# Unit 08 Statement of Cash Flows

Content Area: **Business**
Course(s): **Accounting 2A**
Time Period: **Semester 2**
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.

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| PFL.9.1.12.B.9 | Research the types and characteristics of various financial organizations in the community (e.g., banks, credit unions, check-cashing stores, et. al.). |

## Enduring Understanding

Cash is an important asset that is needed for a business to funtion.

Understanding how cash flows through the business is important information needed for managers to make decisions.

## Essential Questions

Why is cash so important?

What can happen to a business if they do not understand the inflows and outflows of cash?

## Knowledge and Skills

- Differentiate between accrual bases and cash basis
- Explain the timing differences to recognizing revenue and incurring expenses
- Identify the three cash flow activities
- Categorize sources of cash inflow and outflow into the three activities
- Prepare a cash flow statement using the indirect method

## Transfer Goals

Consider the importance (or lack there of) of cash in the modern world.

Attention to detail avoids mistakes.

## Resources

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