


Chapter 9

Journalizing Purchases Using a Purchases Journal


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Objectives

1. Define accounting terms related to purchases and cash payments for a merchandising business.
2. Identify accounting concepts and practices related to purchases and cash payments for a merchandising business.
3. Journalize purchases of merchandise using a purchases journal.


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Objectives

4. Journalize cash payments and cash discounts using a cash payments journal.
5. Prepare a petty cash report and journalize the reimbursement of the petty cash fund.
6. Total, prove, and rule a cash payments journal and start a new cash payments journal page.
7. Journalize purchases returns and allowances and other transactions using a general journal.

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LESSON 9-1

Journalizing Purchases Using a Purchases Journal

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Accounting

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PURCHASING MERCHANDISE

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The diagram shows a T-account for the 'Purchases' account. The account name is centered above the horizontal line. The left side is labeled 'Debit' and features a large blue arrow pointing upwards with the word 'Increase' written vertically inside it. The right side is labeled 'Credit' and features a large blue arrow pointing downwards with the word 'Decrease' written vertically inside it.

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Accounting

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PURCHASES ON ACCOUNT

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The diagram shows a T-account for the 'Accounts Payable' account. The account name is centered above the horizontal line. The left side is labeled 'Debit' and features a large blue arrow pointing downwards with the word 'Decrease' written vertically inside it. The right side is labeled 'Credit' and features a large blue arrow pointing upwards with the word 'Increase' written vertically inside it.

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PURCHASES JOURNAL

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PURCHASES JOURNAL										PAGE
	DATE	ACCOUNT CREDITED	PURCH. NO.	POST. REF.	PURCHASES DR.					
					ACCTS.	PAY.	CR.			
1									1	
2									2	

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LESSON 9-1

PURCHASE INVOICE

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Crown Distributing
162 Webster Road
Miami, FL 33127-6214

TO: Hobby Shack
1420 College Plaza
Atlanta, GA 30337-1726

REC'D 11/02/-- P83

DATE: 10/26/--
INV. NO.: 2389
TERMS: 30 days
ACCT. NO.: 230

QUANTITY	CAT. NO.	DESCRIPTION	UNIT PRICE	TOTAL
10	4422	28 canvas	53.00	530.00✓
12	4424	40 canvas	62.00	744.00✓
15	6620	2 4 frame kit	36.00	540.00✓
15	7715	1 2 frame kit	15.00	225.00✓
		Total		2,039.00 <i>P83</i>


1. Stamp the date received and purchase invoice number.

2. Place a check mark by each amount.

3. Initials of the person who checked the invoice.

4. Review the vendor's terms.

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LESSON 9-1



PURCHASING MERCHANDISE ON ACCOUNT

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November 2. Purchased merchandise on account from Crown Distributing, \$2,039.00. Purchase Invoice No. 83.


PURCHASES JOURNAL							PAGE 11
	DATE	ACCOUNT CREDITED	PURCH. NO.	POST. REF.	PURCHASES DR. ACCTS. PAY. CR.		
1	Nov. 2	Crown Distributing	83		2039.00	1	
2						2	

1. Write the date.
2. Write the vendor name.
3. Write the purchase invoice number.
4. Write the amount of the invoice.

Purchases	
2,039.00	
Accounts Payable	
	2,039.00

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LESSON 9-1



TOTALING AND RULING A PURCHASES JOURNAL

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PURCHASES JOURNAL							PAGE 11
	DATE	ACCOUNT CREDITED	PURCH. NO.	POST. REF.	PURCHASES DR. ACCTS. PAY. CR.		
1	Nov. 2	Crown Distributing	83		2039.00	1	
2	5	Ceramic Supply	84		4147.20	2	
3	5	Synthetic Arts	85		3816.00	3	
4	13	American Paint	86		3768.00	4	
5	20	American Paint	87		3377.88	5	
6	30	Total			17148.08	6	
7						7	

1. Rule a single line across the amount column.
2. Write the date.
3. Write the word *Total*.

4. Add the amount column.
5. Write the total.
6. Rule double lines across the amount column.

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LESSON 9-1




Application

Application Problem 9-1 (p. 260)

http://www.quia.com/files/quia/users/pcarter9/Wk6_Ch9_10/Ch-9_Application-Problem_Pg-260


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LESSON 9-2

Journalizing Cash Payments Using a Cash Payments Journal

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CASH PAYMENTS JOURNAL


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CASH PAYMENTS JOURNAL											PAGE
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT			
				DEBIT	CREDIT						
1											1

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LESSON 9-1



CASH PAYMENT OF AN EXPENSE

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November 2. Paid cash for advertising, \$150.00. Check No. 292.


CASH PAYMENTS JOURNAL											PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT			
				DEBIT	CREDIT						
Nov. 2	Advertising Expense	292		150.00				150.00	1		
5	Supplies—Office	293		9.00				9.00	2		
3									3		

1. Write the date.
2. Write the account title.
3. Write the check number.
4. Write the debit amount.
5. Write the credit amount.

Advertising Expense	150.00	Cash	150.00
---------------------	--------	------	--------

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LESSON 9-1



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BUYING SUPPLIES FOR CASH

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November 5. Paid cash for office supplies, \$94.00. Check No. 293.

CASH PAYMENTS JOURNAL										PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
1 Nov. 2	Advertising Expense	292		150.00				150.00	1	
2 5	Supplies—Office	293		94.00				94.00	2	

1

2

3

4


5

1. Write the date.
2. Write the account title.
3. Write the check number.
4. Write the debit amount.
5. Write the credit amount.

Supplies—Office	
94.00	
Cash	
	94.00

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CASH PAYMENTS FOR PURCHASES

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November 7. Purchased merchandise for cash, \$600.00. Check No. 301.

