 3. Journalize and post payment of tax liabilities.

Standard 2 Performance Evaluation included below (Optional)

STANDARD 3

STUDENTS WILL COMPLETE TRANSACTIONS FOR SALES, PURCHASES, CASH RECEIPTS, AND CASH PAYMENTS

- Objective 1 Verify and analyze source documents.
1. Identify different types of source documents (checks, sales invoices, purchases invoices, memorandums, cash register tapes, and receipts).
 2. Evaluate source documents to determine necessary information to create a journal entry.



- Objective 2** Analyze transactions for purchases and cash payments.
1. Journalize and post purchases of merchandise.
 2. Journalize and post cash payments.
 3. Journalize and post the return of merchandise to a vendor.
 4. Calculate, journalize, and post payments that involves purchases discounts.
 5. Prove Accounts Payable Subsidiary Ledger with the controlling in the general ledger account by preparing a Schedule of Accounts Payable.

- Objective 3** Analyze transactions for sales and cash receipts.
1. Journalize and post-sale of merchandise, including calculation of sales tax.
 2. Journalize and post cash receipts.
 3. Journalize and post the return of merchandise from a customer.
 4. Calculate, journalize, and post receipts that involves sales discounts.
 5. Prove Accounts Receivable Subsidiary Ledger with the controlling account in the general ledger by preparing a Schedule of Accounts Receivable.

Standard 3 Performance Evaluation included below (Optional)

STANDARD 4

STUDENTS WILL DETERMINE UNCOLLECTIBLE ACCOUNTS/BAD DEBTS/DOUBTFUL ACCOUNTS

- Objective 1** Record transactions for uncollectible accounts/bad debts/doubtful accounts.
1. Justify the need for writing off bad accounts.
 2. Understand both the direct write-off and allowance methods.
 3. Estimate uncollectible accounts/bad debts/doubtful accounts using the percentage of total sales method and aging method.
 4. Journalize and post the adjusting entry for uncollectible accounts expense.
 5. Journalize and post the entry to write off an account.
 6. Journalize and post the entries for collecting a previously written-off account.

Standard 4 Performance Evaluation included below (Optional)

STANDARD 5

STUDENTS WILL DETERMINE DEPRECIATION OF FIXED/PLANT/LONG-TERM ASSETS AS A MEANS OF COST ALLOCATION

- Objective 1** Explain the purpose of and record transactions related to depreciation of assets.
1. Understand the need for recording depreciation of assets.
 2. Estimate depreciation expense using the straight-line method.
 3. Journalize and post the adjusting entry for depreciation.
 4. Compute net account balances (book value) of fixed assets as a result of depreciation.



Standard 5 Performance Evaluation included below (Optional)

STANDARD 6

STUDENTS WILL PREPARE ADJUSTING ENTRIES AND FINANCIAL STATEMENTS FOR A CORPORATION

Objective 1 Complete adjusting entries.

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

Objective 2 Prepare financial statements.

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

Standard 6 Performance Evaluation included below (Optional)

STANDARD 7

STUDENTS WILL PREPARE CLOSING ENTRIES AND A POST-CLOSING TRIAL BALANCE

Objective 1 Prepare closing entries.

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

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

Standard 7 Performance Evaluation included below (Optional)

STANDARD 8 (Optional)

STUDENTS WILL DEMONSTRATE AN UNDERSTANDING OF THE FOLLOWING OPTIONAL ACTIVITIES

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

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

Objective 2 Understand and use various tax forms.

Objective 3 Incorporate use of spreadsheets and accounting software.

Objective 4 Describe the differences between manual and computerized accounting.



1. Understand automated posting.
2. Understand automated computation.
3. Print reports.

Objective 5 Identify industry standard accounting and tax software.

Objective 6 Explore careers in the field of accounting.



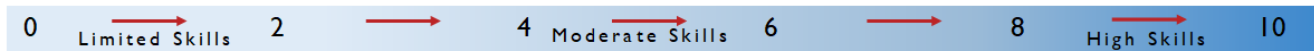
Accounting II Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of **8 or higher** on the rating scale. Students may be encouraged to repeat the objectives until they average **8 or higher**.

