Strengthened Senior High School

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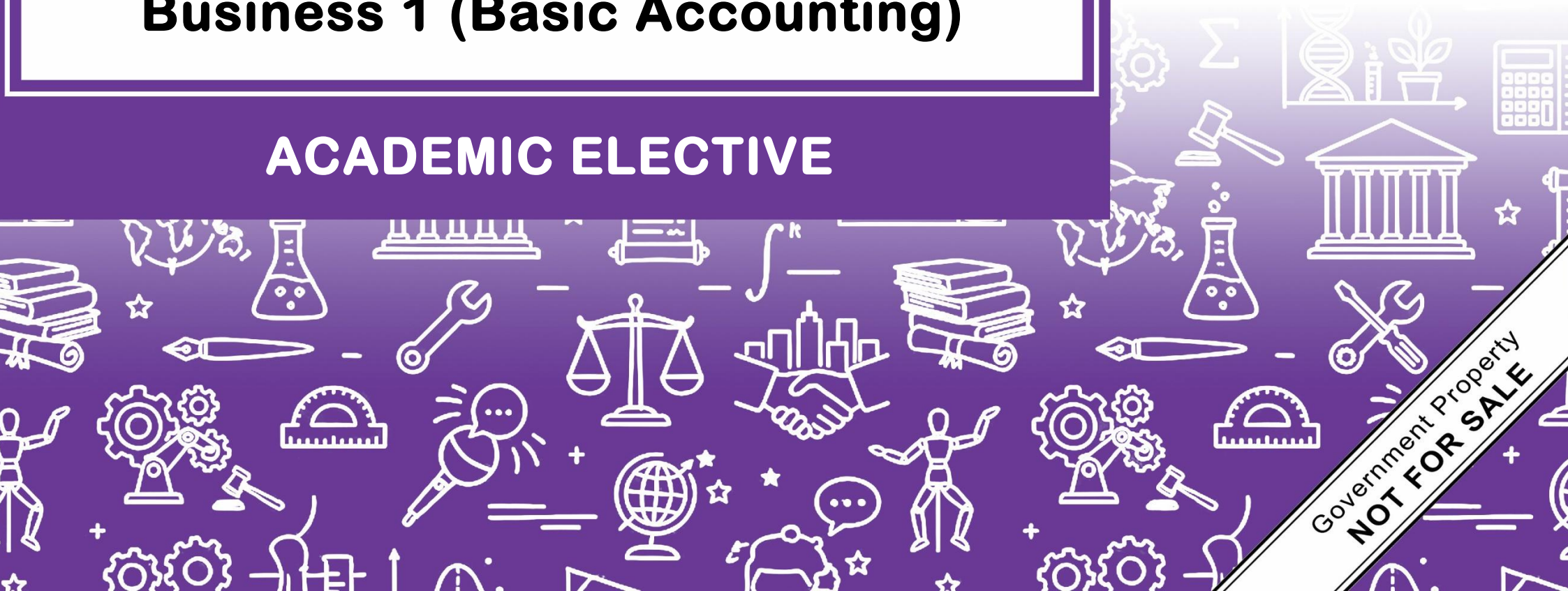
DEPARTMENT OF EDUCATION

Lesson Exemplars for Business 1 (Basic Accounting)

ACADEMIC ELECTIVE



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Lesson Exemplar for Business 1 (Basic Accounting)
Academic Elective

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Lesson Title/Topic	Introduction to Accounting: Nature, Development, Branches, and Users of Accounting Information	Lesson Exemplar	1

I. CURRICULUM STANDARDS	
A. Content Standard	The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.
B. Performance Standard	The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.
C. Learning Competencies	Discuss the nature, history and branches of accounting and its offered services.
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Accounting Standards Council. n.d. *Definition of Accounting*. American Institute of Certified Public Accountants (AICPA). n.d. *Accounting Terminology Bulletin No. 1*. Commission on Higher Education. Fundamentals of Accountancy, Business and Management: Teacher's Guide. Manila: CHED, 2016. CHED (Commission on Higher Education). 2016. *Teaching Guide for Senior High School: Fundamentals of Accountancy, Business, and Management 1*. Quezon City: CHED. Department of Education. K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand. Pasig City: Department of Education, 2016. Millan, Zenaida Vera Cruz. Fundamentals of Financial Accounting and Reporting. Manila: Millennium Books, 2019. Millan, Zeus Vernon B. 2019. *Financial Accounting and Reporting (Fundamentals)*. Baguio City: Bandolin Enterprise. Weygandt, Jerry J., Paul D. Kimmel, and Donald E. Kieso. 2019. *Financial Accounting*. 11th ed. Hoboken, NJ: Wiley. **Materials:** ▪ Projector or presentation slides ▪ Metacards or sticky notes ▪ Whiteboard or board

	▪ Printed concept puzzle pieces ▪ Chart paper/Manila paper ▪ Markers ▪ Learning Activity Sheet (LAS) ▪ Digital classroom tool (optional: Mentimeter, Padlet)
III. CONTENT *(Sequencing Content)*	***Introduction to Accounting: Nature, Development, Branches, and Users of Accounting Information*** I. Introduction to Accounting II. Nature and Functions of Accounting III. Historical Development of Accounting IV. Branches of Accounting and Accounting Services V. Users of Accounting Information (Internal and External)
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) define accounting. b) describe its nature and functions in business activities. c) explain the historical development of accounting and its importance in business practices. d) identify the different branches of accounting and the services they provide. e) differentiate the internal and external users of accounting information and describe their information needs.

V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities. *In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*
A. Activating Prior Knowledge	**1. Eliciting Prior Knowledge** *This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.* **Instructional Goal:** *Activate learners' prior experiences in tracking money or managing personal resources to help them realize the importance of organized financial information.*

OPTION 1:	**Personal Finance Reflection**
Activity Title:	**Where Did My Money Go?**
Description:	Learners reflect on their experiences in managing their allowance to surface the challenge of remembering financial transactions without records.

Procedure:

1. Ask learners to think about their weekly allowance.
   Say: *"Think about the last time you received your allowance. Do you always remember where your money went?"*

Both options help learners connect their experiences with managing money and understanding the need to track financial activities.

Option 1 (Personal Expense Reflection):
Best for using learners' daily experiences. Requires minimal materials and works well if learners are comfortable sharing.

2. Pause and let learners reflect. Ask for common expenses.
   Say (Spiel): "What do you usually spend your allowance on?"
3. Write answers on the board: Food or snacks, Transportation, School supplies, Mobile data
   Ask: "*Do you write down your expenses or just try to remember them?"*
4. Ask about losing track of money. "Have you ever run out of allowance earlier than expected?"
   Expected responses: Yes, I forgot how much I spent. Sometimes I spend without noticing
5. Guide learners to see the importance of tracking.
   Ask: "*What can you do to better manage your money?"*
   Expected answers: *Write down expenses, Track spending daily Monitor remaining money*
6. Highlight the key idea.

Say: *"If we don't track our expenses, it's hard to know where our money went."*

Prepare for the next concept.
"If it is already hard for individuals, it is even more challenging for businesses with many daily transactions."

OPTION 2:	**Picture/Video Analysis**
Activity Title:	**What Is Happening in the Business?**
Description:	Learners reflect on a picture or video showing a busy small business and identify financial activities occurring in the scene.

Procedure:

1. Show a picture or short video of a small store.
   Say (Spiel): "Observe the picture/video carefully. What is happening in this business?"
2. Ask learners to identify activities.
   Ask: *"What activities do you see in the store?"*
   Possible answers: Customers buying products, Owner receiving money Goods being arranged or restocked, Customers choosing items
3. *Guide learners to focus on money and goods.*
   Ask: "*Which activities involve money or goods being exchanged?*"
   Expected answers: Customers paying for products, Owner selling goods, Restocking products

Option 2 (Picture/Video Analysis):
Best when visual materials are available. Useful for learners who learn better through observation. The teacher may choose based on materials, learner participation, and time. Both options should lead learners to see the importance of organized financial information in business.

Reference:
CHED FABM Teacher's Guide (pp. 15–28); Millan (2019).

Ask: "*How does the owner keep track of sales and products?"*
Possible answers: Writing records, Using receipts, Listing items sold, Using a notebook

4. **Emphasize the challenge. Say:** *"Imagine if the owner only tries to remember everything."*
   Ask: *"Would that be easy or difficult?"*
5. **Highlight the key idea. Say:** "*When many transactions happen, it is hard to manage without proper recording.*"

2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Guide learners to recognize that understanding financial activities requires organized and reliable information.*

OPTION 1:	**Guided Reflection from Personal Experience**
Activity Title:	**How Can We Clearly Understand Our Money?**
Description:	Learners reflect on the earlier discussion about managing their allowance and recognize that keeping records or organizing financial information helps them understand their spending more clearly.

Procedure:

1. Refer to previous responses.
   Say: *"Earlier, you said it is hard to remember where your allowance went when expenses are not recorded."*
2. Guide reflection.
   Ask: *"Why was it difficult to track your money?"*
   Expected answers: Expenses were not recorded, We tried to remember everything, Information was incomplete
4. Ask for solutions.
   Ask: "*What should we do to better understand our spending?"*
   Possible answers: Write down expenses,Track spending, Keep records
5. Highlight the idea.
   Say: *"To understand our money, we need to record and organize it."*
6. Connect to business.
   Say: "*Now think of a business with many daily transactions."*
   Ask: "*If the owner does not track these, will it be easy to know if the business is earning?"*
7. Ask for lesson prediction.
   Ask: "*What do you think our lesson today is about?"*
   Possible answers: Recording money, Tracking transactions
8. Introduce the concept of organizing financial information.
   Say: *"This system of recording and organizing financial information is*

Option 1:

This continues the **Personal Finance Reflection activity**. The teacher refers to learners' earlier responses about difficulty tracking their allowance.

Through questioning, learners reflect on why it was hard to monitor spending and suggest solutions like recording or tracking expenses.

Allow learners to suggest ideas first before introducing accounting. This helps them see the need for the concept.

This option is best when the previous activity used personal experiences. It requires minimal materials and works well with active class participation.

called accounting."

9. State the purpose of the lesson.
   Say: *"Today, we will learn what accounting is, how it developed, and how it helps businesses manage their finances*."
10. Present the Learning Objectives.

OPTION 2:	**Guided Reflection from Picture/Video Analysis**
Activity Title:	**Why Must Business Activities Be Recorded?**
Description:	Learners continue analyzing the picture or video of a small business shown in the previous activity. Through guided questioning, learners reflect on the difficulty of monitoring business activities without organized information and begin suggesting the need to record and organize financial information.

Procedure:

1. Refer to previous observations.
   Say: *"Earlier, you saw activities in the store like buying, selling, and restocking."*
2. Guide reflection.
   Ask: *"If many customers buy throughout the day, is it easy to remember all sales without writing them down*?"
3. Ask for reasons.
   Ask: "*Why would it be difficult?"*
   Possible answers: Many customers, Many transactions, Hard to remember everything
4. Ask for solutions.
   Ask: "*What should the owner do to keep track?"*
   Possible answers: Write down sales, Record transactions, Keep receipts, Use a notebook
5. Highlight the idea.
   Say: "*To understand business activities, records must be organized."*
6. Ask for lesson prediction.
   Ask: "*What do you think our lesson is about?"*
   Possible answers: Recording transactions, Keeping financial records
7. Introduce the concept of tracking business money.
   Say: *"This system of recording and organizing financial information is called accounting."*

Option 2: *This option continues the* ***Picture/Video Analysis activity*** *from the Eliciting Prior Knowledge section. The teacher refers to learners' earlier observations about the business activities shown in the visual material. Through guided reflection, learners recognize the difficulty of monitoring many transactions without written records.*

Option 2 is appropriate when the teacher uses ***visual stimuli such as pictures, short video clips, or printed articles about small businesses****. This approach is useful for learners who respond well to observation and visual analysis.*
Teachers may use a ***picture of a sari-sari store, market stall, food stand, or short video of a small retail business****. Printed images may also be used if digital equipment is not available.*

8. State the purpose.
   Say: *"Today, we will learn what accounting is, how it developed, and how it helps businesses manage finances."*
9. Present the Learning Objectives.
   Say: *"At the end of the lesson, you should be able to define accounting, describe its nature and functions, explain its historical development, identify its branches, and differentiate internal and external users of accounting information."*

Transition:

Say: *"Now, let us look at a small business example and identify its financial activities."*
"Let us find out what information the owner needs to understand the business."

10. Instituting New Knowledge

1. Presenting Examples

This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.

Instructional Goal: *Help learners identify the financial activities that occur in a small business and recognize the information needed to understand those activities.*

OPTION 1:	**Scenario Analysis**
Activity Title:	**ReneMae Starts a Sari-Sari Store**
Description:	Learners analyze a short scenario about a small business owner named ReneMae who has recently opened a sari-sari store. Through guided questioning, learners identify the financial activities that occur in the business and the information needed to understand them.

Procedure:

1. Present the scenario.
   Say: *"Let us look at a small business. ReneMae owns a sari-sari store. She sells snacks, canned goods, and drinks. Customers buy daily, and she also buys goods from suppliers."*
2. Ask learners to identify activities.
   Ask: *"What activities are happening in ReneMae's store?"*
   Possible answers: Customers buying goods, ReneMae selling products, Buying goods from suppliers, Restocking items, Focus on money and goods.
   Ask: *"Which activities involve money or products being exchanged?"*
   Expected answers: Customers paying for products, ReneMae receiving money, Buying goods from suppliers

Option 1: *This option introduces the lesson through a* ***simple business scenario*** *that learners can easily relate to. Using a sari-sari store context reflects a common small business in the community, making the example meaningful for learners.*

This option is recommended when the teacher wants to emphasize ***story-based learning and guided discussion****. Minimal materials are required since the scenario may be presented orally or through slides.*

3. Ask about needed information.
   Ask: *"What information does ReneMae need to know if her store is earning?"*
   Possible answers: Money from sales, Money spent on goods, Products sold, Remaining inventory
4. Highlight the idea.
   Say: *"To understand her business, ReneMae must identify and organize financial information."*

Transition:
Say: *"Businesses need a system to record and organize financial information. Let us now explore this system."*

OPTION 2:	**Store Photo Analysis**
Activity Title:	**Observing a Small Business**
Description:	Learners analyze a photograph of a sari-sari store or small retail business. Through guided observation, learners identify business activities and recognize the financial information needed to understand the situation.

Procedure:

1. Show a picture of a sari-sari store or small retail shop. **Say:** *"Take a moment to observe the picture carefully. Look at what is happening in this store."*

Source: https://gemini.google.com/app (redraw/illustrate)

2. Ask learners to describe what they see. **Ask:** *"What activities can you observe in this store?"*
   Possible responses may include: customers buying products, the Store owner receiving payment, products displayed on shelves, goods being arranged.
3. Guide learners to identify financial activities. **Ask:** *"Which of these activities involve money or goods being exchanged?"*
   Expected answers may include: customers paying for items, the owner selling products, the store receiving money.

Option 2: *This option uses* ***visual analysis*** *to help learners observe real-world business activities. It is particularly useful for classes that respond well to pictures, videos, or printed materials. Teachers may use* ***photographs of sari-sari stores, market stalls, or small retail businesses****. If technology is available, a short video clip may also be used. Printed images can be distributed for group observation when digital equipment is unavailable.*

4. Ask learners to identify information the store owner might need. **Ask:** *"If the store owner wants to understand how the business is performing, what information do you think the owner needs?"*
   Possible responses may include: total sales, cost of goods, remaining inventory, expenses.
5. Highlight the importance of organizing financial information. **Say:** *"So in order to understand what is happening in the business, the owner needs to keep track of these financial activities."*

Transition to the Next Part (Discussing New Concepts)
Say: *"Businesses need a way to identify, record, and organize financial information so that they can understand how the business is performing. Let us now explore the system used by businesses to do this."*

2. Discussing New Concept

This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.

Instructional Goal: *Guide learners in understanding the key accounting ideas introduced in the lesson. The teacher facilitates concept discovery through questioning, reasoning, and guided explanation while ensuring that all essential accounting concepts in the curriculum are clearly understood.*

I. Introduction to Accounting

Concept Exploration	**Say:** *"Earlier, we discussed how hard it is to understand unorganized information. Let's look at ReneMae's sari-sari store again."* **Ask:** *"To know if her business is earning, what specific information does she need to monitor?"* ✓ **Expected Response(s):** Daily sales, expenses, inventory. **Ask:** "*Why is this information important?"* ✓ **Expected Response(s):** To see if there is profit, to manage expenses, and to keep the business running properly.
Concept Explanation	**Explain:** Accounting is the systematic system used to organize and communicate the financial "story" of a business. **1. The Formal Definition:** According to Weygandt, Kimmel, and Kieso (2019), accounting is the process of **identifying, recording, and communicating** economic events of an organization to interested users. • **Identifying:** Sorting through business activities to pick out "transactions" (events involving money). • **Recording:** Recording these transactions chronologically in accounting records such as journals. • **Communicating:** Taking those records and summarizing them into reports that users can understand and use for decision-making.

	2. The Role of Accounting: • **The "Language of Business" (Millan, 2019):** Accounting is a systematic process used to identify, record, organize, and communicate the financial information of a business. • **Decision-Making:** The goal of accounting is to provide facts. Without these reports, owners make decisions without sufficient financial basis. Accounting provides the data needed to make **sound business decisions**.
Visual Representation	Present a simple concept diagram: ***Business Transactions*** ➔ ***Accounting Process*** ➔ ***Financial Reports*** ➔ ***Business Decisions***
Concept Illustration	**Say:** *"Let us apply this to the example of ReneMae's sari-sari store. Suppose ReneMae sells ₱500 worth of goods to customers in one day."* **Ask:** *Why do you think this sale is important for ReneMae to monitor?* ✓ **Expected responses:** It shows how much she earned and directly affects her daily profit. **Say:** *"This sale is a **Business Transaction**. Accounting helps her organize this event so it doesn't get lost or forgotten."*
Learner Interaction	**Ask:** *"If ReneMae forgets to record her sales for a whole week, what specific problems will she face by the end of the month?"* ✓ **Expected response(s):** She might lose track of her cash (shortage).
Teacher Clarification	**Say:** *"Accounting is more than just listing numbers; it is the bridge between business activities and smart decisions. It identifies the right data, keeps a permanent record, and communicates the truth about a business so the owner can plan for the future."*

Transition:

Say: *"Now that we understand what accounting is, let us examine the **nature and functions of accounting**."*

II. Nature and Functions of Accounting

Concept Exploration	**Say:** *"We've learned that accounting is the language of business. But imagine if every person spoke their own version of a language—no one would understand each other. This is why accounting has a specific 'nature' or set of characteristics."* **Ask:** *"If ReneMae wants to borrow money from a bank to expand her store, do you think the bank will just take her word that she is 'doing well,' or will they ask for something specific?"* ✓ **Possible Responses:** They will ask for her records; they need to see her list of earnings; they need proof in numbers. **Ask:** *"Why can't she just show them a photo of her happy customers as proof of success?"* ✓ **Possible Responses:** Because happiness doesn't pay back a loan; the bank needs to see the actual money (Pesos).
Concept Explanation	**Explain:** According to accounting theory and established standards, accounting possesses a unique nature that distinguishes it from other business functions. • **A Service Activity:** As defined by the Accounting Standards Council (ASC), accounting is a service activity because its function is to provide quantitative information, primarily financial in nature, that is intended to be useful in making economic decisions. • **A Process:** It is not a random task but a systematic series of steps. Weygandt, Kimmel, and Kieso (2019) describe this as a cycle consisting of three core processes:

	1. **IDENTIFYING:** This involves selecting specific economic events that are relevant to a particular business. These events are called **transactions** (e.g., selling goods or paying rent). 2. **RECORDING:** This involves keeping a chronological (date-ordered) record of transactions, measured in monetary terms (Pesos). These are written in accounting books called **Journals** and **Ledgers**. 3. **COMMUNICATING:** This occurs when the recorded data is summarized and presented to users through **Financial Reports** (such as financial statements). This makes the data understandable for decision-makers. • **Both an Art and a Discipline:** o **Art:** The AICPA defines accounting as the "art of recording, classifying, and summarizing in a significant manner." It requires skill, experience, and professional judgment to interpret what the numbers truly mean for a business. o **Discipline:** It is a discipline because it follows a strict body of knowledge and rules, such as the Philippine Financial Reporting Standards (PFRS) and professional ethics. • **Deals with Financial Information:** Accounting only recognizes transactions that can be measured in **monetary terms**. Events that are important but cannot be quantified in money (such as a manager's leadership skills or employee morale) are generally **not** recorded in the books (Millan 2019). • **An Information System:** It functions as a cycle that collects raw data (receipts/invoices), processes it through the accounting cycle, and communicates the resulting information (reports) to help different users make sound choices (Millan 2019).
Learner Interaction	**Say:** *"Suppose ReneMae is the most hardworking owner in her town. She believes her 'hard work' is worth ₱10,000."* **Ask:** *"Based on the nature of accounting as discussed by **Millan (2019)**, can she record this ₱10,000 in her official books? Why or why not?"* ✓ **Expected Response:** No, because hard work is a quality and cannot be measured in monetary terms.
Teacher Clarification	**Say:** *"This shows that accounting is an organized system that helps businesses record financial activities and communicate useful information to decision-makers."*

Transition

Say: *"Now that we understand how accounting works, let us explore **how accounting developed over time**."*

III. Historical Development of Accounting

Concept Exploration	**Say:** *"Earlier, we learned that accounting helps businesses record and organize financial information. But how did this start?"* **Ask:** *"Before modern computers existed, how do you think ancient merchants kept track of their business?"* ✓ **Possible Responses:** Writing in notebooks, keeping lists of goods, recording transactions manually. **Ask:** "Why was keeping records important even in ancient trade?" ✓ **Possible Responses:** To track money and goods, avoid losses, and remember who owed them money.

Concept Explanation	**Explain:** Accounting has developed over thousands of years because people involved in trade needed a way to measure their economic activities. • **Ancient Civilizations:** Early practices existed in Mesopotamia, Egypt, and Rome, where merchants used clay tablets or papyrus to record trade (CHED 2016). • **The Renaissance Period:** The modern system was born in Italy. In **1494**, an Italian mathematician named **Luca Pacioli** published a book describing the **Double-Entry Bookkeeping System**. • **The Foundation:** This system records two sides to every transaction (Debit and Credit) and remains the foundation of all modern accounting today (CHED 2016).
Visual Model	**The Evolution of Recording:** Ancient Trade ➔ Early Record Keeping ➔ **Luca Pacioli (1494)** ➔ Modern Accounting Systems
Concept Illustration	**Say:** *"Even though ReneMae uses a simple notebook for her sari-sari store, she is following a tradition started by ancient merchants. Whether using a clay tablet or accounting software, the goal remains the same: tracking trade activities."*
Learner Interaction	**Ask:** *"Why do you think accounting systems became more important as businesses grew larger?"* ✓ **Expected Responses:** More transactions occur, businesses need more accuracy, and decisions become more complex.
Teacher Clarification	**Say:** *"Accounting developed because economic activities became more complex. As trade grew,* analyzing and interpreting transactions. *Businesses needed a systematic way of recording, analyzing, and interpreting transactions.*

Transition:

Say: *"Because businesses have different financial needs, accounting also developed into several branches that provide different accounting services. Let us now explore these* ***branches of accounting****."*

IV. Branches of Accounting and Accounting Services

Concept Exploration	**Ask:** "Do you think all accounting work is exactly the same, or are there different types?" ✓ **Possible Responses:** Different types exist; it depends on the purpose. **Ask:** "Why might a business need different types of accounting?" ✓ **Possible Responses:** Different decisions require different info; different people (like the government vs. the owner) need different data.
Concept Explanation	**Explain:** According to **Millan (2019)**, accounting is divided into specialized branches to provide specific services: • **Financial Accounting:** Prepares reports (Income Statement/Balance Sheet) primarily for **external users** like investors and banks. • **Management Accounting:** Provides info to help **internal managers** with budgeting, planning, and controlling operations. • **Cost Accounting:** Analyzes the cost of producing goods or services to help set prices and control expenses. • **Tax Accounting:** Focuses on tax report preparation and ensuring the business complies with government tax laws. • **Auditing:** The "checking" branch. It involves examining financial records to ensure they are accurate and reliable.
Visual Model	Present a simple table or diagram:

Branch	Focus	Example Service
Financial	External Users	Preparing Financial Statements
Management	Internal Users	Budgeting and Planning
Cost	Internal Efficiency	Determining Product Costs
Tax	Compliance	Preparing Tax Returns
Auditing	Verification	Verifying Financial Records

Concept Illustration	**Say:** *"If ReneMae wants to know her total profit for the month, she uses **Financial Accounting**. If she is trying to decide how much to charge for a new snack to ensure she covers her costs, she is using **Cost Accounting**."*
Learner Interaction	**Ask:** *"If a big company wants to prove to a bank that their records are not fake, which branch of accounting do they need?"* ✓ **Expected Response: Auditing** (to verify the records).
Teacher Clarification	**Say:** *" This shows that accounting is not just 'one job.' It is a collection of specialized services that help a business stay legal, profitable, and organized."*

Transition

Say: *"Accounting information becomes useful because many people rely on it when making decisions. Let us now identify the **users of accounting information**."*

V. Users of Accounting Information (Internal and External)

Concept Exploration	**Ask:** *"Aside from ReneMae, who else would be interested in seeing the records of her sari-sari store?"* ✓ **Possible Responses:** Investors, banks (if she wants a loan), the government (for taxes), and her suppliers.
Concept Explanation	**Explain:** People who rely on these reports are called **Users**, and they are divided into two main groups (CHED 2016): 1. **Internal Users (Inside the business):** o **Who:** Owners, Managers, and Employees. o **Purpose:** To evaluate performance and plan for the future. 2. **External Users (Outside the business):** o **Who:** Investors, Creditors (Banks), Government (BIR), and Suppliers. o **Purpose:** To determine if the business is stable, can pay its debts, or is paying the right taxes.
Concept Illustration	**Say:** *"ReneMae is an **Internal User** because she uses the info to manage her store. A bank is an **External User** because they look at her records from the outside to decide if they should lend her money."*
Learner Interaction	**Ask:** *"Why would the government (BIR) be interested in ReneMae's accounting information?"* ✓ **Expected Response:** To ensure she is paying the correct amount of taxes based on her earnings.

Teacher Clarification	**Say:** *"Accounting is the 'Language of Business' because it allows both people inside and outside the business to understand its financial health and make safe decisions."*

Transition to Developing Mastery:

Say: *"Now that we understand the meaning, development, branches, and users of accounting, let us organize these ideas through the next activity. In the next activity, you will work together to connect the key accounting concepts we discussed."*

3. Developing Mastery

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

ACTIVITY 1: Defining Accounting

Instructional Goal: *Guide learners in defining accounting by identifying its key components and constructing a complete definition.*

OPTION 1:	**Concept Puzzle**
Activity Title:	**Reconstructing the Meaning of Accounting**
Description:	Learners reconstruct the formal definition of accounting using puzzle pieces containing key words. Through collaborative discussion, they identify how the terms relate to the accounting process.

Procedure:

1. Prepare puzzle pieces with the keywords:
   • IDENTIFYING • RECORDING • COMMUNICATING
   • ECONOMIC EVENTS • ORGANIZATION • INTERESTED USERS
2. Divide the class into groups and give each group the puzzle pieces.
   Say: *"Arrange the words to form a meaningful definition of accounting."*
3. Let groups discuss and arrange their answers.
4. Ask groups to share their definition.
   Ask: "*Why do these words fit together?"*
   Expected responses:
   • Accounting identifies transactions, • Accounting records business activities, • Accounting communicates information
5. Present the formal definition:
   Say: *"Accounting is the process of identifying, recording, and communicating economic events of an organization to interested users."*

Option 1

This strategy supports **constructivist learning** by letting learners build the definition of accounting through active reconstruction rather than memorization. The puzzle activity promotes collaboration and helps learners understand the relationship among key accounting processes: identifying, recording, and communicating.

Best used when:

1. The teacher aims to promote collaborative discovery
2. Learners benefit from hands-on or manipulative activities
3. There is sufficient time for group discussion

Possible materials:

- Printed puzzle cards
- Metacards

6. Clarify the definition.
   Ask: • *What is identifying in accounting?* • *What does recording involve?* • *Why is communication important*?

- Digital drag-and-drop slides
- Board illustrations

Teacher's role:

- Observe if learners correctly match keywords to the accounting process
- Check for misconceptions, such as treating terms as separate tasks instead of a systematic process

Guided Practice:
• Let groups explain each keyword.
• Move around to guide and correct ideas.
Independent Practice:
• Ask learners to write their own definition (1–2 sentences).
Transition Spiel:
Say: "*Now that we understand accounting, let's look at how it developed over time.*"

OPTION 2:	**Keyword Reconstruction**
Activity Title:	**Building the Accounting Definition**
Description:	Learners analyze incomplete statements about accounting and reconstruct the correct definition by identifying missing keywords.

Procedure:

1. Present the incomplete definition:
   "Accounting is the process of _____, _____, and _____ economic events of an organization to _____ users."
2. Provide learners with a word bank:
   - IDENTIFYING
   - RECORDING
   - COMMUNICATING
   - INTERESTED
3. Ask learners to work in pairs to fill in the missing terms.
4. After completion, ask learners to read the completed definition.
5. Discuss the meaning of each term.
   Ask:
   - *"Why is identifying the first step in accounting?"*
   - *"Why must financial events be recorded?"*

   Expected responses:
   - ✓ transactions must first be identified
   - ✓ recording ensures information is not forgotten

For Independent Practice:

- ✓ Instruct learners to write a short explanation describing accounting in their own words.

Option 2: *This strategy focuses on guided recall and structured reconstruction of concepts. It is suitable when the teacher wants a more time-efficient activity while still ensuring learners understand the essential components of the definition.*

This option is recommended when:
• class time is limited
• learners need structured prompts
• the class prefers pair discussion instead of group tasks

Materials required are minimal:
• board or slide presentation
• printed worksheets (optional)

Teachers should ensure that learners do not simply guess the

Transition Spiel

Say: *"Now that we understand what accounting means, let us examine how accounting developed throughout history."*

ACTIVITY 2: Explaining Accounting's Historical Development

Instructional Goal: *Guide learners in explaining the historical development of accounting.*

OPTION 1:	**Timeline Completion**
Activity Title:	**Completing the Accounting Timeline**
Description:	Learners complete a partially filled timeline showing important developments in accounting history.

Procedure:

1. Display an incomplete timeline:
   Ancient Trade → _____ → Luca Pacioli (1494) → Modern Accounting
   Ask: "*How did ancient traders track business transactions?, "What likely happened as trade increased?",*
2. **Present the clue and ask:** *"Who helped develop the accounting system used today? (Guide answer: Luca Pacioli)*
   Ask: "*What system did Luca Pacioli introduce in 1494?*
   "*Why is the double-entry system important?*
   "How did accounting change as businesses became larger and more complex?

Independent Practice:

Question: *In 2–3 sentences, explain how accounting evolved from early trade to modern systems.*

Transition Spiel: "*As businesses grew more complex, accounting developed into specialized areas. Let's now explore the different branches of accounting and their services."*

OPTION 2:	**Event Sequencing**
Activity Title:	**Ordering the History of Accounting**
Description:	Learners analyze historical accounting events through guided questions and determine their chronological order.

Procedure:

1. Present key events: Merchants record transactions in ancient times, Luca Pacioli introduces double-entry bookkeeping, Modern accounting systems and standards develop
   Ask: "*Which event happened first?", "Why did early merchants record transactions?" ", "Who introduced the double-entry bookkeeping*

missing words but understand the meaning of each step in the accounting process.

***Option 1:** This activity uses **visual historical sequencing** to help learners understand how accounting practices evolved over time. The timeline structure helps learners see the **progression from early trade recordkeeping to modern accounting systems**.*

This option is recommended when:
• visual aids such as slides or printed timelines are available
*• the teacher wants learners to understand **chronological development***
*• the class benefits from **visual learning strategies***

*Teachers should emphasize that accounting systems developed because **business activities became more complex and required more accurate record-keeping methods**.*

***Option 2:** This strategy focuses on logical reasoning and chronological analysis rather than visual mapping. Learners analyze historical situations and determine the correct sequence through guided discussion.*

This option is recommended when:

system?, "Why is the double-entry system important?,"
*(**Expected: improves accuracy, tracks transactions clearly)***
"How did accounting change as businesses grew?"
*(**Possible: modern systems developed, standards were created, technology was used)***

Independent Practice:
Question: *Why did accounting systems evolve over time? (2–3 sentences)*

Transition Spiel:
"Accounting developed over time and expanded into specialized areas. Let's now explore the branches of accounting and their services."

ACTIVITY 3: Identifying the Branches of Accounting and Their Services

Instructional Goal: *Guide learners in identifying the branches of accounting and the services they provide.*

OPTION 1:	**Matching Activity**
Activity Title:	**Match the Branch with the Service**
Description:	Learners match each branch of accounting with the accounting services it provides. Through this activity, learners recognize that different branches of accounting serve different purposes in business operations.

Procedure:

1. Prepare two sets of cards or lists.

Set A **Branches of Accounting**	**Set B** **Accounting Services**
• Financial Accounting • Management Accounting • Cost Accounting • Tax Accounting • Auditing	• preparation of financial statements • budgeting and planning for business decisions • determining production costs • preparing tax reports and ensuring tax compliance • examining financial records for accuracy

3. Divide the class into small groups and distribute the cards.
   Say: *"Each group will match the branch of accounting with the service that it provides in a business."*
4. Allow groups to analyze the cards and complete the matching task. After groups finish, review the answers with the class.

• the teacher wants learners to focus on cause-and-effect reasoning
• visual materials are limited
• the class responds well to discussion-based learning

Teachers should guide learners to recognize that accounting developed as a response to the growing complexity of economic activities and the need for reliable financial records.

***Option 1:** This activity helps learners connect each branch of accounting with its corresponding services, reinforcing the idea that accounting is composed of specialized areas that perform different functions in business operations.*

Recommended when:
• the teacher wants learners to visually associate concepts and applications
• learners benefit from card-based or interactive matching tasks
• the teacher wants to emphasize recognition of relationships between concepts.
Observe whether learners correctly associate each branch with its function. If learners confuse the services, the teacher should clarify the role of each branch.

Ask: "*Which branch of accounting focuses on preparing financial statements that are used by investors, creditors, and other external stakeholders to evaluate the performance of a business?*

5. Clarify the role of each branch when necessary.

Independent Practice:

✓ Ask learners to answer the following questions individually.

Transition Spiel

Say: *"Now that we understand the different branches of accounting and the services they provide, let us identify the people who use accounting information in decision-making."*

OPTION 2:	**Branch Sorting**
Activity Title:	**Sorting Accounting Services**
Description:	Learners analyze several accounting tasks and classify them under the correct branch of accounting.

Procedure:

1. Present the following accounting tasks on the board or on a slide.
   preparing financial statements
   - ✓ analyzing production costs
   - ✓ preparing tax returns
   - ✓ auditing financial records
   - ✓ preparing budget reports for managers
2. Ask learners to classify the tasks under the appropriate accounting branch.
3. Guide the discussion. Ask:

- *Which task belongs to Financial Accounting?*
  Expected response: preparing financial statement
- *Which task helps managers plan business operations?*
  Expected response: preparing budget reports
- *Which task ensures financial records are accurate?*
  Expected response: auditing financial records

For Independent Practice:

✓ Ask learners to answer similar questions individually.

Expected answer: *Financial Accounting*

Branch of accounting provides information that helps managers plan, control operations, and make important business decisions?

Expected answer: *Management Accounting*

Branch of accounting analyzes and determines the cost of producing goods or providing services in order to help businesses control expenses and set prices?

Expected answer: *Cost Accounting*

Branch of accounting focuses on preparing tax reports and ensuring that businesses comply with government tax laws and regulations?

Expected answer: *Tax Accounting*

bbranch of accounting examines and verifies financial records to ensure that accounting information is accurate and reliable?

Expected answer: *Auditing*

Option 2: *This strategy encourages learners to analyze accounting services and classify them according to their corresponding branch. It promotes deeper reasoning because learners must determine why a service belongs to a particular branch.*

This option is recommended when:
• the teacher wants to develop analytical thinking rather than simple recognition
• learners can work effectively in pair or small-group discussions
• the class benefits from categorization activities

Teachers should guide learners to explain their reasoning when classifying services. Misconceptions may occur when learners confuse management accounting and cost accounting, so clarification may be necessary.

Transition Spiel

Say: *"Accounting information is useful because different people rely on it to make decisions. Let us now identify the users of accounting information."*

ACTIVITY 4: Differentiating Users of Accounting Information

Instructional Goal: *Guide learners in differentiating internal and external users of accounting information and explaining their information needs.*

OPTION 1:	**User Classification**
Activity Title:	**Who Uses the Information?**
Description:	Learners classify individuals who use accounting information as either internal or external users.

Procedure:

1. Present a list of users:
   - Business Owner, Manager, Employee
   - Investor, Bank, Government Agency
2. Ask learners to group them as:
   - Inside the business
   - Outside the business
3. Ask: *Who manages or operates the business?*
   (Possible: Owner, Manager, Employee)
   → Explain: These are **internal users**
   Who is outside but still needs financial information?
   (Possible: Investor, Bank, Government Agency)
   → Explain: These are **external users**
4. Ask about their needs:
   Why do investors check financial performance?
   Why do banks review records before lending?
   Why do government agencies require reports?
   (Possible answers: check profitability, assess loan payment, ensure tax compliance)

Independent Practice: Classify each user as **Internal** or **External**

Transition: *"Knowing who uses accounting information helps us understand its role in business decisions."*

OPTION 2:	**Role Identification**
Activity Title:	**Identifying Decision Makers**

Option 1: *This activity reinforces learners' understanding of the* ***different users of accounting information*** *and how financial reports support decision-making. Teachers may facilitate the activity using different formats such as* ***board discussion, metacards, worksheets, or digital classification tools****, depending on available resources and class size. The focus of the activity is to help learners clearly distinguish between* ***internal users who manage the business and external users who evaluate the business from outside the organization****.*

Option 2: *This strategy uses short scenarios to help learners determine who is using accounting information and why. By analyzing situations, learners can better understand how accounting information is applied in real business contexts.*

This option is recommended when:
• the teacher wants to introduce context-based reasoning tasks
• learners respond well to scenario-based analysis
• the teacher wants to connect accounting concepts to real-world business situations

Teachers should guide learners to explain the reasoning behind their

	Description: Learners analyze short business situations and determine whether the user of accounting information is an internal or external user. **Procedure:** 1. Present a scenario: *A bank reviews ReneMae's financial statements before approving a loan.* **Ask:** *Is the bank an internal or external user?* *(Answer: External)* 2. Present another scenario: *ReneMae checks her sales and expenses to see if she is earning profit.* **Ask:** *Is ReneMae an internal or external user?* *(Answer: Internal)* 3. Give more scenarios (investors, suppliers, government). 4. **Ask:** *Why is the user internal or external?* *(Possible: manages the business / evaluates from outside)* **Independent Practice:** Question: *Why do different users need accounting information?* *(Possible answers: check performance, make investment/loan decisions, manage operations)* **Teacher Transition (Synthesis):** "*We explored key ideas in accounting: its definition (identifying, recording, communicating), its development, its branches, and its users.* *Now, let's apply these concepts to a real business situation—ReneMae's sari-sari store."*	*answers, particularly why a user is classified as internal or external.*
11. Demonstrating Knowledge and Skills	**1. Finding Practical Application** *In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.* **Instructional Goal:** *Guide learners in applying the concept of accounting to situations they may encounter in their own daily financial activities.* **Activity Title:** **Why Do I Need to Track My Money? Personal Financial Reflection** **Description:** Learners reflect on their own experiences in handling money and explain how recording financial activities can help them make better decisions. **Procedure (Personal Connection to Accounting):** 1. Ask learners about money they receive (allowance, savings). 2. Ask: "*What do you usually spend money on?" (food, transport, school supplies, data, online purchases)* *"Do you record your money or just remember it?"*	This activity links accounting to learners' daily money experiences, helping them see its real-life use. You may use different approaches based on time and context: • Whole-class discussion on how learners manage allowance • Pair or group sharing of spending habits

"How can recording help you manage money?"

3. Explain:
    - Like individuals, businesses use accounting to record and organize finances.

Processing Questions:

- *Why track money received and spent?*
- *How does recording help decision-making?*
- *How is this similar to business accounting?*

(Possible answers: monitor expenses, avoid overspending, understand finances)

Ask learners to choose one business decision ReneMae needs to make, such as borrowing money, restocking goods, or checking profit. Let them identify what accounting information is needed and who will use the information.

Teacher Transition (Synthesis):

"*We learned that accounting involves identifying, recording, and communicating financial information. We also explored its development, branches, and users. Now, let's apply these ideas to a real business—ReneMae's sari-sari Store."*

- Short written reflection on expenses and benefits of recording them
- Simple expense logs or visuals to track daily spending

Guide learners to the key idea: recording and organizing finances helps individuals and businesses understand their situation and make better decisions.

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in synthesizing the key ideas about accounting, including its meaning, development, branches, and users of accounting information.*

Activity Title:	**Completing the Accounting Summary**
Description:	Learners reflect on the key concepts discussed in the lesson and complete summary statements that capture the essential ideas about accounting.

Procedure (Synthesis of Learning):

1. Ask learners to recall key ideas.
   Say: "Let's summarize what we learned about accounting."
2. Ask: What is accounting?
   (process of identifying, recording, communicating financial information)
   What are the three processes? *(identifying, recording, communicating)*
   What are some branches of accounting? *(financial, management, cost, tax, auditing)*

This activity helps learners synthesize key ideas about accounting—its definition, processes, branches, history, and users—and connect them to real-life situations.

Possible Approaches:

- Whole-class discussion of key questions
- Sentence completion in notebooks/worksheets
- Think–Pair–Share
- Concept mapping of ideas

	Who are the users of accounting information? *(internal: owners, managers; external: investors, banks, government)* 3. Complete the statement: o *Accounting is important because _____.* *(records activities, organizes data, supports decisions)* **Teacher Synthesis:** "Accounting is the process of identifying, recording, and communicating financial information for decision-making. It helps businesses understand and manage their finances." **Transition to Assessment:** "Let's check your understanding through the Learning Activity Sheet." **Activity Note (Personal Connection):** This activity links accounting to daily money experiences. **Possible approaches:** • Class discussion on allowance and expenses • Pair/group sharing of spending habits • Short reflection on expenses and recording • Simple expense logs or visuals **Key idea:** Recording and organizing finances helps individuals and businesses make better decisions.	**Key idea:** Accounting organizes financial information to support better decisions.

V. ASSESSMENT
(Assessment for/ of Learning)

Instructions

1. Distribute the **Learning Activity Sheet (LAS)** to all learners after the Making Generalization activity.
2. Explain that the activity will assess their understanding of the concepts discussed in the lesson.
3. Instruct learners to read each item carefully before answering.
4. Remind learners to answer the questions **individually**.
5. Allow approximately **10–15 minutes** for the learners to complete the activity.
6. After completion, collect the LAS or review the answers through class discussion

Table of Specifications (TOS)

Learning Objective	Cognitive Level	No. of Items	Item Numbers
Define accounting and describe its nature and functions	Understanding	4	1–4
Explain the historical development of accounting	Understanding	3	5–7
Identify branches of accounting and their services	Understanding	4	8–11
Differentiate internal and external users	Understanding	4	12–15
TOTAL		**15**	

Assessment Structure:
Part I – Multiple Choice (Items 1–11)
Part II – Identification / Classification (Items 12–15)
Answer Key:

1. D	**6.** C	**11.**A
2. D	**7.** C	**12.**I
3. B	**8.** B	**13.**E
4. C	**9.** C	**14.**I
5. D	**10.**A	**15.**E

VI. REFLECTION
(Feedback and Continuous Improvement)

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

VII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used Open Al such as Chat GPT and Gemini Google Assistant in order to help enhance activities. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Basic Accounting Concepts and Financial Reporting Framework	Lesson Exemplar	2

I. CURRICULUM STANDARDS	
A. Content Standard	The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.
B. Performance Standard	The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.
C. Learning Competencies	Explain the basic accounting framework.
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Accounting Standards Council. n.d. *Definition of Accounting*. American Institute of Certified Public Accountants (AICPA). n.d. *Accounting Terminology Bulletin No. 1*. Commission on Higher Education. Fundamentals of Accountancy, Business and Management: Teacher's Guide. Manila: CHED, 2016. CHED (Commission on Higher Education). 2016. *Teaching Guide for Senior High School: Fundamentals of Accountancy, Business, and Management 1*. Quezon City: CHED. Department of Education. K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand. Pasig City: Department of Education, 2016. Millan, Zenaida Vera Cruz. Fundamentals of Financial Accounting and Reporting. Manila: Millennium Books, 2019. Millan, Zeus Vernon B. 2019. *Financial Accounting and Reporting (Fundamentals)*. Baguio City: Bandolin Enterprise. Weygandt, Jerry J., Paul D. Kimmel, and Donald E. Kieso. 2019. *Financial Accounting*. 11th ed. Hoboken, NJ: Wiley. **Materials:** ▪ Projector or presentation slides ▪ Metacards or sticky notes ▪ Whiteboard or board ▪ Printed concept puzzle pieces ▪ Chart paper/Manila paper

<table>
<tr><td></td><td>▪ Markers
▪ Learning Activity Sheet (LAS)
▪ Digital classroom tool (optional: Mentimeter, Padlet)</td></tr>
<tr><td>III. CONTENT
(Sequencing Content)</td><td>I. Basic Accounting Concepts and Financial Reporting Framework</td></tr>
<tr><td>IV. OBJECTIVES
(Setting Clear Objectives and Analyzing the Tasks)</td><td>At the end of the session, the learners should be able to:
a) Define basic accounting concepts and principles used in financial reporting.
b) Explain the purpose of the basic accounting framework in guiding accounting practices.
c) Describe the meaning and role of Generally Accepted Accounting Principles (GAAP) in financial reporting.
d) Identify the Philippine Financial Reporting Standards (PFRS) and explain their importance in preparing financial statements.</td></tr>
<tr><td colspan="2">IV. PROCEDURES
(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension. (Each part shall have 2-3 varied activities)</td><td>ANNOTATIONS
*Instruction to the teacher on how to facilitate the activities.*In the Annotation, explicitly explain how the IDF is applied in each part of the lesson</td></tr>
<tr><td>A. Activating Prior Knowledge</td><td>1. Eliciting Prior Knowledge
This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.
Instructional Goal: Activate learners' prior experiences in tracking money or managing personal resources to help them realize the importance of organized financial information.

<table>
<tr><td>OPTION 1:</td><td>Principles in Life</td></tr>
<tr><td>Activity Title:</td><td>What is my principle in life?</td></tr>
<tr><td>Description:</td><td>Learners reflect on their principle/s in life and its impact to their lives</td></tr>
</table>
Procedure:
1. Ask the learners to think deeply about their principles in life. Say: "I believe each person has its own guided principles in life. Would you mind sharing to the class your own principle in life?"
2. Pause briefly to allow learners to reflect. Ask the learners to identify which of these principles greatly affects you. Say: "Let us think about the recent incident that happened to you. What are your reactions and how did you manage it?"</td><td>Both options aim to activate learners' prior experiences relevant to real enterprise operations.

Option 1 (Principles in Life Reflection) In prompting these questions, the learners are expected to understand what a principle is and the importance of having a principle in life.
Option 2 (Picture/Video Analysis) may be used when visual materials such as short video clips, or printed articles about business operations are available. This option is helpful for learners who respond better to</td></tr>
</table>

Call on several learners to respond and write their responses on the board. **Possible responses:** *doing the right thing, speak truth with bravery and empathy, taking ownership of your situation.*

3. Guide learners to think and state about their principles in life.
4. Encourage learners to reflect on the recent activity or incident that happened in their lives. **Ask:** "Do you think these principles can easily be changed or influenced by others*?" "How do these principles affect you?"*

   Expected answers may include:

   ✓ *No, because this is my guide in dealing with others.*

   ✓ *Sometimes if it is for my own good.*
5. Highlight the key insight from the activity. **Say:** "*So if we want to act confidently and live authentically while building trust and reliability with others, we must have a steady principle in life."*
6. **Prepare learners for the next idea. Say:** *"If we want to have a consistent framework for decision making and we want to foster integrity in dealing with others, we must establish and stick to our principles in life."*

OPTION 2:	**Video Analysis**
Activity Title:	**Why is it valuable to create your own principles?**
Description:	Learners reflect on the video showing the importance of having a sound principle in life that would be relevant to real enterprise operations.

Procedure:

1. Show a short video of a business operation of a small enterprise. Instruct learners to observe carefully. **Say:** *"Take a moment to watch the video. Observe carefully what transpired to this business."*
2. Pause briefly to allow learners to observe. Ask learners to identify the activities happening in the business. **Ask:** *"What can you say with their business operations?"*

   Possible answers may include:

   ✓ It ensures company's success; people don't just work for a paycheck; they work for a purpose.

visual stimuli and observation tasks.

*The teacher may choose the option based on **available materials, learner participation level, and time allotment**. Regardless of the option selected, the activity should lead learners to analyze key accounting functions and principles relevant to real enterprise operations.*

For additional background, teachers may refer to: Commission on Higher Education, Fundamentals of Accountancy, Business and Management: Teacher's Guide, pp. 32-38; and Millan (2019).

3. Lead learners to recognize the difficulty of not having a sound principle in life. **Say:** *"Imagine if the owner would just simply rely on the decision of others."*
   Ask: *"What do you think would be the effect of this?"*
4. Highlight the key insight. **Say:** *"So principles ensure that the company's success is built on a foundation of trust rather than a house of cards."*

Transition to the Next Part:

Say: *"In the situation, we fully understand the importance of having a sound principle in life that would lead to the long-term sustainability of the business.*

One of the most practical benefits of sound principles is that they serve as a filter for complex choices.

Let us now examine another situation and try to find out what kind of information people need in order to clearly understand the importance in carrying out business operations."

2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Guide learners to recognize that understanding business operations requires a sound principles.*

Activity Title:	**Recalling the Story of ReneMay's Sari-sari Store**
Description:	Learners will recall the relevant business activities to recognize the financial information needed to ensure success of the business.

Activity: *This activity will recall the previous story of ReneMay's Sari-sari Store which is already familiar to the learners to ensure active participation from the learners.*

Procedure:

1.Ask learners to describe what they observe. **Ask:** *"What do you think is that important thing that ReneMay's need to understand to ensure success of the business?"*

Possible responses may include:

- ✓ *ReneMay needs to identify and organize important financial information about her store,keep financial records.*

2.Guide learners to identify financial activities. **Ask:** *"What do you think are the guiding principles that led to the success of ReneMay's Sari-sari Store?"*

Expected answers may include:

✓ Honest in dealing with customers, kindness and reliable.

3. Highlight the importance of understanding and having a sound principle. **Say:** *"So in order to ensure the success of the business, one should understand fully the business operations and one's principle that would lead to the profitability of the business."*

Transition to the Next Part (Presenting Examples)

Say: *"Imagine you own ReneMay's Sari-sari Store. Of course you want to succeed. But what if the business suddenly closes because the owner did not manage the money properly?*

Let us read a short story which is entitled,"The Rise and Fall of Ana's Mini-Grocery".

In the short story, we will examine the case of a business owner and identify the causes of its closure."

Let us find out what kind of information the owner needs in order to clearly understand what is happening in the business."

B. Instituting New Knowledge

1. Presenting Examples

This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.

Instructional Goal: *Help learners identify the financial activities that occur in a small business and recognize the information needed to understand those activities.*

Activity Title:	**The Rise and Fall of Ana's Mini Grocery**
Description:	This story would unlock the knowledge of the learners on the concept and principles used in financial reporting.

Procedure:

1. Present the story to the learners.
   Say: *"Let us now look at an example of a business situation.*
   Ask: "Have you ever thought of running your own business?" What would you do to make sure it succeeds?"
2. Group the learners into five (5) and let them analyze the story of Ana's Mini Grocery.
3. Let the learners list the possible mistakes Ana incurred in managing her business.
4. Let the learners assign one from each group to present their consolidated outputs.

Activity: *This activity introduces the lesson through a* ***simple short story*** *that learners can easily relate to. It is a common small business that exist in the community, making the example meaningful for learners.*

This option is recommended when the teacher wants to emphasize ***story-based learning and guided discussion****. Minimal materials are required since the scenario may be presented orally or through slides.*

Short Story: The Rise and Fall of Ana's Mini Grocery

Ana opened a small neighborhood grocery store called "Ana's Mini Mart". At first, business was good because many people in the community bought their daily needs from her store. Ana was excited and believed that as long as she kept selling products, she would earn a lot of money.

However, Ana did not keep proper records of her sales, expenses, and inventory. Sometimes she took money from the store to pay for personal expenses without recording it. She also allowed many customers to buy on credit but forgot to list how much they owed.

After several months, Ana noticed that the shelves were empty, suppliers were asking for payment, and she did not have enough money in the bank. She was confused because she thought the business was earning well. Eventually, Ana had to close Ana's Mini Mart because she could no longer pay her debts. Her business went bankrupt.

Ana later realized that if she had applied proper accounting concepts and principles, she could have monitored her income, expenses, assets, and liabilities and possibly avoided bankruptcy.

Processing Questions:

- Why do you think Ana's business failed?
- What should Ana have done to track her business money properly?
- What mistake did Ana make when she used business money for personal needs?
- Why is it important for business to keep records of credit sales?
- What could have helped Ana manage her business better?

Transition to the Next Part (Discussing New Concepts)

Say: *"Businesses need a way to identify, record, and organize financial information so that they can understand how the business is performing. Let us now explore the system used by businesses to do this."*

2. Discussing New Concept

This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.

Instructional Goal: *Allows learners to explore the key accounting ideas introduced in the lesson. The teacher facilitates concept discovery through questioning, reasoning, and guided explanation while ensuring that all essential accounting concepts in the curriculum are clearly understood.*

Instruction: The teacher will discuss and explain the given topics through a	*The teacher should take note that there are still other*

	lecture. ***Accounting concepts and principles (assumptions or postulates)*** are a set of logical ideas and procedures that guide the accountant in recording and communicating economic information. They provide a general frame of reference by which accounting practice can be evaluated and they serve as guides in the development of new practices and procedures. ***Accounting concepts and principles*** provide reasonable assurance that information communicated to users is prepared in a proper way. For example, doctors have a proper way of performing surgery on a patient; engineers have a proper way of constructing a bridge; accountants too have a proper way of recording and communicating economic information. This is to maximize the usefulness of accounting information to the users. There are numerous concepts and principles used in accounting. These are sourced from the *Standards* (PFRSs), the *Conceptual Framework for Financial Reporting*, or general acceptance in the profession due to long-time use. Accounting is constantly changing and new concepts are continuously emerging. It is therefore not practicable to list all the concepts and principles used in accounting. Only some of the basic and most common accounting concepts and principles are listed below: • ***Business entity principle*** – a business enterprise is separate and distinct from its owner or investor. Examples: o If the owner has a barber shop, the cash of the barber shop should be reported separately from personal cash. • ***Monetary unit principle*** – amounts are stated into a single monetary unit Example: ● Jollibee should report financial statements in pesos even if they have a store in the United States. • ***Cost principle*** – accounts should be recorded initially at cost. Example: When Jollibee buys a cash register, it should record the cash register at its price when they bought it. • ***Time period principle*** – financial statements are to be divided into specific time intervals. Example: o Philippine companies are required to report financial statements annually. The salary expenses from January to December 2015	*principles, but the others can be injected into other parts:* *1. Conservatism (Prudence Principle)-Adjusting Entries under estimation of bad debts and deferrals* *2. Consistency Adjusting entries under Depreciation* *3. Materiality Principle (Cost-Benefit Principle)- Adjusting Entries under Depreciation* *4. Going Concern Principle-Adjusting entries under Depreciation, accruals, and deferrals* *5. Full Disclosure Principle-Preparation of Financial Statements* *6. Substancece Over Form (can be completely skipped)* In a nutshell, the role of PFRS is to act as the universal grammar of Philippine business. Its exact role is to ensure that every single company tells the truth about its money using the exact same language, so that outsiders can safely compare it.

should only be reported in 2015.

• ***Accrual Accounting Principle*** – revenue should be recognized when earned regardless of collection and expenses should be recognized when incurred regardless of payment. On the other hand, the cash basis principle in which revenue is recorded when collected and expenses should
be recorded when paid. Cash basis is not the generally accepted principle today.

Example:

When a barber finishes performing his services he should record it as revenue. When the barber shop receives an electricity bill, it should record it as an expense even if it is unpaid.

- ***Revenue Recognition Principle***-revenue must be recorded in the period when the product or service was delivered (i.e. "earned")-whether or not cash was collected from the customer.

Example:

Suppose a service-oriented company has generated Php 50,000 in credit sales in the past month, per the revenue recognition principle, the company must recognize the revenue on its income statement as soon as the service was provided to customers.

• ***Matching principle*** – cost should be matched with the revenue generated.

Example:

When you provide tutorial services to a customer and there is a transportation cost incurred related to the tutorial services, it should be recorded as an expense for that period.

Generally Accepted Accounting Principles (GAAP)

- These are broad, general statements or "rules" and "procedures" that serve as guides in the practice of accounting.
- These are standards, assumptions, and concepts with general acceptability.
- These are measurement techniques and standards used in the presentation and preparation of financial statements.

Philippine Financial Reporting Standards (PFRSs)

The *Philippine Financial Reporting Standards (PFRSs)* are *Standards* and *Interpretations* adopted by the Financial Reporting Standards Council (FRSC). They consist of the

following:

a. Philipine Financial Reporting Standards (PFRSs);
b. Philippine Accounting Standards (PASs); and
c. Interpretations

The PFRSs are issued by Financial Reporting Standards Council (FRSC), which is the official accounting standard-setting body in the Philippines. The PFRSs are patterned from the International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board (IASB). This means that the accounting standards used here in the Philippines are similar to those used in other countries worldwide.

3. Developing Mastery

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

ACTIVITY

Instructional Goal: *Guide learners in defining accounting by identifying its key components and constructing a complete definition.*

Activity Title:	**Concept Identification: A Group Activity**
Description:	Learners reconstruct the concepts and principles of accounting. Through collaborative discussion, they will master the accounting concepts and principles.

Procedure:

1. Divide the class into small groups and provide each group with situation cards. **Say:** *"Each group will receive a situation card describing simple business events. Your task is to identify which accounting concept is illustrated in each situation."*
2. Learners will write their answers and explanations on a sheet of paper.
3. Each group will briefly present their answers.

Situation Cards

1. The owner of Yasmin's Store used her personal money to buy groceries for her family instead of using the business cash.
2. ABC Company records its financial transactions at the end of every month to prepare financial statements.

3. A company records the purchase of equipment at its original purchase price.
4. The business assumes that it will continue operating for the foreseeable future.
5. Financial statements are prepared so that investors and creditors can make decisions about the business.

Processing Questions:

- Why is it important to follow accounting concepts when recording transactions?
- What might happen if accounting principles are not followed consistently?

For Independent Practice:

✓ Ask learners to write their own understanding of accounting concepts and principles using their own words.

✓ **Prompt:** *"In two or three sentences,write down about accounting concepts and principles."*

Teacher Transition After Activity 4 (Synthesis of Developing Mastery)

Say: *"Through the activities we completed, we were able to explore several important concept and principles of accounting. We began by unlocking the terms and sharing of ideas of one's principles in life. We also presented the topic through various case scenarios.*

Now that we have organized these important concepts, let us see how accounting can actually help a business owner understand and carry its business successfully.

Let us now apply what we have learned to a real-life business example.

C. Demonstrating Knowledge and Skills

1. Finding Practical Application

In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: *Guide learners in applying the concept of accounting to situations they may encounter in their own daily financial activities.*

Activity Title:	**Present Real-Life Scenarios**
Description:	Learners reflect on their own experiences and establish the relevance of accounting concepts and principles in their everyday lives.

*This activity connects accounting concepts to learners' **personal financial experiences**, allowing them to recognize that the principles of*

	Procedure: 1. The teacher provides the following scenarios, say: "I want you to brainstorm and answer the following scenarios A. Maria runs a bakery. She keeps her personal money separate from the bakery's money. B. Juna buys a delivery truck for his store. He records it at the price he paid. C. A store sells goods to a customer on credit and records the sale immediately. D. A company pays its monthly electricity bill in the same month it earns revenue from selling products. E. Ony purchases and sales that involve money arerecorded in the company's books. 2. Divide the class into small groups. **Say**: "I want you to group yourselves into 4 or 5 and each group should identify the accounting principle illustrated in each scenario 3. Then, they will discuss why this principle is important in real-life business. 4. Instruct learners to present the principles applied, the practical effect or benefit for the business. **Processing Questions** • How do these principles help businesses make better financial decisions? • Can you think of other daily business situations where accounting principles apply? **Expected responses:** • ensuring consistency and comparability • accurate timing of income and expenses • purchasing large equipment **Transition Spiel** **Say:** *"Just as individuals benefit from knowing the importance of having a sound principle in life, businesses also need a sound principle in carrying its business operations to have a good decision-making that will eventually lead to the success of the business.*	*accounting are also relevant in everyday life.* *You should guide the discussion toward the key insight that* ***understanding financial information and having sound principles help individuals and businesses understand their financial situation and make better decisions****.*

Let us now summarize the important ideas that we learned about accounting concepts and principles."

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in synthesizing the key ideas about accounting, including its meaning, development, branches, and users of accounting information.*

Activity Title:	**The Pitch**
Description:	Learners reflect on the key concepts discussed in the lesson and complete summary statements that capture the essential ideas about accounting concept and principles.

