

Course Title – Accounting 1

Implement start year – 2017-2018

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Unit #1—Accounting Equation, T-Accounts and a Sole Proprietorship

Transfer Goal—Students will be able to independently use their learning to apply knowledge of the different forms of business in their life and career. (7)

In this unit...

Students will apply their knowledge of accounting principles to determine their net worth.

Stage 1 – Desired Results

Established Goals

New Jersey Student Learning Standards
(<http://www.state.nj.us/education/cccs/2014/career/>)

Standard 8.1 Educational Technology: All students will use digital tools to access, manage, evaluate, and synthesize information in order to solve problems individually and collaboratively and to create and communicate knowledge.

Strand A. Technology Operations and Concepts
Strand D. Digital Citizenship

Standard 9.1 Income and Careers

Strand A. Income and Careers
Strand B. Money Management
Strand C. Credit and Debit Management

21st Century Themes

(www.21stcenturyskills.org)

- Global Awareness
- Financial, Economic, Business and Entrepreneurial Literacy
- Civic Literacy
- Health Literacy
- Environmental Literacy

21st Century Skills

Learning and Innovation Skills:

- Creativity and Innovation
- Critical Thinking and Problem Solving
- Communication and Collaboration

Information, Media and Technology Skills:

- Information Literacy
- Media Literacy

<p>Strand D. Planning, Saving, and Investing Strand F. Civic Financial Responsibility</p> <p>Standard 9.3 Career & Technical Education</p> <p>Business Management and Administration Career Cluster Finance Career Cluster</p>	<p><input checked="" type="checkbox"/> ICT (Information, Communications and Technology) Literacy</p> <p><i>Life and Career Skills:</i></p> <p><input checked="" type="checkbox"/> Flexibility and Adaptability <input checked="" type="checkbox"/> Initiative and Self-Direction <input checked="" type="checkbox"/> Social and Cross-Cultural Skills <input checked="" type="checkbox"/> Productivity and Accountability <input checked="" type="checkbox"/> Leadership and Responsibility</p>
<p><u>Enduring Understandings:</u> Students will understand that...</p> <p><i>EU 1</i></p> <ul style="list-style-type: none"> Accounting is essential for financial success in society. <p><i>EU 2</i></p> <ul style="list-style-type: none"> As future workers, small business owners, and entrepreneurs, students who understand basic accounting principles will be able to manage their company's financial records. <p><i>EU 3</i></p> <ul style="list-style-type: none"> The accounting equation and the rules of debits and credits are the basis for keeping all accounting records in balance. 	<p><u>Essential Questions:</u></p> <p><i>EU 1, EU 2</i></p> <ul style="list-style-type: none"> How does the accounting equation affect transactions? What are the rules for keeping the accounting equation in balance? What is the function of GAAP (Generally Accepted Accounting Principles)? How do accounting concepts govern accounting practices? <p><i>EU 3</i></p> <ul style="list-style-type: none"> What are the two accounting rules that regulate increases and decreases of account balances? What are the four questions you ask when analyzing transactions into debit and credit parts? How do transactions affect the owners' equity account?
<p><u>Knowledge:</u> <i>Students will know . . .</i></p> <p><i>EU 1, EU 2</i></p> <ul style="list-style-type: none"> How accounting is used to make business decisions. <p><i>EU 2</i></p> <ul style="list-style-type: none"> The three forms of business ownership. <p><i>EU 3</i></p> <ul style="list-style-type: none"> The accounting equation: $\text{assets} = \text{liabilities} + \text{owner's equity}$. 	<p><u>Skills:</u> <i>Students will be able to . . .</i></p> <p><i>EU 1, EU 2, EU 3,</i></p> <ul style="list-style-type: none"> Identify accounting concepts and practices related to starting a service business organized as a proprietorship. <p><i>EU 3</i></p> <ul style="list-style-type: none"> Classify accounts as assets, liabilities, or owner's equity. Analyze how transactions affect accounts in an accounting

- Normal account balances are determined by their position in the accounting equation.
- Revenue increases the owner's equity account.
- Expenses and withdrawals decrease the owner's equity account.

- equation.
- Analyze transactions into debit and credit parts.
 - Analyze how transactions affect owners' equity accounts.
 - Prepare T-accounts and identify normal balances.

