



## FOUNDATION SKILLS

**PATHWAY:** All Pathways  
**COURSE:** All CTAE Courses  
**UNIT 11.12:** Balance Sheet



## INTRODUCTION

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### Annotation:

In this unit, students will identify important aspects of a balance sheet when pursuing an entrepreneurship. Students will understand and complete a balance sheet for their business.

### Grade(s):

X	9 <sup>th</sup>
X	10 <sup>th</sup>
X	11 <sup>th</sup>
X	12 <sup>th</sup>

**Time:** One 50 minute period

**Author:** Meghan Cline and Dr. Frank Flanders, based on Entrepreneurship lesson plan from the National FFA Organization

**Additional Author(s):** Stacey Orr

### Students with Disabilities:

For students with disabilities, the instructor should refer to the student's IEP to be sure that the accommodations specified are being provided. Instructors should also familiarize themselves with the provisions of Behavior Intervention Plans that may be part of a student's IEP. Frequent consultation with a student's special education instructor will be beneficial in providing appropriate differentiation.



## FOCUS STANDARDS

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### GPS Focus Standards:

**CTAE-FS-3 Communications:** Learners use various communication skills in expressing and interpreting information.

**CTAE-FS-4 Problem Solving and Critical Thinking:** Learners define and solve problems, and use problem-solving and improvement methods and tools.

**CTAE-FS-6 Systems:** Learners understand a variety of organizational structures and functions.

**CTAE-FS-8 Leadership and Teamwork:** Learners apply leadership and teamwork skills in collaborating with others to accomplish organizational goals and objectives.

**CTAE-FS-10 Career Development:** Learners plan and manage academic-career plans and employment relations.

**CTAE-FS-11 Entrepreneurship:** Learners demonstrate understanding of concepts, processes, and behaviors associated with successful entrepreneurial performance.

### GPS Academic Standards:

MM4P1. Students will solve problems (using appropriate technology).

MM2D2. Students will determine an algebraic model to quantify the association between two quantitative variables.

MM4P4. Students will make connections among mathematical ideas and to other disciplines.

### National / Local Standards / Industry / ISTE:

NSS-EC.9-12.13 Income and earning

NM-NUM.9-12.3 Compute fluently and make reasonable estimates



## UNDERSTANDINGS & GOALS

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### Enduring Understandings:

- Students will understand the importance of understanding and creating a balance sheet for a business.

### Essential Questions:

- Why is it important to understand how to complete an accurate balance sheet?

### Knowledge from this Unit:

- Students will be able to review an accurate balance sheet for a given entrepreneurship.
- Students will be able to analyze a balance sheet to determine a business financial health.

**Skills from this Unit:**

- Students will create a balance sheet for a business.



## ASSESSMENT(S)

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**Assessment Method Type:**

- Pre-test
- Objective assessment - multiple-choice, true- false, etc.
  - Quizzes/Tests
  - Unit test
- Group project
- Individual project
- Self-assessment - May include practice quizzes, games, simulations, checklists, etc.
  - Self-check rubrics
  - Self-check during writing/planning process
  - Journal reflections on concepts, personal experiences and impact on one’s life
  - Reflect on evaluations of work from teachers, business partners, and competition judges
  - Academic prompts
  - Practice quizzes/tests
- Subjective assessment/Informal observations
  - Essay tests
  - Observe students working with partners
  - Observe students role playing
- Peer-assessment
  - Peer editing & commentary of products/projects/presentations using rubrics
  - Peer editing and/or critiquing
- Dialogue and Discussion
  - Student/teacher conferences
  - Partner and small group discussions
  - Whole group discussions
  - Interaction with/feedback from community members/speakers and business partners
- Constructed Responses
  - Chart good reading/writing/listening/speaking habits
  - Application of skills to real-life situations/scenarios
- Post-test

**Assessment(s) Title:**

Balance Sheet Quiz with KEY

**Assessment(s) Description/Directions:**

Students will take a short quiz on balance sheets. Key is included.

