



GEORGIA

PEACH STATE PATHWAYS

Career, Technical, & Agricultural Education

BUSINESS & COMPUTER SCIENCE

PATHWAY: Financial Management - Accounting

COURSE: Principles of Accounting II

UNIT 1: The Accounting Cycle



INTRODUCTION

Annotation:

In this unit, students will be introduced to the Accounting Cycle. They will learn about the four special journals, as well as trial balances and ledgers.

Grade(s):

	9 th
X	10 th
X	11 th
X	12 th

Time: 12 Hours

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-1. Students will apply the various steps of the accounting cycle for corporations and partnerships and explain the purpose of each step.

- Collect and verify source documents.
- Analyze business transactions using source documents and interpret the effect on the accounting equation.
- Journalize business transactions using multi-column journals.
- Prepare and use an 8 and/or 10-column worksheet.
- Analyze and prepare adjusting entries, including accruals and deferrals.
- Create, evaluate and analyze financial statements and describe the way each interrelates with the others.
- Execute the closing process by journalizing and posting the closing entries and preparing the post-closing trial balance.
- Use manual and computerized accounting systems.

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 I: Complete and explain the purpose of the various steps in the accounting cycle.

Accounting III: Prepare, interpret, and analyze financial statements using manual and computerized systems for service, merchandising, and manufacturing businesses.



UNDERSTANDINGS & GOALS

Enduring Understandings:

- Four special journals: Sales, Purchases, Cash Receipts, and Cash Payments form the framework for computer accounting systems
- When the accounting cycle is computerized not all steps in the accounting cycle are visible, but they are still performed by the computer.

Essential Questions:

- What are the steps in the accounting cycle?
- How and why do we use special journals?
- What are subsidiary ledgers and how do they relate to the general ledger?

Knowledge from this Unit:

Students will know:

- Steps in the accounting cycle
- Types of transactions recorded in the Sales Journal
- Types of transactions recorded in the Purchases Journal
- Types of transactions recorded in the Cash Receipts Journal
- Types of transactions recorded in the Cash Payments Journal
- Types of transactions recorded in the General Journal

Skills from this Unit:

Students will be able to:

- Correctly record transactions in the special journals and the general journal
- Prove their special journals
- Correctly post from the special journals to the general and subsidiary ledgers
- Create and balance a trial balance and complete an 8 or 10 column worksheet
- Calculate and journalize end of period adjustments and complete the closing process
- Create financial statements



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:

Accounting Problem (written by Curt McGahee)

Paula's Passions

Assessment(s) Description/Directions:

Accounting Problem: This problem covers the complete accounting cycle. Given as a pretest it will help the teacher recognize each student's level of understanding from Principles of Accounting I.

Paula's Passions: This problem demonstrates a student's understanding of the relationships among the elements of the financial statements

Attachments for Assessment(s):

Accounting Problem

Paula's Passions

Paula's Passions Key



LEARNING EXPERIENCES

Sequence of Instruction

BCS-PAII-1

Lesson 1

- **Essential Question:** What are the steps in the accounting cycle?
- **Define Vocabulary.**
 - **Account** – A record of the increases and decreases of the amount of a specified item
 - **Accounting Cycle** – Activities the business completes within the fiscal period
 - **Accounting Equation** – Assets = Liabilities + Stockholder's Equity
 - **Adjusting Entries** – entries made to update certain accounts at the end of the fiscal period
 - **Assets** – Anything of value that is owned or controlled
 - **Cost of Merchandise** – Actual cost of items bought to be resold
 - **Credit** – right side of an account.
 - **Debit** – left side of an account.
 - **Double Entry Accounting** – A system where every transaction affects at least two accounts
 - **Expenses** – Amount paid for goods and services received
 - **Fiscal period** – time covered by the accounting report
 - **General Ledger** – All of the accounts of a business
 - **Liabilities** – Amount of money owed to the creditors of a business
 - **Merchandise Inventory** – items business is holding for resale
 - **Revenue** – Income earned from the sale of goods and services
 - **Source Document** – Evidence a transaction occurred
 - **Stockholder's Equity** – The amount remaining for the stockholder when all of the liabilities are subtracted from all of the assets.
 - **Trial Balance** – Proves the equality of debits and credits
 - **Work Sheet** – Allows accountant to calculate and prove adjusting entries so that financial statements can be completed.
- Review the accounting cycle – Administer a pre-test to check students' understanding of the accounting cycle from Principles of Accounting I. Test should be a problem that is for a proprietorship and only uses the general journal. (Cycle Problem may be used in it's Excel format or printed for use) Students may work in pairs or groups with teacher circulating to check individual student understanding. Review the accounting cycle using the PowerPoint provided (or similar demonstration). Refer to student text for additional review and problems.

Lesson 2 – How and why do we use special journals?