Stage 2 – Assessment Evidence

Other Recommended Evidence: *Tests, Quizzes, Prompts, Self-assessment, Observations, Dialogues, etc.*

- Answer unit questions
- Define vocabulary terms on study guides, test and quizzes.
 1. **Accounting**—the process of planning, recording, analyzing, and interpreting financial information.
 2. **Accounting System**—a planned process designed to compile financial data and summarize the results in accounting records and reports.
 3. **Financial Statements**—financial reports that summarize the financial condition and operations of a business.
 4. **Net Worth Statement**—a formal report that shows what an individual owns, what an individual owes, and the differences between the two.
 5. **Asset**—anything of value that is owned.
 6. **Liability**—an amount owed
 7. **Personal net worth**—the difference between personal assets and personal liabilities.
 8. **Equity**—the difference between assets and liabilities.
 9. **Ethics**—the principles of right and wrong that guide an individual in making decisions.
 10. **Business Ethics**—the use of ethics in making business decisions.
 11. **Service Business**—a business that performs an activity for a fee.
 12. **Proprietorship**—a business owned by one person.
 13. **Business Plan**—a formal written document that describes the nature of business and how it will operate.
 14. **GAAP (Generally Accepted Accounting Principles)**—the standards and rules that accountants follow while recording and reporting financial activities.
 15. **Equities**—financial rights to the assets of a business.
 16. **Owner's Equity**—the amount remaining after the value of all liabilities is subtracted from the value of all assets.
 17. **Accounting Equation**—the equation showing the relationship among assets, liabilities, and owner's equity.
 18. **Transaction**—any business activity that changes assets, liabilities, or owner's equity.
 19. **Account**—a record that summarizes all the transactions pertaining to a single item in the accounting equation.
 20. **Account Title**—the name given to an account.
 21. **Account Balance**—the difference between the increases and decreases in an account.

22. **Capital Account**—an account used to summarize the owner's equity in a business.
23. **Creditor**—a person or business to whom a liability is owed.
24. **Revenue**—an increase in equity resulting from the sale of goods or services.
25. **Sale on Account**—a sale for which payment will be received at a later date.
26. **Expense**—the cost of goods or services used to operate a business.
27. **Withdrawals**—Assets taken from the business for the owner's personal use.
28. **T-Account**—an accounting device used to analyze transactions.
29. **Debit**—an amount recorded on the left side of an account.
30. **Credit**—an amount recorded on the right side of an account.
31. **Normal Balance**—the side of the account that is increased.
32. **Chart of Accounts**—a lists of accounts used by a business.
33. **Accounts Payable**—amounts to be paid in the future for goods or services already acquired.
34. **Accounts Receivable**—amounts to be received in the future due to the sale of goods or services.

- Completion of accounting problems
- Test and quizzes on unit content
- Practice Set/Reinforcement Activity

Stage 3 – Learning Plan

Suggested Learning Activities to Include Differentiated Instruction and Interdisciplinary Connections: *Consider the WHERETO elements. Each learning activity listed must be accompanied by a learning goal of A=Acquiring basic knowledge and skills, M=Making meaning and/or a T=Transfer.*

In this unit on the accounting equation and t-accounts, you are to introduce the Enduring Understanding and Essential questions and the students need to know the importance of keeping the accounting equation in balance and how transactions affect it.

- Define unit terms and concepts (A)
- Describe the different users of accounting information (A)
- Distinguish between cash and on account transactions (A)
- Prepare T-accounts to identify the debit and credit side, the increase and decrease side, and the balance side of various accounts (A)
- Demonstrate the relationship between the accounting equation and a T-account (A, M)
- Compare and contrast the types of transactions that increase and decrease owner's equity. (M)
- Explain the two rules that are associated with the increase side of an account. (M)
- Explain the four questions necessary to analyze transactions for starting a business into debit and credit parts. (M)
- Analyze the effects of transactions on the accounting equation (M, T)
- Explain the difference between expenses and liabilities (M, T)
- Take a graded assignment and explain where you made a mistake(s) and what you would do to fix it.(M, T)
- Use formative assessments and summative assessments for basic student understanding. (M, T)
- Analyze transactions for operating a business into debit and credit parts. (M, T)
- Prepare a net worth statement and explain its purpose (A, M, T)
- Classify accounts as assets, liabilities, and owner's equity and demonstrate their relationship in the accounting equation. (A, M, T)

Ensure that there are ongoing cycles of model, practice, feedback, and adjustment built into the unit.