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| TEXAS CTE LESSON PLAN [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Finance |
| **Course Name** | Accounting II |
| **Lesson/Unit Title** | Accounting for Cash, Short-Term Investments, Accounts Receivables, and Uncollectible Accounts |
| **TEKS Student Expectations** | **130.188 (c) Knowledge and Skills**  (3) The student performs accounting functions specific to a corporation. The student is expected to:  (A) analyze articles of incorporation  (B) The student is expected to communicate methods used to account for the issuance of stock  (C) The student is expected to compute the number of shares of common stock to be issued on the conversion of convertible preferred stock  (D) The student is expected to compute dividends payable on stock  (E) The student is expected to describe internal accounting controls that exist to ensure the proper recording of financial transactions  (F) The student is expected to produce financial statements, including work sheets, income statements, statements of stockholders' equity, balance sheets, cash flow statements, and statements of changes in retained earnings  (G) The student is expected to discuss the nature of consolidated financial statements  (H) The student is expected to discuss the nature of corporate tax accounting  (I) The student is expected to perform accounting functions specific to corporate tax accounting, including calculating corporate taxes and target profits and preparing corporate tax returns  (4) The student discusses and performs accounting functions in a financial statement analysis. The student is expected to:  (C) determine business liquidity, including current ratio, quick ratio, and cash ratio  (8) The student accesses, processes, maintains, evaluates, and disseminates financial information to assist business decision making. The student is expected to:  (A) The student is expected to use technology to acquire information such as the use of data mining and automated financial programs into accounting |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Performance Objective:**  Upon completion of this lesson, students will learn the proper procedures for accounting for cash, short-term investments, a petty cash fund, accounts receivables, and uncollectible accounts.  **Behavioral Objectives**:   * Account for cash and short-term investments; * Identify accounting concepts and practices related to uncollectible accounts; * Calculate and record estimated accounts expenses using the Direct Write-off method; * Calculate and record estimated accounts expenses using the Allowance method; * Explain the difference between the Direct Write-off method and the Allowance method of accounting for uncollectible accounts; * Record the adjusting entry for estimated uncollectible accounts; * Journalize the entries to write off uncollectible accounts receivable using both the Direct Write-off and Allowance methods; * Prepare an aging of accounts receivable report; * Calculate the adjustments for uncollectible accounts expense using the Percentage of Net Sales and the Aging of Accounts Receivable methods; * Define accounting terms related to the lesson. |
| **Rationale** | Companies with large amounts of liquid resources often hold most of these resources in, the form of marketable securities rather than cash. In addition, accounts receivable are relatively liquid assets, usually converting into cash within a period of 30 to 60 days. This lesson will teach the proper procedures for accounting for cash, short-term investments, a petty cash fund, accounts receivables, and uncollectible accounts. |
| **Duration of Lesson** |  |
| **Word Wall/Key Vocabulary**  *(ELPS c1a, c, f; c2b; c3a, b, d; c4c; c5b) PDAS II (5)* |  |
| **Materials/Specialized Equipment Needed** | **Materials, Equipment and Resources:**   * Projection system * Computer * Document camera, white board, or Smart Board * Glencoe’s Textbook, Chapter 3, pp. 78-107, and Demonstration Problems * Century 21’s Textbook, Chapter 7, pp. 194-209 * Accounting software and spreadsheet software |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | Use Exploring the Real World of Business (Glencoe’s Textbook). |
