

# LESSON PLAN

(1)WEEK: FIVE (2)DATE: 4th-7th Octobear 2022 (3)CLASS: S.S.S ONE

(4)SUBJECT: FINANCIAL ACCOUNTING

(5)LESSON TITLE: Accounting Equation and Double Entry Principle

(6)SUBTITLE (IF ANY): Source Documents, purpose of Source documents, Subsidiary books

(7)PERIOD: 1st & 2nd (8)DURATION: 80 Minutes

(9) LEARNING OBJECTIVES: By the end of the lesson, the learners should be able to

(1). State Original accounting equation

(2). Identify and apply the double entry principle in posting a business transaction.

(3). List Types of Source documents

(10)KEY VOCABULARY WORDS: Assets, Liabilities, Capital Subsidiary books, Source documents

(11)RESOURCES & MATERIALS: Simplified and Amplified Financial accounting and book keeping by femi Longe, www.iedunote.com

(12)BUILDING BACKGROUND/CONNECTION TO PRIOR KNOWLEDGE: Learners have prior knowledge on some business documents like receipts, cheques, cashbook etc

(13)CONTENT: The accounting equation is the fundamental framework of the entire financial accounting process. The whole of account is based on this equation. The equation can be expressed as:  $Assets = Capital + Liabilities$ .

Assets: it can be defined as the properties or resources of a business organisation e.g land and building, premises motorvan, fixture and fitting, cash in hand and cash at bank etc.

Liabilities: These are obligations to pay out some money in the future. It's the indebtedness of the firm to outsiders e.g Loan, Creditors and overdraft.

Capital: This is the total money provided by the owner to start a business. It is equally referred to as the net worth or owner's equity.

$Assets = Liabilities + Capital$

Capital= Assets- Liabilities

Liabilities= Assets-Capital

Illustration I and II from the Textbook are used for better understanding by the teacher in the class

### SOURCE DOCUMENTS :

Definition: Source documents are written evidences of business transactions that describe the essential facts of those transactions. They are documents used in commercial transactions, which provides adequate information for preparing the books of accounts. For record purposes all sales and purchases of goods are expected to be backed by relevant documents called source documents.

### Types of Source Documents

1. Receipts
2. Invoice
3. Credit Note
4. Debit Note
5. Statement of account
6. Cheque
7. Petty Cash Voucher

### Double Entry Principle

DEFINITION: Double entry book keeping is the system of keeping account, which take advantages of the two-fold aspect of every transaction, whereby one account that receives is debited and another account, which gives, is credited. The principle originated with the Venetian merchants of the fifteenth century. The system is the method of recording transactions so that both parties i.e. the giver and the receiver are brought into record. Double entry system is the entry of debit and credit for each transaction in the ledger Hence the double entry rules, "debit the receiver, credit the giver".

### RULES OF DOUBLE ENTRY

The following simple rules of double entry should be fully understood and memorized.

- a. For every Credit entry in an account there must be a corresponding Debit entry in another account.
- b. For every Debit entry in an account, there must be a corresponding Credit entry in another account.
- c. All transactions must be recorded in two accounts, one account is debited and another account credited.

Three (3) Examples are given from the textbook for better understanding of how the double entry principle is used in business transactions.

### SUBSIDIARY BOOKS :

Meaning: The subsidiary books are the Books of Original or Prime Entry in which events and transactions are initially recorded before being posted or transferred to the ledgers. The recording of transactions in the books of original entry is not in a double entry system.

## USE OF BOOKS OF PRIME ENTRY

- i. Aids to memory: The subsidiary books provide aids to memory.
- ii. Ascertainment of sales and purchases: The total amount of sales and purchases can be readily ascertained.
- iii. Helps in control account preparation: It provides an avenue for the control accounts to be easily prepared
- iv. Ascertainment of debtors and creditors: The total money owed to suppliers and money owed by customers can be readily ascertained.
- v. Provides opportunity for monthly totals: The book of original entry provides opportunity for totals to be calculated every month.

CLASSIFICATION OF SUBSIDIARY BOOKS The subsidiary books can be classified into eight, namely:

- |  |   |
|--|---|
| 1. <u>Purchases Journal/Day book.</u>      | 5. <u>Cash Book</u>                       |
| 2. <u>Sales Journal/Day book</u>           | 6. <u>General Journal/ Journal proper</u> |
| 3. <u>Returns Inwards Journal/Day book</u> | 7. <u>Petty cash book</u>                 |
| 4. <u>Returns outwards Day book</u>        | 8. <u>Bills Books</u>                     |

## **(14) STRATEGIES & ACTIVITIES:**

**ACTIVITY I:** The teacher using the Chunk and Chew method to explain accounting equations.

**ACTIVITY II:** The teacher uses small group method to teach the learners to apply the double entry principle on business transactions. The learners with better knowledge engage their colleagues in the learning process.

**ACTIVITY III:** The Learners are allowed to form small groups discussion to get a better understanding of the types of Source documents as shown during the lesson.

**ACTIVITY IV:** The Learners are allowed to contribute their quota on the topic for clarity purpose. The Learners were asked to copy their notes.

**(15) ASSESSMENT (EVALUATION):** 1.Assets= Liabilities + ?    2. Liabilities= ? - Capital

**(16) WRAP-UP (CONCLUSION):**\_\_\_In every transaction of an individual or organization, two parties or accounts are involved. One party receives the benefit and the other one offers.\_\_\_

**(17) ASSIGNMENT:** 1. Write out the meaning of the following:\_\_\_

- |  |   |
|--|---|
| 1. <u>Purchases Journal/Day book.</u>      | 4. <u>Returns outwards Day book</u>       |
| 2. <u>Sales Journal/Day book</u>           | 5. <u>Cash Book</u>                       |
| 3. <u>Returns Inwards Journal/Day book</u> | 6. <u>General Journal/ Journal proper</u> |

**(18) HOD/VP'S COMMENTS & ENDORSEMENT:**\_\_\_\_\_