

Accounting II

Primary Career Cluster:	Finance
Consultant:	Sarah G. Williams, (615) 253-7442, Sarah.G.Williams@tn.gov
Course Code(s):	5911
Prerequisite(s):	<i>Accounting I</i> (5910)
Credit:	1
Grade Level:	11-12
Graduation Requirements:	This course satisfies one of three credits required for an elective focus when taken in conjunction with other Finance.
Programs of Study and Sequence:	This is the third course in the <i>Accounting</i> program of study.
Aligned Student Organization(s):	DECA: http://www.decatn.org FBLA: http://www.fblatn.org Steven Mitchell, (615) 532-2829, Steven.Mitchell@tn.gov
Coordinating Work-Based Learning:	Teachers are encouraged to use embedded WBL activities such as informational interviewing, job shadowing, and career mentoring. For information, visit https://www.tn.gov/education/career-and-technical-education/work-based-learning.html .
Available Student Industry Certifications:	None
Dual Credit or Dual Enrollment Opportunities:	There are currently dual credit opportunities available for this course at specific community colleges. Reach out to a local postsecondary institution(s) for more information.
Teacher Endorsement(s):	030, 052, 054, 055, 152, 153, 158, 201, 203, 204, 311, 430, 434, 435, 436, 471, 472, 474, 475, 476
Required Teacher Certifications/Training:	None
Teacher Resources:	https://www.tn.gov/education/career-and-technical-education/career-clusters/cte-cluster-finance.html .

Course Description

Accounting II is an advanced study of concepts, principles, and techniques used by businesses to maintain electronic and manual financial records. This course expands on content explored in *Accounting I* to cover the accounting processes of a variety of different firms, including merchandising, manufacturing, and service-oriented businesses. Upon completion of this course, proficient students will gain in-depth knowledge of business accounting procedures and their applications to business operations. Upon completion of this course, students will be prepared for

postsecondary study and advanced training in accounting or business. Additionally, completion of this course can lead to a work-based learning (WBL) experience as the program of study capstone.

Program of Study Application

This is the third course in the *Accounting* program of study. For more information on the benefits and requirements of implementing this program in full, please visit the Finance website at <https://www.tn.gov/education/career-and-technical-education/career-clusters/cte-cluster-finance.html>.

Course Standards

Accounting Processes and Operations

- 1) Demonstrate a thorough understanding of the accounting cycles of merchandising, manufacturing, and service businesses while performing actions necessary to plan, control, and evaluate business operations. Differentiate between inventory for both merchandising and manufacturing businesses and explain how the different types of businesses apply appropriate valuation methods when preparing financial statements.

Collection and Recording

- 2) Collect source documents used to track transactions in accounting processes, such as invoices, receipts, memorandums, check stubs, deposit slips, and electronic records. Describe the process used by a merchandising business to prepare, review, and analyze source documents as part of the accounting cycle, citing evidence from sample documents.
- 3) Maintain accurate and balanced records for all accounts analyzed throughout the duration of the course. Analyze source documents of increasing complexity within a variety of merchandising, manufacturing, and service operations. For a given transaction, determine debits and credits; journalize transactions in the general journal or special journals; post to the general ledger and subsidiary ledger accounts; and determine the ending balances of each account.

Finalization and Analysis of Data

- 4) Gather sample accounting worksheets from public records, textbooks, or other company templates to determine how merchandising businesses prepare financial records. Drawing on this information, prepare an original 10 column worksheet. Define and provide examples of key categories and terms, including accounts receivable, accounts payable, and various tax accounts.
- 5) Demonstrate accurate analysis of financial data by performing the following processes:
 - a. Record and post adjusting entries to affected supplies, inventory, notes receivable, insurance, accounts payable, and tax accounts
 - b. Prepare and analyze financial statements
 - c. Record closing entries of temporary accounts, including revenue, expense, and withdrawals accounts

- d. Prepare the post-closing trial balance

For example, starting with a file of source documents and financial statements from the prior time period, complete a simulation or a mini-project spanning all steps in the accounting cycle for a merchandising business.

