



GEORGIA

PEACH STATE PATHWAYS

Career, Technical, & Agricultural Education

BUSINESS & COMPUTER SCIENCE

PATHWAY: Financial Management - Accounting

COURSE: Principles of Accounting II

UNIT 11: Interpretation and Use of Data and International Accounting



INTRODUCTION

Annotation:

This unit will look at department and branch accounting as well as the budgeting process. It will look briefly at International accounting.

Grade(s):

<input type="checkbox"/>	9 th
<input checked="" type="checkbox"/>	10 th
<input checked="" type="checkbox"/>	11 th
<input checked="" type="checkbox"/>	12 th

Time: Ten 50 minute periods.

Author: Dr. Marilyn K. Skinner

Additional Author(s):

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-PAII-11. Students will use management accounting techniques to plan and evaluate the performance of an organization.

- a. Compare and contrast fixed, variable, and mixed costs.
- b. Use cost-volume-profit and contribution margin analysis to plan operations.
- c. Prepare a budget for planning purposes.
- d. Prepare budget analysis using spreadsheet software.
- e. Discuss auditing procedures for different types of businesses.
- f. Discuss the importance of integrity, confidentiality, and high ethical standards in interpretation and use of data.

BCS-PAII-9. Students will apply appropriate accounting principles to international accounting.

- a. Compare and contrast International Accounting Standards (IAS) with GAAP.
- b. Identify international organizations that establish trade regulations and standards to facilitate conducting business among countries (i.e., ICJ, IMF, UPU, GATT, UNICEF, ICC, EU).

GPS Academic Standards:

ELA11RC3. The student acquires new vocabulary in each content area and uses it correctly.

ELA11C1. 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.

ELA11SLV1. The student participates in student-to-teacher, student-to-student, and group verbal interactions.

MM3P1. Students will solve problems (using appropriate technology).

MM3P4. Students will make connections among mathematical ideas and to other disciplines.

National / Local Standards / Industry / ISTE:

Accounting V: Use planning and control principles to evaluate the performance of an organization and apply differential analysis and present value concepts to make decisions.



UNDERSTANDINGS & GOALS

Enduring Understandings:

- While financial accounting provides information for internal and external users, managerial account supplies information for decision making by internal users only.
- Management accounting provides methods of comparing the profitability of sections within a company as well as the profitability of a company's specific products.
- Budgets within a company are revisited at least annually.
- All countries do not follow GAAP, but all countries do have rules and regulations pertaining to accounting

Essential Questions:

- What managerial accounting techniques do companies use to make profitability decisions?
- What are the steps in preparing a budget for a manufacturing company?
- Why is it important to understand that International Accounting Principles differ from GAAP?

Knowledge from this Unit:

The student will know:

- Financial Accounting helps decision making for both internal and external users
- Managerial Accounting aids decision making for internal users only.
- The budgeting process starts with a sales forecast.
- Just because a section of a company is not profitable does not mean the company should get rid of it.
- The difference between fixed, variable, and mixed costs.
- The purpose of auditing.
- Confidentiality, integrity, and ethics are crucial to the auditing process.

Skills from this Unit:

The students will know how to:

- Calculate total variable costs, total fixed costs, and total costs.
- Calculate contribution margin.
- Calculate breakeven point.
- Perform cost-volume-profit analysis.



ASSESSMENT(S)

Assessment Method Type:

- ☐ 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:

Department Margin

Cost Volume Profit

Assessment(s) Description/Directions:

Attachments for Assessment(s):

Department Margin Problem Worksheet and Key

Cost Volume Profit Problem Worksheet and Key



LEARNING EXPERIENCES

Sequence of Instruction

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Lesson 1 - What managerial accounting techniques do companies use to make profitability?

- **Define Vocabulary**
 - **Administrative expenses** – costs related to the management of the business
 - **Allocating expenses** – spreading indirect expenses over several departments.
 - **Contribution Margin** – the difference between a department's gross profit on sales and the expenses that can be directly identified with that department.
 - **Departmental Accounting System** – records and reports data such as revenue and expenses for each department of a business
 - **Direct Expenses** – expenses incurred for the sole benefit of a specific department
 - **Indirect Expenses** – expenses incurred for the business as a whole. (A department cannot control indirect expenses).
 - **Selling Expenses** – expenses incurred to sell or market goods or services.
- Introduce Lesson – Using the textbook introduce the concept of department accounting to the students. Explain the difference between direct expenses and indirect expenses. Note that a department manager cannot be held accountable for indirect expenses because they have no control over them. Introduce the concept of contribution margin and explain that sometimes businesses will keep departments that don't appear profitable because they contribute to paying the indirect expenses.
- Assessment Activity – Have the students complete the Department Margin Problem. When they have completed the problem have them discuss whether or not to discontinue the department.

Attachments for Learning Experiences:

Department Margin Problem Worksheet and Key

Lesson 2 - What managerial accounting techniques do companies use to make profitability?