Procedure:

1. Ask learners to recall the key concepts discussed during the lesson.
   Say: *"Throughout our lesson today, we explored several important ideas about accounting concept and principles. Let us now summarize the key concepts that we learned."*
2. Ask learners the following questions to guide the synthesis of ideas.
   Ask: *What are the basic accounting concept and principles used in financial reporting?*
   Expected responses:
   - ✓ The core competency concept like business entity concept and Monetary Unit Principle.
   - ✓ The key accounting principles like matching principle
3. Ask learners to explain the purpose of the basic accounting framework in guiding accounting practices?
   Ask: *What is the purpose of the basic accounting framework in guiding accounting practices?*
   Expected responses: It serves as the theoretical foundation for all reporting, ensuring consistency and comparability.
4. Ask learners to describe the meaning and role of GAAP.
   Ask: *What is the meaning and role of GAAP?*
   Expected responses: Generally Accepted Accounting Principles, it acts as the "standard rulebook" for financial accounting, to ensure transparency and reliable financial reporting.

*This activity allows learners to **synthesize the key ideas of the lesson** and connect the different concepts discussed earlier, including the accounting concepts and principles.*

You may facilitate the activity in different ways depending on learner context and classroom resources.

Possible approaches include:
- ***Whole-class synthesis discussion**, where learners respond orally to the guiding questions.*
- ***Sentence completion task**, where learners write the summary statements in their notebooks or worksheets.*
- ***Think–Pair–Share**, where learners discuss their responses with a partner before sharing with the class.*
- ***Concept mapping**, where learners organize the key accounting concepts visually.*

	5. Ask learners to identify the PFRS and recall their importance in preparing financial statements. **Ask:** *What is PFRS and its importance in preparing financial statements?* **Expected responses:** PRFS stands for Philippine Financial Reporting Standards to govern the preparation and presentation of financial statements. 6. Ask learners to complete the summary statement. **Say:** *"Complete the statement based on what you learned in today's lesson.* *Accounting concept and principle is important in business because _____."* **Possible responses:** ✓ it helps record financial activities ✓ it helps organize financial information ✓ it helps business owners and other users make decisions **Teacher Synthesis** **Say:** "Accounting provides a general frame of reference by which accounting practice can be evaluated, and they serve as guides in the development of new practices and procedures. *"It provides* reasonable assurance that information communicated to users are prepared in a proper way." **Transition to Assessment** **Say:** *"Now that we have summarized the key ideas about accounting, let us check your understanding through the Learning Activity Sheet."*	*Ensure that the final synthesis clearly emphasizes that* ***accounting organizes financial information to help individuals and organizations make informed decisions****.*

V. ASSESSMENT *(Assessment for/ of Learning)*	To check fully the understanding of the students, a multiple-choice type of test will be given to the learners. **Directions:** Read each question carefully. Encircle the letter of the correct answer. Write your answers on your answer sheet. 1. Which accounting concept states that the business and the owner are treated as separate entities? A.Business Entity Concept B.Cost Concept C.Going Concern Concept D. Periodicity Concept 2. Which principle states that only transactions that can be expressed in money are recorded in the accounting records? A.Accrual Accounting Principle C.Matching Principle B.Cost Principle D.Monetary Principle 3. Which accounting principle requires assets to be recorded at their original purchase price? A.Accrual Accounting Principle C.Cost Principle B.Business Principle D.Matching Principle 4. Which principle requires revenues to be recorded when they are earned and expenses when they are incurred, regardless of when cash is received or paid? A.Accrual Accounting Principle C.Cost Principle B.Business Principle D.Matching Principle 5. Which accounting principle states that expenses should be recorded in the same period as the revenues they helped generate? A.Accrual Accounting Principle C.Cost Principle B.Business Principle D.Matching Principle **Answer Key:** 1. A 2. D 3. C 4. A 5. D
VI. REFLECTION *(Feedback and Continuous Improvement)*	*This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.*
VII. USE OF GENERATIVE AI	In preparing this Learning Exemplar (LE), the author used generative AI tools to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Major Accounts in Accounting and Their Classification	Lesson Exemplar	3

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.*
B. Performance Standard	*The learner analyzes key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used and accounting processes and methodology.*
C. Learning Competencies	*Distinguish the five (5) major accounts and their classifications.*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, Win Lu, and Susan Ballada. *Basic Financial Accounting and Reporting: Made Easy*. 25th ed. Manila: DomDane Publishers, 2023. Ballada, Win Lu. *Basic Accounting Made Easy*. 18th ed. Manila: DomDane Publishers, 2013. Department of Education. *K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand*. Pasig City: Department of Education, 2016. Department of Trade and Industry. *Simplified Accounting Handbook for Entrepreneurs*. Manila: Department of Trade and Industry, 2016. Lopez, R. M. *Basic Accounting for Non-Accountants: A Simplified Approach*. Davao City: MS Lopez Printing and Publishing House, 2016. Millan, Zenaida Vera Cruz. *Fundamentals of Financial Accounting and Reporting*. Manila: Millennium Books, 2019. Robles, Norma S., and Patricia N. Empleo. *Intermediate Accounting, Volume 1*. Manila: GIC Enterprises & Co., Inc., 2016. **Materials:** ▪ PowerPoint slides, posters, charts ▪ Chart of accounts, classification charts ▪ Transaction cards, account sorting cards ▪ Learning Activity Sheets ▪ Local business case studies ▪ Projector, online quiz tools, laptop, PC ▪ Quiz sheets, exit tickets
III. CONTENT	***Major Accounts in Accounting and Their Classification***

(Sequencing Content)	
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) identify the five major accounts used in accounting: assets, liabilities, owner's equity, income, and expenses. b) describe the basic characteristics of each of the five major accounts. c) classify different accounts according to their appropriate major account category. d) distinguish real accounts and nominal accounts based on their classification in accounting.

IV. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.**(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities. *In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. ELICITING PRIOR KNOWLEDGE

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Guide learners to **recall familiar situations** involving receiving money, spending money, owning resources, or borrowing money. Through this activity, learners begin to **recognize that financial activities can be described and grouped** based on what happens to money or resources. This realization **prepares them for understanding** how businesses later organize financial activities in accounting.*

	INDIVIDUAL REFLECTION
Activity Title:	**Where Did My Money Go?**
Description:	*Learners reflect individually on situations where they receive and use money in their daily lives such as allowance, online selling, or helping in a family business.*

Procedure:

1. Engage learners with a reflective question:

Ask: *"Think about the last time you received money—maybe from your allowance, selling something online, or helping in a family business."*

2. Let learners write their responses using the following prompts:

• How did you get the money?
• What did you buy or pay for?
• Did you save something?
• Did you borrow money from someone?

3. Invite volunteers to share their answers. Possible responses may include:

• allowance received
• buying food or drinks
• paying for school materials

***General Annotation**:*
*1. **Pedagogical Focus:***
This lesson develops foundational accounting literacy through contextualized learning using ReneMae's sari-sari store. It supports:
Conceptual understanding (not memorization),
Real-life application,
Financial reasoning skills,
2. Spiral Progression:
The activities follow a logical sequence:
Identification (Activity 1) → What account is involved?
Classification (Activity 2) → Where does it belong?
Abstraction (Activity 3) → Why is it real or nominal?
Teaching Strategy Emphasis:
Use guided questioning (Socratic method),

	• selling items online • borrowing money from friends **4. Write and organize responses on the board**, then guide learners to identify patterns using these questions: • Which activities show money coming in? • Which activities show money going out? • Which activities show things you own or keep? • Which activities show money you owe to someone else? **5. Process and synthesize responses** by acknowledging learners' ideas and highlighting key concepts such as income, expenses, assets, and liabilities.	*Encourage think-pair-share and collaborative talk, promote justification of answers, not guessing.* *Use **any one of the options** depending on the class context and available time.* ***Option 1 (Individual Reflection)** is recommended if you want learners to **personally connect the lesson to their own experiences** before sharing with the class.*
	2. ESTABLISHING THE PURPOSE OF THE LESSON *This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"*	
	Instructional Goal: Enable learners to recognize that financial activities such as receiving money, spending money, owning resources, and borrowing money must be organized and classified, leading them to infer that the lesson focuses on how accounting records and organizes these activities.	
	Activity Title: **Why Do We Need to Organize Financial Activities?** ***Description:*** *Learners review the financial activities identified in the previous activity and discuss why these activities need to be organized. Through guided questions, they infer the focus of the lesson before the teacher formally introduces the topic.* **Procedure:** **Ask** learners to review the examples on the board (money received, money spent, things owned, money borrowed). **Spiel**: *"Earlier, we identified different situations involving money and resources in our everyday experiences."* **Ask** learners to think about what would happen if these activities were recorded without organization. **Ask:** *"If all these activities were mixed together in one list, would it be easy to understand what is happening to the money?"* **Ask** learners to share their responses. **Ask** the following guiding questions: • Why do you think it is important to organize financial activities? • How might businesses keep track of different kinds of financial activities? • What categories do you think businesses might use to organize them? **Ask** learners to predict the lesson focus: *"Based on the activities we discussed, what do you think our lesson today will be*	*Guide learners to connect their earlier responses to the need for organizing financial activities. Allow them to suggest possible ideas about the lesson before formally introducing the topic. This helps learners see the relevance of the lesson and prepares them to understand how accounting organizes financial information using accounts.*

	about?" Possible responses: • organizing financial activities • types of financial records • categories of money-related activities **Ask** learners to listen as you connect their answers to the lesson: Say: *"In accounting, businesses organize financial activities into specific categories called accounts. Today, we will learn about the five major accounts used in accounting and how these accounts are classified."* **Ask** learners to take note of the lesson objective as it is presented.	
B. Instituting New Knowledge	**1. PRESENTING EXAMPLES** *This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.* **Instructional Goal:** *Provide learners with a **realistic business scenario** where they can **identify different financial activities in a business**. Through the example of ReneMae's Sari-Sari Store, learners examine situations involving resources, obligations, owner investment, earnings, and expenses, which will serve as the basis for understanding the five major accounts in accounting.*	

OPTION 1:	**GUIDED STORY ANALYSIS**
Activity Title:	**ReneMae's Sari-Sari Store**
Description:	*Learners listen to a short story about ReneMae's sari-sari store and identify the different financial activities that occur in the business.*

Procedure:

1. Introduce the scenario. **Say:** *"Let us now look at a real-life business situation. Meet ReneMae, a young entrepreneur who opened a small sari-sari store in her community."*
2. Present the story.
   Say: *"ReneMae started her sari-sari store with ₱20,000 of her own money. She used the money to buy shelves, snacks, and drinks to sell in her store. After a few weeks, her store started earning money from customers who buy goods every day.*
   However, she also needs to pay electricity and transportation expenses for the store. Sometimes she also buys additional products from suppliers on credit, which means she will pay them later."
3. Ask learners to listen carefully and identify what happens in the business.
4. Write the following situations on the board:
   - ✓ ReneMae invested money to start the store
   - ✓ ReneMae bought goods and equipment

Option 1: *Use the story to help learners visualize a real business situation. Guide learners to identify different types of financial activities in the business. As learners respond, help them recognize that some situations involve resources owned, money owed, owner investment, earnings, and expenses. Allow learners to observe these patterns before introducing the formal accounting terms in the next stage of the lesson.*

- ✓ The store earned money from sales
- ✓ ReneMae paid electricity and transportation
- ✓ ReneMae owes money to suppliers

5. Ask learners to observe the situations below and guide them through discussion. Let them share their ideas.
   Ask:
   - Which situations show **things the business owns or uses**?
   - Which situation shows **money the business owes to others**?
   - Which situation shows **the owner investing money in the business**?
   - Which situation shows **money earned by the business**?
   - Which situation shows **costs of running the business**?
6. Write key responses on the board.

OPTION 2:	**CLASSIFICATION TASK**
Activity Title:	**ReneMae's Business Activities**
Description:	*Learners examine several financial activities in ReneMae's Sari-Sari Store and work together to classify each activity based on what happens to the money, goods, or resources in the business.*

Procedure:

1. Present the following scenario to the class. **Say:** ***"ReneMae decided to open a sari-sari store in her neighborhood."***
2. Share the following situations involving ReneMae's sari-sari store to the class:
   - ✓ ReneMae invested ₱20,000 to start the store
   - ✓ ReneMae bought snacks and drinks for resale
   - ✓ The store earned ₱2,500 from sales
   - ✓ ReneMae paid ₱300 electricity expense
   - ✓ ReneMae bought goods from a supplier but will pay laterDivide learners into small groups.
3. Ask learners to work in small groups. Explain the task and ask each group to analyze the situations and answer using the table below:

Situation	What happened in the business?
Invested money	
Bought goods	
Earned sales	
Paid electricity	
Owes supplier	

5. Allow groups a few minutes to discuss their answers.
6. Ask each group to share their responses.
7. Write key ideas on the board and guide learners to examine the patterns.

Option 2: *Guide learners to examine the situations and recognize that business activities can involve resources, obligations, owner investment, income, and expenses. Focus on helping learners observe these categories of activities before introducing the formal accounting terms that represent them.*

After learners analyze the business situations, summarize their observations and highlight the patterns in the examples. Use the learners' responses to introduce the idea that accounting organizes financial activities into specific categories called ***accounts****. This transition prepares learners for the discussion of the* ***five***

	8. Ask guiding questions: • Which situations show **things the business owns or uses**? • Which situation shows **money owed by the business**? • Which situation shows **the owner investing money**? • Which situation shows **money earned from selling goods**? • Which situation shows **expenses needed to operate the business**? 9. Encourage learners to explain their reasoning. **Teacher Transition After Presenting Examples** **Say:** *"From the situations we examined in ReneMae's sari-sari store, we noticed that different kinds of financial activities happen in a business. Some situations involve things the business owns, some involve money that the business owes, some involve money earned from sales, and others involve expenses needed to operate the store."* **Pause briefly and refer again to the examples written on the board.** *"In accounting, these different financial activities are not recorded randomly. Instead, they are organized into specific categories so that business owners can clearly understand the financial condition and performance of their business."* **Then introduce the concept.** *"These categories are called **accounts**. In fact, businesses use **five major accounts** to organize their financial information."* **Write on the board: The Five Major Accounts** 1. Assets 2. Liabilities 3. Owner's Equity 4. Income 5. Expenses **Then transition to the discussion.** *"Let us now examine each of these major accounts and understand how they help organize the financial activities of a business."*	***major accounts** in the next part of the lesson.*
	2. DISCUSSING NEW CONCEPT *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Guide learners to understand how the financial activities observed in the previous activity are organized in accounting using the five major accounts and how these accounts are classified into real and nominal accounts.*	
	Activity 1 **Procedure:** **1. Connect the examples to the concept of accounts** Begin by referring to the financial situations analyzed in the previous activity. **Examples written on the board may include:** • ReneMae invested money to start the store • ReneMae bought goods and equipment • The store earned money from sales • ReneMae paid electricity expenses • ReneMae owes money to suppliers	*Learners analyze the financial activities in ReneMae's sari-sari store and organize them using the five major accounting accounts. Through guided discussion, they understand how each account applies to real business situations.* *The teacher consistently refers to ReneMae's store examples to*

	Guide learners to recall what they observed. **Say:** *"Earlier, we examined the different activities happening in ReneMae's sari-sari store. We noticed that some situations involve things the business owns, some involve money the business owes, some involve money earned from selling goods, and others involve expenses needed to operate the store."* Then explain the purpose of organizing these activities. **Say:** *"In accounting, these financial activities are not recorded randomly. Instead, they are organized into categories called* ***accounts****. These accounts help business owners understand the financial condition and performance of their business."* *(Ballada & Ballada, Basic Financial Accounting and Reporting Made Easy)* **2. Introduce the five major accounts** Write the following on the board. **Five Major Accounts:** Real vs Nominal Accounts (Please redraw/Illustrate) Explain that these accounts are used to classify financial information. **Say:** *"According to basic accounting principles, financial activities in a business are organized using five major accounts: assets, liabilities, owner's equity, income, and expenses." (Ballada & Ballada; Millan, Fundamentals of Financial Accounting and Reporting)* **3. Explain each account using the ReneMae example** Guide learners to relate each account to the situations previously identified.	*help learners connect concepts to practice. Before formal definitions, simple and familiar situations are used to support understanding.* *Guide learners to identify:* ***Assets*** *– resources owned or used by the business* ***Liabilities*** *– debts or obligations to others* ***Owner's Equity*** *– owner's remaining interest in the business* ***Income*** *– money earned from sales* ***Expenses*** *– costs of running the business* *Use guiding questions:* *"What does the business own?"* *"What does it owe?"* *"What did it earn?"* *"What did it spend?"* *Learners analyze store situations, classify them into the correct accounts, and explain their answers. Clarify common errors such as confusing income with owner investment or treating all payments as expenses. Conclude by emphasizing that the five accounts help explain a business's financial condition and are the foundation for bookkeeping and accounting.*

Assets	.**Say :** "*Assets are things the business owns or controls that help it operate and can give future benefits."* **Relate to ReneMae's store:** Examples: cash, shelves, goods for sale **Ask:** "*Which situations in ReneMae's store show assets*?" **Guide:** Help learners identify cash, shelves, and goods as examples of assets.
Liabilities	Explain the concept. **Say:** *"Liabilities are obligations or debts that the business owes to other people or organizations." (Ballada & Ballada)* Relate to example: money owed to suppliers **Ask learners:** *"Which situation shows that ReneMae owes money to someone?"*
Owner's Equity	Explain the concept. **Say:** *"Owner's equity represents the owner's claim or interest in the assets of the business after deducting liabilities." (Millan; Conceptual Framework for Financial Reporting)* Relate to example: ReneMae's ₱20,000 investment **Ask learners:** *"Which situation shows ReneMae's investment in the business?"*
Income	Explain the concept. **Say:** *"Income refers to the increase in economic benefits resulting from business operations such as sales." (Millan; PFRS Conceptual Framework)* Relate to the example: money earned from selling snacks and drinks **Ask learners:** *"Which situation shows that the store earned income?"*
Expenses	Explain the concept. **Say:** *"Expenses are the costs incurred in operating the business to generate income." (Ballada & Ballada)* Relate to the example: electricity, transportation **Ask learners:** *"Which situations show expenses in ReneMae's store?*

4. Introduce the Classification of Accounts

Explain that the five major accounts are grouped into two classifications.

Write on the board: Classification of Accounts

Real Accounts	**Nominal Accounts**
Assets	Income
Liabilities	Expenses
Owner's Equity	

Explain:
Say: *"Real accounts are permanent accounts that show what the business owns, owes, and the owner's interest in the business."*
"Nominal accounts are temporary accounts that show the business performance, such as income and expenses, for a specific period."

5. Synthesize the Concept
Say: *"The financial activities in ReneMae's sari-sari store are organized into five major accounts: assets, liabilities, owner's equity, income, and expenses. These are further grouped into real accounts and nominal accounts."*

6. Transition to Practice
Say: *"Now that we understand the five major accounts and their classifications, let us apply what we learned through practice activities."*

3. DEVELOPING MASTERY

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal: *Provide learners with guided and independent practice opportunities to identify the five major accounts in accounting, describe their basic characteristics, classify different accounts according to the appropriate major account category, and distinguish real accounts from nominal accounts using examples related to ReneMae's sari-sari store.*

Activity 1: Identifying the Major Accounts in ReneMae's Store
(Targets Learning Objectives a and b)

Activity Title:	Which Account Is Involved?
Description:	*Learners examine simple business situations in ReneMae's sari-sari store and identify which of the five major accounts is represented in each situation.*

OPTION 1: GUIDED CLASS PRACTICE
Activity 1
Procedure:

1. Remind learners of the five major accounts discussed earlier.
   Say: *"Earlier, we learned that financial activities in a business are organized into five major accounts: assets, liabilities, owner's equity, income, and expenses."*
2. Present the following situations related to ReneMae's sari-sari store.
   - ✓ ReneMae invested ₱20,000 to start her store
   - ✓ ReneMae bought shelves and snacks to sell
   - ✓ The store earned ₱2,500 from customers
   - ✓ ReneMae paid ₱300 for electricity
   - ✓ ReneMae owes ₱1,500 to a supplier

Activity 1:
Guide learners to identify the five major accounts by recalling their definitions. Ask them to explain why each situation belongs to a specific account. This reinforces understanding of assets, liabilities, owner's equity, income, and expenses before proceeding to classification activities.

ANSWER KEY FOR ACTIVITY 1:

Situation	Major Account
ReneMae invested ₱20,000	**Owner's Equity**
ReneMae bought	**Assets**

3. Ask learners to identify the major account involved in each situation. You may use the provided table below:

Situation	Major Account
ReneMae invested money	
Bought shelves and goods	
Earned sales	
Paid electricity	
Owes supplier	

4. Ask learners to suggest answers and explain their reasoning. Guide the discussion using questions such as:
   - Which situation shows the owner's investment in the business?
   - Which situation shows resources owned by the business?
   - Which situation shows money owed to others?
   - Which situation shows earnings from selling goods?
   - Which situation shows costs of operating the business?
5. Confirm the correct answers and briefly restate the characteristics of each account.

OPTION 2 : GUIDED CLASSIFICTION

Activity 2: Distinguishing Real and Nominal Accounts

(Targets LO d)

Activity Title:	Real or Nominal?
Description:	*Learners examine several account titles used in ReneMae's sari-sari store and determine whether each account belongs to real accounts or nominal accounts.*

OPTION 2 : GUIDED CLASSIFICATION

Procedure

1. Begin by recalling the classification of accounts discussed earlier. Say: *"Earlier, we learned that the five major accounts can also be classified into real accounts and nominal accounts."*
2. Write the following reminder on the board.

Real Accounts	Nominal Accounts
• Assets	• Income
• Liabilities	• Expenses
• Owner's Equity	

3. Present the following accounts from ReneMae's sari-sari store.
   - Cash
   - Accounts Payable
   - Owner's Capital

shelves and goods	
Store earned ₱2,500 from customers	**Income**
ReneMae paid ₱300 for electricity	**Expenses**
ReneMae owes ₱2,000 to supplier	**Liabilities**

Account Title	**Major Account Category**
Cash	**Assets**
Store Equipment	**Assets**
Accounts Payable	**Liabilities**
Owner's Capital	**Owner's Equity**
Sales Revenue	**Income**
Rent Expense	**Expenses**

Activity 2: *Guide learners to recall that* ***assets, liabilities, and owner's equity are classified as real accounts****, while* ***income and expenses are classified as nominal accounts****. Emphasize that real accounts represent the* ***financial position of the business****, while nominal accounts measure the* ***income and expenses of the business during a specific accounting period****.*

- Sales Revenue
- Electricity Expense

4. Ask learners to determine whether each account is a real account or a nominal account.
   Provide the following table.

Account	Classification
Cash	
Accounts Payable	
Owner's Capital	
Sales Revenue	
Electricity Expense	

5. Ask learners to suggest their answers.
6. Guide the discussion using the following questions:
   - Which accounts represent the financial position of the business?
   - Which accounts measure the business performance during a period?
   - Why are income and expenses considered nominal accounts?
7. Confirm the correct answers and summarize the classification.

Teacher Transition After Developing Mastery (Before Application)
Say: "*Very good. In the previous activities, you were able to identify the five major accounts and classify them into real and nominal accounts.*"
(Pause and refer to the activity.)
Say: "*These concepts help organize business transactions in a clear and systematic way.*" "*Now, let us apply what you have learned to a practical situation. We will analyze business activities in ReneMae's sari-sari store and identify the accounts involved.*" "*As you do the next activity, think about how each transaction is classified under the five major accounts.*"

ANSWER KEY FOR ACTIVITY 2:

Account	Classification
Cash	**Real Account**
Accounts Payable	**Real Account**
Owner's Capital	**Real Account**
Sales Revenue	**Nominal Account**
Electricity Expense	**Nominal Account**

Purpose of Transition:
Consolidates learning
Signals movement from mastery → application
Teaching Tip:
While speaking, point to completed outputs to reinforce achievement
Pause intentionally to allow reflection
Cognitive Strategy:
Activates metacognition:
"What did I learn?"
"How can I use it?"

C. Demonstrating Knowledge and Skills

1. FINDING PRACTICAL APPLICATION

In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: *Enable learners to apply their understanding of the five major accounts and their classifications by identifying and classifying accounts involved in simple real-life business situations similar to ReneMae's sari-sari store.*

	GROUP APPLICATION TASK
Activity Title:	**Helping ReneMae Organize Her Business Activities**
Description:	*Learners examine common situations that happen in ReneMae's sari-sari store and help organize these activities by identifying the major account involved and whether the account belongs to real or nominal accounts.*

Procedure

1. Present the following scenario.
   Say: *"ReneMae wants to better organize the financial activities in her sari-sari store. She listed several situations that happened in her business and would like help identifying the accounts involved."*
2. Present the following business activities.
   - ReneMae bought additional goods worth ₱4,000 for resale.
   - The store earned ₱3,500 from selling snacks and drinks.
   - ReneMae paid ₱500 for transportation expenses.
   - ReneMae borrowed ₱2,000 from a supplier to restock goods.
   - ReneMae added ₱5,000 more capital to expand the store.
3. Divide learners into small groups.
4. Ask each group to complete the table.

Business Activity	Major Account	Real or Nominal
Bought additional goods		
Earned sales		
Paid transportation		
Borrowed money		
Added capital		

5. Allow groups to discuss their answers.
6. Ask selected groups to present their responses.
7. Facilitate discussion using the following questions:
   - Which activities involve **assets of the business**?
   - Which activity represents **liabilities**?
   - Which activities represent **nominal accounts**?
   - Why are **income and expenses considered nominal accounts**?

Teacher Transition After Finding Practical Application
(Before Making Generalization)

Say: *"Excellent work. In the activity, you were able to apply your understanding of the five major accounts by identifying and classifying the accounts involved in the business activities of ReneMae's sari-sari*

*Guide learners to apply their understanding of the **five major accounts** and their classifications when analyzing the business situations. Encourage learners to explain how each activity represents assets, liabilities, owner's equity, income, or expenses, and whether the account belongs to **real or nominal accounts**. Emphasize that organizing financial activities using accounts helps business owners monitor the financial position and performance of their business.*

Answer Key/Expected Responses

Business Activity	Major Account	Classification
Bought additional goods	**Assets**	**Real Account**
Earned sales	**Income**	**Nominal Account**
Paid transportation	**Expenses**	**Nominal Account**
Borrowed money	**Liabilities**	**Real Account**
Added capital	**Owner's Equity**	**Real Account**

store. You were also able to determine whether these accounts belong to real accounts or nominal accounts."

Pause briefly. Then ask a reflective question.

Ask: *"Why do you think it is important for a business owner, like ReneMae, to properly identify and classify these accounts in her store?"*

Allow learners to respond. Possible learner responses may include:

- ✓ It helps organize financial information.
- ✓ It helps the owner track income and expenses.
- ✓ It helps the owner know how the business is performing.
- ✓ It helps avoid confusion in recording transactions.

Reflective Questions for Learners:

1. How do assets help a business operate daily?
2. Why is it important to track liabilities?
3. Can you identify one asset and one liability in your personal life?

Acknowledge responses.

Say: *"Very good. Those are all important reasons. When accounts are properly identified and classified, business owners can better understand the* ***financial condition and performance of their business****."*

Then transition to the synthesis.

"Now, let us review and summarize the key concepts that we have learned about the ***five major accounts and their classifications****."*

Expected Reflective Responses

1. How do assets help a business operate daily?
Assets help a business operate because they are resources used in daily activities, such as buying supplies, serving customers, and earning income.

2. Why is it important to track liabilities?
Tracking liabilities helps the business know what it owes and when to pay, so it can manage cash properly and avoid debt problems.

3. Can you identify one asset and one liability in your personal life?
Yes. An asset can be savings or personal items like a cellphone. A liability can be money owed, such as a loan or unpaid bills.

2. MAKING GENERALIZATION

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Enable learners to draw conclusions and summarize the key takeaways about the five major accounts and their classifications based on the lesson activities.*

Teacher's Synthesis Question

Ask: *"Based on the activities we completed today, what are the five major accounts used in accounting, and how are these accounts classified?"*

Allow learners a few minutes to think about their responses.

Learners may respond using one of the following formats:

OPTION 1:	**CONCEPT DIAGRAM**
Activity Title:	**Visualizing the Major Accounts**

Procedure:

1. Ask learners to create a simple diagram showing the **five major accounts**.
2. Then ask them to group the accounts according to their classification.

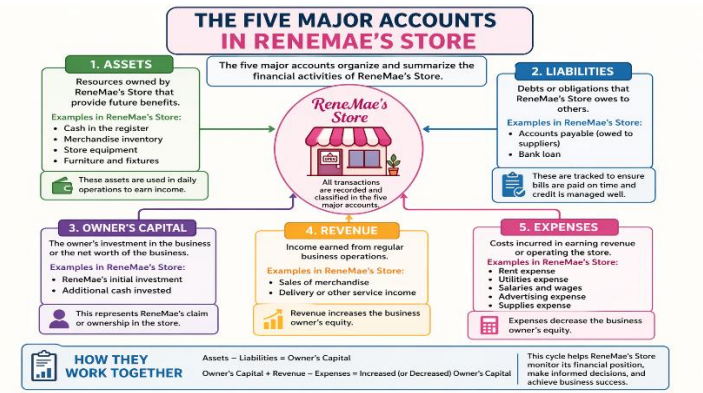
Encourage learners to articulate the key concepts using their own words or visual representations. Accept varied responses as long as they correctly identify the ***five major accounts*** *and their* ***classification into real and nominal accounts****. Use learners' responses as the basis for consolidating the correct*

Classification:

Real Accounts → Assets, Liabilities, Owner's Equity

Nominal Accounts → Income, Expenses

3. Ask a few learners to explain their diagrams.



This infographic presents the **five major accounts in accounting** using the example of **ReneMae's sari-sari store**.

Assets = Liabilities + Owner's Equity

Income increases equity, while expenses decrease it.

OPTION 2:	**REFLECTIVE RESPONSE**
Activity Title:	**Explain the Concept**

Procedure:

1. Ask learners to answer the question in **two to three sentences**: ***"How do the five major accounts help organize the financial activities of a business?"***
2. Allow several learners to share their responses.

Teacher Consolidation

After learners share their responses, the teacher summarizes:

*"Very good. Businesses organize financial information using **five major accounts: assets, liabilities, owner's equity, income, and expenses. These accounts help classify financial activities in a systematic way. Assets, liabilities, and owner's equity are classified*

generalization of the lesson.

Infographics contextualizing Renemae's Store:

Real vs Nominal Accounts (Please redraw/illustrate)

Expected Learner Responses

1. *The five major accounts organize financial activities by grouping transactions into assets, liabilities, capital, revenue, and expenses. This helps show what the business owns, owes, earns, and spends.*

2. These accounts provide a clear system for recording transactions, helping the business track performance and make better decisions.

	*as **real accounts**, while income and expenses are classified as **nominal accounts**."*	*3. Using the five major accounts keeps financial information organized and systematic.* *4. This supports accurate financial reports and ensures proper classification of transactions.* *5. The five major accounts simplify business activities by grouping them, making it easier to analyze profit, expenses, and overall financial condition.*

V. ASSESSMENT
(Assessment for/of Learning)

1. Distribute the Learning Activity Sheet (LAS) to the learners.
2. Instruct them to carefully read each item and complete the tasks independently.
3. Explain that the LAS assesses learners' understanding of the five major accounts in accounting and their classifications.
4. Remind learners to:
   - ✓ Identify the appropriate major account for each situation.
   - ✓ Classify accounts according to the five major account categories.
   - ✓ Distinguish whether the accounts belong to real accounts or nominal accounts.
5. Allow learners sufficient time to complete the LAS. After completion, review the answers with the class and clarify any misconceptions.

Table of Specifications (TOS)

Learning Competency: Distinguish the five (5) major accounts and their classifications.

Learning Objective	Cognitive Level	No. of Items	Item Numbers	Type of Test
Identify the five major accounts	Remember	3	1,2,3	Multiple Choice
Describe characteristics of each account	Understand	3	4,5,6	Multiple Choice
Classify accounts according to major account category	Apply	3	7,8,9	Multiple Choice
Distinguish real and nominal accounts	Analyze	3	10,11,12	Multiple Choice
Apply account classification in a business scenario	Apply/Analyze	3	13.14,15	Multiple Choice
Case-based Scenario: *The Start-Up Journey of GreeneMay's Vegetable Supply*	Analysis/ Evaluation/Synthesis/ Creativity	1		Case-based Assessment/ HOTS Assessmet

Assessment Structure

Part I. Multiple Choice (Items 1–15)	Measures: • identification • conceptual understanding • classification • distinction of account
Part II. Case-Based Situational Questions (25 points)	Measures: • application of concepts • classification in real business context • Higher Order Thinking Skills (HOTS) Example format: **Scenario:** ReneMae operates a sari-sari store. During the week, the following activities occurred…

Answer Key:

1. B 2. C 3. B 4. A 5. A 6. A 7. C 8. A 9. B 10. D 11. B 12. B 13. B 14. B 15. B

ASSESSMENT INSIGHT

This lesson uses: Formative Assessment, Performance-based classification, Conceptual reasoning checks
You are assessing: Understanding, Application, Explanation skills

ENRICHMENT / EXTENSION SUGGESTIONS

Ask learners to: Create their own mini sari-sari store scenarios, exchange scenarios with classmates for classification.
***Integrate numeracy**: Add amounts and **ask:** "What is the effect on the account?"*

VI. REFLECTION *(Feedback and Continuous Improvement)*

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

This lesson is effective because it: Anchors learning in real-life context (ReneMae's store), builds from simple to abstract thinking, encourages active participation and reasoning. ***Ask*** *yourself:*

- ✓ *Were the learning objectives achieved by the learners by the end of the lesson?*
- ✓ *Were learners able to correctly identify and classify the five major accounts?*
- ✓ *Did learners demonstrate understanding of the difference between real accounts and nominal accounts?*
- ✓ *Which learning activities were most effective in helping learners understand the concepts?*
- ✓ *What difficulties or misconceptions did learners encounter during the lesson?*
- ✓ *What adjustments can be made to improve the lesson in future implementations?*

VII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used generative AI tools such as ChatGPT, Copilot, and Gemini to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the output and takes full responsibility for the content of this LE.

Lesson Title/Topic	The Accounting Equation and Rules of Debits and Credits Using T-Accounts	Lesson Exemplar	4

I. CURRICULUM STANDARDS	
A. Content Standard	The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.
B. Performance Standard	The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.
C. Learning Competencies	The learners analyze simple business transactions following the rules of debit and credit.
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Dr. Willian B. Baltazar, CPA, AFBE. 2014. *Fundamentals of Accounting.* Manila: MINDSHAPER CO., INC. Florenz C. Tugas, Herminigilda E. Salendrez, Joy S. Rabo. 2016. *Fundamentals of Accountancy, Business and Management 1.* Quezon City: Vibal Group, Inc. Jerome D. Marquez. 2025. "Modules and Exercises." *https://drive.google.com/.* August 18. Accessed March 12, 2026. https://drive.google.com/drive/folders/1J04xNU1enG-Am-3s2fNngPZUi7UFTf04?fbclid=IwY2xjawQeE11eHRuA2FlbQIxMQBzcnRjBmFwcF9pZAEwAAEetdU-JbWRulE5XUTST7QpjBx4weiYPiN4HCWvjOFusXu6p9rQEVi9ve0x_og_aem_9oMXQyIWTXDYz6Qk6GaXQQ. Kevin Troy M. Chua, CPA, CTT, CPF. 2020. *Lesson 013 - Rules of Debit and Credit.* April 14. Accessed 03 11, 2026. https://www.youtube.com/watch?v=Mv-3AJSGGYE&list=PLqGhhQ3Ku9Cbrqxq6KxQ2x4Dg8-gzSHtY&index=13. Solita A. Frias. 2016. *Fundamentals of Accountancy, Business and Management 1.* Quezon City: The Phoenix Publishing House Inc. **Materials:** PowerPoint slides, Transaction cards, Quiz sheets, Problem cards, Paper/Notebook Laptop/PC/TV, T- account template, Worksheets, Marker/pen/chalk, Calculator (optional)

III. CONTENT *(Sequencing Content)*	**The Accounting Equation and Rules of Debits and Credits Using T-Accounts** I. The Basic Accounting Equation II. The Expanded Accounting Equation III. The Rules of Debit and Credit IV. Rules of Debits and Credits Using T-Accounts
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) explain the basic accounting equation and identify its components: assets, liabilities, and owner's equity. b) explain the expanded accounting equation and identify its additional components: income, and expenses. c) describe the basic rules of debits and credits for different types of accounts. d) use T-accounts to analyze simple business transactions and determine the corresponding debit and credit entries.

V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

1. Activating Prior Knowledge

1. Eliciting Prior Knowledge

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Activate learners' prior experiences in tracking money or managing personal resources to help them realize the importance of organized financial information.*

OPTION 1:	Individual Activity
Activity Title:	The Classroom Resource Tracker Game
Description:	Learners analyze classroom situations involving received, used, borrowed, and returned resources to understand their effects on categories and the need to keep records balanced

Procedure:

1. Learners will imagine a classroom that manages different items. Then have them reflect individually before sharing responses. ***Say:*** *"Imagine our class has materials like markers or books, that can be received, used, or borrowed."*
2. Ask learners to analyze how items change over time and list possible changes (increase, decrease, borrowed). ***Ask***: "*What changes can happen to these items?"*

Both activities aim to activate learners' prior understanding about ***changes in resources and responsibilities and the importance of keeping track of them in an organized way****, which prepares them for learning the* ***Accounting Equation and the rules of debit and credit using T-accounts****.*

Option 1 (The Classroom Resource Tracker Game – Individual Activity) *is appropriate when the teacher wants learners to analyze simple situations where resources increase, decrease, are borrowed, or returned. This activity allows learners to*

Call on several learners to respond and write their ideas on the board **Possible response(s):** *The materials may increase, decrease, borrowed.*

3. Present a simple table on the board with three categories: School Supplies, Borrowed Items and Class Ownership.
   Say: *"We will track what happens to these categories whenever an event occurs in the classroom."*
4. Present sample events (receive markers, borrow tablets, use or return items)
   Ask: *Which category changes each event?"* **Possible answer/s:** Supplies increase/decreqase, borrowed items increase/decrease.
5. Guide learners to identify patterns in how multiple categories change and explain their observations. ***Ask:*** "Can one event affect more than one category? **Possible response(s) may include:** *Yes, multiple categories can change."*
6. Highlight the key insight from the activity. ***Say:*** *Tracking changes helps us understand what we have, use, and must return, highlighting the need for accurate recording. In real-life settings, where resources and responsibilities change daily, a clear recording system is essential."*

OPTION 2:	INDIVIDUAL REFLECTION
Activity Title:	KWL Chart
Description:	Learners reflect on ownership, responsibilities, and resource changes to surface prior understanding of tracking and balancing before learning a formal recording system.

Procedure:

1. Introduce the activity by asking learners to think about situations where people own things, borrow things, or have responsibilities. ***Say:*** *"In everyday life, people have things they own, borrow, and responsible for. Today, we will we will learn how to track these of these."*
2. Learners will copy a KWL Chart (Know-Want-Learned)
3. K Column (What I Know) ***Ask:*** *"How do you keep track of things you own or borrow?"* ***Possible answer/s:*** *Make lists, return borrowed items, know what we have and owe.* Allow learners to share responses.
4. W Column (What I Want to Know): ***Ask:*** *"What do you want to learn about tracking items and responsibilities?"* **Possible answer/s:** *How to track many items, identify increases/decreases, keep things balanced.* ***Ask:*** "*What happens when items are added, used, borrowed, or returned? Why record these*?"

observe that every event can affect more than one category and that tracking these changes is necessary to keep information organized. It works well in classes where learners can actively identify increases and decreases in given scenarios.

Option 2 (KWL Chart – Individual Reflection) *may be used when the teacher wants learners to reflect on what they already know and what they want to learn about tracking resources and responsibilities. This option requires minimal materials (board or worksheet) and is helpful in encouraging learners to organize their prior ideas before the formal lesson.*
A KWL chart is made by dividing a page into three columns labeled "K" (What I Know), "W" (What I Want to know), and "L" (What I Learned), then filling them in before, during, and after learning a topic.

The teacher may choose the option based on available time, learner engagement level, and preferred learning approach. Regardless of the option selected, the activity should guide learners to recognize that ***changes in resources must be recorded systematically****, which leads to the use of the* ***Accounting Equation and T-accounts in applying the rules of debit and credit****.*

Expected Answer: *Items change over time; recording helps keep track and avoid confusion.*

5. Summarize key ideas and patterns from responses. ***Say****: "We will return to the L column later to write what you learned. Next, we will learn a structured way to record changes and keep everything balanced."*

Transition to the Next Part: ***Say:*** *"In the activity, we tracked classroom resources when items were received, used, borrowed, or returned and observed that changes in one category also affect others."*

2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Guide learners to recognize that understanding financial activities requires organized and reliable information.*

OPTION 1:	**Guided Reflection from Sari-sari Store Simulation**
Activity Title:	**Accounting Equation through Renemae's Sari-Sari Store**
Description:	Learners analyze transactions from Renemae's Sari-Sari Store to see how each affects assets, liabilities, and owner's equity, and infer the need for the accounting equation and its expanded form.

Procedure:

1. Present the scenario and transactions: ***Say:*** *"Renemae started a sari-sari store." Transactions include ₱20,000 capital, goods purchased for resale, ₱2,500 sales, ₱300 electricity expense, and ₱3,000 goods bought on credit.* ***Ask:*** *"What changed in her store after these events?"*
2. Prompt observation: ***Ask:*** *"Did only one thing change, or were there multiple changes in each transaction***?" Expected response/s:** *multiple changes such as cash, inventory, and liabilities*
3. Identify categories: ***Ask:*** *"Can we group these changes? What do we call what the business owns, owes, and the owner's share?"* **Expected response/s:** *Assets, Liabilities, Owner's Equity.*
4. Highlight the challenge*:* ***Ask:*** *"What problems might happen if Renemae does not properly track these transactions?"* **Expected response/s:** *inaccurate records, forgotten transactions, unclear profit/loss, poor decisions*

Option 1: *This option uses the Renemae's Sari-Sari Store Simulation as a guided reflection activity to introduce the need for organizing business transactions. Learners are presented with a series of transactions (starting capital, purchases, sales, payments, and expenses) and are asked to observe how each event results in multiple changes in cash, goods, and obligations. Through guided questioning, learners reflect on the difficulty of tracking these changes without a clear system and begin suggesting solutions such as recording, organizing, or systematically tracking business activities.*

The teacher should allow learners to propose ideas before formally introducing the concept of the accounting equation. This approach helps learners construct the need for the lesson concept based on their own observations and reasoning.

Option 1 is recommended when is recommended for introducing the accounting equation through a familiar real-life business

5. Elicit need for a system: ***Ask:*** *"How can we organize these changes so we always know what increases, decreases, and what the business really owns or owes?"* **Expected response/s:** *record transactions systematically using a table or chart.*
6. Introduce Accounting Equation: ***Say:*** *"Assets = Liabilities + Owner's Equity."* ***Ask:*** *"Where do cash, goods, and payables belong in this equation?"*
7. Extend equation: ***Say:*** *"Assets = Liabilities + Owner's Equity + Revenues – Expenses."* **Ask:** *"Which transaction shows revenue? Which shows expense?"* **Expected response/s:** *₱2,500 sales = revenue; ₱300 electricity = expense)*

OPTION 2:	**Guided Reflection from Classroom Resource Tracker**
Activity Title:	**Inferring the Need for Accounting from KWL Reflection**
Description:	Using their completed KWL charts, learners compare what they know and want to know with the challenges revealed by the Classroom Resource Tracker Game.

Procedure:

1. Ask learners to revisit their KWL chart. Focus on the K (What I Know) and W (What I Want to Know) columns. ***Say:*** *"Think about what you already know about keeping track of resources and what you wanted to know. How does this connect to the challenges you noticed in the classroom resource activity?"*
2. Prompt learners to reflect individually or in pairs: ***Say:*** *"Do you think it would be easy to track many changes at the same time without a proper system?"*
3. **Expected response(s):** *No, it would be confusing, things could be forgotten or mis recorded, we need a systematic way to record changes.*
4. **Ask learners** to infer the purpose of such a system: *"What kind of system would help us always know what increased, decreased, or needs attention?"*
5. **Encourage them to suggest**: *Recording everything in an organized table or ledger, having a clear set of rules for tracking changes, monitoring increases and decreases carefully.*
6. Teacher reveals the lesson only after learner inference: ***Say: "****Correct! Businesses face similar challenges and use accounting to solve them. Today, we'll learn how the accounting equation and T-accounts, using debit and credit rules, help track changes and keep records balanced."*
7. Present the Learning Objectives. *(LO's)*

context. It requires minimal materials and is suitable for classes where learners follow sequential transactions and engage in guided discussion."

Option 2:

*This option continues the **KWL chart reflection** from the Eliciting Prior Knowledge section. The teacher refers to learners' earlier responses about what they already know and want to know regarding ownership, borrowing, and keeping track of resources. Through guided reflection, learners recognize the difficulty of **monitoring multiple changes and responsibilities without a proper system**.*

***Option 2** is appropriate when the previous activity focused on **individual reflection and organization of prior knowledge**. This approach is useful for learners who respond well to thinking, writing, and self-reflection. The teacher may use the completed KWL charts as a reference to guide discussion and encourage learners to suggest ways to **track, record, and organize information** before introducing accounting concepts.*

<table>
<tr><td></td><td>Transition to the Next Part (Presenting Examples) Say: “Now that we understand the need to record financial changes, let’s examine a small business and identify activities such as receiving cash, buying supplies, and borrowing money to keep records clear and balanced.”</td><td></td></tr>
<tr><td>2. Instituting New Knowledge</td><td colspan="2">1. Presenting Examples
This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.
Instructional Goal: Help learners identify the financial activities that occur in a small business and recognize the information needed to understand those activities.
<table>
<tr><td>OPTION 1:</td><td>Real-life business scenario</td></tr>
<tr><td>Activity Title:</td><td>Gray Electronic Repair Services Transactions</td></tr>
<tr><td>Description:</td><td>Learners examine transactions in Gray Electronic Repair Services and discuss how each affects resources, obligations, and owner’s equity, identifying patterns and the challenge of tracking multiple changes.</td></tr>
</table>
Procedure:
1. Introduce the scenario. Learners will read or listen to the scenario and identify key business activities. Ask: Have you ever had a gadget repaired? How do repair shops track payments and expenses? What happens if transactions are not recorded properly? Possible Answer/s: Repair shops fix phones, TVs, and appliances, issue receipts or write records in a notebook, some may rely on memory, without records, it becomes confusing, they may forget payments or expenses and lose money. Say: “Since tracking money and services can get confusing without proper records, let’s look at a real example of how transactions happen in a repair service business. Gray Electronic Repair Services is a business that repairs electronic devices. The owner invests money, buys equipment, provides services, and sometimes owes or pays money. Let’s try to follow what happens in the business.”
2. Present the transactions in order:
● Mr. Gray invested ₱10,000.
● Gray Electronic Repair Services paid registration and licensing fees of ₱370</td><td>Option 1:
This option introduces the lesson through a real-life business scenario that learners can easily relate to. Using Gray Electronic Repair Services Transactions allows learners to observe common daily transactions such as buying, selling, borrowing, and paying expenses.

Learners analyze a sequence of transactions and identify what increases or decreases, as well as what the business owns and owes. This helps them recognize patterns and the difficulty of tracking multiple changes without a system.

This option is recommended when the teacher wants to emphasize discussion, critical thinking, and real-life application. Minimal materials are needed since the scenario can be presented orally, written on the board, or shown through slides.</td></tr>
</table>

- The company acquired tables, chairs, shelves, and other fixtures for a total of ₱3,000.
- Gray Electronic Repair Services purchased service supplies on account amounting to ₱1,500.
- The company received ₱1,900 for services rendered.

3. Learners will work individually or in pairs to identify increases and decreases. ***Ask:*** *What accounts are affected in each transaction? How do these transactions affect the business's financial position? If these transactions continue daily, what problems might arise without a proper recording system?* Learners will analyze patterns and record observations before sharing answers**. Possible answer/s:** *Cash increases and decreases, equipment and supplies increase, liabilities increase when buying on account, owner's equity changes due to investment and income, multiple things can change at the same time, it's easy to forget changes if not tracked carefully.*
4. End with a reflective question. ***Ask:*** *"If Gray Electronic Repair Services had many more transactions every day, how could the owner keep track?*
5. **Transition to the Next Part (Discussing New Concepts)** ***Say:*** *"The situation we examined shows that businesses need a way to identify and organize financial information. Let us now explore the system used by businesses to record and communicate this information."*

OPTION 2:	**Worked example**
Activity Title:	**Mapping Changes Visually**
Description:	Learners draw simple tables or diagrams showing how Gray Electronic Repair Services' cash, equipment, supplies, and obligations change with each transaction. This makes the concept concrete and helps learners visualize multiple changes in the business.

Procedure:

1. Provide learners with a blank table or chart with columns:
   Cash / Inventory / Borrowed (Payables) / Notes.
2. Present the same transactions as in Option 1.
3. Ask learners to mark changes in the table or diagram:
4. For each event, put a "+" if something increases and a "-" if something decreases.

Option 2: *This option uses a worked example and visual tools (tables/diagrams) to show how transactions affect accounts. Learners mark increases and decreases, helping them see patterns clearly. It is ideal for step-by-step and visual learners and can use worksheets or board illustrations.*

Note to Teacher: *You may adapt examples to fit your learners' context (names, amounts, local situations). Provide accessible materials (e.g., larger text, clear layout, simple instructions) to support learners with special needs and ensure inclusive participation.*

5. Include notes for clarity (e.g., "Cash decreased because business paid for equipment.")
6. After filling the table, ask learners to compare and discuss patterns:
   - *Which category changes most often?*
   - *Are there events that affect more than one category at a time?*
   - *How easy or hard was it to track all changes?*
7. Conclude with a reflective question: ***Ask:*** *"Looking at this, what might Mr. Gray do to make it easier to know what the business owns, owes or earn?"*

Transition to the Next Part (Discussing New Concepts) ***Say:*** *"Businesses need a way to identify, record, and organize financial information so that they can understand how the business is performing. Let us now explore the system used by businesses to do this."*

2. Discussing New Concept

This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.

Instructional Goal: *Allows learners to explore the key accounting ideas introduced in the lesson. The teacher facilitates concept discovery through questioning, reasoning, and guided explanation while ensuring that all essential accounting concepts in the curriculum are clearly understood.*

I. The Basic Accounting Equation

Concept Exploration	Learners will identify and list assets based on the scenario given. ***Say:*** *"Earlier, we discussed how businesses need to keep track of their resources and obligations. Let us go back to Gray Electronic Repair Services."* ***Ask:*** *"If Mr. Gray lists down everything he owns in his store, what are the components of assets, liabilities, and equity in this scenario?"* **Possible learner response(s):** *cash, product or inventory, equipment (if any).* ***Ask:*** *"How do assets, liabilities, and equity interact to maintain balance in the accounting equation?"* **Possible response(s)**: *Assets = Liabilities + Equity must always be equal, if assets change, liabilities or equity must also change, every transaction keeps the accounting equation balanced.* ***Ask:*** *"Why is maintaining balance in the accounting equation critical for making financial decisions?* **Possible response(s):** *It ensures accurate financial information, it helps managers make correct decisions, it shows the real financial position of the business.*
Concept Explanation	Teacher will consolidate the learners' responses and explains the concepts. ***Explain:*** *"Now that we understand the basic accounting equation, let us look at the different types of accounts involved in it. In accounting, accounts are grouped into three main categories based on the accounting equation. These help businesses organize their financial information clearly."* According to Baltazar (2014), the three main types of accounts are **assets, liabilities, and equity**.

		Assets are the resources owned or controlled by the business that are expected to provide future benefits. Examples include cash, inventory, and equipment. Liabilities are the obligations of the business. These are the debts or claims of creditors against the business's assets, such as loans and unpaid expenses. ***Say**: "Equity is the owner's claim in a business after liabilities are deducted from assets. It is part of the basic accounting equation: Assets = Liabilities + Owner's Equity, which shows that everything a business owns comes from either debts or the owner's investment. The equation always stays balanced because every transaction affects at least two accounts, a system known as **double-entry accounting."***
	Visual Representation	Present a simple concept diagram:
	Concept Illustration	***Say:** "Let us apply this to the example of* Gray *Electronic Repair Services. Mr. Gray started Gray Electronic Repair Services by investing ₱10,000 cash. He paid ₱370 for registration and licensing fees. He then acquired tables, chairs, shelves, and other fixtures worth ₱3,000 for the business. The company also purchased service supplies worth ₱1,500 on credit. Later, the business provided repair services and received ₱1,900 in cash." **Ask:** "How does each transaction maintain the balance of the accounting equation?"* **Expected response(s):** *Every transaction affects at least two accounts, any increase or decrease is balanced by another change, this keeps Assets = Liabilities + Equity always equal. **Ask:** "Why is it important for Mr. Gray to analyze these transactions using the accounting equation?"* **Expected response(s)**: *To understand what he owns and owes, to see changes in his investment, to make sure records are correct, to make sure the business is doing well**. Say:** "Each of these transactions affects at least two parts of the accounting equation—assets, liabilities, or owner's equity. This shows that no matter how many transactions occur, the accounting equation must always remain balanced.*
	Learner Interaction	***Ask:** "If Mr. Gray does not analyze his transactions using the basic accounting equation, what problem might occur?"* **Expected response(s)**: *He might not know what he owns and what he owes, he might have difficulty tracking his debts, he might not know the value of his business, his records might become unbalanced. **Ask:** "What could happen if the accounting equation is not balanced?"* **Expected response(s):** *There could be errors in recording, he might have difficulty tracking his debts**,** financial information may be incorrect**,** decision may be wrong.*

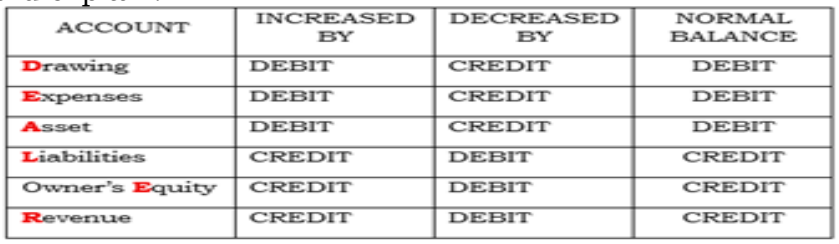
	Teacher Clarification	***Say:*** *"This shows that the basic accounting equation is very important in accounting. It helps ensure that all business transactions are recorded properly and that the records remain balanced. By using the accounting equation, business owners like Mr. Gray can clearly understand their financial position and make better decisions."*
	Transition Say: *"Now that we understand the basic accounting equation, let us explore* ***the expanded accounting equation*** *and see how revenues and expenses affect the owner's equity."*	
	II. The Expanded Accounting Equation	
	Concept Exploration	***Say:*** *"Earlier, we learned about the basic accounting equation and how it shows the relationship between assets, liabilities, and owner's equity."* *"Now, let us take a closer look at owner's equity."* ***Ask:*** *"What factors cause changes in owner's equity?"* **Possible learner response(s):** *Additional investment of the owner, earnings from sales, expenses of the business, withdrawals by the owner.* ***Ask:*** *"Why is it important to know what causes changes in owner's equity?"* **Possible learner responses:** *To understand if the business is earning or losing, to track business performance, to make better decisions* ***Say:*** *"To better understand these changes, the accounting equation can be expanded to show more detailed information about equity."*
	Concept Explanation	***Explain:*** *"The basic accounting equation shows the fundamental relationship among assets, liabilities, and owner's equity."* It is expressed as: **Assets = Liabilities + Owner's Equity** ***Explain further:*** *"This equation shows that everything the business owns (assets) is financed either by what it owes (liabilities) or by the owner's investment (owner'sequity)."* ***Say:*** *"Let us consider Gray Electronics Repair Services.* Mr. Gray invested ₱10,000 cash in the business. He paid ₱370 for registration and licensing fees. He also acquired tables, chairs, shelves, and other fixtures worth ₱3,000. The business purchased service supplies worth ₱1,500 on credit. Later, the company earned ₱1,900 from services. ***Ask:*** *"Based on these transactions, what are the assets and liabilities of the business?"* **Expected response:** Assets: Cash, equipment (fixtures), supplies Liabilities: ₱1,500 payable ***Ask:*** *"How do these transactions affect owner's equity?"* **Expected response:** Investment increases equity, revenue (₱1,900) increases equity, expenses (₱370 registration fee) decrease equity. ***Say:*** *"This shows that assets are equal to liabilities plus owner's equity."* **Explain:** *"On the other hand, the expanded accounting equation provides more details about owner's equity."* According to Tugas, Salendrez, and Rabo (2016), the expanded accounting equation breaks down owner's equity into its components, namely: additional capital, revenue, expenses, and drawings. It is expressed as:

		Assets = Liabilities + Additional Capital + Revenue − Expenses ***Explain further:*** *"Additional capital increases owner's equity. Revenue also increases equity because it represents income earned. Expenses decrease equity because they represent costs incurred. Drawings decrease equity because they are withdrawals made by the owner."* ***Ask:*** *"In Mr. Gray's transactions, which items represent revenue and expenses?"* **Expected response/s:** Revenue: ₱1,900 (services rendered), Expense: ₱370 (registration and licensing fee) ***Say:*** *"This shows how the expanded accounting equation helps us understand the changes in owner's equity."* ***Explain:*** *"The basic accounting equation shows only the total owner's equity."* The expanded accounting equation, however, provides more detailed information about owner's equity. According to Marquez (2025), the expanded accounting equation shows: • how net income affects equity (revenues increase it, expenses decrease it) • how transactions with the owner, such as investments and drawings, change equity ***Say:*** *"This makes the expanded accounting equation more useful in analyzing the financial performance of a business."*
Visual Representation	Present a simple concept diagram: **ASSET =** | **LIABILITIES --** | OWNER'S EQUITY: **+ Capital** | **+ Income** | **− Expenses**
Learner Interaction	***Ask:*** *""Why do you think it is important to expand the accounting equation?* **Expected response(s):** *To see detailed changes in equity, to understand revenues and expenses, to track how transactions affect the business*
Teacher Clarification	***Say:*** *"This shows that the expanded accounting equation provides more detailed information about owner's equity. It helps businesses understand how income, expenses, and owner transactions affect the overall financial position."*

Transition ***Say:*** *"Now that we understand the basic and expanded accounting equation, let us explore the rules of debit and credit and how they are used to record transactions properly."*

III. The Rules of Debit and Credit

Concept Exploration	***Say:*** *"Earlier, we learned that the accounting equation must always remain balanced."* ***Ask:*** *"How do you think businesses make sure that every transaction keeps the accounting equation balanced?* **Possible learner response(s):** *By recording transactions properly, by checking increases and decreases, by using a system.* ***Ask:*** *"*Why *is accuracy in recording transactions essential for business sustainability and decision-making?"* **Possible learner response(s):** *The records will be wrong, the equation will not balance, it may lead to wrong decisions.* ***Say:*** *"To ensure that transactions are recorded correctly and the accounting equation remains balanced, accounting follows specific rules."*

	Concept Explanation	**Explain:** *"To record business transactions properly, accounting follows specific rules known as the rules of debit and credit. These rules are applied using T-accounts, which help organize increases and decreases in different accounts."* Debit comes from the word ***"debitum",*** which means 'what is due,' and it refers to the left side of an account. Credit comes from "***creditum"***, which means 'something entrusted,' and it refers to the right side of an account. According to Frias (2016), these rules guide accountants in determining whether an account should be recorded on the left side (debit) or the right side (credit). The rules are as follows: • *Assets increase with debit and decrease with credit* • *Liabilities increase with credit and decrease with debit* • *Owner's equity increases with credit and decreases with debit* • *Revenue increases with credit and decreases with debit* • *Expenses increase with debit and decrease with credit* ***Explain:*** *"These rules follow the double-entry system, where every transaction affects at least two accounts. The total debits must always be equal to total credits to keep the records balanced." ("Investopedia" n.d.)* According to Marquez (2025), this ensures that the accounting equation always remains balanced. ***Explain:*** *"To help remember the rules, a mnemonic called* ***DEALER*** *can be used."* **DEA (Drawing, Expenses, Assets)** increase on the debit side, **while LER (Liabilities, Equity, Revenue)** increase on the credit side. ***Explain:*** "Each account also has a **normal balance**, which is **the side where it usually increases.**" • Assets, Expenses, and Drawings – normal balance is Debit. • Liabilities, Owner's Equity, and Revenue – normal balance is Credit. ***Say:*** *"This means that these accounts will usually have balances on their normal side unless affected by unusual transactions."*
	Visual Model	Present and explain:  **D**rawing | DEBIT | CREDIT | DEBIT **E**xpenses | DEBIT | CREDIT | DEBIT **A**sset | DEBIT | CREDIT | DEBIT **L**iabilities | CREDIT | DEBIT | CREDIT Owner's **E**quity | CREDIT | DEBIT | CREDIT **R**evenue | CREDIT | DEBIT | CREDIT

Concept Illustration	***Say:*** *"Let us apply this to the example of Gray Electronic Repair Shop. Suppose the business started when Mr. Gray invested ₱10,000."* ***Ask:*** *"What account/s are affected by this transaction?"* **Expected response(s):** *cash (asset), owner's equity (capital)* ***Say:*** *"In this transaction, cash increases, and owner's equity."*
Learner Interaction	**Ask:** *"Why do you think it is important to follow the rules of debit and credit when recording transactions?"* **Expected responses:** *To record transactions correctly, to keep accounts balanced, to avoid errors in recording*
Teacher Clarification	**Say:** *"This shows that the rules of debit and credit are important in ensuring that all transactions are recorded accurately. They help maintain balance in the accounting records and make financial information reliable for decision-making."*

Transition ***Say:*** *"Now that we understand how transactions affect different accounts, let us learn how to record these changes using the rules of debit and credit through T-accounts."*

IV. The Rules of Debit and Credit Using T-Accounts

Concept Exploration	***Ask:*** *"When recording transactions, do you think it is enough to just list them, or do we need a way to organize them by account?"* **Possible learner response(s):** *We need to organize them**,** it is easier to understand if grouped**,** accounts should be separated.* ***Follow-up question:*** *"What are the components of a T-account?* **Expected response(s):** *Account Title, debit side, credit side* ***Explain:*** *"To organize transactions clearly, accountants use a tool called a* ***T-account****."* A T-account is a visual representation of a general ledger account. It is called a T-account because of its T-like shape. ***Explain:*** *"The account title is written at the top**. The left side is for debit entries, and the right side is for credit entries.** This format helps accountants easily see the increases and decreases in each account and ensures that the rules of debit and credit are properly applied. T-accounts make it easier to analyze transactions and check whether the accounting records remain balanced."*
Concept Explanation	***Explain:*** *"In accounting, transactions must be organized properly to clearly show the effects on each account. One tool used to achieve this is the T-account."* According to Marquez (2025), a T-account is a visual representation of a general ledger account used to record and organize transactions. A T-account has a T-like shape and is used to separate debit and credit entries for each account. It has the following parts: • Account title – written at the top • Debit side – located on the left • Credit side – located on the right ***Explain further:*** *"T-accounts help accountants track increases and decreases in specific accounts using the rules of debit and credit."*

		Services or uses of T-accounts include: • Organizing transactions by account • helping analyze the effects of transactions • showing debit and credit entries clearly • Ensuring that total debits and credits are balanced ***Explain:*** *"By using T-accounts, accountants can easily understand how each transaction affects the business and check the accuracy of financial records. These show that accounting is not only about recording transactions but also about organizing information in a clear and systematic way."*
	Visual Model	Present a simple table or diagram: ACCOUNT NAME Debit | Credit
	Concept Illustration	***Say:*** *"Let us go back to the example of* ***Gray Electronics Repair Shop****.* Suppose Mr Gray wants to record his daily transactions properly. **Ask:** *"What tool can Mr. Gray use to organize each account and show debit and credit entries clearly?"* **Expected answer:** *T-account* ***Follow-up Question:*** *"If Mr. Gray invested ₱10,000 in the business, causing an increase in cash, on which side of the T-account should it be placed?"* **Possible responses:** *Debit side, left side*
	Learner Interaction	***Ask:*** *"Why do you think it is important to use T-accounts when recording transactions?"* **Expected response(s):** *To organize transactions, to separate debit and credit, to avoid confusion.*
	Teacher Clarification	**Say:** *"This shows that T-accounts help organize financial transactions by account and apply the rules of debit and credit correctly."* *"They make it easier to analyze transactions and ensure that accounting records remain accurate and balanced."*
	Transition to Developing Mastery ***Say:*** *"Now that we understand the accounting equation and the rules of debit and credit using T-accounts, let us apply these concepts by organizing and analyzing transactions in the next activity."*	
	3. Developing Mastery *In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment.*	
	ACTIVITY 1: Defining Accounting	***Option 1:***

Instructional Goal: *Guide learners in understanding the expanded accounting equation by analyzing business transactions and identifying how each transaction affects assets, liabilities, and the components of owner's equity*

OPTION 1:	**Simple Problem-Solving Activity**
Activity Title:	**What's Missing?**
Description:	Learners solve simple problems using the basic accounting equation by finding missing values. This helps them understand the relationship among assets, liabilities, and owner's equity and how the equation stays balanced.

