

# Unit 3 Corporations

Content Area: **21st Century Life & Careers**  
Course(s): **Business and Consumer Math**  
Time Period: **Semester 1**  
Length: **2 - 3 Weeks**  
Status: **Published**

## Unit Introduction

---

Unit 3: Accounting for a merchandising business organized as a corporation. Unit 3 presents a complete accounting cycle for a merchandising business organized as a corporation. The primary differences between a merchandising business and a service business are that merchandising business purchases merchandising for resale, charges sales tax on sales of merchandise, and includes a Cost of Goods section on the income statement. Corporations require different equity accounts and an additional financial statement. The business in this part uses subsidiary ledgers and has a payroll system for compensating employees.

## Standards

---

BUS.9-12.V	Accounting Process
BUS.9-12.II	Financial Reports
BUS.9-12.IV	Accounting Principles
BUS.9-12.III	Financial Analysis
BUS.9-12.VII.C	Payroll
PFL.9.1.12.B	Money Management
PFL.9.1.12.D	Planning, Saving, and Investing

## Essential Questions

---

Why would a business organize as a corporation?

How does the use of accounting in a corporation affect a business?

## Content / Skills

---

### CONTENT

- Accounting terms related to purchases and cash payments
- Accounting terms related to sales and cash receipts
- Accounting concepts and practices related to uncollectible accounts
- Concepts related to plant assets, depreciation, and property tax expense

- Practices related to inventory
- Concepts and practices related to notes and interest
- Concepts and practices related to accrued revenue and expenses
- Concepts and practices related to dividends
- Concepts and practices related to corporate financial statements
- Financial literacy concepts related to credit, philanthropy, wages, risk, housing, benefits, purchases, saving, interest, wealth, and cash

## SKILLS

- Journalize purchases and petty cash using cash payments journal
- Record sales and transactions using special journals
- Journalize international sales
- Journalize uncollectible accounts receivable and expenses
- Calculate depreciation
- Prepare inventory and stock records
- Determine inventory costing methods
- Calculate interest on notes
- Prepare entries for accrued revenue and accrued expenses
- Prepare a work sheet
- Prepare financial statements
- Compare APR, annual fees, and security deposits of credit cards
- Examine the 5 C's of credit
- Shop for a car
- Determine a FICO score