**North East School Division**

**Unpacking Outcomes** - Module 8: Financial Statements (Core)

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| **Unpacking the Outcome**  |
| Prepare --> financial statementsInterpret --> financial statements |
| **Outcome**(circle the verb and underline the qualifiers)  |
| Prepare and interpret financial statements (income statement and balance sheet) for an accounting period.  |
| **KNOW**  | **UNDERSTAND**  | **BE ABLE TO DO**  |
| Vocabulary: InvestorsAdequate disclosureRevenue ExpensesNet Income/LossIncome StatementBalance SheetAssetsLiabilitiesCapital DrawingsWorksheetmFinancial Position | That * Financial statements are used to make business decisions.
* Balance sheet and Income Statement are related but provide the user with different information
* Net Income/Loss is the difference between Total Revenue and Total Expenses
 | 1. Discuss how recording and reporting financial information affects business owners’ ability to make accurate business decisions.
2. Consider the inquiry questions: How are financial statements used to aid decision makers? What information must be present on a financial statement (e.g., adequate disclosure)?
3. Discuss the purpose of income statements and balance sheets.
4. Compile the income statement listing the heading, business name, date, account titles and appropriate debit and credit amounts.
5. Calculate the net income or loss by comparing the revenue and expenses to ensure the net income/loss on the income statement is consistent with the worksheet.
6. Recognize that a balance sheet reports the financial condition of a business on a specific date by detailing the assets, liabilities and capital.
7. Compile a balance sheet listing business name, date, account titles and appropriate amounts for the assets and liabilities using the amounts from the worksheet’s balance sheet columns.
8. Calculate the capital for a balance sheet ensuring that total assets equal total liabilities and capital.
9. Critique a presentation of financial statements from the perspective of a member of the board of directors or from the perspective of a potential investor.
10. Assess the viability of a business based on a simulated balance sheet.
11. Analyze examples of publicly available financial statements.
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| **ESSENTIAL QUESTIONS**  |
|  How can a business show their viability?How can you tell if a business is doing well? |