Procedure:

1. Learners will receive problem cards or view problems on the board.

	ASSET =	LIABILITIES +	OWNER'S EQUITY
1.	₱ 550,000	₱ _____	₱ 120,000
2.	₱ _____	₱ 400,000	₱ 250,000
3.	₱ 2,100,000	₱ 500,000	₱ _____
4.	₱ 1,500,000	₱ _____	₱ 725,000
5.	₱ 1,000,000	₱ 600,000	₱ _____

2. ***Say:*** *"Each problem is missing one part of the accounting equation. Your task is to find the missing amount."* Learners will solve problems individually or in pairs and check if both sides are balanced.
3. After answering, ***ask:*** *"How does solving for missing values demonstrate the relationship within the accounting equation?"* **Expected response(s):** *Shows that all parts of the equation are connected, a missing value can be found because the equation must stay balanced, proves that Assets = Liabilities + Equity*
4. Discuss answers as a class and emphasize the correct solutions. ***Say:*** *"In every case, the accounting equation must remain balanced."*

For Guided Practice:

- ✓ Provide additional problems with different values.
- ✓ Guide learners step-by-step in solving using the equation

For Independent Practice:

- ✓ Ask learners to create their own problem using the accounting equation and let a classmate solve it.

Transition Spiel: ***Say:*** *"Now that we understand how the basic accounting equation works, let us explore the expanded accounting equation and see how revenues, expenses, and drawings affect owner's equity."*

*This strategy supports **analytical and problem-solving** learning by allowing learners to apply the basic accounting equation to solve for missing values. Instead of simply memorizing the equation, learners actively use it to understand the relationship among assets, liabilities, and owner's equity and how balance is maintained.*

The activity encourages logical reasoning and helps learners develop confidence in manipulating the accounting equation through simple computations.

This option is recommended when:
- *the teacher wants to **emphasize individual or paired problem-solving.***
- *learners need practice in **applying the accounting equation.***
- *the lesson aims to **strengthen computational and analytical skills.***

The teacher should observe whether learners correctly apply the accounting equation and maintain balance in their solutions. Misconceptions may occur if learners incorrectly add or subtract values or fail to understand that both sides of the equation must always be equal.

Option 2:
*This strategy supports **analytical and experiential learning** by allowing learners to examine real-life business*

	OPTION 2:	**Transaction Analysis**
	Activity Title:	**Analyzing Changes**
	Description:	Learners analyze transactions from Gray Electronics Repair to see their effects on assets, liabilities, and owner's equity components, applying the expanded accounting equation in practice. **Procedure:** 1. Present the Gray Electronic Repair Shop transactions. 2. Provide a table with columns such as: **ASSET =** | **LIABILITIES =** | OWNER'S EQUITY: **+ Capital** | **+ Income** | **– Expenses** ***Say:*** *"For each transaction, identify which accounts are affected and whether they increase (+) or decrease (–)."* 3. Ask learners to work in pairs or small groups to complete the table. 4. After completing, ***ask:*** *"How do these transactions affect the different components of owner's equity?"* **Expected response(s):** *Capital increases from investment, revenue increases equity, no effect on equity for some transactions, paying liabilities decreases assets but also reduces obligations.* 5. Discuss the answers and summarize the effects. ***Say:*** *"This activity shows how transactions affect not only assets and liabilities but also the different components of owner's equity in the expanded accounting equation."* **For Guided Practice:** ✓ Work through the first transaction as a class.

transactions and determine how each affects the components of the expanded accounting equation.

*Instead of focusing only on computation, learners **analyze how transactions influence assets, liabilities, and the different elements of owner's equity such as capital, revenue, expenses, and drawings**.*

The activity promotes critical thinking and helps learners see the connection between business activities and their effects on financial position.

This option is recommended when:
• the teacher wants to emphasize application of concepts in real-life situations
• learners benefit from collaborative and discussion-based tasks
• the lesson aims to deepen understanding of the expanded accounting equation
The teacher should observe whether learners correctly identify the affected accounts and their increases or decreases. Misconceptions may occur if learners confuse the effects on owner's equity, especially in distinguishing revenue, expenses, and capital, or if they fail to recognize that multiple accounts can be affected by a single transaction.

Option 1:

*This strategy **focuses on***

	✓ Guide learners in identifying the affected accounts. **For Independent Practice:** ✓ Ask learners to summarize the total effect on assets, liabilities, and equity after all transactions. ***Say:*** *"Explain how the expanded accounting equation remained balanced."* **Transition Spiel *Say:*** *"Now that we understand how transactions affect the expanded accounting equation, let us learn how to record these changes using the rules of debit and credit."*	***problem-solving*** *to help learners* ***understand the relationship among accounts*** *in the accounting equation. By identifying which accounts increase or decrease, learners actively apply the rules of debit and credit instead of simply memorizing them. The activity* ***strengthens logical thinking*** *and reinforces the idea that the accounting equation must always remain balanced.* *This option is recommended when:* *• the teacher wants to emphasize analytical thinking and computation* *• learners benefit from guided practice in identifying account changes* *• the lesson aims to reinforce the relationship among assets, liabilities, and owner's equity* *Materials that may be used include:* *• worksheets with problem sets* *• board or slide presentations* *• activity cards* *The teacher should observe whether learners correctly identify the affected accounts and apply the accounting equation properly. Misconceptions may occur if learners focus only on numbers without understanding the relationship between accounts*

ACTIVITY 2: Explaining Accounting's Historical Development

Instructional Goal: *Guide learners in explaining the historical development of accounting.*

OPTION 1:	**Box Completion**
Activity Title:	**Applying the Rules of Debit and Credit**
Description:	Learners apply their understanding of the rules of debit and credit by analyzing common business transactions. They identify which accounts are affected and determine whether each account increases or decreases.

Procedure:

1. Review the concept. ***Say:*** *"Earlier, we discussed the rules of debit and credit and how they apply to different account titles. Now, let us test your understanding."*
2. Present the following transactions:
   - Paid salary expense
   - Owner withdrew cash
   - Paid rent for the month
   - Borrowed cash from the bank
   - Received cash from a customer
3. Provide a simple table or box with columns. **Instruct learners: *Say:*** *"For each transaction, identify the accounts involved and determine which account increases and which decreases."*

TRANSACTION	Account/s affected	increasing	decreasing
1.			
2.			
3.			
4.			
5.			

4. Ask learners to work individually or in pairs to complete the table.
5. After completing the activity, discuss the answers as a class. ***Ask:*** *"How did you determine which account increases or decreases?"* **Expected responses:** *By identifying the type of account, by applying the rules of debit and credit, by analyzing the effect of the transaction.*
6. End the activity. ***Say:*** *"This activity shows how the rules of debit and credit are applied in real business transactions. Each transaction affects at least two accounts, and understanding these changes helps ensure accurate recording."*

For Guided Practice:

- ✓ Work through the first transaction as a class.
- ✓ Guide learners in identifying the accounts involved

For Independent Practice:

- ✓ Ask learners to create their own transactions and analyze the effects on accounts

Transition Spiel

Say: *"Now that we can identify how accounts increase and decrease, let us record these transactions using* ***T-accounts****."*

OPTION 2:	**T-Account Application**
Activity Title:	**Recording Transactions Using T-Accounts**
Description:	Learners apply the rules of debit and credit by recording business transactions in T-accounts. This activity helps them visualize how each transaction affects accounts and reinforces the double-entry system.

Procedure:

1. Review prior knowledge. ***Say:*** *"Earlier, we identified which accounts increase and decrease. Now, we will use T-accounts to record these changes using the rules of debit and credit."*
2. Present the same transactions in Activity 2 Option 1 in Developing Mastery.

Option 2:
This strategy emphasizes application through ***visualization*** *using T-accounts. Learners record transactions by placing amounts on the correct debit or credit side, helping them clearly see how each transaction affects multiple accounts. This* ***strengthens their understanding of the double-entry system and the rules of debit and credit.***
This option is recommended when:

- *the teacher wants to emphasize practical application of concepts*
- *learners benefit from visual and hands-on activities*
- *the lesson focuses on recording transactions using T-accounts*

The teacher should observe whether learners ***correctly place entries on the debit and credit sides and maintain balance in each transaction.*** *Misconceptions may arise if learners confuse account classifications or incorrectly apply debit and credit rules.*

	3. Draw sample T-accounts on the board (e.g., Cash, Salary Expense, Rent Expense, Loans Payable, Owner's Drawing, Revenue). ***Instruct learners say:*** *"For each transaction, identify the accounts involved and record them in the correct side of the T-account (Debit or Credit)."* 4. Ask learners to work in pairs or small groups to: ● identify the accounts affected ● decide which account is debited and credited ● record the entries in T-accounts 5. After the activity, ***ask:*** "How did you decide which side to use—debit or credit?" **Expected responses:** *Based on the rules of debit and credit, by identifying the type of account, by determining whether the account increases or decreases.* 6. Discuss the correct entries and emphasize: ***Say:*** *"In every transaction, total debits must equal total credits. This is the foundation of the double-entry system."* **For Guided Practice:** ✓ Demonstrate one transaction step-by-step using T-accounts ✓ Guide learners in placing entries on the correct side **For Independent Practice:** ✓ Ask learners to create their own T-accounts for a new set of transactions **For Independent Practice:** ✓ Ask learners to answer the following question individually: ***Ask:*** *"Why did accounting systems evolve over time? Explain in two to three sentences."* **Transition Spiel *Say:*** *"Now that we understand how the accounting equation works and how debit and credit rules are applied, let us put these ideas into practice. Let us apply what we have learned using T-accounts in a real-life business situation."* Consider the transactions of Gray Electronics Repair Shop.	
3. Demonstrating Knowledge and Skills	**1. Finding Practical Application** *In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.* **Instructional Goal:** *Guide learners in applying the concept of accounting to situations they may encounter in their own daily financial activities.*	
	Activity Title: **Tracking My Daily Transactions (Real Life Application Activity)** **Description:** Learners analyze a daily financial situation (e.g., allowance or small transactions) and record it using T-accounts to	*This activity helps learners connect accounting concepts to their personal finances, showing that the accounting equation, debit/credit rules, and T-accounts also apply to everyday money decisions.*

	understand how financial decisions affect assets and owner's equity and the importance of proper recording.	

Procedure

1. Introduce the activity: ***Say:*** *"Every day, you receive, spend, or save money—these are transactions that can be recorded using accounting."*
2. Ask learners to list 2–3 personal transactions (e.g., allowance, expenses, savings).
3. Provide simple T-account templates (Cash, Expense, Owner's Equity).
4. Instruct recording: ***Say:*** *"Record each transaction using T-accounts, identify affected accounts, and apply debit and credit rules."*
5. Reflection: ***Ask:*** *"Which accounts increased or decreased?" "How did your cash change?" "Did your transactions affect your equity?" "How can accounting help you manage money better?"*

Transition Spiel

Say: *"Now that we understand how transactions are recorded using the rules of debit and credit and how T-accounts help organize them, let us summarize the key concepts we have learned.*

You may facilitate this in different ways depending on your class:
Whole-class: *Students share simple transactions; teacher models using T-accounts.*
Pairs/groups: Students record and discuss 2–3 transactions together.
Reflection: *Students list income/expenses and explain how recording helps.****V isual tasks:*** *Use simple expense logs or prompts to classify transactions.*

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in synthesizing the key ideas learned in the lesson, including the relationship among assets, liabilities, and owner's equity, and the application of debit and credit rules in recording transactions using T-accounts.*

Activity Title:	**Completing the KWL Summary (L – What I Learned)**
Description:	Learners reflect on the lesson and complete the "L" column of the KWL chart by summarizing the key concepts they have learned about the accounting equation and the rules of debit and credit using T-accounts.

Procedure:

1. Ask learners to recall key concepts from the lesson and complete the "L" part of the KWL chart. ***Say:*** *"Let us complete what you have learned about the accounting equation and debit and credit rules."*
2. ***Ask:*** *"How do the accounting equation, debit and credit rules, and T-accounts work together?"* **Expected response/s:** *They help record and check transactions, keep the equation balanced, and clearly show account changes.*

This activity helps learners synthesize key ideas by completing the L (What I Learned) column of the KWL chart, connecting the accounting equation, rules of debit and credit, and T-accounts in recording financial information.

It may be facilitated through whole-class discussion, sentence completion ("Today, I learned that…"), Think–Pair–Share, or reviewing the W column to check answered questions.

Conclude by emphasizing that the accounting equation must always be balanced and that debit and credit rules, together with T-accounts, help accurately

<table>
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3. Ask: “Why are these concepts important in real-life financial reporting?” Expected response/s: They ensure accurate and balanced records, prevent errors, and support decision-making.
4. Ask: “What are the rules of debit and credit?” Expected responses: Debit is the left and credit is the right; assets and expenses increase with debit; liabilities, equity, and revenue increase with credit; the equation stays balanced.
5. Ask: “How do T-accounts help record transactions?” Expected responses: They show debit and credit clearly, organize transactions, and make changes easier to track.
6. Ask learners to complete:
“Today, I learned that _____.” Possible response/s: The accounting equation must always be balanced; debit and credit rules ensure correct recording; T-accounts help track account changes
Transition to Assessment Say: “Now that we have summarized the key ideas about accounting, let us check your understanding through the Learning Activity Sheet.”
</td>
<td>record and organize financial transactions for better understanding and decision-making.</td>
</tr>
<tr>
<td>VI. ASSESSMENT
(Assessment for/ of Learning)</td>
<td colspan="2">
Instructions
1. Distribute the Learning Activity Sheet (LAS) to all learners after the Making Generalization activity.
2. Explain that the activity will assess their understanding of the concepts discussed in the lesson.
3. Instruct learners to read each item carefully before answering.
4. Remind learners to answer the questions individually.
5. Allow approximately 10–15 minutes for the learners to complete the activity.
6. After completion, collect the LAS or review the answers through class discussion

<u>Table of Specifications (TOS)</u>
<table>
<tr><th>Learning Objective</th><th>Cognitive Level</th><th>No. of Items</th><th>Item Numbers</th></tr>
<tr><td>Explain the basic accounting equation and identify its components: assets, liabilities, and owner’s equity.</td><td>Remembering/ Understanding</td><td>5</td><td>1,2,3,4,5</td></tr>
<tr><td>Explain the expanded accounting equation and identify its additional components: revenues, expenses, and withdrawals.</td><td>Understanding</td><td>5</td><td>6,7,8,9,10</td></tr>
<tr><td>Describe the basic rules of debits and credits for different types of accounts.</td><td>Applying</td><td>5</td><td>11,12,13,14,15</td></tr>
<tr><td>Use T-accounts to analyze simple business transactions and determine the corresponding debit and credit entries.</td><td>Applying</td><td>5</td><td>16,17,18,19,20</td></tr>
<tr><td>TOTAL</td><td></td><td>20</td><td></td></tr>
</table>
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	Assessment Structure: **Part I:** Multiple Choice Test **Part II.a:** Table Completion **Part II.b:** Table Completion **Answer Key:** 1. B 6. B 11. Increase ; Decrease 16. Cash ; Owner's Equity 2. A 7. D 12. Decrease ; Increase 17. Equipment ; Cash 3. C 8. B 13. Decrease ; Increase 18. Accounts Receivable ; Revenue 4. B 9. B 14. Increase ; Increase 19. Utilities Expense ; Cash 5. B 10. B 15. Decrease ; Increase 20. Cash ; Accounts Receivable
VII. REFLECTION *(Feedback and Continuous Improvement)*	*This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.* ✓ *Were the learning objectives achieved by the learners at the end of the lesson?* ✓ *Which activities or strategies were most effective?* ✓ *What difficulties or misconceptions did learners encounter?* ✓ *What support or adjustments are needed for learners who had difficulty?* ✓ *What materials, strategies, or practices from this lesson may be shared with other teachers?*
VIII. USE OF GENERATIVE AI	In preparing this Learning Exemplar (LE), the author used Open Al such as Chat GPT and Gemini Google Assistant in order to help enhance activities. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Books of Accounts Used in Recording Business Transactions	Lesson Exemplar	5

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.*
B. Performance Standard	*The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.*
C. Learning Competencies	*Distinguish the books of accounts*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, W. (2021). *Basic Accounting*. DomDane Publishers. (Standard textbook for Philippine accounting fundamentals). Valencia, E. G., & Roxas, G. F. (2018). *Basic Accounting: Concepts, Principles, Procedures and Applications*. Valencia Educational Supply. Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2015). *Accounting Principles* (12th ed.). Wiley. Department of Education (2016). *K to 12 Basic Education Curriculum Senior High School – Accountancy, Business and Management (ABM) Specialized Subject: Fundamentals of Accountancy, Business, and Management 1* (Curriculum Guide). *Journal of Accounting Education* (Various articles on pedagogical strategies for introducing double-entry bookkeeping and accounting cycles to novice learners). **Materials:** ▪ PowerPoint slides, posters, charts ▪ Columnar sheet or worksheet (two, three, and five columns) ▪ Manila paper, marker ▪ Learning Activity Sheets ▪ TV, projector, laptop, PC
III. CONTENT *(Sequencing Content)*	***Books of Accounts Used in Recording Business Transactions*** I. General Journal II. Cash Receipt Journal III. Cash Disbursement Journal IV. Sales Journal V. Purchase Journal VI. General Ledger

	VII.Subsidiary Ledgers
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) Identify the different books of accounts used in the accounting process. b) Describe the purpose and basic features of each book of account, including the general journal, special journals, general ledger, and subsidiary ledgers. c) Distinguish the functions of the different books of accounts in recording and organizing business transactions.

V. PROCEDURES

(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)

This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.

(Each part shall have 2-3 varied activities)

ANNOTATIONS

**Instruction to the teacher on how to facilitate the activities.*

**In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. ELICITING PRIOR KNOWLEDGE

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Activate the learners' prior knowledge of personal record-keeping, basic transaction analysis, and the use of source documents, establishing a clear rationale for why businesses must systematically use formal Books of Accounts.*

OPTION 1:	**INDIVIDUAL ACTIVITY**
Activity Title:	**My Personal Tracker**
Description:	Learners recall how they manage and record their personal allowance to establish the basic human need for record-keeping.

Procedure:

1. Ask the learners to take out a piece of paper and think about their financial activities yesterday.
2. Instruct them to list down their starting allowance for yesterday and all the specific expenses they made (e.g., tricycle or jeepney fare, lunch, snacks).
3. Next to the list, ask them to write down where they usually keep track of this information (e.g., "in my head," "on my phone's notes app," "in a small notebook").
4. Ask for 2-3 volunteers to share their lists and their method of tracking.
5. **Say:** *"Can you recall exactly what you spent your allowance on a month ago? Why or why not?"* Expected Responses: a. No, small daily

- The activity implicitly introduces accounting journals by connecting them to students' daily financial habits.
- Key Takeaway: Personal memory may suffice for a ₱100 allowance, but in business it risks losses and bankruptcy. Formal Books of Accounts act as permanent memory, safeguarding finances and tracking business health.
- To ensure all learners can participate effectively, apply the following modifications based on their profiles: a.) Struggling Learners: Use structured, fill-in-the-blank templates (e.g., "I spent ₱___ on food").; b.) Advanced Learners: Categorize expenses into "Needs" vs. "Wants" and compute percentages.; c.) Logical/Mathematical Learners**:**

expenses blur together.; b. I might recall big purchases, not small ones. c. Only if I kept a receipt or record.

6. **Say:** *"Why is relying only on memory risky for a business owner?"* Expected Responses: a. Might forget who owes money and lose payments.; b. Could pay the same bill twice.; c. Won't know actual profit or expenses.; d. Lacks proof in disputes or warranties.

Track Date, Description, Money In (+), Money Out (−), and Balance in a simple spreadsheet.; d.) Visual/Spatial Learners: Create an icon-based "Wallet Map" or graphic organizer.; e.) Linguistic/Verbal Learners: Write a narrative "Financial Diary Entry" on resource use.; f.) Learners Without Allowances: Track non-monetary resources (study hours, lunch items) or use a simulated ₱100 budget.

2. ESTABLISHING THE PURPOSE OF THE LESSON

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Connect the learners' prior realizations about the unreliability of human memory and informal notes to the formal business requirement of using standardized, official tools—specifically, to establish that learning about the Books of Accounts is essential for maintaining accurate, legal, and organized financial records.*

OPTION 1:	**GROUP ACTIVITY**
Activity Title:	**The Renemae's Sari-Sari Store Dilemma**
Description:	Learners participate in a brief, scenario-based brainstorming session where groups identify the consequences of poor record-keeping and propose a systematic solution.

Procedure:

1. Group learners into 4-5 members. Display this short scenario: *"Renemae runs a busy sari-sari store and lets neighbors buy on credit. She records debts on scratch paper, cigarette packs, or from memory. At month's end, she finds missing money but doesn't know who hasn't paid."*
2. Ask the groups to quickly list three negative consequences of Renemae's current system and propose one practical tool or method she should use to fix it. Have groups shout out their proposed solutions: *(expected answers-"use a specific notebook," "create a logbook," "make a master list").*
3. **Ask:** *"What specific problems arose from writing transactions on random scratch papers?"* Expected Learner Responses: a.) "The papers are too small and easily get lost, thrown away, or blown away by the wind."; b.) "There is no order. It's hard to find out what happened on a specific day because everything is mixed up."; c.) "She might accidentally wash the paper if it's in her pocket, and the ink will disappear."; d.) "If someone asks for a refund or has a question, she has to dig through a pile of trash to find the proof."

•This activity connects students' understanding of loose source documents to the necessity of formal, bound **Books of Accounts**, demonstrating exactly why accounting standards require organized records.

•**Facilitation Tip:** Listen to students suggesting solutions like "she needs a notebook." Use those exact student quotes as a natural, direct transition to formally introduce the concept of "Books of Accounts."

•Adapt the tracking activity to support diverse learner profiles: A.) Struggling Learners (Scaffolding): Lower the cognitive load by providing a simple, ready-to-copy template on the board (Date, Item, Cost, Balance) instead of having them design one from scratch.; B.) Advanced/Tech-Savvy Learners (Extension): Promote digital literacy by allowing them to build their trackers using smartphone apps like Excel, Google Sheets, or a budgeting app.; C.) Visual/Creative Learners: Encourage visual engagement through color-coding (e.g., red for expenses, green for income) or by incorporating small

<table>
<tr><td></td><td>4. Validate these observations: While writing beats memory, loose source documents are fragile, temporary evidence of transactions—not final storage. A business cannot survive on disorganized paperwork.
5. Ask: “How does having a single, official "book" solve Renemae's problem of lost revenue?” Expected Learner Responses: a.) Records are secure and won't get lost.; b.) Debts (utang) are permanently recorded so she remembers to collect them.; c.) Weekly sales are easy to compute from one page.; d.) Bound, dated pages make tracking her business timeline easy.
6. Move records from fragile scraps into a bound book to create a permanent, centralized business memory that tracks debts, prevents double payments, and organizes daily cash flow.</td><td>drawn icons (e.g., a burger for food).; D.) Learners with Dyscalculia: Shift the focus from exact mathematical computation to behavioral tracking. Use a "Traffic Light" system: Green (Saved), Yellow (Spent on Needs), and Red (Spent on Wants/Impulses).</td></tr>
<tr><td>B. Instituting New Knowledge</td><td>1. PRESENTING EXAMPLES
This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.

Instructional Goal: Equip learners with the conceptual understanding and practical skills necessary to systematically classify and record business transactions into their appropriate books of accounts, enabling them to recognize the critical role of organized financial record-keeping in the operational success of a real-world business.

<table><tr><td>OPTION 1:</td><td>GROUP ACTIVITY</td></tr><tr><td>Activity Title:</td><td>Operation: Rescue Gray’s Records!</td></tr><tr><td>Description:</td><td>Learners collaboratively analyze, debate, and deduce the distinct purpose of each book based on the real-world transactions they process. It bridges abstract accounting theory with concrete, everyday business operations.</td></tr></table>Procedure:
1. Allocate 5 minutes for preparation and grouping. Divide the class into small groups of 4-5 learners. Distribute an "Accounting Rescue Kit" to each group. Kit contents: 6 empty-labelled envelopes (representing the 6 Books of Accounts), a set of 12 "Transaction Cards" (mixed business documents of Mr. Gray), and a roll of tape.
2. Allocate 5 minutes for briefing. Briefly introduce the "Envelopes" (Books of Accounts) to the class. A.) General Journal: For transactions that don't fit anywhere else.; B.) General Ledger: The master summary of all accounts.; C.) Cash Receipts Journal: Every time Mr. Gray receives cash.; D.) Cash Disbursements Journal: Every time Mr. Gray pays out cash. E.) Service Revenue Journal: When Mr. Gray repairs an item on credit/account (customer will pay later).; F.) Purchases Journal: When Mr. Gray buys spare parts on credit/account.
3. Allocate 15 minutes for the Sorting Activity. Instruct the groups to read each "Transaction Card" and place it inside the correct envelope based</td><td>•This activity shifts the focus from a traditional lecture to experiential learning. By letting the students "sort" first before giving the formal definitions, they construct the meaning of the books of accounts based on the nature of the business transactions.
•Using "Gray Electronic Repair Services" makes abstract accounting concepts tangible. Learners can easily visualize repairing a TV or paying a water bill, making the cognitive load of learning the accounting process much lighter.
•While groups are sorting, roam around the room. Listen to their debates. If a group puts a "credit repair" into the Cash Receipts journal, gently ask them, "Has Mr. Gray actually received the money yet?" Use these observations to guide your post-activity discussion.
•This activity can be seamlessly integrated with Business Ethics (discussing why Mr. Gray shouldn't</td></tr>
</table>

	on the nature of the transaction. *Sample Transaction Cards for Gray Electronic Repair Services:* Card A: Received ₱1,500 cash from Mrs. Santos for repairing her electric fan. *(Target: Cash Receipts Journal)*; Card B: Paid ₱500 cash for the shop's water bill. *(Target: Cash Disbursements Journal)*; Card C: Repaired a flat-screen TV for the Barangay Hall for ₱3,000, to be paid next month. *(Target: Service Revenue Journal)*; and Card D: Bought electronic spare parts from XYZ Hardware for ₱2,000 on account. *(Target: Purchases Journal)* 4. Allow 10 minutes for presentation and validation. Have group representatives present one envelope, state which transaction cards they placed and why. Validate their answers and use their outputs to define each Book of Accounts. 5. **Ask:** *"Which transaction cards were the easiest and hardest to sort, and why?"* Expected Responses: Easiest: Cash transactions, because the envelope labels make it obvious.; Hardest: Unpaid services (like the TV repair), because it's unclear how to categorize a transaction before the cash changes hands. 6. Validate their experience by acknowledging that cash transactions are easy to identify. Then, use their confusion over the unpaid repair to introduce "credit" or "on account" transactions—which is exactly why Special Journals exist. 7. Look at the transactions in the Cash Receipts and Cash Disbursements envelopes. **Ask:** *"What is the single most important element a transaction must have to be placed in these books?"* Expected learner responses: money, actual cash has to be given or taken, there must be a physical exchange of cash at that exact moment. 8. Emphasize the word CASH. Explain that in accounting, a promise to pay is not cash. To enter these specific journals, cash (or a cash equivalent like a check) must physically change hands on that specific day. **9. Ask:** *"When Mr. Gray repairs an appliance, what's the difference between the Cash Receipts Journal and the Service Revenue Journal?"* Expected responses: Cash Receipts Journal: used when the customer pays immediately (e.g., fan repaired and paid).; Service Revenue Journal: used when service is on credit (customer pays later, recorded as receivable). 10. Highlight this distinction clearly. **Say:** *"The Cash Receipts Journal is triggered by the inflow of money, regardless of what it's for. The Service Revenue Journal (or Sales Journal for merchandising) is used specifically when the service is completed on credit (the customer now owes Mr. Gray)."*	mix personal expenses with his business receipts) and basic Numeracy (calculating the total cash received in the Cash Receipts envelope). •Take note: For Visual/Spatial Learners: Use color-coded transaction cards (e.g., green cards involve cash, yellow cards involve credit). This visual cue helps them map the transaction to the correct book. •For Learners requiring Scaffolding (Struggling Learners): Provide a "Cheat Sheet" or a visual flowchart inside their kit that asks simple Yes/No questions (e.g., *"Did Mr. Gray receive cash? If YES -> Cash Receipts Journal"*). •For Advanced Learners: Include "Trick Cards" or complex transactions in their kits (e.g., *Mr. Gray bought a new soldering iron for ₱1,000, paying ₱500 cash and the rest on credit*). This challenges them to realize that a single transaction might need to be split or recorded in the General Journal. •For Interpersonal Learners: The group dynamic inherently supports these learners, as they are tasked with debating and reaching a consensus before placing a card in an envelope.

	11. Synthesize. **Say:** *"If Mr. Gray recorded every transaction unsorted in one notebook, what problems would he face?"* Expected responses: Time-consuming to compute actual cash (must find and total each cash entry); May miss receivables and fail to collect; Messy and prone to calculation errors 12. Recording every transaction in one General Journal is inefficient for high-volume, repetitive entries. **Special Journals** group similar transactions (e.g., all cash receipts), saving time and making month-end totals easy to find. 13. **Say:** "A busy business cannot write every single repetitive transaction in the General Journal without getting overwhelmed. Special Journals are shortcut tools. The four main types and their specific functions or features: 1. Cash Receipts Journal (CRJ): Exclusively for all cash coming in.; 2. Cash Disbursements Journal (CDJ): Exclusively for all cash going out.; 3. Sales Journal (SJ): Exclusively for sales of inventory on account (credit).; 4. Purchases Journal (PJ): Exclusively for purchases of inventory on account (credit). **Then transition to the discussion. Say:** *"To keep things perfectly organized, accountants divide these records into two main types. Let's break them down."*	
	2. DISCUSSING NEW CONCEPT *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Guide learners to systematically present the official Books of Accounts, detailing their distinct structural features and explaining how they function cohesively to transform chronological daily business events into categorized financial summaries.*	
	1. Concept Exploration Connects the learners' daily life experiences to the new accounting concept to stimulate interest. **Say:** "Good day, class! Before we start: who tracks their allowance (diary or app)?" Possible response: "I do — I note jeepney fare and snacks so I can save for the weekend." **Say:** *"Great! Writing details records events chronologically so you don't forget. Businesses do the same using Books of Accounts. Today we'll explore the different 'diaries' a business uses to track money."* **2. Concept Explanation** Formally introduce the accounting books, breaking them down into Journals and Ledgers.	• Activate prior knowledge through the "allowance" analogy demystifies the concept of accounting records. It transitions the learners from personal experience to formal business applications, aligning with the constructivist approach. • Use the "diary" and "sorting box" metaphors helps students grasp the sequential flow of accounting (recording to classifying). Clearly distinguishing the four special journals prevents future recording errors.

	Say: *"A business has two main sets of books: the Journals and the Ledgers. Let's start with the Journals, also known as the Books of Original Entry because this is where transactions are recorded first."* • General Journal (GJ): This is the master diary. If a transaction doesn't fit anywhere else, it goes here. Examples are adjusting entries or buying equipment on account. But to save time, businesses use Special Journals for repetitive transactions: a.) Cash Receipts Journal (CRJ): Used exclusively when cash comes *in.*; b.) Cash Disbursements Journal (CDJ): Used exclusively when cash goes *out.*; c.) Sales Journal (SJ): Used only for sales of inventory *on account* (credit). d.) Purchase Journal (PJ): Used only for purchases of inventory *on account* (credit). **Say:** *"Once we write them in the journals, we transfer or 'post' them to the Ledgers, known as the Books of Final Entry.* • General Ledger (GL): The principal book that summarizes all activities for every single account (Cash, Accounts Receivable, Sales, etc.). It gives us the running balance. Subsidiary Ledgers (SL): Think of this as the magnifying glass for the General Ledger. It provides detailed breakdown of specific accounts. For example, your Accounts Receivable GL might say people owe you ₱10,000. Your Accounts Receivable SL will tell you that ₱6,000 is from Maria and ₱4,000 is from Juan." **3. Visual Representation** Direct the learners' attention to the board or a slide presentation showing the formats. **Say:** *"Look at the screen. The General Journal shows Date, Account Titles and Explanation, PR, Debit, Credit. Compare it to the Cash Receipts Journal. What do you notice?"* Possible response: *"The Cash Receipts Journal has specific columns like Cash Debit and Sales Credit — not a blank slate."* **Say:** *"Spot on! Special journals have pre-labeled columns to make recording faster. You just write the amounts in the designated columns instead of writing the account titles over and over again."* **4. Concept Illustration** Provide concrete business scenarios to illustrate where transactions belong. **Say:** *"Let's imagine we are running Makabayan Trading, a wholesale business. I will give a transaction, let's see where it goes. Scenario A: We sold ₱5,000 worth of merchandise to Aling Nena, and she paid us in cash right away. Which journal?"* Possible answer: "Cash Receipts Journal, Ma'am/Sir, because we received cash!"	• Visualizing the columns reduces anxiety about the technical aspect of accounting. Contrasting the chronological format of the journal with the topical format of the ledger solidifies their distinct purposes. • Modeling the thought process ("Did cash come in? Yes/No") equips learners with a mental checklist they can use when working independently. • A rapid-fire drill keeps energy high and allows the teacher to immediately spot which concepts (like the General Journal catch-all rule) might need reinforcement. • Accounts Receivable/Payable and their subsidiary ledgers are notoriously difficult for beginners. Using the "total grade vs. individual requirements" analogy grounds the abstract concept in a familiar academic reality. • The transition provides a quick summary of the lesson's core objectives and sets a clear, actionable expectation for the next activity, ensuring learners are mentally prepared for seatwork.

	Say: *"Correct! Scenario B: We bought ₱10,000 worth of inventory from a supplier, but we promised to pay them next month. Which journal?"* Possible answer: "Purchase Journal, Ma'am, because it is a purchase of inventory on account." **Say:** "*Exactly. And at the end of the month, we take the totals from all these journals and post them to our General Ledger to see how much inventory we have left and how much we owe our supplier."* **5. Learner Interaction** Conduct a rapid-fire assessment to test immediate comprehension. **Say:** "Let's do a quick 'Point and Shoot' drill. I'll state a transaction, and together, you will shout out the correct Book of Account. Ready?" **Say:** 1. "Paid the Meralco/VECO electric bill with cash!" Possible answer (answer in chorus): "Cash Disbursements Journal!"; 2. "Sold merchandise to Mr. Cruz on credit!" Class (Chorus): "Sales Journal!"; 3. "Checking the specific balance owed by Mr. Cruz alone!" Class (Chorus): "Subsidiary Ledger!"; 4. "Recording the depreciation of our delivery truck!" Class (Chorus): "General Journal!" **6. Teacher Clarification** Anticipate and address common points of confusion. **Say:** *"Fantastic job. Now, I want to clarify a very common mistake. Sometimes, students think that any sale goes to the Sales Journal. Remember: The Sales Journal is strictly for sales of inventory on account. If you sell inventory for cash, where does it go?"* Possible response: "To the Cash Receipts Journal, Sir/Ma'am, because the cash rule overrides it." **Say:** *"Brilliant! The presence of cash dictates the journal. Cash in? Always CRJ. Cash out? Always CDJ. We only use the Sales and Purchase journals when the transaction is purely on credit."* **7. Transition for the Next Phase** Wrap up the discussion and seamlessly move into the guided practice. **Say:** *"Apply journals and ledgers: take out your worksheets and columnar pads. We'll record a month's transactions for Makabayan Trading—first five together, then you finish."*	
	3. DEVELOPING MASTERY *In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment* **Instructional Goal:** Assess and solidify the learners' ability to independently identify the different books of accounts, describe their specific features, and distinguish their distinct functions by progressively classifying and mapping standard business transactions from individual recall to collaborative analysis.	

Activity 1: Identifying the different books and describe their basic features or purposes

(Targets Learning Objectives a and b)

OPTION 1:	**Independent Identification Quiz**
Activity Title:	**The Accountant's Toolkit: Name That Book**
Description:	Learners match the specific features and purposes of the books to their correct accounting terms.

Procedure:

1. Instruct learners to bring out a 1/4 sheet of paper.
2. Dictate or write the following five descriptions on the board.
3. Give learners 5 minutes to write the exact Book of Account being described.

The Quiz Questions:

1. I am known as the "Book of Original Entry" because transactions are recorded in me first, strictly in chronological order by date.
2. I am a specialized notebook. If a business pays its monthly internet bill using cash, the bookkeeper will record that transaction exclusively inside me.
3. I am the "Book of Final Entry." I contain the master summary and running balances of all account titles like Cash, Capital, and Rent Expense.
4. I am a specialized journal used strictly when the business sells its merchandise to a customer on account (credit).
5. I act as a "magnifying glass" for the General Ledger. I contain the specific, individual names and balances of every single supplier that the business owes money to.

Activity 2: *Distinguishing functions in recording vs. organizing*

(Targets Learning Objectives a, b, and c)

OPTION 2:	**Group Flowchart Expectations**
Activity Title:	**The Audit Trail: Mapping the Flow**
Description:	*Small groups synthesize the entire lesson by drawing a visual flowchart of a complex transaction, proving they understand how the books interact and function as a system.*

Procedure:

1. Divide the class into small groups of 4 to 5 learners. Provide each group with a sheet of Manila paper and a marker.
2. Give them the following complex scenario: "Customer Sophia Reyes, who bought goods on credit last week, visits your store today and pays her ₱20,000 debt in cash."

Activity 1: Guide learners to identify the features and purposes of the books to its correct accounting terms.

ANSWER KEY FOR ACTIVITY 1:

1.General Journal, 2.Cash Disbursements Journal (CDJ), 3.General Ledger, 4.Sales Journal (SJ), 5.Accounts Payable Subsidiary Ledger

Activity 2: Guide learners to distinguish the books of accounts

ANSWER KEY FOR ACTIVITY 2 (Group Flowchart Expectations):

- Box 1 (Start): Cash Receipts Journal (CRJ). *Justification:* Functions to record the actual cash received today chronologically.
- Arrow points to Box 2: General Ledger. *Justification:* Functions to organize the grand totals (Increase Total Cash, Decrease Total Accounts Receivable).
- Arrow also points to Box 3: Accounts Receivable Subsidiary Ledger. *Justification:* Functions to organize the specific details by deducting ₱20,000 directly from Sophia Reyes' personal account.
- In progressive scaffolding, notice the deliberate shift in cognitive load. The *Individual Activity* tests simple recall and identification. The *Duo Activity* forces them to analyze and distinguish functions. The *Group Activity* requires them to synthesize the process into a visual map. This scaffolding ensures no learner is left behind before moving to application.
- Walk around and listen to the partners debating. If they struggle with Transaction 4, ask them: *"Did cash actually leave our hands today?"*

	3. Instruct each group to draw a flowchart of the transaction's audit trail: boxes for the correct Journal and Ledgers, arrows showing data flow, and a one-sentence justification under each box describing its function. 4. Allow 10 minutes for mapping and 5 minutes for a quick gallery walk to compare flowcharts. After learners complete the task, ask each group to explain their answers. 4. Clarify any misconceptions and restate the two types of the books of accounts. **Teacher Transition After Developing Mastery** *(Before Finding Practical Application)* **Say:** *"Very good. In the activities that we have just completed, you were able to distinguish the books of accounts used in recording business transactions."* Pause briefly and refer to the completed activity. **Say:***"These concepts are important because books of accounts help financial systematic, chronological, and permanent record of all financial transactions of a business. They serve as the foundation for measuring business performance, ensuring tax compliance, and facilitating informed decision-making by man."* Then introduce the next task. **Say:** *"Now, let us apply what you have learned to a more practical situation.*	Guide them away from the Cash Disbursements Journal and toward the Purchases Journal to reinforce the distinction between cash and credit.
C. Demonstrating Knowledge and Skills	**1. FINDING PRACTICAL APPLICATION** *In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.* ***Instructional Goal:*** *Contextualize learners the theoretical use of the Books of Accounts by challenging learners to apply the functions of Journals and Ledgers to relatable, everyday scenarios (e.g., managing a family small business or a school club fund). This ensures they can identify, describe, and distinguish these tools not just as academic concepts, but as practical life skills for financial organization.*	
	OPTION 1: INDIVIDUAL ACTIVITY **Activity Title: The Renemae's Sari-Sari Store Savior** **Description:** *Learners prescribe the correct accounting books to solve specific problems the store is facing, proving they understand the distinct purpose of each book.* **Procedure:** 1. Instruct the learners to bring out a 1/2 sheet of paper. Read or project the following scenario: *"Renemae owns a busy sari-sari store. Lately, she has been stressed because she is losing track of money. She writes everything—sales, purchases, and credit list—in one single, messy*	**Activity 1:** Guide the learners to step into the shoes of a family member trying to fix the chaotic financial records of their sari-sari store. ***Answer Key/Expected Responses* (Activity 1):** • Answer 1: She should use a Cash Receipts Journal (CRJ) for all her cash sales and a Sales Journal (SJ) for all the goods she sells on credit (utang). • Answer 2: The General Ledger will act as her "sorting

	notebook. Because of this, she doesn't know how much cash she actually has, and she keeps forgetting who owes her money." 2. Ask the learners to answer the following three questions in 1 to 2 sentences each: Which two Special Journals should your mother use to separate cash sales from credit sales?; Why add a General Ledger, and what month-end problem will it solve?; Which should she use to track who owes her: the General Ledger or the Accounts Receivable Subsidiary Ledger? Briefly explain. 3. Call 4-5 learners to share their answers to the class. **Teacher Transition After Finding Practical Application** *(Before Making Generalization)* Once the group presentations are finished, use this transition script to move into the Making Generalizations and Abstractions about the Lesson phase. **Say:** *"Great work, class. You applied accounting terms to real problems—helping a sari-sari store owner and organizing a chaotic school fair. Today we covered journals (daily diary) and ledgers (sorting cabinets).* Pause briefly. Then ask a reflective question to the class. 4. Ask: "Based on our activities today, what is the greatest danger a business owner faces if they choose to rely purely on their memory or a single, messy notebook instead of using formal Books of Accounts?" 5. Allow 1-2 minutes of wait time for students to process, then call on volunteers to share their insights. 6. Allow learners to respond. Possible learner responses may include: business owner may forget transactions, causing incorrect income/expense records; disorganized records hide true profits and losses, messy entries make reviewing past transactions confusing, incomplete or inaccurate records lead to poor financial decisions, higher risk of calculation errors in income and expenses, difficulty preparing financial reports when needed, problems during tax filing due to poor documentation, financial losses from bad record keeping, hard to monitor cash flow and know the business's real status, important information may be lost if the notebook is damaged or misplaced. You may also add these reflective questions for learners: a. Which two Special Journals? Suggested answer: Cash Receipts Journal (for cash sales) and Sales Journal (for credit sales). b. Why add a General Ledger and what month-end problem will it solve?	cabinet." It will solve her problem of not knowing her total cash because it will summarize all her daily journal entries into final running balances. • Answer 3: She must use the Accounts Receivable Subsidiary Ledger. While the General Ledger shows the *total* utang of all customers combined, the Subsidiary Ledger acts as a magnifying glass that lists the specific names of her neighbors and exactly how much each person owes. • The Ledgers (Organizing): They must identify the General Ledger (to see the total cash collected and total revenue made) and the Accounts Receivable Subsidiary Ledger (to track exactly which students still owe the remaining 50% for their cakes). • Defense/Rationale: They should mention that using Special Journals saves time during the busy fair, and Subsidiary Ledgers prevent them from losing money to unpaid student debts. • If your school is in a rural or agricultural community, feel free to change the "Sari-Sari Store" to a "Small Farm or Palengke Stall." The goal is to make the learners realize that accounting is not just for skyscrapers in Makati; it is the language of everyday survival for local micro-businesses. • During this phase, do not deduct points if they do not draw the perfect 5-column or T-account formats on their Manila paper. The objective here is to assess if they understand the practical

Suggested answer: The General Ledger consolidates totals from all journals into account balances, giving final figures for financial statements and simplifying month-end closing and reporting.

c. Which tracks who owes her? Suggested answer: Accounts Receivable Subsidiary Ledger. It lists individual customer balances; the General Ledger only shows the total receivables control account.

After seeing the strict rules and multiple books required to track money accurately, how has your perspective on the job of an accountant or a bookkeeper changed?

Acknowledge responses. **Say:** *"Very good. Those are all important reasons."*

Then transition to the synthesis. **Say:***"Now, let us review and summarize the key concepts that we have learned about the main types of books of accounts."*

application and function of the books, not their drafting skills.

- If a group suggests using a General Journal for the 500 fair transactions, gently guide them by asking, "Imagine writing 'Cash' and 'Sales' 500 times while students are waiting in a long line. Is there a faster book you can use?"

2. MAKING GENERALIZATION

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in synthesizing their understanding of the Books of Accounts by mapping the relationships between them, enabling learners to formulate a generalized rule on how these books function as one complete, inseparable system for recording and organizing business data.*

Teacher's Synthesis Question

Ask: "If a business is like a giant sorting facility, why is it impossible to operate with just a Journal or just a Ledger? How do all these specific books work together as one complete system to keep the business organized?"

Allow learners a few minutes to think about their responses. Learners may respond using one of the following formats:

OPTION 1:	**CONCEPT MAP**
Activity Title:	**The Accounting Blueprint: Mapping the Flow**
Activity Description:	*Learners visually generalize the structure of the accounting books, reinforcing their ability to identify the books, describe their features, and distinguish their core functions.*

Procedures:

1. Provide learners with a 1/2 sheet of paper containing a partially blank flowchart or draw it on the board for them to copy. Top Box: "Books of Accounts" (Branches into two main pillars); Pillar 1: "Phase 1: The Books of Original Entry (Recording)" -> branches into two boxes.; Pillar 2: "Phase 2: The Books of Final Entry (Organizing)" -> branches into two boxes.
2. Instruct learners to fill in the specific names of the books (General Journal, Special Journals, General Ledger, Subsidiary Ledgers) in the

Activity 1. Allow learners to complete a hierarchical concept map.

Answer Key (Individual Concept Map): Pillar 1 (Original Entry / Recording):

- *Box A:* General Journal (*Feature/Function:* Records unique transactions chronologically.)
- *Box B:* Special Journals (*Feature/Function:* Speeds up recording of highly repetitive transactions like cash and credit sales.)

- Pillar 2 (Final Entry / Organizing):

- *Box C:* General Ledger (*Feature/Function:* Summarizes transactions to show the total running balance of every account.)
- *Box D:* Subsidiary Ledgers (*Feature/Function:* Acts as a magnifying glass to show the specific, individual details of

<table>
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<td>correct boxes. Under each box, they must write a one-sentence description distinguishing its basic feature and function (e.g., "Records chronological transactions that don't fit elsewhere").
3. Ask few learners to explain their diagrams.
Teacher Consolidation
After learners share their responses, summarize:
Say: "Excellent work. Your concept maps showed that a business needs both a Journal (chronological proof) and a Ledger (final totals). The Books of Accounts are a two-part system: Journals record transactions chronologically (Special Journals for routine items; General Journal for exceptions) and Ledgers organize by account (General Ledger for the overview; Subsidiary Ledgers for details). You've identified the tools, described their features, and distinguished their functions."</td>
<td>Accounts Receivable and Accounts Payable.)</td>
</tr>
<tr>
<td>VI. ASSESSMENT
(Assessment for/ of Learning)</td>
<td colspan="2">Instructions:
1. Distribute the Learning Activity Sheet (LAS) to the learners.
2. Instruct them to carefully read each item and complete the tasks independently.
3. Explain that the LAS assesses learners' understanding of the books of accounts and its major types.
• Identify the different books of accounts used in the accounting process.
• Describe the purpose and basic features of each book of account, including the general journal, special journals, general ledger and subsidiary ledgers.
• Distinguish the functions of the different books of accounts in recording and organizing business transactions.
4. Allow learners sufficient time to complete the LAS. After completion, review the answers with the class and clarify any misconceptions.
Table of Specifications (TOS)
Learning Competency: Distinguish the books of accounts.
<table>
<tr><th>Learning Objective</th><th>Cognitive Level</th><th>No. of Items</th><th>Item Numbers</th><th>Type of Test</th></tr>
<tr><td>Identify the different books of accounts used in the accounting process.</td><td>Remember</td><td>4</td><td>1,2,3,4</td><td>Multiple Choice</td></tr>
<tr><td>Describe the purpose and basic features of each book of account, including the general journal, special journals, general ledger and subsidiary ledgers.</td><td>Understand</td><td>5</td><td>5,6,7,8,9</td><td>Multiple Choice</td></tr>
<tr><td>Distinguish the functions of the different books of accounts in recording and organizing business transactions.</td><td>Apply, Analyze</td><td>6</td><td>10,11,12, 13,14,15</td><td>Case-Based</td></tr>
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Assessment Structure

<table>
<tr><td>Part I. Multiple Choice
(Items 1–9)</td><td>Measures:
identification
conceptual understanding
classification
distinction of books of accounts</td></tr>
<tr><td>Part II. Case-Based Situational Questions
(Items 10–15)</td><td>Measures:
application of concepts
classification in real business context</td></tr>
</table>

Answer Key:

1. C	4. A	7. B	10. D	13. B
2. D	5. B	8. A	11. A	14. A
3. B	6. D	9. C	12. C	15. D

</td></tr>
<tr><td>VII. REFLECTION
(Feedback and Continuous Improvement)</td><td>

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

- ✓ *How many students correctly distinguished the Journal (Book of Original Entry) from the Ledger (Book of Final Entry) in the formative assessment?*
- ✓ *For those below 80% mastery, what misconceptions did they show (e.g., confusing chronological recording with posting, mixing up Special vs. General Journal, or Subsidiary vs. General Ledger)?*
- ✓ *After remediation, how many struggling learners can now differentiate the formats (2-column vs. T-account) and purposes of these books?*
- ✓ *How many still need remediation, and what differentiated activities will be provided next?*
- ✓ *Which teaching strategy was most effective in clarifying the distinctions (e.g., diary vs. filing cabinet analogy, hands-on inspection of columnar pads), and why?*
- ✓ *What localized business scenarios (e.g., sari-sari store, bakery, market) or improvised materials effectively showed journal–ledger differences, and can these be shared with the department?*
- ✓ *What adjustments will improve future delivery (e.g., spreadsheet simulations, inviting a local bookkeeper, larger color-coded visual aids)?*
- ✓ *What was my biggest realization today about how students handle tedious, detail-oriented procedural tasks, and how will I adjust my teaching style to build their endurance for real-world accounting work?*

</td></tr>
<tr><td>VIII. USE OF GENERATIVE AI</td><td>In preparing this Learning Exemplar (LE), the author used generative AI tools such as ChatGPT, Copilot, and Gemini to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the output and takes full responsibility for the content of this LE.</td></tr>
</table>

Lesson Title/Topic	Accounting Worksheets for the Preparation of Financial Statements	Lesson Exemplar	6

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.*
B. Performance Standard	*The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.*
C. Learning Competencies	*Discuss Balance Sheet as a Financial Statement*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Department of Education (DepEd). (2016). *K to 12 Senior High School ABM Strand – Fundamentals of Accountancy, Business and Management 2 Curriculum Guide*. Pasig City, Philippines. Ballada, W. (2021). *Fundamentals of Accountancy, Business and Management 2*. DomDane Publishers. (Specifically, chapters detailing the preparation of financial statements from the adjusted trial balance/worksheet). Valix, C. T., Peralta, J. F., & Valix, C. A. M. (2020). *Financial Accounting Volume 1*. GIC Enterprises & Co., Inc. (Philippine context reference for financial statement presentation and interconnectivity). **Materials:** ▪ PowerPoint slides, posters, charts ▪ Columnar sheet or worksheet (two, three, and five columns) ▪ Manila paper, marker ▪ Learning Activity Sheets ▪ TV, projector, laptop, PC
III. CONTENT *(Sequencing Content)*	***Accounting Worksheets for the Preparation of Financial Statements*** I. Income Statement II. Statement of Changes in Owner's Equity III. Balance Sheet IV. Statement of Cash Flow
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) Recognize the Income Statement and describe its purpose in presenting the income and expenses of a business. b) Describe the Statement of Changes in Owner's Equity and identify how it shows changes in the owner's capital during a period.

c) Describe the purpose and identify the major components of the Balance Sheet, including assets, liabilities, and owner's equity.
d) Recognize the Statement of Cash Flow and explain how it presents the cash inflows and outflows of a business.
e) Explain how the accounting worksheet helps organize financial information in the preparation of these financial statements.

V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. ELICITING PRIOR KNOWLEDGE

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Learners are able to state the purpose of an accounting worksheet, name its main columns (trial balance, adjustments, adjusted trial balance, income statement, balance sheet), and quickly classify a set of account balances as income statement or balance sheet items.*

OPTION 1:	**INDIVIDUAL ACTIVITY**
Activity Title:	**Report Card Detectives: Decoding Juan's Learning Journey**
Description:	Learners elicits existing definition of a worksheet and their instinct for classifying accounts.

Procedure:

1. Allocate 1 minute for setting the hook. Flash an image of a sealed envelope on the screen or holds up a physical envelope and ask: *"Class, at the end of every quarter, your advisers hand you an envelope that makes some of you excited and some of you nervous. What is inside this envelope, and why is it so important?"* Acknowledge answers until a student mentions the "Report Card" or "Card".
2. Allocate 5 minutes for the "Detective" Task. Divide the class into small groups of 3-4. Distribute a mock "School Form 9 (SF9)" belonging to a fictional student named *Juan Dela Cruz. Concrete Example Setup:* Juan's card shows a 90 in English, an 82 in Math (with a note that he struggles with fractions), and an "AO" (Always Observed) in *Makatao*, but an "SO" (Sometimes Observed) in *Makakalikasan*

- Take note: For Visual Learners: Provide a blown-up, color-coded version of the SF9 on the board. Use clear, distinct icons next to the Core Values (e.g., a tree for *Makakalikasan*).
- For Learners with Reading Difficulties (Struggling Readers): Instead of a full text-heavy report card, provide a simplified version with larger fonts. Pair them with a peer buddy who can help read the behavioral descriptors.
- For Advanced Learners: Add a "Bonus Mission" to their sheet. Ask them to write a one-sentence piece of advice for Juan Dela Cruz on how he can improve his "SO" (Sometimes Observed) in *Makakalikasan* for the next quarter.
- For Kinesthetic Learners: Instead of highlighters on paper, do a

because he was caught littering once. Provide each group with a Detective Mission Sheet. Instruct them to use different colored highlighters to find specific information: Yellow: Highlight Juan's highest academic grade; Green: Highlight the section that talks about Juan's behavior and character (DepEd Core Values); Pink: Highlight the grading scale or legend (e.g., 90-100 = Outstanding, AO = Always Observed).

- Allocate 4 minutes for group sharing. Ask representatives from the groups to share their "findings" based on the colored highlights. Seamlessly transition into processing questions to connect their findings to their own experiences.

Processing Questions

1. Based on your Detective Mission, what are the two main parts of Juan's report card? *(Expected answer: The academic subjects/grades and the Core Values/behavior).*
2. Looking at Juan's grade in Math (82) versus English (90), what does the report card tell us about his current strengths and the areas where he needs more help?
3. Why do you think the DepEd includes the Core Values (Maka-Diyos, Makatao, Makakalikasan, Makabansa) on the report card instead of just numbers?
4. Think about your own report card from last school year. Is a report card a "punishment" or a "map"? Why?

"Board Match" activity. Have cut-outs of parts of the report card (e.g., "95", "Mathematics", "Maka-Diyos", "Always Observed") and have them physically stick these cut-outs to the correct columns drawn on the chalkboard.

- The use of the mock SF9 directly activates the learners' prior schema regarding educational assessment. By anchoring the lesson on a familiar DepEd document, the transition to the new lesson on self-evaluation/goal-setting becomes seamless and contextually relevant.
- Grouping the learners and assigning roles (reader, highlighter, presenter) ensures that students of varying readiness levels can participate. The differentiation strategies guarantee that both visual and kinesthetic learners are engaged.
- The processing questions utilize the SOLO (Structure of the Observed Learning Outcome) taxonomy, moving learners from simple identification (literal) to deep reflection (evaluative/reflective), giving the teacher immediate feedback on the students' emotional and cognitive readiness for the lesson.

2. ESTABLISHING THE PURPOSE OF THE LESSON

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Learners state the purpose of an accounting worksheet, name its key columns (trial balance, adjustments, adjusted trial balance, income statement, balance sheet), and correctly classify common account balances as income statement or balance sheet items during a focused 5-minute opener.*

Activity Title:	**Renemae's Cash Box: Capital, Sales, or Profit?**
Description:	Learners establish understanding of what an accounting worksheet is and whether they can instinctively place typical accounts into income statement or balance sheet categories.

Procedure:

1. Allocate 2 minutes for contextualizing the scenario. Place a small cash box and actual sari-sari store items on a table in front of the class. Introduce the narrative: *"Class, meet Renemae. She recently opened a*

- Time allotment: 10 minutes
- Materials: real empty wrappers of common sari-sari store goods (e.g., 3-in-1 coffee sachets, instant noodles, local chips), play money (bills and coins), a small box to act as a cash box, mini-whiteboards or scratch paper.

	small sari-sari store in front of her house. At the end of her first day, she opened her cash box and saw Php 500. She jumped for joy and said, 'Wow! I am Php 500 richer today!'... But wait, is she really?" 2. Allocate 5 minutes for the "Sari-sari" simulation. Ask for three student volunteers: One to be "Renemae," one to be the "Wholesaler" (Supplier), and one to be the "Customer." Scenario A (Demonstration): * Renemae buys 1 pack of instant noodles from the sholesaler for Php 12 (Capital/ *Puhunan*). A customer comes and buys the noodles from Renemae for Php 15 (Revenue/ *Benta*). Renemae puts the Php 15 in her cash box. The Challenge: Ask the rest of the class to write on their mini-whiteboards/scratch paper: *"How much money did Renemae ACTUALLY earn from that transaction?"* (Expected answer: Php 3). Scenario B (Applying the Concept): Repeat with a 3-in-1 coffee sachet. Capital is Php 6, Selling Price is Php 8. Have the class compute the earnings again. Introduce the word Profit (*Tubo*). 3. For connecting to the lesson (3 minutes), direct the students back to the initial hook: *"If Renemae made Php 500 in total sales today, why can't she spend all that Php 500 on a new pair of shoes?"* * Use their responses to formally state the purpose of the day's lesson: learning how to properly calculate profit and manage small business finances. **Processing Questions** To transition from the activity to the core lesson, **ask** the following: •*"In our roleplay, what do we call the original amount Renemae used to buy the noodles from the wholesaler? What do we call the extra Php 3 she kept?* •*Why is the selling price (benta) always higher than the buying price (puhunan) in a sari-sari store?"* •*"What would happen to Renemae's sari-sari store if she ate her own snacks and drank her own sodas without paying for them? (Note: This is a common real-world issue for sari-sari store owners).''* •*''Why is it important for small business owners like Renemae to know exactly how much their tubo (profit) is, rather than just looking at the total money in their cash box?''*	•For Visual & Tactile Learners: The use of tangible items (real wrappers) and play money allows these learners to physically see the exchange of goods and currency, making abstract math concepts concrete. •For Learners with Mathematical Difficulties: Provide a visual formula card on their desks: **[**Money Received from Customer] - [Original Price of Item] = [Money Earned/Profit]. Allow them to use the play money to physically separate the "capital" from the "profit" to find the answer. •For Advanced Learners: Introduce a quick "Expense" variable. Tell them: "Renemae had to pay Php 20 for a tricycle ride to buy her supplies. If she made Php 50 in profit today, how much is her ACTUAL net take-home money?" •For Culturally/Linguistically Diverse Learners: Consistently pair the English business terms with their local/mother-tongue equivalents (Capital = Puhunan, Revenue/Sales = Benta, Profit = Tubo, Expense = Gastos) to ensure high comprehension. •By using a "sari-sari store" scenario and familiar local products, the lesson contextualizes mathematical/business concepts into the learners' daily realities (DepEd Order No. 42, s. 2016 on Contextualization). •This activity effectively establishes the purpose of the lesson by starting with a cognitive conflict ("Is she really Php 500 richer?"). It hooks the learners' curiosity and creates a clear "need to know" before formally presenting mathematical formulas. •The simulation allows for multi-sensory engagement. The progressive difficulty of the processing questions ensures that

<table>
<tr><td></td><td></td><td>learners of all cognitive levels are challenged appropriately without feeling left behind.</td></tr>
<tr><td>B. Instituting New Knowledge</td><td colspan="2">1. PRESENTING EXAMPLES
This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.

