

Catholic District School Board Writing Partnership

Business Studies

Course Profile

Accounting for a Small Business

Grade 12

Workplace Preparation

BAN4E

• *for teachers by teachers*

This sample course of study was prepared for teachers to use in meeting local classroom needs, as appropriate. This is not a mandated approach to the teaching of the course. It may be used in its entirety, in part, or adapted.

Course Profiles are professional development materials designed to help teachers implement the new Grade 12 secondary school curriculum. These materials were created by writing partnerships of school boards and subject associations. The development of these resources was funded by the Ontario Ministry of Education. This document reflects the views of the developers and not necessarily those of the Ministry. Permission is given to reproduce these materials for any purpose except profit. Teachers are also encouraged to amend, revise, edit, cut, paste, and otherwise adapt this material for educational purposes.

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Acknowledgments

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Course Overview

Accounting for a Small Business, BAN4E, Grade 12, Workplace Preparation

Policy Document: *The Ontario Curriculum, Grades 11 and 12, Business Studies, 2000.*

Prerequisite: Introduction to Accounting, Grade 11, Workplace Preparation

Course Description

This course expands upon the fundamentals of accounting introduced in the Grade 11 course by examining each component of the accounting cycle, with emphasis on practical application. Students learn how accounting is practised in the workplace by acquiring an understanding of payroll systems, inventory, specialized journals, subsidiary ledgers, sales taxes, cash management, and accounting software programs.

How This Course Supports the Ontario Catholic School Graduate Expectations

As students near their workplace destination, God's message to become responsible citizens who contribute to both the economic and spiritual good of the community, becomes increasingly integral to the teachings in business education. The study of business, and more specifically, of accounting procedures, provides a forum for the discussion of economic and workplace issues such as social justice, ethical decision-making, and recognizing the value of human resources. As this course expands students' knowledge of fundamental accounting procedures, it should enhance their commitment to becoming faith-filled members of the work place.

Expectations from the Ontario Catholic School Graduate Expectations have been carefully selected based on appropriateness and value-added potential for each unit and activity in the course. This provides an initial focus for the teacher in their efforts to promote the development of graduates who model the Catholic faith in their postsecondary endeavours.

Course Notes

Accounting is a process-driven pursuit. Students must learn the steps of the accounting cycle in a sequential manner. The teacher must ensure that students have mastered previous topics before progressing to new skills. Students need opportunities to practise and apply all skills learned and to receive constructive feedback on a regular basis. The teacher should follow a teach-practise-review-extend method of instruction. Once a new skill is taught, students have the opportunity to practise the skill. The teacher then reviews the material and extends the topic to include a new step. This process continues throughout the course, and assessment opportunities are provided on a continuous basis.

Evaluation opportunities include, among others, assignments, daily work completion, and unit tests.

Workplace preparation courses are designed to equip students with the knowledge and skills they need to meet the expectations of employers, should they plan to enter the workplace directly after graduation.

Alternatively, workplace preparation courses also provide the requirements for admission to certain apprenticeship or other training programs. Students in Ontario secondary schools have the opportunity to apply what they learn in their courses through participation in various planned learning activities outside the classroom. Such learning activities increase students' awareness of educational and career opportunities and provide them with first-hand experience. This practical experience helps them make decisions about possible future careers and assists them in making a successful transition from secondary school to the workplace or to an apprenticeship program.

This course could be combined with a cooperative education program or be offered as part of a business studies program. Where possible, the course includes planned learning experiences connected to the workplace, such as job shadowing or presentations by local business people. See *Cooperative Education and Other forms of Experiential Learning, Policies and Procedures for Ontario Secondary Schools, 2000* for more information about experiential learning.

The learning expectations of the course have been clustered in such a way as to allow students to progress to new skills while practising and refining prior learning skills. Students start by reviewing the main concepts learned in the Grade 11 course (BAI3E). They then expand their accounting knowledge into the area of merchandising accounting, businesses that purchase goods for resale. Up to this point, students have only worked with service businesses. Their skills must be expanded in order to account for inventory issues (returns, allowances, transportation, shrinkage). Accounting for taxes is then integrated for both service and merchandising businesses, since all businesses are affected by government in terms of collecting and paying taxes. Specific areas of business accounting, cash flow and payroll, are then introduced. The position of a company's cash balance is of utmost importance to management, employees, and the accountant. Finally, students receive an introduction to corporate accounting.

Note: Students should be directed to obtain corporate annual reports at the beginning of the course. They will be used in Unit 6.

Units: Titles and Times

Unit 1	Review of the Accounting Cycle	10 hours
Unit 2	Merchandising Accounting	30 hours
Unit 3	Accounting for Sales Taxes	10 hours
Unit 4	Cash Flow Statements	10 hours
Unit 5	Payroll	20 hours
* Unit 6	Financial Analysis and Accounting Careers	30 hours

* This unit is fully developed in this Course Profile.

Unit Overviews

Unit 1: Review of the Accounting Cycle

Time: 10 hours

Unit Description

In BAI3E, students were introduced to the accounting cycle for a service business. This included making regular journal entries, posting to the general ledger, and summarizing information in financial statements. Students also used the information provided in financial statements to make business decisions. The teacher should revisit these topics to ensure that the basics of accounting procedures have been grasped. Students should be able to complete these accounting procedures in a competent manner. An introductory activity such as a business case, is used to diagnostically assess the knowledge base of students. Based on the diagnostic assessment, the teacher can develop an appropriate review for his/her class.

Students apply their knowledge learned from the prerequisite course. Students work independently and in groups on a variety of exercises that strengthen their knowledge of the fundamentals of the accounting cycle. The teacher notes any weaknesses and supplements extra resources to ensure that each student has a good working knowledge of basic accounting practices. The rest of the course is based upon the understanding of these concepts.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	SMV.01, SM1.01, SM1.02, SM1.03 CGE1d, 1h, 2a, 2b, 2c, 5b	Knowledge/Understanding Application	Review of balance sheet, income statement, accounting terminology and the fundamental accounting equation
2	SMV.01, SM1.01, SM1.04 CGE2b, 2d, 5b, 7a, 7e	Application Communication	Accounting cycle, journal entries and posting
3	AP1.01, AP1.02, AP1.03, AP3.01, AP3.02, AP3.04 CGE2a, 2b, 2c, 2e	Knowledge/Understanding Application	Subsidiary ledgers, specialized journals, computerized accounting

Unit 2: Merchandising Accounting

Time: 30 hours

Unit Description

At this point, students should understand the accounting procedures for service businesses, which make up only a small portion of the businesses operating in Canada. Merchandising firms, classified as companies that purchase products for resale, have unique accounting concerns that need to be addressed. Most importantly, accounting for inventory must be explained. Following the generally accepted accounting principles outlined by the Canadian Institute of Chartered Accountants, students should understand the various inventory policies utilized by a variety of businesses. They should be able to develop an inventory system for various businesses and take into account safekeeping and anti-theft policies. Students modify their accounting procedures to accommodate inventory concerns and will produce financial statements that indicate current inventory levels and a cost of goods sold during the operating cycle.

Again, students focus on completing exercises to develop and reinforce the new skills learned. The use of case studies and group discussion help students to understand the importance of inventory control and the costs associated with theft.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	SMV.02, SM2.01, SM2.02 CGE1d, 2a, 2b, 2c, 2e, 3b, 3c, 5b	Knowledge/Understanding Application	Channels of distribution, cost of goods sold Income statement
2	SMV.02, SM2.03, SM2.04 CGE2b, 2c, 4e	Application	Balance sheet
3	SMV.03, SM3.01, SM3.03, SM3.04, SM3.05, SM3.06, SM3.07, SM3.08 CGE1i, 2e, 3b, 3d, 3f, 7a, 7b, 7j	Knowledge/Understanding Thinking/Inquiry Application	Inventory control system
4	SMV.02, SM3.02 CGE2c, 5a, 5b, 7a, 7b	Knowledge/Understanding Application	Merchandising Business transactions
5	AP3.01, AP3.03 CGE2c, 2e, 7a	Application	Computerized accounting for a merchandising business

Unit 3: Accounting for Sales Taxes

Time: 10 hours

Unit Description

The majority of purchases of goods and services in Canada require the payment of sales taxes. These taxes include the Provincial Sales Tax (PST) and the Goods and Services Tax (GST). Businesses must calculate these taxes on each sale they make and then remit the amounts to the appropriate level of government on a regular basis. Students develop accounting procedures to accommodate the collection of sales taxes into the accounting cycle. They are able to make the appropriate journal entries and integrate the tax accounts into the financial statements. Students also work with computer software that aids in the calculation of sales taxes for all products and services.

Students would benefit from a presentation by a member of the provincial tax collection agency. This person could explain the process of collecting PST from businesses and the importance of cooperation between business and government. A discussion of security procedures and penalties for non-remittance of taxes collected is also beneficial.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	TSV.01, TS1.01, TS1.02 CGE2c, 4f, 7a, 7h	Knowledge/Understanding Application	Goods and services tax
2	TSV.01, TSV.02, TS2.01, TS2.02 CGE2c, 4f, 7a, 7h	Knowledge/Understanding Application	Retail sales tax
3	AP3.02, AP3.01, TS1.03, TS2.03 CGE2c, 2e, 7a	Application	Computerized accounting

Unit 4: Cash Flow Statements

Time: 10 hours

Unit Description

In Canada, businesses follow an accrual basis of accounting, which recognizes an entry when something of value is exchanged, rather than when cash is exchanged. This is generally a new way of understanding finances for students because they conduct their financial affairs on a cash basis. They may make an incorrect assumption that businesses do not concern themselves with cash flow or the need for cash to operate on a day-to-day basis. Many businesses with sales of millions of dollars have gone bankrupt due to a lack of access to cash to pay their debts. Students are able to develop a cash flow statement, both manually and electronically, and use the information to create an appropriate cash control policy for various firms. They also develop plans that utilize working capital to finance the introduction of new products and services and their growth.

