Unit 2: Merchandise Business

Content Area: **Business Management and Information**
Course(s):
Time Period: **Marking Period 1**
Length: **6-8 Weeks**
Status: **Published**

Summary

In the Financial Accounting Honors course, students expand upon the fundamentals of accounting that they learned in Accounting I, including recording and reconciling business transactions, and financial statements as related to a sole proprietorship, partnership, and corporation operating as service and merchandising businesses. Students further explore the intricacies of accounting including reviewing cash payments and cash receipts, short term and long term assets and liabilities, subsidiary ledgers via accounts receivable and accounts payable, and internal controls.

This unit is part of the larger aforementioned course sequence and specifically focuses on merchandising where students will understand that In a merchandising business, cost of merchandise is the largest expense and requires extra steps in the accounting cyclet. Due to the importances of inventory controls, various inventory costing methods can be used to record the purchase and sale of merchandise. By the end of this unit, students will be able to record transactions for a merchandising business in the different journals and transactions for purchases, sales, discounts, freight, and returns and allowances. Using the subsidiary ledgers, students will be able to organize the Accounts Receivable and Accounts Payable accounts and shrink the trial balance and calculate Inventory, cost of merchandise sold and profit using the different Inventory costing methods (LIFO,FIFO, WAC)

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths.

Revision Date: August 2023

Standards

This unit is aligned to the English Language Development (ELD) standards for kindergarten through grade 12 since multilingual learners develop content and language concurrently, with academic content in a classroom where the language of instruction is English. As a result, language learning and language as a means for learning academic content are interchangeable. The following ELD standards are relevant for this unit and course of study:

- Standard 1: Language for Social and Instructional Purposes: English language learners communicate

for social and instructional purposes within the school setting.

9.4.12.CI	Creativity and Innovation
9.1.2.CAP.1	Make a list of different types of jobs and describe the skills associated with each job.
9.1.2.CAP.4	List the potential rewards and risks to starting a business.
9.4.12.CT.1	Identify problem-solving strategies used in the development of an innovative product or practice (e.g., 1.1.12acc.C1b, 2.2.12.PF.3).
9.4.12.CT.4	Participate in online strategy and planning sessions for course-based, school-based, or other project and determine the strategies that contribute to effective outcomes.
LA.RST.11-12.1	Accurately cite strong and thorough evidence from the text to support analysis of science and technical texts, attending to precise details for explanations or descriptions.
LA.RST.11-12.2	Determine the central ideas, themes, or conclusions of a text; summarize complex concepts, processes, or information presented in a text by paraphrasing them in simpler but still accurate terms.
LA.RST.11-12.4	Determine the meaning of symbols, key terms, and other domain-specific words and phrases as they are used in a specific scientific or technical context relevant to grades 11-12 texts and topics.
LA.RST.11-12.6	Analyze the author's purpose in providing an explanation, describing a procedure, or discussing an experiment in a text, identifying important issues that remain unresolved.
LA.RST.11-12.7	Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., quantitative data, video, multimedia) in order to address a question or solve a problem.
LA.RST.11-12.9	Synthesize information from a range of sources (e.g., texts, experiments, simulations) into a coherent understanding of a process, phenomenon, or concept, resolving conflicting information when possible.
9.4.12.IML.2	Evaluate digital sources for timeliness, accuracy, perspective, credibility of the source, and relevance of information, in media, data, or other resources (e.g., NJSLSA.W8, Social Studies Practice: Gathering and Evaluating Sources.
9.4.12.IML.3	Analyze data using tools and models to make valid and reliable claims, or to determine optimal design solutions (e.g., S-ID.B.6a., 8.1.12.DA.5, 7.1.IH.IPRET.8).
LA.WHST.11-12.2.A	Introduce a topic and organize complex ideas, concepts, and information so that each new element builds on that which precedes it to create a unified whole; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.
9.1.12.FI.2	Explain ways to manage your accounts that maximize benefits and provide you with the utmost protection.
LA.WHST.11-12.9	Draw evidence from informational texts to support analysis, reflection, and research.
LA.WHST.11-12.10	Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.
9.1.12.FP.5	Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.
9.1.12.FP.6	Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.

Essential Questions and Enduring Understandings

Essential Questions:

- How is accounting for a service business and a merchandising business done differently?
- How does the cost of merchandise affect both the companies purchasing inventory or selling it?

Enduring Understandings:

- In a merchandising business, cost of merchandise is the largest expense and requires extra steps in the accounting cycle
- Due to the importances of inventory controls, various inventory costing methods can be used to record the purchase and sale of merchandise.