Instructional Goal: Learners familiarize the structural layout of a standard 10-column accounting worksheet, enabling them to identify the sequence of column headings and observe how a single account balance flows from the unadjusted trial balance to the financial statement columns.

<table>
<tr><td>OPTION 1:</td><td>RAPID-FIRE VISUAL ANALYSIS</td></tr>
<tr><td>Activity Title:</td><td>Mr. Gray’s Garage: The Receipt and Record Challenge</td></tr>
<tr><td>Description:</td><td>Learners transition from abstract concepts to a concrete example. Learners examine a fully populated, simplified 10-column worksheet for exactly 60 seconds. This is followed by a quick recall task to lock in their understanding of the worksheet's foundational structure before they attempt to build one themselves.</td></tr>
</table>
Procedure:
1. Allocate 3 minutes for setting the scene. Introduce the character and say: "Let’s step inside a real business. Meet Mr. Gray. He is a skilled mechanic who just opened 'Mr. Gray Repair Shop' right here in our barangay. He fixes tricycles, jeepneys, and motorcycles. But being good at fixing engines doesn't mean he is automatically good at fixing his finances. Let's help him sort his business activities!" Then, displays a large chart on the board divided into three main columns: ASSETS (What he owns), LIABILITIES (What he owes), and EQUITY (His actual capital/worth).
2. Allocate 8 minutes for the transaction breakdown. Divide the class into small groups and give each group a "Transaction Card" representing a concrete event in Mr. Gray's first week of business. Card 1 (Group 1): Mr. Gray invests Php 50,000 cash from his personal savings into the repair shop.; Card 2 (Group 2): He buys heavy-duty mechanical tools worth Php 15,000 on credit (utang) from the local hardware store.; Card 3 (Group 3): He repairs a neighbor's jeepney and receives Php 3,000 cash for his service. Card 4 (Group 4): He pays his shop helper Php 500 for the day's wages. Each group has 2</td></tr>
</table>

•Time allotment: 15 minutes
•Materials: "Transaction Cards" (flashcards with printed scenarios), Manila paper/chalkboard drawn with a giant table (Assets = Liabilities + Equity), sticky notes.
•Differentiation Strategies for Diverse Learners: For Visual Learners: Provide visual aids alongside the text on the Transaction Cards (e.g., a picture of cash for investment, a picture of a wrench for tools, a picture of a receipt). Use color-coded sticky notes (Green for Assets, Red for Liabilities, Blue for Equity).
•For Learners with Mathematical/Reading Difficulties: Simplify the numbers on the transaction cards (e.g.,

	minutes to discuss their card and identify two things: (1) What did the shop *receive*? (2) What did the shop *give up or promise to give*? 3. Allocate 4 minutes for interactive board mapping. A representative from each group goes to the board with a sticky note. They must stick their note under the correct category on the giant chart and explain their reasoning to the class. *Example:* Group 1 places "Php 50,000 Cash" under ASSETS and "Php 50,000 Capital" under EQUITY. **Processing Questions** To solidify the learners' understanding of the examples presented, facilitate the following questions and **say:** •"When Mr. Gray bought the mechanical tools on credit (Card 2), did his cash decrease? What increased instead?" *(Expected answer: No cash was paid yet; his tools/Assets increased, and his debts/Liabilities increased).* •"Looking at Card 3 and Card 4, how do rendering services (revenue) and paying helpers (expenses) affect Mr. Gray's overall Equity (Capital)?" •"If Mr. Gray decides to take Php 1,000 from the shop's cash register to buy groceries for his personal family dinner, is that a business expense? Why or why not? *(Introducing the Business Entity Principle)."* •"Why is it crucial for Mr. Gray to record every single tool he buys and every repair job he does, no matter how small?" • Looking at the example, how do the "Adjustments" columns act as a mathematical bridge between the Unadjusted and Adjusted Trial Balance columns? • Based on this snapshot, why do the final two column pairs (Income Statement and Balance Sheet) split the accounts up instead of keeping them together? **Teacher Transition After Presenting Examples** **Pause briefly and refer again to the activity.** *" Right now, that blueprint might just look like an empty table with a lot of scary columns. But as you saw when we traced the 'Supplies' account, the worksheet is not about doing complex math; it is just a map that guides a number from its raw state to its final home in the financial statements. You've seen the destination. Now, we are going to drive the route together. I am going to hand out a blank 10-column worksheet to each of you, and together, we will move our first few accounts across the columns step-by-step."* **Then introduce the concept.**	use Php 100 instead of Php 50,000) so they can focus on the *concept* of the transaction rather than the computation. Ensure the local translation of terms is visible (e.g., Liabilities = Utang). •For Advanced Learners: Give them a complex "combo" transaction. Example: "Mr. Gray bought a Php 20,000 air compressor. He paid Php 5,000 in cash and promised to pay the remaining Php 15,000 next month." Ask them to map this on the board. •For Kinesthetic Learners: Have them physically act out the transaction in pairs before writing it on the board. One student acts as Mr. Gray, the other acts as the hardware store owner or the customer, physically exchanging play money and props (like a toy wrench). •This section translates abstract accounting/business principles into concrete, real-world examples. By presenting clear, incremental instances (from investment to purchasing to revenue to expense), the teacher ensures accurate content delivery while avoiding cognitive overload. •Using a tricycle/jeepney repair shop localizes the context. Bringing in the concept of "utang" from a local hardware store bridges formal business concepts with familiar cultural practices. •By transitioning from a teacher-led narrative to group-led board mapping, the lesson shifts from passive reception to active, constructive learning, fulfilling the MATATAG curriculum's goal of student-centered instruction.

	"Now that you have a blank worksheet in front of you, let's officially define what we are looking at. An **accounting worksheet** is a multi-columnar working paper used by accountants at the end of an accounting period. Here is the most important thing to remember: **The worksheet is not a formal financial statement.** It is an internal tool—like a highly organized piece of scratch paper. It is used to gather all the account balances, apply the necessary adjustments, and sort them into their final destinations before the actual Income Statement and Statement of Financial Position are formally typed up and presented to the business owners. Why do we use it? Because doing all of this in our heads or on scattered pieces of paper leads to errors. The worksheet organizes the chaos."* **Write on the board/Show a slide presentation:** **Accounting Worksheets** **Then transition to the discussion.** *"During our activity, you successfully identified the five main sections of this tool. Now, let's discuss exactly what happens inside each of those sections. I want you to look at the blank worksheet in your hands while we break down the journey of an account from the first column to the last.*	
	2. DISCUSSING NEW CONCEPT *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Teach learners how to interpret a completed 10-column accounting worksheet and extract the correct data to manually prepare the four major financial statements (Income Statement, Statement of Changes in Owner's Equity, Balance Sheet, and Cash Flow Statement) in their proper chronological sequence.*	
	1. Concept Exploration **Say:** *"Class, earlier we helped Mr. Gray identify his assets, liabilities, and equity from his daily receipts. You did a great job mapping them on the board! But let me ask you: Imagine it is the end of the year. The BIR (Bureau of Internal Revenue) or a bank manager visits Mr. Gray and asks, 'Is your business profitable? Can you pay off a loan?' Can Mr. Gray just hand them a shoe box full of receipts and our sticky notes?"* Possible Learner Response: "No, Sir/Ma'am! That would be too messy and confusing for the bank." **Say:** "Exactly! He needs a formal, organized summary. We call these summaries **Financial Statements**. But before we can finalize those statements, accountants use a 'scratchpad' or a rough draft to make sure everything balances perfectly. This magical scratchpad is called the **Accounting Worksheet**."	•Visual Tracking: During Step 3, use different colored markers to circle the Beginning Capital, Net Income, and Drawings on the projected worksheet to visually prove that the ingredients for the SCE are scattered but easily locatable. •1. This phase connects the previous activity (Mr. Gray's Garage transactions) to the new concept. It builds on their schema of basic recording to introduce the need for summarizing data. •2. Applying teaching strategies that develop critical and creative thinking by using metaphors (the "sorting machine") to simplify a

	2. Concept Explanation & Visual Representation **Say:** "Think of the Accounting Worksheet as a giant sorting machine. It usually has 10 columns. *[Flash a template of a 10-column worksheet on the screen or points to a Manila paper chart].* Notice the headings: 1. **Unadjusted Trial Balance:** Where we list all of Mr. Gray's current accounts. 2. **Adjustments:** For late or corrected entries. 3. **Adjusted Trial Balance:** The updated list. Now, here is where the magic happens. From the Adjusted Trial Balance, the sorting machine splits the accounts into two paths: 4. **Income Statement Columns:** For our temporary accounts (Revenues and Expenses). 5. **Balance Sheet Columns:** For our permanent accounts (Assets, Liabilities, and Capital). **Say:** "We use this single worksheet to generate our four major Financial Statements." **3. Concept Illustration** **Say:** "Let's trace how the worksheet feeds into the four Financial Statements using Mr. Gray's business: • **First: The Income Statement (The Profit Tracker).** We look ONLY at the Income Statement columns of our worksheet. We take his Service Revenue and subtract his Expenses (like salaries and rent). The result is his **Net Income** (or Net Loss). • **Second: The Statement of Changes in Owner's Equity (SCOE).** We take his starting Capital. Did he invest more? Add it. Did he withdraw money for personal use? Subtract it. Finally, we bring down the **Net Income** we just computed from the first statement and add it here. This gives us his Ending Capital. • **Third: The Balance Sheet (The Financial Snapshot).** We look at the Balance Sheet columns of our worksheet. We list his Assets (Cash, Tools) and Liabilities (Utang). Then, we plug in the Ending Capital we just calculated from the SCOE. If our Assets equal Liabilities plus Equity, we are perfectly balanced! • **Fourth: The Statement of Cash Flow.** We scan our records specifically for the 'Cash' account. We categorize where his cash came from (Operations, Investing, Financing) and where it went, proving why his cash balance is what it is." **4. Learner Interaction**	complex, multi-column accounting tool. •3. Breaking down the macro concept (Financial Statements) into micro components, showing the step-by-step flow of information from the worksheet to the specific reports. •4. Active learning check. Utilizing direct questioning to assess comprehension of the account classifications and their destination in the financial statements. •5. Providing timely, accurate, and constructive feedback to address a common accounting misconception (treating drawings as expenses). •6. Smoothly transitioning from teacher-led abstraction to student-led application, setting clear expectations for the independent/group practice.

	Say: *"Let's test our sorting skills. I will name an account from Mr. Gray's shop. You tell me which Financial Statement it belongs to primarily: Income Statement or Balance Sheet. Ready? 'Repair Equipment'."* Possible Learner Response: "Balance Sheet, Sir/Ma'am! Because it is an Asset." **Say:** "Brilliant! How about 'Utilities Expense' for the shop's electricity?" Possible Learner Response: "Income Statement!" **Say:** "Correct. Last one: 'Mr. Gray, Drawing' (the money he took for personal groceries). Where does this go?" Possible Learner Response 1: "Income Statement?" *(Common misconception)* Possible Learner Response 2: "Statement of Changes in Owner's Equity!" **Say:** "I heard two answers. Let's clarify this together." **5. Teacher Clarification** **Say:** "It is very common to think a 'Drawing' or withdrawal is an expense. However, remember the Business Entity Principle we discussed? Personal expenses are not business expenses. Therefore, 'Mr. Gray, Drawing' does NOT go to the Income Statement. Instead, it is a direct deduction from his capital. So, the correct answer is the **Statement of Changes in Owner's Equity (SCOE)**. Also, notice the 'Bridge'. **Net Income** is the bridge between the Income Statement and the SCOE. **Ending Capital** is the bridge between the SCOE and the Balance Sheet. You cannot skip a step! They must be prepared in order." **6. Transition to Developing Mastery** **Say:** "Now that you understand how the Accounting Worksheet acts as our master blueprint, and how the four financial statements connect to each other like puzzle pieces, it is time for you to build the puzzle yourselves. Please take out your calculators and the blank worksheet templates I provided. For our next activity, you will be transforming Mr. Gray's Adjusted Trial Balance into actual, formal Financial Statements. Let's move on to our Mastery Challenge!"	
	3. DEVELOPING MASTERY *In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment* **Instructional Goal:** Evaluate and solidify learners' ability to independently and collaboratively distinguish the distinct purposes and major components of the four major financial statements, and to clearly articulate how the accounting worksheet serves as the essential organizing tool that makes accurate financial reporting possible.	
	Activity 1: Identifying the correct financial statement *(Targets Learning Objectives a, b, c, d, and e)*	***Activity 1***: This activity moves learners beyond rote memorization by requiring

OPTION 1:	**Individual Activity**
Activity Title:	**The Right Report for the Job**
Description:	*This is a two-part independent written assessment. In Part 1, learners read specific business scenarios and identify which financial statement is needed to address the business owner's concern, reinforcing their understanding of each statement's purpose and components (Objectives A, B, C, D). In Part 2, they write a short-constructed response explaining the value of the worksheet (Objective E).*

Procedure:

1. Distribute the activity sheet to each learner.
2. Instruct learners to read the business scenarios. For each scenario, they must: a.) Identify the correct financial statement. b.) List the major components found in that statement that will answer the owner's question.
3. Instruct learners to answer the following prompt in 2-3 sentences: *"Explain how preparing a 10-column accounting worksheet prevents errors and organizes financial information before these final statements are drafted."*
4. Allot 15 minutes for independent completion.

OPTION 2:	**Group Activity**
Activity Title:	**The Data Extraction Challenge**
Description:	*In this collaborative activity, learners work in "accounting firms" to map raw data from a worksheet to its final destination. Provided with a simplified, completed 10-column accounting worksheet, groups must correctly extract and categorize specific account titles into the four financial statements, demonstrating the interconnectedness of the reports and the organizing power of the worksheet.*

Procedure:

1. Divide the class into small groups of 4 to 5 learners.
2. Provide each group with: One printed copy of a simplified, completed 10-column accounting worksheet; Four blank sheets of paper (labeled: *Income Statement*, *Statement of Changes in Owner's Equity*, *Balance Sheet*, *Statement of Cash Flows*).
3. Give the groups 15 minutes to scan the worksheet and write the specific account titles (e.g., Cash, Service Revenue, Rent Expense) on the correct sheet of paper based on where that account belongs.
4. Once the mapping is done, the group must collaboratively write a short "Firm Manifesto" on the back of their Balance Sheet paper answering: *"How did having this completed worksheet make it easier to build the Statement of Changes in Owner's Equity and the Balance Sheet?"*
5. Have groups swap their papers with another group for peer-checking based on the teacher's key.

Teacher Transition After Developing Mastery

(Before Finding Practical Application)

them to apply the definitions of the financial statements to realistic, practical business problems. It serves as an excellent formative assessment to check if learners can differentiate between profitability (Income Statement), financial position (Balance Sheet), capital movement (Changes in Equity), and liquidity (Cash Flow). Part 2 directly measures Objective E by asking them to synthesize the worksheet's utility.

Answer Key (Individual Activity):

Scenario 1: "The owner wants to know if the total sales this month were enough to cover salaries, rent, and utilities."

- *Statement:* Income Statement.
- *Components:* Revenues and Expenses.

Scenario 2: "The bank needs a list of everything the business owns, what it owes to creditors, and the true value of the owner's investment as of December 31."

- *Statement:* Balance Sheet (Statement of Financial Position).
- *Components:* Assets, Liabilities, and Owner's Equity.

Scenario 3: "The owner wants to see a breakdown of the actual cash that came into the business from customers and the cash that went out to pay suppliers."

- *Statement:* Statement of Cash Flows.
- *Components:* Cash Inflows and Cash Outflows (Operating, Investing, Financing activities).

Scenario 4: "The owner wants to see how their initial investment grew after adding this year's net income and deducting the personal withdrawals they made."

	Say: *"You all did a fantastic job today. I know that looking at a 10-column worksheet with dozens of numbers can feel incredibly overwhelming at first. It is perfectly normal to feel a bit lost when you are just staring at raw data. But look at what you just accomplished in your accounting firms! > By working through 'The Data Extraction Challenge,' you proved that the worksheet isn't just busy work. You saw firsthand how it pre-sorts our revenues and expenses so we can easily find our Net Income. You saw how that Net Income flows directly into the Statement of Changes in Equity, which then gives us the final Capital balance we need to make our Balance Sheet balance perfect."* Pause briefly and refer to the completed activity. *"The worksheet was your map. You have successfully navigated from raw, unadjusted trial balances all the way to the final four financial reports."* Then introduce the next task. *"Now that you've conquered this as a team and practiced it individually, it is time to formalize what we've learned."*	• *Statement:* Statement of Changes in Owner's Equity. • *Components:* Beginning Capital, Net Income, Withdrawals/Drawings, Ending Capital. Part 2 (Essay Expected Answer): The accounting worksheet helps organize information by combining unadjusted trial balances with end-of-period adjustments in one central, multi-column table. By doing the horizontal math (Adjusted Trial Balance) and sorting the accounts into Income Statement and Balance Sheet columns first, the accountant ensures debits equal credits before formally drafting the final reports, significantly reducing mathematical and classification errors. **Activity 2:** This activity utilizes a constructivist approach. By physically extracting data from the worksheet columns and categorizing it into the four statements, learners visually and manually experience the data flow. It reinforces the critical concept that the Balance Sheet relies on the ending capital from the Statement of Changes in Equity, which in turn relies on the net income from the Income Statement—all of which are neatly laid out in advance by the worksheet. **Answer Key (Group Activity):** • Income Statement Paper: Service Revenue (or Sales), Salaries Expense, Rent Expense, Depreciation Expense, Utilities Expense (etc.). • Statement of Changes in Owner's Equity Paper: [Owner's Name], Capital (Beginning Balance); Net Income (extracted from the

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<td>Income Statement paper/columns); [Owner's Name], Drawings.
• Balance Sheet Paper: Cash, Accounts Receivable, Supplies, Equipment, Accumulated Depreciation (Assets); Accounts Payable, Notes Payable (Liabilities); [Owner's Name], Capital (Ending balance from the Equity statement).
• Statement of Cash Flows Paper: Cash (Beginning Balance), Cash (Ending Balance) – Note: Ensure learners understand the worksheet only shows the net change in cash; the actual cash flow statement requires further analysis of the cash ledger.
• Synthesis Question Expected Concepts: The group should mention that the worksheet pre-sorted the revenues and expenses so they could quickly find Net Income. It also clearly separated the assets and liabilities so they didn't accidentally mix an expense into the Balance Sheet, ensuring everything balanced smoothly.</td>
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<tr>
<td>C. Demonstrating Knowledge and Skills</td>
<td colspan="2">1. FINDING PRACTICAL APPLICATION
In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: Empower learners to apply the concepts of the four major financial statements and the organizing power of the accounting worksheet to personal finance management and local micro-business scenarios, demonstrating the practical value of accounting in daily decision-making.

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<tr><td>OPTION 1:</td><td>INDIVIDUAL ACTIVITY</td></tr>
<tr><td>Activity Title:</td><td>Me, Incorporated: My Personal Financial Statements</td></tr>
<tr><td>Description:</td><td>In this reflection-based activity, learners will apply the corporate concepts of the four financial statements to their own lives as Senior High School students. By translating their allowance, daily spending, personal belongings, and savings into accounting terminology, they will recognize that financial reporting is a vital life skill, not just a corporate requirement.</td></tr>
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<td>Activity 1: Students often detach from accounting because dealing in millions of pesos feels unrelatable. This activity forces them to see themselves as an</td>
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	Procedure: 1. Provide each learner with a worksheet containing four "Personal Finance" prompts. 2. Instruct them to answer each prompt by applying the specific accounting concepts (Objectives A, B, C, D) to their current life: o Prompt 1 (Income Statement): "List your typical weekly 'Revenues' (allowance, part-time hustle) and your weekly 'Expenses' (food, fare, load). Are you generating a 'Net Income' or a 'Net Loss'?" o Prompt 2 (Balance Sheet): "List 3 'Assets' you currently own (phone, savings, shoes) and any 'Liabilities' you owe (debt to a friend or sibling). What is your personal 'Equity' (net worth)?" o Prompt 3 (Statement of Cash Flows): "Think about your cash this week. What was your biggest cash inflow, and what was your biggest cash outflow? Did your actual pocket cash increase or decrease?" o Prompt 4 (Changes in Equity): "If your 'Beginning Capital' on Monday was ₱500, and you had a net income of ₱100 by Friday, but you withdrew ₱200 to buy a gift for a friend (Drawings), what is your Ending Capital?" 3. The Worksheet Connection (Objective E): Have them answer a final question: *"If you had to track all of this for a whole year, how would using a columnar worksheet help you avoid losing track of your money?"* 4. Allot 10 minutes for writing and ask 2-3 volunteers to share their insights. **Teacher Transition After Finding Practical Application** **Say:** *"It is always a bit eye-opening to look at our own allowances and daily spending through the lens of an accountant, isn't it? Thank you to those who bravely shared whether they are currently operating at a 'Net Income' or a 'Net Loss' this week. By mapping out your personal revenues, expenses, assets, and liabilities, you just proved something very important: the Income Statement, Balance Sheet, Cash Flow, and Statement of Changes in Equity are not just abstract textbook concepts.* *Now, if managing a simple weekly allowance requires careful tracking to avoid going broke, imagine the chaos of running an actual daily business without an organizing tool like our 10-column worksheet. Let's take the analytical skills*	*economic entity. It validates their daily financial struggles (budgeting allowance) while rigorously applying the definitions of revenues, expenses, assets, and liabilities. It proves that accounting is, fundamentally, just organized adulting.* **Answer Key (Expected Responses):** • *Prompt 1 (Income):* Revenues: ₱1,000 allowance. Expenses: ₱300 fare, ₱500 food. Net Income: ₱200. • *Prompt 2 (Balance Sheet):* Assets: Phone (₱5,000), Cash (₱500). Liabilities: Owe classmate (₱100). Equity: ₱5,400. • *Prompt 3 (Cash Flow):* Inflow: Allowance given by parents. Outflow: Paying for a school project. Cash decreased. • *Prompt 4 (Changes in Equity):* ₱500 (Beginning) + ₱100 (Net Income) - ₱200 (Drawings) = ₱400 Ending Capital. • *Prompt 5 (Worksheet):* A columnar

	you just applied to your own lives and use them to help a local business owner right here in our community." Pause briefly. Then ask a reflective question to the class. 1. **Ask:** *"Am I making enough? What do I actually own? Where did my cash go?"* 2. Allow 1-2 minutes of wait time for students to process, then call on volunteers to share their insights. 3. Allow learners to respond. Possible learner responses may vary. You may also add these reflective questions for learners: • **Ask:** "If I asked you to track every single peso you received, spent, or owed for an entire year using only a blank piece of paper, what specific mistakes do you think you would make? How does a structured, 10-column worksheet prevent that kind of financial disaster?" Acknowledge responses. **Say:** *"Very good. Those are all important reasons."* Then transition to the synthesis. *"Now, let us review and summarize the key concepts that we have learned about the Accounting Worksheets for the Preparation of Financial Statements."*	worksheet would act like a personal tracker, sorting my food expenses away from my assets, ensuring I don't accidentally think I have more money than I actually do.
	2. MAKING GENERALIZATION *This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.* ***Instructional Goal:*** *Guide learners in synthesizing the overarching purpose of the four major financial statements and to visually and verbally articulate how the accounting worksheet serves as the foundational organizing tool that dictates the sequential flow of financial reporting.*	
	Teacher's Synthesis Question • ***Ask:*** "If you had to describe the accounting worksheet in one word or metaphor, what would it be and why? How does it prevent our final statements from becoming a disorganized mess?" • "Which statement do we immediately look at to answer the question, *'Did the business survive and make a profit this year?'* and what two elements do it compare?" • "If an investor asks, *'What is the true financial health and net worth of this company today?'* which statement gives us that snapshot, and what are its three building blocks?" • "Why isn't 'Net Income' enough to tell the whole story? Why must we also look at the Statement of Changes in Owner's Equity and the	

	Statement of Cash Flows to understand what happened to the owner's investment and the physical money?" **OPTION 1: CONCEPT DIAGRAM** **Activity Title: The Financial Ecosystem Concept Map** **Description:** *Instead of answering a standard quiz, learners will create a visual summary (a concept map) that maps out the "ecosystem" of financial reporting. They will define the purpose and components of each of the four financial statements (Objectives A-D) in distinct nodes, and draw directional arrows to illustrate how data flows from the foundational accounting worksheet (Objective E) through each statement sequentially.* **Procedure:** 1. Provide each learner with a blank sheet of bond paper. 2. Instruct them to draw a large box at the top or center of the page labeled **"The Accounting Worksheet."** Inside this box, they must write a one-sentence summary of how it organizes raw data. 3. Ask learners to draw four interconnected shapes radiating from the Worksheet box, representing the four financial statements: o **Income Statement**, **Statement of Changes in Owner's Equity**, **Balance Sheet**, and **Statement of Cash Flows** 4. Inside each of the four shapes, learners must write: o The major components found in that statement (e.g., Revenues and Expenses). o A brief description of its purpose. 5. **The Crucial Step (The Flow):** Instruct learners to draw arrows showing the dependency between the reports. For example, they must draw an arrow from the *Income Statement's "Net Income"* pointing to the *Statement of Changes in Owner's Equity*, and another from the *Ending Capital* pointing to the *Balance Sheet*. 6. Allot 10 minutes for the creation of the concept map. Have learners keep this map as their ultimate study guide. **Teacher's Consolidation** **Say:** "Looking at the concept maps you've drawn; the big picture is finally clear. Accounting is not just a random collection of numbers, and these financial statements do not exist in isolation. They tell a continuous story. It all starts with the **Accounting Worksheet**, our master organizer. By systematically sorting our unadjusted balances and adjustments into Debit and Credit columns, it gives us a clean slate. From there, we extract our revenues and expenses to build the **Income Statement**, revealing our profit or loss. That profit flows directly into the **Statement of Changes in Owner's Equity** to show how the owner's capital grew or shrank. We take up that updated capital, combine it with our organized assets and liabilities, and build the **Balance Sheet** to prove our financial stability. Finally, we verify	This activity leverages dual-coding theory. By forcing learners to organize textual definitions (the "what") into a spatial diagram (the "how" and "why"), they cement their understanding of the financial statement sequence. It visually reinforces Objective E by placing the worksheet at the top of the hierarchy, proving it is the source code from which all other reports are extracted.

	our liquidity by tracking the physical cash movement in the **Statement of Cash Flows**. If you understand this flow, you don't just know how to do accounting math—you know how to speak the language of business. You know how to take chaotic data, organize it, and turn it into the precise reports that drive real-world business decisions."*	

VI. ASSESSMENT
(Assessment for/ of Learning)

Instructions:

1. Distribute the Learning Activity Sheet (LAS) to the learners.
2. Instruct them to carefully read each item and complete the tasks independently.
3. Explain that the LAS assesses learners' understanding of the Accounting Worksheets for the Preparation of Financial Statements.
   - ✓ Recognize the Income Statement and describe its purpose in presenting the revenues and expenses of a business.
   - ✓ Describe the Statement of Changes in Owner's Equity and identify how it shows changes in the owner's capital during a period.
   - ✓ Describe the purpose and identify the major components of the Balance Sheet, including assets, liabilities, and owner's equity.
   - ✓ Recognize the Statement of Cash Flow and explain how it presents the cash inflows and outflows of a business.
   - ✓ Explain how the accounting worksheet helps organize financial information in the preparation of these financial statements.
4. Allow learners sufficient time to complete the LAS. After completion, review the answers with the class and clarify any misconceptions.

Table of Specifications (TOS)

Learning Competency: Discuss Balance Sheet as a Financial Statement.

Learning Objective	Cognitive Level	No. of Items	Item Numbers	Type of Test
Recognize the Income Statement and describe its purpose in presenting the revenues and expenses of a business.	Remember	2	1,2	Multiple Choice
Describe the Statement of Changes in Owner's Equity and identify how it shows changes in the owner's capital during a period.	Understand	2	3,4	Multiple Choice
Describe the purpose and identify the major components of the Balance Sheet, including assets, liabilities, and owner's equity.	Apply	5	5,6,7,8,9	Multiple Choice

Recognize the Statement of Cash Flow and explain how it presents the cash inflows and outflows of a business.	Apply, Analyze	2	10,11	Scenario-Based
Explain how the accounting worksheet helps organize financial information in the preparation of these financial statements.	Apply, Analyze	4	12,13,14, 15	Scenario-Based

Assessment Structure

Part I. Multiple Choice (Items 1–9)	Measures: • identification • conceptual understanding • classification • distinction of accounting worksheets from the financial statements
Part II. Case-Based Situational Questions (Items 10–15)	Measures: • application of concepts • classification in real business context

Answer Key:

1. B	4. D	7. C	10. D	13. B
2. C	5. B	8. B	11. A	14. D
3. A	6. A	9. C	12. C	15. A

VII. REFLECTION
(Feedback and Continuous Improvement)

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

- ✓ *Out of the total number of learners, how many achieved an 80% or higher on the 15-item summative evaluation? How many require immediate remediation before moving on to drafting actual financial statements?*
- ✓ *During the "Data Extraction Challenge," which specific column extension caused the most confusion? (e.g., Did learners struggle to remember that the ending merchandise inventory goes to both the Income Statement and Balance Sheet columns, or did they mix up the placement of Owner's Drawings?)*
- ✓ *For the learners who failed to see the connection between the worksheet's Net Income and the Statement of Changes in Owner's Equity, what alternative visual aid or peer-tutoring strategy can I deploy tomorrow?*

	✓ *Was the 10-column worksheet provided too complex for a single session? Next time, should I provide a worksheet with pre-filled Unadjusted Trial Balance and Adjustments columns so they can solely focus on the sorting phase?* ✓ *Did the collaborative group activities take longer than the allotted 15 minutes? How can I better pace the transition from the group activity to the individual assessment?* ✓ *How can the "Financial Ecosystem Concept Map" activity be improved? Should I require learners to use digital tools (like Canva or MindMeister) next year, or did the physical drawing on Manila paper work best for retention?* ✓ *How can I coordinate with the teacher handling Business Finance or Entrepreneurship to ensure that the students use these exact same worksheet skills when preparing their final business plan defense?* ✓ *What was my biggest realization today about how learners process large sets of numerical data, and how will this change the way I introduce the actual drafting of the formal Balance Sheet next week?*
VIII. USE OF GENERATIVE AI	In preparing this Learning Exemplar (LE), the author used generative AI tools such as ChatGPT, Copilot, and Gemini to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the output and takes full responsibility for the content of this LE.

Lesson Title/Topic	Accounting Cycle of a Service Business	Lesson Exemplar	7

I. CURRICULUM STANDARDS	
A. Content Standard	The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.
B. Performance Standard	The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.
C. Learning Competencies	Analyze service business transactions and the required source documents.
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** DepEd. FABM1 Teaching Guide: Senior High School. Deped LR Portal. "LR Portal," n.d. https://lrmds.deped.gov.ph/list/subjects/324. LESSON EXEMPLAR: Deped Valenzuela City, Jackielyn M. Cura Deped LR Portal. "LR Portal," n.d. https://lrmds.deped.gov.ph/. "FlexiEd Module – Negros Oriental Learning Resource Portal," n.d. https://lrmdsnegor.net/flexied-module/. https://youtu.be/0HBPIeFdjfg?list=PLlDG5mknj8DC4__SqmukF2stpQK6Z8kOx Panganiban, Sherry. "About Philippine Checks — OH MY PINAS!" OH MY PINAS!, June 5, 2024. https://ohmypinas.com/blueblog/how-to-issue-checks. www.template.net. "Free Rental Charge Invoice Template to Edit Online," n.d. https://share.google/jEt7eRMPB9YLdwaav. venngage.com. "3 Month Employment Contract Template - Venngage," n.d. https://share.google/3VxTzrxJdr4a0hgQY. "'Https://Corporatefinanceinstitute.com/Resources/Accounting/Source-Documents/' - Bing." 2026. Bing. 2026. https://www.bing.com/search?q=%22https%3A%2F%2Fcorporatefinanceinstitute.com%2Fresources%2Faccounting%2Fsource-documents%2F%22&utm_source=copilot.com. **Materials:** ▪ Projector or presentation slides

	▪ Metacards or sticky notes ▪ Whiteboard or board ▪ Printed concept puzzle pieces ▪ Chart paper/Manila paper ▪ Markers ▪ Learning Activity Sheet (LAS)
III. CONTENT *(Sequencing Content)*	**Accounting Cycle of a Service Business** I. Step 1: Transactions and Or Events II. Step 2: Recording of Business Transaction III. Step 3: Posting Transactions and Preparing the Trial Balance IV. Step 4: Adjusting Entries and Adjusted Trial Balance V. Step 5: Worksheet VI. Step 6: Financial Statements VII. Step 7: Closing Entries VIII. Step 8: Posting Closing Entries IX. Step 9: Post Closing Trial Balance X. Step 10: Reversing Entries
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) identify service business transactions and the source documents that support them. b) analyze the nature of business transactions and determine the accounts affected. c) journalize service business transactions using the general journal. d) post journalized transactions to the general and subsidiary ledgers and prepare an unadjusted trial balance. e) prepare adjusting entries and prepare an adjusted trial balance. f) prepare an accounting worksheet to organize financial information. g) prepare financial statements ● Income Statement ● Statement of Changes in Owner's Equity ● Balance Sheet ● Statement of Cash Flows h) Prepare closing entries for nominal accounts. i) Prepare a post-closing trial balance. j) Prepare reversing entries for the next accounting period.
V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)*	***ANNOTATIONS***

This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension. ***(Each part shall have 2-3 varied activities)***	**Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. Eliciting Prior Knowledge

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: Students will activate what they already know about the topic, using prior experiences and ideas to build connections that prepare them for new learning

OPTION 1:	**Distinguish between service and merchandising businesses through scenario analysis**
Activity Title:	**Trade Talk Match**
Description:	Learners work in pairs to analyze short business scenarios and decide if each represents a service or merchandising business. Through discussion, they identify key traits of service businesses—while contrasting them with merchandise businesses that earn income by providing services. This partner format promotes peer learning, critical thinking, and active engagement.

Procedure:

1. Introduce the activity and Distribute scenarios

Transaction	Business Line	Reason
A client pays ₱5,000 in cash for repair services.	***Example:*** *Service Business*	*It earns income by providing a service, not selling goods.*
Bought goods worth ₱10,000 in cash.		
Provided consulting services worth ₱4,500.		
A tutorial center provides services worth ₱3,500, but the client will pay next month.		
Purchased inventory worth ₱8,000 on credit.		
Provided consulting services worth ₱4,500.		

2. Pair discussion and Classify and record
3. Whole-class debrief

Say: *"Don't worry if you're not sure—it's perfectly fine to guess. The goal is to see what you already know and to uncover any gaps we'll fill in today."*

Trade Talk Match

Teacher Tips:
Purpose: Helps learners distinguish service vs. merchandising businesses by contrasting transactions.
Engagement: Partner work ensures active participation and deeper reasoning.
Assessment: Teacher quickly gauges prior understanding and spots common errors.
Differentiation: Struggling learners focus on simple cues (e.g., "Is something sold?"), while advanced learners justify answers with accounting implications.
Transition: Debrief connects the game to the formal lesson on merchandising accounting, highlighting inventory and cost of goods sold.

This activity may be done by the entire class or by individual.

This gives the teacher immediate diagnostic information to shape the lesson's starting point and correct simple misconceptions

Highlights on the procedure:

1.Explain that students will hear scenarios and must decide if they

Suggested Answer*:*

Transaction	Business Line	Reason
A client pays ₱5,000 in cash for repair services.	Service Business	Income is earned by providing repair services, not selling goods.
Bought goods worth ₱10,000 in cash.	Merchandising Business	Goods are purchased for resale to customers.
Provided consulting services worth ₱4,500.	Service Business	Consulting is a service activity, no goods are sold.
A tutorial center provides services worth ₱3,500, but the client will pay next month.	Service Business	Income comes from teaching services; payment timing does not change the business type.
Purchased inventory worth ₱8,000 on credit.	Merchandising Business	Inventory is bought to be resold, typical of merchandising businesses.
Provided consulting services worth ₱4,500.	Service Business	Consulting is a service activity, not merchandise sales.

Processing questions:

- What clues helped you decide if the scenario was a service or merchandising business?

Suggested Answer*:* Selling items means merchandising, while offering skills or labor means service.

- How is a service business different from a merchandising business?

Suggested Answer*:* A service business provides services, while a merchandising business buys and sells goods for profit.

- Why is it important to recognize if a business is a service business?

Suggested Answer*:* It helps us record transactions correctly and understand how the business earns income.

describe a service or merchandising business.

2. Tell learners how to respond physically (e.g., stand for service, raise hand for merchandising).

3.Present short business situations one at a time, pausing for learners to react..

4. Observe who stands or raises hands, noting patterns and misconceptions.

5. Confirm the correct business type and briefly explain why each scenario fits.

6. Summarize how service and merchandising businesses differ, linking to upcoming lesson content.

The activity moves from low-stakes recall to collaborative reasoning, providing layered, actionable evidence of prior knowledge that informs pacing, emphasis, and targeted remediation for the accounting cycle lesson.

These questions encourage students to reflect on their learning process**,** not just the content, helping them see the value of eliciting prior knowledge before diving into the formal accounting cycle.

2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: Students will understand the purpose of the lesson by recognizing how today's topic connects to real-life applications and why it is important for their learning

Activity Title:	**Transactions in Order: The Accounting Cycle Path**
Description:	Learners work with a mixed set of service business transactions presented out of order. They experience the confusion of unsystematic records and then reorganize the transactions step by step. Through this process, they

Transactions in Order: The Accounting Cycle Path

By recalling earlier activities, learners see the relevance of their initial ideas and understand why the accounting cycle

	discover the importance of the accounting cycle in clarifying profit or loss and learn how proper documentation leads to accurate financial reporting.	

Procedure:

1. Connect the previous activity to the new discussion.
2. Present the scenario. ***Say:*** *"*Let us have the following scenario:
   1. *Gray Electronic Repair Services paid registration and licensing fees for the business Php. 370.*
   2. *The company acquired tables, chairs, shelves, and other fixtures for a total of Php. 3,000.*
   3. *The company received Php. 4,250 for services rendered.*
3. Let the students analyze. Ask learners to identify the transaction occurred from Mr. Gray Repair Services Shop. Let them identify sales and expenses of the business.
4. Group the transactions. Guide learners to classify transactions into categories: purchases, sales, and expenses.

This step ensures that learners first identify the nature of each transaction.

5. Summarize the results. Guide Questions:
   1. *How will Mr. Gray know if his business has earned profit or incurred a loss.*
   2. *Notice that the Mr. Gray's transaction are at random, would it be easy to recognize profit in this scenario?*
   3. *How will Mr. Gray organize the transactions of his repair shop to determine* profit or loss result?
6. Reflection: this step would show how organized records reveal whether the business earned profit or incurred a loss.
7. Connect to accounting cycle. Discuss how this process prepares learners to understand the full accounting cycle in service businesses. **Say:** "Accounting records transactions through the Accounting Cycle, ensuring data is processed and reported so owners can see profit or loss."

Transition to Lesson Purpose

Say: *"The purpose of today's lesson is to understand the accounting cycle of a service business—its steps, sequence, and importance in producing accurate financial reports."*

must be studied in sequence. The teacher guides them from informal associations and sequencing attempts toward recognizing the cycle's role in ensuring accuracy and supporting decision-making in service businesses.

Teacher's Role

- Acknowledge learners' contributions from previous activities.
- Use a relevant service business scenario to contextualize the cycle.
- Clearly explain the goal: to comprehend the accounting cycle of a service organization and its significance in creating reliable financial data

Procedure Tips:

- Keep it simple**:** Use a short, relatable service business scenario so learners can easily connect.
- Encourage discovery: Let students first struggle with the disorganized list before guiding them toward systematic recording. This builds authentic realization.
- Promote collaboration**:** Have learners work in pairs or groups to classify and reorder transactions, fostering discussion and peer learning.
- Reinforce reflection**:** This anchors the importance of the cycle.

B. Instituting New Knowledge	**1. Presenting Examples** *This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.* **Instructional Goal:** *Students will deepen understanding by examining clear examples that illustrate the accounting cycle in a service business, helping them connect concepts to practical situations.*

OPTION 1:	**Accounting Cycle Flow for Service Business by Group**
Activity Title:	**Accounting Cycle for Service Business**
Description:	Learners trace the flow of service business transactions using the Accounting Cycle diagram and a short scenario. They see how transactions move step by step—from source documents to financial statements—and discover that systematic recording is essential for determining profit or loss. The activity highlights accounting as a structured process rather than random record-keeping.

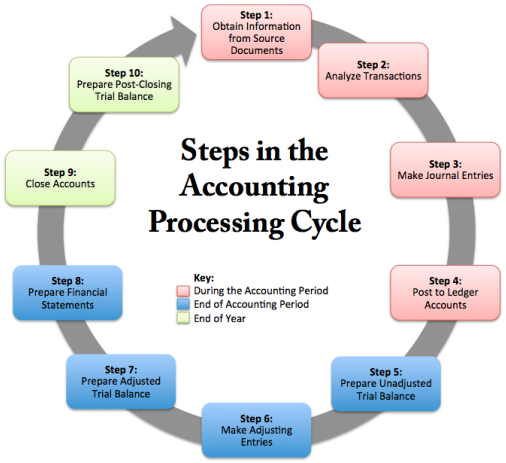
Procedure:

1. Visual Representation

Say: *"Organizing transactions helps owners determine profit or loss; next, we study the Accounting Cycle in merchandising."*

Illustration of the Accounting Cycle for Service Business

Procedure:



https://courses.worldcampus.psu.edu/welcome/acctg403/001/content/01_lesson/03_page.html

2. Observation. Ask learners to give transaction or scenarios that fit in the cycle.

Accounting Cycle for Service Business

Teacher's Role:

- Use simple, relatable examples (like a laundry shop or computer repair service).
- Encourage learners to connect each example to the cycle stage.
- Emphasize that proper recording prevents errors and supports business reliability.

This activity makes the accounting cycle tangible and relevant, showing learners how each step builds toward accurate financial reporting.

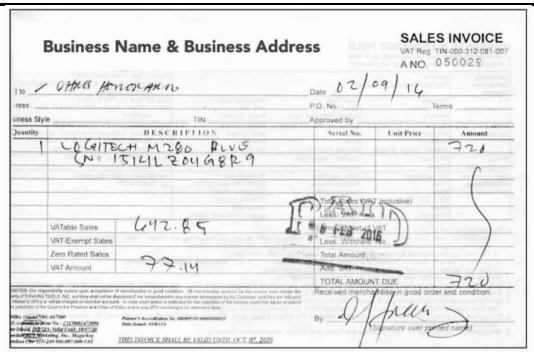
It allows teacher moves to maximize learning:

- Use varied response formats. Mix oral checks, short reflections to capture depth.
- Turn misconceptions into mini-lessons.
- Close with a practical habit. Ask each student to name one monthly action a small business should take because of the accounting cycle.

The guide questions guide learners from concrete examples to conceptual understanding, check for misconceptions, and provide quick formative evidence for the teacher. The teacher can use the responses as to confirm learner understand revenue recognition and cash tracking; correct any confusion about timing or accounts. if answers are weak, reteach how expenses affect profit and owner's equity; give quick examples of omitted expenses and them use exemplary answers as models.

	3. Guided Discussion. Facilitate a conversation on what happens if transactions are not recorded systematically. Highlight the confusion in determining profit or loss. **Guide Questions**: ● What marks the starting point of the accounting process?" **Suggested Answer***:* The accounting process begins with source documents, such as receipts, invoices, or official records of transactions ● Once transactions are identified, what comes next? **Suggested Answer***:* After identification, transactions are recorded in the journal in chronological order. ● Why is it necessary for businesses to record transactions in journals before preparing financial reports?" **Suggested Answer***:* Recording in journals keeps transactions systematic, providing a reliable basis for classification, summarization, and accurate financial reporting. ● After transactions are posted to the ledger, what follows in the cycle? **Suggested Answer***:* After posting transactions to the ledger, the next steps are After posting to the ledger, the next steps are trial balance, adjustments, worksheets, financial statements, and closing entries." **Synthesize the Discuss/ion Teacher Transition After Presenting Examples** **Say:** *"The accounting cycle organizes transactions into a process: recording in journals, posting to ledgers, and preparing financial statements to turn business activities into useful information. With examples, we'll explore the cycle step by step."*	This reinforces the purpose of the lesson by connecting examples back to the bigger picture: the accounting cycle ensures accuracy and accountability in service businesses. It validates student learning from the examples, then transitions them toward the next stage (journalizing, posting, trial balance, etc.). The tone should be encouraging and purposeful, reminding learners that they are building toward mastery of the entire cycle.
	2. Discussing New Concept *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Allows learners to explore the key accounting ideas introduced in the lesson. The teacher facilitates concept discovery through questioning, reasoning, and guided explanation while ensuring that all essential accounting cycle steps and concepts understood.*	
	Source Documents	

	Concept Exploration	**Say:** "*Record only financial transactions that affect assets, liabilities, or equity and can be measured in money; non-quantifiable events aren't recorded. All transactions must be supported by business documents."* **Say:***" I will read two short scenarios. Tell me which one is a financial transaction and why." Scenario A: The owner hires a new employee.* *Scenario B: The business paid cash for a repair service.* **Suggested Answer*:*** A is non-financial; B is financial because cash (asset) increases and revenue (equity) increases.
	Concept Explanation	**Definition:** Source documents are the *paper trail* or electronic records created whenever a financial transaction takes place. They serve as proof that the transaction is real and valid. **Purpose:** "Entries in journals and ledgers provide evidence, ensure accurate and transparent reporting, and support audits and tax compliance." **Key Details Found in Source Documents:** Date of transaction, Amount involved, Description of the transaction, Authorizing signatures "'Https://Corporatefinanceinstitute.com/Resources/Accounting/Source-Documents/' - Bing." 2026. Bing. 2026. https://www.bing.com/search?q=%22https%3A%2F%2Fcorporatefinanceinstitute.com%2Fresources%2Faccounting%2Fsource-documents%2F%22&utm_source=copilot.com.
	Visual Representation	**Visual Representation:** Present examples of financial vs. non-financial transactions
	Concept Illustration	**Say:** *"What did the business received after making a payment? Why do you think this is so?"* **Suggested Answer*:*** Sales Invoice or printed receipt. This serves as proof of payment.
	Learner Interaction	**Walking Through sample of documents** **Procedure:** 1. Show the learner Samples of business document and let them describe, name it and discover it's purpose in the real business world. 2. Guide learners to see how document relate to every transaction.


Business Name & Business Address

SALES INVOICE

VAT Reg. TIN 000-312-081-007

A NO. 050029

Date 02/09/14

P.O. No. Terms

TIN Approved by

Quantity	DESCRIPTION	Serial No.	Unit Price	Amount
1	LOGITECH M280 BLUE S/N: 1514L204G8R9			720

VATable Sales 642.86

VAT-Exempt Sales

Zero Rated Sales

VAT Amount 77.14

Less VAT

Amount Net of VAT

Less Withholding Tax

Total Amount

Add: VAT

TOTAL AMOUNT DUE 720

Received merchandise in good order and condition.

By (Signature over printed name)

THIS INVOICE SHALL BE VALID UNTIL OCT. 07, 2020

Suggested Answer*:*
Sales Invoice- use in purchasing goods and services

FABM 1 TG pp. 84

Tip: Teacher may source other picture of sources documents at:
https://ohmypinas.com/blueblog/how-to-issue- checks. https://share.google/jEt7eRMPB9YLdwaav.

https://www.aneco.ph/application--

Guide Questions:

- "This is an Official Receipt. When would we use it? What account does it affect?"
- "This is a Charge Invoice. Who pays now and who pays later? How does it affect Accounts Receivable?"
- "This is a Check. What does it prove and which accounts change when we use it?" and so forth with the other documents.

Teacher may refer definition. to Teaching Guide for Senior High School FUNDAMENTALS OF ACCOUNTANCY, BUSINESS, AND MANAGEMENT 1 pp 84 (Official Receipt or Cash Receipt, Charge Invoice or Sales Invoice, Check or Cash Voucher)

Processing Questions and Learner Interactions:
Point out scenarios and involved source documents in the scenarios

- Scenario**:** The shop pays its monthly electricity bill by check.
  Suggested Answer: Prepare a check voucher. It proves payment, shows details, and records the expense correctly.
- Scenario**:** A customer agrees to pay for services after 30 days.
  Suggested Answer: Issue a charge invoice (sales invoice**)**. It records the service now, recognizes revenue, and sets up Accounts Receivable.
- Scenario**:** Mr. Gray pays taxes.
- **Suggested Answer:** Proof is a stamped BIR form from the authorized office.

Teacher Clarification	***Say:*** *" "Record only financial transactions affecting assets, liabilities, or equity that can be measured in money. Documents like receipts, invoices, and vouchers validate and guide these transactions through the accounting cycle, turning business activities into reliable financial information."*

Transition Say: "Now that we know which transactions are recorded and why documents matter, let's analyze how they move through the accounting cycle. Consider their effect on assets, liabilities, or equity, and how documents validate them—linking business activities to reliable financial information."

3. Developing Mastery

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal: *Allows learners to explore the key accounting ideas introduced in the lesson. The teacher facilitates concept discovery through questioning, reasoning, and guided explanation while ensuring that all essential accounting cycle steps and concepts understood.*

I. Step 1 - ANALYZE TRANSACTIONS *(LO a and b)*

Description: Learners individually examine sample source documents from **Gray Electronic Repair Services** , a service-oriented business specializing in the maintenance and repair of electronic devices and equipment. The company provides diagnostic, troubleshooting, and restoration services for a wide range of electronics, ensuring that customers' gadgets and appliances are restored to proper working condition. Based on the information contained in these documents, they identify the business transactions that have occurred."

CONCEPT EXPLORATION

Begin by activating students' prior knowledge and encouraging critical thinking:

Guide Questions / Activity Prompts: When a business earns money or spends cash, what happens to its financial records?; How can we determine whether a transaction affects the business positively or negatively? What might happen if transactions are not analyzed correctly?

CONCEPT EXPLANATION

Definition: Analyzing transactions is the **first step in the accounting cycle**, where each business transaction is examined to determine: Which accounts are affected? Whether each account increases or decreases

"Learn Accounting Online for Free | AccountingCoach." n.d. AccountingCoach.com. https://www.accountingcoach.com.

Guided Practice Procedure:

1. Present business transactions of **Gray Electronic Repair Services.**

Transaction	Source Document	Transaction Type
On December 5, 2024 Gray Electronic Repair Services paid registration and licensing fees for the business Php. 370.	__Charge Invoice; __Purchase Receipts, __Stamped BIR form	__Collection; __Statutory payments
On December 6, 2024 The company acquired tables, chairs, shelves, and other fixtures for a total of Php. 3,000 on account.	__Sales Invoice; __Charge Invoice	__Cash Payment; __Credit purchase
On December 12, 2024 the company received cash of Php. 4,250 for services rendered 15 days ago.	__Service Invoice, __Voucher	__Cash Revenue; __Collection from Customer

2. Give instructions to the learners:
   1) Read each transaction carefully.
   2) Review details like amount, terms, and parties.
   3) Identify the supporting source document.
   4) Classify the merchandising transaction type.
   5) Check the correct Source Document and Transaction columns.
   6) Briefly explain your answers in discussion

3. Promote collaborative learning and let them complete the activity. **Ask:** *Why is it essential for businesses to maintain accurate source documents before recording transactions in jo urnals?*

4. Address any misunderstandings and emphasize that the first step in the accounting cycle is accurately identifying the source document and the kind of transaction. This comes before journal entry recording and account analysis.

Suggested Answer: Refer to link for the full Answer:
https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Transition questions. Say: *"Now that we can identify financial transactions and the supporting documents, we'll record them in the journal using debits and credits."*

Annotation: These answers show learners can explain the conditions for financial transactions, identify the correct business documents**,** and connect them to the steps of the accounting cycle**.**

II. Step 2. JOURNAL ENTRIES AND POSTING TO LEDGER ACCOUNTS *(LO c.)*

Description: Learners practice recording service business transactions in the general journal by analyzing details, identifying affected accounts, and applying debit-credit rules. They prepare accurate journal entries with proper documentation, reinforcing how real business activities become reliable financial records and highlighting the importance of accuracy and consistency.

Concept Exploration

Say: *"Only financial transactions are recorded in accounting. Once identified, they are written in the* journal, *the book of original entry. This is where every business activity that affects accounts is first recorded in chronological order."*

Teacher may use LESSON EXEMPLAR: Deped Valenzuela City, Jackielyn M. Cura at Deped LR Portal. "LR Portal," n.d. https://lrmds.deped.gov.ph/list/subjects/324.

Concept Explanation Say*: "A journal entry shows a transaction's debits and credits, including date, accounts, explanation, and amounts. Debits increase assets and expenses, while credits increase liabilities, equity, and income—keeping the accounting equation balanced."*

Teacher's Facilitation Script Say: *"Transactions supported by documents are recorded in the journal, the book of original entry. As we analyze examples, note affected accounts, changes, and apply debit-credit rules—turning business activities into accurate records. Let's begin preparing journal entries."*

For Guided Practice Procedure:

1. Give sample of Illustration. **Say:** *"Going back to Gray Electronic Repair Services. On December 1, 2024 Mr. Gray Invested Php. 10,000 for this business. Which accounts are affected?"* **Suggested Answer***: "Cash is debited, Capital is credited."*

Transaction 1: Say: *"On December 1, Mr. Gray invested ₱10,000. What is the journal entry?"*

"Debit Cash ₱10,000; Credit Mr. Gray, Capital ₱10,000."

Date 2024		Particulars	PR	Debit	Credit
Dec.	1	Cash		10,000	
		Mr. Gray, Capital			10,000

The teacher will share: Analysis: An asset Increased. Another asset decreased, Rules: Debit increases in assets. Credit decreases in assets. , Entry: Increase in assets is recorded by a debit to office equipment. Decrease in assets is recorded by a credit to cash

2. Let the students finish transactions by way of journal entry and Indicate *Analysis*, *Rules* and *Entry*. for Gray Electronic Repair Services. **Illustration 2**

Transactions 2024	
2	On December 5, 2024 Gray Electronic Repair Services paid registration and licensing fees for the business Php. 370.
3	On December 6, 2024 The company acquired tables, chairs, shelves, and other fixtures for a total of Php. 3,000.
4	On December 7, the company acquired service equipment for 16,000. The company paid a 50% down payment and the balance will be paid after 60 days.

Suggested Answer*:* **Illustration 2**

Transaction	Entry
1	Date 2024 | Particulars | PR | Debit | Credit Dec. 1 | Cash | | 10,000 | Mr. Gray, Capital | | | 10,000
2	Date 2024 | Particulars | PR | Debit | Credit Dec. 5 | Taxes and License | | 370.00 | Cash | | | 370.00
3	Date 2024 | Particulars | PR | Debit | Credit Dec. 6 | Furniture and Fixtures | | 3000.00 | Cash | | | 3000.00

Refer to link for the full Answer: https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Refer to: Q1 Week 7 LESSON EXEMPLAR: Deped Valenzuela City, Jackielyn M. Cura at Deped LR Portal. "LR Portal," n.d. https://lrmds.deped.gov.ph/list/subjects/324. For journal definition and additional input on visual representations.

Learner Interaction:

1. How does the journal, as the "book of original entry," ensure that transactions are recorded systematically, and why is this important for preparing accurate financial statements? **Suggested Answer***:* "It's important because accurate journal entries become the basis for posting to the ledger and preparing financial statements. Without systematic recording, errors or omissions could lead to unreliable reports."

Teacher Clarification

Say: "*Excellent! Notice how each transaction affects at least two accounts. Recording transactions this way ensures accuracy and prepares us for the next steps in the accounting cycle."*

Transition Say*:* "*Now that we understand how to prepare journal entries, our next step will be to transfer these entries into the ledger. Posting to the ledger organizes transactions by account, making it easier to see balances and prepare the trial balance later."*

III. Step 3. POSTING TRANSACTIONS AND PREPARING THE TRIAL BALANCE*(LO d.)*

Description: In this activity, learners post journal entries to the ledger, compute balances, and prepare a trial balance to check that debits equal credits. This reinforces accuracy, highlights the importance of systematic posting, and gives practice in detecting errors, confirming the accounting cycle, and preparing for adjustments and financial statements.

A. POSTING TRANSACTIONS

Concept Exploration

Say*:* "We know how to enter transactions in the journal, but that's only the start. To see their effect on specific accounts, entries are posted to the ledger—a process called posting, which classifies transactions by account."

Concept Explanation

Say: "*The journal is the book of initial entries, the ledger the final. Posting transfers debits (left) and credits (right) from journal to ledger, showing each account's running balance. Without posting, we cannot prepare the trial balance or financial statements."*

Using the same transactions of Mr. Gray under Illustration 2:

Transaction	Entry
Transaction 1 **Transaction 2-15**	Date 2024 | Particulars | PR | Debit | Credit Dec. 1 | Cash | | 10,000 | Mr. Gray, Capital | | 10,000

For Guided Practice Procedure:

1. Give sample from Illustration 2

Transaction 1. **Say:** *"We have already taken the transaction of Mr. Gray of investing Php. 10,000 to Gray Electronic Repair Services as the journal entry below.*

Date 2024		Particulars	PR	Debit	Credit
Dec.	1	Cash		10,000	
		Mr. Gray, Capital			10,000

Say: *"Now, go to the ledger and find the accounts. Post the amounts debited and credited to the appropriate side. Debits go to the left and credits to the right. After posting the amounts, the cash and capital account would look like:*

Cash	
Dec. 1 10,000.00	

Mr. Gray, Capital	
	10,000.00 Dec. 1

Teacher Clarification Say: "*Posting shows each transaction's effect on accounts. The journal records events, while the ledger shows account changes—for example, Cash rises when debited, Capital when credited. This transfer ensures accuracy and prepares the trial balance."*

2. Let the learners continue the posting of the journal entry per account as shown in Illustration 2 Transaction 2 – 15.

Suggested Answer*:*

Transaction Entry	Posting
Transaction 1 Date 2024 | Particulars | PR | Debit | Credit Dec. 1 | Cash | | 10,000 | Mr. Gray, Capital | | | 10,000	Cash: Dec. 1 10,000.00 Mr. Gray, Capital: 10,000.00 Dec. 1
Transaction 2 Date 2024 | Particulars | PR | Debit | Credit Dec. 5 | Taxes and License | | 370.00 | Cash | | | 370.00	Cash: 10,000.00 | 370.00 Taxes and Licenses: 370.00
Transaction 3 Date 2024 | Particulars | PR | Debit | Credit Dec. 6 | Furniture and Fixtures | | 3000.00 | Cash | | | 3000.00	Cash: 10,000.00 | 370.00 | 3,000.00 Furniture and Fixture: 3,000.00

Transaction 4

Date 2024		Particulars	PR	Debit	Credit
Dec.	7	Service Equipment		16000.00	
		Cash			8000.00
		Accounts Payable			8000.00

Cash	
10,000.00	370.00
	3,000.00
	8,000.00

Accounts Payable	
	8,000.00

Illustration 3: Posted Transactions per Account and their Balances

ASSETS	
Cash	
10,000.00	370.00
1,900.00	3,000.00
3,200.00	8,000.00
4,250.00	500.00
12,000.00	7,000.00
	1,500.00
	3,500.00
7,480.00	

LIABILITES	
Accounts Payable	
500.00	8,000.00
	1,500.00
	9,000.00
Loans Payable	
	12,000.00

CAPITAL	
Mr. Gray, Capital	
	10,000.00
	3,200.00
	13,200.00
Mr. Gray, Drawing	
7,000.00	

Cash Disbursements Journal

Date	DESCRIPTION (PARTICULARS)	REF	Check or Voucher Number		Credit	Debit				Balance
					Cash	Accounts Payable	Salaries	Supplies	Sundry	
Dec. 5	Payment of Taxes and License			Php	370				370	370
Dec. 6	Purchase of Furniture Fixtures			Php	3000				3000	3370
Dec. 7	Purchase of Service Equipment			Php	8000				8000	11370
Dec. 23	Payment of Accounts Payable-service Supplies			Php	500	500				11870
Dec. 25	Drawings of Mr. Gray			Php	7000				7000	18870
Dec. 29	Payment of Rent			Php	1500				1500	20370
Dec. 31	Payment of Salaries			Php	3500				3500	23870

Sales Journal; Purchase Journal; Cash Receipts Journal

Refer to link for the full Answer: https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Refer to: Q1 Week 8 LESSON EXEMPLAR: Deped Valenzuela City, Jackielyn M. Cura at Deped LR Portal. "LR Portal," n.d. https://lrmds.deped.gov.ph/list/subjects/324.

