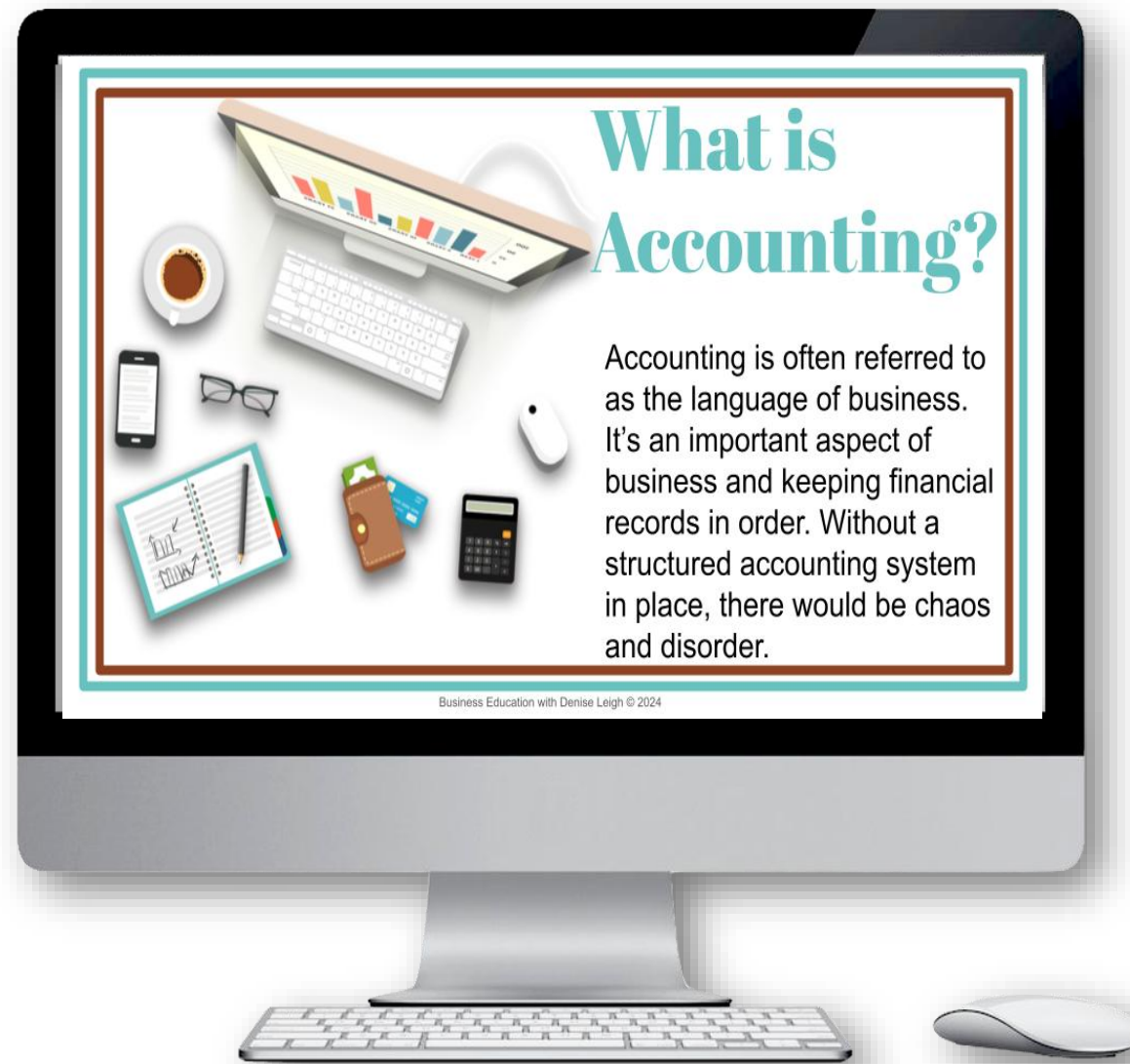


# Introduction to Accounting Unit

## A Basic Accounting Unit for Business Education Students

Perfect for an Introduction to Business or Entrepreneurship High School or College class

