

# HS Accounting

## Huntingdon Area School District

UNITS (9/9 SELECTED)

SUGGESTED DURATION

 Unit 1: Evaluating Transactions	<i>5 lessons</i>
 Unit 2: The Accounting Cycle	<i>7 lessons</i>
 Unit 3: Journal Entries and T Accounts	<i>7 lessons</i>
 Unit 4: Adjusting Entries	<i>9 lessons</i>
 Unit 5: Financial Statements and Closing Entries	<i>10 lessons</i>
 Unit 6: Computerized Systems, Cash, and Payroll	<i>10 lessons</i>
 Unit 7: Financial Statement Analysis	<i>10 lessons</i>
 Unit 8: Comprehensive Project	<i>20 lessons</i>
 Unit 9: Merchandise Inventory	<i>12 lessons</i>

# Unit 1: Evaluating Transactions

## HS Accounting

### UNIT OVERVIEW

In order to understand how funds are properly accounted for in a business, students begin by understanding the basics of the Accounting Equation. For assets, liabilities, and owner's equity, students then will be able to identify commonly utilized accounts and what part of the accounting equation each represents. As students continue in their understanding of various accounts, their next task is to evaluate a transaction by determining what accounts are increased or decreased. By eventually creating journal entries for these events, they will be able to see how transactions affect asset accounts, liability accounts, and owner's equity accounts.

### ATTACHMENTS

 Horizontal\_Analysis\_Balance\_Sheet.xlsx

 Statement\_of\_Owner\_s\_Equity.xlsx

 Vertical\_Analysis\_Income\_Statement.xlsx

 Vertical\_Analysis\_Balance\_Sheet.xlsx

 Common-Size\_Income\_Statement.xlsx

 Balance\_Sheet.xlsx

 Common-Size\_Balance\_Sheet.xlsx

 Income\_Statement.xlsx

 Horizontal\_Analysis\_Income\_Statement.xlsx

 T-Accounts.xlsx

 Journal\_Entries.xlsx

 Transactions\_Listing.xlsx

 Trial\_Balance.xlsx

 Bank\_Reconciliation.xlsx

### STANDARDS/EXPECTATIONS

**Pennsylvania - Grade 9-12 - Business, Computer and Information Technology**

# Unit 1: Evaluating Transactions

## HS Accounting

15.1.12.A

15.1.12.C

15.1.12.E

15.1.12.B

### BIG IDEAS

#### Big Ideas

- It is important for students to analyze the accounting equation --  $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$ . This equation is essential for balancing accounts and properly preparing journal entries for transactions.
- In order to properly prepare journal entries and post to T accounts, it is imperative for students to be able to analyze a transaction properly in order to account for the event.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What is the Accounting Equation?
- What are commonly utilized accounts and what part of the accounting equation do they represent?
- When evaluating a transaction, what accounts are increased or decreased?
- How do transactions affect asset accounts, liability accounts, and owner's equity accounts?

# Unit 1: Evaluating Transactions

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand and be able to apply the accounting equation relationship between assets, liabilities, and owner's equity	Describe and apply the Accounting Equation
Understand various accounts and differentiate if they are an asset account, a liability account or an owner's equity account	Differentiate between account types and identify if they are an asset account, a liability account or an owner's equity account
Understand how account types are affected by transactions	Evaluate a transaction by analyzing the accounts involved and if each would need to be increased or decreased
Apply knowledge of account characteristics to example transactions	Convey transaction details by analyzing accounts

# Unit 2: The Accounting Cycle

## HS Accounting

### UNIT OVERVIEW

In this unit, students will be exposed to the Accounting Cycle as an important flow of recording business transactions during a fiscal period. By analyzing a transaction, students will now be able to understand the proper use of journal entries to account for these business events utilizing different systems. Once transactions are recorded as journal entries, students will begin to understand why a trial balance is needed and why adjusting and closing entries will be needed. The use properly prepared financial statements are vital to assisting owners and managers when assessing the company's financial health.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.B

15.1.12.F

15.1.12.G

15.1.12.N

### BIG IDEAS

#### Big Ideas

- The Accounting Cycle shows the flow of transactions through journal entries and eventually to the use of financial statements for a fiscal period.
- It is essential for journal entries to be recorded correctly along with adjusting entries and closing entries in order for financial statements to be accurate
- Four main financial statements are utilized in the analysis of the financial health of a business.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What are the steps in the Accounting Cycle?
- Why are journal entries utilized when recording a transaction?
- How is a cash basis system different from an accrual basis system?
- Why and how is a trial balance performed?
- What is the difference between an adjusting entry and a closing entry?
- Why are closing entries needed and which accounts utilize closing entries?
- What are the four primary financial statements and why are each prepared?