Transition Say: *"Now that we've practiced posting journal entries to the ledger, our next step is to prepare the* unadjusted trial balance. *This will help us check if total debits equal total credits, and confirm that our postings are mathematically correct before moving on to adjustments."*

B. PREPARING THE TRIAL BALANCE

Description: *After posting journal entries to the ledger, learners prepare the unadjusted trial balance by listing account balances to verify that debits equal credits. This step checks accuracy, helps detect errors, and builds a foundation for adjustments, worksheets, and financial statements.*

Concept Exploration

Begin by connecting the new lesson to students' prior knowledge:

Say: *'We've seen how transactions are recorded in the journal and posted to the ledger. The general ledger is a collection of all accounts—like Cash, Accounts Receivable, Supplies, and Capital—showing debits, credits, and balances. A subsidiary ledger may also be used to give details within a broad account, such as listing individual customers under Accounts Receivable."*

Guide Questions: Why do businesses need to transfer information from the journal to the ledger? How does the general ledger help in organizing financial information? What is the difference between a general ledger and a subsidiary ledger? Why is it important to track individual customer balances separately? How does analyzing transactions affect the accuracy of ledger accounts?

Concept Explanation

Say: "*The ledger organizes transactions by account to show balances. At period-end, a trial balance lists all ledger balances to check if debits equal credits. If balanced, postings are mathematically correct. The unadjusted trial balance, prepared before adjustments, starts the process of financial statement preparation. Using Mr. Gray's transactions (1–15), we'll use ending balances to make the Trial Balance." .*

For Guided Practice

Procedure:

1. Review previous steps in accounting Cycle.
    1. Review journal entries for accuracy.
    2. Post entries to ledger accounts, recording debits and credits correctly.
    3. Compute each account balance by totaling debits and credits.**

    New Steps:

    4. List all accounts with balances for the trial balance.
    5. Prepare the unadjusted trial balance, separating debit and credit columns.
    6. Verify equality of debits and credits; correct errors if needed.
    7. Share results in class discussion, noting how this step checks accuracy before adjustments and financial statements.
2. Model how start with the preparation of the Unadjusted trial balance.

    Mr. Gray will be preparing for Unadjusted Trial Balance for the December 2024.

    a. Always start with the heading: **Gray Electronic Repairs Services**

    Unadjusted Trial Balance

December 31, 2024

b. Prepare the Account Titles and the Debit and Credit Balances per Account

Say: *"Suppose Cash has an ending balance of ₱7,480. Why should it appear in debit side?"*

Suggested Answer: *"On the debit side, because Cash normally has a debit balance."*

3. Let the learners continue to fill up the Account Title and their normal balances.

Teacher Tip: *This activity is best done by pair.*

Suggested Answer: **Illustration 4**

Gray Electronic Repairs Services
Unadjusted Trial Balance
December 31, 2024

Account Title	Debit	Credit
Cash	7,480.00	
Accounts Receivable	3,400.00	
Service Supplies	1,500.00	
Furniture and Fixtures	3,000.00	
Service Equipment	16,000.00	
Accounts Payable		9,000.00
Loans Payable		12,000.00
Mr. Gray, Capital		13,200.00
Mr. Gray, Drawing	7,000.00	
Service Revenue		9,550.00
Rent Expense	1,500.00	
Salaries Expense	3,500.00	
Taxes and Licenses	370.00	
Totals	43,750.00	43,750.00

Learner Interaction Say: *"Service Revenue has a balance of ₱9,550. Where should this go and why there?"*
Suggested Answer: *"On the credit side, because revenue increases equity, which has a normal credit balance."*

Processing Question: *"Why do we prepare a trial balance after posting?"*

Suggested Answer: *"To check accuracy and ensure debits equal credits before making adjustments."*

Teacher Clarification Say: *"The ledger shows running totals, and the trial balance tests accuracy. If debits and credits don't match, posting errors exist. Posting and trial balance are critical to ensure reliable records before preparing financial statements."*

Transition Say: *"After learning the ledger and trial balance, the next step is adjusting entries. Adjustments update accounts for items like unpaid goods or advance payments, ensuring financial statements show the business's true position."*

VI. Step 4. ADJUSTING ENTRIES AND ADJUSTED TRIAL BALANCE *(LO e.)*

Description: In this activity, learners apply adjusting entries to update account balances at period-end, ensuring revenues and expenses follow the accrual basis. After posting adjustments, they prepare the adjusted trial balance to confirm debits equal credits and provide a foundation for financial statements. These builds understanding of accrual concepts, error detection, and the importance of adjustments for reliable reporting.

Concept Exploration
Say: *"Not all transactions are fully recorded daily. Some accounts need end-period adjustments to show the business's true condition, guided by accrual accounting and the matching principle."*
Activity 1: *"Right Time or Wrong Time?"*
Instructions: Present the following situations and let students decide whether they are recorded "now" or "later": 1. A business provided services worth ₱5,000 but has not yet been paid.
2. Rent for the month was used but will be paid next month.
3. The business paid ₱12,000 for insurance covering 12 months.

Guide for Students: Should the income/expense be recorded this period? Why? What accounts might be affected? Is an adjusting entry needed?
Processing / Reflection. **Ask:** How do adjusting entries help present accurate financial statements? Why is timing important in recording income and expenses? How are accrual accounting and the matching principle connected?
Suggested Answers: Period-end updates ensure revenues and expenses are recorded correctly, making statements accurate. Proper timing prevents misstated profit or loss. Accrual records revenues and expenses when they occur, while matching pairs expenses with related revenues."

A. ADJUSTING ENTRIES

Concept Explanation
Say: "We have now reached the stage in the accounting cycle where adjustments are necessary to ensure that revenues and expenses are properly matched to the correct period. Adjusting entries are made at the end of the accounting period to update account balances and present accurate financial information. Let's go through some of the most common types of adjusting entries together:
1. Accrued Income – income earned but not yet recorded.
2. Accrued Expenses – expenses incurred but not yet recorded.
3. Deferred Income – income received in advance that must be recognized later.
4. Prepaid Expenses – payments made in advance that need to be allocated over time.
5. Depreciation – systematic allocation of the cost of fixed assets over their useful life.

6. Doubtful Accounts – adjustments for receivables that may not be collected.

Averkamp, Harold. 2025. "Adjusting Entries: In-Depth Explanation with Examples." AccountingCoach.com. AccountingCoach. 2025. https://www.accountingcoach.com/adjusting-entries/explanation?utm_source=copilot.com

For Guided Practice
Visual Representation/Learner Interaction
Illustration 5 *: **Accrued Income***

Assume that Company A leased a portion of its building to Company B at a monthly rental of P1,000. Assume further that the rent for December is still uncollected as of December 31,2024.

Adjustment recognizing the uncollected income for December will be recorded in the general journal as

Date	Particulars	Amount	
2024		Debit	Credit
Dec 31	Accrued Rent Income		
	Rent Income		1,000

Tip: Accrued Rent income is receivable amount

Illustration 6*: **Accrued Expense***

A. Assume that Company A an unpaid rent of P2,000 applicable to the last two months of the current year. This rent has already been incurred thus the entry to set up an expense and liability account would be necessarily be recorded in the general journal.

Date	Particulars	Amount	
2020		Debit	Credit
Dec 31	Rent Expense	2,000	
	Rent Payable		2000

B. Company A has existing notes payable for P30,000 bearing an interest rate of 10% will mature on March 1. Usually interest on notes Payable is recorded upon payment , but interest accrues every day. From this time the notes was issued (Dec 1) up to the end of the accounting period (Dec 31) there is an applicable interest computed as follows:

Principal	Php	30,000
x rate		10%
Annual Interest		3,000
X time (Dec 1 -31)		30/360
Accrued Interest		250

The interest although not yet paid must be recognized since it is already incurred. The adjusting entry will then be:

Date	Particulars	Amount	
2020		Debit	Credit
Dec 31	Interest Expense	250	
	Interest Payable		250

Illustration 7*:* Deferred Income/ Unearned Income

On December 15, the business received subscriptions in advance of P 15,000.

Assuming the liability scenario is used, subscription collected would be credited entirely to Unearned Subscription Income . If the Income scenario is used, Subscription Income would be credited. Upon receipts of the income , the following entries would be made under two scenarios

Liability Scenario

Date	Particulars	Amount	
2020		Debit	Credit
Dec 31	Cash	15,000	
	Unearned Subscription Income		15,000

Income Scenario

Cash P15,000

Subscription Income P15,000

Date	Particulars	Amount	
2020		Debit	Credit
Dec 31	Cash	15,000	
	Subscription Income		15,000

Assume that a review of the subscription show that 80% of the collections are already earned. Analysis of this information as of the year end follows.

Subscriptions earned (80%)	Php 12,000
Subscriptions still unearned	3,000
Total Subscriptions	15,000

The adjusting entry:

Date	Particulars	Amount	
Dec 31		Debit	Credit
	Unearned Subscription	15,000	
	Subscription Income		15,000

Illustration 8*:* Prepaid Expenses

On December 1, the business paid three months rent in advance amounting to P 12,000.

The entry on December 1 under the two scenarios would be.

Asset Scenario

Prepaid Expense 12,000

Cash 12000

Expense Scenario

Rent Expense 12,000

Cash 12,000

These two entries are both acceptable but whatever method is used , the accounts must be adjusted to the correct balances at the end of the period. FollowingAccrual Accounting , the adjusted or correct balances are determined as follows:

For December (already incurred)-RentExpense		4000	
For January-(not yet incurred)-Prepaid Rent	4000		
For February (not yet incurred)-Prepaid Rent	4000		
Three month rent		12,000	

December Expense / January Prepaid / February

Asset Scenario

Rent Expense	4,000	
Prepaid Rent		4,000

Expense Scenario

Prepaid Rent	8,000	
Rent Expense		8,000

The adjusting entry on December 31 would be :

Illustration 8*:* Depreciation

Concept Explanation: Straight-line Depreciation

It is the simplest and most widely used. Under this method , the cost of the fixed asset after taking into consideration any amount recoverable upon disposing the asset, is allocated equally over the periods expected to be benefited. Three factors to be considered: a) cost of the property, b) number of years that the property expected to be used, c) scrap salvage value of the property

Assume that Company A purchased equipment on January 1, 2024 costing P 260,000. The equipment is estimated to have a useful life of 10 years at the end of which it can be sold for P20,0000. The computation of the annual depreciation is as follows.

Cost	P260,000
Less: Salvage Value	20,000
Cost to be depreciated	P240,000
Divided by estimated life	10
Depreciation per year	24,000

Journal Entry

Date	Particulars	Amount	
2024		Debit	Credit
Jan 1	Equipment	260,000	
	Cash		260,000

Adjusting entry:

Date	Particulars	Amount	
2024		Debit	Credit
Dec 31	Depreciation Expense	24,000	
	Accumulated Depreciation		24,000

Refer to link for the full Illustration: https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Illustration 9*:* Doubtful Accounts

Concept Explanation

Doubtful (uncollectible) account expense is an operating expense. To measure income properly, a provision for uncollectible accounts must be recorded in the same period as sales. At year-end, an adjusting entry is made using methods such as: (a) percentage of credit sales, (b) increasing allowance by a set percentage of receivables, or (c) setting allowance to a percentage of receivables.

Assume that the uncollectible amount is P3,000.

The adjusting entry would be:

Date	Particulars	Amount	
		Debit	Credit
Dec 31	Doubtful account Expense	3,000	
	Allowance for Doubtful Accounts		3,000

Net realizable value for accounts receivable is computed like this:

Accounts Receivable (Gross Amount) P100,000
Less: Allowance for Bad Debts 3,000
Accounts Receivable (Net Realizable Value) P 97,000

***Teacher Clarification* Say:** *"Bad Debts Expense is an income statement account, while Allowance for Bad Debts is a balance sheet account. The expense reflects uncollectible sales, and the allowance estimates uncollectible receivables. Terms like Doubtful Accounts may also be used, but consistency is best—the distinction between 'bad' and 'doubtful' is minor."*

Teacher Tip: Composition of an Adjusting Entry: Adjusting entries affect at least one nominal account and one real account. A nominal account is an account whose balance is measured from period to period. Nominal accounts include all accounts in the Income Statement, plus owner's withdrawal.

Learner Interaction:

Say*: "We've just discussed how adjusting entries help us update accounts at the end of the period. Let's test our understanding with a quick situation. Imagine the Supplies account shows ₱5,000, but after counting, only ₱1,500 worth of supplies remain. What should we do?"*

Suggested Answer*:* "We need to record the supplies used, so we make an adjusting entry."

Say*: "Exactly! And what would that entry look like?"*

Suggested Answer: "Debit Supplies Expense ₱3,500 and credit Supplies ₱3,500."

Say: *"Perfect. Now, once we've made that adjustment, where do we see the updated balances of all accounts?"*

Suggested Answer*:* "In the adjusted trial balance."

Teacher Clarification Say: *"Adjusting entries are made at period-end to record revenues and expenses in the right period. They apply the accrual basis by matching revenues with related expenses. Without them, financial statements would not show the company's true position."*

Teacher Transition Say: *"After making adjustments, we prepare an adjusted trial balance to check accuracy. It lists all accounts after adjustments, ensures debits equal credits, and serves as the basis for financial statements."*

B. ADJUSTED TRIAL BALANCE

Concept Exploration:

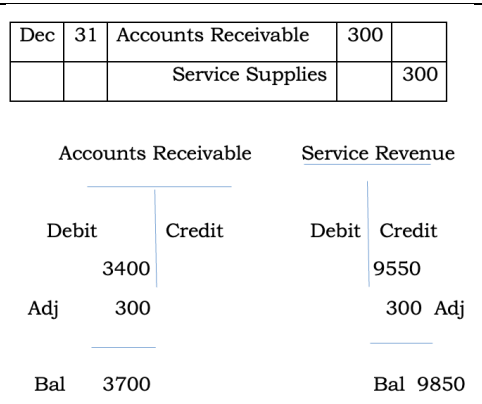
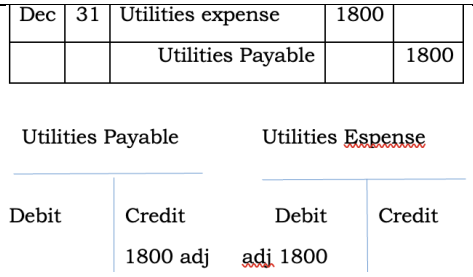
Say: *"An adjusted trial balance lists all account balances after adjustments like accruals and deferrals. Its purpose is to ensure total debits equal total credits before preparing*

	financial statements. Serving as a final check, it confirms the accounting equation remains balanced after adjustments such as depreciation, unpaid wages, or used supplies—bridging daily transactions and final reports." **Procedure:** **1.** Recall the steps: Steps in preparing adjusting entries: 1. Prepare the Unadjusted Trial Balance – List all accounts and balances; ensure Debits = Credits. 2. Record Adjusting Entries – Handle internal transactions: Prepaid Expenses (used assets), Unearned Revenues (performed services), Accrued Expenses (incurred but unpaid), Accrued Revenues (earned but unbilled), Non-Cash Expenses (depreciation) Continued Steps: 3. Post Adjustments – Transfer entries to ledger accounts and update balances. 4. Calculate Adjusted Balances – Apply adjustments to each account's balance. 5. Construct Adjusted Trial Balance – List all accounts in order: Assets, Liabilities, Equity, Revenue, Expenses. 6. Verify Equality – Ensure total debits equal total credits; correct errors if needed. **Learner Interaction Say**: *"We've made our adjusting entries, so now let's see how they affect the accounts. Remember, the adjusted trial balance is prepared to check that total debits still equal total credits after adjustments. Let's walk through an example."* **Guided Practice** **2. Teacher shows a list of accounts with balances after adjustments using Gray Electronic Repairs Services.** **Transactions for Adjustments:** 1. On December 31, 2024, Gray Electronic Repair Services rendered P300 worth of services to a client. However, the amount has not yet been collected. It was agreed that the customer will pay the amount on January 15, 2025. The transaction was not recorded in the books of the company as of 2024. 2. For the month of December 2024, Gray Electronic Repair Services used a total of P1,800 worth of electricity and water. The company received the bills on January 10, 2025. When should the expense be recorded, December 2024 or January 2025? 3. On Dec 1st, Gray electronic services Signs a contract with a small business to provide monthly services. The client pays upfront fee of P 4500 in cash for a 3. month period covering December, January and February. Gray Services closes its accounting books annually on December 31st. 4.Recalling the example that we had with Gray Electronic Repair Services, we had the journal entry below recording the purchase of Service Supplies in the amount of P1,500.00. Suppose at the end of the month, P1,000

of the supplies have been used. Thus, out of the P1,500, P1,000 worth of supplies have been used and P500 remain unused. The P1000 must then be recognized as expense since it has already been used.
5. Gray electronic Repair Services acquired their service equipment for P16,000 at the beginning of 2024. Assume that the equipment can be used for 4 years and has a residual value of P 4,000, hence a depreciation expense of P3,000 each year is computed.
6. Gray Electronic Repair Services estimates that P400.00 of its credit revenue for the period will not be collected.

3. Let the students apply the steps in the Transactions for Adjustments.
This activity may be done individually or by pair**.**

Suggested Answers*:*

Transactions for Adjustments:	
1. On December 31, 2024, Gray Electronic Repair Services rendered P300 worth of services to a client. However, the amount has not yet been collected. It was agreed that the customer will pay the amount on January 15, 2025. The transaction was not recorded in the books of the company as of 2024.	
2. For the month of December 2024, Gray Electronic Repair Services used a total of P1,800 worth of electricity and water. The company received the bills on January 10, 2025. When should the expense be recorded, December 2024 or January 2025?	

Teacher Clarification Say: "*The adjusted trial balance, prepared after recording adjustments, lists updated account balances to ensure debits equal credits. It serves as the final check before financial statements, confirming accounts are accurate and complete.*"

Transition Say: *"After preparing the adjusted trial balance and confirming debits equal credits, the next step is the worksheet. It combines the trial balance, adjustments, and updated balances in one place, showing how each account flows into the financial statements."*

V. Step 5. ACCOUNTING WORKSHEET*(LO f.)*

Description: In this activity, learners prepare and analyze an **accounting worksheet** as a comprehensive tool for organizing financial data at the end of an accounting period. The worksheet serves as a bridge between the trial balance and the preparation of financial statements

Concept Explanation:

Say: *"A worksheet is an informal "scratchpad" used by accountants to organize all the data needed for end-of-period reporting. It isn't a formal financial statement, but rather a tool to ensure that every adjustment is captured before the final books are closed.*

Steps in preparing a worksheet
1. Prepare a trial balance on the worksheet.
2. Enter the adjustments in the adjustment columns.
3. Enter adjusted balances in the adjusted trial balance columns.
4. Extend adjusted trial balance amounts to appropriate financial statements columns.
a. Columns 7 and 8 for the income Statement (extend only the nominal accounts)
b. Columns 9 and 10 for the Statement of Financial Position (extend only the real accounts)

Teacher Script Say: *"We've prepared the adjusted trial balance, but sometimes it helps to organize all the information in one place before drafting financial statements. That's why we use a worksheet. Let's try filling one out together."*

For Guided Practice: Teacher shows a blank worksheet with columns for Trial Balance, Adjustments, and Adjusted Trial Balance.
Tip*: Use the Suggested Answers in ADJUSTED TRIAL BALANCE*
Visual Representation:

Gray Electronics Repair Services
Worksheet
December 31, 2024

	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
Accounts Receivable	3,400		1) 300		3700				3700	
Allowance for Doubtful Accounts				6) 400		400				400
Service Supplies	1,500			4) 500	1,000				1,000	
Furniture and Fixtures	3,000				3,000				3,000	
Accumulated Depreciation - Furniture and fixtures				5) 750		750				750
Service Equipment	16,000				16,000				16,000	
Accumulated Depreciation - Service Equipment				5) 3000		3,000				3,000
Accounts Payable		9,000				9,000				9,000
Unearned Service Income				3) 1500		1,500				1,500
Utilities Payable				2) 1800		1,800				1,800
Loans Payable		12,000				12,000				12,000
Mr. Gray, Capital		8,200				8,200				8,200
Mr. Gray , Drawing	7,000				7,000				7,000	
Service Revenue		14,550	3) 1500	1) 300		13,350		13,350		
Rent Expense	1,500				1,500		1,500			
Salaries Expense	3,500				3,500		3,500			
Taxes and Licenses	370				370		370			
Service Supplies Expense			4) 500		500		500			
Utilities Expense			2) 1800		1,800		1,800			
Depreciation Expense			5) 3750		3,750		3,750			
Doubtful Accounts Expense			6) 400		400		400			
Totals	**43,750**	**43,750**	**8,250**	**8,250**	**50,000**	**50,000**	**11,820**	**13,350**	**38,180**	**36,650**
Net Income (Profit)							**1,530**			**1,530**
TOTALS							**13,350**	**13,350**	**38,180**	**38,180**

Processing Questions:

1. Why do we prepare a worksheet after completing the adjusted trial balance?

Suggested Answer*:* The worksheet helps organize all account balances, adjustments, and classifications in one place. It serves as a bridge between the adjusted trial balance and the preparation of financial statements.

2**:** What are the main columns in the worksheet, and what is their purpose?

Suggested Answer*:* Trial Balance**:** Lists original balances before adjustments., Adjustments**:** Records necessary end-of-period adjustments., Adjusted Trial Balance**:** Shows updated balances after adjustments, ensuring debits equal credits.

3. If Supplies Expense is not yet recorded, how do we reflect this in the worksheet?

Suggested Answer*:* Enter the adjustment in the Adjustments column (debit Supplies Expense, credit Supplies). Then carry the updated balances into the Adjusted Trial Balance column.

4.How do we know if our worksheet is mathematically correct?

Suggested Answer*:* The total debits and credits in the Adjusted Trial Balance column must be equal. This confirms accuracy before preparing financial statements

Say: *"Exactly. This shows how the worksheet helps us see the impact of adjustments clearly. Once all accounts are updated, the worksheet guides us in preparing the financial statements."*

Teacher Clarification Say: *"The worksheet organizes the trial balance, adjustments, and adjusted balances in one place. It shows how adjustments affect accounts and guides financial statement preparation. Though not a formal report, it serves as a working paper that makes the process easier and systematic."*
Transition *Say*: *"After completing the worksheet with trial balance, adjustments, and updated balances, the next step is preparing financial statements. These reports—income statement, balance sheet, and owner's equity—summarize business performance and position, turning records into useful decision-making tools."*

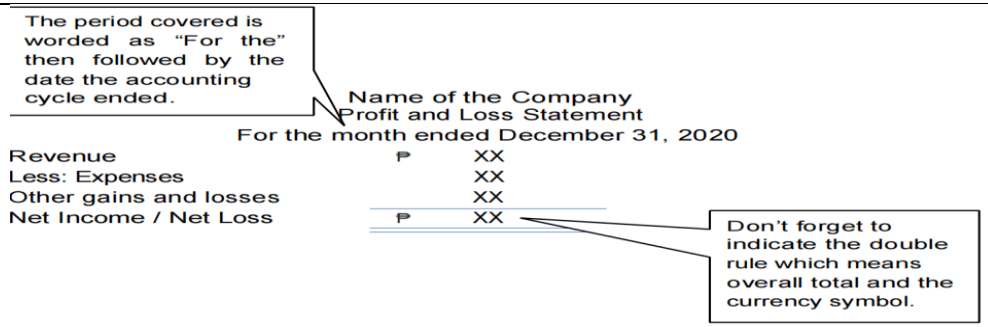
VI. Step 6. PREPARATION OF FINANCIAL STATEMENTS (a) Income Statement (b)Statement of Changes in Equity*(LO g.)*

Description: In this activity learners will know how to take all those raw numbers and organize them into clear, simple reports that tell the complete story of the company's financial health. Learners will know how to prepare the core financial statements and, most importantly, discover how they connect

Concept Explanation.
Say: In financial reporting, there are several financial statements which serve different purposes. Some of which are: 1. Income statement or Profit and Loss Statement,
2.Statement of Changes in Equity,
3. Balance Sheet or Statement of Financial Position
4. Statement of Cash Flows, and 5. Notes to Financial
https://efinancemanagement.com/financial-accounting/types-of-financial statement?utm_source=copilot.com

A. INCOME STATEMENT / PROFIT AND LOSS STATEMENT
The Income Statement also called the Profit and Loss Statement is a formal statement showing the financial performance of the business for a given period of time. Financial performance is measured simply in terms of revenues earned less expenses incurred. The income statement basically contains all the nominal accounts, except the drawing accounts and the income summary account. There are two ways of presenting the income statement (Tugas, Salendrez, Rabo 2016, 111).

Visual Representation: Revenues: Adjusting liabilities. *Simplified format of the Profit and Loss Statement or Income* statement using **single step.**



For Guided Practice: Teacher shows the worksheet with columns for Trial Balance, Adjustments, and Adjusted Trial Balance. Let the learners prepare the Income Statement of Gray Electronics Repair Services. **Tip***: Use the Suggested Answers in* ADJUSTED TRIAL BALANCE.

Visual Representation for Financial Position: Refer to link for the full Answer:
https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Learner Interaction
Say*: "Now that we've organized our accounts in the worksheet, let's prepare one of the key financial statements: the Income Statement. This report shows whether the business earned a profit or suffered a loss during the period. Let's try an example together."*

Teacher writes on the board: Revenues: Service Revenue ₱50,000 Expenses: Salaries Expense ₱20,000, Rent Expense ₱10,000, Supplies Expense ₱5,000

Say: *"Looking at these figures, how do we calculate net income?"* **Suggested Answer** *:* "Subtract total expenses from total revenues."
Say: "Correct. So what's the total of our expenses?" **Suggested Answer:** "₱20,000 + ₱10,000 + ₱5,000 = ₱35,000."
Say: "Good. And if revenues are ₱50,000, what's the net income?" **Suggested Answer:** "₱50,000 – ₱35,000 = ₱15,000."
Say: *"Exactly. That ₱15,000 is the net income, and it will be reported at the bottom of the income statement. Annotation: This shows how the income statement summarizes revenues and expenses to reveal the business's profitability.*

Processing/ Guide Questions:
1.Is it possible for a business to have a massive amount of sales (Revenue) during the year, but still report a " Net Loss " on their income Statement ? Why or why not? **Suggested Answer**: Revenue is money from sales, while the Income Statement also deducts expenses like rent and salaries. If expenses exceed revenues, the result is a net loss—even with high sales. This shows that controlling costs is as important as making sales.

	2. Once we calculate the Net Income/Net Loss on the Income Statement , what do we do with that number? Does it stay there, or does it travel somewhere else? **Suggested Answer:** Net Income or Net Loss from the Income Statement is transferred to the Statement of Changes in Equity. Net Income increases equity, while Net Loss decreases it. 3.Imagine you are a bank manager, and a local laundry business owner comes to you asking for a P 50,000 business loan. Why would you want to look at their Income Statement before deciding whether to grant the loan or not? **Suggested Answer**: A bank manager reviews the Income Statement to see if the business is profitable. Revenues must cover expenses and leave enough for loan payments. Consistent net losses are a red flag that can prevent loan approval. **Teacher Clarification Say*:*** *"The income statement summarizes revenues and expenses over a period, showing net income or loss. By comparing totals, it reveals profitability and provides key information for decision-making."* **Transition Say:** "*After preparing the income statement, the next step is the Statement of Changes in Equity. It shows how net income, investments, and withdrawals affect capital during the period, linking income statement results to owner's equity in the balance sheet.*" **B. STATEMENT of CHANGES in EQUITY** **Concept Explanation** **Say:** "*After preparing the income statement, the statement of changes in equity is prepared to formally update the capital account. This is a formal statement that shows the movements in the equity accounts in the given period of time."* **Visual Representation** **For Guided Practice** Teacher shows the worksheet with columns for Trial Balance, Adjustments, and Adjusted Trial Balance. Let the learners prepare the Statement of Changes in Equity of Gray Electronics Repair Services. ***Statement of Changes In Equity***

GRAY ELECTRONIC'S REPAIR SERVICES STATEMENT OF CHANGES IN EQUITY For the Year Ended December 31, 2020	
Mr. Gray, Capital Beginning Balance	P 8200
Less: Mr. Gray, Drawing	7,000
Add: Net Income	1530
Mr. Gray , Capital Ending Balance	P 2,730

Learner Interaction

Say: "*We've already prepared the income statement, which shows the net income for the period. Now let's see how that result affects the owner's equity through the Statement of Changes in Equity. Imagine this situation: At the beginning of the year, Owner's Capital was ₱100,000. During the year, the owner invested an additional ₱20,000, withdrew ₱15,000, and the business earned a net income of ₱30,000. How do we show these changes?*"

Suggested Answer: "We start with the beginning capital of ₱100,000."

Say: "Correct. What comes next?" Now what do we do with the net income?"**Suggested Answer :** "Add the additional investment of ₱20,000. We add ₱30,000, so the total becomes ₱150,000."

Say: "Exactly. And finally, what about the withdrawals?"**Suggested Answer:** "We subtract ₱15,000, leaving ₱135,000 as the ending capital."

Say: "Perfect. That's how the Statement of Changes in Equity explains the movement in the owner's capital account—showing investments, withdrawals, and the impact of net income. It connects the income statement to the balance sheet."

Processing/Guide Questions

1. In a newly established service business, the owner contributes personal equipment (like computers and furniture) rather than cash. How is this transaction reflected in the Statement of Changes in Equity, and how does it differ from a cash investment?

Suggested Answer: Both cash and non-cash investments are recorded as an increase in the Owner's Capital account. In the Statement of Changes in Equity, they are typically grouped under "Additional Investment." Whether the investment is cash or equipment, the effect is the same: the total equity of the service business increases by the fair market value of the asset contributed.

2. If a consultancy firm earns a high Net Income by the end of the year, but the owner withdraws a large amount of cash for personal use, what is the net effect on the "Ending Capital" balance?

Suggested Answer: The Ending Capital balance is determined by the formula:

Beginning Capital + Additional Investment+ Net Income} - Withdrawals = Ending Capital

	If the Withdrawals (drawings) are greater than the Net Income, the Ending Capital will be lower than the Beginning Capital. Even a profitable service business can see a decrease in total equity if the owner removes more value than the business generated during that period. 3. Why is it important for a service business owner to review the Statement of Changes in Equity alongside the Income Statement at the end of the month? **Suggested Answer:** The Income Statement only shows if the service was profitable (Revenue minus Expenses). However, the Statement of Changes in Equity shows the overall health of the owner's investment. It reveals if the profit is staying in the business to fund future growth (like buying better service equipment) or if it is being drained by personal withdrawals, which could limit the business's ability to expand. **Teacher Clarification Say**: *"The Statement of Changes in Equity shows how capital changes during the period. Starting with the beginning balance, it adds investments and net income, subtracts withdrawals, and reports the ending capital in the balance sheet. It links the income statement to the balance sheet by showing how profits and owner activities affect equity."* **Transition Say:** *After preparing the statement of changes in equity and determining ending capital, the next step is the Balance Sheet. It shows assets, liabilities, and updated equity at a specific date, bringing together trial balances, adjustments, income statement, and equity changes into a final snapshot of the business."* **C. STATEMENT OF FINANCIAL POSITION /BALANCE SHEET** **Concept Explanation:** The Balance sheet is a statement that shows the financial position or condition of an entity by listing the assets, liabilities and owner's equity at a specific date (Ballada, Ballada Ed. 2006, 7-9). Also known as the statement of financial position, the balance sheet provides the amounts for the various assets, liabilities, and owner's capital accounts. The assets are presented first, followed by the liabilities and equity. To show that the accounting equation is satisfied, the total assets and the total liabilities and owner's capital should be highlighted to be of equal amount. **Visual Representation: Refer to link for the full Answer:** https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing **Learner Interaction** **Say**:"."*We've prepared the income statement and the statement of changes in equity. Now let's put everything together in the Balance Sheet, which shows the company's financial position at a specific date. Let's try an example.* Teacher writes on the board**:** Assets: Cash ₱50,000, Accounts Receivable ₱20,000, Equipment ₱80,000 Liabilities: Accounts Payable ₱30,000, Notes Payable ₱40,000 Owner's Equity: Ending Capital ₱80,000 **Say:** "*First, let's total the assets. What do we get?"* **Suggested Answer:** "₱50,000 + ₱20,000 + ₱80,000 = ₱150,000."

Say "*Correct. Now, what's the total of liabilities and equity?"*

Suggested Answer: "₱30,000 + ₱40,000 + ₱80,000 = ₱150,000."

Say : *"Exactly. Since assets equal liabilities plus equity, our balance sheet is balanced. Why do you think this equality is important?"*

Suggested Answer : "Because it shows that the company's resources are financed either by creditors or by the owner."

Say: "*Perfect. That's the essence of the balance sheet—it provides a snapshot of what the business owns, what it owes, and the owner's claim at a given point in time."*

Teacher Clarification Say: *"The balance sheet shows a company's financial position at a specific date, listing assets, liabilities, and equity under the equation Assets = Liabilities + Equity. It provides a snapshot of what the business owns, owes, and the owner's claim, helping stakeholders assess stability."*

Transition Say: *" After completing the balance sheet, the next step is preparing closing entries. These reset temporary accounts—revenues, expenses, and withdrawals—to zero, allowing the business to start fresh in the new period. Only permanent accounts like assets, liabilities, and equity carry forward."*

VII. Step 7. CLOSING ENTRIES *(LO h.)*

Description: In this topic, learners will explore the final steps of the accounting cycle. Learners distinguish between temporary and permanent accounts, execute the necessary journal entries to close out the period's financial activity to Retained Earnings, and prepare a post-closing trial balance to verify the accuracy of the ledger

Concept Explanation

In the preparation for the next accounting period, closing entries are to be made and this comprises three different activities:

1. Preparing closing entries in the general journal; 2. Posting the closing entries in the general ledger and;
3. Creating Post-closing Trial balance.

A closing entry is a journal entry made at the end of an accounting period to transfer the temporary account balances to the permanent accounts. The importance or purpose of closing entries is to reduce the balances of the temporary accounts to zero from the general ledger, and prepare the permanent accounts for another accounting period. By making closing entries, all nominal or temporary accounts are closed out to the owner's capital account, through the income summary account (Florendo 2016, 229).

Visual Representation: https://gemini google.com/app/fe4e439f18ea7caa

For Guided Practice: Teacher shows the worksheet of Gray Electronics Repair Services. Let the learners prepare the closing entries.

Suggested answer: Refer to link for the full Answer:
https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

	Learner Interaction **Say:** *"Now that we've prepared all the financial statements, it's time to reset our temporary accounts for the next accounting period. This process is called* ***closing entries****. Let's walk through an example together."* **Teacher writes on the board:** Service Revenue: ₱60,000, Salaries Expense: ₱25,000, Rent Expense: ₱10,000, Owner's Withdrawals: ₱5,000 **Say:** "*Which of these accounts are temporary and need to be closed?"* **Suggested Answer:** "Service Revenue, Salaries Expense, Rent Expense, and Withdrawals." **Say:** "*Correct. So what's the first step?"* **Suggested Answer :** "Close the revenue account by debiting Service Revenue and crediting Income Summary." **Say:** "*Exactly. What's next?"* **Suggested Answer:** "Close the expense accounts by debiting Income Summary and crediting each expense account." **Say:** "*Perfect. Now, if total revenues are ₱60,000 and total expenses are ₱35,000, what's the net income?"* **Suggested Answer:** "₱25,000." **Say:** "*Right. So we close the Income Summary by transferring that net income to Owner's Capital. And finally, how do we close the Withdrawals account?"* **Suggested Answer:** "Debit Owner's Capital and credit Withdrawals." **Say:** "Excellent. Now all temporary accounts are reset to zero, and we're ready for the next accounting period." **Teacher Clarification Say*:*** *"Closing entries are made at period-end to reset temporary accounts—revenues, expenses, and withdrawals—to zero. Their balances are transferred to the owner's capital, ensuring only permanent accounts carry forward and preparing the books for a new cycle."* **Transition *Say:*** " "*After closing entries, the Income Summary acts as a temporary bridge, collecting revenues and expenses before transferring the net result to the owner's capital. It shows how profits or losses flow into equity and ensures the books are reset for the next period."* **Income Summary** **Concept Explanation** Income summary is a summary account used to close the income and expense accounts. And then, the net income amount shall be transferred to the equity accounts of the owner. To proceed with the closing entries the following journal entries should be made:

1. Revenues XX

Income summary XX
To close revenue accounts

2. Income summary XX

Expenses XX
To close expense account

3. Income summary XX

Owner's Capital XX
To close income summary account if there is a net income.

4. Owner's Capital XX

Income Summary XX
To close income summary if there is a net loss.

5. Owner's Capital xx
Owner's Drawings xx
To close the drawings of account.

The first two entries effectively close out all income's summary account. After making the first two entries, the balance of the income summary account is either a credit or a debit, and should be equal to the amount of net income or less respectively. The third entry closes out the income summary account to the owner's capital if there is a net income. The fourth entry closes out the income summary account to owner's if there is a net loss. The fifth entry closes the owner's drawings to the owner's capital. It should be noted that although there is an outflow of resources in owner's drawings, it is not included in the income statement since it is purely a transaction with the owner (Florendo 2016, 229).

Visual Representation:

Refer to link for the full Answer: https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

Date	Description	Debit	Credit
Dec 31 2020	Mr. Gray, Capital	7,000	
	Mr. Gray, Drawing		7,000
	To close the drawing account		

Learner Interaction

Say: "We've just talked about closing entries. Now let's focus on the special account that makes this process possible—the **Income Summary**. It acts like a temporary holding area for revenues and expenses before transferring the net result to the owner's capital. Let's try an example."

Teacher writes on the board: Revenues: ₱70,000, Expenses: ₱50,000

Say: "*First, what do we do with the revenue account?"*
Suggested Answer: "Debit Revenues ₱70,000 and credit Income Summary ₱70,000."
Say: "*Correct. Now, how do we handle the expenses*?"
Suggested Answer : "Debit Income Summary ₱50,000 and credit Expenses ₱50,000."
Say: "*Exactly. So what balance remains in the Income Summary account?"*
Suggested Answer :"₱20,000 credit balance."
Say: "*Right. That represents the net income. Finally, how do we close the Income Summary?"*
Suggested Answer: "Debit Income Summary ₱20,000 and credit Owner's Capital ₱20,000."
Say: "*Perfect. That's how the Income Summary serves as a bridge—collecting revenues and expenses, then transferring the net result to equity."*

Teacher Clarification Say: *"The Income Summary is a temporary account used in closing. It collects revenues and expenses, shows net income or loss, then transfers the balance to the owner's capital. Finally, it's closed to zero so revenues and expenses don't carry forward into the next cycle."*
Transition Say: *"We've finished the closing entries, resetting temporary accounts to zero. Now, let's prepare the post-closing trial balance. This lists only permanent accounts and checks that debit still equal credits, ensuring the books are ready for the next period."*

VIII. Step 8. POST CLOSING TRIAL BALANCE *(LO i.)*

Description:"After closing the books, learners prepare a Post-Closing Trial Balance as a final check. It proves accounts are balanced and ready for the new period, with only permanent accounts—assets, liabilities, and capital—carrying forward. Learners must verify that revenue, expense, and withdrawal accounts are zero and confirm total debits equal total credits."

Say*:* "After closing the Income Summary and transferring the net result to the owner's capital, the next step is to prepare the Post-Closing Trial Balance. This statement ensures that all temporary accounts have been properly closed and that only permanent accounts—assets, liabilities, and owner's equity—remain with balances. It serves as a final check before starting the new accounting period."
Concept Presentation:
Say*: "After closing temporary accounts, only permanent ones remain. From these balances, a Post-Closing Trial Balance is prepared, which becomes the beginning balances for the next period*."
For Guided Practice*:*
Teacher shows the worksheet of Gray Electronics Repair Services. Let the learners prepare the post-closing trial balance.
Suggested Answer:
Visual Presentation: Refer to link for the full preseentation:
https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing
Sample Post Closing Trial Balance

Learner Interaction:
Say: "We've finished closing entries and transferred balances to the owner's capital. Now, let's prepare the **Post-Closing Trial Balance** to check if everything is correct. Remember, only permanent accounts should remain."
Teacher writes on the board: Cash ₱40,000, Accounts Receivable ₱15,000, Equipment ₱60,000, Accounts Payable ₱20,000, Owner's Capital ₱95,000, Service Revenue ₱0, Salaries Expense ₱0, Withdrawals ₱0
Say: "Which accounts should appear in the post-closing trial balance?"
Possible answer(s): "Cash, Accounts Receivable, Equipment, Accounts Payable, and Owner's Capital."
Say: "Correct. Why don't Service Revenue, Salaries Expense, and Withdrawals appear?"
Possible answer: "Because they are temporary accounts, and their balances were closed to zero."
Say: "Exactly. Now, let's total the debit and credit columns. Do they balance?"
Possible answer: "Yes, both sides equal ₱115,000."
Teacher: "Perfect. That's the purpose of the post-closing trial balance—to confirm that only permanent accounts remain and that the ledger is balanced before starting the new accounting period."
Teacher Clarification:
Say*: "The Post-Closing Trial Balance is prepared after closing entries to confirm temporary accounts are zero and only permanent accounts remain. It ensures the ledger is balanced and ready for the new period."*

Transition *Say:* *"Once the post-closing trial balance confirms only permanent accounts remain, we prepare for the new period. Reversing entries are made at the start of the cycle to simplify recording, especially for accrued revenues and expenses, by reversing prior adjusting entries."*

Activity 9.REVERSING ENTRIES *(LO j.)*

Description: *Learners prepare the reversing entries of Gray Electronics Services at the beginning of the next accounting period by identifying selected adjusting entries from Activity 6 and reversing their effects, ensuring accurate and simplified recording of subsequent transactions.*
Procedure:

1. Ask learners to refer to:
   - Adjusting Entries (Gray Electronics' Services)
   - Post-Closing Trial Balance (Gray Electronics' Services)

   Ask:
   - "After preparing the post-closing trial balance, are we done with the accounting cycle?"
     ✓ Expected: Yes, but preparation for next period begins.
2. Ask:
   - "What might happen if we record next period's expenses without considering previous adjustments?"
   - "Is there a way to simplify recording in the next period?"

Lead learners to the idea:
✓ Some adjusting entries can be reversed
✓ This avoids double counting

	3. Explain: "Reversing entries are optional entries made at the beginning of the next accounting period. They reverse certain adjusting entries to simplify the recording of transactions in the new period."4. 4. Identify reversible adjustments. ✓ Expected: • Accrued expenses • Accrued income Based on the given transaction: ✓ Depreciation → NOT reversible ✓ Prepaid Rent → NOT reversible (deferral method used) ✓ Supplies → NOT reversible ✗ Not reversed: • Prepaid expenses (like rent) • Depreciation **Concept Explanation** **Say**: "*Reversing entries are optional journal entries made at the beginning of a new accounting period, we "reverse" certain adjusting entries from the previous period, usually accruals, to simplify the recording of routine transactions in the new period, by reversing, the accountant avoids double-counting revenues or expenses when the actual cash transaction occurs."* **For Guided Practice** 5. Model decision making. Present the adjusting entries. **For Independent Practice:** Instruct learners to complete the corresponding Learning Activity Sheet (LAS **Activity 2.b.c**), where they will prepare reversing entries . **Visual Presentation:** https://gemini google.com/app/fe4e439f18ea7cab **Teacher Clarification Say:** *"Reversing entries are optional journal entries at the start of a new period that cancel certain prior adjusting entries, usually accruals. They simplify routine transaction recording and prevent errors like double-counting, making bookkeeping smoother."* **Transition Say**: *"After the post-closing trial balance confirms only permanent accounts remain, we begin the new period. Reversing entries, made at the start, cancel prior adjusting entries—mainly accruals—so routine transactions are recorded more easily and without confusion."*
C. Demonstrating Knowledge and Skills	**1. Finding Practical Application** *In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.* **Instructional Goal:** Students will connect the accounting cycle of a service business to real-life tasks, showing how each step ensures accurate and reliable results

Activity Title:	Cycle Navigator: Accounting in Action
Description:	In this activity, learners connect the accounting cycle of a service business to organizing a school project. By mapping each step side by side, they see how following the right order ensures clarity, accuracy, and successful outcomes in both accounting and project planning.

Procedures:

1. **Introduction**

Teacher explains that just as projects require step-by-step organization, accounting also follows a structured cycle.

1. **Scenario Mapping.** Learners brainstorm the steps in organizing a school project (e.g., planning, budgeting, assigning tasks, monitoring progress, reporting outcomes).

Give: **Instruction:** Fill in the table below by matching each project step with the corresponding stage in the accounting cycle.

Project Step (School Event/Project)	Accounting Cycle Stage (Service Business)
Planning the event	_____
Budgeting and gathering resources	_____
Assigning tasks	_____
Monitoring progress	_____
Reporting outcomes	_____

2. **Graphic Organizer.** Using a worksheet or diagram, learners map project steps side-by-side with accounting cycle stages (source documents, journalizing, posting, trial balance, adjustments, financial statements, closing).

Visual Organizer

Instruction: Draw a diagram or flowchart that shows the accounting cycle side-by-side with project steps. n*(Blank space provided for student drawings/ diagrams*

3. Guided Reflection .Teacher poses reflection questions:

Teacher tips:

- Encourage multiple formats: Allow students to choose diagrams, lists, or short explanations to cater to different learning styles.
- Guide toward purpose**:** Emphasize that the cycle's ultimate goal is to produce reliable financial statements for decision-making.
- Promote reflection**:** Ask students to connect the cycle to everyday processes (e.g., project planning, routines) to deepen understanding.
- Highlight transferability: Stress that systematic processes are valuable not only in accounting but in managing any organized activity.
- Use synthesis prompts**:** Encourage learners to phrase their generalizations as "Accounting cycle ensures…" or "The purpose of the cycle is…" to make their statements clear and purposeful.

Teacher tips for Guided Reflection:

- Encourage learners to use their own words when filling in the table and reflection.
- Accept varied formats (diagram, list, short explanation) to support different learning styles.
- Guide students toward recognizing the purpose of

- How did mapping the steps of a project help you see the whole process more clearly?
- Why is it important to follow steps in the correct order?
- How can a step-by-step process help in managing business activities?

Suggested Answer*:* A project is a series of connected steps, each building on the last. Following the order prevents mistakes—like reporting results before planning. In accounting, skipping steps causes inaccurate statements. A step-by-step process keeps work organized, avoids errors, and helps businesses meet goals efficiently."

3. Group Sharing . Each group presents their organizer and explains parallels between project management and accounting.

4. Synthesis**.** Teacher summarizes that both accounting and project planning rely on systematic sequencing to ensure accuracy, accountability, and success.

Transition Say: *"By mapping project steps to the accounting cycle, we see how order matters. Both rely on systematic processes—accounting is more than numbers; it's organizing activities step by step for accurate results. This helps us form generalizations that apply to business and daily life."*

the cycle: accuracy, reliability, and usefulness of financial information.
- Use reflection prompts to help learners connect accounting with everyday project management.

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional *Goal:* *Students will synthesize what they have learned by forming general statements about the accounting cycle, showing how specific steps connect to broader principles and real-life applications.*

Activity Title:	**Cycle Synthesis: From Steps to Purpose**
Description:	Learners consolidate their understanding of the accounting cycle by identifying its overall purpose and summarizing the process in their own words. Through diagrams, lists, or short explanations, students synthesize what they have learned about the cycle's stages and reflect on why systematic sequencing is essential for accurate financial reporting. This activity encourages higher-order thinking by moving from specific steps to general principles.

Procedures:

1. Introduction**.** Teacher reminds learners of the previous activity and explains that now they will generalize the purpose of the accounting cycle.

Teacher Tips:

- *Encourage learners to use their own words when summarizing.*
- *Accept varied formats (diagram, list, short explanation) to support different learning styles.*
- *Guide students toward recognizing the purpose of the cycle: accuracy, reliability, and usefulness of financial information.*
- *Use the reflection questions to prompt deeper thinking before generalization.*

	2. Individual Task**.** Learners create a diagram, list, or short written explanation that summarizes the accounting cycle in their own style. Visual Mapping ***Instruction:*** Create a diagram, list, or short explanation that summarizes the steps of the accounting cycle. 3. Pair/Group Sharing Students compare their summaries with peers, noting similarities and differences in how they expressed the cycle. 4. Description Teacher facilitates a discussion on the purpose of the accounting cycle, guiding learners to recognize that it ensures accuracy, completeness, and reliability of financial information. Use Reflection Questions: ● Why is it important to follow the steps in the correct order? ● How can a step-by-step process help in managing business activities? **Suggested Answer*:*** 'Accounting is a connected cycle of steps, each leading to the next. Following the order avoids mistakes and ensures accurate financial statements. A step-by-step process keeps records organized, prevents omissions, and helps businesses reach goals efficiently and on time." 5. Generalization Learners articulate general statements such as: **Instruction:** Write 2–3 generalizations about the purpose of the accounting cycle. Begin with phrases like: ● "The purpose of the cycle is…" ● "Accounting is not just about recording, but also…" ***Suggested Answer:*** The accounting cycle organizes business transactions into a systematic process."; "Following the cycle ensures financial statements are accurate and useful for decision-making.";"The cycle shows that accounting is not just about recording but about transforming data into meaningful information." 6. Synthesis**.** Teacher summarizes key generalizations and connects them to real-world applications in business management. **Say:** *"In a service business, the accounting cycle moves step by step—recording transactions, posting to the ledger, preparing the trial balance, making adjustments, and finally preparing financial statements and closing entries. Each stage ensures accuracy and turns activities into useful reports.* **Transition to Assessment Say:** "*With this understanding, let's proceed to*	***Instruction:*** Sample formats: Flowchart, numbered list, or labeled boxes. Include: Source documents → Journalizing → Posting → Trial Balance → Adjustments → Financial Statements → Closing Entries. Student Output Space***:*** *(Blank area for diagram or list)* Possible approaches include: • Whole-class synthesis discussion, where learners respond orally to the guiding questions. • Sentence completion task, where learners write the summary statements in their notebooks or worksheets. • Think–Pair–Share, where learners discuss their responses with a partner before sharing with the class. • Concept mapping, where learners organize the key accounting concepts visually. Ensure that the final synthesis clearly emphasizes that the importance of the accounting cycle.

our assessment. This will test how well you can apply the cycle in practice and show how each step connects to the next."

V. ASSESSMENT
(Assessment for/ of Learning)

Instructions

1. Distribute the **Learning Activity Sheet (LAS)** to all learners after the Making Generalization activity.
2. Explain that the activity will assess their understanding of the concepts discussed in the lesson.
3. Instruct learners to read each item carefully before answering.
4. Remind learners to answer the questions **individually**.
5. Allow approximately **10–15 minutes** for the learners to complete the activity.
6. After completion, collect the LAS or review the answers through class discussion

Table of Specifications (TOS) for SUMMATIVE ASSESSMENT

Learning Competency	Cognitive Level	No. of Items	Item Numbers
1.Discuss the nature, history and branches of accounting and its offered services	Understanding/Remembering	4	1–4
2. Explain the basic accounting framework	Understanding/Remembering	2	5–6
3. Identify the five major accounts and their classifications	Remembering	4	7–10
4. Analyze simple business transactions following the rules of debit and credit	Analyzing	5	11–15
5. Determine the book of accounts	Applying	5	16-20-
6. Examining Balance Sheet as a Financial Statement	Analyzing	5	21-25

Refer to the rubric in assessing activities in the LAS for activity 2.

Criteria	Excellent (10-9 pts)	Good (8-7 pts)	Fair (6-5 pts)	Poor (4-1 pts)
Accuracy of Entries	All journal entries are correct; Debit/Credit equality is maintained throughout.	1-3 minor errors in account titles or amounts.	Several errors in journalizing or posting.	Major errors; Trial Balance does not balance.
Inventory Systems	Flawless execution of both Perpetual and Periodic methods.	Clear understanding shown, with 1-2 minor inconsistencies.	Struggled to differentiate between the two systems.	Only one system was correctly applied.
Financial Statements	FS are perfectly linked to the worksheet; all totals are correct.	FS are mostly correct; minor formatting or rounding issues.	1-2 major errors in the Statement of Financial Position.	FS are incomplete or mathematically incorrect.
Neatness & Format	Professional, organized, and follows all accounting conventions.	Clean and organized, with minor formatting lapses.	Lacks organization; difficult to trace entries.	Disorganized; missing key ledgers or journals.

Answer Key

Assessment: Activity 1. ***Financial /Non -Financial***

1. √	2. √	3. √	4. **x**
5. √	6. √	7. √	8. **x**

Activity 2.1 Recording of Business Transactions

Date 2025	Account Title and Explanation	Ref	Debit	Credit
April 1	Cash		50,000	
	Computer Equipment		150,000	
	Ang-ang Kha, Capital			200,000
2	Prepaid Rent		3000	
	Cash			3000
4	Prepaid Software Subscription		1200	
	Cash			1200
5	Office Supplies		650	
	Cash			650
	Computer Equipment		8500	
	Accounts Payable			8500
10	Cash		42000	
	Service Revenue			4200
12	Advertising Expense		500	
	Cash			500
14	Accounts Receivable		6800	
	Service Revenue			6800
18	Accounts Payable		4000	
	Cash			4000
20	Accounts Receivable		2500	
	Service Revenue			2500
22	Cash		3000	
	Accounts Receivable			3000
25	Utilities Expense		350	
	Cash			350
28	Salaries Expense		3200	
	Cash			3200
30	Ang-and Kha,Drawing		2000	

	Cash			2000

Answer key for SUMMATIVE

1	B	11	B	21	A	31	C	41	B
2	B	12	A	22	B	32	B	42	B
3	A	13	A	23	B	33	B	43	C
4	A	14	A	24	B	34	A	44	B
5	B	15	A	25	A	35	B	45	B
6	B	16	A	26	A	36	B	46	A
7	B	17	B	27	B	37	C	47	A
8	A	18	B	28	A	38	B	48	B
9	A	19	B	29	B	39	B	49	B
10	B	20	B	30	A	40	C	50	C

Refer to link for the full Answer: https://drive.google.com/drive/folders/1cXcJxcFr8aVnTnU6j_Ii8H3-wx9hUzV0?usp=sharing

V. Assessment

VI. REFLECTION *(Feedback and Continuous Improvement)*

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

Guide Questions for Teacher's Reflection:
Were the learning objectives achieved, and what difficulties or misconceptions did learners encounter? Which activities or strategies were most effective, and what support or adjustments are needed for those who struggled?

VII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used Open Al such as Chat GPT and Gemini Google Assistant in order to help enhance activities. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Merchandising Business Transactions and Source Documents	Lesson Exemplar	8

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of concepts and principles of accounting for merchandising business.*
B. Performance Standard	*The learners complete the practice sets following the accounting cycle for merchandising business using the perpetual and the periodic methods.*
C. Learning Competencies	*Discuss merchandising business transactions and the required source documents using the perpetual and periodic methods.*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, Win Lu, and Susan Ballada. *Basic Financial Accounting and Reporting: Made Easy*. 25th ed. Manila: DomDane Publishers, 2023. Department of Education. *K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand*. Pasig City: Department of Education, 2016. Department of Trade and Industry. *Simplified Accounting Handbook for Entrepreneurs*. Manila: Department of Trade and Industry, 2016. Lopez, R. M. *Basic Accounting for Non-Accountants: A Simplified Approach*. Davao City: MS Lopez Printing and Publishing House, 2016. Millan, Zenaida Vera Cruz. *Fundamentals of Financial Accounting and Reporting*. Manila: Millennium Books, 2019. Robles, Norma S., and Patricia N. Empleo. *Intermediate Accounting, Volume 1*. Manila: GIC Enterprises & Co., Inc., 2016. Valenzuela-Manalo, Dr. Marivic. 2016. *Learning to succeed in Business with Accounting.* Quezon Ave., Quezon City: The Phoenix Publishing House Inc. Materials: ▪ PowerPoint slides, posters, charts ▪ Transaction cards, account sorting cards ▪ Learning Activity Sheets ▪ Local business case studies ▪ Projector, online quiz tools, laptop, PC ▪ Quiz sheets, exit tickets

III. CONTENT *(Sequencing Content)*	**Merchandising Business Transactions and Source Documents** I. Nature of Merchandising Business II. Source Documents for Merchandising Business
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) describe the nature of a merchandising business and the common transactions involved in buying and selling goods; b) explain how merchandising transactions are recorded using the perpetual and periodic inventory methods; and c) describe the source documents used in merchandising transactions (e.g., purchase invoice, sales invoice, official receipt, delivery receipt.

V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities. *In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. ELICITING PRIOR KNOWLEDGE

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Guide learners to **recall familiar situations** referring to their previous lessons in service transactions and relate it to merchandising business such as buying and selling products.*

OPTION 1:	**INDIVIDUAL REFLECTION**
Activity Title:	**At your Service!**
Description:	Learners reflect individually on situations where they will able to differentiate a service business from merchandising business in their daily lives such as buying and selling products.

Procedure:

1. Prepare the following pictures beforehand in which the learners will identify the service from merchandising business
2. Begin by engaging learners with these instructions **Say:** ***"Now that you have learned what a service business is, Let's check your understanding."***
3. Prepare to flash on the screen the following pictures and call some learners to identify if it is a serviced business or not.

This activity can be done individually, by pairs or group depending on the class context and available time.

- ***Option 1 (Individual Reflection)*** *is recommended if you want learners to* ***easily distinguish what a merchandising business from a service business and introduce them to source documents*** *before sharing with the class.*

Please refer to the link below to access the picture that you will use for presentation for Service and Merchandising Business pictures

Source:https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

4. Give learners time to think of their answers. Then ask them to write their answers per picture together with the following questions in their notebook:
   - *How did you know that it's a service business?*
   - *What did you notice from the pictures that you did not chose as a service business?*
   - *Which of these businesses gave you an official receipt?*
   - *Why do you think you need to identify the differences between the two businesses?*
5. Give the learners enough time to write their answers or give them more time if needed. After writing, invite a few volunteers to share their responses with the class. **Possible learner response(s):** *Products and Services to offer, Buying and Selling, Mall, School, Online, Social Media Platform, Customer Preferences, Marketing Strategies, 7 P's of Marketing*
6. Write key responses from learners on the board. Guide the discussion by asking learners to look for patterns among the examples.

   Processing Questions:
   - *Which activities show services?*
   - *Which activities show products?*
   - *Which activities show buying and selling?*
   - *Which activities show needed an official receipt?*
7. Acknowledge learners' responses and encourage them to explain their answers.

Guide learners to recognize that the examples discussed involve buying and selling related to merchandise business and it is completely different from a service business. Allow learners to describe these situations using their own words without introducing accounting terms yet. These responses will give them clear understanding of what is a merchandising business that mainly focuses on buying and selling of products.

2. ESTABLISHING THE PURPOSE OF THE LESSON

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Enable learners to recognize that merchandising business that involves buying and selling of products need to be organized and categorized, leading them to infer that the lesson will focus on how accounting organizes financial activities.*

Activity Title:	**Why Do We Need to Organize Financial Activities?**

Guide learners to connect their earlier responses to the need for organizing financial activities. Allow them to suggest possible ideas about the lesson before formally

	Description: Learners examine the financial activities identified in the previous activity and discuss why these activities need to be organized. Through guided questions, learners infer what the lesson will focus on before the teacher formally introduces the topic.	*introducing the topic. This helps learners see the relevance of the lesson and prepares them to understand how accounting organizes financial information using accounts.*

Procedure:

1. Ask learners to look again at the examples written on the board from the previous activity (e.g. Bought products, issued a receipt, discussed a lesson, sold products,). **Say: *"Earlier, we identified different situations involving money and resources in our everyday experiences."***
2. Ask learners to observe the list and think about what might happen if all these activities were recorded without the group labels presented.
3. **Ask: *"If all these activities were just put into 1 group, what do you think will happen to the business?"***
4. Allow learners to share their responses.
5. Continue the discussion by asking:
    - *Why do you think it is important to differentiate the financial activities according to the type of business?*
    - *How might businesses keep track of different kinds of financial activities?*
    - *Why it is needed to have a proof for buying or selling a product?*
6. Encourage learners to suggest possible answers and ideas. **Ask: *"Based on the activities we discussed, what do you think our lesson today will be about?"***
7. Allow several learners to share their guesses. **Possible learner response(s):** *Different types of Business, Business documents, Financial Transactions related to Service or Products, Buying and Selling*
8. Acknowledge learners' responses and transition to the lesson. **Say:** *"In accounting, businesses that uses products to buy and sell is mainly called **Merchandising** business in which they are also associated with the **business documents** Today, we will learn about the **Merchandising Business Transactions and Source Documents** that is related to our day to day financial activities."*
9. Briefly present the lesson objective to the class.

B. Instituting New Knowledge

1. PRESENTING EXAMPLES

This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.

Instructional Goal: *Provide learners with a **realistic business scenario** where they can **identify different financial activities in a business**. Through the example of ReneMae's Sari-Sari Store, learners will be able to determine the importance of each scenario following the accounting cycle of merchandising business*

OPTION 1:	**GUIDED STORY ANALYSIS**
Activity Title:	**ReneMae's Sari-Sari Store**
Description:	Learners listen to a short story about ReneMae's sari-sari store and identify the different financial activities that occur in the business related to the accounting cycle of a merchandising business

Procedure:

1. Introduce the scenario. **Say:** *"Let us now look at a real-life business situation. Meet ReneMae, a young entrepreneur who opened a small sari-sari store in her community, Rene Mae started her sari-sari store and was happy with what she established. However, she encountered several problems with how she manages it. As an ABM student, let's help Rene Mae manage her business by analyzing the picture below and suggesting some steps to organize her financial transactions by following some steps."*

Please refer to the link below to access the picture that you will use for presentation.

