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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** | Banking for Business |
| **TEKS Student Expectations** | **130.187 (c) Knowledge and Skills**  (1) The student demonstrates professional standards/employability skills as required by business and industry. The student is expected to:  (A) demonstrate effective oral and written communication skills  (B) 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. The student is expected to:  (B) analyze the effects of transactions on the accounting equation and use T accounts to analyze transactions  (D) journalize transactions in a general journal  (5) The student analyzes cash controls. The student is expected to:  (A) explain cash control procedures such as bank account access, dual control, timely account reconciliations, and security of check stock  (B) prove cash and reconcile bank statements  (C) journalize and post entries to establish and replenish petty cash |
| **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, the student will be able to learn banking procedures and terminology for a business.  **Behavioral Objectives**:   * Open and maintain a checking account. * Prepare a commercial deposit. * Reconcile a bank statement. * Prepare journal entries resulting from banking transactions. * Discuss trends in online banking. * Analyze transactions relating to petty cash funds. |
| **Rationale** | One of the tasks of owning or working for company is having a business checking account to manage the company’s revenue and expenses. This lesson covers opening and maintaining checking accounts, reconciling bank statements, and preparing journal entries resulting from banking transactions. |
| **Duration of Lesson** | Teacher’s Discretion |
| **Word Wall/Key Vocabulary**  *(ELPS c1a, c, f; c2b; c3a, b, d; c4c; c5b) PDAS II (5)* | **Activity 2.7.1 – Language of Banking**  Purpose: Learn terminology related to banking activities for both personal and business.  Have students define these terms on index cards and place them on a ring:   * Checking account * Endorsement * Blank endorsement * Special endorsement * Restrictive endorsement * Postdated check * Bank statement * Dishonored check * Electronic funds transfer * Petty cash * Petty cash slip * Debit card * Depositor * Signature card * Deposit slip * Voiding a check * Payee * Drawer * Drawee * NSF check * Outstanding deposits * Outstanding checks * Bank * Bank service charge   Ask students to use the index cards to drill with a partner to learn the terms.  Assign students five words each. Ask them to type the word and definition in a presentation with an image that helps to tell about the definition. They can draw the image with the drawing tools, use an image already there or a design theme that might help to define the term. |
| **Materials/Specialized Equipment Needed** | **Materials, Equipment & Resources:**   * Textbook * Spreadsheet software * Multimedia presentation software * Word processing software * Internet * Index cards |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | Read the article at <http://www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html> on reconciling bank statements and keeping track of a check register.  Prepare a presentation that summarizes the article you read from the Web site, with a minimum of 6 slides. |
| **Direct Instruction \*** | **Activity 2.7.2 – Opening and Maintaining a Checking Account**  Purpose: Demonstrate skill in opening and maintaining a checking account.  Invite a customer bank service representative to speak on opening a checking account. Ask them to explain the several types of checking accounts and discuss things to watch out for when opening checking accounts.  Demonstrate proper endorsements, filling out deposit slips, recording check stubs for deposits and checks and writing and voiding checks.  Have students use a Check Register spreadsheet for these transactions to practice calculating check balances:  Beginning checkbook balance of $725.00. The following cash transactions occurred:  Aug 1 Check No. 1, written to Tyner Studio for supplies - $59.00.  Aug 3 Check No. 2, written to Joshua Thomas for mowing the office yard - $25.00  Aug 5 Check No. 3, written to U.S. Postal Service for stamps –$23.50  Aug 7 Deposits from clients in the amount of $1,025.00, R1  Aug 10 Wrote check no. 4 to petty cash to replenish the fund – $35.00.  Aug 12 Wrote check no. 5 to Maxum Arms Offices for rent – $1,200.00  Aug 13 Wrote check no. 6 for cleaning the office - $25.00  Aug 14 Deposits from clients in the amount of $725.00, R2  Aug 15 Wrote check no. 7 to owner for personal use - $700.00.  Aug 18 Wrote check no. 8 to Office Supply Depot for supplies – $95.00.  Aug 21 Deposited cash from clients for $2,010.00, R3  **Activity 2.7.3 – Reconciling a Bank Statement**  Purpose: Demonstrate skill in reconciling a bank statement.  Demonstrate reconciliation of a bank statement. Review that reconcile means to bring into agreement. Your monthly bank statement is what the bank thinks you have in your account; however, your checkbook might have something different. You must bring them into agreement each month. Of course, you or the bank might have made an error, but there are other reasons they might not agree, including:   1. The bank charges you a service charge each month. You need to deduct that from your checking account. 2. Outstanding deposits might not be recorded on the bank’s records if you recently made a deposit. 