Unit 1 Module 2 - Analyzing Transactions into Debit and Credit Parts

Standard: Understand types of business transactions and business documentation

Learning objective (Student can):

A. Define double entry accounting, debits, and credits.
B. Describe common business transactions (e.g., sales, purchases, investments)
C. Recognize common business documentation (e.g., invoice, receipt)
D. Record business transactions in a journal

Learning objective (Student can):

A. Classify accounts as assets, liabilities, or owner's equity and demonstrate their relationships in the accounting equation.
B. Analyze how transactions affect accounts in an accounting equation.

Direct instruction (I DO):

1. The teacher will review the Accounting Equation:

   Assets = Liabilities + Owner's Equity

2. The teacher will review the various accounts introduced in the previous lesson and call on students to recall each account's classification.

3. The teacher will introduce module vocabulary:

   https://quizlet.com/224428458/century-21-accounting-chapter-2-flash-cards/

4. The teacher will reinforce the concept of T-Accounts from the Unit 1 Module 2 vocabulary/flashcards::

   Information in all transactions will tell us which accounts are affected and how. If an account is affected, it will either be debited or credited by the given amount in the transaction.. The T-Account is a device used to help students analyze how accounts are debited or credited based on the information given in a provided transaction. The left side of the T-Account is referred to as a Debit, and the right side of a T-Account is referred to as a

Credit. T-Accounts can be used as a visual tool to see if a transaction has already affected the left side or the right side of an account. Based on which side of the account was impacted first, students can use the visual to determine which side is affected on the other impacted accounts.

Image sourced from:
https://corporatefinanceinstitute.com/resources/knowledge/accounting/t-accounts/

5. The teacher will reinforce the concept of Normal Balance from the Unit 1 Module 2 vocabulary/flashcards:

Each account used by a company has a designated Normal Balance. The normal balance is the side of the T-Account that increases in value. The normal balance is determined by the account's classification and typically does not change for that specific account. For example, the Cash account is an asset account and therefore always has a Normal Debit Balance. If a company is receiving cash, then its cash account is increasing and will be debited. However, if the company has to pay for something with Cash, then its cash account will decrease in value and the account will be credited.

4. The teacher will use the same accounts and classifications introduced in the previous lesson to demonstrate the normal balance for each account:

Account Title	**Classification**	**Normal Balance**
Cash	Asset	Debit
Accounts Receivable	Asset	Debit
Supplies	Asset	Debit
Prepaid Insurance	Asset	Debit
Accounts Payable	Liability	Credit

Capital	Owner's Equity	Credit

Rule of Thumb: Assets are on the left side of the equal sign in the Accounting Equation and their normal balance will also be on the left side of any T-Account (Debit). Liability and Owner's Equity accounts sit on the right side of the equal sign in the Accounting Equation; therefore, their normal balances will be on the right side of their T-Accounts (Credit). The only exception to this Rule of Thumb are Expense accounts and Drawing accounts which both have a Normal Debit Balance (don't worry about expense accounts until later).

Group instruction (WE DO):

1. The teacher will demonstrate to the class how accounts are debited or credited based on the provided transaction:

Resources:
[Analyzing transactions into debit and credit parts - Group Instruction]
[Group Instruction Answer Key]

Individual work (YOU DO):

1. Students will demonstrate their understanding of the material by individually completing a similar exercise:

Resources:
[Analyzing transactions into debit and credit parts- Individual Work]
[Individual Work Answer Key]

Reinforcement:
Students can test their Unit 1 Module 2 knowledge with a kahoot quiz:
https://play.kahoot.it/#/?quizId=6ce22030-b393-48ab-899c-3e1ab17fc50c

Additional Resources:
Remember debits and credits by using the song "Row, Row, Row Your Boat"
[Row Row Row Your Boat with Accounting Lyrics]

Normal Balance Cheat Sheet:
https://docs.google.com/document/d/1j6i7loDNX8RD3Aw-yspadRmGXjj4wWgm9KqG2ZkrBp8/edit?usp=sharing