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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 I |
| **Lesson/Unit Title** | End-of-Fiscal Period Activities |
| **TEKS Student Expectations** | **130.187 (c) Knowledge and Skills**(1) The student demonstrates professional standards/employability skills as required by business and industry. (A) The student is expected to demonstrate effective oral and written communication skills(B) The student is expected to perform numerical and arithmetic applications(4) The student uses equations, graphical representations, accounting tools, strategies, and automated systems in real-world situations to maintain, monitor, control, and plan the use of financial resources. The student will complete an accounting cycle for a service business.:(E) The student is expected to post journal entries to general ledger accounts(G) The student is expected to prepare a trial balance(I) The student is expected to prepare a post-closing trial balance(5) The student analyzes cash controls. The student is expected to:(C) The student is expected to journalize and post entries to establish and replenish petty cash(7) The student performs accounts payable functions. The student is expected to:(C) The student is expected to post to an accounts payable subsidiary ledger(D) The student is expected to process invoices for payment(E) The student is expected to prepare a schedule of accounts receivable(8) The student performs accounts receivable functions. The student is expected to:(I) The student is expected to determine uncollectible accounts receivable (11) The student performs specialized accounting functions for a corporation and completes an accounting cycle.(E) The student is expected to prepare financial statements for a corporation, including a balance sheet, an income statement, a statement of stockholders' equity, and a statement of changes in retained earnings |
| **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 demonstrate skill in completing the accounting procedures for end-of-the-fiscal period for a corporation.**Behavioral Objectives**:* Analyze and journalize adjusting entries for a merchandising business formed as a corporation.
* Calculate net income or net loss.
* Prepare financial statements for a corporation.
* Perform period-end closing for a fiscal period.
* Journalize reversing entries if needed.
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| **Rationale** | Every business has a fiscal year. It is any twelve-month period that the company uses for accounting purposes. At the end of this fiscal year, a business reports on its financial situation to its shareholders in a corporation (internally) and to the IRS for tax purposes (externally). This lesson demonstrates the accounting procedures necessary for the end of a fiscal period for a corporation. |
| **Duration of Lesson** | Teacher’s Discretion |
| **Word Wall/Key Vocabulary***(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* |  |
| **Materials/Specialized Equipment Needed** | **Materials:** * Textbook
* Journal Input Forms

**Equipment:*** Accounting software
* Spreadsheet Software
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| **Anticipatory Set**(May include pre-assessment for prior knowledge) |  |
| **Direct Instruction \*** | Students work independently to complete the end-of-fiscal period activities for a corporation. |
| **Guided Practice \*** | Observation |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | **Activity 8.4.1: Analyzing and Journalizing Adjusting Entries**Purpose: Demonstrate skill in analyzing and journalizing adjusting entries for a corporation.1. Analyze adjusting entries given this information:
	1. Uncollectible Accounts Expense is estimated at 0.5% of Sales.
	2. FIFO method is used for calculating cost of merchandise inventory. Using the following information, calculate the ending inventory value on 196 items. Please note: under normal circumstances, you would calculate inventory on each type of item with a SKU number (inventory number), but for this exercise, you only need to demonstrate your skill in calculating cost of inventory.

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| **Date** | **Number Purchased** | **Cost of Each Unit** |
| 1-01-03 | 200 | $12 |
| 1-02-03 | 100 | $10 |
| 1-09-03 | 150 | $11 |
| 1-11-03 | 100 | $8 |
| 1-15-03 | 100 | $9 |
| 1-23-03 | 150 | $14 |
| 1-30-03 | 25 | $7 |

1. Ending Supplies Inventory is $131.50.
2. Value of Prepaid Insurance is $500.00.
3. Calculate the Depreciation Expense on the Delivery Truck for this fiscal period. Use the stock record to get the information needed.
4. Interest Expense accrued on Note Payable 1. (Refer back to the transaction for needed information.)
5. Enter adjusting entries.

**Activity 8.4.2: Preparing Financial Statements**Purpose: Demonstrate skill in preparing financial statements for a fiscal period.1. Have students print these financial statements:
	1. Income Statement
	2. Statement of Stockholder’s Equity
	3. Balance Sheet
2. Ask students to answer these questions:
	1. What is the net income or net loss for the fiscal period?
	2. What are the total operating expenses?
	3. What is the component percentage for net income before Federal Income Tax?
	4. What is the net increase to retained earnings?
	5. What is the total stockholder’s equity?
	6. What is the proving total on the balance sheet?
	7. What was the highest operating expense?
	8. What suggestions would you make to this company to improve net income for the next fiscal period?

**Activity 8.4.3: Performing Period-End Closing**Purpose: Demonstrate skill and understanding in performing period-end closing for a corporation.Have students:1. Work independently to perform period-end closing for a corporation.
2. Print a Post-Closing Trial Balance.
3. Answer these questions about period-end closing:
	1. What are the proving totals on the Post-Closing Trial Balance?
	2. List the accounts with a zero balance.
	3. List the accounts that were affected by the closing entries
	4. Write a brief explanation of the procedures that take place in closing entries. Include what is debited and credited and why.

**Activity 8.4.4: Reversing Entries**Purpose: Demonstrate skill in journalizing reversing entries at the beginning of a new fiscal period.Have students:1. Determine if there are any accounts that need a reversing entry.
2. Using an input form, journalize the entry for any of these accounts.
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| **Lesson Closure** |  |
| **Summative / End of Lesson Assessment \***  | * Observation
* Graded Assignments
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| **References/Resources/****Teacher Preparation** | * Guerrieri, Donald J., Haber, Hoyt, Turner. Glencoe Accounting Real-World Applications and Connections. Glencoe McGraw-Hill, 2000. ISBN/ISSN 0-02-815004-X.
* Ross, Kenton, Gilbertson, Lehman, and Hanson. Century 21 Accounting Multicolumn Journal Anniversary Edition, 1st Year Course. South-Western Educational and Professional Publishing, 2003. ISBN/ISSN: 0-538-43524-0
* Ross, Kenton, Gilbertson, Lehman, and Hanson. Century 21 General Journal Accounting Anniversary Edition, 7th Edition. South-Western Educational and Professional Publishing, 2003. ISBN/ISSN: 0-538-43529-1.
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| **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 AmericaFuture 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)