# Unit 2: The Accounting Cycle

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
Students will know . . . . (Acquired Knowledge)	Students can do . . . . (Acquired Skill)
Understand the steps of the Accounting Cycle	Identify the steps of the Accounting Cycle in the correct order of procedure
Understand why a journal entry is needed when a transaction occurs	Identify basic accounting principles
Understand the difference between a cash basis accounting system and an accrual basis accounting system	Identify whether a scenario is using a cash basis or an accrual basis of accounting
Understand which accounts are temporary accounts and which accounts are permanent accounts	Identify temporary accounts that would need closing entries and describe why adjusting entries and trial balances are needed for temporary and permanent accounts
Understand the purpose of the four main financial statements	Describe the accounts found in each of the four financial statements as well as why each financial statement is useful for businesses

# Unit 3: Journal Entries and T Accounts

## HS Accounting

### UNIT OVERVIEW

In order to record journal entries correctly, an accounting student must understand the nature of the various types of accounts (asset, liability, owner's equity) as well as how debits and credits affect each account. Debits and credits must be thought of as a means of organization based upon the type of account being used as opposed to thinking of one being "bad" or another being "good". Journal entries using proper debits and credits to various ledgers are now introduced. Posting to T accounts allows an accountant to see the current status of any one particular account.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.F

15.1.12.G

### BIG IDEAS

#### Big Ideas

- Proper recording of transactions as journal entries using debits and credits are essential for proper record keeping to various ledger types.
- Once a transaction is recorded as a journal entry, those entries are used to post to T accounts in order to properly keep track of specific accounts.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What is the difference between a debit and a credit?
- How do debits and credits affect the various account types?
- How are various journal entries recorded?
- How are journal entries posted to the various T accounts?
- What is the difference between a general ledger and a subsidiary ledger?
- What types of transactions require the use of special journals?

# Unit 3: Journal Entries and T Accounts

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand how debits and credits affect various accounts	Record transactions as journal entries utilizing debits and credits
Understand why journal entries need to be posted to T accounts	Post journal entries to the correct T accounts
Understand the difference between a general ledger and a subsidiary ledger	Record journal entries to the correct ledgers (general or subsidiary)
Understand the relationship between special journals and standard journal entries	Analyze special journal entries and transfer information to standard journal entries

# Unit 4: Adjusting Entries

## HS Accounting

### UNIT OVERVIEW

At the end of a fiscal period, trial balances are needed in order to summarize information so that financial data can be reviewed and interpreted. Completing adjusting and reversing entries is a part of the preparation needed for accurate trial balances. At the end of a fiscal period, an accountant must also record depreciation for particular assets that are owned by a business in order to account for their value properly.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.L

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.F

15.1.12.G

15.1.12.O

15.1.12.H

### BIG IDEAS

#### Big Ideas

- After recording and posting journal entries, trial balances are used to summarize financial information for review and interpretation.
- Adjusting entries and reversing entries are needed in order to maintain the accuracy of a trial balance.
- Depreciation of an asset is calculated using various methods and is essential in properly evaluating the value of the asset.

### ESSENTIAL QUESTIONS

#### Essential Questions

- Why is a trial balance completed at the end of a fiscal period?
- How is a trial balance prepared at the end of a fiscal period?
- How are various adjusting entries and reversing entries recorded?
- What is depreciation and why is it necessary to take into account for an asset?
- How is straight-line depreciation calculated?
- How is the depreciation of an asset calculated using the double-declining balance method?

# Unit 4: Adjusting Entries

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand importance and method of conducting a trial balance	Format and prepare a trial balance
Understand the importance and method for recording adjusting entries and reversing entries	Record adjusting entries and reversing entries for various accounts
Understand the importance of accounting for depreciation and be able to calculate depreciation utilizing different methods	Calculate and account for depreciation utilizing the straight-line method as well as the double declining balance method

# Unit 5: Financial Statements and Closing Entries

## HS Accounting

### UNIT OVERVIEW

Four main financial statements are used by businesses to summarize information in order to interpret the financial health of the company. Each of the four financial statements (income statement, statement of owner's equity, balance sheet, statement of cash flows) has a process for correct preparation as well as types of information that it can emphasize for analysis.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.L

15.1.12.Q

### BIG IDEAS

#### Big Ideas

- It is essential for accountants to be able to properly prepare the four main financial statements that are used for analysis. (income statement, statement of owner's equity, balance sheet, statement of cash flows)
- Each financial statement offers a view of financial information to allow accountants to review and interpret data for use by the business.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What is the purpose of an income statement and what information does it provide?
- What is the process for preparing a proper income statement?
- What is the purpose of a statement of owner's equity and what information does it provide?
- What is the process for preparing a proper statement of owner's equity?
- What is the purpose of a balance sheet and what information does it provide?
- What is the process for preparing a proper balance sheet?
- What is the purpose of a statement of cash flows and what information does it provide?
- How are closing entries recorded?

