

Course Title – Accounting 1

Implement start year – 2017-2018

[Rick Bozarth, rbozarth@lrhsd.org, Shawnee High School, 609-654-7544 X8344]

[Olivia Fontana, ofontana@lrhsd.org, Cherokee High School, 856-983-5141 X8171]

[Michael Smith, msmith@lrhsd.org, Lenape High School, 609-654-5111 X8958]

Unit #3—Financial Report Preparations and End of Fiscal Period Activities

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 prepare financial statements at the end of the current fiscal period.

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
Strand D. Planning, Saving, and Investing
Strand F. Civic Financial Responsibility

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
- ICT (Information, Communications and Technology) Literacy

Life and Career Skills:

- Flexibility and Adaptability
- Initiative and Self-Direction
- Social and Cross-Cultural Skills

<p>Standard 9.3 Career & Technical Education</p> <p>Business Management and Administration Career Cluster Finance Career Cluster</p>	<p><u> </u> <u>x</u> Productivity and Accountability <u> </u> <u>x</u> 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"> Preparing your business for the end of a fiscal period is an essential step for success. <p><i>EU 3</i></p> <ul style="list-style-type: none"> Using the most up-to-date information to close a fiscal period will allow businesses to make more sound financial decisions. <p><i>EU 4</i></p> <ul style="list-style-type: none"> Adjusting and closing entries play an important role in the accounting cycle. 	<p><u>Essential Questions:</u></p> <p><i>EU 1, EU 2, EU 3</i></p> <ul style="list-style-type: none"> What function does the worksheet serve in the preparation of financial statements? What types of business decisions can be made from different financial situations? Why are financial statements important and valuable to a business owner? Why is a post-closing trial balance developed? <p><i>EU 4</i></p> <ul style="list-style-type: none"> Why is it necessary to separate accounts into permanent or temporary? Why is it important to journalize adjusting and closing entries? Why is it necessary to produce a trial balance after the closing entries have been recorded and posted?
<p><u>Knowledge:</u> <i>Students will know . . .</i></p> <p><i>EU 1</i></p> <ul style="list-style-type: none"> A worksheet is used for four reasons. <ul style="list-style-type: none"> To prove that debits equal credits Plan adjustments Separate Accounts into proper financial statements. Determine Net Income or Net Loss. Adjustments are made to account balances that need to be brought up-to-date. 	<p><u>Skills:</u> <i>Students will be able to . . .</i></p> <p><i>EU 1</i></p> <ul style="list-style-type: none"> Prepare a trial balance for a service business organized as a sole proprietorship. Apply adjustments. Prepare a worksheet for a service business organized as a sole proprietorship. Analyze information given on a work sheet to determine if there is

- The accounts needed for a Balance Sheet vs. the accounts needed for an Income Statement
- The difference between revenue and expense and how it results in a net income or net loss.

EU 2, EU 3

- There are three sections on an income statement: revenue, expenses and net income/loss.
- Component percentages are used as a basis of comparison in analyzing financial statements.
- A balance sheet reports financial information about the financial condition of a business.

EU 4

- The ending balances of permanent accounts for one fiscal period become the beginning balances for the next fiscal period.
- At the end of a fiscal period, the account balances of temporary accounts are summarized and transferred to the owners' capital account.
- A Post-Closing Trial Balance is done as the last step in the accounting cycle to show that debits and credits in the general ledger have been verified.

a net income or net loss for the month.

EU 2, EU 3

- Prepare a balance sheet for a service business organized as a sole proprietorship.
- Prepare an income statement for a service business organized as a sole proprietorship.

EU 4

- Record closing entries.
- Record adjusting entries.
- Prepare a post-closing trial balance to carry into the next fiscal period.

Stage 2 – Assessment Evidence

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

- Answer unit questions
- Define vocabulary terms on study guide, tests and quizzes.
 1. **Fiscal Period** – The length of time for which a business summarizes and reports financial information.
 2. **Worksheet** – A columnar accounting form used to summarize the general ledger information needed to prepare financial statements.
 3. **Trial Balance** – A proof of the equality of debits and credits in a general ledger.
 4. **Adjustments** – Changes recorded on a worksheet to update general ledger accounts at the end of a fiscal period.
 5. **Balance Sheet** – A financial statement that reports, assets, liabilities, and owner's equity on a specific date.
 6. **Income Statement** – A financial statement showing the revenue and expenses for a fiscal period.
 7. **Net Income** – The difference between total revenue and total expenses when total revenue is greater.

8. **Net Loss** – The difference between total revenue and total expenses when total expenses are greater.
9. **Stakeholders** — Any persons or groups who will be affected by an action.
10. **Component Percentage** — The percentage relationship between one financial statement item and the total that includes that item.
11. **Adjusting Entries**—Journal entries recorded to update general ledger accounts at the end of a fiscal period.
12. **Permanent Accounts**—Accounts used to accumulate information from one fiscal period to the next.
13. **Temporary Accounts**—Accounts used to accumulate information until it is transferred to the owner's capital account.
14. **Closing Entries**—Journal entries used to prepare temporary accounts for a new fiscal period.
15. **Post-Closing Trial Balance**—A trial balance prepared after the closing entries are posted.
16. **Accounting Cycle**—The series of accounting activities included in recording financial information for a fiscal period.

- 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)**
- Identify accounting concepts and practices related to a worksheet for a service business organized as a sole proprietorship. **(A)**
- Distinguish between temporary and permanent accounts. **(A)**
- Explain the necessity among the end of year financial reports. **(M)**
- Explain the four reasons a worksheet is used within a service business organized as a sole proprietorship. **(M)**
- Record adjustments for supplies and prepaid insurance. **(M, T)**
- Explain the difference between revenue and expenses and how they result into a net income or net loss. **(M, T)**
- Use formative assessments and summative assessments for basic student understanding. **(M, T)**
- Record Adjusting and Closing entries. **(M, T)**
- Take a graded assignment and explain where you made a mistake(s) and what you would do to fix it. **(M, T)**
- Prepare a worksheet and explain its purpose. **(A, M, T)**
- Prepare a Balance Sheet and explain its purpose. **(A, M, T)**
- Prepare an Income Statement and explain its purpose. **(A, M, T)**
- Prepare a Post-Closing Trial Balance and explain its purpose. **(A, M, T)**
- Classify accounts as temporary or permanent accounts. **(A, M, T)**

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