Source:https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

2. Group the learners into four (4) groups. Each group will be provided with a scenario.
3. Ask each group to discuss and brainstorming on the following guide questions:
   - *Based on your assigned picture, what do you think is this step?*
   - *How is this step related to Rene Mae store? Explain your answer*
   - *Look at the numbered steps in the image. Why is each number placed in that particular part of the cycle? Describe what happens in each step and explain why the order (1–4) is important in a business process."*

Option 1: *This activity can be done individually, by pairs or in groups. Use the story to help learners visualize a real business situation. Guide learners to identify different types of financial activities in the business. As learners respond, help them recognize that some situations involve investing, buying and selling products and finally earning a sale Allow learners to observe these patterns before introducing the formal accounting terms in the next stage of the lesson.*

4. After the brainstorming activity, let the learners post their answers at the board which they have written on a paper, then ask the following question in class:
    - *What do you observe from the pictures presented by the other groups? Do you think this situation shows buying and selling?*
    - *Do you think this situation is appropriate for the assigned step?*
    - *Do you think this situation shows a merchandising business?*
    - *Do you think this situation shows a process or a cycle?*
5. After their presentation. Show them the correct answers and prepare to relate this to their answers given earlier.

Please refer to the link below to access the picture that you will use for presentation

Source:https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

Group 1 – Generation/Use of Cash
Group 2 – Buy Merchandise
Group 3 – Sell to the customer
Group 4 – Collect Cash from the Customer

6. Process the activity by asking them if they agree with the answers above and let them explain it.

Teacher Transition After Presenting Examples

Say:

"From the situations we examined in ReneMae's sari-sari store, we noticed that different kinds of financial activities happen in a business. Some situations involve things the business owns, some involve money that the business invest money, buys and sells products to earn a sales in which the money goes back again in the business with the help of the business documents."

Pause briefly and refer again to the examples written on the board.

"In accounting, these different financial activities associated with the steps should be chronologically followed same thing with the service business, the difference is that in merchandising business it involves buying and selling which focuses on products solely and not with the services.

Then introduce the concept.

	"Now, kindly refer to the picture on the screen to have a basic understanding of the accounting cycle of a merchandising business." Please refer to the link below to access the picture that you will use for presentation *Source:https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6* **Write on the board:** **1. Merchandise** **2. Merchandising business** **3. Inventories** **4. Perpetual and Periodic Inventories** **Then transition to the discussion.** *"Let us now further discuss these business terms associated with the accounting cycle of a merchandising business as we progress to our lesson for today.*	
	2. DISCUSSING NEW CONCEPT *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Guide learners to understand how the financial activities observed in the previous activity are organized in accounting using the five major accounts and how these accounts are classified into real and nominal accounts.* **I. Nature of Merchandising Business**	
	Procedure: **1. Connect the examples to the concept of accounts** Begin by referring to the financial situations analyzed in the previous activity. **Examples written on the board may include:** ● ReneMae used cash in the business ● ReneMae bought things needed in the business ● The store started selling products ● ReneMae made a sale Guide learners to recall what they observed. **Say:** *"Earlier, we examined the different activities happening in ReneMae's sari-sari store. We noticed that some situations involve things the business such as invested money, buy and sell products and finally earned money through sales in which business documents are involved such as an official receipt* Then explain the purpose of organizing these activities.	*After learners analyze the business situations, summarize their observations and highlight the patterns in the examples. Use the learners' responses to introduce the idea that accounting organizes financial situations in every accounting cycle pertaining to the **Merchandising Transactions** This transition prepares learners for the discussion of the **types of Inventories and source documents** in the next part of the lesson.* *Learners examine how the financial activities identified in ReneMae's sari-sari store can be organized using the following terms of a merchandising business Through guided explanation, learners*

Say: *"In accounting, these financial activities, products and business documents are related to a type of business which mainly focus on the buying and selling that is known as* ***Merchandising business.****" To know more about these terms, let us discuss each one of them*

understand the meaning of each terms and how these it is related to the given business

2. Introduce the basic merchandising terms

Go back to the terms that you have written on the board:

1. **Merchandise**
2. **Merchandising business**
3. **Inventories**
4. **Perpetual and Periodic Inventories**

Explain that these accounts are used to classify financial information.

Say: *"Now let's define each of them first and help me relate these terms to our financial activities earlier.*

Merchandise	**Say:** Merchandise refers to goods purchased for resale in the same form. **(Valenzuela-Manalo 2016)** Examples: Candies, canned goods, noodles sold at a grocery store, Juice, biscuits sold in a grocery store, Medicines sold in a pharmacy Relate to the example. **Ask learners: *"Which of the situations in ReneMae's store show merchandise?"*** **Possible responses:** cash**,** products**,** goods for sale Guide learners to identify: ● ReneMae used cash in the business ● ReneMae bought things needed in the business ● The store started selling products ● ReneMae made a sale
Merchandising Business	**Say:** *"This* type of business buys at wholesale and later sells the products at retail. They make a profit by selling the merchandise or products at prices that are higher than their purchase costs. This type of business is also known as "buy and sell". **(Valenzuela-Manalo 2016)**

When explaining the terms for merchandising business transactions and source documents accounts, consistently refer back to the situations identified in ReneMae's sari-sari store. This helps learners connect the accounting concepts to real business activities.

Guide learners to recognize how each situation corresponds to a specific account before moving to guided practice.

		Examples of merchandising businesses: SM Supermalls grocery stores, 7-Eleven convenience stores, National Book Store bookstores, **Ask: *"Do you agree ReneMae store is considered as a Merchandising Business?"*** Let them explain their answers and present the picture below after the learners answer the question and explain the concept. Please refer to this link. **Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6**		
	Inventories	**Say:** "Inventories are the goods or materials a business keeps on hand to sell or use in operations" (**Valenzuela-Manalo 2016)** Inventory includes products that are: **ready for sale to customers, finished goods** and **used to produce other goods**."		
	Perpetual Inventory	**Say:** "It is a detailed record of the cost of each item are maintained, and the cost of each item sold is determined from records. **(Valenzuela-Manalo 2016)** when the sale occurs. For example, a car dealership has separate inventory records for each vehicle. • Record purchase of Inventory on account. • Record revenue and record cost of goods sold when the item is sold. • At the end of the period, no entry is needed except to adjust inventory for losses." Please refer to this link for the pictures of the pro forma of Perpetual Inventory that you will use for presentation. Under the file name Others > Perpetual Inventory **Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6** **Ask: *"Which situation shows the Perpetual inventory to ReneMae Store?"***		

	Possible responses: ReneMae used cash in the business, ReneMae bought things needed in the business, the store started selling products
Periodic Inventory	**Say:** *"The periodic system receives its name because the balance in the inventory account is known only at the beginning and ending of the accounting period"* (**Valenzuela-Manalo 2016)** This system involves: • Record purchase of Inventory. • Record revenue only when the item is sold. **Ask: *"Which situation shows the Perpetual inventory to ReneMae Store?"*** Possible responses: ReneMae used cash in the business, ReneMae bought things needed in the business, the store started selling products

4. Introduce the account titles
Explain the sample account titles used under these 2 types of inventories

Ask the learners to group the following account titles under Perpetual from Periodic and write their answers on the board:

Account titles used in the Merchandising transactions under the Inventories

Sales, Sales Returns and Allowances, Sales Discount, Cost of Goods Sold, Purchases, Purchases Returns and Allowances and Purchase Discounts

Say: *"Let's have a quick run through of the account titles listed on the board so you can have an idea of the following terms and how it would be journalized. Starting with Perpetual Inventory followed by Periodic Inventory"*

Please refer to the link below for the pictures of the pro forma of account titles use in Perpetual and Periodical Inventory. Under the file name Others > Sales Tab and Purchases Tab.

Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

Transition to the additional topic: Source Documents:
Say: "Now, that we have discussed all the Merchandising business transaction including the Perpetual and Periodic Inventories, let's dive deeply on what are the things being used to record it. *Earlier, we examined the different activities happening in ReneMae's sari-sari store and for each activity, what was the evidence that the transaction was made regardless if it is buying or selling?"*

Possible response(s): Official Receipt, Business documents, Customer feedback.

Guide now the learners in introducing the Source Documents

II. Source Documents for Merchandising business

Source Document	**Say: "Source Document** in a merchandising business is the original record that provides proof that a business transaction happened" (**Valenzuela-Manalo 2016)** **Examples of source documents in a merchandising business:** Cheque, Cheque Voucher, Official Receipt, Sales Invoice, Credit Memo**,** Delivery Receipts **Ask: *"Which of the situations in ReneMae's store shows the use of Source Documents?"*** **Examples from ReneMae's store:** • ReneMae invested cash in the business • ReneMae bought things needed in the business • The store started selling product • ReneMae made a sale

Introduce the commonly used source documents: Please refer to the link provided and present it to the learners for the examples of Source Documents. Under the file name Others > Source Documents.

Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

5. Synthesize the concept
Summarize the discussion.

Say: *"Therefore, the financial activities in ReneMae's sari-sari store can be organized by knowing the Accounting Cycle of a Merchandising business that focuses on buying and selling of goods in which we learned that Inventories plays a vital role in the recording process that identifies whether it is Perpetual and Periodic. In addition, it supports the needed source documents on each business transactions."*

6. Transition to practice
Prepare learners for the next stage of the lesson.

Say: *"Now that we understand the concept of Merchandising business transactions and the used of source documents, Lets put this into practice"."*

3. DEVELOPING MASTERY

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal: *Provide learners with guided and independent practice opportunities to describe the nature of a merchandising business and the common transactions involved in buying and selling goods, explain how merchandising transactions are recorded using the perpetual and periodic inventory methods and describe the source documents used in merchandising transactions that is related to ReneMae's sari-sari store.*

Activity 1: Identifying whether Buying or Selling in ReneMae's Store
(Targets Learning Objectives a and c)

Activity Title:	**Which Account Is Involved?**
Description:	Learners examine simple business situations in ReneMae's sari-sari store to identify whether it is related to buying or selling of goods.

OPTION 1: GUIDED CLASS PRACTICE
Procedure:

1. Remind learners again of the basic concept of merchandising business that includes buying and selling as discussed earlier.
   Say: *"Earlier, we learned that financial activities in a business are organized into two: **buying and selling of goods**"*
   Present the following situations related to ReneMae's sari-sari store.

Activity 1: *Guide learners to identify the major accounts by recalling the definitions discussed earlier. Encourage learners to explain **why** a situation belongs to a particular account category. This helps reinforce their understanding of the merchandising business transactions of **buying and selling** before moving to the types of Inventories.*

ANSWER KEY FOR ACTIVITY 1:

Situation	**Major Account**
Acquired transportation equipment	**Buying**

1. ReneMae acquired transportation equipment in the business
2. ReneMae bought things needed in the business
3. The store started selling products
4. ReneMae made a sale

3. Ask learners to identify whether it is **buying or selling or Both** in each situation. You may use the provided table below:

Situation	Buying / Selling/ Both
Acquired transportation equipment	
Bought goods for the business	
Selling products	
Earned a sale	
Issued business documents	

4. Ask learners to suggest answers and explain their reasoning.
5. Confirm the correct answers and briefly restate the definition of buying and selling.

Activity 2: Describing what source documents
(Targets LO c)

Activity Title:	**What source documents?**
Description:	Learners examine several source documents used in ReneMae's sari-sari store and describe each of it.

OPTION 1: GUIDED CLASSIFICATION
Procedure

1. Begin by recalling the classification of accounts discussed earlier. **Say:** *"Earlier, we learned some of the commonly used source documents in a merchandising business."*
2. Write the following reminder on the board.
3. Present the following source documents from ReneMae's sari-sari store

Examples of source documents in a merchandising business:
Cheque, Cheque Voucher, Official Receipt, Sales Invoice, Credit Memo And Delivery Receipts

Bought goods for the business	**Buying**
Selling products	**Selling**
Earned a sale	**Selling**
Issued business documents	**Buying and Selling**

Activity 2: *Guide learners to recall that* ***source documents.*** *Emphasize the usage of each documents by identifying the pictures shown on this activity. Picture Analysis determines how the leaners will recognize it*

ANSWER KEY FOR ACTIVITY 3:

1. Cheque
2. Sales Invoice
3. Official Receipt
4. Credit Memo

	4. Ask learners to guess the following pictures and determine what is the name of the source documents. Refer to the link below. Under the file name Others > Activity 2 Source Docs **Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6** 5. Ask learners to about their answer and let them explain it. 6. Guide the discussion using the following questions: ● Which document represents the **sale of a business?** ● Which document represents the **purchase of a business?** ● Why do we need to know the **sourced documents in a merchandising business?** 7. Confirm the correct answers and summarize the classification. **Teacher Transition After Developing Mastery** *(Before Finding Practical Application)* ***Say:*** *"Very good. In the activities that we have just completed, you were able to describe the* ***buying and selling in a merchandising business*** *and explain the difference between* ***periodical and perpetual inventories*** *depending on the account titles presented and describe the usage of the* ***different source documents*** Pause briefly and refer to the completed activity, then introduce the next task *"These concepts are important because they help organize the financial activities of a business in a systematic way." Now, let us apply what you have learned to a more practical situation. We will look at several business activities in* ***ReneMae's sari-sari store*** *and identify the accounts involved in each activity. As you complete the next phase, think about how the financial activities of a business can be properly record the accounts using the periodic and perpetual inventory system by using the sourced documents"*	
C. Demonstrating Knowledge and Skills	**1. FINDING PRACTICAL APPLICATION** *In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.* ***Instructional Goal:*** *Enable learners to apply their understanding of the periodic and perpetual inventory system by determining what account title to be used in the following transactions and apply the appropriate source documents simple real-life business situations similar to ReneMae's sari-sari store.*	

OPTION 1:	GROUP APPLICATION TASK
Activity Title:	**Helping ReneMae Organize Her Business Activities**
Description:	Learners examine common situations that happen in ReneMae's sari-sari store and help organize these activities by identifying the major account involved and whether the account belongs to real or nominal accounts.

Procedure

1. Present the following scenario.
   Say: *"ReneMae wants to better organize the financial activities in her sari-sari store. She listed several situations that happened in her business and would like help in determining the account titles to be used under Periodic or Perpetual Inventory."*
2. Present the following business activities.
3. Divide learners into small groups.
4. Ask each group to complete the table. Refer to the link, under the file name Other > Application Task Table
   Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6
5. Allow groups to discuss their answers.
6. Ask selected groups to present their responses.
7. Facilitate discussion using the following questions:
   - Which activities involves **Perpetual Inventory?**
   - Which activity represents **Periodic Inventory**?
   - How were you able to determine the **correct Account title?**

Teacher Transition After Finding Practical Application

(Before Making Generalization)

Say: *"Excellent work. In the activity, you were able to explain your understanding of the Periodic or Perpetual Inventory." by identifying and analyzing the financial activities involved in ReneMae's sari-sari store. You were also able to describe the different source documents and how it is being used"*

Pause briefly. Then ask a reflective question.

Ask: *"Why do you think it is important for a business owner, like ReneMae, to determine what type of inventory to be used and the source documents pertaining to the transactions of the business?"*

*Guide learners to apply their understanding of the **perpetual and periodic inventory** and their corresponding account titles to be used when analyzing the business situations. Encourage learners to explain how each activity as to how they were able to determine it and whether the account belongs to **Periodical or Perpetual Inventory** Emphasize that organizing financial activities using accounts helps business owners monitor the financial position and performance of their business.*

Answer Key/Expected Responses

Business Activity	Periodical/Perpetual	Account Title
Acquire transportation equipment	Periodic	Purchases
Bought goods for the business	Periodic	Purchases
Selling products	Perpetual	Sales
Earned a sale	Perpetual	Cost of Goods Sold
Issued business documents	Periodic or Perpetual	Purchases or Sales

Possible learner responses: It helps organize financial information, it helps the owner track of the correct inventories, it helps the owner know what appropriate documents to be used, It helps avoid confusion in recording transactions.

Ask:

1. In your own words, how do we determine if the inventory is Perpetual or Periodic?
2. Why is it important to know what documents to be used in every transaction?
3. Can you cite an example that you have experienced using any of the following documents as what we have discussed?

Say: *"Very good. Those are all important reasons. When inventories are properly identified and classified, business owners can better* ***monitor the correct inventories of a business and appropriate use of source documents."***

Then transition to the synthesis. "

2. MAKING GENERALIZATION

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Enable learners to draw conclusions and summarize the key takeaways about the two inventory systems and sourced documents*

Teacher's Synthesis Question

Ask: *"Based on the activities we completed today, what is the difference between periodical and perpetual inventory system and what are the account titles under each category?"*

Allow learners a few minutes to think about their responses.

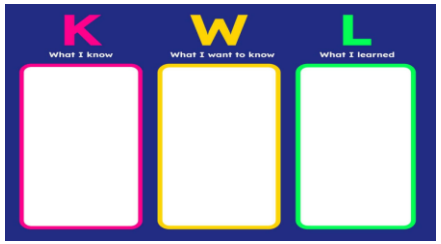
Learners may respond using one of the following formats:

OPTION 1:	**KWL Table**
Activity Title:	**It's a Wrap!**

Procedure:

1. Ask learners to write in their notebook using the KWL Table
2. Advise them to follow the table below and give at least 3 statements about Periodical and Periodic Inventory about the lesson today.

Encourage learners to articulate the key concepts using their own words or visual representations. Accept varied responses as long as they correctly identify the ***Perpetual and Periodic Inventory*** *and the* ***sourced documents****. Use learners' responses as the basis for consolidating the correct generalization of the lesson.*

<table>
<tr><td></td><td> 

3. Ask a few learners to explain their answers.

Teacher Consolidation
After learners share their responses, the teacher summarizes:
"Very good. Merchandise Businesses organize financial information through monitoring the correct inventories to be used whether it is Periodical or Perpetual Inventory System in which it is needed to know what appropriate source documents to be used"</td><td></td></tr>
<tr><td>VI. ASSESSMENT
(Assessment for/ of Learning)</td><td colspan="2">Instructions:
1. Distribute the Learning Activity Sheet (LAS) to the learners.
2. Instruct them to carefully read each item and complete the tasks independently.
3. Explain that the LAS assesses learners' understanding of the five major accounts in accounting and their classifications.
4. Remind learners to:
   - ✓ Identify the appropriate major account for each situation.
   - ✓ Classify accounts according to the five major account categories.
   - ✓ Distinguish whether the accounts belong to real accounts or nominal accounts.
5. Allow learners sufficient time to complete the LAS. After completion, review the answers with the class and clarify any misconception.

Table of Specifications (TOS)
Learning Competency: *Discuss merchandising business transactions and the required source documents using the perpetual and periodic methods*</td></tr>
</table>

Learning Objective	Cognitive Level	No. of Items	Type of Test
Describe the nature of a merchandising business and the common transactions involved in buying and selling goods.	Remember	5	Picture Analysis
Explain how merchandising transactions are recorded using the perpetual and periodic inventory methods."	Understand	4	Journal Entry Analysis
Describe the source documents used in merchandising transactions (e.g., purchase invoice, sales invoice, official receipt, delivery receipt.	Remember	10	Multiple Choice

Assessment Structure

Part I,II,III **Multiple Choice, Picture Analysis and Journal Entries**	Measures: • identification • conceptual understanding • classification

Answer Key: Please refer to this link. Under the file name Other > Answer Key
Source: https://drive.google.com/drive/folders/1vtwIz4_NRZjsWEKsYCy495uETmFizdv6

VII. REFLECTION
(Feedback and Continuous Improvement)

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

- ✓ *Were the learning objectives achieved by the learners by the end of the lesson?*
- ✓ *Were learners able to correctly identify and classify the five major accounts?*
- ✓ *Did learners demonstrate understanding of the difference between real accounts and nominal accounts?*
- ✓ *Which learning activities were most effective in helping learners understand the concepts?*
- ✓ *What difficulties or misconceptions did learners encounter during the lesson?*
- ✓ *What adjustments can be made to improve the lesson in future implementations?*

VIII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used generative AI tools such as ChatGPT, Copilot, and Gemini to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the output and takes full responsibility for the content of this LE.

Lesson Title/Topic	Shipping and Delivery Terms in Merchandising Transactions	Lesson Exemplar	9

I. CURRICULUM STANDARDS	
A. Content Standard	The learners demonstrate understanding of the fundamental concepts and principles of accounting and accounting for service business.
B. Performance Standard	The learners analyze key accounting functions and principles relevant to real enterprise operations such as type of business, books of accounts used, and accounting process methodology.
C. Learning Competencies	Explain the basic accounting framework.
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, Win, and Susan Ballada. 2015. *Basic Accounting Made Easy.* Manila: DomDane Publishers. *Volume 1.* Manila: GIC Enterprises & Co. Inc. Cabrera, Ma. Elenita, Ledesma, Ester, Lupisan, Ma. Concepcion. 2015. *Fundamentals of Accounting Volume 1.* Manila: GIC Enterprises & Co. Inc. Commission on Higher Education. Fundamentals of Accountancy, Business and Management: Teacher's Guide. Manila: CHED, 2016. Department of Education. K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand. Pasig City: Department of Education, 2016. Marquez, Jerome D. *Modules and Exercises*. 2025 Millan, Zenaida Vera Cruz. Fundamentals of Financial Accounting and Reporting. Manila: Millennium Books, 2019. OpenAI. Response generated by ChatGPT, GPT-5.3, March 12, 2026. https://chat.openai.com Rante, Gloria Aradaniel. 2012. *Fundamentals of Accounting (Merchandsing and Manufacturing Operations.* Mandaluyong: Millenium Books Inc. Valenzuela-Manalo, Dr. Marivic. 2016. *Learning to succeed in Business with Accounting. Quezon Ave., Quezon City:* The Phoenix Publishing House Inc. Valencia, Edwin G, and Gregorio F Roxas. 2015. *Basic Accounting 4th Edition.* Baguio: Valencia Educational Supply.

	Villaceran, Eugenio V. 2022. *Fundamentals of Accountancy, Business, and Management* Manila: REX Book Store. **Materials:** ● Projector or presentation slides ● Pictures of cargo plane, cargo vessels, and delivery truck ● Whiteboard or board ● Printed concept puzzle pieces ● Chart paper/Manila paper ● Markers ● Learning Activity Sheet (LAS) ● Digital classroom tool (optional: Mentimeter, Padlet)
III. CONTENT *(Sequencing Content)*	***Shipping and Delivery Terms in Merchandising Transactions*** I. Shipping and payment terms
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	At the end of the lesson, the learners should be able to: a) Identify common shipping and delivery terms used in merchandising transactions b) explain the meaning of FOB shipping point and FOB destination. c) distinguish how shipping and delivery terms affect the responsibility for freight cost and ownership of goods under the perpetual and periodic methods.

V. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. Eliciting Prior Knowledge

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Activate learners' prior experiences in placing orders in online shopping like Lazada and Shopee.*

OPTION 1:	**Real-Life Scenario**
Activity Title:	**From Click to Delivery**
Description:	Learners understand the journey of a product and explore the shipping and payment options before making a purchase through online shopping

Both options aim to activate learners' prior experiences related to shipping between sales of seller to buyer

Option 1 (Real life scenario) *is appropriate*

Procedure:

1. Instruct learners to open the Shopee or Lazada app, choose a product, and note the seller, price, and shipping options, then add the item to their cart without checking out.
2. **Ask**: "*What shipping details can you see on your screen?*" Call on learners to respond and list answers on the board, responses may include shipping fee, delivery option, courier, estimated delivery date.
3. Explain that shipping refers to the delivery of goods from the seller to the buyer, helping buyers understand the cost and process; then **ask**: "*How much is the shipping fee*?"
4. Emphasize that some items have free shipping while others have delivery fees, and ask learners to identify the estimated delivery date and assigned courier, explaining that the courier handles the delivery.
5. **Ask:** "*Why is it important to check shipping details before ordering?*" possible answers: to know delivery time, cost, and ensure safe arrival, then connect by stating that shipping terms in business determine responsibility for delivery and cost.

OPTION 2:	**Picture/Video Analysis**
Activity Title:	**Where did it come from?**
Description:	Learners will visualize the movement of product, the transportation methods used. This will also introduces the concept of ownership of goods in transit.

Procedure:

1. Show a picture of a small store and ask learners to observe it carefully, then **ask:** "*Where do you think the items for sale came from?*" to introduce product sources and transportation.

when the teacher wants to begin with learners' everyday experiences. This option requires no materials and works well in classes where learners are comfortable sharing personal examples. If it is not possible to have the students access the application, you may present it by yourself for everyone to see.

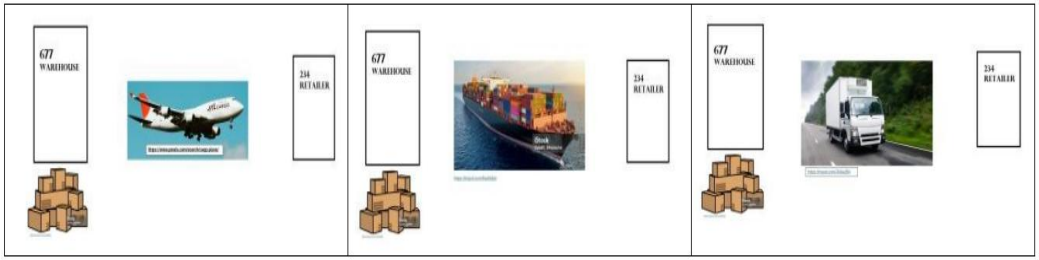
Let the learners observe the shipping details, have them check the shipping method and cost. The following must be noted as:

- ✓ *Standard delivery vs. Express delivery*
- ✓ *Free shipping or seller-covered shipping*
- ✓ *Estimated delivery time*
- ✓ *Mode of payment such as COD, credit/debit card, and e-wallet)*
- ✓ *Also take note if payment happens before or after the product is shipped.*

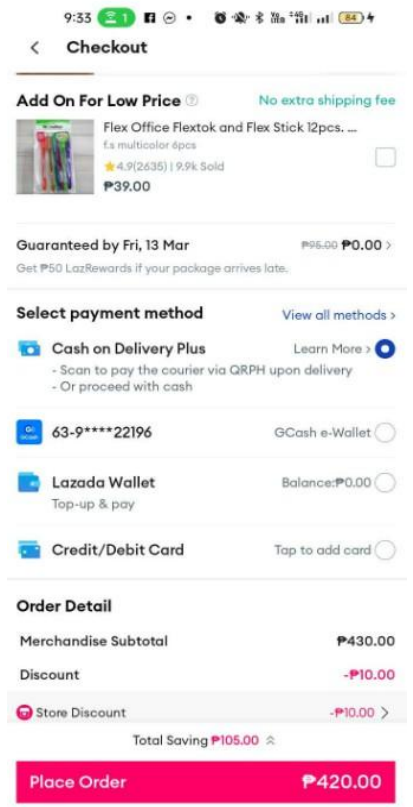
If it is not possible to have the students access the application, you may present it by yourself for everyone to see.

2. Divide the class into three groups and provide each with ½-size manila paper and a pentel pen to create a visual representation of product flow.
3. Instruct groups to draw a warehouse (wholesaler) on the left and a retail store on the right, then add at least 10 boxes under the warehouse to represent products.
4. Provide images of transportation (cargo airplane, cargo vessel, delivery truck) and ask learners to paste them between the warehouse and store, then label the wholesaler and retailer names.
5. Let groups present their work and process the discussion using guide questions: "*Who pays for shipping?*", "*When does payment happen?*", and "*Who owns the product at each stage?*"

Diagram will look like this*:*



Transition to the Next Part:
Say: *"Now that you can visually trace the journey of goods and understand the roles of suppliers, transportation, and retail stores, we are ready to move on to the next part of the lesson, where we will explore shipping costs, ownership, and responsibilities in merchandising transactions."*



2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Guide learners to recognize that understanding effect of shipping cost and how it will affect the total price of goods*

	OPTION 1: **Guided Inquiry** **Activity Title:** **The Shipping Cost Effect** **Description:** Learners explore how products move from supplier to buyer, emphasizing the importance of shipping costs, responsibilities, and timing in real-life transactions. **Procedure:** 1. Write the question on the board: *"Why does shipping cost make a difference?"* **Ask:** *What are your initial thoughts about how shipping affects the buyer, seller, and pricing*? 2. Set the following scenario: Tell the learners that the owner of Renemay's Sari-Sari store just ordered 2 boxes of cupcake from a supplier in another city. The cupcake needs to be delivered, but the owner must decide how the shipping will be handled. 3. Shipping costs involves three parties – the buyer, the seller, and the courier 4. Guide learners to reflect on the reason for the difficulty. **Ask:** *"Why is it important for businesses to understand shipping terms and costs before agreeing to buy or sell products".* **Expected answers may include:** because the delivery time must be considered, because a clear knowledge of shipping terms avoids misunderstandings between buyer and seller about payment and responsibility, because it needs to ensure correct recording of the cost of the product for sale **Transition to the Next Part (Presenting Examples)** ***Say:*** "*Now that we understand shipping costs, responsibilities, and timing, let's look at real-life examples to see how these affect buyers, sellers, and the movement of goods*."	
B. Instituting New Knowledge	**1. Presenting Examples** *This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.* **Instructional Goal:** *Help learners identify the financial activities that occur in a small business and recognize the information needed to understand those activities.*	

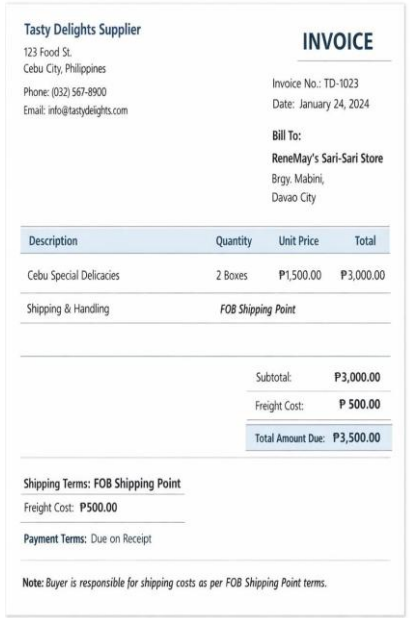
OPTION 1:	**Scenario Analysis**
Activity Title:	The Shipping Cost Effect
Description:	Learners analyze a short scenario about a small business owner named ReneMay who ordered goods from Cebu City with the intention of selling it to his newly built convenience store

Procedure:

1. Present the scenario to the learners. **Say:** "*ReneMay, a store owner, orders popular delicacies online to meet customer demand but is unsure about the freight cost and payment details on the invoice, so she consults you to help her understand and record the transaction correctly."*
2. Provide a copy of the invoice sent to ReneMay's. **Ask:** *" Based on the story, what payment terms did ReneMay refer to or consult when making the purchase?"* Expected answers may include: shipping term and freight cost.

Transition to the Next Part (Discussing New Concepts)

Say: *" This situation shows that businesses must carefully consider shipping costs before buying or selling their merchandise. They need to decide whether paying the shipping fee is justified by the profit they expect to earn. "Now, let us explore the accounting systems that businesses use to record and communicate this information."*



Tasty Delights Supplier
123 Food St.
Cebu City, Philippines
Phone: (032) 567-8900
Email: info@tastydelights.com

INVOICE

Invoice No.: TD-1023
Date: January 24, 2024

Bill To:
ReneMay's Sari-Sari Store
Brgy. Mabini,
Davao City

Description	Quantity	Unit Price	Total
Cebu Special Delicacies	2 Boxes	₱1,500.00	₱3,000.00
Shipping & Handling	*FOB Shipping Point*		

Subtotal: ₱3,000.00
Freight Cost: ₱ 500.00
Total Amount Due: ₱3,500.00

Shipping Terms: FOB Shipping Point
Freight Cost: ₱500.00
Payment Terms: Due on Receipt

Note: *Buyer is responsible for shipping costs as per FOB Shipping Point terms.*

2. Discussing New Concept

This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.

Instructional Goal: *The goal of this lesson is for learners to analyze and compare two similar purchasing situations, enabling them to identify common shipping and delivery terms used in merchandising transactions. Learners will also be able to distinguish how these terms affect the responsibility for freight costs and the ownership of goods under both perpetual and periodic inventory methods. Through guided questioning, reasoning, and teacher-facilitated explanations, learners will develop a clear understanding of the essential accounting concepts outlined in the curriculum.*

Shipping and Payment Term

Concept Exploration	**Say:** "*Earlier, we examined an invoice with shipping terms like FOB Shipping Point. How does your Manila paper activity relate to this?*" Allow responses, then guide learners to see how shipping terms determine payment responsibility and transfer of ownership

Concept Explanation

Say: "*From the activity and the example of ReneMay's invoice, we noticed that there are specific terms used in shipping agreements. These terms help businesses determine two important things: who owns the goods while they are being transported and who is responsible for paying the shipping cost. In merchandising businesses, these agreements are called FOB or Free On Board terms.*"

FOB (Free On Board): Who OWNS the Goods in Transit?

FOB terms determine the legal point at which **ownership (title)** of the goods transfers from the seller to the buyer (Valenzuela-Manalo, 2016). This is critical because whoever owns the goods bears the risk if they are lost or damaged in transit. There are only two types:

a) **FOB Shipping Point -** means **ownership transfers to the buyer once goods leave the seller's location**, so the buyer owns them during transit and bears any loss if damage occurs (Valenzuela-Manalo, 2016).

b) **FOB Destination -** means **ownership transfers to the buyer only upon delivery**, so the seller owns the goods during transit and bears any loss if damage occurs (Valenzuela-Manalo, 2016).

FOB terms determine when ownership of goods transfers from the seller to the buyer and who is responsible for the goods during transit, while **freight terms** indicate who arranges and initially pays for the shipping cost.

a) **Freight Collect - BUYER** pays the freight charges directly to the carrier upon delivery (Marquez, 2025)

b) **Freight Prepaid - SELLER** pays the freight charges to the carrier at the time of shipment. Present the following matrix to learners

Freight Terms	*Ownership During Transit*	*Who Shoulders Transportation Cost*	*Who Pays the Shipper*	*Periodic System Treatment*	*Perpetual System Treatment*
FOB Shipping Point – Freight Collect	*Buyer*	*Buyer*	*Buyer*	*Buyer records Freight-In as part of Merchandise Inventory*	*Buyer increases Inventory and records Cash/ Accounts Payable for freight immediately*
FOB Shipping Point – Freight Prepaid	*Buyer*	*Seller pays freight up front*	*Seller*	*Buyer still adds Freight-In to inventory cost; seller records Cash/Accounts Payable for freight*	*Buyer updates Inventory; seller records Freight-Out if paying freight as expense*
FOB Destination-- Freight Collect	*Seller*	*Buyer*	*Buyer*	*Seller records Freight-Out as Selling Expense; inventory not affected until delivered*	*Seller records Freight-Out as expense; buyer updates Inventory only upon receipt*
FOB Destination – Freight Prepaid	*Seller*	*Seller*	*Seller*	*Seller treats Freight-Out as selling expense; buyer's inventory cost excludes freight*	*Seller records Freight-Out as expense; buyer records Inventory upon delivery*

		for easy understanding (Marquez, 2025). ***Say**: "Understanding these shipping terms is important for businesses because they affect the cost of merchandise, the recording of transactions, and the responsibility for goods while they are being transported. Businesses must carefully review these terms when buying or selling goods to ensure accurate accounting and proper decision-making."*
	Visual Representation	 Once the flow is established, **introduce Supply Chain Analysis** as the process of examining each step in that journey. Explain that the goal is to improve how goods move by making the process faster, more efficient, and less costly (Marquez, 2025). Explain that supply chain analysis examines each step to improve speed, efficiency, and cost. **Ask**: "W*hat could delay delivery? How can transport be improved? How can costs be reduced?*" Let learners share ideas to apply these concepts in real-life situations.
	Concept Illustration	 Present a sample signed invoice which serves as proof of the agreement between the seller and the buyer, confirming that both parties accept the terms and conditions stated in the document.
	Learner Interaction	***Ask*:** "*If ReneMay made no shipping arrangement, what might happen and what are the implications?*" Elicit responses: the goods may not be shipped or may be delayed due to lack of agreement, affecting delivery time, sales, and product availability.
	Teacher Clarification	**Say:** *" Those are good observations. In a business transaction, it is very important that the buyer and the seller clearly agree on how the goods will be shipped. If ReneMay did not make any arrangement for the shipment of the delicacies from Cebu, the supplier might not know who will handle the delivery, which carrier will transport the goods, or who will pay for the shipping cost. Because of this, the delivery of the products may be delayed, cancelled, or may not happen at all*
	Transition ***Say***: "*Now that we understand the importance of clear shipping arrangements, let's apply this by analyzing situations to identify who is responsible for shipment and freight cost in business transactions.*"	

3. Developing Mastery

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal:

Guide learners in applying concepts learned with regards to ownership and payment for freight or transportation fee they are now equipped in analyzing and recording business transactions in relation to freight and transportation fee in purchasing and selling goods.

ACTIVITY 1: OPTION 1

Activity Title:	**Differentiated Activities on Shipping and Delivery Terms**
Description:	This activity will help learners recognize the difference between **FOB Shipping Point** and **FOB Destination** and identify who pays the freight cost.

Procedure:

1. Prepare the following materials: printed transaction cards, sorting worksheet, reference chart about shipping terms
2. Create and distribute the following transaction cards to learners
   - ✓ **Card 1 -** ABC Store purchased goods from Metro Supplies for ₱10,000, **FOB Shipping Point**, Freight Collect.
   - ✓ **Card 2 -** Bright Retailers purchased office supplies from Paper Hub for ₱5,000, **FOB Destination**, Freight Prepaid.
   - ✓ **Card 3 -** Fresh Mart bought beverages from Drink Co. for ₱12,000, **FOB Shipping Point**, Freight Collect.
   - ✓ **Card 4 -** City Store purchased notebooks from School Essentials for ₱8,000, **FOB Destination**, Freight Prepaid.
3. Instruct the learners to read each transaction card carefully. Identify the FOB term used in the transaction. Place the card in the correct column on the worksheet. Write who pays the freight cost (buyer or seller) beside each card and discuss their answer with their partner
4. Provide a copy of the worksheet or you may let the students copy the format in their notebook.

OPTION 2

Activity Title:	**Shipping Responsibility Investigation**
Description:	Learners will be able to Apply knowledge of shipping terms to determine ownership, freight payment, and accounting treatment**.** You may produce the following worksheet for the learner's utilization

Option No.1 can be given to learners with difficulty understanding the lessons

Worksheet

Transaction	FOB Shipping Point	FOB Destination	Who Pays Freight?
Card 1			
Card 2			
Card 3			
Card 4			

Answer Key

Transaction	FOB Shipping Point	FOB Destination	Who Pays Freight?
Card 1	✓		Buyer
Card 2		✓	Seller
Card 3	✓		Buyer
Card 4		✓	Seller

Transaction	FOB Classification	Owner During Transit	Who Pays Freight	Who Records the Entry
1				
2				
3				
4				

Procedure:

1. Prepare the transaction worksheet and pen and notebook
2. Provide the following transactions to the learners through a strip of paper

   Transaction 1 - 677 Convenience Store purchased goods worth ₱30,000 from Coba-Coba Beverage Phil. Inc., **FOB Shipping Point**, Freight Collect.

   Transaction 2 - Bright Mart purchased merchandise worth ₱50,000 from Supply Hub, **FOB Destination**, Freight Prepaid.

   Transaction 3 - Happy Store purchased goods worth ₱20,000 from Metro Wholesale, **FOB Shipping Point**, Freight Collect.

   Transaction 4 - Prime Retail purchased office supplies worth ₱15,000 from Paper Depot, **FOB Destination**, Freight Prepaid.
3. Instruct the learners to work in partner and complete the given table.

Answer key

Transaction	FOB Classification	Owner During Transit	Who Pays Freight	Who Records the Entry
1	Shipping Point	Buyer	Buyer	Buyer
2	Destination	Seller	Seller	Seller
3	Shipping Point	Buyer	Buyer	Buyer
4	Destination	Seller	Seller	Seller

C. Demonstrating Knowledge and Skills

1. Finding Practical Application

In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: *Guide learners in applying the concept of shipping and payment terms to a simulated transactions*

Activity Title:	**Simulated Transactions**
Description:	A simulated transaction using real business documents to guide learners toward their performance task.

Procedure:

1. Print or display the Purchase Invoice as a real business document.
2. Instruct learners to read the invoice carefully and identify the FOB classification, ownership of goods in transit, and who pays the freight cost.
3. Ask learners to record their answers using the provided matrix, then discuss their responses as a class.
4. Provide the given scenario.

Scenario1. Fresh Mart – Coba-Coba Beverage (FOB Shipping Point, Freight Collect) **Document Type:** Purchase Order (PO)	FRESH MART 123 Mabini St., Manila PURCHASE ORDER PO #: 101 Date: March 12, 2026 Supplier: Coba-Coba Beverage Phil. Inc. Address: 45 San Miguel Ave., Manila Item Description Qty Unit Price Total 500 Bottles of Juice 500 ₱100 ₱50,000 Payment Terms: 2/10, n/30 FOB: Shipping Point Freight: Collect (Buyer Pays) Authorized Signature: _____
Scenario 2. Bright Retail – Paper Depot (FOB Destination, Freight Prepaid) **Document Type:** Purchase Order (PO)	BRIGHT RETAIL 88 Rizal St., Quezon City PURCHASE ORDER PO #: 202 Date: March 12, 2026 Supplier: Paper Depot Address: 77 Ortigas Ave., Pasig City Item Description Qty Unit Price Total Office Supplies 100 ₱300 ₱30,000 Payment Terms: 1/15, EOM FOB: Destination Freight: Prepaid (Seller Pays) Authorized Signature: _____

This activity helps learners apply shipping terms, ownership, and freight responsibilities using a Purchase Invoice, preparing them for real business recording.

Explain the use of Freight-In and Freight-Out accounts based on who pays the shipping cost.

Transaction	FOB Term	Owner During Transit	Who pays Freight	Explanation
Scenario1. Fresh Mart – Coba-Coba Beverage (FOB Shipping Point)				
Scenario 2. Bright Retail – Paper Depot (FOB Destination, Freight Prepaid) **Document Type:** Purchase Order (PO)				

You may include discussing Freight-In and Freight-Out

- ***Freight-In*** *– This account is used when the buyer pays the freight charges. The cost of shipping is added to the cost of inventory, increasing the total value of goods*

Transition Spiel

Say: *"Now that we have analyzed the transaction, let's summarize the general rules on ownership, freight responsibility, and their effects on accounting so we can apply them in any situation."*

You may refer to the following link for a deeper knowledge on the concept
https://www.youtube.com/ watch?v=UV6YQzTuR5w

Answer key

Transaction	FOB Term	Owner During Transit	Who Pays Freight	Explanation
1. Fresh Mart – Coba-Coba Beverage	Shipping Point	Buyer	Buyer	Buyer owns goods in transit; freight cost added
2. Bright Retail – Paper Depot (₱30,000, Freight Prepaid)	Destination	Seller	Seller	Seller owns goods in transit; buyer does not pay freight.

purchased.

- ***Freight-Out*** *– This account is used when the seller pays the freight charges (or delivers goods to the buyer). The cost is recorded as a delivery or selling expense, not part of inventory.*

Remember: *The choice between Freight-In and Freight-Out depends entirely on* ***who is responsible for paying the shipping cost****. The normal balances of the two accounts is* ***DEBIT.***

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in synthesizing the key ideas Freight and Transportation Expense.*

Activity Title:	**Draw the Rules from Examples**
Description:	Learners will identify patterns and formulate principles on shipping terms and freight responsibilities, strengthening critical thinking before real-life application.

Procedure:

1. Ask learners to recall key concepts from the transactions (FOB terms and freight arrangements).
2. Guide discussion with questions on ownership during transit, freight payment responsibility, and differences in periodic vs. perpetual systems, then clarify key ideas.
3. Instruct learners to write 3–4 general rules summarizing ownership, freight responsibility, and accounting treatment.

Teacher Synthesis

Say: *"FOB terms determine ownership during transit—FOB Shipping Point (buyer) and FOB Destination (seller). Freight terms determine who pays—Freight Collect (buyer) and Freight Prepaid (seller). In accounting, buyer-paid freight is added to inventory, while seller-paid freight is recorded as expense."*

Transition to Assessment

Say: *"Now that we have summarized the key ideas about shipping and payment term, let us check your understanding through the Learning Activity Sheet."*

VI. ASSESSMENT
(Assessment for/ of Learning)

Instructions

1. Distribute the **Learning Activity Sheet (LAS)** to all learners after the Making Generalization activity.
2. Explain that the activity will assess their understanding of the concepts discussed in the lesson.
3. Instruct learners to read each item carefully before answering.
4. Remind learners to answer the questions **individually**.
5. Allow approximately **10–15 minutes** for the learners to complete the activity.
6. After completion, collect the LAS or review the answers through class discussion

Table of Specifications (TOS)

Learning Objective	Cognitive Level	No. of Items	Item Numbers
Identify common shipping and delivery terms used in merchandising transactions (FOB Shipping Point, FOB Destination, Freight Collect, Freight Prepaid)	Remembering	4	MC 1, 6, 7, 8
Explain the meaning of FOB Shipping Point and FOB Destination through determining ownership of goods in transit and who initially pays the freight	Understanding	6	MC 2, 3, 4, 5, 9, 10
Distinguish how shipping and delivery terms affect the responsibility for freight cost and ownership of goods under the periodic and perpetual methods	Analyzing	20	Table 1-20
TOTAL		**30**	30

Assessment Structure:

Part I – Completion/Supply-type (Items 1–20)

Transaction	Who Owns the Goods in Transit? (Buyer/Seller)	Who Pays the Carrier Initially?	Periodic Method Treatment	Perpetual Method Treatment
1	Buyer	Buyer	Freight cost recorded as Freight In, added to Purchases	Freight cost recorded as Inventory (added to Merchandise Inventory)
2	Seller	Seller	Freight cost recorded as Delivery Expense / Freight Out	Freight cost recorded as Delivery Expense
3	Seller	Buyer (initially pays but reimburses Seller or deducted from payment)	Buyer pays Freight In; Seller records Freight Out	Buyer records Inventory; Seller records Delivery Expense
4	Buyer	Seller (initially)	Seller pays first but adds to invoice; Buyer records Freight In / Purchases	Buyer records Inventory; Seller records Accounts Receivable including Freight
5	Buyer	Buyer	Freight cost recorded as Freight In, added to Purchases	Freight cost recorded as Inventory (added to Merchandise Inventory

Part II – Multiple Choice (Items 21-30)

21. A	26. D
22. B	27. A
23. D	28. B
24. C	29. B
25. B	30. B

VII. REFLECTION
(Feedback and Continuous Improvement)

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

A. Were the learning objectives achieved by the learners at the end of the lesson?
B. Which activities or strategies were most effective?
C. What difficulties or misconceptions did learners encounter?
D. What support or adjustments are needed for learners who had difficulty?
E. What materials, strategies, or practices from this lesson may be shared with other teachers?

VIII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used Open Al such as Chat GPT and Gemini Google Assistant in order to help enhance activities. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Accounting Cycle of a Merchandising Business	Lesson Exemplar	10

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of concepts and principles of accounting for merchandising business.*
B. Performance Standard	*The learners complete the practice sets following the accounting cycle for merchandising business using the perpetual and the periodic methods.*
C. Learning Competencies	*Prepare complete accounting worksheets following a record of transactions in the merchandising business using the perpetual method and periodic method*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, Win, and Susan Ballada. 2015. Basic Accounting Made Easy. Manila: DomDane Publishers. Cabrera, Ma. Elenita, Ledesma, Ester, Lupisan, Ma. Concepcion. 2015. Fundamentals of Accounting Volume 1. Manila: GIC Enterprises & Co. Inc. Commission on Higher Education. Fundamentals of Accountancy, Business and Management: Teacher's Guide. Manila: CHED, 2016. Department of Education. K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand. Pasig City: Department of Education, 2016. Millan, Zenaida Vera Cruz. Fundamentals of Financial Accounting and Reporting. Manila: Millennium Books, 2019. OpenAI. Response generated by ChatGPT, GPT-5.3, March 12, 2026. https://chat.openai.com Rante, Gloria Aradaniel. 2012. Fundamentals of Accounting (Merchandsing and Manufacturing Operations. Mandaluyong: Millenium Books Inc. Valencia, Edwin G, and Gregorio F Roxas. 2015. Basic Accounting 4th Edition. Baguio: Valencia Educational Supply. Villaceran, Eugenio V. 2023. Fundamentals of Accountancy, Business, and Management 1. Manila: REX Book Store.

	LINK FOR PRESENTATION OF ILLUSTRATIONS Eliciting Prior Knowledge — https://canva.link/7dwh6wa9r53nm75 Establishing the Purpose of the Lesson Presenting Examples Discussing New Concept Developing Mastery **Materials:** ● PowerPoint slides, posters, charts ● Chart of accounts ● Transaction cards, account sorting cards ● Learning Activity Sheets ● Local business case studies ● Projector, online quiz tools, laptop, PC ● Quiz sheets, exit tickets
III. CONTENT *(Sequencing Content)*	***Accounting Cycle of a Merchandising Business*** I. *Identifying the transaction and events* II. *Analyzing the nature of the transactions and events* III. *Journalizing transactions using the general and special journals namely: sales journal, purchase journal, cash receipts journal and cash payments journal* IV. *Posting to the ledger named as general and subsidiary ledgers* V. *Preparing unadjusted trial balance* VI. *Preparing adjusting entries* VII. *Preparing adjusted trial balance* VIII. *Preparing accounting worksheet* IX. *Preparing financial statements* *a. Income Statement* *b. Statement of Changes in Owner's Equity* *c. Balance Sheet* *d. Statement of Cash Flow* *X. Preparing closing entries of nominal accounts* *XI. Preparing post-closing trial balance* *XII. Preparing reversing entries.*
IV. OBJECTIVES *(Setting Clear Objectives*	At the end of the lesson, the learners should be able to: a) *Identify the transaction and events*

and Analyzing the Tasks)	b) *Analyze the nature of the transactions and events* c) *Journalize transactions using the general and special journals namely: sales journal, purchase journal, cash receipts journal and cash payments journal* d) *Post to the ledger named as general and subsidiary ledgers* e) *Prepare unadjusted trial balance* f) *Prepare adjusting entries* g) *Prepare adjusted trial balance* h) *Prepare accounting worksheet* i) *Prepare financial statements* ● *Income Statement* ● *Statement of Changes in Owner's Equity* ● *Balance Sheet* ● *Statement of Cash Flow* *j) Prepare closing entries of nominal accounts* *k). Prepare post-closing trial balance* *l). Prepare reversing entries*

IV. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.* ***(Each part shall have 2-3 varied activities)***	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. **Activating Prior Knowledge**

1. Eliciting Prior Knowledge

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Guide learners to recall familiar business situations and distinguish between service businesses and merchandising businesses, which will prepare them to understand how transactions in a merchandising business are identified and recorded in the accounting cycle*

OPTION 1:	**Group Collaboration Activity**
Activity Title:	**Transaction Card Sorting Game: Service or Merchandising?**
Description:	Learners analyze transaction cards and classify each as service or merchandising; through discussion, they identify key features of merchandising (buying and selling goods), preparing them for the accounting cycle lesson.

Procedure:

1. Divide the class into groups of 4–6 learners.

Option 1 (Group Collaboration) – Recommended if you want learners to develop ideas through group discussion and collaborative classification.

2. Provide each group with a set of Transaction Cards containing different business situations.

Service Business	Merchandising Business

OPTION 2:	**WHOLE-CLASS INTERACTIVE ACTIVITY**
Activity Title:	**Stand Up If It's Merchandising**
Description:	Learners listen to business scenarios and indicate service or merchandising through physical responses (standing or raising hands), allowing quick checking of prior knowledge.

Procedure:

1. Ask learners to remain seated and listen carefully to each business scenario that will be read.
2. **Rule of the activity**: If the situation describes a merchandising business, stand up. If it describes a service business, remain seated
3. Present one scenario at a time.
4. After each scenario, observe learners' responses. Ask a few learners to explain their answers.

Ask: "*Why do you think this situation represents a merchandising business?"* Write the correct classification on the board. Continue the activity until several examples have been discussed.

OPTION 3:	**PAIR ACTIVITY**
Activity Title:	**Business Scenario Identification: Service or Merchandising?**
Description:	Learners work in pairs to classify scenarios as service or merchandising and, through discussion, identify key features of merchandising such as buying and reselling goods.

Procedure:

1. Instruct learners to pair with a seatmate. Provide each pair with a worksheet or projected scenarios, then have them read each carefully and identify whether it is a service or merchandising business.
2. Let them complete the table with their partner.
3. Allow a 3 minutes discussion to answers.
4. Have selected pairs share their responses.
5. Write the correct classification on the board.

Business Scenario	Type of Business
1.A tailoring shop earns income from repairing clothes.	
2.A grocery store purchases canned goods from a distributor.	
3.A cellphone repair shop receives payment for fixing a phone.	
4.A clothing store sells RTW shirts to customers.	
5.A bakery sells bread and pastries to customers.	
6.A graphic designer receives payment for designing a logo.	

Processing Questions:

Table for Completion Answer Key

Transaction	Type of Busin
1. A printing shop receives ₱5,000 for designing tarpaulins	Service
2. A repair shop receives payment for fixing a cellphone	Service
3. An appliance store sells a refrigerator to a customer	Merchandisi
4. A laundry shop receives payment for washing clothes	Service
5. A grocery store buys merchandise from a distributor	Merchandisi
6. A convenience store purchases goods from a supplier worth ₱15,000	Merchandisi
7. A clothing store sells shirts to customers	Merchandisi

Option 2 (Whole-Class Interactive Activity) – Ideal if you want to quickly engage the whole class and check prior understanding through active participation.

Business scenario

1. A grocery store sells canned goods to customers.
2. A barber shop receives payment for cutting hair.
3. A clothing store buys shirts from a supplier to sell to customers.
4. A computer technician receives payment for repairing a laptop.
5. A convenience store sells snacks and beverages to customers.

Option 3 (Pair Activity): Recommended for classes where learners are more comfortable sharing ideas with a partner, allowing them to process concepts through discussion. Regardless of the option, guide learners to recognize that merchandising businesses buy and sell goods, while service businesses provide services. This prepares them to examine merchandising transactions and the accounting cycle.

a. Which scenarios involve providing services to customers?
b. Which scenarios involve buying and selling goods?
c. What is the main difference between a service and a merchandising business?
d. Why do merchandising businesses need to record purchases and sales carefully? (These guide questions applies to Option 1, 2 and 3)

Transition Spiel: Use their responses to transition by emphasizing that merchandising businesses handle various transactions—purchases, sales, payments, and collections—that must be systematically recorded through the accounting cycle.

Answer Key

Business Scenario	Type of Business
1. A tailoring shop earns income from repairing clothes.	Service
2. A grocery store purchases canned goods from a distributor.	Merchandising
3. A cellphone repair shop receives payment for fixing a phone.	Service
4. A clothing store sells RTW shirts to customers.	Merchandising
5. A bakery sells bread and pastries to customers.	Service
6. A graphic designer receives payment for designing a logo.	Service

2. Establishing the Purpose of the Lesson

This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"

Instructional Goal: *Guide learners to realize the need for a systematic process of organizing and recording merchandising business transactions in order to determine whether a business earns a profit or incurs a loss.*

Activity Title:	**"Can the Owner Determine the Profit?**
Description:	The activity shows that without organized records of purchases, sales, and expenses, a business cannot determine profit or loss, preparing learners to understand the importance of the accounting cycle

Procedure:

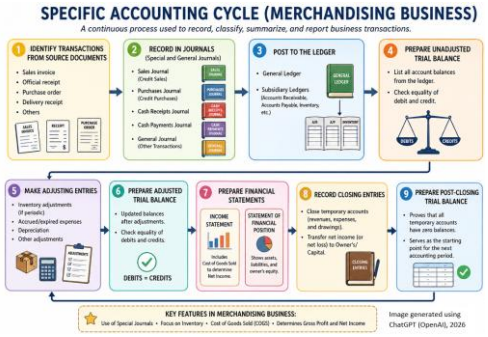
1. Connect to prior learning: **Say:** "*Earlier, we identified service and merchandising businesses. Merchandising businesses buy and sell goods, and these transactions happen daily, so they must be organized.*"
2. Present the scenario: **Say:** *"Let's examine ReneMay's business."* ***Ask:*** *"What transactions occurred? Which are sales and which are expenses?"* ***Add****: "At month-end, Ana wants to know if she earned a profit or incurred a loss."*
3. Guide to the problem: **Ask:** "*What information is needed to determine profit? Is it easy to tell just by looking?*" (Expected answers: compare sales and expenses)

Renemay owns a small appliance store. During the month, the following transactions occurred:
1. Purchased appliances from a supplier worth ₱150,000
2. Sold refrigerators and televisions to customers worth ₱230,000
3. Paid store rent of ₱20,000
4. Paid delivery expenses of ₱5,000
5. Received payments from customers amounting to ₱20,000

This activity helps learners recognize the need for an organized system in recording business transactions. Through a simple merchandising scenario, they will realize that purchases, sales, and expenses must be properly recorded and organized to determine profit or loss.

Avoid explaining the accounting cycle at once; instead, let learners first recognize the difficulty of unorganized transactions. This prepares them for the next lesson, where the Accounting Cycle of a Merchandising Business is introduced as a systematic process for identifying, recording,

<table>
<tr><td></td><td>4. Highlight the issue: Say: “What if transactions are written randomly?” Ask: “Why is it difficult to determine profit? How can these be organized?” (Expected answer: record, list, organize using accounting)
5. Introduce the lesson: Say: “Businesses follow a structured process called the Accounting Cycle to identify, record, classify, summarize, and report transactions—allowing owners to determine profit or loss.”</td><td>summarizing, and reporting financial transactions.</td></tr>
<tr><td>B. Instituting New Knowledge</td><td colspan="2">1. Presenting Examples
This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.
Instructional Goal: Guide learners to understand how a merchandising business organizes and processes transactions through the Accounting Cycle, from source documents to financial statements.

<table>
<tr><td>Activity Title:</td><td>“Understanding the Accounting Cycle of a Merchandising Business”</td></tr>
<tr><td>Description:</td><td>Learners analyze the Accounting Cycle diagram, tracing transactions from source documents to closing entries, and understand that accounting follows a systematic process of recording and reporting financial information.</td></tr>
</table>
Procedure:
1. Recall the Accounting Cycle in a Service Business: Guide learners to recall their learning on the accounting cycle in a service business, Say: “You learned the accounting cycle of a service business. Today, we will build on that knowledge by understanding how the cycle works in a merchandising business.”
2. Introduce the lesson: Say: “A merchandising business buys and sells goods. Because of this, it records not only service transactions but also purchases and sales of inventory.” Show the diagram.
3. Guide the discussion: Say “Every transaction begins with a source document such as a sales invoice or receipt. These documents serve as evidence that a transaction occurred.”
 
</td><td>At this stage, learners begin to see the big picture of the lesson that all part of a systematic process is called Accounting Cycle give emphasis that in a merchandising business, special attention is given to inventory and cost of goods sold, because these are important in measuring the business’s performance.”</td></tr>
</table>

4. Discuss the flow of transactions: **Say** "*These transactions are then **recorded in journals**, including special journals like the sales journal, purchases journal, cash receipts journal, and cash payments journal.*"
5. Deepen the discussion: **Say**: "*After recording, the entries are **posted to the ledger** so that similar accounts are grouped together and balances can be determined.*"
6. Explain further: **Say**: "*A **trial balance** is then prepared to check if debits and credits are equal. After this, **adjusting entries** are made to update accounts and ensure accuracy.*"
7. Conclude: **Say**: "*Finally, the business prepares its **financial statements** to determine profit or loss, and completes the process with **closing entries** to get ready for the next period.*"

Transition Spiel: **Say:** "*Now that you have discussed the accounting cycle, lead the learners to where it all begins—identifying transactions and events."* Then add: "Invite them to take on the role of a business owner as they explore real merchandising activities through source documents."

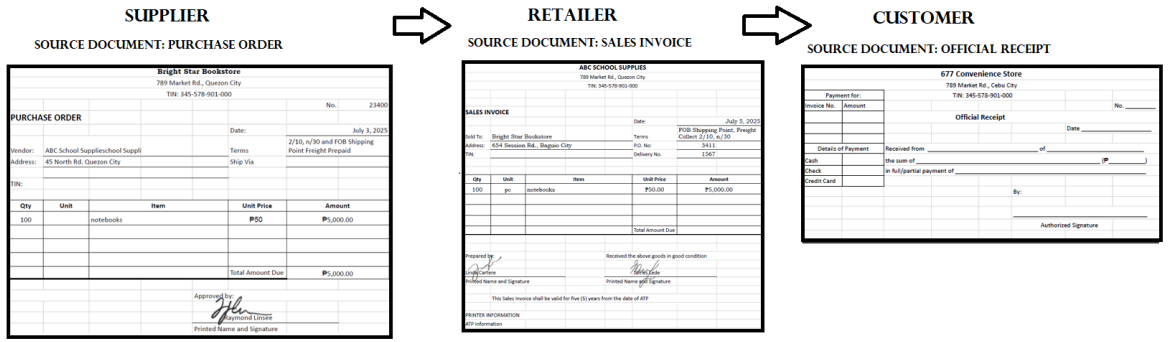
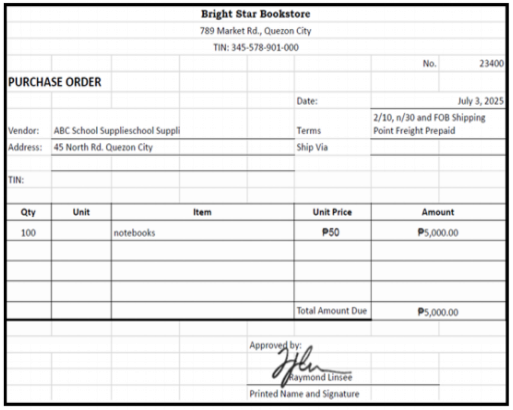
2. Discussing New Concept

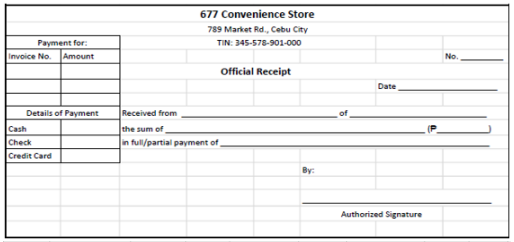
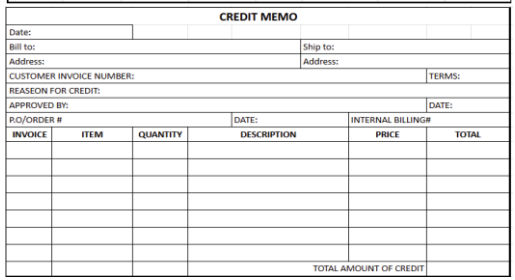
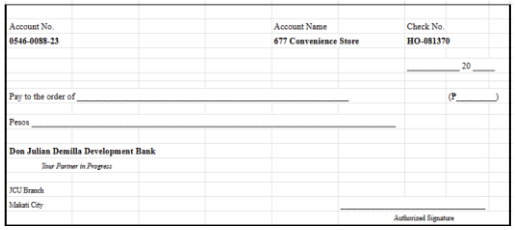
This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.

