

# Unit 2: Changes that Affect the Accounting Equation

Content Area: **Business**  
Course(s): **Accounting I**  
Time Period: **4 weeks**  
Length: **4 weeks**  
Status: **Published**

## Unit Overview

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Learn the accounting equation and changes that affect the accounting equation.

## Transfer

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Students will be able to independently use their learning to record transactions on the accounting equation which is the basis of all accounting.

## Meaning

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## Understandings

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Students will understand ...

- Accounting terms related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- Accounting concepts and practices related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- How and why to classify accounts as assets, liabilities or owner's equity and demonstrate their relationships in the accounting equation.
- How transactions affect accounts in the accounting equation

## Essential Questions

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Students will keep considering...

- What is it the accounting equation? ... How can I apply the accounting equation?
- How do business activities change the accounting equation?
- How do transactions change owner's equity in an accounting equation?
- What accounting concepts apply to this chapter?

## **Application of Knowledge and Skill**

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### **Students will know...**

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Students will know...

- Accounting terms related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- Accounting concepts and practices related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- How and why to classify accounts as assets, liabilities or owner's equity and demonstrate their relationships in the accounting equation.
- How transactions affect accounts in the accounting equation

### **Students will be skilled at...**

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Students will be skilled at...

- Defining accounting terms related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- Identifying and applying accounting concepts and practices a related to starting a service business organized as a proprietorship and to changes that affect the accounting equation.
- Classifying accounts as assets, liabilities or owner's equity and demonstrate their relationships in the accounting equation.
- Analyzing how transactions affect accounts in the accounting equation

## **Academic Vocabulary**

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account: a record summarizing all the information pertaining to a single item in the accounting equation

account balance: the amount in an account

account title: the name given to an account

accounting: planning, recording, analyzing, and interpreting financial information

accounting equation: an equation showing the relationship among assets, liabilities, and owner's equity

accounting records: organized summaries of a business's financial activities

accounting system: a planned process for providing financial information that will be useful to management

asset: anything of value that is owned

business ethics: the use of ethics in making business decisions

equities: financial rights to the assets of a business

capital: the account used to summarize the owner's equity in a business

ethics: the principles of right and wrong that guide an individual in making decisions

expense: a decrease in owner's equity resulting from the operation of a business

financial statements: financial reports that summarize the financial condition and operations of a business

liability: an amount owed by a business

owner's equity: the amount remaining after the value of all liabilities is subtracted from the value of all assets

proprietorship: a business owned by one person

revenue: an increase in owner's equity resulting from the operation of a business

sale on account: a sale for which cash will be received at a later date

service business: a business that performs an activity for a fee

transaction: a business activity that changes assets, liabilities, or owner's equity

withdrawals: assets taken out of a business for the owner's personal use

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## **Learning Goal 1**

Students will be able to apply and assess the accounting equation and record changes that affect the accounting equation.

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CRP.K-12.CRP8	Utilize critical thinking to make sense of problems and persevere in solving them.
CRP.K-12.CRP11	Use technology to enhance productivity.
PFL.9.1.12.B.1	Prioritize financial decisions by systematically considering alternatives and possible consequences.
PFL.9.1.12.E.2	Analyze and apply multiple sources of financial information when prioritizing financial decisions.
PFL.9.1.12.E.3	Determine how objective, accurate, and current financial information affects the prioritization of financial decisions.
PFL.9.1.12.E.5	Evaluate business practices and their impact on individuals, families, and societies.
PFL.9.1.12.G.1	Analyze risks and benefits in various financial situations.
CAEP.9.2.12.C.9	Analyze the correlation between personal and financial behavior and employability.
TECH.8.1.12.A.CS2	Select and use applications effectively and productively.

### **Target 1**

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Define accounting and identify the accounting equation, while defining other appropriate terms and applying appropriate concepts.

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### **Target 2**

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Record and analyze the transactions of receiving cash, paying cash, buying supplies on account and paying cash on account on the accounting equation, while defining appropriate terms and applying appropriate concepts.

### **Target 3**

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Record and analyze revenue transactions, expense transactions and other cash transactions on the accounting equation, while defining appropriate terms and applying appropriate concepts.

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## **Formative Assessment and Performance Opportunities**

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- Class discussion
- Collection of vocab
- Presentation of ideas
- Review of workpapers
- Teacher observation
- Use of technological resources for quick assesement i.e. Socrative.com

## **Summative Assessment**

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- Chapter Test and Benchmark Assessment

## **Accommodations/Modifications**

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- Application Problems for extra practice
- Cases for critical thinking at the end of the chapter
- Project: Accounting Board - Organize Accounts by Category on the Accounting Equation
- Recycle Problem for extra credit

## **Unit Resources**

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Teacher can choose from the following resources:

- Book Companion Website
- Century 21 Accounting 9E
- Century 21 Accounting Simulation
- Chapter PowerPoints
- Chapter PowerPoints
- Computer
- Document Camera
- Guest Speakers
- Interactive Excel Spreadsheets
- Quickbooks
- Videos
- Whiteboards
- Workbook

## Interdisciplinary Connections

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LA.RST.11-12.3	Follow precisely a complex multistep procedure when carrying out experiments, taking measurements, or performing technical tasks; analyze the specific results based on explanations in the text.
LA.WHST.11-12.6	Use technology, including the Internet, to produce, share, and update writing products in response to ongoing feedback, including new arguments or information.
MA.K-12.1	Make sense of problems and persevere in solving them.
MA.K-12.4	Model with mathematics.
MA.K-12.5	Use appropriate tools strategically.