

ACCOUNTING II, HONORS  
GRADES 10-12

EWING TOWNSHIP PUBLIC SCHOOLS  
1331 Lower Ferry Road  
Ewing, NJ 08618

Board Approved: May 22, 2017  
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In accordance with The Ewing Public Schools' Policy 2230, Course Guides, this curriculum has been reviewed and found to be in compliance with all policies and all affirmative action criteria.
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## TABLE OF CONTENTS

	<u>Page</u>
Preface	1
<b>Unit 1:</b> Accounting for a Merchandising Business Organized as a Corporation	2
<b>Unit Review -</b> Reinforcement Activity 2 – Parts A and B – <i>Gulf Uniform Supply, Inc. Authentic Threads</i> Simulation	4
<b>Unit 2:</b> Accounting for a Merchandising Business Organized as a Corporation - Adjustments and Valuation	8
<b>Unit Review -</b> Reinforcement Activity 3 – Part A – <i>Restaurant Warehouse, Inc.</i>	10

## Preface

This guide was prepared so the instructor using it will be able to provide students with an advanced understanding of Accounting, using any accounting text from the publisher *South-Western Cengage, (Century 21 series)*. Emphasis is placed on ethical corporate accounting practices in an effort to give students a strong foundation for entry into any accounting college program and/or within an entry level business environment.

This guide will provide the Business Education teacher with:

- Unit Objectives
- Essential questions
- Acquired knowledge and skills
- Major assessments
- Instructional materials and strategies
- Interdisciplinary connections
- Listings of NJCCS
- Teacher resources
- Technology integration

The prerequisite for this course is a final grade of 80% or higher in Accounting I.

## **Unit 1: The Accounting Cycle – Merchandising Business Organized as a Corporation**

**Class Instructional Time:** Block Scheduling (83 min) – 5 days/week

**Duration:** 13 weeks

### **Why Is This Unit Important? (Big Idea)**

This unit will serve as an extension of material learned in Accounting I, specifically on corporate accounting. A level of understanding on corporate financial matters begins in this unit. Failure to understand essential accounting concepts will likely result in poor business decisions. This can lead to the demise of the said business and/or the employee. The big ideas embedded through this unit are:

- The purpose and importance of accounting for a corporation
- Transactions that affect daily accounting records for a corporation
- Analyzing and journalizing daily transactions for a corporation
- Completing end-of-fiscal period work for a corporation
- Ethical accounting standards and concepts (GAAP)

### **Enduring Understandings or Unit Objectives:**

1. Students will be able to identify and classify terms and accounts related to accounting for a corporation.
2. Students will be able to analyze transactions related to a corporation.
3. Students will be able to record transactions for a corporation using one general journal and 4 special journals.
4. Students will be able to post transactions for a corporation to a general ledger and two subsidiary ledgers.
5. Students will be able to account for uncollectible accounts receivable.
6. Students will be able to interpret promissory notes.
7. Students will be able to calculate accumulated depreciation of plant assets.
8. Students will be able to prepare end-of-fiscal period work for a corporation, including: worksheets, balance sheets, income statements, post-closing trial balance.
9. Students will be able to apply Generally Accepted Accounting Principles (GAAP) to daily accounting work.

## **Essential Questions:**

1. What types of businesses would not benefit from UPC bar codes? (Lesson: Purchases)
2. What kinds of internal controls might be put in place for purchases to eliminate unnecessary or unapproved spending? (Lesson: Purchases)
3. What are the implications if a business does not collect sales tax on a sale? (Lesson: Sales)
4. Why would someone prefer to use the Purchases Returns and Allowances account instead of just crediting Purchases? (Lesson: General Journal)
5. What factors might influence a business to increase or decrease the allowance percentage for uncollectible accounts from the amount indicated in past experience? (Lesson: Uncollectible Accounts Receivable)
6. How long should a business allow for overdue payment before accepting a partial payment? (Lesson: Writing Off and Collecting Uncollectible Accounts Receivable)
7. Why and when would it be beneficial for a business to pay a collection agency to help collect past-due accounts? (Lesson: Writing Off and Collecting Uncollectible Accounts Receivable)
8. What would be the implication of placing all accounts receivable and notes receivables in one account since both reflect the future receipt of cash and both are assets? (Lesson: Adjusting Merchandise Inventory and Interest Receivable)
9. Why should depreciation be adjusted annually? (Lesson: Adjusting Accumulated Depreciation)
10. What are some key decisions management might make pertaining to the income statement? (Lesson: Income Statements)
11. Why might a company offer additional shares of stock throughout the year? (Lesson: Statement of Stockholders' Equity)
12. Why isn't Income Summary used more often to zero out revenue and expenses? (Lesson: Closing Entries)

## **Acquired Knowledge:**

1. Corporations can record daily business transactions in five journals (general, sales, purchases, cash receipts, cash payments) and then post them to three ledgers (general, accounts payable, accounts receivable)
2. There are two methods for estimating uncollectable accounts receivable: the percent of sales method and the percent of accounts receivable method

