

Unit 7 - Underlying Concepts

Content Area: **Business Education**
Course(s): **Accounting 1**
Time Period: **March**
Length: **8-10 Blocks**
Status: **Published**

Enduring Understandings

[Samples](#)

Companies that sell on credit do so to be competitive and to increase sales.

The acquisition of property, plant and equipment includes all expenditures, reasonable and necessary to get an asset in place and ready for use.

Assets loss value overtime (depreciate) due to use and age.

Essential Questions

[Samples](#)

How can a company evaluate the effectiveness of its credit policies and the level of its accounts receivable?

How does management decide to acquire, finance, and evaluate long-term assets?

Content

Accounts receivable aging method

Aging of accounts receivable

Allowance for uncollectible accounts

Allowance method

Contingent liability

Direct charge-off method

Discounting

Dishonored note
Double-declining-balance method
Duration of a note
Economic Stimulus Act of 2008
Estimated useful life
Expenditure
Extraordinary repairs
Factor
Factoring
Free cash flow
Full-cost method
Group depreciation
Intangible Assets
Interest receivable
Leasehold improvements
Long-term assets
Maturity value
Noncompete covenant
Notes receivable
Percentage of net sales method
Physical deterioration
Production method
Property, plant and equipment
Promissory note
Residual value
Revenue expenditure
Securitization

Straight-line method

Successful efforts accounting

Trade discount

Uncollectible accounts

Ratios:

Days' sales uncollected

Receivable turnover

Skills

[Bloom's Taxonomy](#)

Define receivables, and explain the allowance method for valuation of receivables as an application of accrual accounting.

Apply the allowance method of accounting for uncollectible accounts.

Make common calculations for notes receivable.

Show how to evaluate the level of receivables, and identify alternative means of financing receivables.

Identify the classification of long-term assets, and describe how they are valued by allocating their costs to the periods that they benefit.

Account for the acquisition costs of property, plant, and equipment.

Compute depreciation under straight-line, production, and declining-balance methods.

Account for the disposal of depreciable assets.

Identify the issues related to accounting for natural resources, and compute depletion.

Identify the issues related to accounting for intangible assets, including research and development costs and goodwill.

Describe the disclosure of acquiring and financing long-term assets, and calculate free cash flow.

Resources

Standards

NJ: 2014 CCCS: 21st Century Life and Careers

NJ: Grade 12

9.1 Personal Financial Literacy

Strand D: Planning, Saving, And Investing

9.1.12.D.2 Assess the impact of inflation on economic decisions and lifestyles.

9.1.12.D.3 Summarize how investing builds wealth and assists in meeting long- and short-term financial goals.

9.1.12.D.4 Assess factors that influence financial planning.