

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...

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- 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.

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| 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. |

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| 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 assesement 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

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|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MA.K-12.1 | Make sense of problems and persevere in solving them. |
| MA.K-12.5 | Use appropriate tools strategically. |
| 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.S-MD.B.5b

Evaluate and compare strategies on the basis of expected values.