3. Corporations will "write off" accounts that are determined to be uncollectible
4. Corporations record and account for the acceptance and collection of a note receivable
5. Adjustments to the following accounts are made before a trial balance is prepared: Supplies, Prepaid Insurance, Merchandise Inventory, Interest Receivable, Accumulated Depreciation, Federal Income Tax Payable
6. An Income Statement for a corporation includes: operating revenue, cost of merchandise sold, operating expenses, other revenue, and net income after federal income tax
7. The Statement of Stockholders' Equity will reflect: value of capital stock at the beginning of the year and retained earnings throughout the year
8. The Balance Sheet of a corporation will include a Stockholders' Equity section
9. The following accounts will be closed at the end of the fiscal period: all income statement accounts with a credit balance, all income statement accounts with a debit balance, Income Summary, Dividends

### **Acquired Skills:**

1. Journalize transactions for a fiscal period using a 5-column journal suitable to a corporation
2. Post each transaction for a fiscal period to a general ledger or subsidiary ledger
3. Account for Uncollectible Accounts Receivable
4. Prepare Adjusting Entries and an Adjusted Trial Balance
5. Prepare all financial statements for a corporation, including an Income Statement, Statement of Stockholders' Equity, and Balance Sheet
6. Record Closing Entries for a corporation

### **Benchmark or Major Assessments:**

- Concept Quizzes – questions only
- Concept Tests – includes questions and productions
- Classwork
- Homework
- Internet and Excel projects called "Think Like an Accountant" and "Financial Literacy"
- Corporation Simulation – "Authentic Threads"
- Reinforcement Activities – *Gulf Uniform Supply, Inc.*

### **Instructional Materials:**

- **Text:** *South-Western Century 21 Accounting, Multicolumn Journal, 10e, Gilbertson, Lehman, Gentene*, (all working papers are provided)
- **Laptops** for Internet and Excel projects (project directions are in textbook)
- **Project:** *South-Western, Authentic Threads, A Business Simulation*
  - Supplemental materials needed: Accompanying textbook, calculators, rulers

### **Instructional Strategies:**

- Provide students with visual, auditory, and written lessons on each new topic
- Use SmartBoard and guest speakers to solidify lessons on various topics
  - NJSCPA guest speakers
- Create a bulletin board in the classroom that displays core content subject matter

### **Interdisciplinary Connections:**

- **Financial Literacy** – discussions and activities will guide students in the exploration of both business finance issues and critical personal finance topics
- **Global Awareness/Economics** – discussions and activities will present the role of accounting in a global environment and will reflect current trends, concerns, and issues in global business, including cultural diversity in the workplace
- **Technology** – students will use Excel spreadsheet software to analyze data, create meaningful charts, and reach conclusions about accounting decisions in the workplace

### **Accommodations or Modifications (Special Education, ESL/ELL, Gifted Learners):**

- Repetition
- Study/test guide
- Restate directions

- Visual prompts
- Extended time (homework/tests)
- Preferential seating

### **List of Applicable NJCCS and Standards/CPIs Uncovered in This Unit:**

- Financial Literacy -
  - 9.1.12.A.1 – Differentiate among the types of taxes and employee benefits
  - 9.1.12.A. 2 – Differentiate between taxable and nontaxable income
  - 9.1.12.A.10 – Demonstrate how exemptions and deductions can reduce taxable income
  - 9.1.12.A.12 – Explain how compulsory government programs (e.g. Social Security, Medicare) provide insurance against some loss of income and benefits to eligible recipients
- Accounting -
  - 9.3.12.FN-ACT.1 - Describe and follow laws and regulations to manage accounting operations and transactions
  - 9.3.12.FN-ACT.2 - Utilize accounting tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources
  - 9.3.12.FN-ACT.3 - Process, evaluate and disseminate financial information to assist business decision making
  - 9.3.12.FN-ACT.4 - Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop an accounting career
- Government -
  - 9.3.GV-REV.1 - Examine evidence and ensure revenue compliance by interpreting applicable laws, applying appropriate investigative principles and following relevant procedures
  - 9.3.GV-REV.2 - Acquire, analyze and disseminate information to facilitate clear and accurate communication with revenue and taxation stakeholders

### **Teacher Resources:**

- **Teacher Text:** *South-Western Century 21 Accounting, Multicolumn Journal, 10e, Gilbertson, Lehman, Gentene*, (all working papers are provided)



- **Technology:** Google Classroom, Google Docs, Microsoft Excel spreadsheets, office calculators with tape, classroom laptops

**Technology Integration:** Microsoft Excel, Microsoft Word, Google Classroom, Google Docs, [www.aicpa.org](http://www.aicpa.org), [www.njcpa.org](http://www.njcpa.org), office calculators with tape