Students complete a variety of exercises and case studies in this unit. Also, students benefit from analysing the cash control procedures of a small business in the area. Students could study a business to assess their cash control policies and provide recommendations for improvements. This analysis could be presented to the class and the business, if possible. Teachers must follow board and school policies related to out-of-school activities.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	TSV.03, TS3.04 CGE 1d, 2b, 2c, 3c, 3d, 7a	Knowledge/Understanding Thinking/Inquiry	Review cash control procedures from BAI3E
2	TSV.03, TS3.01, TS3.03 CGE 1d, 2b, 3d, 7a	Knowledge/Understanding Thinking/Inquiry	Need and use of cash flow statements
3	TSV.03, TS3.02, TS3.03, TS3.05 CGE 2a, 2b, 3f, 4f, 7a, 7j	Application Communication	Cash flow statement analysis

Unit 5: Payroll

Time: 20 hours

Unit Description

Once students have completed their review of the accounting cycle, they are ready to refine and expand their knowledge base. One important task for all businesses is the calculation and processing of employee payroll. Each business is required to pay their employees for all work completed, on a regular basis, less appropriate deductions. These deductions include mandatory deductions (CPP, EI, Income Tax) that are required by provincial and federal governments, and voluntary deductions (pension, health plan, union dues, charitable donations, etc.) which are initiated by the business and its employees. All of these deductions must be calculated correctly and submitted to the appropriate authorities and organizations frequently. Students should be able to calculate the gross pay of employees, the deductions (mandatory and voluntary), and the net pay. They are able to make the appropriate journal entries and process the appropriate forms: paycheques, government requisition forms, and payroll register.

In addition to exercises and case studies, students can engage in a mock business in the classroom. Students can process various pay cheques for employees of the mock company. The class can be organized into a variety of work groups that would include work completion, payroll calculation, manual accounting entries, and computerized accounting entries.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	APV.01, APV.02, AP1.01, AP1.02, AP2.01, AP2.02, AP2.03 CGE3d, 4a, 4c, 5b, 5e, 7a, 7h, 7j	Knowledge/Understanding Application Thinking/Inquiry	Employee compensation Laws and deductions
2	APV.01, APV.02, AP2.05 CGE2b, 2c, 7a	Application	Manual recording into payroll journal
3	APV.03, AP1.03, AP2.04, AP3.03 CGE2b, 2c, 2e, 7a	Application	Recording payroll journals on spreadsheets
4	APV.02 CGE2b, 2c, 7a	Application	Journalize payroll entries
5	AP1:03, AP2:01, AP2:04, AP3:03 CGE3d, 4a, 5a, 5b, 7a	Application Communication	Payroll project

Unit 6: Financial Analysis and Accounting Careers

Time: 30 hours

Unit Description

The information provided by any accounting process is only as good as the evaluator and how the information is used. The reason accountants take such painstaking efforts to ensure that all information is organized and accurate is because the information is used by managers to make decisions about the future direction of the company. Financial health allows any business to pursue expansionary strategies and provides increased profit to its owners. Students were introduced to some financial ratios in BAI3E. These included the quick ratio, current ratio, and debt-to-equity ratio. In this course, students utilize new ratios that expand and increase the sophistication of their analysis of the financial health of a company. Students work primarily in groups on prepared cases that simulate real-life situations. Students are to apply their knowledge learned over the entire course in order to solve problems and make recommendations for improvements. They also engage in independent research of a Canadian corporation.

Unit Overview Chart

Cluster	Learning Expectations	Assessment Categories	Focus
1	FAV.01, FA1.04, FA1.01, FA1.02 CGE1d, 2b, 2c, 3b, 3c, 3d, 4c, 7a, 7h	Knowledge/Understanding Thinking/Inquiry	Introduction to Financial Analysis
2	FAV.02, FA2.01, FA2.02, FA2.03, FA2.04 CGE1d, 2e, 3c, 3d, 4c, 5f, 7a, 7b, 7j	Thinking/Inquiry Application	Production Costs and Profitability
3	FAV.01, FA1.03 CGE2b, 7a	Knowledge/Understanding Application	Calculating Financial Ratios
4	FAV.01, FA1.03, FA1.04, FA1.02 CGE2b, 3c, 7a, 7j	Thinking/Inquiry Application	Interpreting Financial Ratios
5	FAV.03, FA3.01, FA3.02, FA3.03 CGE1d, 1g, 1i, 3b, 4a, 5b, 5c, 5d, 5e, 5g, 5h, 6a, 7b, 7j	Thinking/Inquiry Application Communication	Careers Study

Teaching/Learning Strategies

Throughout this course, the teaching strategies employed should vary to allow students to apply their knowledge in a number of different situations. These strategies fall into four different categories: teacher-centred, learner-centred, self-directed, and community-based.

Teacher-centred Strategies

Teacher-centred strategies are those in which the teacher directs the learning. Teacher-centred strategies have a definite place in this course as a means of introducing, explaining, and discussing the concepts and theories of accounting. Examples include teacher-led reviews, worksheets, and note taking. This method should be employed at the beginning of a new unit or the introduction of new concepts. Students benefit from working through an example as a class before attempting the new concept independently.

Learner-centred Strategies

Learner-centred strategies, which are activity-based, provide students with opportunities to actively apply what they have learned. The expectations for the use of these teaching strategies are that students apply learned accounting techniques and that they develop effective problem-solving skills. Examples include text referencing, group discussions, note making, case studies, and computer simulations. This method works well at the end of a unit in the form of an assessment or major project.

Self-directed Strategies

Self-directed strategies may be used to promote independence and self-reliance. The benefits of these strategies are that students learn to take responsibility for and manage their own learning. Examples include sharing information with others, creating displays, and electronic media research.

Community-based Strategies

Community-based strategies integrate the local community into the classroom. This strategy provides students with real-life examples and applications of the theory they are learning. Examples include the following:

- a) **Job Shadowing** - half day to full day one-on-one observation of a worker at a place of employment: involves the pairing of a student with a worker in a specific occupation:
 - may be integrated with a credit course
 - may be part of a student's school-work transition program
- b) **Cooperative Education** - a planned learning experience, for which credits are earned, that integrates classroom theory and learning experiences at a workplace to enable students to apply and refine the knowledge and skills acquired in a related curriculum course:
 - requires a personalized placement learning plan
 - involves the earning of credits
 - requires pre-placement orientation
 - is monitored by the cooperative education teacher
 - integrates classroom and workplace learning
 - involves reflective learning during integration sessions
 - involves student assessment
- c) **Career Panels**
- d) **Telephone interviews/industry supervisor interviews/health and safety audit of the placement**

Assessment & Evaluation of Student Achievement

Seventy per cent of the grade will be based on evaluations conducted throughout the course. Thirty per cent of the grade will be based on a final evaluation in the form of an examination, performance, essay, and/or other methods of evaluation. The summative project should allow students to demonstrate in a different context the knowledge and skills acquired during the entire course. A major case study or the research of a local company would be appropriate.

The teacher should employ assessment techniques frequently throughout the course in order to communicate the expectations of the course to students, make appropriate adjustments to teaching/learning strategies, and accommodate the special needs of students. Student input to the assessment process should be welcomed and valued. Rubrics for some tasks will be useful.

Diagnostic – Informal Observation, Checklists, Tests/Quizzes

Formative – Informal and Formal Observation, Interviews, Verbal Feedback, Written Feedback, Graphic Organizers

Summative – Assignments, Products, Quizzes/Tests, Presentations, Individual Assignments, and Group Assignments when individual assessment occurs.

Accommodations

The teacher should consult individual student Individual Educational Plans (IEPs) for specific direction on accommodation for individuals.

This allows the teacher to effectively implement prescribed accommodations and/or modifications. The following are some suggested strategies based on different exceptionalities that could be applied throughout the various activities:

Note: The electronic Curriculum Planner and the Special Education Accompaniment are excellent resources when developing accommodations for students.

<p>Reading</p> <ul style="list-style-type: none"> • Read questions and instructions first • Adjust reading requirements • Provide varied opportunities for peer/group reading • Pre-teach concepts/vocabulary • Provide advance organizers to structure reading content (i.e., outlines, subtitles, main ideas, supporting detail) • Provide opportunities for alternate methods of information sharing (i.e., videos, visuals) 	<p>Math</p> <ul style="list-style-type: none"> • Check work after each example • Modify complexity of examples • Break into smaller steps • Teach and encourage use of diagrams • Teach use of calculator • Use hands-on manipulatives • Adjust number of problems • Provide samples for students to work from (i.e., an example balance sheet or income statement) 	<p>Memory</p> <ul style="list-style-type: none"> • Teach students to verbalize concepts • Check that daily assignments are recorded in planner • Provide lists and/or flow charts • Give visual clues • Give demonstrations • Teach Mnemonics • Allow student(s) to tape lessons for more intensive review at a later time
<p>Oral Language</p> <ul style="list-style-type: none"> • Provide non-threatening environments • Use cooperative learning • Encourage students to ask for clarification • Use visual aids consistently to support oral message • Use electronic medium • Permit small groups 	<p>Written Language</p> <ul style="list-style-type: none"> • Vary assignments • Allow more time • Provide a print copy of board notes if necessary (i.e., photocopy, peer notes on NCR paper) • Allow point-form notes • Use peer editing • Teach use of spell check • Allow the use of assistive devices as outlined in the IEPs 	
<p>Attention</p> <ul style="list-style-type: none"> • Provide a variety of activities and teaching techniques • Give blocks of information and vary the activities frequently • Use cooperative learning • Ask students to repeat instructions to you • Provide immediate feedback • Use visuals • Seat students in area of room that will minimize distractions 	<p>Enrichment</p> <ul style="list-style-type: none"> • Work with an outside business organization, e.g., DECA (Distributive Education Clubs of America) or Junior Achievement • Participate in a stock market simulation • Provide enriched material • Provide an expanded cooperative education opportunity 	

ESL Accommodations

- Pair or group students with English speakers.
- Provide note-making guide.
- Promote peer tutoring.

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- Encourage use of first language English dictionaries for assignments and assessment.
 - Pair written instructions with verbal instructions.
 - Provide visual and auditory clues.
 - Allow extra time for reading or writing assignments. The teacher should set the tone for a positive attitude toward helping students with special needs.
 - Avoid all ESL groupings.
 - Encourage ESL students to use their own language to explain terms in their private notes if it helps them remember.
 - Have all concrete items labelled so that every time students sit at the workstation they are reminded of the terms.
 - Allow speaking in first languages for clarification and explanation.
 - Provide students with a summary sheet that can be used at the end of each class (with teacher assistance) to list main terms or concepts that were the focus of the lesson.
 - Make overheads of handouts on which the teacher highlights important terms, explains words, clarifies instructions, etc. while students do the same on their copy.
 - Provide students with articles to choose from if they are unable to do their own research.
 - Provide a glossary of terms for readings for students with special needs.

Resources

The URLs for the websites were verified by the writers prior to publication. Given the frequency with which these designations change, the teacher should always verify the websites prior to assigning them for student use.

