



GEORGIA

PEACH STATE PATHWAYS

Career, Technical, & Agricultural Education

BUSINESS & COMPUTER SCIENCE

PATHWAY: Financial Management - Accounting

COURSE: Principles of Accounting I

UNIT 5: Forms of Business Ownership and Payroll



INTRODUCTION

Annotation:

In this unit, students will learn how to complete payroll records: payroll time cards, payroll register, payroll checks, and accumulated earnings records. They will learn how to compute employer and employee payroll taxes.

Grade(s):

| | |
|---|------------------|
| | 9 th |
| X | 10 th |
| X | 11 th |
| X | 12 th |

Time: Thirty 50 minute periods.

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Additional Author(s): Dr. Marilyn Skinner

Students with Disabilities:

For students with disabilities, the instructor should refer to the student's IEP to be sure that the accommodations specified are being provided. Instructors should also familiarize themselves with the provisions of Behavior Intervention Plans that may be part of a student's IEP. Frequent consultation with a student's special education instructor will be beneficial in providing appropriate differentiation.



FOCUS STANDARDS

GPS Focus Standards:

BCS-PAI-10. Students will apply Generally Accepted Accounting Principles (GAAP) to various forms of ownership and payroll.

- a. Compare the advantages and disadvantages of the three forms of business ownership—sole proprietorships, partnerships, and corporations.
- b. Prepare and maintain payroll records using manual and computerized systems.
- c. Calculate earnings at an hourly and piece rate and on a salary, commission, and salary/commission basis.
- d. Compute employee gross earnings, deductions, and withholdings to determine net pay.
- e. Calculate employer's payroll taxes including Social Security, Medicare, federal unemployment, state unemployment, other taxes, and other employee benefits paid by the employer.
- f. Prepare federal, state, and local payroll reports.

GPS Academic Standards:

ELA10RC3. The student acquires new vocabulary in each content area and uses it correctly.

ELA10C1. The student demonstrates understanding and control of the rules of the English language, realizing that usage involves the appropriate application of conventions and grammar in both written and spoken formats.

ELA10SLV1. The student participates in student-to-teacher, student-to-student, and group verbal interactions.

MMsP1. Students will solve problems (using appropriate technology).

MM2P4. Students will make connections among mathematical ideas and to other disciplines.

National / Local Standards / Industry / ISTE:

Accounting IV: Apply appropriate accounting principles to payroll, income taxation, managerial systems, and various forms of ownership.



UNDERSTANDINGS & GOALS

Enduring Understandings:

- Students will understand the advantages and disadvantages of each type of business ownership
- Students will understand the roll of individual choice in creating payroll deductions.
- Students will understand that not all businesses are required by law to pay overtime.
- Students will understand what part of their deductions is required by law and what part is voluntary.

Essential Questions:

- What are the advantages and disadvantages three forms of business ownership?
- How is gross pay calculated?
- How is withholding calculated and recorded?
- What is the employer responsibility for payroll and how is recorded and filed?

Knowledge from this Unit:

- Define business forms and payroll terms
- Explain the advantages and disadvantages of various forms of business.
- Prepare and maintain payroll records.
- Prepare and record payroll reports.

Skills from this Unit:

Students will be able to:

- Identify the various forms of businesses.
- Complete a payroll time card.
- Calculate earnings.
- Calculate payroll taxes.
- Complete a payroll register.
- Complete an employees earnings record..
- Analyze payroll transactions.
- Record payroll.
- Record employer payroll taxes.
- Prepare payroll tax reports.
- Pay and record withholding and payroll taxes.



ASSESSMENT(S)

Assessment Method Type: Select one or more of the following. Please consider the type(s) of differentiated instruction you will be using in the classroom.

- ☐ Pre-test
- ☒ Objective assessment - multiple-choice, true- false, etc.
 - ☒ Quizzes/Tests
 - ☐ Unit test
- ☐ Group project
- ☐ Individual project
- ☒ Self-assessment - May include practice quizzes, games, simulations, checklists, etc.
 - ☐ Self-check rubrics
 - ☐ Self-check during writing/planning process
 - ☐ Journal reflections on concepts, personal experiences and impact on one's life
 - ☐ Reflect on evaluations of work from teachers, business partners, and competition judges
 - ☐ Academic prompts
 - ☒ Practice quizzes/tests
- ☒ Subjective assessment/Informal observations
 - ☐ Essay tests
 - ☒ Observe students working with partners
 - ☐ Observe students role playing
- ☐ Peer-assessment
 - ☐ Peer editing & commentary of products/projects/presentations using rubrics
 - ☐ Peer editing and/or critiquing
- ☒ Dialogue and Discussion
 - ☐ Student/teacher conferences
 - ☒ Partner and small group discussions
 - ☒ Whole group discussions
 - ☐ Interaction with/feedback from community members/speakers and business partners
- ☐ Constructed Responses
 - ☐ Chart good reading/writing/listening/speaking habits
 - ☐ Application of skills to real-life situations/scenarios
- ☐ Post-test

