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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** | Preparing Financial Statements |
| **TEKS Student Expectations** | **130.187 (c) Knowledge and Skills**  (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  (J) The student is expected to prepare financial statements, including income statements, balance sheets, statements of stockholders' equity, and changes in owners' equity |
| **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 prepare financial statements for a fiscal period.  **Behavioral Objectives**:   * Prepare an income statement with neatness and 100% accuracy. * Prepare a balance sheet with neatness and 100% accuracy. * Create what-if scenarios using a spreadsheet and analyze the results. * Calculate ending capital. * Calculate component percentages on an income statement. |
| **Rationale** | Preparing financial statements, including the balance sheet, income statement, and statement of owner’s equity is the most important step in the accounting cycle because it represents the purpose of financial accounting. These statements are the end products of the accounting system in any company. This lesson will demonstrate how to accurately prepare financial statements for a sole proprietorship. |
| **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, Equipment and Resources:   * Textbook * Spreadsheet Software * Multimedia Presentation Software   Instructional Resources:   * Activity on component percentages, statement of owner’s equity, income statement and balance sheet, and what-if statements * Learner Preparation Assignment * Assignment Rubrics |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | Print a sheet of paper with “Income Statement” on the left, a line in the middle and “Balance Sheet” on the right. Give each student a copy.  Print a copy of the accounts below for each student. Cut along the lines to separate the accounts into small pieces.   |  |  |  |  | | --- | --- | --- | --- | | Rent Expense | Repair Expense | Advertising Expense | Sales | | Cash | Dunnel Supplies | Equipment | Supplies | | Able Camacho, Capital | Prepaid Insurance | Utilities Expense | Petty Cash | | Abel Camacho, Drawing | Bank of Nueces | Miscellaneous Expense | Insurance Expense |   Have your students place the account pieces on the correct side of the sheet of paper. Give them 1 minute. Reduce the time to 45 seconds and then to 30 seconds. Ask them to compare their results to their neighbor’s results to check whether they have them on the correct side. |
| **Direct Instruction \*** | Demonstrate proper procedures in preparing financial statements at the end of the fiscal period for a sole proprietorship. Present formulas for calculating component percentages and ending capital. Have students analyze income statements and balance sheets, given a projection. |
| **Guided Practice \*** | * Demonstration * Observation |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** |  |
| **Lesson Closure** |  |
| **Summative / End of Lesson Assessment \*** | 1. Observation 2. Verbal Checking for Understanding 3. Graded Assignments |
| **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:  * Financial Statements. QuickMBA.com, 1999-2003. Accessed 22 June 2003. <http://www.quickmba.com/accounting/fin/statements/> * Income Statements: Small Business Accounting. BusinessTown.com LLC, 2009. <http://www.businesstown.com/accounting/basic-statements.asp> |
| **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)