

Course: Accounting 3
Unit #/ Unit Name: Unit 2/Financial Analysis and Reporting for a Corporation

Year of Implementation: 2019-2020

Curriculum Team Members:

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Stage One - Desired Results

Link(s) to New Jersey Student Learning Standards for this course:

<https://www.state.nj.us/education/cccs/2014/career/CareerReadyPractices.pdf>

<https://www.state.nj.us/education/cccs/2014/career>

Unit Standards:

- CRP1. Act as a responsible and contributing citizen and employee.
- CRP2. Apply appropriate academic and technical skills.
- CRP3. Attend to personal health and financial well-being.
- CRP10. Plan education and career paths aligned to personal goals.
- 9.3.12.FN-ACT.1 Describe and follow laws and regulations to manage accounting operations and transactions.
- 9.3.12.FN-ACT.2 Utilize accounting tools, strategies and systems to plan, monitor, manage and maintain the use of financial resources.
- 9.3.12.FN-ACT.3 Process, evaluate and disseminate financial information to assist business decision making.
- 9.3.12.FN-ACT.4 Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop an accounting career.

Transfer Goal(s): Students will be able to independently use their learning to demonstrate an understanding of financial literacy and responsibility as a personal and professional member of society.

Enduring Understandings

Students will understand that. . .

EU 1

checking for accuracy and analyzing financial efficiency, profitability and stability is essential for a successful business.

EU 2

financial statements are prepared for both internal and external users.

EU 3

financial statement analysis objectives are determined by a business' characteristics and achievements that are important to the analyst.

EU 4

the statement of cash flows reports and explains the sources and uses of a company's cash since cash is the most important asset of a company.

Essential Questions

EU 1, EU 2

Why does a well-managed company monitor its long-term financial strength?

EU 2

- How are financial statements used by the stakeholders?
- Why is an income statement important to the stockholders (manager, IRS, potential investors) of a corporation?

EU 1, EU 2, EU 3

- Why isn't the amount of net income a good evaluator of the company's profitability?
- Why would efficiency ratios be needed to assess a company's health if profitability ratios were used?

EU 4

- Can it be assumed that a company is financially healthy if it has a positive cash flow?
- In times of cash flows difficulties, what options are available to help a business overcome its cash flow dilemma?
- How can you use a statement of cash flows as an aid in deciding whether to invest in a business?

Knowledge

Students will know that. . .

EU 1, EU2, EU3

Skills

Students will be able to. . .

EU 1, EU2, EU3

- financial statements with supporting schedules are the primary information sources to be analyzed. **(9.3.12)**
- analyzing financial statements involves calculating the relationships among the different items on the statement. **(9.3.12)**
- the four common objectives for analyzing financial information. **(9.3.12)**

EU 4

- the purpose of the statement of cash flows. **(9.3.12)**
- the difference between the direct and indirect methods of preparing the statement of cash flows. **(9.3.12)**
- The indirect method to complete the operating activities section of a statement of cash flows. **(9.3.12)**
- vocabulary and accounting concepts relating to the statement of cash flows. **(9.3.12)**
- managers use the statement of cash flows to make various investing and financing decisions. **(9.3.12)**
- the difference between cash flows from operating, investing, and financing activities. **(9.3.12)**

- calculate liquidity, profitability and financial strength ratios. **(9.3.12)**
- analyze the results of financial calculations. **(9.3.12)**

EU 4

- identify and report cash flows from operating, investing, and financing activities. **(9.3.12)**
- classify accounts as current assets or current liabilities and compute increase or decrease in the account. **(9.3.12)**
- indicate if the increase or decrease represents a source of cash or use of cash. **(9.3.12)**

Stage Two - Assessment

Other Evidence:

- Answer unit questions
- Define vocabulary terms and accounting concepts concerning forming a corporation and acquiring and use of additional capital.
- Completion of accounting problems
- Test and quizzes on unit content
- Practice Set/Reinforcement Activity

Stage Three - Instruction

***Learning Plan:* Suggested Learning Activities to Include Differentiated Instruction and Interdisciplinary Connections: Each learning activity listed must be accompanied by a learning goal of A= Acquiring basic knowledge and skills, M= Making meaning and/or a T= Transfer.**

In this unit on Financial Analysis and Reporting for a Corporation, you are to introduce the Enduring Understanding and Essential questions and the students will know checking for accuracy and analyzing financial stability is essential for a profitable business.

- Debate whether it would be financially sound to invest in a company. **(M, T) (EU1, EU2, EU3)**
- Students are to look over financial statements for a business and list at least 3 ways in which the company could improve their overall financial strength? **(M, T) (EU1, EU2, EU3)**
- Why is an income statement important to the stockholders (manager, IRS, potential investors) of a corporation? **(M, T) (EU2, EU3)**
- Explain how businesses can improve cash flow and the purpose and use of the cash flow statement. **(T) (EU4)**
- Classify cash flows as inflow/outflow and as an operating, investing, or financing activity. **(A) (EU4)**
- Calculate cash flows from operating, investing, and financing activities **(A, M) (EU4)**
- Classifying cash flows **(A, M) (EU4)**
- Preparing a statement of cash flows **(A, M) (EU4)**
- Analyze provided data and prepare a Statement of Cash Flows **(M, T) (EU4)**
- Define unit terms and concepts **(A) (EU1, EU2, EU3, EU4)**
- What impact does the classification of accounts have on the preparation of financial statements? **(M) (EU1, EU2, EU3, EU4)**
- Analyzing financial statements for a corporation **(A, M, T) (EU1, EU2, EU3, EU4)**
- Take a graded assignment and explain where you made a mistake(s) and what you would do to fix it. **(M, T) (EU1, EU2, EU3, EU4)**
- Afford opportunities for students to express levels of concern and understanding. **(M) (EU1, EU2, EU3, EU4)**
Use formative assessments and summative assessments for basic student understanding and application. **(M, T) (EU1, EU2, EU3, EU4)**