Units in this Course Profile make reference to the use of specific texts, magazines, films, videos, and websites. The teacher needs to consult their board policies regarding use of any copyrighting materials. Before reproducing materials for student use from printed publications, the teacher needs to ensure that their board has a Cancopy licence and that this licence covers the resources they wish to use. Before screening videos/films with their students, the teacher needs to ensure that their board/school has obtained the appropriate public performance videocassette licence from an authorized distributor, e.g., Audio Cine Films Inc. The copyright is usually owned by the person or organization that created the work. Reproduction of any work or substantial part of any work on the Internet is not allowed without the permission of the owner.

Accounting Textbooks and Workbooks

Couglar, R. and N. J. Shoemaker. *Accounting Applications: A Systems Approach*. John Wiley and Sons Canada Limited. ISBN 0-471-79611-5

Couglar, Ron. *Introductory Accounting, revised ed.* John Wiley and Sons Canada Limited. ISBN 0-471-79691-3

D'Amico V. and J. Magnan. *Accounting: An Introduction*. Copp Clark Pitman. ISBN 0-7730-4711-5

D'Amico, V., T. Palmer, and T. D'Amico. *Principles of Accounting*. Copp Clark Pitman. ISBN 0-7730-5264-X

Dauderis, Henry. *Financial Accounting: An Introduction to Decision Making*. Holt, Rinehart & Winston, Harcourt Brace Canada. ISBN 0-03-922672-7

Gibson D. L. and N. J. Shoemaker. *Accounting Principles: A Skill-building Approach*. John Wiley, Nelson. ISBN 0-471-79658-1

Kaluza, Henry J., et al. *Accounting: A Systems Approach*. McGraw-Hill Ryerson. ISBN 0-07-549679-8

Syme, G.E. and T.W. Ireland. *Accounting 1*. Prentice-Hall Canada. ISBN 0-13-333825-8

Accounting Corporations

Pricewaterhouse Coopers – www.pricewaterhousecoopers.com

KPMG – www.kpmg.com

Deloitte and Touche – www.dttus.com

Accounting Associations

Canadian General Accountants – www.cga-canada.org/

Canadian Institute of Chartered Accountants – www.cica.ca/

Canadian Management Association – www.cma-canada.org/

Accounting Software

ACCPAC Discovery Series (ACCPAC International)

ACCPAC for Windows (ACCPAC International)

DAC Easy (DAC Easy/Sage Software)

BusinessWorks (Sage Software)

MYOB (MYOB Software)

NetLedger (www.netledger.com)

Simply Accounting (ACCPAC International)

Accounting Lesson Plans and Activities Websites

Accounting Activity (Cost of Merchandise Sold) – www.angelfire.com/ks/tonyaskinner/acctgscms.html

Accounting Activity (M&M Closing Entries) – www.angelfire.com/ks/tonyaskinner/acctgmm.html

Accounting Handouts for Introductory Accounting – www.bboinc.com/actghome/teacher.html

Accounting Monopoly – www.geocities.com/CollegePark/Quad/5687/monopoly.html

ANET (Accounting Education Resources) – www.csu.edu.au/anet/education/index.html

Lyman’s Accounting Learning Activities – lyman.dtc.millard.k12.ut.us/Acct/account.htm

Sole Proprietorships – www.geocities.com/CollegePark/Quad/5687/acctg1.html

Southwestern Publishing Accounting Ideas – www.swcollege.com/vircomm/gita/gita.html

Business Associations

Canadian Youth Business Foundation – www.cybf.ca

Credit Counselling Service of Ontario – www.creditcanada.com

Investor Learning Centre of Canada – www.investorlearning.ca

Junior Achievement of Canada – www.jacan.org

CGA Magazine – www.cga-canada.org/eng/magazine

Toronto Stock Exchange – www.tse.com/investory/index.html

Canadian Business Services Centres – www.cbcs.org

Small Business Help Centre – www.helpbizowners.com/finance

Government

Canada/Ontario Business Services – www.cbcs.org/ontario/index.html

Industry Canada – strategis.ic.gc.ca/sc-ecnm/engdoc/homepage.html

Revenue Canada – www.rc.gc.ca

Statistics Canada – www.statcan.ca/start.html

Youth Resource Network of Canada – www.youth.gc.ca/

Co-op Resources

Career Bridges – licensed by the Ministry of Education

Career.Max – Georgian Bay Career Centre, Kathy Gallacher

OSS Policy Documents

The Ontario Curriculum, Grades 11 and 12, Business Studies, 2000. Ministry of Education.

The Ontario Curriculum, Grades 9 to 12, Program, Planning and Assessment. Ministry of Education, 2000.

Ontario Secondary Schools, Grades 9 to 12, Program and Diploma Requirements. Ministry of Education and Training, 1999.

Ontario Catholic School Graduate Expectations. Institute for Catholic Education.

Ministry of Education. *Cooperative Education and Other Forms of Experiential Learning, Policies and Procedures for Ontario Secondary Schools, 2000.*

OSS Considerations

Mature Students

According to OSS, mature students (those aged 18 and over) may take courses to work towards their high school diploma. These courses may be taken at a secondary school, through correspondence, or through any of the alternative ways described in Section 6.8 of OSS. Therefore, the delivery of this course may be adapted to meet the needs of mature students. The integration of real-life and past experiences should be highlighted. A strong emphasis should be made on cooperative learning and experiences for mature students.

School-Work Transition Programs

School-work transition programs include both in-school and work-based experiences, including job shadowing, work experience, cooperative education, and in-depth skills training, and require the involvement of employers in their development and delivery. The job shadowing, work experience, and cooperative education portions of school-work transition programs must be implemented in accordance with the policies and procedures of the Ministry of Education document, *Cooperative Education and Other Forms of Experiential Learning, Policies and Procedures for Ontario Secondary Schools, 2000*, 1.6.

Note: Before taking part in any workplace learning experiences, students must acquire the knowledge and skills needed for safe participation. The teacher should consult the Health and Safety Considerations outlined in *The Ontario Curriculum, Grades 11 and 12, Business Studies and Grades 9-12, Program Planning and Assessment*.

Coded Expectations, Accounting for a Small Business, Grade 12, Workplace Preparation, BAN4E

The Service and Merchandising Businesses

Overall Expectations

- SMV.01 · demonstrate accounting skills related to the accounting cycle for a service business;
- SMV.02 · demonstrate accounting skills related to the accounting cycle for a merchandising business;
- SMV.03 · demonstrate an understanding of inventory control systems.

Specific Expectations

The Service Business

- SM1.01 – describe how Generally Accepted Accounting Principles (e.g., entity, cost concepts) and practices (e.g., cash accounting) apply to a service business;
- SM1.02 – demonstrate an understanding of the income statement for a service business;
- SM1.03 – demonstrate an understanding of the balance sheet for a service business;
- SM1.04 – demonstrate an understanding of closing entries and post-closing trial balance.

The Merchandising Business

- SM2.01 – describe how Generally Accepted Accounting Principles and practices apply to a merchandising business;
- SM2.02 – demonstrate the skills required to prepare an income statement with a detailed Cost of Goods Sold section;
- SM2.03 – demonstrate the skills required to prepare a classified balance sheet for a merchandising business;
- SM2.04 – demonstrate an understanding of the difference between the financial statements for a merchandising business and those for a service business.

Inventory Control Systems

- SM3.01 – demonstrate fundamental skills related to the timing and taking of physical inventory;
- SM3.02 – analyse the various transactions for a merchandising company by using a periodic inventory system;
- SM3.03 – demonstrate an understanding of inventory turnover;
- SM3.04 – demonstrate an understanding of the perpetual inventory control system;
- SM3.05 – demonstrate an understanding of the principles involved in safeguarding inventory;
- SM3.06 – explain the differences between the periodic and perpetual inventory methods;
- SM3.07 – explain how inventory reports are enhanced by using appropriate software;
- SM3.08 – demonstrate proficiency in applying inventory accounting methods through the use of accounting software.

Accounting Practices

Overall Expectations

- APV.01 · demonstrate an understanding of specialized journals and subsidiary ledgers;
- APV.02 · describe payroll practices;
- APV.03 · explain ways in which technology is used in the accounting function of a business.

Specific Expectations

The Special Journal System

AP1.01 – explain the purpose of specialized journals;

AP1.02 – explain the purpose of subsidiary ledgers;

AP1.03 – demonstrate how technology is used to enhance special journal systems.

Payroll Practices

AP2.01 – describe payroll documentation;

AP2.02 – explain various employee compensation schemes (e.g., hourly, piecework, commission, salary, incentive);

AP2.03 – describe payroll deductions;

AP2.04 – demonstrate skills in using software to handle payroll remittance transactions;

AP2.05 – evaluate the advantages and disadvantages of outsourcing the payroll function (e.g., costs and benefits).

Computerized Accounting Procedures

AP3.01 – describe the importance of computer skills in the accounting function of a business;

AP3.02 – explain the need for electronic security systems, data protection, and backup for accounting records;

AP3.03 – demonstrate the advantages of recording transactions by using accounting software;

AP3.04 – describe the impact of business growth on the need to convert accounting procedures from manual to computerized systems.

The GST, Retail Sales Taxes, and Cash-Flow Statements

Overall Expectations

TSV.01 · demonstrate an understanding of accounting procedures for the goods and services tax;

TSV.02 · demonstrate an understanding of accounting procedures for the retail sales tax;

TSV.03 · demonstrate an understanding of procedures for cash management.

Specific Expectations

The Goods and Services Tax

TS1.01 – demonstrate an understanding of transactions related to the goods and services tax;

TS1.02 – describe the process of preparing basic federal tax documents;

TS1.03 – demonstrate an understanding of how software can be used to prepare goods and services tax transactions.

The Retail Sales Tax

TS2.01 – demonstrate an understanding of transactions related to the retail sales tax;

TS2.02 – describe the process of preparing retail sales tax documents;

TS2.03 – demonstrate an understanding of how software can be used to prepare retail sales tax transactions.

Cash Management

TS3.01 – analyse the importance of cash-flow statements;

TS3.02 – prepare an analysis of cash-flow statements by using electronic tools;

TS3.03 – explain the use of a cash-flow statement for a merchandising business;

TS3.04 – demonstrate an understanding of internal cash-control procedures;

TS3.05 – demonstrate how working capital can be used to finance growth and sustain a business during economic downturns.

