

ACCOUNTING I
GRADES 10-12

EWING TOWNSHIP PUBLIC SCHOOLS
2099 Pennington Road
Trenton, NJ 08618

BOE Approval Date: August 29, 2016
Business Teachers

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Superintendent

In accordance with The Ewing Public Schools' Policy 2230, Course Guides, this curriculum has been reviewed and found to be in compliance with all policies and all affirmative action criteria.

TABLE OF CONTENTS

	<u>Page</u>
Preface	1
Unit 1: The Accounting Cycle – Service Business Organized as a Sole Proprietorship	2
Unit 2: Accounting for a Merchandising Business Set Up as a Partnership	6
Unit 3: Accounting for a Merchandising Business Set Up as a Corporation	10

Preface

This guide was prepared so the instructor using it will be able to provide students with a basic understanding of accounting. Emphasis is placed on the fundamentals of accounting in an effort to give students a strong foundation for entry into the accounting college program and/or within a business environment.

This guide will provide the Business Education teacher with:

- the scope and sequence of areas of study and
- a statement of objectives, study activities, materials and assessment procedures.

There is no pre-requisite for this course; however, a math background is recommended.

Students may apply for credit at Mercer County Community College as part of an articulation agreement between the Ewing High School Business Department and the College.

Unit 1: The Accounting Cycle – Service Business Organized as a Sole Proprietorship

Class Instructional Time: Block Scheduling (83 min) – 5 days/week

Duration: 5 weeks

Why Is This Unit Important? (Big Idea)

This unit will serve as an introduction to the study of accounting, which is the language of business. Many individuals in a business complete accounting forms and prepare accounting reports. Failure to understand accounting information can result in poor business decisions to both businesses and nonprofit organizations. The big ideas embedded through this unit are:

- The purpose and importance of accounting for a sole proprietorship
- Transactions that affect daily accounting records for a sole proprietorship
- Analyzing and journalizing daily transactions for a sole proprietorship
- Completing end-of-fiscal period work for a sole proprietorship

Enduring Understandings or Unit Objectives:

1. Students will be able to identify and classify terms and accounts related to accounting for a sole proprietorship.
2. Students will be able to analyze transactions related to starting a sole proprietorship.
3. Students will be able to analyze the accounting equation, $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$.
4. Students will be able to record transactions for a sole proprietorship in a 5-column journal.
5. Students will be able to prepare a chart of accounts for a sole proprietorship.
6. Students will be able to post transactions for a sole proprietorship to a general ledger.
7. Students will be able to properly implement a cash control system for a sole proprietorship.
8. Students will be able to prepare end-of-fiscal period work for a sole proprietorship, including: worksheets, balance sheets, income statements, post-closing trial balance.

Essential Questions:

1. What is the importance of keeping accurate financial records in a business?
2. What is the relevance of the accounting equation as it pertains to everyday business transactions?
3. What is the difference between cash and “on account” transactions?

4. Why are source documents important to daily journalizing?
5. What is the significance of posting to a general ledger?
6. Why is implementing an efficient cash control system essential to the success of a sole proprietorship?
7. What is the formula for calculating current capital and what is the difference between this amount and the original capital?
8. Which accounts are considered temporary? Permanent?

Acquired Knowledge:

1. Sole proprietorships record daily business transactions in a journal and then post them to a ledger.
2. Daily transactions affect the accounting equation.
3. Cash control systems are necessary to handle the exceeding number of cash transactions in a business.
4. Accounts receivable are customers who owe the business money, because they utilized the “on account” option.
5. Accounts payable are businesses that money is owed to in the future.
6. Source documents are crucial to proving that daily transactions have occurred.
7. Current capital takes into consideration the net income that has been earned by the business during the fiscal period and also the drawing that has been used by the owner.
8. Temporary accounts include drawing, sales, expenses, and income summary.
9. Permanent accounts include assets, liabilities, and capital.
10. Financial statements prepared apply the “going concern” concept, which states that businesses are started with the expectation of lasting forever and therefore need to be properly documented.

Acquired Skills:

1. Use T Accounts to learn debit and credit sides of each account.
2. Journalize transactions for a fiscal period using a 5-column journal suitable to a sole proprietorship.
3. Post each transaction for a fiscal period to a general ledger.
4. Write checks on a sole proprietorship account and keep a checkbook register.
5. Complete a bank reconciliation.
6. Open and replenish a petty cash account.
7. Prepare a worksheet for a sole proprietorship.
8. Prepare a balance sheet and income statement for a sole proprietorship.
9. Record adjusting and closing entries for a sole proprietorship.

Benchmark or Major Assessments:

1. Concept Quizzes – questions only
2. Concept Tests – includes questions and productions
3. Classwork

4. Homework
5. Sole proprietorship project – Service business

Instructional Materials:

Text: *South-Western Century 21 Accounting, Multicolumn Journal, Anniversary Edition*, Ross, Gilbertson, Lehman, Hanson

Project: South-Western, *Foreign Exchange Translation Service*, A Business Simulation (all working papers are provided)

Supplemental materials needed: Accompanying textbook, calculators, rulers

Instructional Strategies:

1. Provide students with visual, auditory, and written lessons on each new topic.
2. Use whiteboard, overheads, projection systems and guest speakers to solidify lessons on various topics.
3. Create a bulletin board in the classroom that displays core content subject matter.