Accounting Applications and Implications

- 6) Compare and contrast the cost accounting records for a merchandising business with a manufacturing business.
 - a. For a merchandising business, analyze the means of tracking and accounting for physical inventory and determining the actual cost of the merchandise resold to customers. Calculate the ending balance of the inventory account using the adjustment process
 - b. In a manufacturing business, review the components of systems used to maintain records of manufacturing costs. Differentiate between job order and process cost accounting, and demonstrate an understanding of the advantages of each system for different manufacturing processes. Track the flow of inventory in the product process, from raw materials to work-in-process to finished goods inventory
 - c. For both businesses, account for direct labor, direct material, and factory overhead budgeting

For example, schedule a real or virtual field trip to a local manufacturing plant to observe how raw materials are converted to finished goods. Upon completion of the tour, prepare an informational text and accompanying graphic illustrating the cost accounting methods and budgeting practices employed by the firm.

- 7) Analyze an annual report for a service, merchandising, and manufacturing business, identifying the major sections and the implications of the financial data and statements included within the report. Illustrate through a formal financial presentation how the comparison of budgeted to actual revenue, expenses, and cash amounts affects management decision making on matters such as budgetary planning, fiscal control policies, product line expansion, asset acquisition, downsizing, and operational improvements.
- 8) Examine various advanced applications of accounting for a merchandising business, and analyze the implications that each has for the business's profitability. Advanced applications include, but are not limited to, the following:
 - a. Prepare adjustments for uncollectible accounts using both the direct write-off and the allowance method
 - b. Analyze methods related to assigning cost to inventory, including the specific identification method, first-in first-out (FIFO) method, last-in first-out (LIFO) method, and weighted average cost method

For example, calculate the cost of a business's inventory using all four inventory valuation methods and determine the effect on financial statements.

- 9) Define depreciation in accounting contexts, and determine the impact of depreciation on a variety of goods in different industries (i.e., manufacturing, agriculture, retail services, and more). For a selected firm in one of these industries, analyze and journalize acquisition,

depreciation, and disposal of a plant asset, then calculate depreciation using the straight-line, declining balance, and sum-of-the-years digits methods.

Accounting in a Business Startup and Expansion

- 10) Research IRS.gov for multiple small business and self-employment forms/publications detailing important tax information related to the various stages of owning a business, from starting and filing for an Employer Identification Number (EIN), to operating and closing. Follow procedures to complete sample federal income tax employment/payroll forms (i.e., 940, 941, 944, W2) for small businesses, including social security and Medicare taxes, FUTA, and self-employment taxes. Prepare quarterly and end-of-tax-year examples for a real or fictitious small business.
- 11) Examine the steps required to form and expand a partnership. Analyze the transactions necessary for forming a partnership, admitting new partners, and distributing net income among partners, including identification of federal income tax forms for partnerships.
- 12) Investigate the process for incorporating a business. Accurately analyze practices and business forms related to the start-up of a corporation, including but not limited to stock subscriptions, dividends declaration, dividend payment, capital acquisition, and treasury stock. Include in the examination income tax filing requirements for corporations and note SEC (U.S. Securities and Exchange Commission) requirements for expansion of existing stocks in the process. Prepare an argumentative text intended for a simulated business which affirms the advantages of incorporating versus remaining a sole proprietorship or partnership.
- 13) Explore the business model used by franchised companies. Compare and contrast depictions of the process used by companies to expand into a franchising business and the process used by franchisees to buy into the franchise. Analyze the financial obligations associated with franchised businesses for both the franchisor and franchisee.

Business Ethics

- 14) Investigate codes of ethics from professional organizations in accounting, personal finance, and banking and GAAP (Generally Accepted Accounting Principles) and examine areas of commonality. Synthesize principles from the codes investigated including separation of duties to create a personal code of ethics.
- 15) Examine real-world situations that involve ethical dilemmas and the application of correct professional conduct as highlighted in recent news articles. Craft an argumentative essay making a claim about the importance of ethics and professional standards for persons working in the accounting pathway, citing examples from case studies to argue for the relevance of professional codes of conduct.

Standards Alignment Notes

*References to other standards include:

- P21: Partnership for 21st Century Skills [Framework for 21st Century Learning](#)
 - Note: While not all standards are specifically aligned, teachers will find the framework helpful for setting expectations for student behavior in their classroom and practicing specific career readiness skills.