Unit 1: Accounting Cycle

Content Area: **Business Management and Information**
Course(s):
Time Period: **Marking Period 1**
Length: **4-5 Weeks**
Status: **Published**

Summary

In the Financial Accounting Honors course, students expand upon the fundamentals of accounting that they learned in Accounting I, including recording and reconciling business transactions, and financial statements as related to a sole proprietorship, partnership, and corporation operating as service and merchandising businesses. Students further explore the intricacies of accounting including reviewing cash payments and cash receipts, short term and long term assets and liabilities, subsidiary ledgers via accounts receivable and accounts payable, and internal controls.

This unit is part of the larger aforementioned course sequence and specifically focuses on the accounting cycle where students will recognize that all ten steps of the accounting cycle are a necessary part of a business's ability to create accurate financial statements and run other business operations. Students will understand that double-entry accounting, permanent & temporary accounts, and adjustments and closing procedures are the easiest and most accurate ways to keep a company's books. By the end of this unit, students will be able to journalize transactions using the double-entry accounting system, post transactions to the accounts in the ledger, journalize adjusting entries, prepare a trial balance and a ten column worksheet, and prepare financial statements and complete the accounting cycle.

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths.

Revision Date: August 2023

Standards

This unit is aligned to the English Language Development (ELD) standards for kindergarten through grade 12 since multilingual learners develop content and language concurrently, with academic content in a classroom where the language of instruction is English. As a result, language learning and language as a means for learning academic content are interchangeable. The following ELD standards are relevant for this unit and course of study:

- Standard 1: Language for Social and Instructional Purposes: English language learners communicate for social and instructional purposes within the school setting.

9.4.12.CI	Creativity and Innovation
9.1.2.CAP.1	Make a list of different types of jobs and describe the skills associated with each job.
9.1.2.CAP.4	List the potential rewards and risks to starting a business.
9.4.12.CT.1	Identify problem-solving strategies used in the development of an innovative product or practice (e.g., 1.1.12acc.C1b, 2.2.12.PF.3).
9.4.12.CT.4	Participate in online strategy and planning sessions for course-based, school-based, or other project and determine the strategies that contribute to effective outcomes.
LA.RST.11-12.1	Accurately cite strong and thorough evidence from the text to support analysis of science and technical texts, attending to precise details for explanations or descriptions.
LA.RST.11-12.2	Determine the central ideas, themes, or conclusions of a text; summarize complex concepts, processes, or information presented in a text by paraphrasing them in simpler but still accurate terms.
LA.RST.11-12.4	Determine the meaning of symbols, key terms, and other domain-specific words and phrases as they are used in a specific scientific or technical context relevant to grades 11-12 texts and topics.
LA.RST.11-12.6	Analyze the author's purpose in providing an explanation, describing a procedure, or discussing an experiment in a text, identifying important issues that remain unresolved.
LA.RST.11-12.7	Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., quantitative data, video, multimedia) in order to address a question or solve a problem.
LA.RST.11-12.9	Synthesize information from a range of sources (e.g., texts, experiments, simulations) into a coherent understanding of a process, phenomenon, or concept, resolving conflicting information when possible.
9.4.12.IML.2	Evaluate digital sources for timeliness, accuracy, perspective, credibility of the source, and relevance of information, in media, data, or other resources (e.g., NJSLSA.W8, Social Studies Practice: Gathering and Evaluating Sources.
9.4.12.IML.3	Analyze data using tools and models to make valid and reliable claims, or to determine optimal design solutions (e.g., S-ID.B.6a., 8.1.12.DA.5, 7.1.IH.IPRET.8).
LA.WHST.11-12.2.A	Introduce a topic and organize complex ideas, concepts, and information so that each new element builds on that which precedes it to create a unified whole; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.
9.1.12.FI.2	Explain ways to manage your accounts that maximize benefits and provide you with the utmost protection.
LA.WHST.11-12.9	Draw evidence from informational texts to support analysis, reflection, and research.
LA.WHST.11-12.10	Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.
9.1.12.FP.5	Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.
9.1.12.FP.6	Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.

Essential Questions and Enduring Understandings

Essential Questions:

- What is the role of accounting in business?

