

# Unit 2 - Analyzing and Recording Business Transactions

Content Area: **Business Education**  
Course(s): **Accounting 1**  
Time Period: **October**  
Length: **6-8 Blocks**  
Status: **Published**

## **Enduring Understandings**

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### [Samples](#)

The double-entry system is based on the principles of duality, which means that every economic event has two aspects - such as effort and reward - that offset, or balance each other.

The majority of companies present annual financial statements on the assumption that the business will continue to operate indefinitely – that is, that the company is a going concern.

## **Essential Questions**

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### [Samples](#)

How can a business transaction benefit a business even though no cash is received when the transaction takes place?

Why are the concepts of continuity, periodicity, and accrual accounting necessary for a company to account for transactions that span accounting periods?

## **Content**

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Accounting Cycle

Accrual Accounting

Accrued expenses

Accrued revenues

Accumulated Depreciation

Carrying value

Cash basis accounting

Compound entry

Cost principles

Deferral

depreciation

Earnings management

Fair value

Footings

Going concern

Interim periods

periodicity

Prepaid expenses

Recognition

Revenue Recognition

Unearned revenues

Valuation

## **Skills**

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### [Bloom's Taxonomy](#)

Explain how the concepts of recognition, valuation, and classification apply to business transactions.

Explain the double-entry system and the usefulness of the T accounts in analyzing business transactions

Demonstrate how the double-entry system is applied to common business transactions.

Prepare a trial balance, and describe its value and limitations.

Record transactions in the general journal, and post transactions to the ledger.

Show how the timing of transactions affects cash flow and liquidity.

Define net income, and explain the concepts underlying income measurement.

Distinguish cash basis of accounting from accrual accounting, and explain how accrual accounting is accomplished.

Identify four situations that require adjusting entries, and illustrate typical adjusting entries.

Prepare financial statements from an adjusted trial balance.

## **Resources**

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## **Standards**

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NJ: 2014 CCCS: 21st Century Life and Careers

NJ: Grade 12

9.1 Personal Financial Literacy

Strand E: Becoming A Critical Consumer

9.1.12.E.1 Evaluate the appropriateness of different types of monetary transactions (e.g., electronic transfer, check, certified check, money order, gift card, barter) for various situations.

Strand G: Insuring And Protecting

9.1.12.G.1 Analyze risks and benefits in various financial situations.