Financial Analysis and Accounting Careers

Overall Expectations

FAV.01 · demonstrate the skills required to interpret financial information;

FAV.02 · demonstrate the skills required to analyse job costs and profitability;

FAV.03 · produce a summary of professional accounting designations and career opportunities.

Specific Expectations

Financial Analysis

FA1.01 – demonstrate an understanding of the major elements of a corporate annual report;

FA1.02 – analyse the financial status of a business (e.g., profitability, scope for expansion) on the basis of a review of the financial statements;

FA1.03 – identify and describe the current and projected financial strength of a business (e.g., by examining key indicators such as liquidity and accounts receivable turnover);

FA1.04 – demonstrate an understanding of the various uses of financial data (e.g., by a potential investor or by a creditor).

Production Costs and Profitability

FA2.01 – analyse the effect of fluctuations in labour costs on profitability;

FA2.02 – analyse the effect of fluctuations in material costs on profitability;

FA2.03 – analyse the effect of fluctuations in overhead costs on profitability;

FA2.04 – explain how profit or loss on a specific job is determined.

Accounting Careers

FA3.01 – describe educational opportunities in accounting;

FA3.02 – describe current issues in accounting careers, using electronic tools;

FA3.03 – identify career opportunities in accounting.

Ontario Catholic School Graduate Expectations

The graduate is expected to be:

A Discerning Believer Formed in the Catholic Faith Community who

- CGE1a** -illustrates a basic understanding of the **saving story** of our Christian faith;
- CGE1b** -participates in the **sacramental life** of the church and demonstrates an understanding of the centrality of the Eucharist to our Catholic story;
- CGE1c** -actively reflects on **God’s Word** as communicated through the Hebrew and Christian scriptures;
- CGE1d** -develops attitudes and values founded on Catholic **social teaching** and acts to promote social responsibility, human solidarity and the common good;
- CGE1e** -speaks the **language of life**... “recognizing that life is an unearned gift and that a person entrusted with life does not own it but that one is called to protect and cherish it.” (Witnesses to Faith)
- CGE1f** -seeks intimacy with God and celebrates **communion** with God, others and creation through prayer and worship;
- CGE1g** -understands that one’s purpose or **call in life** comes from God and strives to discern and live out this call throughout life’s journey;
- CGE1h** -respects the **faith traditions**, world religions and the life-journeys of **all people of good will**;
- CGE1i** -integrates faith with life;
- CGE1j** -recognizes that “sin, human weakness, conflict and forgiveness are part of the human journey” and that the cross, the ultimate sign of forgiveness is at the heart of **redemption**. (Witnesses to Faith)

An Effective Communicator who

- CGE2a** -listens actively and critically to understand and learn in light of gospel values;
- CGE2b** -reads, understands and uses written materials effectively;
- CGE2c** -presents information and ideas clearly and honestly and with sensitivity to others;
- CGE2d** -writes and speaks fluently one or both of Canada’s official languages;
- CGE2e** -uses and integrates the Catholic faith tradition, in the critical analysis of the arts, media, technology and information systems to enhance the quality of life.

A Reflective and Creative Thinker who

- CGE3a** -recognizes there is more grace in our world than sin and that hope is essential in facing all challenges;
- CGE3b** -creates, adapts, evaluates new ideas in light of the common good;
- CGE3c** -thinks reflectively and creatively to evaluate situations and solve problems;
- CGE3d** -makes decisions in light of gospel values with an informed moral conscience;
- CGE3e** -adopts a holistic approach to life by integrating learning from various subject areas and experience;
- CGE3f** -examines, evaluates and applies knowledge of interdependent systems (physical, political, ethical, socio-economic and ecological) for the development of a just and compassionate society.

A Self-Directed, Responsible, Life Long Learner who

- CGE4a** -demonstrates a confident and positive sense of self and respect for the dignity and welfare of others;
- CGE4b** -demonstrates flexibility and adaptability;
- CGE4c** -takes initiative and demonstrates Christian leadership;
- CGE4d** -responds to, manages and constructively influences change in a discerning manner;
- CGE4e** -sets appropriate goals and priorities in school, work and personal life;
- CGE4f** -applies effective communication, decision-making, problem-solving, time and resource management skills;
- CGE4g** -examines and reflects on one's personal values, abilities and aspirations influencing life's choices and opportunities;
- CGE4h** -participates in leisure and fitness activities for a balanced and healthy lifestyle.

A Collaborative Contributor who

- CGE5a** -works effectively as an interdependent team member;
- CGE5b** -thinks critically about the meaning and purpose of work;
- CGE5c** -develops one's God-given potential and makes a meaningful contribution to society;
- CGE5d** -finds meaning, dignity, fulfillment and vocation in work which contributes to the common good;
- CGE5e** -respects the rights, responsibilities and contributions of self and others;
- CGE5f** -exercises Christian leadership in the achievement of individual and group goals;
- CGE5g** -achieves excellence, originality, and integrity in one's own work and supports these qualities in the work of others;
- CGE5h** -applies skills for employability, self-employment and entrepreneurship relative to Christian vocation.

A Caring Family Member who

- CGE6a** -relates to family members in a loving, compassionate and respectful manner;
- CGE6b** -recognizes human intimacy and sexuality as God given gifts, to be used as the creator intended;
- CGE6c** -values and honours the important role of the family in society;
- CGE6d** -values and nurtures opportunities for family prayer;
- CGE6e** -ministers to the family, school, parish, and wider community through service.

A Responsible Citizen who

- CGE7a** -acts morally and legally as a person formed in Catholic traditions;
- CGE7b** -accepts accountability for one's own actions;
- CGE7c** -seeks and grants forgiveness;
- CGE7d** -promotes the sacredness of life;
- CGE7e** -witnesses Catholic social teaching by promoting equality, democracy, and solidarity for a just, peaceful and compassionate society;
- CGE7f** -respects and affirms the diversity and interdependence of the world's peoples and cultures;
- CGE7g** -respects and understands the history, cultural heritage and pluralism of today's contemporary society;
- CGE7h** -exercises the rights and responsibilities of Canadian citizenship;
- CGE7i** -respects the environment and uses resources wisely;
- CGE7j** -contributes to the common good.

Unit 6: Financial Analysis and Accounting Careers

Time: 30 hours

Unit Description

The information provided by any accounting process is only as good as the evaluator and how the information is used. The reason accountants take such painstaking efforts to ensure that all information is organized and accurate is because the information is used by managers to make decisions about the future direction of the company. Financial health allows any business to pursue expansionary strategies and provides increased profit to its owners. Students were introduced to some financial ratios in BAI3E. These included the quick ratio, current ratio, and debt-to-equity ratio. In this course, students utilize new ratios that expand and increase the sophistication of their analysis of the financial health of a company. Students work primarily in groups on prepared cases which simulate real-life situations. Students are to apply their knowledge learned over the entire course in order to solve problems and make recommendations for improvements. They also engage in independent research of a Canadian corporation.

Unit Synopsis Chart

Activity	Learning Expectations	Assessment Categories	Tasks
6.1 How Well Are We Doing? 5 hours	FAV.01, FA1.04, FA1.01, FA1.02 CGE1d, 2b, 2c, 3b, 3c, 3d, 4c, 7a, 7h	Knowledge/ Understanding Thinking/Inquiry	Introduction to Financial Analysis - case study: group - introduction to the annual report - explanation of major sections - part 2 of financial report assignment
6.2 How Are They Connected? 5 hours	FAV.02, FA2.01, FA2.02, FA2.03, FA2.04 CGE1d, 2e, 3c, 3d, 4c, 5f, 7a, 7b, 7j	Thinking/Inquiry Application	Production Costs and Profitability - trend and profitability analysis using technology
6.3 Just Calculate It! 7 hours	FAV.01, FA1.03 CGE2b, 7a	Knowledge/ Understanding Application	Calculating Financial Ratios - financial ratio worksheet - part 1 of Jenkins case
6.4 What Does It All Mean? 6 hours	FAV.01, FA1.02, FA1.03, FA1.04 CGE2b, 3c, 7a, 7j	Thinking/Inquiry Application	Interpret Financial Ratios - part 2 of Jenkins comparison project - part 3 of financial report assignment
6.5 Your Future in the World of Accounting 7 hours	FAV.03, FA3.01, FA3.02, FA3.03 CGE1d, 1g, 1i, 3b, 4a, 5b, 5c, 5d, 5e, 5g, 5h, 6a, 7b, 7j	Thinking/Inquiry Application Communication	Careers Study - accounting careers and designations - required education and training - interview and report on a small business owner, accountant or bookkeeper

Activity 6.1: How Well Are We Doing?

Time: 5 hours

Description

In this introductory activity, students use a case study to refresh their knowledge of financial analysis from BAI3E. Students then look at the financial statements that incorporated businesses must prepare. Each section of the annual report is outlined and important accounting information is highlighted. Students then complete a preliminary analysis of a Canadian corporation's annual report of their choice.

Strand(s) & Learning Expectations

Ontario Catholic Graduate Expectations

CGE 1d - develops attitudes and values founded on Catholic social teaching and acts to promote social responsibility, human solidarity, and the common good;

CGE 2b - reads, understands, and uses written materials effectively;

CGE 2c - presents information and ideas clearly and honestly and with sensitivity to others;

CGE 3b - creates, adapts, and evaluates new ideas in light of the common good;

CGE 3c - thinks reflectively and creatively to evaluate situations and solve problems;

CGE 3d - makes decisions in light of gospel values with an informed moral conscience;

CGE 4c - takes initiative and demonstrates Christian leadership;

CGE 7a - acts morally and legally as a person formed in Catholic traditions;

CGE 7h - exercises the rights and responsibilities of Canadian citizenship.

Strand(s): Financial Analysis and Accounting Careers

Overall Expectations

FAV.01 - demonstrate the skills required to interpret financial information.

Specific Expectations

FA1.01 - demonstrate an understanding of the major elements of a corporate annual report;

FA1.02 - analyse the financial status of a business (e.g., profitability, scope for expansion) on the basis of a review of the financial statements;

FA1.04 - demonstrate an understanding of the various uses of financial data (e.g., by a potential investor or by a creditor).

Prior Knowledge & Skills

Students should be able to calculate basic financial ratios from BAI3E. They should be able to define a corporation, list its characteristics, and be able to obtain an annual report. Students should know the different types of business ownership models.