- How do transactions affect the accounting equation?
- What is the closing process and why is it done?

Enduring Understandings:

- All ten steps of the accounting cycle are a necessary part of a business's ability to create accurate financial statements and run other business operations
- Using double-entry accounting, permanent & temporary accounts, adjustments and closing procedures is the easiest and most accurate way to keep a company's books

Objectives

Students will know:

- The nature of business and the role of accounting and ethics in business
- The basic Generally Accepted Accounting Principles (GAAP) and how to use them in practice
- The Accounting Equation (Assets=Liabilities+Owner's Equity) and how to keep it equal
- The Accounting Cycle and the process accountants use to complete it
- Why adjusting entries and made and why they are necessary
- How to use the periods information to prepare financial statements
- Which accounts to make closing entries for and be able to complete the accounting cycle

Students will be skilled at:

- Journalizing transactions using the double-entry accounting system
- Posting transactions to the accounts in the ledger
- Journalizing adjusting entries
- Preparing a trial balance and a ten column worksheet
- Recognizing accounts that need adjusting entries (accruals, deferrals, depreciation, etc.) and making them correctly
- Preparing financial statements and completing the accounting cycle

Learning Plan

This unit includes, but is not limited to, the following learning strategies:

***** Throughout the unit, students will analyze current business articles and videos that relate to the topics covered.***

Sole Proprietorship and Service Business Source Document/Cash Box Activity - Students will be given a box with cash and source documents and will be required to journalize the transactions related. Students will journalize transactions related to a sole proprietorship and service business.

Six Column Worksheet - Students will create a trial balance and six column worksheet

Ten Column Worksheet - Students will learn to make adjusting entries and create adjusted trial balance and 10 column worksheet

Ongoing In-Class Practice and Formative Assessments:

- Journalize transactions to the general journal
- Journalize adjusting entries based on the year end accounts
- Assess financial statements for a service business and sole proprietorship

Financial Statements - Students will create an income statement, statement of changes in Owner's Equity and Balance Sheet for a service business

Closing Process - Students will learn to complete the closing process by journalizing closing entries, posting to the ledger and creating a post-closing trial balance

Accounting in Excel - Students will learn basic excel equations and how to do basic accounting in a spreadsheet

Company Analysis - Students will do a comparison assignment of two companies balance sheets by finding their Form 10-K reports

Monopoly Journaling - Students will play accounting Monopoly, keeping the journal and ledger for their "business"

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction, self and peer review, think-pair-share activities, creating visual representations, Socratic seminars, small group discussions, simulations, jigsaw activities, gallery walks, web quests, and/or inquiry or problem based learning projects.

Assessment

When taking a Business Management and Information Technology course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative assessments:

Exit Tickets, discussions and in-class activities, workbook assignments, source document/cash box activity, Form 10-K assignment, accounting cycle assignments

Summative Assessments:

Business transactions assignment, accounting cycle assignment, coffeehouse assignment, unit quiz, and unit test

Alternative Assessment:

Students can complete an analysis of the accounting cycle of a business and create common transactions for the business and then create financial statements

Benchmark Assessments:

Accounting Cycle Components Identification

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

- *Financial Accounting Principles of Accounting* Textbook
- *Financial Accounting Principles of Accounting* Workbook
- Principlesofaccounting.com
- CPA Journal
- Cash box & Source Documents
- Monopoly Game
- Accrual Basis- Khan Academy
- Financial Statements- Khan Academy
- SEC EDGAR Database
- GAAP Principles
- FASB
- Income Statement
- Managing the Going Concern Risk in an Uncertain Environment Article
- Financial Reporting and Auditing Implications of the COVID-19 Pandemic Article

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Integrated Accommodation and Modifications

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1g8M7CZ5VVwvFk2Ay9DZbjdewOYDyNOzpNeEBgSXPvr0/edit?usp=sharing

These additional strategies are helpful when learning Business Management and Information Systems content

and skills:

- Highlighter for close reading and annotation strategies
- Bold terms in directions
- Read texts aloud for students to assist in comprehension and analysis
- Provide opportunities for text-to-speech for written responses.
- Provide step-by-step instructions for problems that require problem solving and/or calculation.