Accommodations or Modifications (Special Education, ESL/ELL, Gifted Learners):

- Repetition
- Study/test guide
- Restate directions
- Visual prompts
- Extended time (homework/tests)

List of Applicable NJCCS and Standards/CPIs Uncovered in This Unit:

- 3.1-3.2
- 3.7-3.10
- 3.12–3.15

Suggested Learning Experiences and Instructional Activities:

Anticipatory Sets: Daily quiz on the previous day's lesson, review of homework, question and answer session

In-Class Activities: Key Terms Review – Audit Your Understanding questions – Work Together activities (Guided Practice) – On Your Own activities (Independent Practice)

Possible Dilemmas (Moral/Spiritual/Ethical, Etc.):

- Decision Making
- Self-Management
- Problem Solving
- Integrity

Cross Content Writing Activities: Daily questions via quizzes and classwork

Home-Link Activities: www.aicpa.org, www.want2bcpa.com,
www.reallifeaccounting.com

Unit 2: Accounting for a Merchandising Business Set Up as a Partnership

Class Instructional Time: Block Scheduling (83 min) – 5 days/week

Duration: 5 weeks

Why Is This Unit Important? (Big Idea)

This unit will serve as a continuation of basic accounting concepts but will emphasize accounting for a merchandising business that is formed as a partnership. Businesses often require the skills of more than one person. As they grow, many businesses also need more capital than one owner can provide. The big ideas embedded through this unit are:

- The purpose and importance of accounting for a partnership
- Transactions that affect daily accounting records for a partnership
- Preparation of payroll records
- Completing end-of-fiscal period work for a partnership

Enduring Understandings or Unit Objectives:

1. Students will be able to identify and classify terms and accounts related to accounting for a partnership.
2. Students will be able to analyze transactions related to a partnership.
3. Students will be able to record transactions for a partnership in an 11-column journal.
4. Students will be able to post transactions for a partnership to general and subsidiary ledgers.
5. Students will be able to complete payroll time cards, calculate payroll taxes, and complete a payroll register and employee earnings record.
6. Students will be able to prepare payroll checks.
7. Students will be able to prepare end-of-fiscal period work for a partnership, including: worksheets, balance sheets, income statements, distribution of net income/loss statement, owners' equity statement, post-closing trial balance.

Essential Questions:

1. What makes the activities of a merchandising business different from those of a service business?
2. What is the difference between a customer and a vendor?
3. Why is sales tax collected considered a liability?
4. Where does an employer get the information used to determine the amount of federal income tax to withhold from employees' earnings?
5. How is net pay calculated?

6. Why is an important aspect of cash control to withdraw payroll money from the general checking account and deposit it into a payroll checking account for every pay period?
7. When must employers furnish a W-2 statement to their employees?
8. What taxes are included in the quarterly federal tax return filed by the employer?
9. What are two different uses for Form 8109?
10. How does a company determine acceptable component percentages?
11. What is the result if total expenses are greater than gross profit on sales?

Acquired Knowledge:

1. Merchandising businesses sell tangible items and therefore need to take into consideration sales tax, which is a liability to the government.
2. Merchandising businesses sell products to customers that they have purchased from vendors.
3. Sales invoices and purchase invoices are examples of source documents for a merchandising business.
4. Subsidiary ledgers for accounts payable and accounts receivable are used in addition to a general ledger.
5. Employees can fill out time cards to record hours worked. Employees can be paid hourly or salary wages.
6. Form W-4 requests withholding allowance and marital status information on each employee that is pertinent in calculating federal income taxes that will be withdrawn.
7. Payroll registers summarize the payroll for one pay period and shows total earnings, total deductions, and net pay of all employees.
8. Employee earnings records show the details affecting the payments of an individual employee.
9. A separate checking account for payroll checks is recommended to protect and control payroll payments. The exact amount needed to pay the payroll is deposited from the general account each pay period.
10. Employers match Social Security payments and Medicare payments for each employee and pay federal and state unemployment tax for each employee.
11. Each employer must furnish a Form W-2 to each employee by January 31 of the next fiscal year.
12. A distribution of net income/loss statement shows the distribution of the net income/net loss between the partners.
13. Financial statements prepared apply the "going concern" concept, which states that businesses are started with the expectation of lasting forever and therefore need to be properly documented.

Acquired Skills:

1. Journalize transactions for a fiscal period using an 11-column journal suitable to a partnership.

2. Post each transaction for a fiscal period to both a general ledger and subsidiary ledgers.
3. Fill out time cards as an employee.
4. Calculate hours worked as an employer.
5. Determine federal income taxes withheld for employees based on the W-4 information provided.
6. Determine Social Security tax and Medicare tax withheld (both employers and employees) based on earnings.
7. Determine federal and state unemployment tax withheld (employers only) based on taxable earnings.
8. Prepare a worksheet for a partnership.
9. Prepare a balance sheet and income statement for a partnership.
10. Prepare a distribution of net income/loss statement and owners' equity statement for a partnership.
11. Record adjusting and closing entries for a sole proprietorship.