## Attachments for Assessment(s):

Balance Sheet Quiz with KEY



# LEARNING EXPERIENCES

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## Sequence of Instruction

### 1. Interest Approach

*“Today is an exciting day! We are extremely close to everything we will need to get our new businesses off the ground. Last time, we left with a completed cash flow statement. Let’s use this analogy to get a better perspective as to where we are on our journey to a successful business. Imagine we are building a car. We have the frame and the body. We have narrowed down what our car might look like when it is completed, though we haven’t yet applied a good coat of paint. Yesterday, we installed an engine; let’s say the engine was our cash flow sheets. They will really provide the power we need to set up our business and get funding lined up. Today, we will install a great transmission into our car. What does the transmission do for the car?”*

Allow student responses. Lead discussion that the transmission serves as a way to maximize the power from the engine to produce a desired speed or amount of power/torque.

*“Great! So as we can see, without a transmission, our cars would only travel at one speed efficiently, like a bike with no gears vs. a bike with speeds. Which would you want ride up a hill?”*

*“So, today we will install the “transmission” for our financial plan. We will install our **“balance sheet.”** Essentially, a **balance sheet** is a statement that shows all assets, liabilities, and net worth of a business. We can use this information as a tool to see how healthy a business is.”*

### 2. Reviewing an Accurate Budget

*“Obviously, similar to installing a transmission, there is a technique to building our **balance sheet**. Not all **balance sheets** are created equal. Your **balance sheet** will be specific to your enterprise, just like a transmission in a tractor-trailer is different than one in a Geo Metro! Let’s take a look at an example of a **balance sheet**.”*

Use the italicized examples from the document Creating a Balance Sheet to explain each number. Provide a discussion about each type of **balance sheet**

*“Let’s start by noting that there are a few types of **balance sheets**. There are monthly **balance sheets** showing a financial summary from the start to the end of the month. “Wow we made \$4,000 this month” or “I can’t believe we lost that much in only a month,” would be some things we might hear after reading a monthly **balance sheet**. There is also a point-in-time **balance sheet** that simply shows what the financial health of a given business is at a given point in time. Today, we will be looking at a yearly **balance sheet**. We will estimate what we plan to make (doing our best at forecasting) over a year of our business. Now, let’s have a closer look at a yearly balance sheet and conduct an analysis.”*

### 3. Analyzing a Balance Sheet

*“This example probably leads us to a few questions. Creating a **balance sheet** when you have not yet started your business requires some thought. What are your projections? What do you forecast? Let’s take stock of what we know so far and what we might gather from the **balance sheet** we just viewed.”*

*“In a moment we will have the opportunity to write three questions on a sheet of paper. After writing each question, please pause and wait for further direction. You will have one minute to write the questions down.”*

*What do I know about this company from looking at the **balance sheet**?  
What do I think I know about this company but I am a little unsure?  
What don’t I know?*

Allow time for writing the questions.

*“Great. When I say, ‘Go,’ take three minutes to answer these questions on your paper using the best of your knowledge. Remember, the first question is what you know, the second is what you think you know, and lastly, what you don’t know by analyzing the **balance sheet**. What can I clarify? Go!”*

Allow time for students to write. Then allow time to share a few responses.

*“Those are some great facts and questions. Let’s look at the **balance sheet** again to clarify a few points.”*

- The company has less cash on hand after a year, probably due to purchasing more equipment.
- The company has \$1,000 more inventory after a year (why might this be?)

*Maybe selling more, so the company needs more raw materials, or sales may be declining due to seasonal or sales trends, leading to less materials being made into DVDs.*

- The company has more capital equipment (is this a good or bad thing?)

*The company could be upgrading to increase efficiency and the ability to sell more, so this would be a positive idea.*

- Why might the company have had no short-term liabilities at the beginning of the year, and \$2,500 at the end?

*It could be the first year, so at the beginning there was no short term debt yet, or it could be that the company is using more short term credit after a year, which could be a bad thing.*

- Is it good that the long-term liabilities went from \$5,000 to \$4,000?

