

Accounting and the Basics of Financial Reporting

SUBMITTED BY: WGYE Summer Educator

SUBJECT(S): Accounting

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In this lesson of the unit, students will learn about the different components of a financial report and four different types of financial reports: balance sheets, income statements, statements of retained earnings and statements of cash flow.

≡ NBEA STANDARD(S):

- Accounting, II. Financial Reports

Common Core Standard(s):

- CCR Standard for Writing: Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content.
- CCR Standard for Speaking and Listening: Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on others' ideas and expressing their own clearly and persuasively.

Objectives/Purposes: In this lesson, students will learn terms specific to financial reports and four different types of financial reports. Students will compare and contrast across the four types of financial reports.

Knowledge@Wharton Article:

- “So Your Sales Went Up? So What?”

Other Resources/Materials

- PowerPoint Presentation: Financial Report (if not available slides are attached to end of lesson and can be modified and used as handouts)
- Worksheet for article (1 per student)
- Computers
- Internet
- Poster board or Newsprint
- Markers
- Copies of Sample Balance Sheet (1 copy per group)
- Copies of Sample Income Statement (1 copy per group)
- Copies of Sample Statement of Retained Earnings (1 copy per group)
- Copies of Sample Statement of Cash Flow (1 copy per group)

Activity:

1. Do Now: Put the first slide of the PowerPoint presentation *Financial Report* on the board. While students come into the room, each student should brainstorm answers to the following question: Every year businesses are required to report on its financial situation, what do you think should be included in those reports? Write down answers, these will be referred to at the end of class. (5 mins)
2. Teacher begins going through the Power Point lesson. Slide 2 shows the students the WGYG glossary video of financial accounting given by professor Wayne Guay.
3. Teacher moves to slide 3. Go through the different parts of an annual report. On the side of the slide are directions for some group work. (5 mins)
4. Groups will be assigned one of the sections of annual report. Using internet, books or other resources in the classroom they should answer the following: (10 mins)
 1. In 2-3 sentences describe and define your term
 2. Give an example of what is included in your term.
 3. What questions do you still have about your term?
5. One person from each group presents. (5-10 mins)

6. Teacher moves to slide 4. Go through the four types of financial statements. Some of the terms have http links that will direct to K@WHS glossary video. If there is time it might be helpful to play these. (5-10 mins)
7. Groups will be given copies of the four types of financial statements. Using a poster board or newsprint with markers, each group will compare and contrast these four. The slide provides a model for how students can organize their thoughts. (10 mins)
8. So what does this mean for businesses? How is it used in real life? In the small groups, students will read the article “So Your Sales Went Up? So What?” Students will also complete the worksheet that accompanies the article. (10 mins)
9. Teacher will go over the [worksheet](#) and talk about the 4 different types of financial statements.
10. Wrap Up: After learning about the different ways business report their finances and reading about what this means to businesses, why do you think it is so important to you and me that it is done properly? (5 mins)

Practice Outside of the Classroom:

As an extension, students should pick one of the financial statements. They should go through it and identify what they know and what they are confused about. They should also try making one that will help them learn more about it.

If this lesson is too long, the teacher can assign the article and worksheet as homework.

What Worked and What I Would Do Differently:

This lesson does have a lot of vocabulary terms. It might be a good extension to have students write out these vocabulary terms and as a class make their own video glossary.

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