## **Unit 2: Accounting for a Merchandising Business Organized as a Corporation - Adjustments and Valuation**

**Class Instructional Time:** Block Scheduling (83 min) – 5 days/week

**Duration:** 5 weeks

### **Why Is This Unit Important? (Big Idea)**

This unit will serve as an extension of corporate accounting procedures that begins with the evaluation of options for acquiring capital for growth and the procedures for acquiring and expensing the costs of plant assets and intangible assets. Merchandise Inventory is most likely to be a merchandising corporation's largest asset, so accounting for inventory costs will ensure that gross profit and net income are reported accurately on the financial statement. The big ideas embedded through this unit are:

- The purpose and importance of acquiring capital for growth and development
- Techniques for accounting for plant and intangible assets
- Techniques for calculating depreciation of plant assets
- Methods used to determine the cost of Merchandise Inventory
- Ethical accounting standards and concepts (GAAP)

### **Enduring Understandings or Unit Objectives:**

1. Students will be able to identify available sources of debt financing
2. Students will be able to journalize transactions related to short term debt financing
3. Students will be able to identify the components of a loan application
4. Students will be able to journalize transactions related to long term financing
5. Students will be able to journalize transactions related to equity financing
6. Students will be able to identify factors influencing financing decisions
7. Students will be able to analyze the impact of financial leverage
8. Students will be able to record the buying of a plant asset
9. Students will be able to analyze the cost of individual assets bought as a bundle
10. Students will be able to calculate and record the payment of property tax
11. Students will be able to calculate depreciation expense

12. Students will be able to calculate depreciation for a partial year
13. Students will be able to calculate accumulated depreciation and book value
14. Students will be able to prepare plant asset records
15. Students will be able to journalize annual depreciation expense
16. Students will be able to record the sale of a plant asset for more or less than book value
17. Students will be able to calculate depreciation using the double declining-balance method
18. Students will be able to record the buying of an intangible asset
19. Students will be able to calculate and record amortization expense
20. Students will be able to prepare a stock record
21. Students will be able to calculate the cost of merchandise inventory using the first-in, first-out (FIFO) inventory costing method
22. Students will be able to calculate the cost of merchandise inventory using the last-in, first-out (LIFO) inventory costing method
23. Students will be able to calculate the cost of merchandise inventory using the weighted-average inventory costing method
24. Students will be able to estimate the cost of merchandise inventory using the gross profit method of estimating inventory
25. Students will be able to apply Generally Accepted Accounting Principles (GAAP) to daily accounting work

### **Essential Questions:**

1. On a line of credit, how would an interest rate of 3% over the prime rate be stated? (Lesson: Short-Term Debt Financing)
2. Investor A sells a bond to Investor B just days before the interest payment is made. Which investor receives the interest payment? (Lesson: Long-Term Debt Financing)
3. What is the most common reason that investors purchase preferred stock? (Lesson: Capital Stock)
4. What is necessary for financial leverage to increase earnings? (Lesson: Acquiring Additional Capital)
5. Why must a cost be allocated to each asset bought in a group? (Lesson: Buying Plant Assets)
6. Which accounting concept is being applied when depreciation expense is recorded for plant assets? (Lesson: Depreciation Expense)
7. An asset is never depreciated below what amount? (Lesson: Declining-Balance Method of Depreciation)
8. Which account is debited and credited when recording amortization on a patent? (Lesson: Amortization Expense)

9. When neither a perpetual system is maintained nor a physical inventory is taken, how can an ending merchandise inventory be determined that is accurate enough for a monthly income statement? (Lesson: Estimating Inventory)

### **Acquired Knowledge:**

1. Corporations use lines of credit and promissory notes as short-term financing
2. Corporations apply for business loans, sign long-term notes payable, or issues stocks and bonds as long-term financing
3. When deciding how a business should raise capital, common factors include: Interest Rate, Impact on Future Earnings, Repayment Terms, Ownership Control, and Debt Ratio
4. Predicting what plant assets to buy depends largely on its ROI or Return on Investment
5. The most widely used method of calculating depreciation is the straight-line method
6. At the end of a fiscal period, a corporation should bring each plant asset record up to date by recording: annual depreciation expense, accumulated depreciation, and ending book value
7. The declining-balance method of depreciation is a type of accelerated depreciation that multiplies the book value of an asset by a constant depreciation rate to determine annual depreciation
8. The quantity of merchandise inventory is calculated using perpetual or periodic inventory methods
9. Most businesses use one of three inventory costing methods: FIFO (First-In, First-Out), LIFO (Last-In, First-Out), Weighted-Average

### **Acquired Skills:**

1. Journalize transactions related to short-term and long-term financing
2. Journalize buying plant and intangible assets, annual depreciation expense, sales of plant assets
3. Journalize amortization expense
4. Prepare, calculate, and estimate merchandise inventory

### **Benchmark or Major Assessments:**

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  - 9.3.12.FN-ACT.2 - Utilize accounting tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources
  - 9.3.12.FN-ACT.3 - Process, evaluate and disseminate financial information to assist business decision making
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