*Yes, this means that payments are being made on the loan and that the balance is lower, compare this to the fact that there is more inventory and equipment and things look positive.*

- Would you say this business is just getting by, losing money, or making good money? Why?

Allow students to discuss this idea. While there is no absolute way to know with just a **balance sheet**, make the point that similarly, a car cannot run on just a transmission. This is why we need the cash flow statement and balance sheet. It appears from just this list, that the company is doing ok, but not super good or super bad.

*“Good discussion. As you can see, a **balance sheet** doesn’t have enough information to make an accurate assessment of a company’s finances. We can get an idea, but going back to the car idea from the beginning of the lesson, the **balance sheet** represents the transmission; we still need the engine (cash flow sheet) and frame, body and paint (marketing) to have a complete, useful automobile.”*

### 3. Creating a Balance Sheet

Hand out copies of MY Balance Sheet.

*“We have a pretty good set of tools to create our own balance sheets. Remember, we will need to do some forecasting, since our entrepreneurial ventures are not in operation yet.”*

*“You have received a copy of a blank balance sheet. When I say, ‘Go,’ do your best to estimate what will happen over the first year of your business. Be realistic and try to use all that you know about your industry to forecast what will happen. During this time, use the worksheet to create your own balance sheet. Use a pencil as it will work best just in case you need to make changes. Be prepared to share your balance sheet with the rest of the class. What questions are there? Go!”*

Circulate around the room to assist students as necessary. After most of the students have completed their balance sheets, allow time for a few students to share their balance sheets with the class, giving others ideas. Students should finish and improve their balance sheets for homework based on feedback on the students who presented to the class.

*“Who will share their balance sheet with the class?”*

Allow several students to share.

*“Let’s write down a few notes from our discussion about each student’s balance sheet.”*

Discuss tips from the presentations and encourage students to make the necessary changes to their own balance sheets.

*“Let’s thank all of the students who shared for our benefit today.”*

Have students turn in their balance sheet and grade students based on the Balance Sheet Rubric.

### Attachments for Learning Experiences:

Creating a Balance Sheet  
MY Balance Sheet  
Balance Sheet Rubric

**Notes & Reflections:**

The interest approach works best if lessons are taught in sequence beginning with the Financial Concepts - 11.10 Where Do I Start? What Should I Know? through the Cash Flow Statement -11.12 Balance Sheet. The introduction includes a review of the previous lesson with a connection to this budget lesson.

It may also be helpful to begin the financial section to have the students write to companies that are listed on the New York stock exchange to request an annual report. In the annual report, students can see the terms and discuss them based on that company's financial condition. These can be requested online or in writing.



## CULMINATING PERFORMANCE TASK

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**Culminating Unit Performance Task Title:**

Professional Balance Sheet

**Culminating Unit Performance Task Description/Directions/Differentiated Instruction:**

Have students make changes and/or improvements to their *balance sheets* using the suggestions from the class presentations.

Students could also put their *balance sheets* in Excel or Word.

Students could also ask a local business for a copy of a *balance sheet*, analyze it, and turn in a brief report.

**Attachments for Culminating Performance Task:**

None.



## UNIT RESOURCES

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### Web Resources:

### Attachment(s):

### Materials & Equipment:

- Copies of Creating a Balance Sheet for each student
- Copies of MY Balance Sheet for each student
- Copies of Balance Sheet Rubric for each student
- Copies of Balance Sheet Quiz with KEY for each student

### What 21st Century Technology was used in this unit:

  
  
  
  
  

Slide Show Software  
Interactive Whiteboard  
Student Response System  
Web Design Software  
Animation Software  
Email

  
  
  
  
  

Graphing Software  
Calculator  
Desktop Publishing  
Blog  
Wiki  
Website

  
  
  
  

Audio File(s)  
Graphic Organizer  
Image File(s)  
Video  
Electronic Game or Puzzle Maker