Planning Notes

- Students must contact three Canadian corporations in order to obtain their annual reports. This should be completed six weeks prior to the start of this unit as they are needed for this activity.
- Students need chart paper and markers for the case analysis.
- The teacher reviews BAI3E Catholic Course Profile and note financial analysis ratios already taught to students: current ratio, quick ratio, working capital, debt-to-equity ratio.
- The teacher has five or six copies of an annual report to use as an example.
- The teacher makes copies of the Financial Report Assignment (Appendix 2) if necessary.
- The teacher books computer time to allow students to type part 2 of the Financial Report Assignment (Appendix 2).

Teaching/Learning Strategies

1. Place students in groups of three or four and distribute Coffee Palace Case (see Appendix 1) to each group.
2. Assign each group an identity: bankers, investors, suppliers, government, consultants, etc.
3. Each group analyses the case from the perspective of their assigned identity.
4. Recommendations and analysis are placed on chart paper and the groups present their findings to the class.
5. The teacher can use these presentations to outline specific methods of analysis already covered in BAI3E (See BAI3E Catholic Course Profile).
6. The chart paper from this analysis is needed again for Activity 5 of this unit.
7. The teacher should note to students that their case studies up to this point have dealt primarily with sole proprietorships and partnerships.
8. Corporations, companies that are specific entities with rights and privileges, also must produce financial reports outlined by the CICA (Canadian Institute of Chartered Accountants).
9. Publicly traded corporations, those who sell shares on the TSE (Toronto Stock Exchange), must prepare an annual report that highlights the financial position of the company over the past year.
10. The teacher should go through an annual report with students and highlight the following sections: history, company information (products, services, location, employees, etc.), list of management and board of directors, financial statements, highlights of financial statements, notes on financial statements, ratios, cash flow statements, and auditor's report (note: not all annual reports are formatted in the same manner. However, the required information is present).
11. The teacher explains the purpose of the auditor's report. It is their job to ensure that the financial data shown is accurate and reflects the financial position of the corporation at the time.
12. Students are to complete Part 2 of the Financial Report Assignment (Appendix 2) for their two Canadian corporations. This part of the report can be completed on the computer using an available word processor.

Assessment & Evaluation of Student Achievement

The teacher can assess students' group work on the introductory case study based on their completeness of the work. Their communication skills can also be evaluated during the group presentations. In both cases, assessment of individual work is required for contributing to the final mark. A rubric for the Financial Report Assignment (Appendix 3) has been provided.

Accommodations

The following are ways in which the activity can meet a student's individual needs:

- assist students in the preparation of the letter requesting annual reports
- provide review sheets of financial ratios taught in BAI3E
- provide direction to analysis (ask leading questions)
- provide extension activities for students requiring enrichment (search for corporation's website and provide additional current financial information, including current share price)

Resources

Corporate Annual Reports

www.tse.com – online annual reports

www.sedar.com – online annual reports

CICA Handbook

Appendices

Appendix 1 – The Coffee Palace Case

Appendix 2 – Financial Report Assignment

Appendix 3 – Financial Report Assignment Rubric

Activity 6.2: How Are They Connected?

Time: 5 hours

Description

In this activity, students' financial analysis skills are extended to include trend and profitability analysis. Students make decisions on the financial health of companies based on past financial reports and extend the data into future periods. They complete a "what-if" analysis using spreadsheets in order to make decisions for companies based on profit analysis.

Strand(s) & Learning Expectations

Ontario Catholic Graduate Expectations

CGE 1d - develops attitudes and values founded on Catholic social teaching and acts to promote social responsibility, human solidarity, and the common good;

CGE 2e - uses and integrates the Catholic faith tradition, in the critical analysis of the arts, media, technology, and information systems to enhance the quality of life;

CGE 3c - thinks reflectively and creatively to evaluate situations and solve problems;

CGE 3d - makes decisions in light of gospel values with an informed moral conscience;

CGE 4c - takes initiative and demonstrates Christian leadership;

CGE 5f - exercises Christian leadership in the achievement of individual and group goals;

CGE 7a - acts morally and legally as a person formed in Catholic traditions;

CGE 7b - accepts accountability for one's own actions;

CGE 7j - contributes to the common good.

Strand(s): Financial Analysis and Accounting Careers

Overall Expectations

FAV.02 - demonstrate the skills required to analyse job costs and profitability.

Specific Expectations

FA2.01 - analyse the effect of fluctuations in labour costs on profitability;

FA2.02 - analyse the effect of fluctuations in material costs on profitability;

FA2.03 - analyse the effect of fluctuations in overhead costs on profitability;

FA2.04 - explain how profit or loss on a specific job is determined.

Prior Knowledge & Skills

- Students know how to set up and manipulate a basic spreadsheet layout.
- Students have an understanding of the various sections of financial statements.
- Students are able to create formulas with both absolute and relative cell addresses.
- Students are able to input percentage data into a spreadsheet.

Planning Notes

- Book computer time.
- If the teacher has obtained the spreadsheet templates from the Simcoe Muskoka Catholic District School Board (SMCDSB) website (www.smcdsb.on.ca), copy it to student directories.
- Make copies of Profitability Activity (Appendix 4) for students.
- Make copies of Trend Analysis Activity (Appendix 5) for students.

Teaching/Learning Strategies

1. The teacher should introduce the topic by explaining to students that a company's profitability depends on several cost and expense factors. In order for a company to make profit, they must control all expenses. Business decisions, therefore, must be partly based on their affect on profit for the company.
2. Discuss with students other factors that may affect business decisions (moral issues, ethical issues, environmental, labour, and government policies, technology, competition, economic and social issues, market place, dignity of work, stewardship of resources, etc.)
3. Students should complete Profitability Activity (Appendix 4) using a spreadsheet program. This activity should be submitted to the teacher for evaluation.
4. The teacher should discuss the answers to the activity after evaluation is complete.
5. The teacher should extend the idea of profit analysis into trend analysis (looking at profit and costs over a period of time).
6. The teacher may use a professional sports team as an example. A team who has won many games in the past are more likely to win in the future than teams that lose many games (use statistics like winning pct., goals for, goals against, wins on the road, wins at home, etc.). Hence, we can predict (albeit not perfectly) whether a team will win or lose based on past performance.
7. In the same way, the future financial health of a company can be predicted based on their past performance (financial investors complete this type of analysis on a daily basis for their clients).
8. Complete the Trend Analysis Activity (Appendix 5) on a spreadsheet program. This activity should be submitted to the teacher for evaluation.
9. The teacher should discuss the answers to the activity after evaluation is complete.

Assessment & Evaluation of Student Achievement

The teacher assesses the two activities for accuracy and completeness. An assessment of student understanding of topics can be done from class discussions.

Accommodations

The following are ways in which the activity can meet students' individual needs:

- provide review sheets of financial ratios taught in BAI3E
- students can use the computer to complete written assignments (spelling, grammar)
- provide extension activities for students requiring enrichment (search for corporation's website and provide additional current financial information, including current share price)
- provide spreadsheet templates with formulas completed for weak students

Resources

Spreadsheet templates from www.smcdsb.on.ca

Appendices

Appendix 4 – Profitability Activity

Appendix 5 – Trend Analysis Activity

Activity 6.3: Just Calculate It!

Time: 7 hours

Description

Expanding on the financial ratios learned in BAI3E, students learn new ratios: earnings per share, dividend yield, price-earnings ratio, debt ratio, return on assets, operating expense ratio, inventory turnover, and accounts receivable turnover. Students use these new ratios in combination with prior knowledge to analyse a company's financial health.

Strand(s) & Learning Expectations

Ontario Catholic Graduate Expectations

CGE 2b - reads, understands, and uses written materials effectively;

CGE 7a - acts morally and legally as a person formed in Catholic traditions.

Strand(s): Financial Analysis and Accounting Careers

Overall Expectations

FAV.01 - demonstrate the skills required to interpret financial information.

Specific Expectations

FA1.03 - identify and describe the current and projected financial strength of a business (e.g., by examining key indicators such as liquidity and accounts receivable turnover).

Prior Knowledge & Skills

- Financial Ratios from BAI3E

Planning Notes

- Make copies of Financial Ratios formula sheet (Appendix 6).
- Make copies of Financial Ratios Worksheet (Appendix 7).
- Make copies of Financial Ratios Assignment (Appendix 8).

Teaching/Learning Strategies

1. Distribute the Financial Ratio formula sheet (Appendix 6) and demonstrate the calculation and meaning of each measure (note: the teacher can eliminate some of the ratios if they feel that they are not appropriate for their class). The teacher should indicate an appropriate value for each ratio. Many ratios depend on industry averages or on the current market place. (For example, inventory turnover varies according to industry: a grocery store turns over its inventory every day and a car dealership, approximately three times a year or once every four months.)
2. Have students complete the Financial Ratio Worksheet (Appendix 7) and submit for evaluation. For each calculation, students determine whether the value represents a positive or negative indication of the company's financial health. The teacher should go through the solutions for each question in order to ensure that students understand how to calculate the ratios.
3. Have students complete the Financial Ratios Assignment - Jenkins Corporation Part 1 (Appendix 8). Students may complete the assignment using a spreadsheet or pen and paper. This assignment should be submitted for evaluation.
4. A class discussion of the assignment should follow the formal evaluation.

Assessment & Evaluation of Student Achievement

The teacher assesses the Financial Ratio Worksheet and Assignment (Appendix 7 and 8). A class discussion of the worksheet and assignment will also help the teacher assess the knowledge base of students and their ability to describe the meaning of the ratios.

Appendices

Appendix 6 – Financial Ratio formula sheet

Appendix 7 – Financial Ratio Worksheet

Appendix 8 – Financial Ratio Assignment

Activity 6.4: What Does It All Mean?

Time: 6 hours

Description

This activity attempts to culminate students' knowledge of financial analysis. Students complete two assignments initiated in previous activities. Students use their knowledge to make decisions about a company's financial health and make recommendations to improve future performance.

Strand(s) & Learning Expectations

Ontario Catholic Graduate Expectations

CGE 2b - reads, understands, and uses written materials effectively;

CGE 3c - thinks reflectively and creatively to evaluate situations and solve problems;

CGE 7a - acts morally and legally as a person formed in Catholic traditions;

CGE 7j - contributes to the common good.

Strand(s): Financial Analysis and Accounting Careers

Overall Expectations

FAV.01 - demonstrate the skills required to interpret financial information.

Specific Expectations

FA1.02 - analyse the financial status of a business (e.g., profitability, scope for expansion) on the basis of a review of the financial statements;

FA1.03 - identify and describe the current and projected financial strength of a business (by examining key indicators such as liquidity and accounts receivable turnover);

FA1.04 - demonstrate an understanding of the various uses of financial data (e.g., by a potential investor or by a creditor).

