

LESSON PLAN

Subject: Accounting 30

Materials/Aids Required: Overhead projector, “Bill” overhead, Teacher notes, Fixed Costs Assignment, Fixed Costs Answer Sheet

Unit	Module 3C: Introductory Management Accounting and Financial Statement Analysis
Topic	Fixed Costs
Content	To break down and outline costs as being fixed and describe how a manager may use this information

<p>Objectives:</p> <ol style="list-style-type: none"> 1.) After the lesson, SWBAT define fixed costs in their own words. 2.) Given a handout with examples and non examples of fixed costs, SWBAT distinguish which examples are fixed costs, and which are not. Students should be able to distinguish 8/10 correctly. 3.) Given a handout, SWBAT give their own example of a fixed cost. 	<p>Evaluation:</p> <ol style="list-style-type: none"> 1.) Students will define fixed costs in their worksheet and be given two marks if it includes the word constant and states that it doesn’t depend on business activity. 2.) Students will complete the Fixed Costs Handout (attached) and receive a mark for each example distinguished correctly. 3.) Students will complete the Fixed Costs Handout (attached) and receive a mark an example given.
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Pre Requisite Learning: Module 2 3B. Knowledge about managerial accounting and financial statements.

Presentation	Classroom Management/Notes
<p>Set: (3-5 mins) Put the overhead about “Bill” (attached) up on the screen. You can read the story or call on a volunteer to do so. After the story is finished have students look at the question to think about. Tell them to keep this question in the back of their mind throughout the lesson because we will come back to it in the end. Tell students that we will be focusing on defining fixed and variable costs today.</p>	<ul style="list-style-type: none"> - Have students seated in desks. - Can ask someone to read the story about “Bill” - If someone is not listening or talking to their neighbor, ask them to read
<p>Development: (35-40 mins)</p> <ol style="list-style-type: none"> 1. Start by writing the term fixed cost on the board. Ask students what they think a fixed cost is and what the term fixed means. 2. Follow the diagram attached under TEACHER NOTES to write the concept 	<ul style="list-style-type: none"> - Have students copy the notes in their books - Ask students to raise their hand before talking - To hand out the worksheet start at the top of the row and have students pass them back

<p>of Fixed Costs on the board.</p> <ol style="list-style-type: none"> 3. As you are writing the definition on the board explain what factors influence business activity level (found on teacher notes). 4. Before listing the critical attributes explain that they are the essential characteristics of all fixed costs. All fixed costs will have every critical attribute, they are “must haves”. 5. For non-critical attributes, explain that they may be found in some, but not all, members of a class. 6. Write the title examples and non examples on the board. Go through the list I have one by one and call on a student to say if it’s an example, or non example and why. Place the word under the correct heading. If the student is correct, make sure the class knows why. If they are incorrect, ensure the correction is made followed by an explanation. 7. Go over the information on the board with the students. Check for understanding of critical attributes. 8. Hand out the worksheet for students to work on. Give the students 10 minutes to complete the questions. Students will hand in the worksheet at the end of class. 9. Place the overhead of “Bill” back up and move into the closure. 	<ul style="list-style-type: none"> - Circulate the room while students are working to ensure they are staying on task and to answer any questions
<p>Closure: (5 mins). Call on a student to state which of the costs from Bill’s story are fixed costs. Ask a student to give the definition of a fixed cost in their own words. Ask what the critical attributes are. Tell students that they will be learning about variable costs tomorrow. Have students hand in their worksheet as they leave the classroom.</p>	<ul style="list-style-type: none"> - Only acknowledge students who raise their hand.
<p>Adaptive Dimensions:</p> <ul style="list-style-type: none"> - relate fixed costs to students lives 	

Professional Growth – Concept Teaching Target

Please describe what was said and done and how students reacted during each aspect of the concept.

