Unit 03: The adjustment process

Content Area: **Business**
Course(s): **Accounting 1**
Time Period: **Semester 1**
Length: **3 weeks**
Status: **Published**

Standards

NJ 2009 CCCS: Standard 9 21st Life and Career: 9.4 CTE:F Finance Career Cluster Pathway Accounting

9.4.12.F.(1).1 Access and evaluate financial information to assist business decision-making.

Ethics and Legal Responsibilities: Legal responsibilities, professional ethics, and codes of conduct affect management practices, business performance, and regulatory compliance, as well as the confidence of customers, business partners, and investors.

9.4.12.F.(1).2 Describe laws and regulations affecting business operations and transactions in order to ensure compliance with industry requirements.

Employability and Career Development: Employability skills and career and entrepreneurship opportunities build the capacity for successful careers in a global economy.

9.4.12.F.(1).3 Apply career planning concepts, tools, and strategies to explore, plan, obtain, and develop a career in this pathway.

Technical Skills: Technical knowledge and skills play a role in all careers within the cluster and pathway.

9.4.12.F.(1).4 Use accounting tools, strategies, and systems to plan the use and management of financial resources.

Enduring Understanding

The worksheet is an accounting tool used to make sure the general ledger is in balance and prepare information for preparing the income statement and the balance sheet.

Accounts need to be adjusted so that we are following the matching expenses with revenue princiapal under the accrual accounting method. Matching expenses with revenue is a more accurate way to prepare the financial statments, it is more reflective of what has happened in the business.

Essential Questions

How will I know my general ledger is in balance?

Why do some accounts need to be adjusted at the end of a fiscal period?

What effect will those adjsutments have on the balance sheet and the P&L?

Knowledge and Skills

- Differentiate between cash basis accounting and accrual basis accounting
- Define and apply the time period concept, revenue recognition, and matching principles
- Explain the purpose of and journalize and post adjusting entries
- Explain the purpose of and prepare an adjusted trial balance
- Identify the impact of adjusting entries on the financial statements
- Explain the purpose of a worksheet and use it to prepare adjusting entries

Transfer Goals

Different processes are more appropriate (and accurate) in different settings.

Using data to back decsions allows for greater clarity and accuracy.

Resourcces

Horngren's Financial and Managerial Accounting
Albert.io
Accountingcoach.com