Prior Knowledge & Skills

- Students have basic spreadsheet and word processing skills.
- Students have knowledge of financial ratios, trend and profitability analysis, and annual reports.

Planning Notes

- Book computer time.
- Make copies of Financial Report Assignment Rubric (Appendix 3).
- Students should have the following: Annual Reports, Financial Ratio Assignment - Jenkins Corporation (Appendix 8), Coffee Palace Case (Appendix 1) and Financial Report Assignment (Appendix 2).
- Chart Paper and markers will be needed.

Teaching/Learning Strategies

1. The teacher places students in the same groups that were used for the Green case used in Activity 6.2. Each group completes a ratio and trend analysis of the case using the same identity as in Activity 1. The groups place their analysis on chart paper and present it along with their initial assessment from Activity 1. The groups note the differences in their assessment and whether their recommendations changed due to their knowledge obtained throughout the unit.
2. Students complete Financial Ratio Assignment - Jenkins Corporation Part 2 (Appendix 8) and submit it for evaluation. Students can complete the assignment using a computer or pen and paper. Again, the teacher can have a class discussion regarding the case and the conclusions students reached about the corporation.
3. Complete Financial Report Assignment Part 3 (Appendix 2) using a spreadsheet and word processor. When evaluating this project, use the Financial Report Assignment Rubric (Appendix 3). This assignment acts as students' culminating activity.

Assessment & Evaluation of Student Achievement

Students submit Part 2 of Jenkins Corporation for evaluation. A rubric is used to evaluate the Financial Report Assignment. This assignment represents the culminating activity for the unit. The teacher can also use the analysis of the Green case to assess communication and connection skills.

Appendices

Appendix 1 – Coffee Palace Case

Appendix 2 – Financial Report Assignment

Appendix 3 – Financial Report Assignment Rubric

Appendix 8 – Financial Ratio Assignment

Activity 6.5: Your Future in the World of Accounting

Time: 7 hours

Description

Students explore accounting careers from a variety of perspectives. They first identify and describe the professional accounting designations and other accounting-related career opportunities. As well, they research and determine the education and training required for these positions. Students then identify important skills and characteristics that an individual in an accounting-related position should possess. They also examine their own strengths and weaknesses and suggest financial careers for which they may be suited. The teacher should also examine ways that students can acquire the necessary skills for success in the workplace. Lastly, students research a local small business for their final assessment.

Strand(s) & Learning Expectations

Ontario Catholic Graduate Expectations

CGE 1d - develops attitudes and values founded on Catholic social teaching and acts to promote social responsibility, human solidarity, and the common good;

CGE 1g - understands that one's purpose or call in life comes from God and strives to discern and live out this call throughout life's journey;

CGE 1i - integrates faith with life;

CGE 3b - creates, adapts, and evaluates new ideas in light of the common good;

CGE 4a - demonstrates a confident and positive sense of self and respect for the dignity and welfare of others;

CGE 5b - thinks critically about the meaning and purpose of work;
CGE 5c - develops one's God-given potential and makes a meaningful contribution to society;
CGE 5d - finds meaning, dignity, fulfilment, and vocation in work which contributes to the common good;
CGE 5e - respects the rights, responsibilities, and contributions of self and others;
CGE 5g - achieves excellence, originality, and integrity in one's own work and supports these qualities in the work of others;
CGE 5h - applies skills for employability, self-employment, and entrepreneurship relative to Christian vocation;
CGE 6a - relates to family members in a loving, compassionate, and respectful manner;
CGE 7b - accepts accountability for one's own actions;
CGE 7j - contributes to the common good.

Strand(s): Financial Analysis and Accounting Careers

Overall Expectations

FAV.03 - produce a summary of professional accounting designations and career opportunities.

Specific Expectations

FA3.01 - describe educational opportunities in accounting;
FA3.02 - describe current issues in accounting careers, using electronic tools;
FA3.03 - identify career opportunities in accounting.

Prior Knowledge & Skills

Students should be familiar with performing Internet searches.

Planning Notes

- Gather resources (brochures, advertisements, websites, etc.) related to the three major accounting designations: Certified Accountant (C.A.), Certified General Accounting (CGA), and Certified Management Accounting (C.M.A.). Refer to Resources section for specific resources.
- Book computer time for career research.
- Arrange for two guest speakers: an accountant and a small business owner.
- Book computer time for education research.
- Arrange for a guidance counsellor to conduct a short information session on relevant programs and institutions.
- Make copies of Accounting Designations Worksheet (Appendix 9), Career Studies Interview Assignment (Appendix 10) and Career Studies Interview – Assessment and Evaluation Rubric (Appendix 11).

Teaching/Learning Strategies

1. The teacher presents the three major accounting designations (C.A., CGA and C.M.A.) to students and they are discussed briefly.
2. The teacher and students brainstorm a list of various accounting-related career opportunities.
3. Using the Internet, students complete Accounting Designations Worksheet (Appendix 9). As well, they choose one accounting-related career to examine.
4. Students share research findings with peers (possibly via Bristol board display, short presentation, or written report).
5. Students take notes during guest speaker presentations by an accountant and a small business owner.
6. The teacher leads students in a discussion of educational and training requirements for accounting-related careers.

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7. A guidance counsellor can be asked to make a presentation to students on educational programs, course requirements, and school-to-work programs available to students.
 8. Students brainstorm a list of skills and characteristics that would be beneficial to a career in accounting and/or small business ownership. Ensure that students can articulate why these attributes are important. Record the ideas developed.
 9. Students conduct a self-analysis to identify personal strengths and weaknesses. They then indicate any careers for which they may be well-suited; as well, the teacher should lead students in developing strategies that would allow them to acquire or improve upon necessary skills.
 10. The teacher presents and explains major assessment tasks, requirements, and evaluation (Appendices 10 and 11).
 11. Students prepare interview questions for assessment.
 12. Students are given a reasonable amount of time to conduct interviews and prepare a report.
 13. Students give a presentation to the class on the small business owner/accountant/bookkeeper whom they interviewed.

Assessment & Evaluation of Student Achievement

This activity clearly lends itself to the assessment of learning skills. Specifically, the “works independently” and “work habits/homework” categories can be assessed by observing students as they conduct the required Internet research. The category of “teamwork” can be assessed through the contribution of students during the brainstorming sessions. The quality and depth of a student’s self-assessment can be reflective of their “initiative.” Lastly, a student’s “organizational” skills can be assessed based on their level of preparation for the major assessment.

There are a number of other student tasks that can be assessed and evaluated at the option of the teacher:

- the completed accounting designations worksheet
- the results of the accounting-related career research
- a reflection following the guest speaker presentations
- a completed self-analysis

Lastly, Appendices 10 and 11 include the major assignment and rubric for assessment and evaluation purposes that evaluate the achievement chart categories. This can be presented to students at the beginning of the activity. Students can work individually or in small groups as per the teacher’s instructions.

Accommodations

The following is a list of possible accommodations for specific tasks in this activity:

- provide a guided worksheet for career- and education-related research
- provide a list of possible interview questions for the small business owner/accountant/bookkeeper
- rather than conducting a formal presentation in front of the class, have student(s) share information (orally) with the teacher on a one-on-one basis

Resources

For accounting designations information

Canadian Institute of Chartered Accountants – www.cica.ca/

The Institute of Chartered Accountants of Ontario – www.icao.on.ca eduserv@icao.on.ca

(“Teacher’s Colleague Program” provides many education resources for high school business studies teachers, such as: CICA Handbook, CAMAGAZINE, CAs – The Next Generation, etc. “Associate Student Program” provides resources to students who are considering a career as a professional accountant.)

Canadian General Accountants – www.cga-canada.org/
Certified General Accountants Association of Ontario – www.cga-ontario.org webspinner@cga-ontario.org (an 11 minute “recruitment” video is available, called Think CGA (ext. 257)
Canadian Management Association – www.cma-canada.org/

For career information

www.careercruising.com/home/index/htm/ – School licences available. Provides an excellent resource for a variety of career-related information.
www.workopolis.com – job database
Career Bridges – licensed by the Ministry of Education
Career.Max – Georgian Bay Career Centre
www.canadajobsearch.com/careerspecific.htm – Canadian career and industry-specific jobs
<http://cdn.cx.bridges.com>-provides general career information and industry-specific jobs.

For education information

College and University websites
www.cga-ontario.org – Certified General Accountants Association of Ontario - Program of Professional Studies
www.cma-canada.org – The Society of Management Accountants of Ontario (a poster of university courses recognized as prerequisite studies is available.)
www.icao.on.ca – The Ontario CA Challenge

Appendices

Appendix 9 – Accounting Designations Worksheet
Appendix 10 – Career Studies Interview Assignment
Appendix 11 – Career Studies Interview–Assessment and Evaluation Rubric

Appendix 1

Introduction to Financial Statement Analysis

Case Study: Coffee Palace

Chris Woods, a local entrepreneur, started the Coffee Palace in 2000. After two years of operation, Chris is interested in expanding his business to include more stores in the greater Clearview area. In order to complete the expansion, Mr. Woods requires capital from a variety of sources: banks, investors, suppliers and government. He also needs advice from a consulting firm to help him decide if expanding his business is viable. His financial statements from the past two years are shown below:

Coffee Palace
Comparative Income Statement
For the years ended December 2000 and 2001

	<i>2001</i>	<i>2000</i>
Sales	610 220	490 360
Cost of Goods Sold	410 720	320 800
Gross Profit	199 500	169 560
Operating Expenses	<u>140 560</u>	<u>120 140</u>
Net Income	<u>58 940</u>	<u>49 420</u>

Coffee Palace
Comparative Balance Sheet
December 31, 2000 and 2001

	<i>2001</i>	<i>2000</i>
Assets		
<i>Current Assets</i>		
Cash	32 600	28 580
Accounts Receivable	40 600	40 800
Inventory	63 400	40 000
<i>Fixed Assets</i>		
Land and Building	190 000	190 000
Equipment	20 000	16 000
Delivery Truck	<u>28 900</u>	<u>28 900</u>
TOTAL ASSETS	<u>375 500</u>	<u>344 280</u>
Liabilities		
<i>Current Liabilities</i>		
Bank Loan	80 000	85 000
Accounts Payable	50 400	62 100
<i>Long-term Liabilities</i>		
Mortgage	<u>140 000</u>	<u>145 000</u>
TOTAL LIABILITIES	270 400	292 100
<i>Owner's Equity</i>		
C. Woods, Capital	<u>105 100</u>	<u>52 180</u>
TOTAL LIABILITIES AND OWNER'S EQUITY	<u>375 500</u>	<u>344 280</u>

Appendix 1 (Continued)

Task

Students organize themselves into groups of three or four. The teacher assigns each group an identity from the following list: Bankers, Investors, Suppliers, Government, Consultants. From the perspective of their assigned identity, students analyse Mr. Woods' financial statements and indicate whether or not they would provide him with funds to expand his business. Students should give specific reasons for their decision. They place their information on chart paper and present their findings to the class.