Students Name _____

Class _____

PERFORMANCE RATING SCALE



STANDARD 2 Payroll Records

Score:

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

STANDARD 3 Business Transactions

Score:

- 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
 - Purchase return
 - Purchase discount

STANDARD 4 Uncollectible Accounts/Bad Debts/Doubtful Accounts

Score:

- 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

STANDARD 5 Depreciation of Fixed/Plant/Long-term Assets

Score:

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

STANDARD 6 Financial Statements for a Cooperation

Score:

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



STANDARD 7 Closing Entries and Post-Closing Trial Balance

Score:

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

PERFORMANCE STANDARD AVERAGE SCORE:



Accounting II Term List

Standard	Objective	Term	Definition
1	1	Accounting	Planning, recording, analyzing, and interpreting financial information
1	1	Accounting System	A planned process for providing financial information that will be useful to management
1	2	G.A.A.P. (Generally Accepted Accounting Principles)	The standards and rules to follow while recording and reporting financial activities
1	5	Business Ethics	The use of ethics in making business decisions—ethics: The principles of right and wrong that guide an individual in making decisions
1	6	Corporation	An organization with the legal rights of a person and which may be owned by many persons
1	7	Merchandising Business	A business that purchases and sells goods
1	7	Manufacturing Business	A business that produces and sells goods
2	1	Payroll	The total amount earned by all employees for a pay period
2	1	Pay Period	The period covered by a salary payment
2	1a	Salary	The money paid for employee services
2	1a	Piece Rate	A pay rate when employees are paid on the number of 'units' they produce
2	1a	Hourly Rate	The amount paid to an employee for each hour of services
2	1a	Commission	A form of payment when employee is paid a percentage of sales.
2	1a	Gross Pay (Total Earnings)	The total pay due for a pay period before deductions
2	1b	Payroll Deductions	The amount withheld from employee earnings to pay for taxes and other withholdings
2	1b	Federal Income Tax	A tax levied on the income of individuals and/or corporations
2	1b	Social Security Tax	A federal tax paid for old-age, survivors, and disability insurance
2	1b	Medicare Tax	A federal tax paid for hospital insurance
2	1b	State Income Tax	A state tax levied on the income of individuals
2		Net Pay	The total earnings paid to an employee after payroll taxes and other deductions
2	1c	Employer's Payroll Taxes	Taxes based on the payroll of a business. Employers must pay four taxes on employee earnings—social security, medicare, federal unemployment, and state unemployment taxes
2	1c	Federal Unemployment Tax	A federal tax used for state and federal administrative expenses of the unemployment program
2	1c	State Unemployment Tax	A state tax used to pay benefits to unemployed workers



2	1d	Payroll Register	A business form used to record payroll information
2	1d	Employee earnings Record	A business form used to record details affecting payments made to an employee
3	1	Business Transactions	An activity that causes the assets, liabilities or equity of a business to change
3	1a	Source Documents	A business paper from which information is obtained for a journal entry
3	1a	Purchase Invoice	An invoice used as a source document for recording a purchase on account
3	1a	Sales Invoice	An invoice used as a source document for recording a sale on account
3	1a	Check	A business form ordering a bank to pay cash from a bank account
3	1	Memorandum	A form on which a brief message is written describing a transaction
3	1a	Debit Memo.	A form prepared by the customer showing the price deduction taken by the customer for returns and allowances
3	1a	Credit Memo.	A form prepared by the vendor showing the amount deducted for returns and allowances
3	1a	Receipt	A business form giving written acknowledgement for cash received
3	1a	Register/Terminal Summary Tape	A source document for daily sales
3	2/3	Journalize	Record transactions in a journal
3	2/3	Post	Transfer information from a journal to a ledger account
3	2a	Merchandise	Goods that a merchandising business purchases to sell
3	2a	Purchase on Account	A transaction in which the merchandise purchased is to be paid for later
3	2c	Purchase Return	Credit allowed for the purchase price of returned merchandise, resulting in a decrease in the customer's account payable
3	2d	Purchase Discount	A cash discount on purchases taken by a customer
3	2d	Trade Discount	A reduction in the list price granted to customers
3	2d	Vendor	A business from which merchandise is purchased or supplies or other assets are bought
3	2f/3f	Subsidiary Ledger	A ledger that is summarized in a single general ledger account
3	2f	Schedule of Accounts Payable	A listing of vendor accounts, account balances, and total amount due all vendors
3	3a	Cash Sale	A sale in which cash is received for the total amount of the sale at the time of the transaction
3	3a	Sales Tax	A tax on a sale of merchandise
3	3a	Sale on Account	A sale for which cash will be received at a later date
3	3c	Sales Return	Credit allowed a customer for the sales price of returned merchandise, resulting in a decrease in the vendor's accounts receivable



