In this accounting course, all expectations are connected to financial literacy. All businesses use accounting to organize, understand, and communicate all aspects of their financial position. Ultimately, it is this understanding that helps people to make wise business decisions. Students who learn not only the fundamentals of accounting, but also how to think and apply that knowledge, will have the confidence to integrate accounting principles and practices in their work in a wide spectrum of careers.

### Curriculum Expectations

<table>
<thead>
<tr>
<th>Internal Control, Financial Analysis, and Decision Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>• explain how accounting information is used in decision making</td>
</tr>
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</table>

**Decision Making**

- describe how accounting information is used by company personnel in making decisions;
- explain the role of financial analysis in decision making from the standpoint of potential investors;
- describe how accounting information is used by individuals or organizations outside of the company in making decisions.

#### Ethics, Impact of Technology, and Careers

- assess the role of ethics in, and the impact of current issues on, the practice of accounting

**Ethics and Current Issues**

- describe the role of ethics in accounting

### Learning Goals

**By the end of this lesson students will be able to**

- describe how they use accounting information to make financial decisions
- explain how ethics can impact accounting

### Sample Success Criteria

for describing how they use accounting information to make financial decisions:

- determine which **qualitative** indicators are most important for assessing one's risk of investing in a company and
- determine which **quantitative** indicators are most important for assessing one's risk of investing in a company

### Instructional Components and Context

**Readiness**

- Students know how to calculate and understand the meaning of current ratios, debt and equity ratios, inventory turnover and quick ratios
- Diagnostic assessment on being able to calculate ratios using figures
- Reinforce the concept that a company may acquire debt to grow.

**Materials and Resources**

- Overhead with sample questions for a diagnostic assessment
- Overhead projector
- Chart paper and markers
- Sample cases including case descriptions, income statement results, comparative balance sheets
Discuss with students how they may one day want to purchase shares in large or small, public or private companies. Note: Be aware that students come from different socio-economic backgrounds.

Introduce the lesson focus:
You want to invest in a company. You will analyze two companies in the same industry to decide which one is a better investment.

Put accounting formulas on the board for reference.
Refer to the fact that qualitative such as the company’s history, investment partners and structure factors may be important. Students should look beyond the quantitative information to see what they can discern.

Students work on the cases, analyzing and discussing the two companies and tomorrow, they prepare their presentations of their findings.

Groups of Four → Analysis of Companies
Students to break into groups with pre-assigned roles:
- Auditor reviews the final product of the group and makes decisions about whether it meets success criteria
- Recorder writes the formulas and keeps track of the information to be presented
- Bookkeeper is the calculator
- Leader/Manager is the person overseeing that the group is moving along.

Elicit from students what makes a group function well. (Possible responses: listening, taking turns, accepting disagreements, and no put downs.)

The pre-assigned groups work together in analyzing the two companies. Using the guiding questions, students develop a list of criteria to assist them in determining which company would make a more viable investment choice.

Give students financial statements and background information on the companies. They divide their chart papers in half and label the top portion Quantitative Analysis and the bottom portion Qualitative Analysis.

Students work collaboratively on the case.
<table>
<thead>
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<th>Consolidation</th>
<th>Connections</th>
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<tbody>
<tr>
<td><strong>Whole Class → Discussion</strong></td>
<td><strong>AOL</strong> Student reflection on learning during discussion</td>
</tr>
<tr>
<td>Students discuss:</td>
<td><strong>AOL</strong> Teacher observes student progress while working in groups and in large group discussion (responses to guiding questions, development of criteria).</td>
</tr>
<tr>
<td>• What went well in terms of group dynamics? (learning skills - teamwork)</td>
<td><strong>AOL</strong> In subsequent lesson, reflected in student presentations. Presentation to include case analysis with balance sheet, ratios, analysis and recommendation.</td>
</tr>
<tr>
<td>• What did you learn related to analyzing financial statements and company profiles?</td>
<td></td>
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### Curriculum Expectations

**Financial Literacy in Grade 11 Business Studies**

<table>
<thead>
<tr>
<th>Overall Expectations</th>
<th>Specific Expectations</th>
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</table>
| **Internal Control, Financial Analysis, and Decision Making** | - demonstrate an understanding of internal control procedures in the financial management of a business;  
- describe the basic elements of an internal control system (e.g., separation of duties, prenumbered documents, rotation of staff);  
- apply appropriate control measures used in accounting for assets (e.g., petty cash procedures, bank reconciliation procedures);  
- describe the role of budgeted financial statements in planning, controlling, and evaluating business (e.g., difference between budgeted and actual income statements);  

| **Decision Making** | - explain how accounting information is used in decision making.  
- explain the role of financial analysis in decision making from the standpoint of potential investors (e.g., mutual fund managers, institutional investors, individual investors); |
| **Ethics, Impact of Technology, and Careers** | - assess the role of ethics in, and the impact of current issues on, the practice of accounting;  
- describe the role of ethics in accounting; |