Appendix 2

Financial Report Assignment

Part 1

Assume you are a junior accountant for a company that is interested in purchasing a publicly held, Canadian corporation. Your supervisor asks you to research and write a report on possible companies that your business might be interested in acquiring. Knowing that all publicly-held companies must produce and distribute annual reports to shareholders, you do the following:

- Using the financial section of a newspaper (Toronto Star, Globe and Mail, National Post, etc.), select two companies on the Toronto Stock Exchange that are of interest to you. (Note: do not select banking, investment, or mining companies).
- Have your teacher approve your selections. It is preferable that there is no duplication of companies in the class.
- Obtain a copy of the annual reports. The website for the Toronto Stock Exchange (tse.com) has a free annual report-ordering service. Alternatively, you may write or phone the company.
- Notify the teacher when the annual reports arrive.

Part 2

For two of the companies from which you received an annual report, write a report that includes:

- the name of the company;
- a brief description of the company that includes the products or services it sells, location(s), number of employees, a short history and any other information that may be pertinent or interesting;
- the names of the top officers of the company, including the chief executive officer and/or president, the chairman of the board and, if given, any vice-presidents and their positions;
- the name of the accounting firm that audited the books. Describe the duties of the auditor;
- a list of the following (using the data provided in the financial statements): revenues, operating expenses, net income, total current assets, total fixed assets, total current liabilities and total long-term liabilities, dividends and current share price, and number of common shares.

Part 3

Write an analysis of each of the two companies based on the financial ratios. In most annual reports, the ratios are given; however, if they are not provided, you must calculate them. List the value of each ratio (as listed below), describe whether it is an advantage or disadvantage to the financial health of the company, and explain why. Finally, make a recommendation to your company that states whether each company should be purchased. Include a rationale for your decision.

- Earnings per common share, dividend yield, price earnings ratio (find the current share price in the newspaper), operating expense ratio, debt ratio, inventory turnover, accounts receivable turnover, current ratio, quick ratio, working capital

Appendix 3

Financial Report Assignment Rubric

Unit 6: Financial Analysis and Accounting Careers

Activity 6.4: What Does It All Mean?

Expectations

FAV.01 - demonstrate the skills required to interpret financial information;

FA1.01 - demonstrate an understanding of the major elements of a corporate annual report;

FA1.02 - analyse the financial status of a business on the basis of a review of the financial statements;

FA1.03 - identify and describe the current and projected financial strength of a business.

Achievement Chart Categories	Level 1 (50 - 59%)	Level 2 (60 - 69%)	Level 3 (70 - 79%)	Level 4 (80 - 100%)
Knowledge/ Understanding Demonstrate an understanding of the major elements of a corporate annual report	- demonstrates limited understanding of the major elements of a corporate annual report	- demonstrates some understanding of the major elements of a corporate annual report	- demonstrates considerable understanding of the major elements of a corporate annual report	- demonstrates thorough understanding of the major elements of a corporate annual report
Thinking/Inquiry Analyse the financial status of a business on the basis of a review of the financial statements Identify and describe the current and projected financial strength of a business	- demonstrates limited analysis of the financial status of a business on the basis of a review of the financial statements - identifies and describes the current and projected financial strength of a business with limited effectiveness	- demonstrates moderate analysis of the financial status of a business on the basis of a review of the financial statements - identifies and describes the current and projected financial strength of a business with some effectiveness	- demonstrates considerable analysis of the financial status of a business on the basis of a review of the financial statements - identifies and describes the current and projected financial strength of a business with considerable effectiveness	- demonstrates a high degree of analysis of the financial status of a business on the basis of a review of the financial statements - identifies and describes the current and projected financial strength of a business with a high degree of effectiveness
Communication Communicates information and ideas clearly	- communicates information and ideas with limited clarity	- communicates information and ideas with some clarity	- communicates information and ideas with considerable clarity	- communicates information and ideas with excellent clarity
Application Demonstrate the skills required to interpret financial information	- demonstrates limited skills in interpreting financial information	- demonstrates some skills in interpreting financial information	- demonstrates considerable skills in interpreting financial information	- demonstrates thorough skills in interpreting financial information

Note: A student whose achievement is below Level 1 (50%) has not met the expectations for this assignment or activity.

Appendix 4

Profitability Activity

The profitability of a company depends on several cost and expense factors. Essentially, the lower the expenses or costs the higher the profit. Below is the income statement for Green Garden Tools. If your teacher has not provided you with the spreadsheet file below, create your own using a spreadsheet program of your choice. Be sure to create formulas to calculate values in place of question marks.

Green Garden Tools
Income Statement
Year ended December 31, 2001

Revenue	
Sales	612 200
Sales Returns	13 000
Net Sales	?
Cost of Goods Sold	
Beginning Inventory (Jan 1)	40 000
Net Purchases	441 500
Cost of Goods Available for Sale	?
Ending Inventory (Dec 31)	64 300
Cost of Goods Sold	?
Gross Profit	?
Operating Expenses	
Advertising	27 200
Salaries	81 075
Delivery	7 900
Telephone	1 000
Utilities	3 450
Insurance	3 100
Interest and Bank Charges	7 900
General	425
Total Expenses	?
Net Income	?

Answer the following questions:

1. What is the gross profit and net income of this company?
2. What is the largest expense for this company?
3. What is the smallest expense for this company?

Appendix 4 (Continued)

The following are independent case assumptions. After each question, return the income statement to its original numbers.

5. A new telephone company is offering a deal that will cut your telephone expense by 20%. Change the telephone expense to reflect this savings.
 - a) How much will Mr. Green save?
 - b) What happens to his net income?
 - c) Should he change telephone companies based on this analysis? Is there other information you would like to have?

6. Mr. Green employees have not received a pay raise for three years. They would like either a 10% pay raise or a dental plan that will cost the company \$4500 per year.
 - a) Calculate each scenario (for the dental plan, add another expense category called Dental Plan) and write down the new net income for each plan.
 - b) Based on your analysis, which plan should Mr. Green offer?

7. If Mr. Green provides free delivery, it is expected that Sales will increase by 10%. The delivery expense for the company will increase 10 times from current levels.
 - a) Make the changes to the income statement. What happens to net income? (Assume that cost of goods sold does not change.)
 - b) Should Mr. Green offer free delivery? Why?

8. Mr. Green insurance company is offering a deal to its customers. If he will purchase advertising space in their upcoming newsletter, the company will decrease insurance premiums by 10%. The cost of the advertising space is \$300. Should Mr. Green accept the deal? Why?

9. A new supplier is trying to get Mr. Green business. They will provide all of the garden products that he sells in his store for 15% less than the current net purchases. However, the products they supply are not of the same quality of the current suppliers. Sales returns are expected to increase by 3 times current levels.
 - a) Make the changes to the income statement. What happens to net income?
 - b) Should Mr. Green change suppliers? Why? Are there other factors he should consider?

10. Every business decision should be based on their effect on net income. Do you agree with this statement? Explain.

Appendix 5

Trend Analysis

Students project future profitability based on past performance. These projections are altered by a number of financial factors such as economic conditions, competition, and labour negotiations.

1. Type the following data in a spreadsheet program of your choice:

Revenue and Expense Forecasts						
ABC Data Systems						
Past five-year trends						
Sales increase	10% per year					
Cost of Goods Sold (COGS)	81% of sales					
Salaries Increase	1% per year					
Advertising	1.5% of sales					
Utilities Increase	10% per year					
Maintenance	\$1000 per year					
	2001	2002	2003	2004	2005	2006
Sales	125 000					
COGS						
Gross Profit						
Expenses:						
Salaries	12 000					
Advertising						
Utilities	1 500					
Maintenance						
Total Expenses						
Net Income						

2. Create formulas to calculate unknown values for 2001. Copy these values to 2006.
Examples Sales for 2002 = Sales for 2001*0.10 + Sales for 2001
 COGS for 2001 = Sales for 2001*0.72

Appendix 5 (Continued)

As the financial accountant for this company, you take this forecast to the different departments to verify the accuracy of the forecasts.

3.
 - a. While meeting with the union steward, she notes that workers expect a 4% pay increase each year until 2006. Change the spreadsheet and indicate the effect this would have on net income.
 - b. Afterwards, you meet with the human resources director who indicates that salaries should not increase more than 1.5% per year. Update the spreadsheet and indicate the effect this would have on net income.
 - c. Based on the two meetings, what do you think is a reasonable salary increase for the employees? Change the spreadsheet to reflect your assumptions.
4.
 - a. In a meeting with the marketing department, they stated that the advertising budget should be doubled in order to maintain market share. Update the spreadsheet and indicate the effect this would have on net income.
 - b. Do you think that the company can afford this increase? Give reasons.
5. While eating lunch, you notice an article in the national newspaper that suggests that energy costs will decrease due to market deregulation. It is expected that utility costs will decrease 2% per year until 2006. Update the spreadsheet and indicate the effect this would have on net income.
6. That afternoon, you visit the purchasing department and discover that our company has been bestowed the honour of “special buyer status.” This means that COGS will only be 77% of sales instead of the current level of 81%. Update the spreadsheet and indicate the effect this would have on net income.
7. While sitting in your office, the vice-president of sales drops in and states that he is worried that the economy is entering a recession. He predicts that sales will only increase by 2% per year instead of the 10% growth experience in the past five years. Update the spreadsheet and indicate the effect this would have on net income.
8.
 - a. At the end of the day, you are looking at your modified spreadsheet. You receive an e-mail from the president of the company that states that the board of directors requires that net income be at least 10% of sales in order to satisfy investors.
 - b. Create a new title under the Net Income cell and label it “Income as a % of Sales”. Use the following formula: $(\text{Net Income}/\text{Sales}) * 100$. Copy it across to 2006.
9. Given all the information that you have collected during the day, adjust the trend data to create a forecast that meets the expectations of the board of directors, senior management, and workers. Give reasons for your decisions.