**NO PREP!  
SAVES YOU TIME!**



BUSINESS EDUCATION WITH *Denise Leigh*

# Lesson 1 in this Accounting Unit

## What is Accounting?



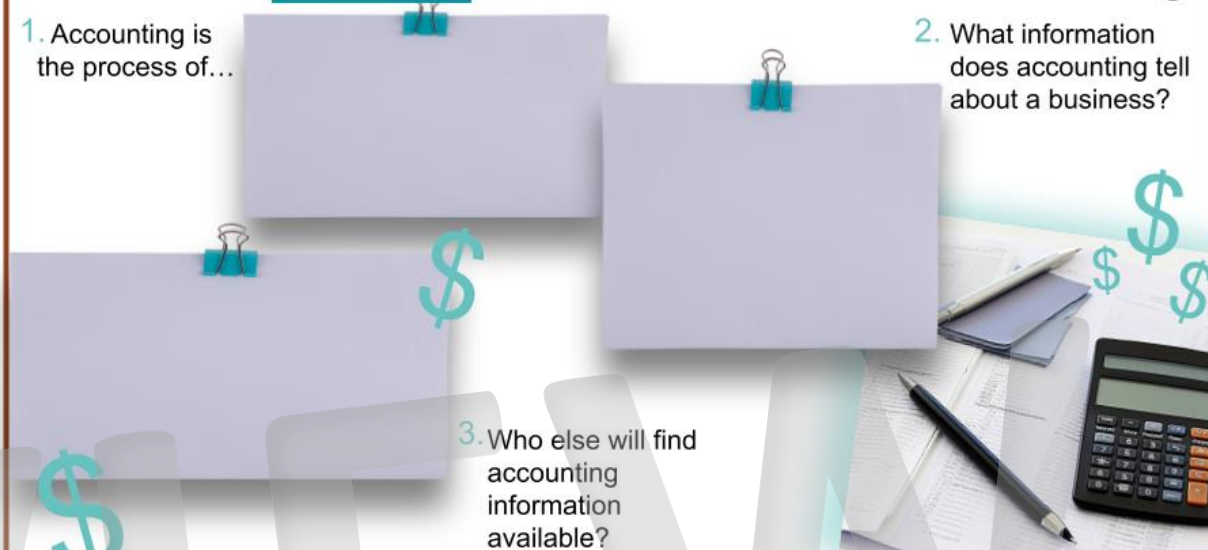
### What is Accounting?

Accounting is often referred to as the language of business. It's an important aspect of business and keeping financial records in order. Without a structured accounting system in place, there would be chaos and disorder.

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Click on [this link](#) to learn more about accounting.