3	3d	Sales Discount	A cash discount on sales
3	3d	Customer	A person or business to whom merchandise or services are sold.
3	3f	Schedule of Accounts Receivable	A listing of customer accounts, account balances, and total amounts due from all customers
4	1	Uncollectible Accounts/ Bad Debts/ Doubtful Accounts	Accounts receivable that cannot be collected
4	1b	Direct Writing off of an Account	Canceling the balance of a customer account because the customer does not pay
4	1b	Allowance method for recording uncollectible accounts	Crediting the estimated value of uncollectible accounts to a contra account
4	1b	Contra Account	An account that reduces a related account on a financial statement
5	1	Depreciation Expense	The portion of a plant asset's cost that is transferred to an expense account in each fiscal period during a plant asset's useful life
		Plant Asset	Assets that will be used for a number of years in the operation of a business
5	1b	Straight-line method of depreciation	Charging an equal amount of depreciation expense for a plant asset in each year of useful life
5	1e	Book Value of Plant Asset	The original cost of a plant asset minus accumulated depreciation
6	1a	Trial Balance	A proof of the equality of debits and credits in a general ledger
6	1b	Adjusting Entries	Journal entries recorded to update general ledger accounts at the end of a fiscal period
6	1c	Adjusted Trial Balance	A proof of the equality of debits and credits in a general ledger after the adjusting entries
6	2	Income Statement	A financial statement showing the revenue and expenses for a fiscal period
6	2a	Net Sales	Total sales less sales discount and sales returns and allowances
6	2a	Merchandise Inventory	The amount of goods on hand for sale to customers
6	2a	Cost of Goods/ Merchandise Sold	The price a business pays for goods it purchases to sell
6	2a	Gross Profit on Sales	The revenue remaining after cost of merchandise sold has been deducted
6	2a	Total Expenses	The sum of all expenses
6	2a	Net Income	The difference between total revenue and total expenses when total revenue is greater
6	2a	Net Loss	The difference between total revenue and total expenses when total expenses are greater
6	2b	Statement of Stockholders' Equity	A financial statement that shows changes in a corporation's ownership for a fiscal period
6	2b	Stockholder	An owner of one or more shares of a corporation



6	2b	Retained Earnings	An amount earned by a corporation and not yet distributed to stockholders
6	2b	Dividends	Earnings distributed to stockholders
6	2b	Share of Stock	Each unit of ownership in a corporation
6	2b	Capital Stock	Total shares of ownership in a corporation
6	2b	Par Value	A value assigned to a share of stock and printed on the stock certificate
6	2d	Balance Sheet	A financial statement that reports assets, liabilities, and owner's equity on a specific date
6	2e	Ratio	A comparison between two items of financial information
7	1	Closing Entries	Journal Entries used to prepare temporary accounts for a new fiscal period
7	1	Temporary Accounts	Accounts used to accumulate information until it is transferred to the owner's capital account
7	1	Income Summary	A temporary account used to summarize the closing entries for revenue and expenses
7	2	Post-Closing Trial Balance	A trial balance prepared after the closing entries are posted
8	1	FIFO Inventory Costing Method (First In, First Out)	Using the price of merchandise purchased first to calculate the cost of merchandise sold first
8	1	LIFO Inventory Costing Method (Last In, First Out)	Using the price of merchandise purchased last to calculate the cost of merchandise sold first.
8	1	Weighted Average Method for Ending Inventory	Using the average cost of beginning inventory plus merchandise purchased during a fiscal period to calculate the cost of merchandise sold