

# Unit 4 - Accounting for Merchandising Opportunities

Content Area: **Business Education**  
Course(s): **Accounting 1**  
Time Period: **December**  
Length: **8-10 Blocks**  
Status: **Published**

## Enduring Understandings

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### [Samples](#)

The goal of generating accounting information is to provide data that different users need to make informed decisions for unique situations.

Accounting for merchandising operations can be complicated and time consuming.

## Essential Questions

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### [Samples](#)

How do faithful representation and classification apply to merchandise operations?

How can a business manage its operating cycle so that it has adequate cash to maintain liquidity?

## Content

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Cost of goods available for sale

Cost of goods sold

Delivery expenses

Exchange gain or loss

Financing period

FOB destination

FOB shipping point

Freight-in

General and administrative expenses

Gross margin  
Gross sales  
Income from operations  
Merchandise inventory  
Merchandising company  
Multistep income statement  
Net cost of purchase  
Net sales  
Operating cycle  
Operating expenses  
Other revenue and expenses  
Percentage of gross margin  
Periodic inventory system  
Perpetual inventory system  
Physical inventory  
Single-step income statement

## **Skills**

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### [Bloom's Taxonomy](#)

Define merchandising accounting, and differentiate perpetual from periodic inventory systems.

Describe the features of multistep and single-step classified income statements.

Describe the terms of sale related to merchandising transactions.

Prepare an income statement, and record merchandising transactions under the perpetual inventory system.

Prepare and income statement and record merchandising transactions under the periodic inventory system.

Explain the role of the operating cycle and foreign business transactions in evaluating the liquidity of a merchandising business.

## **Resources**

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## **Standards**

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NJ: 2014 CCCS: 21st Century Life and Careers

NJ: Grade 12

9.1 Personal Financial Literacy

Strand D: Planning, Saving, And Investing

9.1.12.D.4 Assess factors that influence financial planning.

9.1.12.D.5 Justify the use of savings and investment options to meet targeted goals.

Strand E: Becoming A Critical Consumer

9.1.12.E.2 Analyze and apply multiple sources of financial information when prioritizing financial decisions.