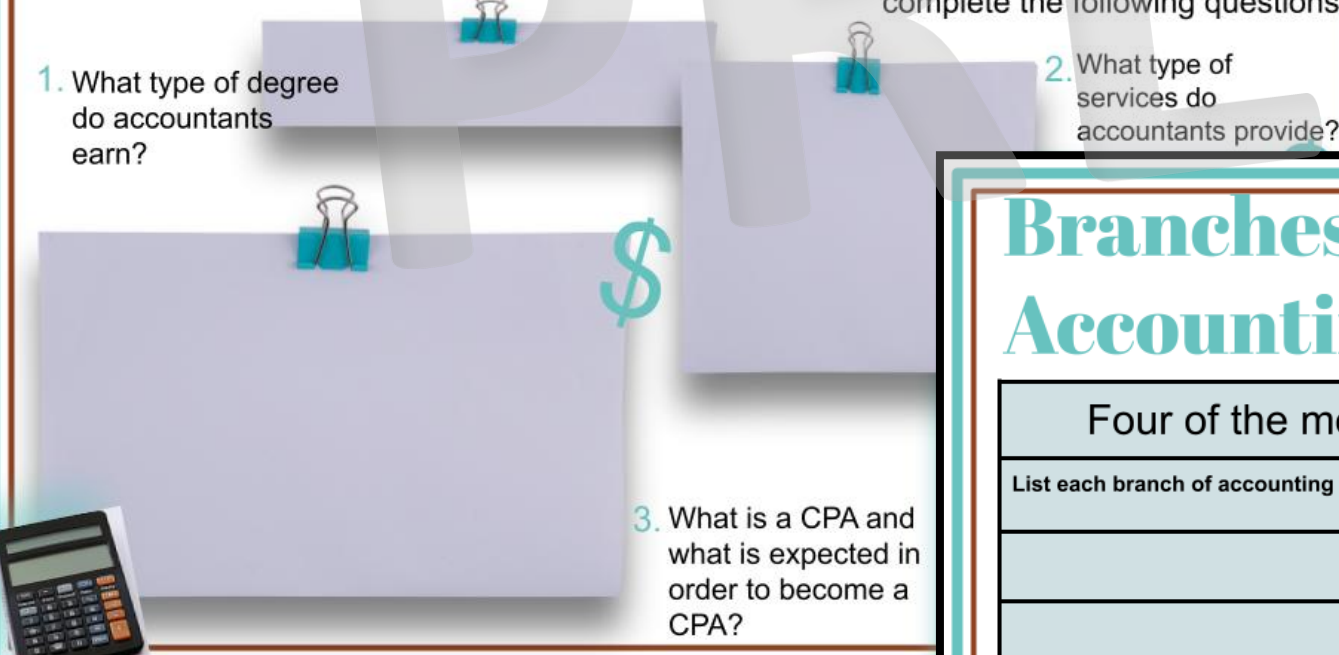
1. Accounting is the process of...
2. What information does accounting tell about a business?
3. Who else will find accounting information available?



### Accountants

Using the same resource link as the previous slide, complete the following questions.

1. What type of degree do accountants earn?
2. What type of services do accountants provide?
3. What is a CPA and what is expected in order to become a CPA?



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### Big Business Accounting!

There are four large accounting firms in the US and globally. Search the web for "**Big Four Accounting Firms**" and list them below.

Accounting Firms




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### Branches of Accounting

There are several different types of accounting. They are called branches. Using the same resource link as the previous pages, complete the table below...

Four of the most common branches of accounting...

List each branch of accounting	What is the function or focus of this branch of accounting?



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# Lesson 2 in this Accounting Unit

## The Accounting Equation

### The Accounting Equation \$\$\$

There is a very important equation in accounting. It's called the Accounting Equation. This equation is also often called the Balance Sheet Equation. The three account classifications that are included in the equation are ASSETS, LIABILITIES, and OWNER'S EQUITY. In order to understand the accounting equation, you must understand what each classification means.

#### The Accounting Equation

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

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### Assets

Click on [this link](#) to learn about assets.

1. According to the resource link above, what is an asset?

2. An asset can be thought of as what?

3. An asset is reported on which financial statement?

4. List the four types of assets and give examples of each.


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### Liabilities

Click on [this link](#) to learn about liabilities.

1. According to the resource link above, what is a liability?

2. What is the difference between short term and long

3. List 3 different types of current liabilities

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### Owner's Equity

Click on [this link](#) to learn about owner's equity.

1. Owner's equity can help you determine what?

2. What is the definition of owner's equity?

3. What is the equation to calculate owner's equity?

4. Define the following financial terms...

Invested Capital

Retained Earnings

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#### Apply what you have learned

Now that you learned about the three different account classifications that are included in the accounting equation, apply what you learned. Drag and drop the accounts under the proper account classification.

$$\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$$

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# Lesson 3 in this Accounting Unit

## Financial Statements

### Financial Statements

Financial statements are documents that contain data that explains the financial position of a business. Full disclosure is an accounting concepts according to GAAP, Generally Accepted Accounting Principles. GAAP is the ethical doctrine that governs ethics and rules of accounting. In order to comply with GAAP, financial statements provide information needed to inform stakeholders or stockholders.