Instructional Goal: Learners demonstrate understanding of the merchandising accounting cycle by defining key terms, explaining process relationships, and accurately performing tasks such as journalizing, posting, adjusting, preparing trial balances, financial statements, and closing entries. They also show active participation, accuracy, and appreciation of its importance in producing reliable financial information for decision-making.

I. Identifying the transaction and events

Concept Exploration	**Say:** "*Think of the last time you bought something—what document did the cashier give you as proof of payment*?" Elicit responses such as receipt, official receipt, or proof of payment**.** **Ask**: "*Why do stores issue receipts after payment?*" Elicit responses such as proof of payment, record of sale, amount paid, or for returns/exchanges. **Transition Spiel**: Say "*Just like in this situation, every time a business receives payment from a customer, an official receipt is issued. In accounting, this document helps us identify that a **cash receipt transaction** has taken place.*"
Concept Explanation	Explain the relationship between transactions and documents. **Say**: "*Every business transaction must have supporting evidence. Accountants use source documents to identify what happened and determine how it should be recorded in the accounting system.*"

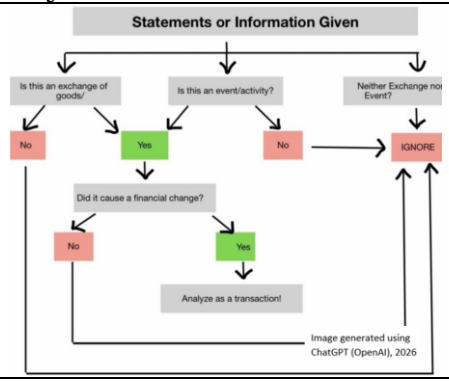
	Visual Representation	Present a simple **Merchandising Transaction Flow** on the board or slide.  Explain the following concept: ● The **supplier** provides goods. ● The **retailer** purchases the goods to sell them to customers. ● The **customer** buys the goods from the retailer. Each step generates a **source document**. .
	Concept Illustration	Present a scenario. **Say**: "*Bright Star Bookstore ordered 100 notebooks from ABC School Supplies at ₱50 per notebook.*" Show a sample **Purchase Order**. Ask learners: Who is the buyer? Who is the seller? What transaction occurred? Expected responses: Buyer – Bright Star Bookstore, Seller – ABC School Supplies, Transaction – Purchase of merchandise **Explain:** "*When Bright Star ordered the notebooks, a purchase transaction occurred. The purchase order serves as the document that records the request for goods.*" 
	Learner Interaction	*Provide learners with following source documents and let them determine what type of transaction occurred.*"

		Document 1: Official Receipt Ask: "*What event happened in the business?*" Expected answer: The business received payment from a customer.  677 Convenience Store 789 Market Rd., Cebu City TIN: 345-578-901-000 Official Receipt Payment for: / Invoice No. / Amount / Details of Payment / Cash / Check / Credit Card No. _____ Date _____ Received from _____ of _____ the sum of _____ (P_____) in full/partial payment of _____ By: Authorized Signature **Document 2: Credit Memo** **Ask:** *What transaction occurred*? Expected answer: Goods were returned or an adjustment was made.  CREDIT MEMO Date: Bill to: / Ship to: Address: / Address: CUSTOMER INVOICE NUMBER: / TERMS: REASEON FOR CREDIT: APPROVED BY: / DATE: P.O/ORDER # / DATE: / INTERNAL BILLING# INVOICE / ITEM / QUANTITY / DESCRIPTION / PRICE / TOTAL TOTAL AMOUNT OF CREDIT **Document 3**: Check Question: What event occurred? Expected answer: The business paid cash to a supplier.  Account No. 0546-0088-23 Account Name 677 Convenience Store Check No. HO-081370 _____ 20____ Pay to the order of _____ (P_____) Pesos _____ Don Julian Demilla Development Bank *Your Partner in Progress* JCU Branch Makati City Authorized Signature Encourage learners to explain **how they identified the transaction** based on the information in the document.
	Teacher Clarification	**Say:** "*Identifying business transactions is the first step in accounting. In merchandising businesses, activities like buying, selling, receiving payments, and paying expenses are supported by source documents, these documents help accountants identify transactions and record them accurately."*(Villaceran, 2023)

Transition Spiel: Say: "*Now that we understand how source documents prove transactions, we can identify business activities.*" Continue: "*However, this is only the first step—we must also determine the type of transaction, the parties involved, and its financial effect."*

II. Analyzing the nature of the transactions and events

Concept Exploration	**Say**: "*Earlier, you examined source documents like purchase orders, sales invoices, and official receipts*." **Ask:** "*What do these documents show about what happened in the business?*" Elicit answers such as purchase, sale, or payment. Guide

		further: **Say:** "*These documents are not just papers—they represent actual business activities called transactions and events.*"
	Concept Explanation	Clearly define key terms. **Say**: "*A **business transaction** is an economic activity that affects the financial position of a business and can be measured in money*." (Villaceran, 2023) Introduce another concept, **Say** "*A **business event** is any activity that happens in the business. However, not all events are recorded in accounting—only those that affect the financial condition of the business.*" (Villaceran, 2023) To elaborate further Say: "*All transactions are events, but not all events are transactions*."
	Visual Model	 Emphasize: **Transactions** affect the financial position and are recorded while **Events** happen in the business, but only those with financial impact are recorded.
	Concept Illustration	**Specific examples of business transactions and events in a merchandising business**:

Business Transactions (recorded in accounting):	**Business Events (not all are recorded):**
• Purchasing merchandise from suppliers (cash or on credit) • Selling goods to customers (cash or on account) • Receiving payment from customers • Paying suppliers for purchases • Paying operating expenses (rent, utilities, salaries) • Returning defective merchandise to suppliers • Accepting customer returns and giving refunds or allowances	• Ordering goods from a supplier (no payment yet) • Receiving a customer inquiry or order request • Hiring new employees • Attending a business meeting or training • Damage or loss of goods not yet confirmed/measured

Learner Interaction	Say: "*Let's play Identify the Transaction. I'll show a document—tell me what happened in the business.*" • **Sales Invoice** → What happened? *(Sale of merchandise)* • **Official Receipt** → What happened? *(Cash received)* • **Check to supplier** → What happened? *(Cash payment)* **Ask**: "*How did you know? What clues did you see*?" Let learners explain, then clarify if needed. Conclude: Identifying transactions is the first step in accounting. Common ones in merchandising include buying goods, selling, receiving payments, and paying expenses.
Teacher Clarification	**Say:** *"Each transaction is supported by a source document as proof, and by examining details such as the parties, amount, and purpose, we can correctly identify it and ensure accurate and reliable financial records."*

Transition

Say: "*Now that we can identify transactions from source documents, the next step is to record them systematically by determining where and how they should be recorded, which we will learn through journalizing using general and special journals.*"

III. Journalizing transactions using the general and special journals namely: sales journal, purchase journal, cash receipts journal and cash payments journal

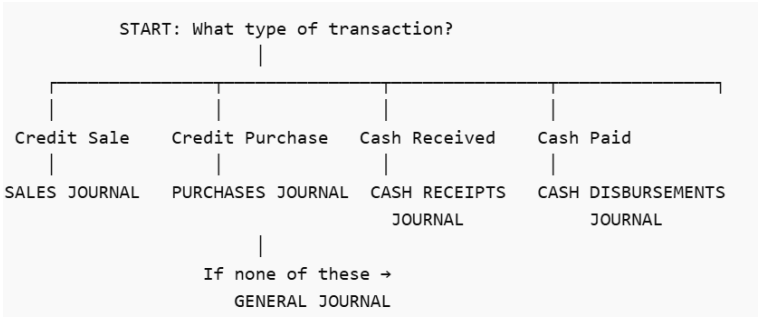
Concept Exploration	**Say**: "*Earlier, we identified transactions from source documents—now, where should these be recorded?*" Elicit responses, then add: *"If all transactions are recorded in one place, it becomes confusing and prone to errors, so businesses use general and special journals to organize them."*
Concept Explanation	***Say:*** *"In a merchandising business, inventory is a major part of operations, so businesses use different systems—periodic and perpetual—to track it effectively."* (Villaceran, 2023) ***Explain****: "Choosing the system is important because it determines how transactions are recorded throughout the operating cycle, especially how purchases, sales, and cost of goods sold are recognized."* ***Add:*** *Since inventory transactions like buying and selling occur frequently and affect profit, these need to be recorded in an organized way."* **Say:** "*This is why businesses use journals—the book of original entry—classified into general and special journals depending on the type and frequency of transactions.*" Introduce special journals: Sales Journal – credit sales; Purchases Journal – credit purchases; Cash Receipts Journal – cash received; Cash Disbursement Journal – cash paid **Say:** "*To help you better understand how different business activities are recorded, I will present a summary of the major transactions in merchandising accounting. This will serve as your guide in analyzing each transaction."* ***Continue****: "As you examine the table, pay attention to the type of transaction, the source*

document used, and the accounts affected under both the periodic and perpetual inventory systems. This will help you clearly identify what is happening in each business activity and how it should be recorded in the accounting books." Conclude: "*Use this matrix as a reference as we analyze and journalize transactions in the next activities.*"

Type of Transaction	Source Document	Journal Used	Perpetual System (Dr / Cr)	Periodic System (Dr / Cr)
Purchase of Merchandise (on account)	Purchase Order, Sales Invoice	Purchase Journal	Dr Merchandise Inventory Cr Accounts Payable	Dr Purchases Cr Accounts Payable
Freight on Purchases	Official Receipt	Cash Disbursement Journal	Dr Merchandise Inventory Cr Cash	Dr Freight-In Cr Cash
Purchase Returns and Allowances	Credit Memo	General Journal	Dr Accounts Payable Cr Merchandise Inventory	Dr Accounts Payable Cr Purchase Returns and Allowances
Purchase Discounts	Official Receipt	Cash Disbursement Journal	Dr Accounts Payable Cr Merchandise Inventory	Dr Accounts Payable Cr Purchase Discounts
Sale of Merchandise (on account)	Sales Invoice	Sales Journal	Dr Accounts Receivable Cr Sales Dr Cost of Goods Sold Cr Merchandise Inventory	Dr Delivery Expense Cr Cash
Freight on Sales (Delivery Expense)	Official Receipt	Cash Disbursement Journal	Dr Delivery Expense Cr Cash	Dr Delivery Expense Cr Cash
Sales Returns and Allowances	Credit Memo	General Journal	Dr Sales Returns and Allowances Cr Accounts Receivable Dr Merchandise Inventory Cr Cost of Goods Sold	Dr Sales Returns and Allowances Cr Accounts Receivable
Sales Discounts	Official Receipt	Cash Receipts Journal	Dr Sales Discounts Cr Accounts Receivable	Dr Sales Discounts Cr Accounts Receivable
Collection of Receivables	Official Receipt	Cash Receipts Journal	Dr Cash Cr Accounts Receivable	Dr Cash Cr Accounts Receivable
Payment of Payables	Check, Official Receipt	Cash Disbursement Journal	Dr Accounts Payable Cr Cash	Dr Accounts Payable Cr Cash

Say: "As you observe the table, notice that the journal used depends on the type of transaction, while the accounts affected depend on the inventory system."
Then highlight:

- Purchase Journal → credit purchases only
- Sales Journal → credit sales only
- Cash Receipts Journal → all cash received
- Cash Disbursement Journal → all cash paid

		• General Journal → special or non-routine transactions Simple Pattern for Learners You can summarize for students: Credit Sale → Sales Journal; Credit Purchase → Purchase Journal; Cash In → Cash Receipts Journal; Cash Out → Cash Payments Journal; Others → General Journal
	Visual Model	**Present Transaction Flow Model** **Say**: "*This model shows the step-by-step process of how a business records its transactions.*" Explain each part: **1. Source Document** "*This is where everything starts. A document like a sales invoice, official receipt, or check serves as proof that a transaction happened.*"  **2. Identify the Transaction** "*Next, we determine what kind of transaction occurred. Is it a sale, a purchase, cash received, or cash paid?*" **3. Select the Journal** "*After identifying the transaction, we choose the correct journal where it should be recorded—such as the sales journal, purchase journal, cash receipts journal, or cash payments journal.*" **4. Record the Entry** "*Then, we write the journal entry by identifying which accounts are debited and credited.*" **5. Apply Inventory System Rule** "*Finally, we check whether the business is using the perpetual or periodic system because this affects the accounts used, especially for inventory.*" **Conclude:** "*In short, the model helps us move step-by-step—from the document, to identifying the transaction, to recording it correctly in the proper journal.*"
	Concept Illustration	Provide a clear example. **Say**: "*Let us take this example.*"

Transaction 1: ReneMay sold merchandise worth ₱5,000 on account. **Ask**: "*Is this a cash or credit sale*?" Expected answer: Credit sale **Then ask**: "Which journal should be used?" Expected answer: Sales Journal
Transaction 2: Bright Mart received ₱3,000 from a customer. **Ask:** "*What type of transaction is this?*" Expected answer: Cash receipt **Ask**: "*Which journal should record this?*" Expected answer: Cash Receipts Journal **Say**: "*These examples show that the type of transaction determines the journal used, not just the document."*

Learner Interaction

Say: "*Now that you understand special journals and transaction classification, let's apply your learning. In this activity, you will journalize merchandising transactions using the appropriate journals.*" **Emphasize:** "*Ask yourself—What type of transaction is this? Which journal should I use? What accounts are affected?"*
Conclude: "*You will act as bookkeepers and record transactions of Bright Star Bookstore."*

Procedure

1. Write or project the following transaction on the board:
   On July 5, 2025, ABC School Supplies shipped the 100 notebooks ordered by Bright Star Bookstore. The total invoice amount was ₱5,000 with terms 2/10, n/30 and FOB Shipping Point, Freight collect. Freight cost amounting to ₱400 was paid to Speed Courier.
2. Provide the Guided Inquiry by asking the learners the following questions:
   - *What type of transaction is this?*
   - *Is the purchase cash or on account?*
   - *What does **FOB Shipping Point** mean?*
   - *Who is responsible for the freight cost?*
   - *What journal should be used for the purchase?*
   - *What journal should be used for the freight payment?*

Aspect	Answer
Type of Transaction	
Journal to be Used	
FOB Term Meaning	
Who Pays Freight	

   Allow learners to respond and explain their reasoning. **Say**: "*Analyze the transaction and journalize it using the appropriate special journals under both the periodic and perpetual inventory systems.*"
3. Provide the Activity Table**:** Instruct learners to complete the table.

Journalizing the Purchase (Buyer: Bright Star Bookstore): Say: "*We will record this transaction in two parts both using the Periodic and Perpetual System*

(1) the purchase of merchandise, and (2) the payment of freight."

Instruction to Learners

Say: "*Record the purchase in the Purchase Journal.*" Guide them: Amount: ₱5,000 Terms: 2/10, n/30 (no entry yet for discount)

Identify the Journals to Use: Emphasize:

- Purchase of merchandise on account → Purchase Journal
- Payment of freight in cash → Cash Disbursement Journ

Periodic Inventory System

Purchase Journal

Date	PO/ Invoice No.	Supplier	P.R.	Purchases Debit	Accounts Payable Credit / (Debit)
July 5	23400	ABC School Supplies		5000	5000

Perpetual Inventory System

Purchase Journal

Date	PO/ Invoice No.	Supplier	P.R.	Merchandise Inventory Debit / (Credit)	Accounts Payable Credit / (Debit)
July 5	23400	ABC School Supplies		5000	5000

Journalizing the Freight (FOB Shipping Point, Freight Collect)

BUYER PAYS THE FREIGHT COST

Buyer: Bright Star Bookstore

Periodic Inventory System

Special Journal Used: Cash Payments Journal

Cash Disbursement Journal

Date	Check # / Check Voucher #	Account Debited	P.R.	Accounts Payable Debit	Sundry Accounts Debit		Purchase Discounts Credit	Cash in Bank Credit
					Account Title	Amount		
July 5, 2025	HO081370 CV#30001	Freight - Speed Courier			Freight In	400		400

Perpetual Inventory System

Special Journal Used: Cash Payments/Disbursement Journal

CDJ001

CASH DISBURSEMENTS JOURNAL

Date	CV.NO.	Account Debited	Descriptions	Debits								Credits	
				Accounts Payable	Purchases	Rent Expense	Supplies Expense	Salary Expense	Merchandise Inventory Debit	Sundry Accounts: Account Title	Sundry Accounts: P R	Sundry Accounts: Amount	Cash	Merchandise Inventory
7/5/2025	HO081370	-	Delivery fee						400.00				400.00	

JOURNAL ENTRY FOR PURCHASE RETURNS

On July 7, 2025, Bright Star Bookstore returned 10 defective notebooks to ABC School Supplies. The supplier issued a Credit Memo for ₱500 to reduce the amount

owed. The original transaction had terms 2/10, n/30 and FOB Shipping Point.

Guided Inquiry (Class Discussion)

General Journal				
Date	Description	P.R.	Debit	Credit
	PERPETUAL SYSTEM			
July 7, 2025	Accounts payable - ABC School Supplies		500	
	Merchandise Inventory			500
	To record returned of 10 defective notebooks			
	PERIODIC SYSTEM			
July 7, 2025	Accounts payable - ABC School Supplies		500	
	Purchase Returns and Allowances			500

Ask the learners: *What happened in this transaction? What document was issued? Is this related to a purchase or a sale? Does this increase or decrease the amount owed to the supplier?* Expected answers: Goods were returned, Credit Memo was issued, It is a purchase return, It reduces Accounts Payable.

Identify the Appropriate Journal. Ask: *Is this a routine transaction recorded in a special journal? Which journal should be used?* Guide learners to the answer **Say:** "*Purchase returns are recorded in the General Journal because there is no special journal specifically for returns.*"

Analyze the Effect on Accounts: Guide learners with questions: What account is reduced when goods are returned? What happens to the inventory or purchases account? Explain: Liability (Accounts Payable) decreases; Inventory or Purchases also decreases

JOURNAL ENTRY FOR PAYMENT ACTIVITIES

Ask the learners: *What type of transaction is this? What does 2/10, n/30 mean? Is the payment made within the discount period? What document is used for payment?* **Expected answers:** Payment of accounts payable; 2% discount if paid within 10 days; Yes, payment is within discount period; Check

Compute the Cash Payment: Guide learners step-by-step.

Given:

Original purchase = ₱5,000; Less: Purchase return = ₱500; Adjusted balance = ₱4,500. **Ask: "***What is 2% of ₱4,500?*"

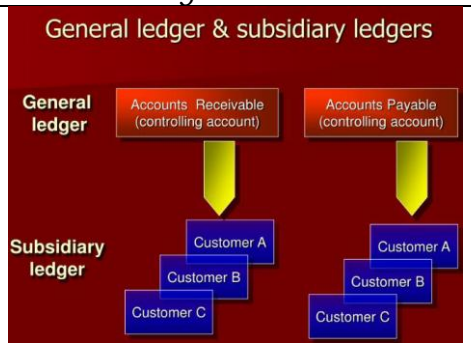
Computation:

Discount = ₱4,500 × 2% = ₱90; Cash to be paid = ₱4,500 − ₱90 = ₱4,410

		Identify the Journal **Ask**: "*What journal is used when payment is made using a check?*" Expected answer: **Cash Payments Journal** **Step 5: Journalizing the Transaction** **Instruction to Learners** "*Record the payment using the* ***adjusted amount*** *after return and discount.*" **Description** / **Amount** Original Invoice — ₱5,000 Less: Return — (₱500) Adjusted Balance — ₱4,500 Less: Discount (2%) — (₱90) Cash Paid — ₱4,410 **Cash Disbursement Journal** **Date** | **Check # / Check Voucher #** | **Account Debited** | **P.R.** | **Accounts Payable Debit** | **Merchandise Inventory Credit** | **Cash in Bank Credit** | **Purchase Discounts Credit** **PERPETUAL SYSTEM** July 10, 2025 | 1025 | ABC School Supplies | | 4500 | 90 | 4410 | **PERIODIC SYSTEM** July 10, 2025 | 1025 | ABC School Supplies | | 4500 | 4411 | 90 **Say:** "*Since payment is made using a check, we use the Cash Disbursement Journal; Accounts Payable is debited because the obligation is settled, Cash is credited because money is paid, and the discount is recorded differently depending on the system—under the perpetual system, it is recorded in Merchandise Inventory, while under the periodic system, it is recorded in Purchase Discounts.*"
Teacher Clarification	Say: "*Now that we have practiced recording transactions from the buyer's side, let us shift our focus to the* ***seller's side****. In this activity, you will record transactions as if you are the business selling the merchandise.*" **Step 1: Present the Three Types of Transactions** Write on the board: Sales Sales Returns Collection Say: "*These are the most common* **Step 2: Guided Discussion** **Ask:** *What happens when a business sells goods on account? What if the customer returns the goods? What happens when the customer pays?* Allow learners to respond.

		transactions recorded by a seller in a merchandising business." **Step 3: Explain Each Transaction with Journal** **A. SALES (Credit Sale)** Say: "*When the business sells goods on account, it means the customer will pay later.*" **Journal Used:** ✓ Sales Journal **Entry:** *(Perpetual System – additional entry)* Dr Accounts Receivable Dr Cost of Goods Sold Cr Sales Cr Merchandise Inventory **B. SALES RETURNS** **Say**: "*When a customer returns goods, the business must reduce the amount receivable.*" **Journal Used:** ✓ General Journal **Entry:** *(Perpetual System – additional entry)* Dr Sales Returns and Allowances Dr Merchandise Inventory Cr Accounts Receivable Cr Cost of Goods Sold **C. COLLECTION (Receiving Payment)** **Say**: "*When the customer pays, the business receives cash.*" **Journal Used:** ✓ Cash Receipts Journal **Entry:** Dr Cash Cr Accounts Receivable **Step 4: Learner Interaction** Instruct learners: "*Work with a partner. I will give you simple transactions. Identify the correct journal and write the entry.*" Guide questions: What type of transaction is it? Which journal should be used? What accounts are affected? Step 5: Teacher Processing: Call selected learners to share answers. **Ask**: "*Why did you use the Sales Journal? Why is Accounts Receivable affected? What happens when goods are returned?"* Encourage learners to explain their reasoning. **Step 6: Teacher Synthesis** **Say**: "*As a seller, transactions are recorded based on the nature of the activity. Credit sales are recorded in the Sales Journal, returns are recorded in the General Journal, and collections are recorded in the Cash Receipts Journal. Understanding these helps ensure that all transactions are properly recorded and organized."*
	Transition: Say: *Say: "Now that we have journalized transactions and recorded business activities in order, we must group these records by account to clearly see balances, which is done through posting or transferring entries to the general and subsidiary ledgers; in the next lesson, we will learn how posting helps determine account balances and prepare for the next steps in the accounting cycle."*	

IV. Posting to the ledger named as general and subsidiary ledgers

Concept Exploration	**Say:** "Earlier, we recorded transactions in journals." **Ask:** "If we want to know the cash balance, do we check all entries?" **Say:** "Since journals show transactions by date, businesses transfer them to the ledger to see account balances."
Concept Explanation	Define key terms:**General Ledger** – contains all accounts (Cash, Accounts Receivable, Inventory, etc.) **Subsidiary Ledger** – contains detailed accounts such as individual customers and suppliers **Explain relationship:** "*Each account in the general ledger shows the total balance, while the subsidiary ledger shows the details behind that balance.*" ● General Ledger → Accounts Receivable = ₱10,000 ● Subsidiary Ledger → Juan = ₱4,000; Maria = ₱6,000 General Ledger (Control Account – Accounts Receivable) Accounts Receivable Date Particulars Debit Credit Balance Balance b/f 10,000 10,000 Subsidiary Ledger (Accounts Receivable – Customers) Juan (Customer Ledger) Date Particulars Debit Credit Balance Balance b/f 4,000 4,000 Maria (Customer Ledger) Date Particulars Debit Credit Balance Balance b/f 6,000 6,000 **Emphasize**: *The total of the subsidiary ledger (₱4,000 + ₱6,000 = ₱10,000) equals the Accounts Receivable balance in the General Ledger.*
Visual Model	 Image generated using ChatGPT (OpenAI), 2026
Concept Illustration	**Business: Bright Star Bookstore**: **Say:** "*In this activity, you will act as the bookkeeper of Bright Star Bookstore. You have already recorded the transactions of Bright Star Bookstore in the appropriate journals. This time, you will act as accountants and perform the next step in the accounting cycle—posting to the general ledger and subsidiary ledger.*" **Continue:** "*All the journals for Bright Star Bookstore*

		have already been completed and totaled for each account column. This means that the amounts you will use for posting are already summarized." **Say:** *"Your task is no longer to journalize the transactions. Instead, you will use the column totals from each journal and transfer or post them to the appropriate accounts in the general ledger and subsidiary ledger."* **Guide them further:** *"When posting, follow these steps: Identify the account title from the journal column; Determine whether the amount is a debit or a credit; Transfer the total amount to the correct side of the ledger; Compute the balance of each account."* **Emphasize**: *"Remember, you are posting* ***totals, not individual transactions****, except for subsidiary ledger accounts where individual entries must still be recorded. "This approach is commonly used in accounting practice because it saves time and ensures that transactions recorded in special journals are efficiently summarized before posting."*
	Learner Interaction	Presented below are the actual entries recorded in each journal. If formal ledger books are not available, learners may use T-accounts as an alternative to perform the posting process. The company is using Perpetual Inventory System. **Posting to the General Ledger (Using Totals Only). Say:** *"Only the column totals of each special journal are posted to the general ledger controlling accounts. This is done at the end of the period."* **PURCHASE JOURNAL (Credit Purchases Only)** **Date** | **Supplier** | **Merchandise Inventory (Dr)** | **Accounts Payable (Cr)** July 2 | ABC School Supplies | 10,000 | 10,000 July 17 | Metro Educational Trading | 20,000 | 20,000 July 20 | Metro Educational Trading | 30,000 | 30,000 **TOTAL** | | **60,000** | **60,000**

SALES JOURNAL (Credit Sales Only)

Date	Customer	Accounts Receivable (Dr)	Sales (Cr)	Cost of Goods Sold (Dr)	Merchandise Inventory (Cr)
July 3	Juan Santos	8,000	8,000	5,000	5,000
July 3	Edu Kids Learning Center	15,000	15,000	9,000	9,000
TOTAL		**23,000**	**23,000**	**14,000**	**14,000**

CASH RECEIPTS JOURNAL (All Cash Received)

Date	Account Credited	Cash (Dr)	Accounts Receivable (Cr)	Sales (Cr)	Sundry Account (Cr)
July 7	Angela Dela Cruz, Capital	50,000			50,000
July 7	Juan Santos	8,000	8,000		
July 15	Cash Sales	6,000		6,000	
TOTAL		**64,000**	**8,000**	**6,000**	**50,000**

GENERAL JOURNAL

Date	Accounts	Debit	Credit
July 1	Equipment	15,000	
	Notes Payable		15,000
	To record purchase of equipment		
July 10	Accounts Payable-ABC School Supplies	1,000	
	Merchandise Inventory		1,000
	To record purchase return		
July 15	Cost of Goods Sold	3,500	
	Merchandise Inventory		3,500
	To record cash sale		
July 21	Sales Returns and Allowances	1,000	
	Accounts Receivable		1,000
	Merchandise Inventory	600	
	Cost of Goods Sold		600
	To record Returns		

Posting to Subsidiary Ledgers. Introduce the Rule **Say**: "*Subsidiary ledgers are posted daily or per transaction, not by totals.*"

Accounts Receivable Subsidiary Ledger

Instruction: Post individual entries from: Sales Journal, Cash Receipts Journal, General Journal. Guide students:"*For each customer, record their transactions separately.*"

Accounts Payable Subsidiary Ledger. Instruction: Post individual entries from: Purchase Journal, Cash Disbursements Journal, General Journal

Verification Step (Very Important): Ask:"*Does the total of Accounts Receivable subsidiary ledger equal the Accounts Receivable in the general ledger?" "Does the total of Accounts Payable subsidiary ledger match the general ledger balance?"* **Explain:** *"This process is called reconciliation, and it helps ensure accuracy in recording."* **Ask:** *"Why do we use totals in the general ledger but individual entries in subsidiary ledgers?" "What might happen if we post totals incorrectly?"*

CASH DISBURSEMENT JOURNAL (All Cash Paid)

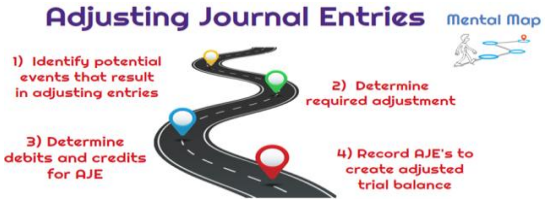
Date	Account Debited	Accounts Payable (Dr)	Merchandise Inventory (Dr)	Expenses/ Withdrawals (Dr)	Cash (Cr)
July 2	Freight (ABC Purchase)		800		800
July 12	ABC School Supplies	9,000	(180)		8,820
July 17	Freight (Metro Purchase)		600		600
July 18	Expense			2,000	2,000
July 19	Metro Educational Trading	20,000	(400)		19,600
July 20	Freight (Metro Purchase)		1,600		1,600
July 23	Withdrawals			4,000	4,000
July 24	Salary Expense			15,000	15,000
TOTAL		**29,000**	**2,420**	**21,000**	**52,420**

Teacher Clarification	Emphasize: ● Special journals → **posted by totals (efficiency)** ● Subsidiary ledgers → **posted individually (detailed tracking)** ● General Journal → **always posted individually** ***Say***: *"By posting totals in the general ledger and individual entries in subsidiary ledgers, businesses can efficiently record transactions while still maintaining detailed information about each customer and supplier."*

Transition: Say: "*Now that posting is complete and each account has an ending balance, we prepare an Unadjusted Trial Balance to check accuracy and ensure total debits and credits are equal before making adjustments.*"

V. Preparing unadjusted trial balance

	Concept Exploration	**Say:** *"Imagine managing a small store—at month-end, you check if your income and expenses are correct." Ask: "How do you verify your records?" Explain: "Like personal budgeting, businesses list all account balances to check accuracy—this is called the Unadjusted Trial Balance, which we will learn to prepare."*
	Concept Explanation	**Say:** "After recording and posting transactions, businesses prepare a summary called the Unadjusted Trial Balance." **Explain:** "It lists all ledger accounts and balances before adjustments to check that debits equal credits and detect errors." **Add:** "Using the Chart of Accounts as a guide ensures all accounts are included when preparing the trial balance."
	Visual Model	 https://fastercapital.com/content/Debits-and-credits--Understanding-the-Basics-of-Trial-Balance.html
	Concept Illustration	**Explain step-by-step:** 1. *"First, write all account titles using your Chart of Accounts."* 2. *"Next, get the ending balance from each ledger (T-account)."* 3. *"If the balance is on the left side (debit), write it under Debit."* 4. *"If the balance is on the right side (credit), write it under Credit."* 5. *"Finally, add both columns. The totals must be equal."*
	Learner Interaction	Give this task: "In your notebook, prepare your own Unadjusted Trial Balance using the balances from your T-accounts." Guide them step-by-step: 1. List all account titles from the ledger 2. Write their balances 3. Place debit balances in the debit column 4. Place credit balances in the credit column 5. Compute totals Ask: *"What do you observe about the totals? "Are they equal?"* Encourage peer checking.

	Teacher Clarification	Say: "The trial balance only shows that debits equal credits—it does not guarantee accuracy, and balances must come from the ledger." Add: "If totals are unequal, errors may exist." Reinforce: "The Unadjusted Trial Balance prepares us for adjusting entries." **Transition. Say:** *"Now that we have verified our balances through the Unadjusted Trial Balance, the next step is to check whether all accounts are complete and up-to-date. This leads us to preparing adjusting entries."*
	VI. Preparing adjusting entries	
	Concept Exploration	***Begin with a relatable situation.*** **Say:** *"Imagine running a small business and realizing some expenses were used but not yet recorded—are your records complete?"* **Explain:** *"In accounting, some accounts are updated at the end of the period through adjusting entries to ensure accurate and complete financial records."*
	Concept Explanation	**Say:** "*Adjusting entries are made at the end of the period to update account balances and ensure accurate financial statements by matching income and expenses."* **Relate:** *"For example, equipment use, unpaid salaries, and changes in inventory may require adjustments."* **Introduce:** *"Common types include accrued expenses, prepaid expenses, depreciation, and ending inventory (periodic system).*
	Visual Model	 https://www.universalcpareview.com/ask-joey/what-are-adjusting-journal-entries/
	Concept Illustration	Use a specific example from the file: **Say:** *"Let us take the equipment purchased on July 1 worth ₱15,000 with a useful life of 5 years."* Guide computation: Monthly Depreciation = ₱15,000 ÷ 60 months = ₱250

Then present the adjusting entry:
Explain: *"This entry shows that part of the equipment has been used during the month."*

Date	Accounts	Dr.	Cr.
Dec. 31, 2025	Depreciation Expense Accumulated Depreciation	250.00	 250.00
	To record depreciation		

The business issued a **promissory note** with **2% interest per month**, which means interest **accumulates over time** even if it is not yet paid.
Since this is an end-of-period adjustment, we recognize the **interest incurred but not yet paid**.

Compute the Monthly Interest

Interest = Principal × Rate
Interest = ₱15,000 × 2%
Interest = ₱15,000 × 0.02 = **₱300 per month**

Adjusting Entry (End of Month):
Interest Expense is recorded because the business already used the borrowed money.

Date	Accounts	Dr.	Cr.
July 31, 2025	Interest Expense Interest Payable	300	 300

Interest Payable is recorded because the interest has not yet been paid.
This follows the **accrual principle**, where expenses are recognized when incurred, not when paid.

Ending Inventory Adjustment (Periodic Inventory System)
At the end of the period, the business performs a **physical count of inventory** to determine the unsold goods (ending inventory). Since inventory is not updated daily in the periodic system, an **adjusting entry** is needed to update the Merchandise Inventory account and compute the correct **Cost of Goods Sold (COGS)**. This ensures accurate profit reporting.

Illustrative Problem:
Bright Star Bookstore counted its inventory on December 31 and found **₱30,000** worth of unsold merchandise.

Date	Accounts	Dr.	Cr.
Dec 31, 2025	Merchandise Inventory (Ending) Income Summary	30,000	 30,000

Question: What adjusting entry should be made? Explain: In the **periodic system**, all purchases are recorded in the **Purchases account**, which is treated like an **expense**, but not all purchased goods are sold—some remain as **ending inventory (asset)**. So, at the end of the period, we must **remove the unsold portion from expenses. Say: "That's why** We **credit Income**

	Summary → to reduce the total expenses (including Purchases) and we **recognize ending inventory as an asset**, not an expense.
Learner Interaction	**Give guided practice**: *"In your notebook, identify possible adjustments from the given transactions."* Tasks: Identify accounts that need adjustment; Compute the adjustment (if applicable); Prepare the adjusting journal entry. **Ask:** "*Which accounts need updating? "Why do we need to adjust them?"* Allow students to work in pairs or small groups.
Teacher Clarification	Address common misconceptions: **Say:** "*Adjusting entries are made **at the end of the period**, not daily. It ensures that income and expenses are recorded in the correct period."* **Reinforce:** *"Without adjusting entries, financial statements may be incorrect or misleading."*

Transition: Say: *"After preparing adjusting entries, we are now ready to prepare the Adjusted Trial Balance, which reflects updated and accurate account balances."*

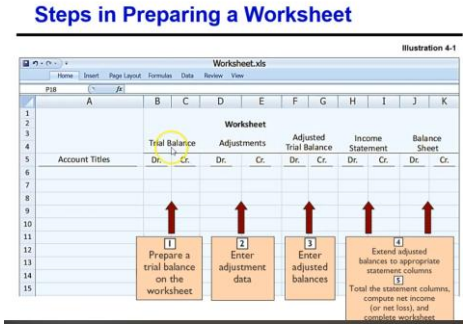
VII. Preparing adjusted trial balance

Concept Exploration	**Say:** *"Before finalizing a budget, you update any missing expenses—why is this important?"* **Explain:** *"In accounting, after adjustments, we prepare an Adjusted Trial Balance to ensure all balances are correct before preparing financial statements."*
Concept Explanation	**Say:** *"The Adjusted Trial Balance lists all accounts with updated balances after adjustments and serves as the basis for financial statements."* **Add:** *"It follows the sequence—Unadjusted Trial Balance → Adjusting Entries → Adjusted Trial Balance—and ensures revenues and expenses are recorded in the correct period."*
Visual Model	
Concept Illustration	**Say:** *"From our previous lesson, we recorded an adjustment for interest:"* Dr Interest Expense ₱300 Cr Interest Payable ₱300 Explain: *"Now, this will affect our Adjusted Trial Balance."* Show placement: Interest Expense → Debit column (₱300) Interest Payable → Credit column (₱300) Add another example:

	Depreciation Expense → Debit Accumulated Depreciation → Credit Emphasize: "*These accounts did not appear in the unadjusted trial balance, but they are now included after adjustment.*"
Learner Interaction	Instruct learners to prepare the Adjusted Trial Balance by listing all account titles, including new accounts, writing updated balances, placing them in the correct columns, and computing totals; then ask what changes they observed and if totals are equal, and allow pair or group checking.
Teacher Clarification	Clarify that the Adjusted Trial Balance uses updated balances, includes new accounts from adjustments, and while equal totals indicate mathematical accuracy, entries must still be reviewed; this step ensures accurate and complete financial statements.

Transition: Say: "*Now that we have the Adjusted Trial Balance, we are ready to prepare the financial statements, starting with the Income Statement."*

VIII. Preparing accounting worksheet

Concept Exploration	**Say:** *"Before submitting work, we organize and review it—why is this important?"* **Explain:** *"In accounting, we do the same by using an Accounting Worksheet to organize balances and ensure accurate financial statements."*
Concept Explanation	Say: "*The **Accounting Worksheet** is a tool used to summarize all accounting data in one place before preparing financial statements."* Emphasize: It is **not a formal financial statement,** it is used for **internal preparation only,** It helps avoid errors and simplifies reporting Present its purpose: To organize balances, to separate accounts into proper categories, and to prepare Income Statement and Balance Sheet easily
Visual Model	 HYPERLINK Explain each column step-by-step: 1. **Unadjusted Trial Balance** – original balances 2. **Adjustments** – entries made at end of period 3. **Adjusted Trial Balance** – updated balances 4. **Income Statement** – revenues and expenses 5. **Balance Sheet** – assets, liabilities, and capital Add flow: *"Each column builds from the previous one."*

	Concept Illustration	**Say:** *"Let us take Interest Expense ₱300 and Interest Payable ₱300 from our adjusting entries."* **Explain:** *"This shows how one adjustment affects multiple columns in the worksheet."*

Account Title	Adjusting Entry		Adjusted Trial Balance		Statement of Comprehensive Income		Statement of Financial Position	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Interest Expense	₱300.00		₱300.00		₱300.00			
Interest Payable		₱300.00		₱300.00				₱300.00
Totals	**₱300.00**	**₱300.00**	**₱300.00**	**₱300.00**	**₱300.00**	**₱0.00**	**₱0.00**	**₱300.00**

Learner Interaction	**Guided activity:** *"In your notebook or worksheet template, complete the accounting worksheet using your adjusted trial balance."* **Ask: "***Where should this account be placed—Income Statement or Balance Sheet? What happens if totals do not match?"* Encourage group collaboration Steps: 1. Copy account titles 2. Fill in Unadjusted Trial Balance 3. Enter adjustments 4. Transfer accounts to proper columns 5. Compute totals
Teacher Clarification	Clarify that the accounting worksheet is a tool—not a financial statement—where adjustments must be properly reflected before transferring balances, with revenues and expenses going to the Income Statement and assets, liabilities, and capital to the Balance Sheet, ensuring easier and more accurate financial statement preparation.

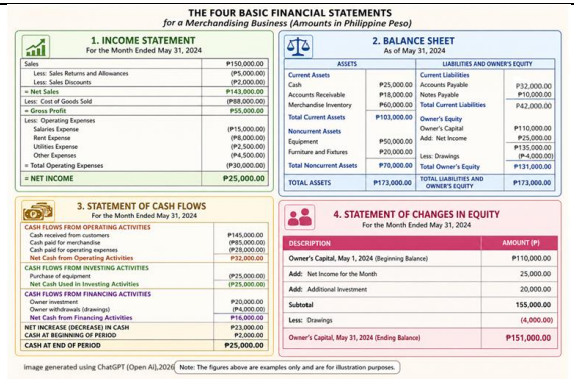
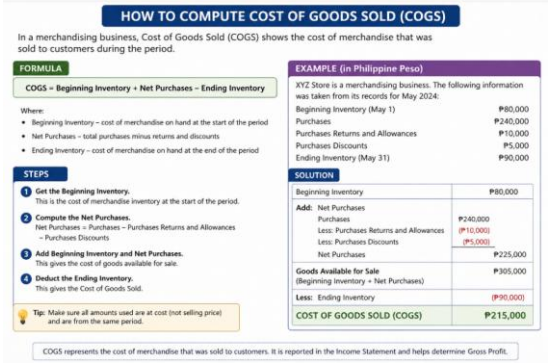
Transition

Say: *"After completing the worksheet, we are now ready to prepare the **financial statements**, starting with the Income Statement."*

IX. Preparing financial statements

- **a. Income Statement**
- **b. Statement of Changes in Owner's Equity**
- **c. Balance Sheet**
- **d. Statement of Cash Flow**

Concept Exploration	Use a simple small business example to show that daily records alone cannot answer questions about profit, value, and cash, leading to the need for financial statements as clear reports of business performance.
Concept Explanation	Explain each statement clearly and briefly:

		Income Statement: Shows **profit or loss;** Formula: Income – Expenses = Net Income **Statement of Changes in Owner's Equity:** Shows changes in owner's capital; Includes: Beginning Capital + Net Income – Withdrawals **Balance Sheet:** Shows financial position; Formula: Assets = Liabilities + Owner's Equity **Statement of Cash Flows:** Shows cash inflows and outflows; Divided into: Operating, Investing, Financing activities Emphasize: "*These reports are prepared using the Adjusted Trial Balance and Worksheet.*"
	Visual Model	  ChatGPT Generated Image, 2026
	Concept Illustration	VIDEO FOR FINANCIAL STATEMENT PREPARATION HTTPS://TINYURL.COM/MSTA58TE VIDEO FOR FINANCIAL STATEMENT PREPARATION FOR MERCHANDISING BUSINESS HTTPS://TINYURL.COM/55E4ZE67
	Learner Interaction	Imagine you are running a small school canteen. At the end of the month, you want to understand how your business performed. **First**, you prepare the **Income Statement**. You list all the money you earned from selling goods and subtract all your expenses, including the cost of the items you sold. This helps you know if you earned a profit or incurred a loss. **Next**, you prepare the **Statement of Changes in Equity**. You start with your beginning capital, add your net income from the income statement, and subtract any withdrawals you made. This shows how your ownership in the business increased or decreased.

	Then, you prepare the **Balance Sheet**. You list everything your business owns (assets), everything it owes (liabilities), and your remaining ownership (equity). This gives you a clear picture of your financial position at a specific date. Finally, you prepare the **Cash Flow Statement**. You record all the cash that came in and went out during the period. This helps you understand how cash is managed in your business. Through these four financial statements, you can clearly explain how your business performed, how much you own, and how your money moved during the period.
Teacher Clarification	Reinforce: *"These financial statements provide a complete picture of the business—its performance, financial position, and cash movement."*

Transition. Say: *"Now that you can prepare financial statements, you are ready to complete the accounting cycle and interpret the results of the business."*

X. Preparing closing entries of nominal accounts

Concept Exploration	**Say:** *"Imagine you track your daily income and expenses, then total them at the end of the month—when a new month starts, do you continue or begin fresh, and why is a clean record important? Allow learners to respond, then connect: In accounting, businesses also reset accounts at the end of a period to measure new performance."* **Bridge:** This process is called **closing entries**, and today we will learn how to close nominal accounts for the next period.
Concept Explanation	Explain clearly: *"**Closing entries** are journal entries made at the end of the accounting period to transfer the balances of **nominal (temporary) accounts** to the capital account."* Revenue; Expenses; Withdrawals. Emphasize: accounts are **temporary,** they must have **zero balance** at the start of the next period.
Visual Model	Present a simple flow: **Revenue & Expenses → Income Summary → Capital** Draw this on the board: 1. Close Revenues → Income Summary 2. Close Expenses → Income Summary 3. Close Income Summary → Capital 4. Close Withdrawals → Capital
Concept Illustration	Assume: Sales = ₱29,000; Total Expenses = ₱20,000; Withdrawals = ₱4,000 **Step 1: Close Sales:** Dr Sales 29,000/Cr Income Summary 29,000 **Step 2: Close Expenses:** Dr Income Summary 20,000/Cr Expenses 20,000 **Step 3: Close Income Summary (Net Income = ₱9,000)** Dr Income Summary 9,000/ Cr Capital 9,000 **Step 4: Close Withdrawals:** Dr Capital 4,000/ Cr Withdrawals 4,000 Explain: "*After these entries, all nominal accounts will have zero balances."*
Learner Interaction	Provide guided practice:

	"In your notebook, prepare the closing entries using your own computed balances from the financial statements." Steps: 1. Identify all nominal accounts; 2. Determine their balances; 3. Prepare closing entries step-by-step; 4.Check if balances become zero. Ask: *"Which accounts are closed first? "Why do we use Income Summary?".* Encourage pair or group work.
Teacher Clarification	**Reinforce:** *"Closing entries prepare the business for the next accounting period by resetting temporary accounts."*

Transition Say: *"Now that we have closed all nominal accounts, we can prepare the final step, which is the Post-Closing Trial Balance, to ensure that only permanent accounts remain."*

XI. Preparing post-closing trial balance

Concept Exploration	Say: "*After cleaning your room, you check what items remain and why only the necessary ones are kept. Allow learners to respond, then connect: In accounting, after closing entries, we list the remaining accounts to ensure only permanent accounts are left—this is called the* ***Post-Closing Trial Balance****.*" **Bridge:** It confirms that the business is ready for the next accounting period.
Concept Explanation	***Say****:"The* ***Post-Closing Trial Balance*** *is a list of all* ***permanent (real) accounts*** *and their balances after closing entries have been made*." Emphasize: It is prepared **after closing entries.** It includes only: Assets, Liabilities. Owner's Equity
Visual Model	**Adjusted Trial Balance → Closing Entries → Post-Closing Trial Balance** Highlight: *"Notice that revenue and expense accounts are no longer included."*
Concept Illustration	**Say:** "After closing entries, accounts like Sales, Expenses, and Withdrawals now have zero balances, so they will not appear in the Post-Closing Trial Balance." Present sample: ● Cash = ₱11,580 ● Accounts Receivable = ₱14,000 ● Accounts Payable = ₱30,000 ● Capital (updated) = ₱55,000 Explain: *"These are the accounts that will carry over to the next period."*
Learner Interaction	Provide guided activity: *"In your notebook, prepare the Post-Closing Trial Balance using your updated ledger after closing entries."* Steps: Identify permanent accounts, Get their balances from the ledger, List them in proper columns, Compute totals. Ask: "*Which accounts are no longer included? "Why are only real accounts listed?"* Encourage peer checking.
Teacher Clarification	Reinforce: *"The Post-Closing Trial Balance ensures that the business begins the next period with clean and accurate records."*

Transition Say: *"You have now completed the entire accounting cycle. From recording transactions up to preparing the Post-Closing Trial Balance, you now understand how businesses track and report their financial activities."*

XII. Preparing reversing entries.

Concept Exploration	**Say:** *"Imagine you made a temporary note in your notebook to remind yourself of something—like an estimated expense or something you haven't paid yet. The next day, when the actual payment happens, what do you usually do with that note?"* Ask: a)"Do you keep it, or do you erase or replace it?" b) "Why is it important to avoid recording the same thing twice?" Allow learners to respond. Connect to accounting: **Say:** *"In accounting, we also make temporary entries called adjusting entries. But when the actual transaction happens in the next period, we must make sure we do not record it twice."* **Bridge**: "*To solve this, we prepare reversing entries at the beginning of the next accounting period."*
Concept Explanation	"**Reversing entries** are journal entries made at the beginning of the next accounting period to reverse certain adjusting entries made in the previous period." Emphasize: Prepared **at the start of the new period;** Used to simplify recording of actual transactions; Prevents **double counting of expenses or income.** Clarify when reversing entries are used: Accrued expenses (e.g., unpaid salaries, interest); Accrued income
Visual Model	Present a simple flow: **End of Period:** Adjusting Entry → (e.g., Expense recorded but not yet paid) **Start of Next Period:** Reversing Entry → (reverse the adjustment) **During the Period:** Actual Transaction → (record normally) Draw this sequence: **Adjusting Entry → Reversing Entry → Actual Entry** Explain: "*This process helps make recording easier and avoids errors.*"
Concept Illustration	**Say:** *"Suppose at the end of the month, we recorded an accrued salary:"*

Adjusting Entry (End of Period):	**Reversing Entry (Start of Next Period):**
Dr Salary Expense 2,000 Cr Salaries Payable 2,000	Dr Salaries Payable 2,000 Cr Salary Expense 2,000
Then explain reversing:	Then when actual payment is made: **Actual Payment:** Dr Salary Expense 2,000 Cr Cash 2,000

	Explain: *"Because we reversed the earlier entry, recording the actual payment becomes simple and correct."*
Learner Interaction	"In your notebook, identify which adjusting entries can be reversed and prepare their reversing entries." Steps: Review adjusting entries; Identify eligible accounts (accrued expenses/income); Reverse the entry (swap debit and credit); Write the reversing entry. Ask: *"Which adjusting entries should be reversed? "What happens if we do not reverse them?".* Encourage pair or group discussion.
Teacher Clarification	Reinforce: *"Reversing entries simplify accounting work and help maintain accuracy in recording transactions."*

Transition to Developing Mastery

Say: *"Now that we have completed the final step of the accounting cycle, you can see how each part—from recording transactions up to reversing entries—works together as one complete process. Let us now move to an activity where you will apply the entire accounting cycle to strengthen your mastery.*

3. Developing Mastery

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal: Guide learners in applying the steps of the accounting cycle for a merchandising business by analyzing transactions, journalizing, posting to ledgers, preparing trial balances, adjusting entries, worksheets, financial statements, closing entries, post-closing trial balance, and reversing entries.
Learners will first perform Guided Practice using the case of ReneMay Appliance Center, then complete the Independent Practice using the LAS activity.

ACTIVITY 1: (Targets LO 1) Option 1

Activity Title:	**Identifying Transactions from Source Documents**
Description:	Learners examine sample source documents from ReneMay Appliance Center, a small retail appliance store. They identify the business transactions that occurred based on the information found in the documents.

Procedure

1. Present the Business Transactions of ReneMay Appliance Center on the board or through a slide presentation.

ReneMay Appliance Center

Background of the Business

ReneMay Appliance Center is a retail business located in Davao City that sells household appliances such as electric fans, televisions, rice cookers, and washing machines. The business purchases merchandise from different appliance distributors and sells them to customers either in cash or on account.

The company follows the **calendar year accounting period** and records transactions using the **periodic and perpetual inventory methods**.

For Expected Answers and additional activity. Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

Below are selected transactions for **January 2026**. Click the link in the annotatio for the given transactions in ReneMay Appliance Center.

2. Provide the instructions to the learners. **Instructions:** (a) Read each business transaction of ReneMay Appliance Center carefully (b) Examine the details provided in the transaction such as the amount, terms, and business parties involved (c) Determine the appropriate source document that supports the transaction (d) Identify the type of merchandising business transaction involved (e)Place a check (✓) in the correct circle under the Source Document and Type of Transaction columns. (f) Be ready to explain your answers during the class discussion.
3. Allow learners to work individually or with a partner to analyze the transactions and complete the table.
4. After learners finish the activity, conduct a class discussion to review the answers.
   Processing Questions : (a) What source document is commonly used to record a credit sale of merchandise? (b) Why is a Purchase Invoice important in recording purchases of merchandise? (c) Why must businesses keep accurate source documents before recording transactions in journals?
5. Clarify misconceptions and emphasize how identifying the correct source document and transaction type is the first step in the accounting cycle before analyzing accounts and recording journal entries.

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS) Activity, where they will identify the source documents and classify merchandising transactions based on a new set of business events.

Activity 2: *(Targets LO 2)*

Activity Title:	**Analyzing Merchandising Transactions: Comparing Periodic and Perpetual Methods**
Description:	Learners analyze the nature of merchandising transactions of ReneMay Appliance Center by identifying the accounts affected, determining the appropriate debit and credit entries under both the Periodic and Perpetual inventory methods, and identifying the journal where the transaction should be recorded.

For Guided Practice Procedure:

1. Ask learners to refer to the Business Transactions of ReneMay Appliance Center presented in the previous activity.

Annotation for L.O 1
The sequence of activities follows the Accounting Cycle of a Merchandising Business, allowing learners to progressively apply each concept.

Guided practice uses the ReneMay Appliance Center case, enabling the teacher to model procedures and provide scaffolding. Independent practice utilizes the Learning Activity Sheets (LAS), allowing learners to independently apply their understanding and demonstrate mastery of the learning objectives.

Annotation for L.O 2
This activity guides learners in analyzing the ***accounts affected by merchandising transactions*** *and determining the*

2. Briefly review selected transactions by recalling the type of transaction and source document used.
3. Explain that the next step in the Accounting Cycle of a Merchandising Business is to analyze the nature of each transaction by identifying: the accounts affected whether the accounts are debited or credit the difference in recording under the Periodic and Perpetual methods the appropriate journal to be used.
4. Present the analysis table template and orient learners on each column:

	Type of Journal	Periodic Method (Debit)	Periodic Method (Credit)	Perpetual Method (Debit)	Perpetual Method (Credit)
Jan. 2					
Jan. 5					
Jan. 7					
Jan. 10					
Jan. 15					
Jan. 18					

5. Model the analysis of the **first transaction** by asking guided questions such as: (a)"What journal will be used?" (b) "What account is affected?" (c)"Is it debit or credit?" (d) "How is it recorded under periodic vs perpetual?"
   Provide the chart of accounts as reference. Click the link/ scan QR for the Chart of Accounts.

Example Discussion
Transaction: *Purchased merchandise inventory (electric fans and rice cookers) on account from HomeTech Appliance Distributor amounting to ₱80,000, terms 2/10, n/30, FOB Shipping Point. Freight Cost is P 2,000.00*

Expected explanation:

Date	Type of Journal	Periodic Method		Perpetual Method	
		Account Title/s affected Debit	Account Title/s affected Credit	Account Title/s affected Debit	Account Title/s affected Credit
Jan. 1	Purchase Journal	Purchases Freight In	Accounts Payable	Merchandise Inventory	Accounts Payable

5. Allow learners to analyze the remaining transactions individually or in pairs, completing the table based on their understanding.
6. After the activity, conduct a class discussion to review the answers and clarify the differences between the Periodic and Perpetual methods.

For Independent Practice :
Instruct learners to complete the corresponding Learning Activity Sheet (LAS) Activity 2.2 and 2.2, where they will analyze merchandising transactions of ReneMay Convenience Store, identify the type journal to be used and determine the accounts affected under both the Periodic and Perpetual inventory methods.

*appropriate **debit and credit entries under the Periodic and Perpetual inventory methods**. It builds on the previous activity where learners identified the **source documents and types of transactions** of ReneMay Appliance Center.*
*The teacher first demonstrates the analysis of one transaction to show how accounts are identified and how the **journal to be used** is determined. Learners then analyze the remaining transactions individually or with a partner.*
*This activity supports the **Demonstrating phase of the AID framework** by allowing learners to apply their understanding of **transaction analysis, debit-credit rules, and journal identification** before proceeding to the next step of the accounting cycle, which is **journalizing transactions**.*
For Expected Answers , additional activity and Chart of Accounts Click the link :
https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMegFhmUSE?e=K9bXHr

QR

Activity 3: *(Targets LO 3)*

Activity Title:	Journalizing Merchandising Transactions Using Special Journals
Description:	Learners record the merchandising transactions of ReneMay Appliance Center in the appropriate journals, namely the Sales Journal, Purchases Journal, Cash Receipts Journal, Cash Disbursements Journal, and General Journal, based on the analysis performed in the previous activity.

Procedure:

1. Ask learners to refer to the same Business Transactions of ReneMay Appliance Center analyzed in the previous activity.
2. Review selected transactions by asking: (a) "What accounts were affected?" (b) "What journal should be used for this transaction?"
3. Explain that after analyzing transactions, the next step in the accounting cycle is to record them in the appropriate journals.
4. Present the journal templates (Sales Journal, Purchases Journal, Cash Receipts Journal, Cash Disbursements Journal, and General Journal) and briefly explain the purpose of each:

• Sales Journal – for credit sales • Purchases Journal – for credit purchases • Cash Receipts Journal – for cash inflows	• Cash Disbursements Journal – for cash outflows • General Journal – for transactions not recorded in special journals

5. Model the journalizing of the first transaction (Jan. 2):

Entry (Purchases Journal): Debit: Purchases (Periodic) / Merchandise Inventory (Perpetual)Credit: Accounts Payable

6. Ask guided questions: (a) "Is this a cash or credit transaction?" (b) "Which journal is appropriate?" (c) "What accounts will be recorded?"
7. Instruct learners to journalize the remaining transactions using the appropriate journal templates.
8. Allow learners to work **individually or in pairs** to complete the journals.
9. Monitor learners and assist those who need help in identifying the correct journal and placing entries in the correct columns.
10. Conduct a **class discussion** to check answers and emphasize the importance of **correct journal selection before posting to the ledger**.

For Independent Practice :

Annotation

This activity helps learners record analyzed transactions in the proper special journals. It builds on the previous activity where learners identified the accounts affected. Through guided modeling and practice, learners apply journal selection and recording procedures before posting to the ledger.

For Expected Answers and additional activity. Click the link :
https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 3), where they will journalize merchandising transactions of another business using the appropriate special journals.

Activity 4: *(Targets LO 4)*

Activity Title:	Posting Journal Entries to the General and Subsidiary Ledgers
Description:	Learners transfer the journalized merchandising transactions of ReneMay Appliance Center to the appropriate General Ledger and Subsidiary Ledger accounts under both the Periodic and Perpetual inventory methods, based on the entries prepared in the previous activity.

Procedure:

1. Ask learners to refer to the journal entries prepared in Activity 3 for ReneMay Appliance Center.
2. Review selected entries by asking: (a) "What account was debited?" (b) "What account was credited?" (c) "What journal was used?"
3. Explain that the next step in the Accounting Cycle of a Merchandising Business is to post journal entries to the ledger, where transactions are grouped by account.
4. Present the ledger formats: (a) General Ledger (T-account or columnar format) (b) Subsidiary Ledger (for Accounts Receivable and Accounts Payable)
5. Explain the purpose of each: (a) General Ledger – summarizes all accounts (b) Subsidiary Ledger – provides details for individual customers and suppliers
6. Model the posting of the first transaction (Jan. 2):

For Guided Practice. The following beginning balances of real (permanent) accounts were recorded on December 1, 2025, before the transactions for the month of January 2026 took place. The company uses periodic method

Account Title	Debit	Credit
Cash in Bank	₱20,000	
Merchandise Inventory	₱8,000	
Store Supplies	₱10,000	
Prepaid Rent	₱30,000	
Delivery Equipment	₱350,000	
Accounts Payable		₱3,000
Reyes, Capital		₱415,000
Total	₱418,000	₱418,000

From Purchase Journal of Jan. 2

Entry for (Periodic Method)

Purchase Journal

Date	PO/ Invoice No.	Supplier	P.R.	Purchases Debit	Accounts Payable Credit
Jan. 2		HomeTech Appliance Distributor		₱ 80,000.00	₱ 80,000.00

Entry for (Perpetual Method)

Purchase Journal

Date	PO/ Invoice No.	Supplier	P.R.	Merchandise Inventory Debit	Accounts Payable Credit
Jan. 2		HomeTech Appliance Distributor		₱ 80,000.00	₱ 80,000.00

Sales Journal

Posting of Jan. 2 Transaction General Ledger and Subsidiary Ledger

Annotation for LO 4: *This activity helps learners transfer journal entries to the General Ledger and Subsidiary Ledgers. It builds on the previous activity where learners journalized transactions, allowing them to group entries by account and determine updated balances. Through guided practice, learners distinguish between general and subsidiary ledgers and prepare records needed for the trial balance. This supports the* ***Demonstrating phase of the AID framework*** *as learners apply posting procedures in a systematic way.*

For Expected Answers and additional activity. Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMegFhmUSE?e=K9bXHr

7. Ask guided questions: a)"Where should this entry be posted?" b)"Is this account part of the general ledger or subsidiary ledger?" c) "What is the updated balance?"
8. Instruct learners to post the remaining transactions to the appropriate ledger accounts.
9. Allow learners to work individually or in pairs to complete the posting.
10. Monitor learners' work and assist those having difficulty in: a) identifying the correct ledger account b) distinguishing between general and subsidiary ledgers c) updating balances correctly
11. Conduct a class discussion to check answers and emphasize that posting organizes data needed for preparing the trial balance.