Appendix 6

Financial Ratios

Ratio or Other Measurement	Equation	Significance
Earnings per share of common stock	$\frac{\text{Net income}}{\text{Number of Common Shares}}$	Gives the amount of earnings applicable to a share of common stock.
Dividend yield	$\frac{\text{Dividend per share}}{\text{Market price per share}}$	Shows the rate of return earned by shareholders based on current price for a share of stock.
Price-earnings ratio	$\frac{\text{Market price per share}}{\text{Earnings per share}}$	Indicates if price of stock is in line with earnings.
Operating expense ratio	$\frac{\text{Operating expenses}}{\text{Net sales}}$	Indicates management's ability to control expenses.
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	Measures the productivity of assets regardless of capital structure.
Debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$	Indicates the percentage of assets financed through borrowing; it shows the extent of leverage being used.
Working capital	Current assets - current liabilities	Measures short-run ability to pay debt.
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$	Indicates marketability of inventory and reasonableness of quantity on hand.
Accounts receivable turnover	$\frac{\text{Net sales}}{\text{Average receivables}}$	Indicates reasonableness of accounts receivable balance and effectiveness of collections.
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Measures short-run ability to pay debt.
Quick ratio	$\frac{\text{Quick assets}}{\text{Current liabilities}}$	Measures the short-term liquidity of a business.

Appendix 7

Financial Ratios – Worksheet

Given the following data, calculate the required financial ratios in the space provided.

Ratio	Data	Calculations
Debt Ratio	a. Total liabilities = \$428 000 Total assets = \$1 000 000 b. Total liabilities = \$369 000 Total assets = \$520 000 c. Total liabilities = \$83 000 Total assets = \$275 000	
Working Capital	d. Current assets = \$126 000 Current liabilities = \$34 000 e. Current assets = \$670 000 Current liabilities = \$910 000 f. Current assets = \$76 000 Current liabilities = \$72 000	
Current Ratio	g. Current assets = \$45 000 Current liabilities = \$54 000 h. Current assets = \$510 000 Current liabilities = \$290 000 i. Current assets = \$315 000 Current liabilities = \$232 000	
Quick Ratio	j. Quick assets = \$32 000 Current liabilities = \$54 000 k. Quick assets = \$425 000 Current liabilities = \$290 000 l. Quick assets = \$250 000 Current liabilities = \$232 000	
Operating Expense Ratio	m. Operating expenses = \$330 000 Net sales = \$450 000 n. Operating expenses = \$75 000 Net sales = \$130 000 o. Operating expenses = \$760 000 Net sales = \$2 500 000	
Inventory Turnover	p. Cost of goods sold = \$530 000 Average inventory = \$140 000 q. Cost of goods sold = \$11 000 000 Beginning inventory = \$4 200 000 Ending inventory = \$3 600 000 r. Cost of goods sold = \$1 408 000 Beginning Inventory = \$247 000 Ending Inventory = \$268 000	

Appendix 7 (Continued)

Ratio	Data	Calculations
Accounts Receivable Turnover	s. Net sales = \$900 000 Average receivables = \$101 500 t. Net sales = \$2 200 000.00 Beginning receivables = \$90 500 Ending receivables = \$112 000 u. Net sales = \$480 000 Beginning receivables = \$42 000 Ending receivables = \$55 000	
Return on Assets	v. Net income = \$127 000 Total assets = \$860 000 w. Net income = \$750 000 Total assets = \$4 500 000 x. Net income = \$2100 Total assets = \$52 000	
Dividend Yield	y. Dividend per share = \$5 Market price per share = \$125 z. Dividend per share = \$1.50 Market price per share = \$225 A. Dividend per share = \$2.25 Market price per share = \$73	
Earnings Per Share of Common Stock	B. Net income = \$75 000 Number of common shares = 5000 C. Net income = \$2 300 000 Number of common shares = 263 000 D. Net income = \$540 000 Number of common shares = 110 000	
Price-Earnings Ratio	E. Share price = \$83 Earnings per share = \$5.50 F. Share price = \$75 Earnings per share = \$1.50 G. Share price = \$43.50 Earnings per share = \$2.25	

Appendix 8

Financials Ratios Assignment

Below are the financial statements for Jenkins Corporation, a distributor of athletic wear, located in St. Thomas, Ontario.

**Jenkins Corporation
Comparative Balance Sheet
December 31, 2001, 2002**

	2002	2001
Assets		
<i>Current Assets</i>		
Cash	350 000	250 000
Accounts Receivable	910 000	900 000
Inventory	6 020 000	5 200 000
<i>Fixed Assets</i>		
Land and Buildings	900 000	850 000
Equipment	<u>4 800 000</u>	<u>4 400 000</u>
Total Assets	<u>12 980 000</u>	<u>11 400 000</u>
Liabilities		
<i>Current Liabilities</i>		
Bank Loan Payable	1 700 000	2 400 000
Accounts Payable	450 000	460 000
<i>Long Term Liabilities</i>		
Mortgage Payable	<u>2 400 000</u>	<u>2 500 000</u>
Total Liabilities	4 550 000	6 360 000
Shareholder's Equity		
Capital Stock	<u>8 430 000</u>	<u>5 040 000</u>
(2002 - 330 000 shares)		
(2001 - 275 000 shares)		
Total Liabilities and Shareholder's Equity	<u>12 980 000</u>	<u>11 400 000</u>

**Jenkins Corporation
Comparative Income Statement
For the Years Ended December 31, 2001, 2002**

	2002	2001
Sales	22 000 000	16 000 000
Cost of Goods Sold	<u>16 060 000</u>	<u>11 120 000</u>
Gross Profit	5 950 000	4 880 000
Operating Expenses	<u>3 336 000</u>	<u>3 520 000</u>
Net Income	<u>2 604 000</u>	<u>1 360 000</u>

Appendix 8 (Continued)

Notes:

- accounts receivable and inventory remain constant throughout the year
 - cash dividends of \$400 000 were paid in 2002 and \$275 000 in 2001
 - the market price for the company's shares was \$86 on December 31, 2002, and \$43.50 on December 31, 2001
1. Calculate the following ratios:
 - working capital, current ratio, quick ratio, debt ratio, inventory turnover, accounts receivable turnover, return on assets, operating expense ratio, earnings per share, dividend yield and price-earnings ratio.
 2. Analyse the above ratios and their trends to determine whether or not Jenkins Corporation is a good investment.

Appendix 9

Accounting Designations Worksheet

Using the Internet, go to the following sites and answer the questions below. Submit your answers to the teacher when completed.

Go to www.cma-canada.org/ontario/default.asp

1. What does CMA stand for? How many CMAs are there in Canada and in Ontario?
2. What do CMAs do? In what industries do they generally work?
3. What three steps must be completed in order to become a CMA? What topics are generally covered?
4. What topics are covered on the CMA test? What type of questions are usually used?
5. How much does the CMA program cost?

Go to www.cica.ca/cica/cicawebpage.nsf/public/homepage

6. What does CICA stand for? How many people does the CICA represent? What is their function?
7. What is a chartered accountant? Where do they work?
8. What are MOPES?
9. What is the vision statement of the CICA? What is their mission statement?
10. What type of education is required to become a CA?
11. What type of remuneration should CAs expect?
12. What is the UFE? Why is it so important?

Go to www.cga-canada.org

13. What is a CGA? What do they do?
14. How do you become a CGA?
15. What type of practical work experience do you need to become a CGA?
16. What areas of accounting are growing?
17. What is the purpose of the CGA-Canada? How many people do they represent?
18. How does the CGA promote professionalism?
19. What is the mission statement of the CGA?
20. When was the CGA founded? When was the CGA officially recognized by the Government of Canada?

Appendix 10

Career Studies Interview Assignment

Unit 6: Financial Analysis and Accounting Careers

Activity 6.5: Your Future in the Wonderful World of Accounting

Expectations

FA3.01 - describe educational opportunities in accounting;

FA3.02 - describe current issues in accounting careers, using electronic tools;

FA3.03 - identify career opportunities in accounting.

In order to gain a practical perspective on the accounting, career, and educational issues discussed in this unit, you are required to interview an appropriate candidate and prepare a report and presentation on your findings.

Step 1

Conduct a personal interview with one of the following people:

- a local small business owner (business owner must manage business' finances)
- an accountant
- a book keeper

Your task is to collect information on the following:

1. name of business
2. description of business
3. position
4. job description (be specific)
5. educational background
6. other training
7. most important skills and characteristics to the success of his/her business/job
8. biggest challenges faced
9. accounting-related job duties
10. importance of accounting procedures to the success of the business
11. the role of financial information in decision-making
12. advice to students in secondary school who wish to start a small business
13. other relevant or interesting information

Interview questions must be prepared and approved by the teacher prior to conducting the interview.

Step 2

Following the completion of the interview, prepare a two-or three-page, typed report that summarizes the responses and findings from the interview.

Step 3

Conduct a five-minute presentation to the class on your experience. The focus of your presentation should reflect the expectations of the assignment: educational requirements, detailed description of the career opportunity, and other relevant career-related issues.

Appendix 11

Career Studies Interview –Assessment and Evaluation Rubric

Unit 6: Financial Analysis and Accounting Careers

Activity 6.5: Your Future in the Wonderful World of Accounting

Expectations

FA3.01 - describe educational opportunities in accounting;

FA3.02 - describe current issues in accounting careers, using electronic tools;

FA3.03 - identify career opportunities in accounting.

Achievement Chart Category	Level 1 (50 - 59%)	Level 2 (60 - 69%)	Level 3 (70 - 79%)	Level 4 (80 - 100%)
Knowledge/ Understanding Demonstrates knowledge of career opportunities	- demonstrates limited knowledge of career opportunities	- demonstrates some knowledge of career opportunities	- demonstrates considerable knowledge of career opportunities	- demonstrates thorough knowledge of career opportunities
Demonstrates knowledge of educational opportunities	- demonstrates limited knowledge of educational opportunities	- demonstrates some knowledge of educational opportunities	- demonstrates considerable knowledge of educational opportunities	- demonstrates thorough knowledge of educational opportunities
Communication Uses electronic tools to describe current issues	- uses electronic tools to describe current issues with limited effectiveness	- uses electronic tools to describe current issues with some effectiveness	- uses electronic tools to describe current issues with considerable effectiveness	- uses electronic tools to describe current issues with a high degree of effectiveness

Note: A student whose achievement is below Level 1 (50%) has not met the expectations for this assignment or activity.