

# Unit 11: Journalize Purchases and Cash Payments

Content Area: **Business**  
Course(s): **Accounting I**  
Time Period: **4 weeks**  
Length: **4 weeks**  
Status: **Published**

## Unit Overview

---

Students will be able to journalize purchases and cash payments for a merchandising business organized as a corporation.

## Transfer

---

Students will be able to independently use their learning to journalize purchases and cash payments for a merchandising business organized as a corporation which will eventually allow them to post to a general ledger and subsidiary ledgers.

## Meaning

---

## Understandings

---

Students will understand ...

- Accounting terms related to purchases and cash payments for a merchandising business
- Accounting concepts and practices related to purchases and cash payments for a merchandising business
- The process of journalizing purchases of merchandise using a purchases journal
- The process of journalizing cash payments and cash discounts using a cash payments journal
- The process of preparing a petty cash report and journalize the reimbursement of the petty cash fund
- The process of totaling, proving and ruling a cash payments journal and start a new cash payments journal page
- The process of journalizing purchases returns and allowances and other transactions using a general journal

## **Essential Questions**

---

Students will keep considering...

- How does the accounting cycle change for a merchandising business organized as a corporation?
- How do the purchases journal, cash payments journal and the general journal apply to the accounting cycle?
- Why use more than one journal?
- What kinds of transactions are recorded in a purchases journal?
- Why would a vendor offer a cash discount to a customer?
- What is the difference between a trade discount and a purchases discount?
- How do you record transactions on the purchases, cash payments journal and general journal?
- When and why must you prepare a petty cash report?
- How do you record a cash short vs. cash over?
- What accounting concepts apply to this chapter?

## **Application of Knowledge and Skill**

---

### **Students will know...**

---

Students will know...

- Accounting terms related to purchases and cash payments for a merchandising business
- Accounting concepts and practices related to purchases and cash payments for a merchandising business
- The process of journalizing purchases of merchandise using a purchases journal
- The process of journalizing cash payments and cash discounts using a cash payments journal
- The process of preparing a petty cash report and journalize the reimbursement of the petty cash fund
- The process of totaling, proving and ruling a cash payments journal and start a new cash payments journal page
- The process of journalizing purchases returns and allowances and other transactions using a general journal

## **Students will be skilled at...**

---

Students will be skilled at...

- Defining accounting terms related to purchases and cash payments for a merchandising business
- Identifying accounting concepts and practices related to purchases and cash payments for a merchandising business
- Journalizing purchases of merchandise using a purchases journal
- Journalizing cash payments and cash discounts using a cash payments journal
- Preparing a petty cash report and journalize the reimbursement of the petty cash fund
- Totaling, proving and ruling a cash payments journal and start a new cash payments journal page
- Journalizing purchases returns and allowances and other transactions using a general journal

## **Academic Vocabulary**

---

capital stock: total shares of ownership in a corporation

cash discount: a deduction that a vendor allows on the invoice amount to encourage prompt payment

cash over: a petty cash on hand amount that is more than a recorded amount

cash payments journal: a special journal used to record only cash payment transactions

cash short: a petty cash on hand amount that is less than a recorded amount

contra account: an account that reduces a related account on a financial statement

corporation: an organization with the legal rights of a person and which many persons may own

cost of merchandise: the price a business pays for goods it purchases to sell

debit memorandum: a form prepared by the customer showing the price deduction taken by the customer for returns and allowances

general amount column: a journal amount column that is not headed with an account title

list price: the retail price listed in a catalog or on an Internet site

markup: the amount added to the cost of merchandise to establish the selling price

merchandise: goods that a business purchases to sell

merchandising business: a business that purchases and sells goods

purchase invoice: an invoice used as a source document for recording a purchase on account transaction

purchase on account: a transaction in which the merchandise purchased is to be paid for later

purchases allowance: credit allowed for part of the purchase price of merchandise that is not returned, resulting in a decrease in the customer's accounts payable

purchases discount: a cash discount on purchases taken by a customer

purchases journal: a special journal used to record only purchases of merchandise on account