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 4), where they will post journalized transactions to the general and subsidiary ledgers of another merchandising business.

Activity 5 *(Targets LO 5)*

Activity Title:	**Preparing the Unadjusted Trial Balance**
Description:	Learners prepare the Unadjusted Trial Balance of ReneMay Appliance Center by listing the balances of all accounts from the General Ledger prepared in the previous activity, ensuring that total debits equal total credits.

Procedure:

1. Ask learners to refer to the General Ledger balances prepared in Activity 4.
2. Review selected ledger accounts by asking: (a) "What is the balance of this account?" (b) "Is it a debit or credit balance?"
3. Explain that the next step in the Accounting Cycle of a Merchandising Business is to prepare the Unadjusted Trial Balance, which summarizes all ledger balances.
4. Present the trial balance format and explain its components: (a) Account Titles (b) Debit Column (c) Credit Column
5. Emphasize that: (a) Assets and Expenses → Debit balances (b) Liabilities, Owner's Equity, and Revenues → Credit balances

For Guided Practice

6. Model the recording of the first few accounts: Example:

	Unadjusted Trial Balance	
	Debit	Credit
Cash in Bank	P 1,800.00	

QR

Annotation L.O 5 Annotation : This activity enables learners to prepare the Unadjusted Trial Balance using the balances obtained from the general ledger of ReneMay Appliance Center.

It builds on the previous activity where learners posted journal entries, allowing them to summarize account balances and verify the equality of debits and credits.
The teacher models the initial entries

7. Ask guided questions: (a) "Where should this account be placed—Debit or Credit column?" (b) "What is the correct balance to be recorded?"
8. Instruct learners to complete the Unadjusted Trial Balance using the remaining ledger balances.
9. Allow learners to work individually or in pairs.
10. Monitor learners' work and assist those having difficulty in: a) identifying correct balances b) placing accounts in the proper column
11. Conduct a class discussion to check answers and verify that:Total Debit = Total Credit

For Independent Practice :

Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 5), where they will prepare an Unadjusted Trial Balance using the ledger balances of another merchandising business.

Activity 6: *(Targets LO 6)*

Activity Title:	**Preparing Adjusting Entries**
Description:	Learners prepare the adjusting entries of ReneMay Appliance Center based on additional information at the end of the accounting period to ensure that revenues and expenses are properly recognized.

Procedure

1. Ask learners to refer to the **Unadjusted Trial Balance** prepared in Activity 5.
2. Review selected accounts by asking: (a) "Which accounts may need adjustment?" (b) "Why do some accounts require updating at the end of the period?"
3. Explain that the next step in the **Accounting Cycle of a Merchandising Business** is to prepare **adjusting entries** to update accounts and ensure accurate financial reporting.
4. Discuss that adjusting entries are needed to: (a) recognize **used or expired assets** (b) record **incurred but unpaid expenses** (c) allocate **costs over time**
5. Present the **adjustment data**:
    a. Store supplies on hand at the end of January is **₱5,000**.
    b. Prepaid rent of **₱30,000** covers **three months**; one month has expired.
    c. The depreciation per month for the delivery vehicle is **₱4,167.**

For Guided Practice

6. Model the preparation of the first adjusting entry:

Supplies Adjustment Ending Supplies = ₱5,000 Supplies Used = ₱5,000

*before learners complete the table. This activity supports the **Demonstrating phase of the AID framework** by allowing learners to apply their understanding of account classification and balances, preparing them for the next step, which is **adjusting entries**.*

For Expected Answers and additional activity in Lesson Exemplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

Annotation for L.O 6

This activity enables learners to prepare adjusting entries based on the unadjusted trial balance of ReneMay Appliance Center. It builds on the previous activity where learners summarized account

Entry:

Account Titles	Debit	Credit
Store Supplies Expense	₱5,000	
Store Supplies		₱5,000

7. Ask guided questions: (a) "What account is affected?" (b) "Is this an expense or an asset?" (c) "Which account will be debited and credited?"
8. Instruct learners to prepare the remaining adjusting entries using the General Journal format based on the given adjustment data.

Adjusting Process Flow

Step 1: Adjustment Data	Step 4: Worksheet (Adjustments Column)
Step 2: General Journal (Adjusting Entries)	Step 5: Adjusted Trial Balance
Step 3: Ledger (Updated Balances)	Step 6: Financial Statements

9. Allow learners to work individually or in pairs.
10. Monitor learners' work and assist those having difficulty in: (a) identifying the correct accounts (b) determining debit and credit entries
11. Conduct a **class discussion** to check answers and emphasize that adjusting entries ensure that financial statements reflect the **true financial position and performance** of the business.

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 6), where they will prepare adjusting entries based on additional data of another merchandising business.

Activity 7: *(Targets LO 7)*

Activity Title:	**Preparing the Adjusted Trial Balance**
Description:	Learners prepare the Adjusted Trial Balance of ReneMay Appliance Center by incorporating the adjustments made in the previous activity into the account balances to ensure that all accounts reflect their updated amounts.

Procedure

1. Ask learners to refer to the Worksheet and Adjusting Entries prepared in Activity 6.
2. Review selected adjustments by asking: (a) "What accounts were affected by the adjustments?" (b) "How did the balances change after adjustment?"
3. Explain that the next step in the Accounting Cycle of a Merchandising Business is to prepare the Adjusted Trial Balance, which reflects the updated balances after adjustments.
4. Present the Adjusted Trial Balance format and explain its components: (a) Account Titles (b) Adjusted Debit Column (c) Adjusted Credit Column

balances, allowing them to update accounts to reflect the correct financial position.

The teacher models one adjustment before learners complete the remaining entries. This activity supports the Demonstrating phase of the AID framework by allowing learners to apply their understanding of accrual accounting and expense recognition, preparing them for the next step, which is the Adjusted Trial Balance.

For Expected Answers and additional activity in Lesson Exemplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

*Annotation for Activity 7 This activity enables learners to prepare the **Adjusted Trial Balance** using the updated balances after adjusting entries of **ReneMay Appliance Center**. It*

5. Emphasize that: (a) Adjusted balances are taken from the Worksheet (Adjusted Columns) (b) All adjustments must already be reflected before transferring balances
6. Model the recording of the first few adjusted accounts: Example
   - Store Supplies → reduced balance after adjustment
   - Prepaid Rent → reduced after recognizing expense
   - Supplies Expense → newly recorded
7. Ask guided questions: (a) "Where will this adjusted balance be placed?" (b) "Is the final balance debit or credit?"
8. Instruct learners to prepare the Adjusted Trial Balance using the updated balances from the worksheet.
9. Allow learners to work individually or in pairs.
10. Monitor learners' work and assist those having difficulty in: (a) transferring adjusted balances correctly (b) identifying new accounts from adjustments
11. Conduct a class discussion to check answers and verify that: Total Debit = Total Credit

For Independent Practice :

Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 7), where they will prepare an Adjusted Trial Balance using the adjusted balances of another merchandising business.

Activity 8: *(Targets LO 8)*

Activity Title:	**Preparing the Accounting Worksheet**
Description:	Learners prepare the Accounting Worksheet of ReneMay Appliance Center by organizing the Unadjusted Trial Balance, Adjustments, Adjusted Trial Balance, Income Statement, and Balance Sheet columns to systematically summarize financial data.

Procedure:

1. Ask learners to refer to the **Unadjusted Trial Balance, Adjusting Entries, and Adjusted Trial Balance** prepared in the previous activities.
2. Review prior learning by asking: (a) "What happens to accounts after adjustments?" (b) "Why is the Adjusted Trial Balance important before preparing financial statements?"
3. Explain that the next step in the **Accounting Cycle of a Merchandising Business** is to prepare the **Accounting Worksheet**, which organizes all data needed to prepare financial statements.
4. Present the **Worksheet format** and explain its components:
   - Unadjusted Trial Balance
   - Adjustments
   - Income Statement Columns
   - Balance Sheet Columns

builds on the previous activity where learners prepared adjusting entries and reflected them in the worksheet. The teacher models the initial entries before learners complete the table. This activity supports the ***Demonstrating phase of the AID framework*** *by allowing learners to apply their understanding of* ***account adjustment and balance updating****, preparing them for the next step, which is the* ***preparation of financial statements****.*

For Expected Answers and additional activity in Lesson Exeplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

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Annotation for Activity 8

This activity enables learners to prepare the **Accounting Worksheet** of **ReneMay Appliance Center**, integrating all previous steps—trial

	○ Adjusted Trial Balance 5. Emphasize that: (a) The worksheet is a **working paper** (not a formal financial statement) (b) It helps ensure **accuracy and completeness** before preparing reports 6. Model the preparation of the **first few accounts**: Example: • Cash in Bank → carried to Balance Sheet column • Sales → placed under Income Statement (Credit) • Supplies Expense → placed under Income Statement (Debit) 7. Ask guided questions: (a) "Is this account an income statement or balance sheet account?" (b) "Where should this account be extended?" 8. Instruct learners to complete the **Accounting Worksheet** by: (a) transferring balances from the Adjusted Trial Balance (b) extending each account to the proper columns 9. Allow learners to work **individually or in pairs**. 10. Monitor learners' work and assist those having difficulty in: (a) classifying accounts correctly (b) extending balances to proper columns 11. Conduct a **class discussion** to check answers and verify: (a) Income Statement columns are balanced (b) Balance Sheet columns are balanced **✓ Worksheet is balanced after net income is distributed** **For Independent Practice :** Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 8), where they will prepare an Accounting Worksheet using data from another merchandising business. **Activity 9:** *(Targets LO9)* **Activity Title:** **Preparing Financial Statements** **Description:** Learners prepare the complete set of financial statements of *ReneMay Appliance Center*, namely: a)Income Statement b) Statement of Changes in Owner's Equity c) Balance Sheet d) Statement of Cash Flows using the structured data from the Accounting Worksheet developed in the previous activity, ensuring accuracy in classification, computation, and presentation. **Procedure:** 1. Ask learners to refer to the **completed Accounting Worksheet** prepared in Activity 8. 2. Review prior learning by asking: (a)"Which columns in the worksheet are used for the Income Statement?" "Which columns are used for the Balance Sheet?"	balance, adjustments, and adjusted balances—into a structured format. It builds on prior activities by helping learners **organize financial data systematically** and prepare for financial statement preparation. The teacher models the initial entries before learners complete the worksheet. This activity supports the **Demonstrating phase of the AID framework** by allowing learners to apply their understanding of **account classification, adjustments, and financial grouping**, leading to the preparation of **financial statements**. *For Expected Answers in Lesson Exeplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Duwg6EnVsnMeqFhmUSE?e=K9bXHr* *QR* **Annotation for Activity 9**

	3. Explain: "The next step in the Accounting Cycle is the preparation of financial statements. These reports summarize the results of operations and the financial position of the business." 4. Present the types of **financial statements** and their purpose: • **Income Statement** – measures profitability • **Statement of Changes in Owner's Equity** – shows changes in capital • **Balance Sheet** – shows financial position • **Statement of Cash Flows** – shows movement of cash **For Guided Practice** 5. Model the initial preparation of the Income Statement by guiding learners to: a. Identify Income Statement accounts. Ask: "Which accounts belong to the Income Statement?" (Expected Answer: Sales, Sales Discounts, Expenses) b. Compute Net Sales (Guided) Present: Sales = ₱57,500 Less: Sales Discounts = ₱700, then **Ask**, "What is the Net Sales?" Learners compute : ₱ 56,800.00 c. Begin Cost of Goods Sold. Guide the learners. **Say**, "To compute Cost of Goods Sold, What inventory amounts do we need? Expected Answers: Beginning Inventory, Ending Inventory Give emphasis that the Beginning Inventory is ₱ 8,000.00 and the ending inventory is P 35,083.00. Assume that the mark up of the product sold is 20% for each item sold. d. Expense Section (Guided). Write: Supplies Expense , Rent Expense . **Ask**: *"What other expenses should be included?"* (Expected Response(s) : Depreciation Expense e. Release point. **Say** , *"Now, you will complete the Income Statement."* 6. Ask guided questions: (a) "How do we compute total expenses?" (b) "How do we determine net income?" (c) "Why is ending inventory important in computing profit?" 7. Instruct learners to prepare the following financial statements using the worksheet data: • Income Statement • Statement of Changes in Owner's Equity • Balance Sheet • Statement of Cash Flows 8. Allow learners to work individually or in pairs. 9. Monitor learners' work and assist those having difficulty in: (a)proper classification of accounts (b)accurate computation of: (c)Net Sales (d) Cost of Goods Sold (e)Net Income / Loss (f) correct formatting of financial statements 10. Conduct a class discussion to check answers and emphasize that: (a)financial statements are the final output of the accounting cycle (b) accurate	This activity enables learners to prepare the complete set of financial statements using the structured data from the Accounting Worksheet. It builds on prior activities by requiring learners to transfer and organize financial data into formal reports. The teacher applies **guided inquiry and partial modeling**, allowing learners to independently complete computations and formats. This promotes: • critical thinking • analytical skills • independent learning The activity aligns with the **Demonstrating phase of the AID framework**, as learners apply their understanding of: • account classification • adjustments • financial reporting in producing accurate and meaningful financial statements. *For Expected Answers and additional activity in Lesson Exeplar Click the link :* *https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Duwg6EnVsnMeqFhmUSE?e=K9bXHr* *QR*

classification leads to reliable financial reports (c) Profit is different from cash flow

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 9), where they will prepare the complete set of financial statements of another merchandising business.

Activity 10: *(Targets LO 10)*

Activity Title:	Preparing Closing Entries for Nominal Accounts
Description:	Learners prepare the closing entries of ReneMay Appliance Center by transferring the balances of nominal accounts (revenues, expenses, and drawings if applicable) to the capital account using the results from the financial statements prepared in Activity 9, ensuring that temporary accounts are reset for the next accounting period.

Procedure

1. Ask learners to refer to the Income Statement and Statement of Changes in Owner's Equity prepared in Activity 9.
   Ask: *"What is the net result of operations?"* Expected Response(s): **Net Loss ₱10,284**
   "What happened to the capital after this result?" Expected Reponse(s): Decreased to **₱404,716**
2. Guided Inquiry (Concept Building) **Ask:** *(a)"What will happen if we do NOT reset revenue and expense accounts?" (b) "Will these accounts still appear next period?"* Lead learners to the idea: (a) Nominal accounts must be closed (b) They are temporary accounts
3. Explain: "The next step in the Accounting Cycle is the preparation of closing entries. These entries transfer the balances of temporary accounts to the capital account and reset them to zero for the next period."
4. Present the Closing Process. Discuss the four closing steps :
   - Close **Revenue accounts → Income Summary**
   - Close **Expenses → Income Summary**
   - Close **Income Summary → Capital**
   - Close **Drawings → Capital** *(if applicable)*

For Guided Practice

5. Model the First Closing Entry (Revenue) **Ask:** ***"****What is our revenue account?"*
   Answer: *₱57,500.00*

	Dr	Cr
Sales	₱57,500.00	
Income Summary		₱57,500.00

6. Model Closing of Expenses. **Ask,** *"What are the expense accounts?"*

Annotation for Activity 10

This activity enables learners to prepare closing entries by transferring balances of nominal accounts to the capital account using the results of the financial statements.

It builds on Activity 9 by linking financial performance to account updating, allowing learners to understand how net income or loss affects owner's equity.

Through **guided inquiry and step-by-step modeling**, learners develop:

- conceptual understanding of temporary vs real accounts
- procedural skills in journalizing closing entries

Supplies Expense = ₱5,000.00, Rent Expense = ₱10,000.00, Depreciation Expense = ₱4,167.00, Total = ₱19,167.00

Entry :

	Dr	Cr
Income Summary	₱19,167.00	
Supplies Expense		₱ 5,000.00
Rent		₱ 10,000.00
Depreciation Expense-Delivery Vehicle		₱ 4,167.00

7. Model Income Summary Closing. **Ask,** *"What is the result of operations?"* Answer Net Loss = ₱10,284. Since it is a loss, capital decreases.

	Dr	Cr
ReneMay, Capital	₱10,284.00	
Income Summary		₱10,284.00

8. (If Applicable) Closing Drawings. If no drawings are given. State explicitly: "No drawing account is present; therefore, no entry is required."
9. Guide Questions: (a)"Why is Sales closed using a debit?" (b) "Why are expenses credited?" (c) "Why does capital decrease in a net loss?" (d) "What happens to the balances of these accounts after closing?"

10. Instruct learners to: Prepare the complete set of closing entries
    Verify that: (a) all nominal accounts have zero balance (b)capital reflects the updated balance
11. Assist learners in: (a) identifying nominal vs real accounts (b)determining correct debit/credit entries (c) understanding the flow of closing
12. Say "All temporary accounts =ZERO , Capital **₱404,716.00**

Emphasize: (a)Closing entries complete the accounting cycle (b) They prepare accounts for the next period (c) Only real accounts remain open.

For Expected Answers and additional activity in Lesson Exeplar Click the link : *QR*
https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 10), where they will prepare closing entries for nominal accounts.

Activity 11: *(Targets LO 11)*

Activity Title:	Preparing the Post-Closing Trial Balance

- analytical thinking in interpreting financial results

The activity aligns with the **Demonstrating phase of the AID framework**, as learners apply their knowledge of:

- account classification
- financial statements
- accounting cycle completion

in preparing accurate closing entries.

Description:	Learners prepare the Post-Closing Trial Balance of ReneMay Appliance Center by listing the balances of permanent (real) accounts after closing entries have been completed in Activity 10, ensuring that total debits equal total credits and that all temporary accounts have zero balances.

Procedure:

1. Ask learners to refer to the closing entries prepared in Activity 10. **Ask**: *a)"What happened to the balances of revenue and expense accounts?"* Expected Response(s): They are zero (b)"*Which accounts still have balances?"* Expected Response(s): Assets, Liabilities, and Capital
2. **Ask:** (a) *"Why do we prepare a post-closing trial balance?" (b)"What type of accounts should appear in this report?"* Lead learners to conclude: (a) Only real (permanent) accounts remain (b) It verifies the correctness of closing entries
3. **Explain**: *"The post-closing trial balance is prepared after closing entries to ensure that the ledger is balanced and ready for the next accounting period. It contains only permanent accounts."*
4. Show the format:

Account Titles	Debit	Credit

Emphasize :No revenues, no expe no withdrawals . **Ask**, *Which acco the ledger will be included?*

For Guided Practice

5.Model the first few entries

Account Titles	Debit	Credit
Cash in Bank	₱ 1,800.00	
Merchandise Inventory	₱ 35,083.00	
Store Supplies		
Prepaid Rent		
Delivery Vehicle		
Less : Accumulated Depreciation		
Accounts Payable		₱ 3,000.00
ReneMay, Capital		

6. Ask : (a)"Where should Capital be placed?" Expected Answer: Credit column (b) "What happens to Accumulated Depreciation?" Expected Answer: Credit (contra asset)
7. Instruct learners to complete the Post-Closing Trial Balance.
8. Assist learners in: (a)identifying correct accounts (b) excluding nominal accounts (c)placing balances correctly
9. Class Discussion. Verify that:✓Total Debits = Total Credits ✓ Only real accounts appear ✓ Worksheet and Balance Sheet agree

For Expected Answers and additional activity in Lesson Exemplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

Annotation for Activity 11

This activity enables learners to prepare the post-closing trial balance by identifying and listing only permanent accounts after closing entries have been completed.

It builds on Activity 10 by verifying that nominal accounts have been properly closed and that the ledger is balanced and ready for the next accounting period.

Through guided inquiry and structured practice, learners develop:

- understanding of real vs nominal accounts
- accuracy in account classification
- skill in verifying ledger balances

The activity aligns with the **Demonstrating phase of the AID framework**, as learners apply their understanding of:

- closing entries
- financial position
- accounting cycle completion

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 11), where they will prepare the Post-Closing Trial Balance.

Activity 12: *(Targets LO 12)*

Activity Title:	Preparing Reversing Entries
Description:	Learners prepare the reversing entries of ReneMay Appliance Center at the beginning of the next accounting period by identifying selected adjusting entries from Activity 6 and reversing their effects, ensuring accurate and simplified recording of subsequent transactions.

Procedure:

1. Ask learners to refer to: (a) Adjusting Entries (Activity 6) (b) Post-Closing Trial Balance (Activity 11) **Ask:** "*After preparing the post-closing trial balance, are we done with the accounting cycle?"* Expected Response(s): Yes, but preparation for next period begins
2. **Ask:** (a) "*What might happen if we record next period's expenses without considering previous adjustments?" (b) "Is there a way to simplify recording in the next period?"* Lead learners to the idea: (a) Some adjusting entries can be reversed (b) This avoids double counting
3. **Explain:** "*Reversing entries are optional entries made at the beginning of the next accounting period. They reverse certain adjusting entries to simplify the recording of transactions in the new period."*
4. Identify reversible adjustments. **Ask**, *Which adjusting entries can be reversed?*

✓ Expected:
- Accrued expenses
- Accrued income

✗ Not reversed:
- Prepaid expenses (like rent)
- Depreciation

Based on the given transaction:
✓ Depreciation → NOT reversible
✓ Prepaid Rent → NOT reversible (deferral method used)
✓ Supplies → NOT reversible
Thus, in the scenario, there is no reversing entries required.

For Guided Practice

5. Model decision making. Present the adjusting entries.

For Independent Practice : Instruct learners to complete the corresponding Learning Activity Sheet (LAS Activity 12), where they will prepare reversing entries

For Expected Answers and additional activity in Lesson Exemplar Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr

QR

in preparing the post-closing trial balance.

Annotation for Activity 12

This activity enables learners to analyze adjusting entries and determine whether reversing entries are necessary for the next accounting period.

It builds on Activity 6 and Activity 11 by extending learners' understanding of adjustments and preparing them for the continuity of the accounting cycle.

Through guided inquiry and comparative analysis, learners develop:

- critical thinking in identifying reversible adjustments
- conceptual understanding of accrual accounting
- ability to apply accounting procedures beyond the current period

The activity aligns with the **Demonstrating phase of the AID framework**, as learners apply their knowledge of:

- adjusting entries
- accounting cycle completion
- financial reporting continuity

in determining the need for reversing entries.

C. **Demonstrating Knowledge and Skills**

1. Finding Practical Application

In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: Guide learners in applying accounting concepts to real-life buy-and-sell activities by analyzing business processes and explaining the importance of systematic record keeping.

Activity Title:	Business Process Reflection: From Buying to Selling
Description:	Learners reflect on how a simple buy-and-sell activity (e.g., school fundraising, online selling, sari-sari store) requires a systematic process and proper record keeping to ensure that transactions are organized, monitored, and evaluated.

Procedure

1. *Present a scenario: "Imagine you're the class is planning a fundraising activity by selling snacks, drinks, or school supplies."*
   Ask : *What are the steps you need to do from buying to selling?*
2. Group Activity: Process Mapping. Divide learners into small groups. Instruct them to: (a) Identify the steps involved in a buy-and-sell activity (b) Arrange the steps in proper sequence (c) Present their answer using: flowchart , diagram or numbered list
3. Guide learners to organize and sequence the steps such as:
   - Purchasing goods
   - Recording purchases
   - Storing inventory
   - Selling goods (cash or on account)
   - Recording sales
   - Collecting payments
   - Monitoring expenses
   - Determining profit or loss
4. Presentation. Let each group present their Business Process Flow.
5. Reflection (Core of the Activity). After presentation, **Ask**: *"What do you notice about the process?"* Lead them to conclude: (a) Activities follow a sequence (b)Each step requires recording (c) Organization is necessary
6. **Ask**. *(a) Why is it important to keep records when buying and selling goods? (b) How does a systematic process help organize a buy-and-sell activity? (c) How can proper record keeping help a small business know if it is doing well?*
7. Ask learners :"If you were to start your own small business (online selling, food stall, or reselling), how would you apply systematic record keeping?" Let them answer through: short written reflection, sharing or exit slip

Annotation:

This activity enables learners to connect accounting concepts to real-life situations by analyzing the process of a buy-and-sell activity. It promotes meaningful learning by contextualizing systematic record keeping in familiar scenarios such as school fundraising or small business operations.

Through collaborative learning and reflection, learners develop:

- critical thinking in identifying business processes
- appreciation of systematic procedures
- awareness of the importance of accurate record keeping

The use of visual representations such as flowcharts supports learners in understanding the sequence of accounting activities, aligning with the **Application phase of the AID framework**, where learners apply their knowledge in real-life contexts.

For Expected Answers and additional activity Click the link : *https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr*

QR

2. Making Generalization

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Guide learners in summarizing and organizing the steps of the merchandising accounting cycle by connecting accounting processes to real-life business activities, using visual representations such as flowcharts or step diagrams.*

Activity Title:	Process Synthesis: The Merchandising Accounting Cycle
Description:	Learners synthesize their understanding of the merchandising accounting cycle by organizing and illustrating the complete flow of accounting processes—from analyzing transactions to preparing financial statements and closing entries—based on the activities completed in the lesson.

Procedure:

1. Divide learners into small groups.
2. Ask each group to create a visual presentation of the merchandising accounting cycle. .
3. Let them choose one format: Flowchart, Step Diagram, or Concept Map.
4. Instruct them to arrange these steps in correct order. Refer to link in annotation for correct order.
5. Specific Instructions per Output Type: Refer to link in annotation for specific instructions per output type.
6. Let groups to present their outputs. **Ask:** (a) *"What similarities do you observe among your outputs?" (b) "Did all groups follow the same sequence? Why?"*
7. Ask learners to complete the sentence: *"The merchandising accounting cycle is a _____ process of _____, _____, and _____ business transactions to _____."*

For Expected Answers and additional activity Click the link : https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMegFhmUSE?e=K9bXHr

QR

Annotation . This activity enables learners to consolidate their understanding of the merchandising accounting cycle by organizing the sequence of accounting processes into a visual representation.
It builds on the previous **Business Process Reflection** by connecting real-life buy-and-sell activities to formal accounting procedures.
Through collaborative summarizing and guided questioning, learners develop:

- conceptual understanding of the accounting cycle
- ability to organize processes logically
- skills in synthesizing and summarizing information

The use of flowcharts and step diagrams supports visual learning, while sentence completion provides scaffolding for constructing generalizations.
This activity aligns with the **Institutionalizing phase of the AID framework**, where learners internalize and generalize key concepts.

V. ASSESSMENT *(Assessment for/of Learning)*	**Instructions** 1. Distribute the **Learning Activity Sheet (LAS)** to all learners after the Making Generalization activity. 2. Explain that the activity will assess their understanding of the concepts discussed in the lesson. 3. Instruct learners to read each item carefully before answering. 4. Remind learners to answer the questions **individually**. 5. Allow approximately **10–15 minutes** for the learners to complete the activity. 6. After completion, collect the LAS or review the answers through class discussion Annotation : *For Expected key Answers and additional activity and TOS Click the link :* *https://depedph-my.sharepoint.com/:f:/g/personal/quennie_gumalawe001_deped_gov_ph/IgDSI5RioUM7SYVi4EtuYnXOAeH9Dwwg6EnVsnMeqFhmUSE?e=K9bXHr* *QR*
VI. REFLECTION *(Feedback and Continuous Improvement)*	*This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.* A. Were the learning objectives achieved by the learners at the end of the lesson? B. Which activities or strategies were most effective? C. What difficulties or misconceptions did learners encounter? D. What support or adjustments are needed for learners who had difficulty? E. What materials, strategies, or practices from this lesson may be shared with other teachers?
VII. USE OF GENERATIVE AI	In preparing this Learning Exemplar (LE), the author used Open Al such as Chat GPT and Gemini Google Assistant in order to help enhance activities. The author reviewed and finalized the writing of the content. The author takes full responsibility for the content of this LE.

Lesson Title/Topic	Accounting Practice Set: Demonstrating the Fundamental Accounting Cycle	Lesson Exemplar	11

I. CURRICULUM STANDARDS	
A. Content Standard	*The learners demonstrate understanding of concepts and principles of accounting for merchandising business.*
B. Performance Standard	*The learners complete the practice sets following the accounting cycle for merchandising business using the perpetual and periodic methods*
C. Learning Competencies	*Present a complete accounting practice set following the fundamental accounting cycle*
II. REFERENCES and MATERIALS (*Selecting Resources and Material*)	**References:** Ballada, Win Lu, and Susan Ballada. *Basic Financial Accounting and Reporting: Made Easy*. 25th ed. Manila: DomDane Publishers, 2023. Ballada, Win Lu. *Basic Accounting Made Easy*. 18th ed. Manila: DomDane Publishers, 2013. Cabrera, Ma. Elenita, Ledesma, Ester, Lupisan, Ma. Concepcion. 2015. *Fundamentals of Accounting Volume 1.* Manila: GIC Enterprises & Co. Inc. Department of Education. *K to 12 Curriculum Guide: Accountancy, Business and Management (ABM) Strand*. Pasig City: Department of Education, 2016. Millan, Zenaida Vera Cruz. *Fundamentals of Financial Accounting and Reporting*. Manila: Millennium Books, 2019. Robles, Norma S., and Patricia N. Empleo. *Intermediate Accounting, Volume 1*. Manila: GIC Enterprises & Co., Inc., 2016. Valencia, Edwin G, and Gregorio F Roxas. 2015. *Basic Accounting 4th Edition.* Baguio: Valencia Educational Supply. **Materials:** ▪ PowerPoint slides ▪ Practice Set Kit (mock source documents: Official Receipts, Sales Invoices, Vouchers, etc.) ▪ Blank forms for General Journal, General Ledger, and 10-column Accounting Worksheet ▪ Blank form for Subsidiary Ledger ▪ Blank form for Special Journals (Sales, Purchase, Cash Disbursement, Cash Receipts) ▪ Chart of accounts ▪ Calculators, stopwatch, scissors ▪ Learning Activity Sheets ▪ Projector, online quiz tools, laptop

III. CONTENT *(Sequencing Content)*	**Accounting Practice Set: Demonstrating the Fundamental Accounting Cycle**
IV. OBJECTIVES *(Setting Clear Objectives and Analyzing the Tasks)*	*At the end of the lesson, the learners should be able to:* a) *Identify the transactions and events included in a given accounting practice set.* b) *Analyze the nature of transactions and determine the accounts affected based on the given source document.* c) *Record transactions in the appropriate journals and ledgers following the steps of the accounting cycle.* d) *Prepare the required accounting outputs in the practice set, including:* *unadjusted trial balance* *adjusting entries* *adjusted trial balance* e) *Present the completed accounting practice set following the fundamental accounting cycle.*

IV. PROCEDURES *(Selecting Strategies, Making Meaningful Content, Delivering Lesson and Assessing Learning)* *This section focuses on selecting learner-centered, evidence-based instructional approaches such as problem-based learning, collaborative tasks, interdisciplinary integration, and technology-enhanced instruction. These strategies are intended to foster active engagement, critical thinking, and adaptability across diverse learning pathways. The chosen approaches and methodologies will be reflected through varied and relevant activities and assessments that emphasize real-world relevance and application, thereby enhancing learner engagement and comprehension.*	***ANNOTATIONS*** **Instruction to the teacher on how to facilitate the activities.* **In the Annotation, explicitly explain how the IDF is applied in each part of the lesson*

A. Activating Prior Knowledge

1. ELICITING PRIOR KNOWLEDGE

This involves activities in which the learners can recall or connect what they already know that is relevant to the new lesson. It serves as a cognitive bridge between previous learning and new concepts. This can be done through questioning, short activities, visual prompts, or discussions.

Instructional Goal: *Guide learners to recall the individual steps of the accounting cycle they have learned so far and recognize that these steps must flow in a specific, sequential order to be useful for a business.*

OPTION 1:	**INTERACTIVE ACTIVITY**
Activity Title:	**The Accounting Puzzle**
Description:	Learners arrange the steps of the accounting cycle in the correct chronological order to bridge their previous isolated lessons to the integrated practice set.

Procedure:

1. Before the class, prepare meta cards (for board/group work) or paper strips (for individual work) with the following steps written on them: *Journalizing, Posting to the Ledger, Analyzing Source Documents, Preparing the Unadjusted Trial Balance, Formulating Adjusting Entries, Preparing the Worksheet, Preparing closing entries, Post-closing trial balance, Reversing entries, Preparing Financial Statements*

Teaching Tip for Option 1:
*You may opt to facilitate this activity on an **individual basis** (using worksheets/cut-outs) or **per group/whole class** (using board meta cards). Regardless of the grouping strategy chosen based on your class size and resources, the instructional goal remains the same: to*

2. Present the steps in a scrambled, random order.
3. Say: *"Over the past few weeks, we have learned how to do these specific accounting tasks. Today, I need your help to put them in the correct order as they would happen in a real business."*.
4. *Instruct the learners (individually or in their assigned groups) to arrange the steps sequentially.*
3. *Check the answers together as a class.*

Processing Questions:

- Why must *Analyzing Source Documents* come before *Journalizing*?
- What happens if we prepare the *Trial Balance* before we finish *Posting*?

4. Acknowledge learners' responses and emphasize that in accounting, sequence is just as important as accuracy.

assess and reinforce the learners' ability to sequence the accounting cycle properly before applying it to the practice set.

OPTION 2:	**GAME-BASED RECALL**
Activity Title:	**The Accounting Cycle Sprint**
Description:	A fast-paced, independent recitation game designed to assess learners' speed, accuracy, and mastery in recalling the sequential steps of the accounting cycle before applying them to a full practice set.

Teaching Tip for Option 2:
This activity promotes active recall and builds classroom energy. While it is a race, emphasize that in actual accounting (like in their practice set), ***accuracy is always more important than speed****. You may use a stopwatch or a digital timer displayed on the screen.*

Procedure:

1. Call for 3 to 5 volunteers (or select randomly) to participate in the "Sprint."
2. Explain the mechanics: Each student will take turns verbally reciting all the steps of the accounting cycle in precise chronological order (from analyzing source documents all the way to the post-closing trial balance)
3. The teacher (or an assigned student timekeeper) will start the timer as soon as the student says the first step.
4. If a student states a step out of order, the teacher says "Pause!", corrects them, and the student must continue from the corrected step (the timer keeps running).
5. The student who recites the complete cycle accurately in the shortest amount of time wins the sprint.

Processing Questions:

- ***Targeting specific transitions:*** *Let's look at the middle of the cycle. Where exactly does the output of the Adjusting Entries*

Guide learners to recognize that their previous activities and lessons involved isolated accounting steps, such as journalizing a single transaction or posting a few entries. Allow learners to reflect on how a real business must handle a continuous flow of these interconnected transactions over a certain period. These

	phase go next, and why is this transition critical before drafting financial statements? • **Targeting sequence importance:** *What would practically happen to our ledgers and trial balance if we decided to skip a step, such as failing to post from the general journal?* • **Real-world application:** *In a real business setting, what are the specific consequences (e.g., legal, financial, or decision-making) if an accountant performs these steps out of order or entirely skips the analysis of source documents?* 5. Acknowledge the learners' responses and emphasize that while speed is fun for a game, strictly following this exact sequence is their ultimate "survival guide"—ensuring they don't get lost as they tackle the complex, real-world data of their accounting practice set today.	*realizations will serve as the bridge to the next part of the lesson, where learners will transition from answering standalone textbook problems to simulating a complete, real-world business operation through an integrated accounting practice set.*
	2. ESTABLISHING THE PURPOSE OF THE LESSON *This part the learners will know the learning goals, relevance, and real-life applications of the lesson. It sets expectations and provides motivation by answering the question: "Why are we learning this?"* **Instructional Goal:** *Enable learners to understand that the "Practice Set" is a simulation of a real business's periodical financial operations, moving them from theory to practical application.*	
	Activity Title: **Why Do We Need a Practice Set?** **Description:** Learners discuss the difference between learning a concept and applying it to a continuous, real-world scenario. **Procedure:** 1. Say: *"Imagine learning how to drive by only reading a manual. You know what the steering wheel and brakes do, but you haven't driven a car yet. A Practice Set is our 'driving simulator' for accounting."* 2. Ask: *"Why do you think it is important for us to process a full periodic transaction from start to finish, rather than just answering isolated word problems?"* 3. Allow learners to share their ideas *(e.g., to see the big picture, to experience what real accountants do, to understand how an error in step 1 affects step 5).* 4. Transition to the lesson: *"Today, you will transition from being senior high accounting students to acting as the Junior or Lead Accountants for a simulated business. You will analyze documents, record them, prepare the necessary accounting outputs, and finally present through oral defense."* 5. Briefly present the lesson objectives to the class.	*Guide learners to connect their earlier responses to the need for applying the accounting cycle in a continuous, real-world scenario. Allow them to suggest possible ideas/ guidelines about the practice set before formally introducing it. This helps learners appreciate the relevance of the activity and prepares them to understand how a practice set integrates all isolated accounting steps to create a complete financial picture of a business.*
B. Instituting New Knowledge	**1. PRESENTING EXAMPLES** *This step involves showing a relatable, concrete, or real-life example that illustrates the new concept. Examples can be visual, situational, or experiential and are used to spark interest and provide context.*	

Instructional Goal: *Provide learners with a tangible look at a Practice Set, allowing them to identify the source documents and the required accounting books.*

Activity Title:	**Meet Your Client: Jerome Marquez, CPA**
Description:	Learners are introduced to a simulated merchandising business, "Jeh Stitch Merch Co." owned by Sir Jeh, where they will identify and review the specific source documents required to begin their accounting practice set.

Procedure:

1. Group Formation: Organize the learners into groups of five (5) members. This group will be adapted as their grouping for the actual construction of the accounting practice set.
2. Distribute the Practice Set envelopes to the learners (or show the contents on a screen).
2. **Say:** *"This envelope contains the financial life of Jeh Stitch Merchandising Co. for the year ended December 31, 2026. Inside, you don't have word problems; you have evidence."*
3. Instruct learners to pull out three specific items from their kit: A Check Voucher, a Sales Invoice, and a blank General Journal.
4. **Ask:**
    1. Which document shows that the business paid for something?
    2. Which document shows that the business sold items?
    3. Where will we translate these documents into accounting language?
6. Write key responses on the board to reinforce the connection between the physical document and the accounting record.

Teacher Transition After Presenting Examples

Say: *"Excellent work identifying the evidence. However, if Sir Jeh asks us how his business is doing, we cannot just hand him a messy envelope full of vouchers and invoices. We need to translate this raw evidence into a systematic, organized format. Let us now discuss exactly how we will analyze these documents and properly record them and complete the accounting cycle using the practice set."*

Then transition to the discussion.

The purpose of this activity is to immerse the learners in a realistic business environment and establish the collaborative dynamic they will use for the entire project. By having them physically handle or visually inspect actual source documents rather than reading traditional word problems, you are shifting their mindset to authentic financial analysis. Emphasize that in real-world accounting, these documents are the absolute starting point—without them, no journal entries can be made.

Underscore to the learners that this activity serves as the official kick-off for their actual Accounting Practice Set. While analyzing these documents is their crucial first step, reassure them not to worry about the final output yet; comprehensive guidelines for the entire project—including the mechanics for their final oral presentation—will be thoroughly discussed in the succeeding parts of the lesson.

	"Let us now discuss the accounting practice set and what are the expected requirements for this."	
	2. DISCUSSING NEW CONCEPT *This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction.* **Instructional Goal:** *Guide learners on how to systematically approach the Practice Set, ensuring they understand how to fulfill the specific objectives (from source document analysis to the worksheet).*	
	Begin by discussing the use and importance of Accounting Practice Set. **Accounting Practice Set** is a technical simulation designed to mimic the real-world financial operations of a business over a specific period. *Then, discuss a walkthrough of the accounting cycle as you point out the realization of specific objectives of the accounting practice set.* **Walkthrough of the Accounting Cycle** **Procedures:** 1. Connecting Documents to Journal Entries (Targets Objective a & b): **Say:** *"In a practice set, you won't see text saying 'Paid rent for P5,000.' You will see a Cash Voucher attached to a Rent Receipt. You must analyze the nature of this transaction."* *Explain that the first step is to sort documents by date, analyze the accounts affected, and ensure debits equal credits.* 2. The Recording and Posting Phase (Targets Objective c): **Say:** *"Once analyzed, you record it in the General Journal. But remember the cycle doesn't stop there. You must immediately post this to the General Ledger."* Demonstrate or display a quick visual of an entry moving from the Journal to the Ledger, emphasizing the use of reference numbers (PR column) to avoid getting lost in the Practice Set. 3. Summarizing the Data (Targets Objective d): **Say:** *"At the end of the simulated year, you will extract all the balances from your General Ledger to prepare the Unadjusted Trial Balance."*	*Before diving into the actual practice set, explain to the students that a Practice Set allows them to experience company's life in just a given period.* ***Teaching Tip for the Walkthrough of the Accounting Cycle:*** *The teacher may display a flowchart of the Accounting Cycle. As you go through each step (Source Documents, Journalizing, etc.), point to its location on the chart.* *The teacher may also ask volunteers from the learners to explain each step in the accounting cycle.*

Explain that the Practice Set will also include "Additional Information" at the end of the year (e.g., "P1,000 of supplies were used"). Explain that this data triggers the **Adjusting Entries**, which will then be plotted onto the **Accounting Worksheet**.

4. Completing the Accounting cycle and oral Presentation (Targets Objective e):
   Say: *"Numbers alone cannot make business decisions; people do. Once your worksheet is balanced and your accounting cycle is complete, your final task is to communicate these results. You will step into the shoes of lead accountants and formally present the financial status of Jeh Stitch Merch Co. directly to the owner, Sir Jeh."*

   Explain that the groups will compile their processed source documents, journals, ledgers, and worksheets into a final, professional portfolio. For the oral presentation, explain that they will be required to walk the "client" through their process, highlight major transactions, and defend the accuracy of their final balances, demonstrating full mastery of the accounting cycle from start to finish.

3. DEVELOPING MASTERY

*In this part learners will engage in guided and independent practice activities to reinforce the concept. This may include drills, problem-solving, application tasks, or peer collaboration. This is the explicit teaching or guided exploration of the lesson's key ideas. It includes defining terms, explaining relationships, using models or analogies, and encouraging learner interaction. *this pertains to formative assessment*

Instructional Goal: *Learners apply their understanding by starting their actual Practice Set, completing the recording phase, and drafting the initial summary, and presenting the entire accounting cycle through an Oral Defense.*

Activity Title:	**JEH STITCH MERCH CO.** **A Comprehensive Accounting Practice Set: Mastering Perpetual and Periodic Inventory Systems**
Description:	Learners officially commence their 10-day comprehensive accounting practice set. Throughout this period, they will process real-world financial transactions for "Jeh Stitch Merch Co.," demonstrating mastery in recording and summarizing data using both perpetual and periodic inventory systems.

Refer to Learning Activity Sheet Quarter 2 Lesson 4 for the comprehensive problem.

Provide an initial orientation covering the comprehensive requirements of the Accounting Practice Set.

GENERAL GUIDELINES FOR THE 10-DAY PRACTICE SET

A. Group Dynamics and Accountability

1. **The Audit Team:** You will work in your assigned groups of five (5). Treat this group as a professional accounting firm.

This 10-day practice set is the most rigorous phase of

	2. **Division of Labor:** While tasks can be delegated (e.g., one reads the documents, one records in the journal, one posts to the ledger), *every* member must understand the entire flow. 3. **Peer Evaluation:** At the end of the 10 days, your individual grade will be influenced by a Peer Rating Rubric. Freeloading will severely impact your final score. 4. **Project Scope:** Each group is required to complete the full accounting cycle for JEH Stitch Merch Co., covering both Perpetual and Periodic inventory systems as specified in the problem set. **B. Materials and Working Environment** • Bring your complete Practice Set envelope, calculators, rulers, and pencils/pens every day. • **Neatness Counts:** All financial records must be clean, legible, and organized. Erasures should be kept to an absolute minimum, as messy books are a red flag in real-world auditing. **C. Academic Integrity** • Collaboration within your group is required; copying from other groups is strictly prohibited. Each group must independently analyze their source documents. **D. Submission Standards and Oral Presentation** **Format:** All entries must be written legibly on standard accounting paper. **Accuracy:** All computations must be rounded to two decimal places. **Presentation:** Each group will have 5-10 minutes to present their accounting cycle findings for JEH Stitch Merch Co. The goal is to demonstrate a clear understanding of how transactions flow from the General Journal to the Financial Statements. **Specific Procedural Requirements** To successfully complete this practice set, follow these steps: **Step 1: Analysis & Journalizing** – Identify and analyze the provided business transactions from the provided source documents. Record them in the appropriate general or special journal. Ensure you distinguish between the two inventory methods where required.	*the quarter. For the duration of this activity, shift your role from a traditional instructor to an "Audit Supervisor" or "Client." Maintaining this professional simulation keeps learners highly engaged and accountable. Emphasize to the learners that while accounting involves numbers, this project is equally a test of time management, ethics, and teamwork.* ***Teaching Tip:*** *The teacher may allow the learners to complete their outputs using Microsoft Excel or traditional printed materials.*

	Step 2: Posting to the Ledger – Post all journal entries to the General Ledger and maintain Subsidiary Ledgers for Accounts Receivable and Accounts Payable. **Step 3: Trial Balance Preparation** – Prepare an Unadjusted Trial Balance to ensure total debits equal total credits. **Step 4: Adjusting Entries** – Process end-of-period adjustments (e.g., depreciation, accruals, and prepayments). **Step 5: Financial Statement Preparation** – Generate the following reports: 1. Income Statement 2. Statement of Changes in Equity 3. Statement of Financial Position (Balance Sheet) 4. Statement of Cash Flows **Step 6: Closing the Books** – Prepare closing entries and a Post-Closing Trial Balance. **Step 7: Reversing Entries** – Journalize the reversing entries. **SPECIFIC PHASE-BY-PHASE MILESTONES** **PHASE 1: The Foundation (Days 1–3)** • **Task:** Journalizing transactions, posting to the ledger, and preparing the Unadjusted Trial Balance. • **Guideline:** Carefully analyze every source document. Pay strict attention to whether the transaction requires the **Perpetual or Periodic inventory method**, as this changes your account titles. Do not wait until Day 3 to start posting to the ledger—do it simultaneously to save time. **PHASE 2: First Audit/Presentation (Day 4)** • **Task:** Presentation of Phase 1 Output. • **Guideline:** Your group will present your Unadjusted Trial Balance to the teacher (acting as the client/lead auditor). You must be prepared to trace any balance back to its original source document. If your trial balance does not balance, you must present the errors you have found and your plan to correct them. **PHASE 3: The Adjustments (Days 5–6)** • **Task:** Preparation of the Accounting Worksheet. • **Guideline:** You will receive the "Additional Information" for the end of the period. Formulate your adjusting entries carefully. Plot your unadjusted balances, adjustments, adjusted balances, income	*The staggered "Audit/Presentation" days (Days 4, 7, and 10) act as critical checkpoints. Treat these days as strict consultations to catch and correct cascading errors early. Do not allow groups to proceed to the Adjusting Phase if their Unadjusted Trial Balance is severely out of balance, as a foundational error here will completely derail their financial statements later on.*

statement, and balance sheet data onto the 10-column worksheet. Accuracy here is critical.

PHASE 4: Second Audit/Presentation (Day 7)

- **Task:** Presentation of Phase 3 Output.
- **Guideline:** Present your completed 10-column worksheet. Be ready to explain the logic behind your adjusting entries (e.g., how you calculated depreciation or used supplies).

PHASE 5: Wrapping Up the Cycle (Days 8–9)

- **Task:** Completion of the Accounting Cycle.
- **Guideline:** Using your completed worksheet, draft the formal Financial Statements (Income Statement, Statement of Changes in Equity, Balance Sheet, and Cash Flows). Afterward, journalize and post the Closing Entries, and prepare the final Post-Closing Trial Balance to prove the books are ready for the next year.

PHASE 6: Final Client Meeting (Day 10)

- **Task:** Final Presentation of Output.
- **Guideline:** This is the culminating presentation. Your team will submit the finalized, neatly bound Practice Set Portfolio. You will formally report the financial health and profitability of *Jeh Stitch Merch Co.* to the owner. All members must speak and be ready to answer technical questions regarding the business's financial status.

MILESTONE AND REPORTING SCHEDULE	
Timeline	**Task Requirement**
Phase 1 (Day 1-3)	Journalizing transactions, Posting entries to ledger and Preparation of trial balance
Phase 2 (Day 4)	Presentation of output
Phase 3 (Day 5-6)	Preparation of worksheet
Phase 4 (Day 7)	Presentation of output
Phase 5 (Day 8-9)	Completion of Accounting cycle
Phase 6 (Day 10)	Presentation of output

EVALUATION METRICS

Your final grade for this 10-day activity will be based on three criteria:

1. **Technical Output (Rubric)**: Accuracy, formatting, completeness, and neatness of the journals, ledgers, worksheets, and financial statements.

Teaching Tips:

You may require the learners to work on their practice set as part of their homework. However, be able to break the project into mandatory check-ins using the ***Milestone and Reporting Schedule.*** *Refer on the table below for the tasks expected to be accomplished by the teacher.*

TIMELINE	***TEACHER TASK***
PHASE 1	*Initial orientation and monitoring of outputs*
PHASE 2	*Evaluation of outputs (Journal to trial balance)*
PHASE 3	*Monitoring of Worksheet preparation*
PHASE 4	*Evaluation of outputs (worksheet)*
PHASE 5	*Monitoring of the completion stage*
PHASE 6	*Evaluation of final output (Financial statements to reversing entries)*

2. **Oral Presentation (Rubric)**: Clarity, confidence, professional delivery, and ability to answer questions during Days 4, 7, and 10.
3. **Peer Rating (Rubric)**: Your individual contribution, teamwork, and professionalism as evaluated by your groupmates.

Teacher Transition After Developing Mastery
(Before Finding Practical Application)
Say: *"Very good. Over the past ten days in our comprehensive practice set, you successfully stepped into the shoes of professional accountants for Jeh Stitch Merch Co. You were able to carefully analyze physical source documents, systematically record transactions through the entire accounting cycle, and ultimately prepare complete and balanced financial statements."*

Pause briefly and refer to the completed activity.
"These meticulous steps and strict rules are important because they ensure that the financial activities of a business are reported with absolute accuracy, transparency, and integrity."

Then introduce the next task.
"Now, let us apply what you have learned to a very real and serious situation happening outside the classroom. We will watch a news report regarding a flood control corruption scandal in our country and analyze the financial transactions and missing evidence behind it."

"As you participate in this next activity, think about how the strict rules of the accounting cycle and the honest analysis of source documents are not just for passing a subject, but actually serve as society's primary defense against real-world fraud and corruption."

Clearly explain the breakdown of the grading criteria on Day 1. Highlighting the weight of the "Peer Rating Rubric" is essential to prevent the common issue of one or two advanced learners doing all the work. Remind them that in real-world accounting firms, individual reliability is evaluated just as strictly as the firm's final technical output.

C. Demonstrating Knowledge and Skills

1. FINDING PRACTICAL APPLICATION

In this stage learners apply what they have learned to real-life or simulated scenarios, problems, or tasks. This involves transferring knowledge and skills to authentic contexts and this will serve as scaffolding for the performance task.

Instructional Goal: *Enable learners to understand the critical role of accurate accounting, proper source document analysis, and ethical practice in real-world scenarios, illustrating that the accounting cycle is the backbone of societal transparency.*

Activity Title:	**Real-World Audit: The Flood Control Scandal**
Description:	Learners watch a news report on a real-world corruption issue and analyze how missing or falsified source documents and compromised

This activity bridges the gap between the mechanical tasks of the practice set and real-world ethics. Guide the learners to realize that the tedious

	accounting cycles lead to massive financial and societal consequences.

Procedure

1. **Video Presentation:** Play the news clip (or provide a short reading article) about the *"corruption scandal over flood control sparks outrage in the Philippines."*
2. **Initial Processing:** After the video, ask the preliminary guide questions to ensure general comprehension:
   - What is the news all about?
   - How do you relate this news to our responsibility as accountants handling financial records?
3. **Deep Dive Discussion:** Group the learners (using their Practice Set groupings) and give them 5–7 minutes to brainstorm answers to the following analytical questions.
4. **Class Recitation:** Call on different groups to answer specific questions:
   - **Question 1:** What do you think are the specific financial transactions involved in these flood-control projects?
   - **Question 2:** Think about the physical evidence in your practice sets. Which source documents might have been falsified, incomplete, or missing which led to this issue being hidden?
   - **Question 3:** If these corrupt transactions were actually recorded, how would it affect the accuracy of the final outputs we are practicing to make: the Income Statement, Statement of Financial Position, and Statement of Cash Flows?
   - **Question 4:** Ultimately, how does corruption violate the fundamental objectives of accounting, such as faithful representation, transparency, and accountability?
5. **Teacher Synthesis:**
   Say: "When you analyze a voucher or prepare a worksheet in your practice set, you are training to protect the integrity of a business—or even a nation. When the accounting cycle is corrupted, public trust is destroyed. This is why our standards are so strict."

process of analyzing source documents, journalizing, and balancing worksheets isn't just for school—it is the ultimate safeguard against fraud. Allow them to express their initial reactions to the news before steering the discussion.

Expected Answers for Class Recitation:

Question 1: purchasing construction materials, paying labor, hiring contractors, equipment rentals

Question 2: fake official receipts, tampered cash vouchers, missing receiving reports for materials

Question 3: Expenses would be overstated, assets would be falsely valued, and cash outflows would show payments for phantom projects

Teaching Tip for Real world Audit Activity:

In the event that the video cannot be played, facilitate a class discussion by asking learners to recall other major corruption or embezzlement scandals in the Philippines. Guide them to connect their knowledge of these events back to the lesson by asking them to hypothesize which specific accounting procedures were bypassed or which source documents were likely manipulated to hide the missing funds.

2. MAKING GENERALIZATION

This phase the learners will draw conclusions or summarize the key takeaways from the lesson. It can be done through discussions, reflective questions, or concept mapping.

Instructional Goal: *Enable learners to draw conclusions about the interconnectedness of the practice set outputs.*

	<table><tr><td>Activity Title:</td><td>The Domino Effect</td></tr><tr><td>Description:</td><td>Learners summarize how an error in one step of the practice set impacts the final outputs.</td></tr></table> **Procedure:** 1. **Ask:** *"Based on the flow of the Practice Set we discussed today, what happens to our Accounting Worksheet if we misread a source document on day 1?"* 2. Allow learners to explain the "domino effect" (e.g., wrong journal entry -> wrong ledger balance -> unbalanced unadjusted trial balance -> incorrect adjusted trial balance). 3. **Teacher Consolidation:** **Say:** *"Excellent. A Practice Set proves that accounting is a highly integrated system. By successfully identifying transactions, analyzing them correctly, recording them sequentially, and preparing the summary worksheets, we create a reliable financial picture of the business."*	*Use this activity to wrap up the lesson by highlighting the cause-and-effect relationship within the accounting cycle. Ensure learners understand that the success of their final accounting worksheet heavily depends on the accuracy of their very first journal entry.*
V. ASSESSMENT *(Assessment for/ of Learning)*	The primary assessment for this lesson is the actual completion and presentation of the Practice Set (Performance Task). A rubric will be used to grade the physical outputs (Rubric for Technical Outputs), oral presentation (Rubric for Oral Defense), and level of participation (Peer Rating). For the overall score component, the teacher may adapt this scoring: Technical Output – 40% Oral Presentation – 40% Peer Rating – 20% **RUBRIC FOR TECHNICAL OUTPUT:** Purpose: To evaluate the technical accuracy, completeness, and adherence to fundamental accounting standards of the required financial records (journals, ledgers, worksheets, and financial statements) produced during the practice set simulation.	

Criteria	Excellent (10-9 pts)	Good (8-7 pts)	Fair (6-5 pts)	Poor (4-1 pts)
Accuracy of Entries	All journal entries are correct; Debit/Credit equality is maintained throughout.	1-3 minor errors in account titles or amounts.	Several errors in journalizing or posting.	Major errors; Trial Balance does not balance.
Inventory Systems	Flawless execution of both Perpetual and Periodic methods.	Clear understanding shown, with 1-2 minor inconsistencies.	Struggled to differentiate between the two systems.	Only one system was correctly applied.
Financial Statements	FS are perfectly linked to the worksheet; all totals are correct.	FS are mostly correct; minor formatting or rounding issues.	1-2 major errors in the Statement of Financial Position.	FS are incomplete or mathematically incorrect.
Neatness & Format	Professional, organized, and follows all accounting conventions.	Clean and organized, with minor formatting lapses.	Lacks organization; difficult to trace entries.	Disorganized; missing key ledgers or journals.

RUBRIC FOR ORAL PRESENTATION:

Purpose: To assess the group's overall mastery of the accounting cycle through their ability to clearly, logically, and confidently present their financial outputs and answer technical inquiries.

Criteria	Excellent (10-9 pts)	Good (8-7 pts)	Fair (6-5 pts)	Poor (4-1 pts)
Mastery & Defense	Demonstrates deep understanding; answers audit questions with ease.	Good grasp of the cycle; can explain most entries clearly.	Can explain basic entries but struggles with complex adjustments.	Unable to explain the "why" behind the numbers.
Clarity & Delivery	Confident, clear voice, and	Clear delivery with minor reliance on reading slides.	Occasionally unclear; heavily	Difficult to hear or understand; no eye contact.

	maintains great eye contact.		reliant on reading notes.	
Visual Aids	Slides are professional, easy to read, and highlight key data.	Slides are clean and helpful but slightly cluttered.	Slides are just walls of text or screenshots of small numbers.	No visual aids or very poor quality visuals.
Time Management	Finished exactly within the 5-10 minute window.	Within 2 minutes of the time limit.	Significantly over or under the allotted time.	No regard for time limits; rushed or incomplete.
Team Coordination	Seamless transitions; all 5 members contributed equally.	Good hand-offs; most members participated actively.	Uneven participation; 1-2 members did most of the talking.	Only one member spoke; no teamwork evident.

RUBRIC FOR PEER EVALUATION:

Purpose: To evaluate the professional conduct, reliability, and level of contribution of each "junior accountant" within their team while executing the tasks of the accounting practice set.

CRITERIA	5 - Exceptional	4 – Proficient	3 - Satisfactory	2 - Developing	1 - Unsatisfactory
RELIABILITY AND PUNCTUALITY	Always present; submitted all assigned tasks well before the deadline.	Usually present; met all deadlines without reminders.	Present most of the time; submitted work on the deadline.	Frequently late to meetings or submitted work late.	Often absent; failed to submit assigned portions of the project.
Technical Contribution	Prepared flawless entries/schedules; caught errors in the group's work.	Work was mostly accurate; required very little correction.	Completed assigned tasks but required some help to fix errors.	Provided work with significant errors that delayed the group.	Contributed little to no technical work for the practice set.
Collaboration & Attitude	Proactively helped others; stayed positive and focused on solutions.	Worked well with the team; accepted feedback and offered help.	Participated when asked; maintained a professional attitude.	Occasionally difficult to work with; passive during discussions.	Caused conflict or showed no interest in the

					group's progress.
Problem Solving	Actively led the reconciliation of the Trial Balance and Worksheet.	Helped investigate discrepancies when the books didn't balance.	Noted errors but waited for others to solve the problem.	Did not contribute to finding or fixing accounting errors.	Avoided responsibility when the project faced challenges.

The teacher may access the answer key for the given practice set through the given link.
LINK: https://tinyurl.com/y3mx2wbs

Additionally, a 50-item multiple-choice summative assessment will be administered to evaluate the learners' overall conceptual understanding and mastery of skills across all Quarter 2 topics. This can be accessed through Learning Activity Sheet 4 for Quarter 2: *Summative Assessment.*

Table of Specifications (TOS)

Learning Objective	**Cognitive Level**	**No of Items**	**Item Numbers**
Discuss merchandising business transactions and the required source documents using perpetual and periodic methods	Understanding	8	1-8
Explain shipping delivery terms using periodic and perpetual methods	Understanding	2	9-10
Prepare complete accounting worksheets following a record of transactions in the merchandising business using the perpetual method and periodic method			
1.Identify transactions and source documents	Understanding	3	11-13
Journalize transactions (special journals)	Applying	10	14-20
2.Post to general and subsidiary ledgers	Applying	5	21-25
3.Prepare unadjusted trial balance	Applying	5	26-30
4.Prepare adjusting entries Prepare adjusted trial balance Prepare accounting worksheet	Analysing	10	31-40
5.Prepare financial statements	Evaluating	3	41-43
6.Completing the accounting cycle Prepare closing entries Prepare post-closing trial balance	Applying	7	44-50

Prepare reversing entries				
TOTAL			50	50

Answer key for the Summative Assessment:

1.B	11.D	21.D	31.A	41.D
2.C	12.D	22.B	32.A	42.A
3.B	13.D	23.C	33.A	43.B
4.A	14.D	24.A	34.B	44.A
5.A	15.A	25.D	35.B	45.B
6.A	16.B	26.D	36.D	46.C
7.C	17.A	27.A	37.A	47.D
8.A	18.D	28.B	38.D	48.D
9.B	19.C	29.A	39.D	49.A
10.D	20.D	30.A	40.C	50.A

VI. REFLECTION
(Feedback and Continuous Improvement)

This section presents the key highlights and challenges encountered by both teachers and learners during the teaching-learning process throughout the unit. It also includes the adjustments made by the teacher to improve instruction.

- ✓ *Were the learning objectives achieved by the learners by the end of the practice set?*
- ✓ *Which activities or strategies were most effective?*
- ✓ *What difficulties or misconceptions did learners encounter?*
- ✓ *What support or adjustments are needed for learners who had difficulty?*
- ✓ *What materials, strategies, or practices from this lesson may be shared with other teachers?*

VII. USE OF GENERATIVE AI

In preparing this Learning Exemplar (LE), the author used generative AI tools such as ChatGPT, Copilot, and Gemini AI to assist in organizing ideas and refining the presentation of the content. The author reviewed and finalized the output and takes full responsibility for the content of this LE.