Objectives

Students will know:

- When to use subsidiary ledgers and special journals instead of the general journal and ledger
- The difference between the Revenue, Cash Receipts, Cash Purchases and Purchases Journals
- The transactions necessary for the different subsidiary ledgers and special journals
- What a control account is and how it differs from the Accounts payable and Accounts receivable subsidiary account
- What a operating cycle is for a merchandising business
- The difference between a perpetual and a periodic inventory system and why they may be used
- The transactions necessary for purchases transactions and for sales transactions
- How discounts, freight, and returns affect a merchandising business
- The different types of Inventory costing methods and how they are used in both a periodic and perpetual inventory system
- How financial statements differ in a merchandising business

Students will be skilled at:

- Recording transactions for a merchandising business in the different journals
- Recording transactions for purchases and for sales and incorporating discounts, freight and returns and

allowances

- Using the subsidiary ledgers to organize the Accounts Receivable and Accounts Payable accounts and shrink the trial balance
- Calculating Inventory, cost of merchandise sold and profit using the different Inventory costing methods (LIFO,FIFO, WAC)
- Creating financial statements for a merchandising business

Learning Plan

This unit includes, but is not limited to, the following learning strategies:

***** Throughout the unit, students will analyze current business articles and videos that relate to the topics covered.***

Merchandising Source Document/Cash Box Activity - Students will be given a box with cash and source documents and will be required to journalize the transactions related to a merchandising business

Merchandising Transactions- Students will journalize transactions related to a merchandising business bases on purchases and sales

Special Journals/Subsidiary Ledgers- Students will record transactions in the special journals and subsidiary ledger as well as the General Journal and Ledger

Supply Chain & Covid - Students will learn about how the supply chain issues, CoVid, and growth in technology have impacted the merchandising industry

Ongoing In-Class Practice and Formative Assessments:

- Journalize transactions to the general journal and special journals
- Journalize adjusting entries based on the year end accounts
- Assess financial statements for a merchandising business

Financial Statements - Students will create an income statement, statement of changes in Owner's Equity and Balance Sheet for a merchandising business

Inventory Cost Methods - Students will learn to calculate inventory cost and cost of merchandise sold using LIFO, FIFO, and Weighted Average Cost in a Perpetual and Periodic Inventory system

Accounting in Excel - Students will learn basic excel equations and how to do basic accounting in a spreadsheet

Fruit Stand Activity - Students will be given an amount of "fruit" and calculate their inventory amount, Students will be given an amount to purchase and to sell, and will calculate their inventory, cost of merchandise sold and profit throughout the activity.

Monopoly Journaling - Students will play accounting Monopoly, keeping the journal and ledger for their "business"

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction, source analysis (including annotations, critique, questioning and close reading strategies), self and peer review, think-pair-share activities, creating visual representations, debates, Socratic seminars, small group discussions, simulations, mapping activities, jigsaw activities, gallery walks, web quests, and/or inquiry or problem based learning projects.

Assessment

When taking a Business Management and Information Technology course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative assessments:

Exit Tickets, discussions and in-class activities, workbook assignments, source document/ cash box activity, Inventory cost Assignment, Fruit Stand Activity, Special Journal and Subsidiary Ledger Assignment

Summative Assessments:

Coffeehouse assignment, Merchandising Excel Assignment, Unit Quiz, and Unit Test

Alternative Assessment:

Students can choose a Merchandising business, and after researching, create ten transactions of what they would have to do on a monthly basis using discounts, freight and returns. Then record the transactions in the

special journals and Subsidiary Ledger.

Benchmark Assessment:

Merchandising vocabulary and process identification

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

- Financial Accounting Principles of Accounting Textbook
- Financial Accounting Principles of Accounting Workbook
- Principlesofaccounting.com
- CPA Journal
- Cash box & Source Documents
- Monopoly Game
- Fruit Stand Activity
- Inventory cost article
- Merchandising
- Inventory/ Cost of Goods Sold
- Subsidiary Ledgers
- Merchandise Inventory
- Impact of Covid on Merchandising Companies
- Supply Chain

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Integrated Accommodation and Modifications

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1g8M7CZ5VVwvFk2Ay9DZbjdewOYDyNOzpNeEBgSXPvr0/edit?usp=sharing

These additional strategies are helpful when learning Business Management and Information Systems content and skills:

- Highlighter for close reading and annotation strategies
- Bold terms in directions
- Read texts aloud for students to assist in comprehension and analysis
- Provide opportunities for text-to-speech for written responses.
- Provide step-by-step instructions for problems that require problem solving and/or calculation.