purchases return: credit allowed for the purchase price of returned merchandise, resulting in a decrease in the customer's accounts payable

retail merchandising business: a merchandising business that sells to those who use or consume the goods

share of stock: each unit of ownership in a corporation

special amount column: a journal amount column headed with an account title

special journal: a journal used to record only one kind of transaction

stockholder: an owner of one or more shares of a corporation

terms of sale: an agreement between a buyer and a seller about payment for merchandise

trade discount: a reduction in the list price granted to customers

vendor: a business from which merchandise is purchased or supplies or other assets are bought

wholesale merchandising business: a business that buys and resells merchandise to retail merchandising businesses

## **Learning Goal 1**

---

Students will be able to assess and journalize purchases and cash payments for a merchandising business organized as a corporation.

- Students will be able to assess and journalize purchases and cash payments for a merchandising business organized as a corporation.

CRP.K-12.CRP8

Utilize critical thinking to make sense of problems and persevere in solving them.

CRP.K-12.CRP11

Use technology to enhance productivity.

PFL.9.1.12.B.1

Prioritize financial decisions by systematically considering alternatives and possible consequences.

PFL.9.1.12.E.2

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

PFL.9.1.12.E.3

Determine how objective, accurate, and current financial information affects the prioritization of financial decisions.

PFL.9.1.12.E.5	Evaluate business practices and their impact on individuals, families, and societies.
PFL.9.1.12.G.1	Analyze risks and benefits in various financial situations.
CAEP.9.2.12.C.9	Analyze the correlation between personal and financial behavior and employability.
TECH.8.1.12.A.CS2	Select and use applications effectively and productively.

### **Target 1**

---

Journalize purchases of merchandise using a purchases journal while defining appropriate terms and applying appropriate concepts.

- Journalize purchases of merchandise using a purchases journal while defining appropriate terms and applying appropriate concepts.

### **Target 2**

---

Journalize cash payments and discounts using a cash payments journal while defining appropriate terms and applying appropriate concepts.

- Journalize cash payments and discounts using a cash payments journal while defining appropriate terms and applying appropriate concepts.

### **Target 3**

---

Prepare a petty cash report, journalize the reimbursement of the petty cash fund and total, prove and rule a cash payments journal while defining appropriate terms and applying appropriate concepts.

- Prepare a petty cash report, journalize the reimbursement of the petty cash fund and total, prove and rule a cash payments journal while defining appropriate terms and applying appropriate concepts.

### **Target 4**

---

Journalize purchases returns and allowances and other transactions using a general journal while defining appropriate terms and applying appropriate concepts.

- Journalize purchases returns and allowances and other transactions using a general journal while defining appropriate terms and applying appropriate concepts.

## **Formative Assessment and Performance Opportunities**

---

- Class discussion
- Collection of vocab
- Presentation of ideas
- Review of workpapers

- Teacher observation
- Use of technological resources for quick assessment i.e. Socrative.com

## **Summative Assessment**

---

- Chapter Test and Benchmark

## **Accommodations/Modifications**

---

- Allow students to work in teams to journalize
- Application Problems for extra practice
- Cases for critical thinking at the end of the chapter
- Recycle Problem for extra credit

## **Unit Resources**

---

Teacher can choose from the following resources:

- Book Companion Website
- Century 21 Accounting 9E
- Century 21 Accounting Simulation
- Chapter PowerPoints
- Computer
- Document Camera
- Guest Speakers
- Interactive Excel Spreadsheets
- Quickbooks
- Videos
- Whiteboards
- Workbook

## **Interdisciplinary Connections**

---

LA.RST.11-12.3	Follow precisely a complex multistep procedure when carrying out experiments, taking measurements, or performing technical tasks; analyze the specific results based on explanations in the text.
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.
LA.WHST.11-12.9	Draw evidence from informational texts to support analysis, reflection, and research.
MA.K-12.1	Make sense of problems and persevere in solving them.

MA.K-12.5

Use appropriate tools strategically.

MA.S-MD.B.5b

Evaluate and compare strategies on the basis of expected values.