| **Direct Instruction \*** | Glencoe’s Textbook, Chapter 3, (pp. 78-107), or Century 21’s Textbook, Chapter 7, (pp. 194-209). Here is an outline:   * 1. Accounting for Cash and Short-term Investments      1. Discuss publicly held corporations      2. How to handle cash      3. The change funds      4. The petty cash fund      5. Short-term investments   2. Accounting for accounts receivables      1. Making sales on account      2. Extending credit      3. The Direct Write-Off method      4. Matching uncollectible accounts expense with sales      5. The Allowance method         1. Adjusting for uncollectible accounts         2. Writing Off uncollectible accounts         3. Reinstating an account previously written off      6. Estimating uncollectible accounts expense         1. The Percentage of Net Sales method         2. The Aging of Accounts Receivable method   3. Installment accounts receivable   *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  *NONE* |
| **Guided Practice \*** | For problems, you can use Peachtree Accounting from Glencoe, Glencoe Accounting Software, Century 21 Accounting Software, or a spreadsheet.  From Glencoe’s Textbook Problems   * Guided Practice   + 3-1 Calculating Cash Short and Over, (p. 89).   + 3-2 Analyzing a Source Document, (p. 105).   + 3-3 Estimating Uncollectible Accounts with Percentage of Net Sales method, (p. 105).   From Century 21’s Textbook   * Guided Practice   + 7-1 Journalizing entries to write off uncollectible accounts—direct write- off method, (p. 210).   + 7-2 Estimating amount of uncollectible accounts expense by using a percentage of net sales-allowance method; journalizing the adjusting entry, (p. 210). |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | For problems, you can use Peachtree Accounting from Glencoe, Glencoe Accounting Software, Century 21 Accounting Software, or a spreadsheet.  From Glencoe’s Textbook Problems   * Independent Practice   + 3-4 Journalizing Transactions for Marketable Securities, (p. 111)   + 3-5 Recording Transactions with the Direct Write-off method, (p. 111)   + 3-6 Estimating and Journalizing the Adjusting Entry for Uncollectible Accounts Expense, (p. 112)   + 3-7 Recording Transactions with the Allowance method (p. 112)   + 3-8 Aging Accounts Receivable Spreadsheet Problem, (p. 113). This is a Challenge Problem however it is a very essential that your students can prepare an Aging Schedule * Additional Activities: Using Key Terms, Understanding Accounting Concepts and Procedures, Case Study, Conducting an Audit with Alex, Internet Connection, and Workplace Skills, (pp. 108-109)   From Century 21’s Textbook   * Independent Practice   + 7-3 Estimating the balance of Allowance of Uncollectible Accounts by aging accounts receivable—allowance method; journalizing the adjusting entry, (p. 210-211). Do the Aging of Accounts Receivable as a Spreadsheet problem   + 7-4 Journalizing entries to write off uncollectible accounts and collect written-off accounts—allowance method, (p. 211)   + 7-5 Calculating the accounts receivable turnover ratio, (p. 211)   + 7-6 Accounts receivable transactions using the allowance method, (p. 212)   + 7-7 Journalizing entries for uncollectible accounts—allowance method; calculating and journalizing the adjusting entry for uncollectible accounts expense, (pp. 212-213)   + 7-8 Estimating and journalizing uncollectible accounts expense by aging accounts receivable—allowance method; calculating and journalizing the adjusting entry for uncollectible accounts expense, (p. 213). Do the Aging Schedule as a spreadsheet * Additional Activities: Applied Communication and Cases for Critical Thinking, (p. 214) |
| **Lesson Closure** |  |
| **Summative / End of Lesson Assessment \*** | This lesson is also assessed through the Unit Test at the end of the Unit. |
| **References/Resources/**  **Teacher Preparation** | Textbooks:  Guerrieri, Donald J., F. Barry Haber, William B. Hoyt, and Robert E. Turner, Glencoe Accounting Real-World Applications & Connections, Advanced Course, Fourth Edition, Glencoe McGraw-Hill: New York, New York.  Ross, Kenton E., CPA, Mark W. Lehman, CPA, Claudia Bienias Gilbertson, CPA, Robert D. Hanson, Century 21 Accounting Advanced, Anniversary Edition, Thomson South-Western: Mason, OH, 2003.  Multi-Media:  Century 21’s Teacher Resource CD  Websites:  [http://accounting.swpco.com](http://accounting.swpco.com/) |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** |  |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy**  **Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication**  **90 Second Speech Topics** |  |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) |  |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of America  Future Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)