Assessment(s) Title:

Sweet Success
Basic Payroll Skills Tests

Assessment(s) Description/Directions:

Students will research various forms of business ownership and create an ending PowerPoint project.
Check with textbook publisher to determine if tests are available. If not, use teacher created document

Attachments for Assessment(s):

Lesson 1: www.econedlink.org/lessons/print.php?lesson=EM533&page=teacher



LEARNING EXPERIENCES

Sequence of Instruction

BCS-PAI-10. Students will apply Generally Accepted Accounting Principles (GAAP) to various forms of ownership and payroll.

Lesson 1

- **Essential Question:** What are the advantages and disadvantages of the three forms of business ownership?
- **Define Vocabulary.**
 - **Corporation**: an organization with the legal rights of a person and which may be owned by many persons
 - **Partnership**: a business in which two or more persons combine their assets and skills.
 - **Sole proprietorship**: a business owned by one person.
- **Introduce Lesson.**
 - Use the Forms of Business Ownership PowerPoint to introduce the forms of business ownership. Have students complete graphic organizer during the lecture.
- **Supplemental Activities:**
 - Have students complete the Business Ownership: How Sweet It Can Be! at EconEdlink. <http://www.econedlink.org/lessons/index.php?lesson=EM533>
- **Enrichment Activity:**
 - Have students complete the Forms of Business Ownership Activity.

Attachments for Learning Experiences:

Forms of Business Ownership PowerPoint

Forms of Business Ownership Graphic Organizer

Forms of Business Ownership Enrichment Activity

Lesson 2

- **Essential Question:** How is gross pay calculated?
- **Define Vocabulary.**
 - **Bi-weekly**: payroll paid every other week
 - **Overtime hours**: hours worked over 40 hours per week
 - **Overtime rate**: regular pay times 1.5
 - **Pay period**: the period covered by a salary payment
 - **Payroll**: the total amount earned by all employees for a pay period

- **Regular pay**: money earned at regular pay rate up to 40 hours a week worked
- **Salary**: the money paid for employee services
- **Semi-monthly**: payroll paid on the 15th and the last day of the month
- **Total earnings**: the total pay due for a pay period before deductions

- **Introduce Lesson.**

- Introduce students to several ways that people get paid: hourly wage, commission, piece work. Demonstrate each way and how gross pay is calculated. Show students how to calculate time card using a 60 minute base.

- **Supplemental Activities.**

- Have students complete the Time Card Activity
- Have students Complete the Gross Pay Activity

Attachments for Learning Experiences:

Time Card Activity
Gross Pay Activity

Lesson 3

- **Essential Question:** How is withholding calculated and recorded?

- **Define Vocabulary.**

- **Employee earnings record**: a business form used to record details affecting payments made to an employee
- **G-4**: state payroll tax form which the employee completes to identify what state taxes can be legally withheld from their pay check.
- **Gross pay**: pay before deductions
- **Mandatory deductions**: deduction required by employer or government (taxes, union dues, uniforms)
- **Medicare tax**: a federal tax paid for hospital insurance
- **Net pay**: pay after deductions
- **Payroll register**: a business form used to record payroll information
- **Payroll taxes**: taxes based on the payroll of a business
- **Social Security tax**: a federal tax paid for old-age, survivors, and disability insurance
- **Tax base**: the maximum amount of earnings on which a tax is calculated
- **Voluntary deductions**: deductions that are chosen by the employee (health insurance, savings bonds, stock, charities)
- **W-4**: federal payroll tax form which the employee completes to identify what federal taxes can be legally withheld from their pay check.
- **Withholding allowance**: a deduction from total earning for each person legally supported by a taxpayer including the employer
- **Withholding table**: a table prepared by IRS that shows the amount of federal income tax to be withheld from an employees pay check

- **Introduce Lesson.**

Introduce the various types of payroll taxes, employees withholdings allowance certificate, employee's income tax withholding tables, calculation of employee social security and Medicare tax. Demonstrate how to prepare a payroll register and employee earnings records.