3. Outstanding checks might have already been subtracted from your checkbook, but if the bank hasn’t received them they aren’t yet subtracted from the bank’s balance.   Using a Bank Reconciliation spreadsheet, reconcile the information from a bank statement below:  Balance on check stub no. 59, $9,407.00 Balance on bank statement, $10,100.00 Outstanding Deposit made on 10/12/, $75.00  Outstanding Checks, No. 40, $25.00, No. 42, $90.00, No. 43, $299.00, No. 44, $54.00, No. 45, $305.00  Bank Charge, $5.00  Bank Statement Dated 10/13/03  Ask each student to make up a problem for a bank reconciliation. The problem should have the same type of information as the one above, except it should also have a dishonored check for which the bank charged $25.00. They also need to deduct the check from the check stub.  Have each student give their made-up problem to a partner to work for them, using the spreadsheet.  **Activity 2.7.4 – Journalizing and Recording Banking Entries**  Purpose: Demonstrate skill in journalizing banking transactions in a general journal.  There are many transactions the bank might already have deducted from your checking account even though you did not write a check. Examples: bank service charge, dishonored check, and electronic funds transfer. We are using fewer checks in today’s world and more debit cards and electronic funds transfer.  Open a Check Register spreadsheet and record these transactions:  Checkbook beginning balance: $920.00   1. Oct. 20, the bank deducted $12.00 for a service charge. Use M14 for the source document since there was no check written. 2. Oct. 25, the bank deducted a charge of $30.00 for a returned check (dishonored). Add the amount of the check back into your account, 3. $22.00. M22. 4. Oct. 30, Delivery Van payment is deducted by electronic fund transfer, $425.00, M25.   Demonstrate by “T” account the analysis of the three transactions into debit and credit parts.  Ask your students to use a General Journal spreadsheet to journalize the transactions from the “T” accounts.  **Activity 2.7.5 – Petty Cash Transactions**  Purpose: Demonstrate skill in handling transactions involving petty cash funds  Have your students read about petty cash and answer these questions:   1. What classification account is petty cash? Asset 2. How do you establish a petty cash fund? Write a check for an amount determined by the business 3. What type things should you keep in mind when determining the amount to keep in petty cash? How often do you use small amounts of cash? Should only be used because it is less time-consuming and cost effective. 4. When you establish a petty cash fund, what account is debited and why? Petty cash is debited to increase the asset. 5. When you establish a petty cash fund, what account is credited and why? Cash because you are decreasing the asset. 6. What is the source document for journalizing the entry to establish a petty cash fund? Check 7. Each time you remove money from the petty cash fund to use for a small expenditure, what should you do? Replace the money with a petty cash slip to explain what the money was used for. 8. When you begin to get low on petty cash or at the end of the month, what is the first step to replenishing the petty cash fund? Proving the petty cash fund. 9. Describe the procedure to prove the petty cash fund. Count the money remaining, and then add the total of the petty cash slips. This amount should equal the petty cash fund amount you first put in the fund. 10. When petty cash is written, a check is written. Describe the journal entry for that check. Debit the expenses that are on the petty cash slips and credit cash. You might have several debits that equal the one debit.   Demonstrate preparation of the petty cash report and the journal entries.  Ask your students to prepare a Petty Cash Report spreadsheet for this information:  Fund Balance $50.00  Count as of today Oct. 25 $17.00  Petty cash slips:  Office Supplies $22.00  Miscellaneous Expense $11.00  Using a General Journal spreadsheet, journalize the replenishing of the petty cash fund. Wrote check number 213.  *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 \*** | * Demonstration * Observation   *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  NONE |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | * Activity 2.7.3 – Reconciling a Bank Statement * Activity 2.7.4 – Journalizing and Recording Bank Entries * Activity 2.7.5 – Petty Cash Transactions * **Activity 2.7.6 – Online Banking**   Purpose: Research information on the use of online banking.  Have students use the Internet to research Online Banking. Prepare a presentation or a one-page report on the research. Include the advantages and disadvantages of using online banking. Cite at least two resources. As one resource, students can use a survey at least 10 people with 5 questions about online banking or an interview with a banker about the trend toward online banking.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  NONE |
| **Lesson Closure** |  |
| **Summative / End of Lesson Assessment \*** | * Observation * Graded Assignments   + Quiz on Banking Terms   *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  NONE |
| **References/Resources/**  **Teacher Preparation** | Textbooks:  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. Websites: Checking Account. Investopedia.com, 2009. <http://www.investopedia.com/terms/c/checkingaccount.asp>. Business Partners:  * Banker * Teller * Customer Service Representative in a Bank |
| **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)