# Unit 5: Financial Statements and Closing Entries

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand the purpose and process for preparing a proper income statement	Prepare a proper income statement given a set of information
Understand the purpose and process for preparing a proper statement of owner's equity	Prepare a proper statement of owner's equity given a set of information
Understand the purpose and process for preparing a proper balance sheet	Prepare a proper balance sheet given a set of information
Understand the purpose for preparing a statement of cash flows	Identify the purpose of a statement of cash flows and describe who would be the appropriate person to properly prepare one.
Understand why closing entries are necessary for temporary accounts and the process for recording these entries	Prepare closing entries for temporary accounts given a set of information

# Unit 6: Computerized Systems, Cash, and Payroll

## HS Accounting

### UNIT OVERVIEW

When handling finances and money, it is extremely important for a business to have appropriate internal controls in order to maintain accountability over the responsibility of managing those funds. One particular fund that is often utilized for small purchases is a petty cash fund. Another function of internal control is the performance of bank reconciliations. This process makes sure that the company records match the bank records to account for how much of the business's money should be maintained in the account at that point in time. Computerized accounting systems are very helpful in maintaining the vast amount of financial records that an accountant must maintain. Accountants are also responsible for documenting payroll for employees and utilizing the proper tax forms to document such information. In this unit, students will learn how to calculate employer and employee payroll information as well as record proper journal entries related to those calculations.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.F

15.1.12.G

15.1.12.M

15.1.12.P

15.1.12.W

15.1.12.Y

15.1.12.Z

### BIG IDEAS

#### Big Ideas

- Internal controls are essential for maintaining accountability when dealing with financial information and funds.
- Petty cash funds are utilized for small purchases where cash would need to be accessible quickly.
- Computerized accounting systems are extremely helpful in maintaining financial information and transactions quickly and efficiently.
- Bank reconciliations are completed in order to be sure that company records match banking records for accountability.
- Accountants are responsible for proper payroll calculations for both employee and employer taxes as well as the utilization of proper tax forms for documentation.

# Unit 6: Computerized Systems, Cash, and Payroll

## HS Accounting

### ESSENTIAL QUESTIONS

#### Essential Questions

- What are appropriate internal controls for accounting in order to maintain accountability?
- What is the purpose of a petty cash fund and the process for preparing petty cash journal entries?
- Why is a bank reconciliation performed and what is the process for preparing one?
- What tax forms are involved in documenting payroll for a business?
- How are employer and employee payroll taxes calculated?
- What journal entries are necessary when recording payroll information?
- Why are computerized accounting systems utilized?

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . . (Acquired Skill)</b>
Understand appropriate internal controls for accounting in order to maintain accountability	Describe appropriate internal controls for accounting in order to maintain accountability
Understand the purpose of a petty cash fund and the process for preparing petty cash journal entries	Prepare petty cash journal entries
Understand the purpose of a bank reconciliation and the process for preparing one	Prepare a bank reconciliation
Understand the purpose of various tax forms that are involved in completing payroll	Describe the features of each appropriate tax form and when they are utilized
Understand how payroll taxes are calculated for both the employer and the employee	Prepare correct payroll tax calculations for both the employer and employee given a set of information
Understand journal entries related to payroll tax preparation	Prepare payroll tax journal entries given a set of information
Understand the purpose of using computerized accounting systems	Describe the purpose of using computerized accounting systems

# Unit 7: Financial Statement Analysis

## HS Accounting

### UNIT OVERVIEW

Financial statements provide excellent information to accountants and business owners for the purpose of evaluating financial strengths as well as areas of weakness. In order to compare fiscal periods, horizontal, vertical and common-sized analyses of those financial statements is helpful in further analysis that compares and contrasts this type of information. The use of financial ratios can also be very helpful in providing valuable analytical information for a business.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.E

15.1.12.R

15.1.12.S

15.1.12.T

15.1.12.U

15.1.12.V

15.1.12.X

### BIG IDEAS

#### Big Ideas

- Accountants must be able to summarize and analyze information using comparisons of financial information for various fiscal periods.
- Horizontal, vertical, and common-sized analyses are tools that can be used by accountants to effectively compare financial information.
- Various financial ratios are calculated in order to compare and contrast financial information in a quick and concise manner for interpretation.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What is the purpose of a horizontal analysis for financial statements?
- How is a horizontal analysis for financial statements completed?
- What is the purpose of a vertical analysis for financial statements?
- How is a vertical analysis for financial statements completed?
- What is the purpose of common-sized financial statements?
- How are common-sized financial statements completed?
- Why are financial ratios calculated and what information does it provide to a business?
- How are common financial ratios calculated? (liquidity ratios, solvency ratios, and profitability ratios)