- **Supplemental Activities.**

- Have students complete the payroll activity
- Complete W-4 and W-2 activity from the St. Louis Fed at http://stlouisfed.org/education_resources/assets/lesson_plans/paycheck/lesson_2_your_paycheck%20lp.pdf

- **Extension Activities.**

- Download W-4 forms from the IRS website and lead students through the steps of completing the forms. An interactive lesson can be found at http://www.irs.gov/app/understandingTaxes/teacher/howto_mod01.jsp

Attachments for Learning Experiences:

Payroll Activity

Lesson 4

- **Essential Question: What is the employer responsibility for payroll and how is recorded and filed?**

- **Define Vocabulary.**

- **Electronic Federal Tax Payment System (EFTPS)**: a method used by a business to electronically transfer its federal payroll tax deposit from a bank to the government
- **Federal unemployment tax (FUTA)**: a federal tax used for state and federal administrative expenses of the unemployment program
- **Form 8109**: the federal coupon issued by IRS that employers use to make federal tax deposits
- **Form 8109B**: a federal coupon issued by the IRS that employers used to make unemployment tax deposits.
- **Form 940**: a federal tax form that reports the total of federal unemployment taxes paid during a calendar year
- **Form 941**: a federal tax form that reports the total earnings of all employees on a quarterly basis
- **Lookback period**: the twelve month period that ends on June 30 of the prior year
- **State unemployment tax (SUTA)**: a state tax used to pay benefits to unemployed workers
- **W-2 form**: a federal form which reports the total year's earnings and the amounts withheld for taxes for an employee
- **W-3 form**: a federal form which reports the previous year's earnings and payroll taxes withheld for all employees (must equal the total of all W-2s).

- **Introduce Lesson.**

- Explain the payroll taxes that are the responsibility of the employer to pay. Demonstrate the calculation and journal entries for these taxes. Introduce students to forms 940 and 941 for reporting these taxes. Demonstrate the process for filling out a deposit coupon for withholding.
- **Assessment Activity.**
 - Have students complete the Payroll Register Assessment. Provide them with copies of or electronic access to both the federal and state withholding tables. Use Journal Form provided
 - Payroll Quiz

Attachments for Learning Experiences:

Payroll Register Assignment
General Journal
Payroll Quiz
Payroll Quiz Key

Notes & Reflections:



CULMINATING PERFORMANCE TASK (Optional)

Culminating Unit Performance Task Title:

Payroll Simulation

Culminating Unit Performance Task Description/Directions/Differentiated Instruction:

Reinforcement activities strengthen the learning of accounting concepts and procedures. A payroll simulation will enable the student to complete payroll records: payroll time cards, payroll register, payroll checks, and accumulated earnings records. It will also enable student to compute and record employer and employee payroll taxes. Finally, it will enable the student to calculate and complete payroll tax returns.

Attachments for Culminating Performance Task:



UNIT RESOURCES

Web Resources:

www.econedlink.org/lessons/print.php?lesson=EM533&page=teacher

Attachment(s):

Materials & Equipment:

Calculator, Computer

Textbook, Workbooks

South-Western
Glencoe

What 21st Century Technology was used in this unit:

| | | | | | |
|-------------------------------------|-------------------------|-------------------------------------|--------------------|-------------------------------------|---------------------------------|
| <input checked="" type="checkbox"/> | Slide Show Software | <input type="checkbox"/> | Graphing Software | <input type="checkbox"/> | Audio File(s) |
| <input type="checkbox"/> | Interactive Whiteboard | <input checked="" type="checkbox"/> | Calculator | <input checked="" type="checkbox"/> | Graphic Organizer |
| <input type="checkbox"/> | Student Response System | <input type="checkbox"/> | Desktop Publishing | <input type="checkbox"/> | Image File(s) |
| <input type="checkbox"/> | Web Design Software | <input type="checkbox"/> | Blog | <input type="checkbox"/> | Video |
| <input type="checkbox"/> | Animation Software | <input type="checkbox"/> | Wiki | <input type="checkbox"/> | Electronic Game or Puzzle Maker |
| <input type="checkbox"/> | Email | <input checked="" type="checkbox"/> | Website | | |