Three of the most important financial statement are:

- Income Statement
- Balance Sheet
- Cash Flow Statement



### Income Statement

#### THE INCOME STATEMENT

Accounts that are included on the Income Statement.	Revenue and Expenses
The purpose of the Income Statement.	Realize if the company has a Net Income or Net Loss.

Ken's Bakery			
Income Statement			
For Month Ended March 202X			
Revenue:			% of Sales
Bakery Sales	6,852.00		89.3
Merchandise Sales	822.00		10.7
<b>Total Sales</b>	<b>7,674.00</b>	<b>100.00</b>	
Expenses:			
Advertising Expense	1,950.00		
Insurance Expense	250.00		
Rent Expense	1,000.00		
Supplies Expense	320.00		
Utilities Expense	280.00		
<b>Total Expenses</b>	<b>3,800.00</b>	<b>49.5</b>	

Often called the "Profit and Loss Statement"

### Income Statement-WebQuest

#### Revenue:

Search the Web for the definition of **Revenue**. Record your findings below...  
Be sure to paraphrase. DO NOT copy and paste!

#### Expenses: "It costs money to make money."

Search the Web for the definition of **Expenses**. Record your findings below...  
Be sure to paraphrase. DO NOT copy and paste!

Remind people that profit is the difference between revenue and expense. This makes you look smart.

Search the Web for 2 types of revenue and list them below...

List 3 examples of what expenses a business might incur...

Search the Web to find the simple calculation for REVENUE.

### Balance Sheet



Ken's Bakery			
Balance Sheet			
March 17, 202X			
Assets		Liabilities	
Cash	3,225.00	Account Payable-Bakery Supply Co.	180.00
Petty Cash	125.00	Account Payable-Food Supply Co.	320.00
Accounts Receivable-A's Restaurant	82.00	Account Payable-Irish Merchandise Wholesale	6,801.00
Merchandise Inventory	7,569.00	<b>Total Liabilities</b>	<b>7,301.00</b>
Supplies	630.00	<b>Owner's Equity</b>	
Prepaid Insurance	850.00	Maave O'Connor, Capital	6,430.00
Bakery Equipment	1,250.00		
<b>Total Assets</b>	<b>13,731.00</b>	<b>Total Liabilities + Owner's Equity</b>	<b>13,731.00</b>

#### THE BALANCE SHEET

Accounts that are included on the Balance Sheet...	Assets, Liabilities, Owner's Equity
The purpose of the Balance Sheet...	Show what the company owes and owns.

Called a Balance Sheet as the Accounting Equation should balance.  
**Assets=Liabilities+Owner's Equity**

### Balance Sheet

The balance sheet is a very important financial statement and is used to tell a wealth of information about a company.

Click on [this link](#) to discover four ways to use a balance sheet.

1	
2	
3	
4	

### Cash Flows Statement

#### CASH FLOWS STATEMENT

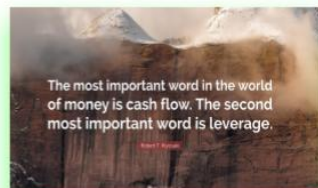
Included on the Cash Flows Statement...	Cash flow from: Operations, Investing, Financing
The purpose of the Cash Flows Statement...	Reports and tracks cash and where it is going or coming from.