- **Define Vocabulary**
 - **Break-Even Point** – point at which total revenues equal total costs
 - **Contribution Margin (product)** – the contribution a given product makes toward paying the fixed costs and adding to the profit of a business.
 - **Contribution Margin Ratio** – contribution margin divided by sales.
 - **Cost behavior** – the way a cost changes in relation to a change in business activity.
 - **Cost-Volume-Profit Analysis (CVP)** – illustrates how a change in sales volume or cost affects profit.
 - **Fixed Costs** – remain constant even if an activity level changes. Example: Facility rent.
 - **High-Low Method** – method to separate fixed cost from variable cost in a cost that is a mixed cost.
 - **Margin of Safety** – how far sales can fall before a company experiences a loss.
 - **Margin of Safety Ratio** – margin of safety divided by the targeted sales.
 - **Mixed Costs** – part variable cost and part fixed cost. Example: Electricity Expense (there is a base cost no matter how much electricity you use or don't use -that part is fixed, but as you use more electricity the more it will cost – that part is variable).
 - **Relevant Range** – a fixed cost may be fixed only over a given range of activity and a given period of time.
 - **Target Profit** – a goal setting tool for increasing the amount of profit
 - **Unit Contribution Margin** – unit selling price minus unit variable costs.
 - **Variable Costs** – vary in direct proportion to an activity level such as volume of production. Example: Raw materials
- Introduce the lesson – Using the textbook introduce the terms and math concepts involved in CVP Analysis. Be sure the students understand the differences between fixed costs, variable costs and mixed costs. Pair up students with stronger math with students with weaker math skills to work on problems. Have students demonstrate how they arrived at their answers on the board.
- Assessment Activity –Have students work the Cost Volume Profit problems in pairs
- Extension Activity – Students can review vocabulary with the CVP Wordsearch.

Attachments for Learning Experiences:

Cost Volume Profit Problems Worksheet and Key
CVP Wordsearch and Key

Lesson 3 - What are the steps in preparing a budget for a manufacturing company?

- **Define Vocabulary**
 - **Budgeted Income Statement** – Compilation of all of the above budgets.
 - **Capital Expenditures Budget** – long-term budget for capital outlays for plant assets.
 - **Cash Budget** – estimated cash inflow and outflow for the coming period.
 - **Cost of Goods Sold Budget** – Summary of the Direct Materials, Direct Labor, and Factory overhead budgets.
 - **Direct Labor Budget** – an estimate of direct labor needed for the next period.
 - **Direct Materials Budget** – an estimate if the amount of materials that need to be purchased for the next period.
 - **Factory Overhead Budget** – an estimate of the factory overhead for the next period.
 - **Operating Expense Budget** - estimate of the operating expenses for the coming period.

- **Sales Budget** – an estimate of the total dollar volume of sales for the upcoming period.
- Introduce the lesson – Using the text demonstrate the steps in formulating a master budget for an organization. Explain that it all begins with the forecast for sales. Review the progression of the budgets through the departments in a company.
- Performance Task – New South Outdoor Grill Company Budgeting Project
- Extension Activity – Have students complete the MICTE Budget project.

Attachments for Learning Experiences:

Long term Budget Problem (Budget titles ending in final are keys)

MICTE Budget Project

Lesson 4 – Why is it important to understand that International Accounting Principles differ from GAAP?

- **Define Vocabulary**
 - **EU**-European Union. An economic and political union of 27 member countries.
 - **GATT** – General Agreement on Tariffs and Trade. Provides a forum to encourage free trade among it's members.
 - **IAS** – International Accounting Standards proposed by the International Accounting Standards Board. Used by some international companies but not all.
 - **ICC** – International Criminal Court. A permanent tribunal to prosecute international criminals for genocide, war crimes, and crimes against humanity.
 - **ICJ** – International Court of Justice. The judicial body of the United Nations
 - **IMF** – International Monetary Fund. Monitors economic conditions, lends money to countries with balance of payment problems, and offers technical advice to countries.
 - **UNICEF** – United Nations Children's Fund. Works for the rights and the protection of children around the globe.
 - **UPU** – Universal Postal Union. Worldwide postal organization.
- Introduce the lesson – In an increasingly global society, it is important that not everything (including accounting) is done the "American" way. Since 1973 the International Accounting Standards Board has worked to globalize accounting rules. The intricacies of International Accounting rules are beyond the scope of this course. But students do need to know that differences do exist. Further they need to be made aware of the international agencies that have authority internationally.
- Assessment Activity – Use the Acronyms of International Business to allow students to teach each other about these international organizations.
- Extension Exercise -Visit <http://www.mrackerman.com/WebQuest.htm>. This is an excellent team exercise that gives students an opportunity to gain an understanding of the scope of international business.

Attachments for Learning Experiences:

Acronyms for International Business Project

WebQuest PDF

Notes & Reflections:



CULMINATING PERFORMANCE TASK (Optional)

Culminating Unit Performance Task Title: New South Outdoor Grill Company Budgeting Project

Culminating Unit Performance Task Description/Directions/Differentiated Instruction:

The budget project is an interrelated team project that works well as an industry certification long term project. It can work in one of two ways: Each team can have members who work on different parts of the budget or each team can take one part of the budget, passing their results to the next “department” team. Students should use the information on the handout to create a budget for the New South Outdoor Grill Company. They will be graded based on the project outcome and how well they worked in teams.

Attachments for Culminating Performance Task:

- Budget Project Handout
- Budget Rubric
- Budget Teamwork Rubric
- Cost of Goods Sold
- Cost of Goods Sold Final
- New South Outdoor Grill
- New South Outdoor Grill Final
- Operating Budget
- Operating Budget Final
- Purchases Budget
- Purchases Budget Final
- Sales Budget
- Sales Budget Final



UNIT RESOURCES

Web Resources:

International Accounting explanation website.

http://conferences.aicpa.org/materials/downloads/2008/Critical_Differences_Between_IFRS_and_US_GAAP_Dulitz_and_Popken.pdf

Attachment(s):

Materials & Equipment:

Computers, overheads, poster board, markers, printers, glue

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 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 checked="" type="checkbox"/>	Electronic Game or Puzzle Maker
<input type="checkbox"/>	Email	<input checked="" type="checkbox"/>	Website		