- **Define Vocabulary.**
 - **Contra Account** – Decreases another account's balance
 - **Sales Journal** – Used to record sale of merchandise on account
 - **Cash Receipts Journal** – Used to record all transactions where cash is received

- **Purchases Journal** – Used to record all items bought on account
 - **Cash Payments Journal** – Used to record all transactions where cash is paid
 - **General Journal** – Used to record transactions not recorded in any of the special journals
- **Introduce the four special journals.** If possible, show students a computerized accounting program like Peachtree and help them to relate the special journals to the parts of the computerized system.
 - Introduce each of the four special journals. (Use the Accounting – Special Journals PowerPoint). Emphasize to students that if a transaction goes into a special journal it DOES NOT go into the general journal also. After introducing the four special journals, explain what transactions would still go to the general journal: sales returns and allowances, purchase returns and allowances, correcting entries, adjusting entries and closing entries. Demonstrate how to prove the journals and how to post amounts to the general ledger and the subsidiary ledgers.
- **Supplemental Activities** – Using a comprehensive problem from the text, divide students into groups of four. Have each student be responsible for ONE special journal in this team activity. The student would be responsible for recording on his/her journal only. After students have gone through the problem and recorded only their transactions, have them prove their journals, then post their totals to the general and subsidiary ledgers. (Any transactions that go the general ledger will be done as a team, including adjusting and closing entries). Have students prepare a trial balance when all posting is done.
- **Extension Activity** – Have students complete a computerized accounting practice set, either purchased or from the text.

Lesson 3

- **Essential Question:** What are subsidiary ledgers and how do they relate to the general ledger?
- **Define Vocabulary.**
 - **Subsidiary Ledger** – Contains detail data summarized in the control account in the general ledger
 - **Control(ling) Account** – Balance in this account equals the total of all of the accounts in the subsidiary ledger
 - **Posting** – Transferring amounts from a special or the general journal to the subsidiary and/or general ledger
- Introduce subsidiary ledgers and control accounts using explanation from the book and portions of the special journals PowerPoint. Help students to understand that subsidiary ledgers are

necessary so that we don't have to record every single thing on the financial statements.

Explain that there are jobs associated with subsidiary ledgers – accounts payable clerks, accounts receivable clerks, inventory clerks, etc. Describe the posting process from each of the special journals to the subsidiary ledgers and the control account. Show students how to complete a Schedule of Accounts Receivable and a Schedule of Accounts Payable and how to compare them to the control accounts in the general ledger.

- **Supplemental Activities** – Have students pair up and work on problems that require posting from the special journals to the subsidiary ledger and the general ledger. Have one student post the general ledger entries. Have the other student post to the subsidiary ledger and prepare a Schedule of Accounts Receivable and a Schedule of Accounts Payable. Have the students compare their results.
- **Extension Activities** – Have students work with the interactive activities on www.collegecram.com

Attachments for Learning Experiences:

Accounting Problem
Paula's Passions
Paula's Passions Answer Key
Accounting Concepts Crossword and Key
Accounting Rules to Remember PowerPoint
Cycle Problem 2 (by Curt McGahee)
Accounting Special Journals PowerPoint

Supplemental Activities:

- Have students do the drop and drag activity found online at http://www.wisc-online.com/objects/index_tj.asp?objID=ACC2105
- Have students review the closing process at http://www.wisc-online.com/objects/index_tj.asp?objID=ACC1604
- Have students review the Income Statement and Balance Sheet with a drag and drop activity at http://www.wisc-online.com/objects/index_tj.asp?objID=ACC2305

Extension Activities:

- Have students review the Accounting Cycle at www.Collegecram.com

- Have students individually complete a comprehensive accounting cycle problem from their text.

Notes & Reflections: Peachtree Accounting offers a free site license to educational institutions - see http://www.peachtree.com/training/educational_partnerships.cfm . Peachtree is preferable to QuickBooks when teaching Principles of Accounting because QuickBooks is designed for use among non-accountants and does not always follow GAAP. It is strongly advised that students complete at least one computerized accounting cycle problem during this unit. It may be useful to have students complete a cycle problem manually and then the same problem on the computer.



CULMINATING PERFORMANCE TASK (Optional)

Culminating Unit Performance Task Title:

Mini Practice Set Using Special Journals

Culminating Unit Performance Task Description/Directions/Differentiated Instruction:

Select a mini practice set from one of the textbooks available.

Attachments for Culminating Performance Task:



UNIT RESOURCES

Web Resources:

Cliff Notes on Special Journals *(Yes, the same Cliff Notes but does an excellent job of explaining special journals.*

College Cram – Sales Journal

College Cram – Purchases Journal

College Cram – Cash Receipts Journal

College Cram – Cash Payments Journal

Attachment(s): Supplemental files not listed in assessment, learning experiences, and performance task.

Accounting Concepts Crossword and Key

Accounting Rules to Remember PowerPoint

Cycle Problem 2 (by Curt McGahee)

Accounting Special Journals PowerPoint

Materials & Equipment:

Computer, projector, working papers

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 checked="" 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		