Benchmark or Major Assessments:

1. Concept quizzes – questions only
2. Concept tests – includes questions and productions
3. Classwork
4. Homework
5. Partnership project – Merchandising business

Instructional Materials:

Text: *South-Western Century 21 Accounting, Multicolumn Journal, Anniversary Edition*, Ross, Gilbertson, Lehman, Hanson

Project: South-Western, *Fitness Junction*, A Business Simulation (all working papers are provided)

Supplemental materials needed: Accompanying textbook, calculators, rulers

Instructional Strategies:

1. Provide students with visual, auditory, and written lessons on each new topic.
2. Use whiteboard, overheads, projection systems and guest speakers to solidify lessons on various topics.
3. Create a bulletin board in the classroom that displays core content subject matter.

Accommodations or Modifications (Special Education, ESL/ELL, Gifted Learners)

- Repetition
- Study/test guide

- Restate directions
- Visual prompts
- Extended time (homework/tests)

List of Applicable NJCCS and Standards/CPIs Uncovered in This Unit:

- 3.1-3.2
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Suggested Learning Experiences and Instructional Activities:

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Possible Dilemmas (Moral/Spiritual/Ethical, Etc.):

- Decision Making
- Self-Management
- Problem Solving
- Integrity

Cross Content Writing Activities: Daily questions via quizzes and classwork

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Unit 3: Accounting for a Merchandising Business Set Up as a Corporation

Class Instructional Time: Block Scheduling (83 min) – 5 days/week

Duration: 9 weeks

Why Is This Unit Important? (Big Idea)

This unit will serve as a continuation of basic accounting concepts, with an emphasis on corporate accounting for a merchandising business. Many businesses need amounts of capital that cannot be easily provided by a proprietorship or partnership. Due to the large amount of capital needed to operate a corporation, corporate accounting procedures are much more complex. The big ideas embedded through this unit are:

- The purpose and importance of accounting for a corporation
- Transactions that affect daily accounting records for a corporation
- The purpose of using special journals
- Understanding what makes an account uncollectible
- Understanding calculations for the depreciation of plant assets
- How to perform merchandise inventory (LIFO and FIFO methods)
- Understanding promissory notes and related interest

Enduring Understandings or Unit Objectives:

1. Students will be able to analyze transactions related to a corporation and journalize them in the appropriate special journal.
2. Students will be able to calculate, journalize, and post estimated uncollectible accounts.
3. Students will be able to prepare a stock record.
4. Students will be able to determine the cost of merchandise inventory using the fifo, lifo, and weighted-average inventory costing methods.
5. Students will be able to calculate interest and maturity dates for promissory notes.
6. Students will be able to analyze and record transactions for notes payable and notes receivable.

Essential Questions:

1. What is the principal difference between the accounting records of a corporation and those of a proprietorship or partnership?
2. To whom does a business owe the sales taxes collected?
3. Why is an uncollectible account recorded as an expense rather than a reduction in revenue?
4. Why is Allowance for Uncollectible Accounts called a contra account?

5. Why is a customer account reopened when the account is paid after being previously written off?
6. Who determines the assessed value of plant assets?
7. Why is annual depreciation not recorded for land?
8. An asset is never depreciated below what amount?
9. On what idea is the Lifo method based?
10. In a period of rising prices, which inventory costing method gives the highest cost of merchandise sold?

Acquired Knowledge:

1. Corporations that sell merchandise receive capital from many sources, including public and private investors through donations and issuance of capital stock.
2. Corporations use special journals to alleviate the number of transactions in a general journal.
3. Accounts receivable that cannot be collected are considered uncollectible accounts and need to be written off.
4. Plant assets depreciate over time and the loss of value is recorded as depreciation expense.
5. Stock records show the kind of merchandise, quantity received, quantity sold, and balance on hand of inventory in a corporation.
6. First-In, First-Out inventory costing method vs. Last-In, First-Out inventory costing method.
7. Promissory notes are common tools used in corporations when money is borrowed now and paid back later, with terms and conditions.

Acquired Skills:

1. Journalize transactions for a fiscal period using general and special journals suitable to a corporation.
2. Post each transaction for a fiscal period to both a general and subsidiary ledgers.
3. Calculate an allowance for uncollectible accounts.
4. Write off uncollectible accounts in the appropriate journal.
5. Calculate straight-line depreciation for a plant asset.
6. Prepare a plant asset record.
7. Prepare inventory records using a periodic inventory method and a perpetual inventory method.
8. Calculate interest on a promissory note.

Benchmark or Major Assessments:

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3. Classwork
4. Homework
5. Corporation project – Merchandising Business

Instructional Materials:

Text: *South-Western Century 21 Accounting, Multicolumn Journal, Anniversary Edition*, Ross, Gilbertson, Lehman, Hanson

Project: South-Western, *Putting Green Golf Supply, Inc.*, A Business Simulation (all working papers are provided)

Supplemental materials needed: Accompanying textbook, calculators, rulers

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