Aspect of Concept
Definition

Descriptive Notes

Critical Attributes

Non-Critical Attributes

Examples

Non Examples

Practice and Transfer

“Bill”

Meet Bill, an 18 year old high school graduate. Bill has recently graduated from high school and has no credit for an accounting class in high school. He has decided to take a summer job at a produce farm in Lumsden valley. Bill was asked to help assist the accountant with a small task. Even though Bill has no experience with accounting, he agrees to help because he feels that it can't be that hard and wants to impress his employer. His employer wants to let him try different jobs to see what he can do best. Bill was given a list of the costs endured by the farm over the past 6 months. Different costs that were listed included depreciation of the tractors, building rent, wages, and cost of units produced, and costs of units sold. Bill has been asked to separate the fixed costs from other costs so the accountant can easily find and record them in the financial statement. Bill does not know what a fixed cost is, but is too afraid to ask the accountant because he is embarrassed. He needs someone to teach him an easy way to remember what a fixed cost is. Can we help Bill?

Things to Think About:

1. What does the term fixed mean?
2. Which of the above costs are fixed?

Teacher Notes (follow this format for the board)

Fixed Costs

Definition: cost that is constant regardless of any change in business activity level

Critical Attributes

- must be constant
- doesn't depend on business activity level (monthly,

Non-Critical Attributes

- amount paid
- type (rent, salary)
- how often it's paid (annually)

Examples

- rent
- depreciation
- salaries
- equipment expenses

Non-Examples

- hourly wages
- production costs
- cost of goods sold

FIXED COSTS HANDOUT

Name:

Date:

1. Define the term Fixed Cost in your own words. (2 marks)

2. For the following words, place an "E" beside the words that are examples of fixed costs, and an "N" beside the non examples. (10 marks)

___ Insurance

___ Hourly wages

___ Utility bills

___ Office supplies

___ Cost of goods sold

___ salaries

___ lease payments

___ interest on debt

___ business licenses

___ commissions

3. Give an example that is different for fixed costs. They can be from your own experiences. (1 mark)

FIXED COSTS HANDOUT - Answers

Name:

Date:

1. Define the term Fixed Cost in your own words. (2 marks)

- contains some reference to constant
- Contains reference to not dependant on business activity level.

2. For the following words, place an "E" beside the words that are examples of fixed costs, and an "N" beside the non examples. (10 marks)

 E insurance

 N salaries

 N hourly wages

 E lease payments

 E utility bills

 E interest on debt

 N office supplies

 E business licenses

 N cost of goods sold

 N commissions

3. Give an example that is different for fixed costs. They can be from your own experiences. (1 mark)

- allowance from parents to students each month
- car payments
- automated deposits into a savings account

Strategy Name: Concept Attainment

Explanation of Strategy

In education, a concept is a category or set of objects, conditions, events, or processes, that can be grouped together based on similarities and represented by a word or other symbol or image.¹ Concept learning involved the skill of classifying – putting things into a class and then being able to recognize members of that class.² Teaching concepts involves naming the concept, giving examples and non examples, providing critical and non critical attributes and finally giving a definition.

Why This Strategy Works

This strategy allows students to piece together a concept in order to see what parts make that concept. Students examine the attributes that must be present in order for it to be a concept and the attributes that may not always be the same for the concept. By practicing with examples and non examples, students will gain a better understanding through the repetition. I think teaching concepts helps students see the parts that make it easy to define a concept so that they can remember the definition better.

Business Education Content that Could be Taught Using this Strategy

Information Processing - 1.1 To identify, define, and describe the features and terminology related to computers, hardware and software.

- the concepts of hardware and software can be taught to the students

Entrepreneurship - 4.1 To identify and explain an entrepreneurial opportunity.

- entrepreneurial opportunities can be given as a concept

Accounting – concepts such as Debits, Credits, Assets, Liabilities, Owners Equity

¹ Lang, H. & Evans, D. (2006). *Teaching concepts*. Models, Strategies, and Methods for Effective Teaching. p. 277

² Lang, H. & Evans, D. (2006). *Teaching concepts*. Models, Strategies, and Methods for Effective Teaching. p. 289