# Unit 7: Financial Statement Analysis

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand the purpose and process for completing a horizontal analysis for financial statements	Complete a horizontal analysis for financial statements given a set of information
Understand the purpose and process for completing a vertical analysis for financial statements	Complete a vertical analysis for financial statements given a set of information
Understand the purpose and process for completing common-sized statements	Complete common-sized statements given a set of information
Understand the process of calculating various financial ratios related to liquidity, solvency, and profitability	Calculate various financial ratios related to liquidity, solvency, and profitability
Understand the interpretation of information provided by various financial ratios related to liquidity, solvency, and profitability	Interpret information provided by various financial ratios related to liquidity, solvency, and profitability

# Unit 8: Comprehensive Project

## HS Accounting

### UNIT OVERVIEW

Once accounting students have been taught fundamental functions of accounting such as the accounting equation, the accounting cycle, the nature of various accounts and transactions, recording to ledgers, posting to accounts, and conducting financial calculations, it is then time to put their skills into practice that mimics a real life situation. Comprehensive projects are the best way to simulate real world business transactions and what tasks an accountant would be expected to perform.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.F

15.1.12.G

15.1.12.L

15.1.12.M

15.1.12.Q

15.1.12.S

15.1.12.T

15.1.12.U

### BIG IDEAS

#### Big Ideas

- After gaining essential accounting skills, it is important to put those skills into practice by completing a culminating project involving several different types of accounting tasks.
- It is important for students to work through the accounting cycle by performing related tasks first hand.

### ESSENTIAL QUESTIONS

#### Essential Questions

- How is a full accounting cycle completed given a month's information for a business?
- How is payroll completed for a month's payroll for a business?

# Unit 8: Comprehensive Project

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
Students will know . . . . . (Acquired Knowledge)	Students can do . . . . . (Acquired Skill)
<p>Understand the full accounting cycle given a month's information for a business</p>	<p>Given a month's information, complete the accounting cycle for a business including completion of the following: appropriate journal entries, posting to T accounts, adjusting entries, unadjusted and adjusted trial balances, income statement preparation, statement of owner's equity preparation, balance sheet preparation, closing entries, post-closing trial balance, vertical analysis for income statement and balance sheet, liquidity ratios, solvency ratios, profitability ratios, and payroll.</p>
<p>Understand the calculations and process for completing two pay periods (one month) of payroll for a business</p>	<p>Record correct journal entries given a set of payroll information for a month's payroll period</p>

# Unit 9: Merchandise Inventory

## HS Accounting

### UNIT OVERVIEW

As many businesses are retail and product-driven companies, it is important to know about transactions that affect merchandise inventory. Varying methods for calculating the value of merchandise are utilized in accounting including: First in-First out (FIFO), Last in-First out (LIFO), and Average Cost method. While conducting and interpreting information about merchandise inventory, accountants must evaluate the cost of goods sold and gross profit analysis.

### STANDARDS/EXPECTATIONS

#### Pennsylvania - Grade 9-12 - Business, Computer and Information Technology

15.1.12.C

15.1.12.D

15.1.12.E

15.1.12.F

15.1.12.G

15.1.12.J

15.1.12.K

### BIG IDEAS

#### Big Ideas

- Accountants must be able to record normal journal entries as well as adjusting entries related to merchandise inventory.
- It is important for accountants to be able to utilize different methods of calculating the value of merchandise inventory including First in-First out (FIFO), Last in-First out (LIFO), and Average Cost method.
- An important accounting function in merchandise inventory is determining cost of goods sold as well as interpreting and conducting a gross profit analysis.

### ESSENTIAL QUESTIONS

#### Essential Questions

- What is the process for recording changes in merchandise inventory?
- What is the process for applying various methods of calculating the value of merchandise inventory including: First in-First out (FIFO), Last in-First out (LIFO), and Average Cost method?
- How are adjusting journal entries for merchandise inventory recorded?
- How are Cost of Goods Sold and Gross Profit analysis conducted and interpreted?

# Unit 9: Merchandise Inventory

## HS Accounting

### LEARNING TARGETS: KNOWLEDGE & SKILLS

Knowledge	Skills
<b>Students will know . . . . (Acquired Knowledge)</b>	<b>Students can do . . . . (Acquired Skill)</b>
Understand recording of journal entries related to merchandise inventory	Record journal entries related to merchandise inventory
Understand the process for applying various methods of calculating the value of merchandise inventory including: First in-First out (FIFO), Last in-First out (LIFO), and Average Cost method	Complete calculations for applying various methods of evaluating the value of merchandise inventory including: First in-First out (FIFO), Last in-First out (LIFO), and Average Cost method
Understand recording of adjusting entries related to merchandise inventory	Record adjusting entries related to merchandise inventory
Understand how to conduct and interpret Cost of Goods Sold and Gross Profit analysis	Conduct and interpret Cost of Goods Sold and Gross Profit analysis