Cash Flow Statement Company XYZ	
FY Ended 31 Dec 2017	
All Figures in USD	
<b>Cash Flow From Operations</b>	
Net Earnings	2,000,000
Additions to Cash	
Depreciations	10,000
Decrease in Accounts Receivable	15,000
Increase in Accounts Payable	15,000
Increase in Taxes Payable	2,000
Subtractions From Cash	
Increase in Inventory	(30,000)
<b>Net Cash From Operations</b>	<b>2,012,000</b>
<b>Cash Flow From Investing</b>	
Equipment	(500,000)
<b>Cash Flow From Financing</b>	
Notes Payable	10,000
<b>Cash Flow for FY Ended 31 Dec 2017</b>	<b>1,522,000</b>

### Cash Flow Statement

Click on [this link](#) for information to complete the following questions and prompts.

What does the CFS summarize?



List 3 ways that the CFS is used in business...



Give 3 examples of cash activities from **OPERATING** activities...



Give 3 examples of cash activities from **FINANCING** activities...

Give 3 examples of cash activities from **INVESTING** activities...



#### Apply what you have learned

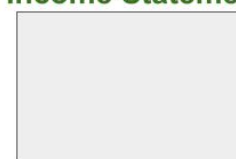
Now that you learned about 3 of the most important financial statements in accounting, use your knowledge to drag and drop the accounts under the financial statement in which they appear.

Income Statement	Balance Sheet	Cash Flow Statement

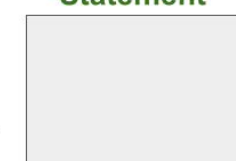
#### Show what you know

Drag and drop the purpose under the appropriate financial statement.

#### Income Statement



#### Cash Flow Statement



#### Balance Sheet



# Lesson 4 in this Accounting Unit


## GAAP & Accounting Ethics

### Introduction to GAAP

#### Generally Accepted Accounting Principles

There are standards and best practices in place in the world of business as it relates to accounting and financial reporting. This resource will give an introduction to how these principles are followed and governed.

Click on [this link](#) to discover more about GAAP and the ethics of accounting.




Why are Generally Accepted Accounting Principles (GAAP) in place?	What are some topics covered in the GAAP concepts?
	What is the ultimate goal of GAAP?
	What US agency oversees publicly traded companies?

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Click on [this link](#) to discover 10 Primary Principles.  
Review the information on the resource link and complete the following questions.

Name the primary principle.	
1. Roger does all financial reporting during a quarterly fiscal period (not yearly) in order to keep constant and close records.	
2. Suann does a background check and calls references for all new hires to ensure that everyone reviewing the financial information for her business is doing so with integrity and good ethics.	
3. Financial records are completed consistently and permanently at Rice Landings Offices, Inc.	
4. All assets values are calculated with the idea the Cain Operations will be in business for the foreseeable future.	



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### The 3 Rules:

Using the same resource link as the previous page, list the three overseeing rules of GAAP Principles?

1	
2	
3	

### SUMMARY:

In your own words, summarize why it is important to use GAAP standards when reporting financial information.



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**TEACHER'S KEYS INCLUDED**  
**NO PREP!**

# WHAT CLASSES IS IT FOR?

- Principles of Business
- Introduction to Business
- Business Essentials
- Entrepreneurship Class
- or even an Accounting Class to introduce concepts

**4 Google Slide Files that *easily* convert to Microsoft PowerPoint**

# TEACHING DURATION

**My students worked 1-week on this unit which includes class discussions.**

**My classes are 42-minute periods.**

# STANDARDS

**This unit follows the National Business Education Association (NBEA) Standards and can be completed with any textbook series.**

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# Teacher Testimonials



I used this resource to compliment the financial analysis chapter we were covering. It really helped **simplify things** for students who are not going to be accountants or work in finance. Thanks.



**Great basic accounting lesson for beginners.** It helps them understand basic accounting for business. **Great into lesson.**



A thorough, modern introductory lesson to Accounting without using the book. **Awesome!**



A **great addition** to my Business 1 class yearly curriculum.



This **resource was fantastic** and just what I was looking for to bulk up the unit I was teaching. **Students were engaged** and I was able to **easily** follow directions and make the most of the unit. I can't thank you enough for the **ease of use and time saved.**



**Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!**

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