CASH PAYMENTS JOURNAL										PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
10 7	Purchases	301		600.00				600.00	10	

1

2

3

4


5

1. Write the date.
2. Write the account title.
3. Write the check number.
4. Write the debit amount.
5. Write the credit amount.

Purchases	
600.00	
Cash	
	600.00

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LESSON 9-1



CASH PAYMENTS ON ACCOUNT WITH PURCHASES DISCOUNTS

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November 8. Paid cash on account to Gulf Craft Supply, \$488.04, covering Purchase Invoice No. 82 for \$498.00, less 2% discount, \$9.96. Check No. 302.


CASH PAYMENTS JOURNAL										PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
11/08	Gulf Craft Supply	302				498.00	9.96	488.04		

1. Write the date.
2. Write the account title of the vendor.
3. Write the check number.
4. Write the debit amount.
5. Write the credit amount.
6. Write the credit amount.

Accounts Payable	
498.00	
Purchases Discount	
	9.96
Cash	
	488.04

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LESSON 9-1



CASH PAYMENTS ON ACCOUNT WITH PURCHASES DISCOUNTS

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November 13. Paid cash on account to American Paint, \$2,650.00, covering Purchase Invoice No. 77. Check No. 303.

CASH PAYMENTS JOURNAL										PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
11/13	American Paint	303				2650.00		2650.00		

1. Write the date.
2. Write the vendor account title.
3. Write the check number.
4. Write the debit amount.
5. Write the credit amount.

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LESSON 9-1




Application

Application Problem 9-2 (p. 260)

<http://www.accountingextra.swlearning.com/fundamentals/default.html>


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LESSON 9-3

Performing Additional Cash Payments Journal Operations

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PETTY CASH REPORT

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1. Write the date and custodian name.
2. Write the fund total.
3. Summarize petty cash payments.
4. Calculate and write the total payments.
5. Calculate and write the recorded amount on hand.
6. Write the actual amount of cash on hand.
7. Subtract the actual amount on hand from the recorded amount on hand and write the amount.
8. Write the total of the replenish amount.

PETTY CASH REPORT			
Date: <u>October 31, 20--</u>		Custodian: <u>Janice Morgan</u>	
Explanation	Reconciliation	Replenish Amount	
Fund total	250.00		
Payments:			
Supplies	45.34		
Advertising	25.00		
Miscellaneous	144.22		
Less: Total payments	214.56	→	214.56
Equals: Recorded amount on hand	35.44		
Less: Actual amount on hand	33.85		
Equals: Cash short (over)	1.59	→	1.59
Amount to replenish			216.15

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LESSON 9-1



REPLENISHING A PETTY CASH FUND

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PETTY CASH REPORT			
Date: <u>November 18, 20--</u>		Custodian: <u>Janice Morgan</u>	
Explanation	Reconciliation	Replenish Amount	
Fund total	250.00		
Payments:			
Supplies—Office	32.33		
Advertising	50.00		
Miscellaneous	128.50		
Less: Total payments	210.83	→	210.83
Equals: Recorded amount on hand	39.17		
Less: Actual amount on hand	41.34		
Equals: Cash short (over)	(2.17)	→	(2.17)
Amount to replenish			208.66

1. Date
2. Account titles
3. Check number
4. Expense amounts
5. Cash short as a debit; cash over as a credit
6. Total cash payment

CASH PAYMENTS JOURNAL									
DATE	ACCOUNT TITLE	CR. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH	
				DEBIT	CREDIT			DEBIT	CREDIT
11/18	Supplies—Office	310		32.33					208.66
	Advertising Expense			50.00					
	Miscellaneous Expense			128.50					
	Cash Short and Over							2.17	

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LESSON 9-1



TOTALING, PROVING, AND RULING A CASH PAYMENTS JOURNAL PAGE TO CARRY TOTALS FORWARD

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CASH PAYMENTS JOURNAL										PAGE 21
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
24	20 Ceramic Supply		312			580800		580800	24	
25	20 Carried Forward		✓	1328180	69538	1224000	8252	2474390	25	
				5				6		

1. Rule a single line.
2. Write the date.
3. Write the words *Carried Forward* in the Account Title column.
4. Place a check mark in the Post. Ref. column.
5. Write each column total.
6. Rule double lines.

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LESSON 9-1



STARTING A NEW CASH PAYMENTS JOURNAL PAGE

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CASH PAYMENTS JOURNAL										PAGE 22
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT		
				DEBIT	CREDIT					
1	20 Nov. 20 Brought Forward		✓	1328180	69538	1224000	8252	2474390	1	
				5				1		

1. Write the journal page number.
2. Write the date.
3. Write the words *Brought Forward* in the Account Title column.
4. Place a check mark in the Post. Ref. column.
5. Record the column totals.

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LESSON 9-1



TOTALING, PROVING, AND RULING A CASH PAYMENTS JOURNAL AT THE END OF A MONTH

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CASH PAYMENTS JOURNAL											PAGE 22
		1	2		3	4		5			
DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL		ACCOUNTS PAYABLE DEBIT	PURCHASES DISCOUNT CREDIT	CASH CREDIT			
				DEBIT	CREDIT						
1 Nov. 20	Brought Forward		✓	1328180	69538	1224000	8252	2474390	1		
8 29	Advertising Expense	319		150000				150000	8		
9 30	Floral Designs	320				165000	3300	161700	9		
30	Rent Expense	321		60000				60000	10		
30	Totals			1646299	139075	1798400	15484	3290140	11		

1. Rule a single line.
2. Write the date.
3. Write the word *Totals* in the Account Title column.
4. Write each column total.
5. Rule double lines.

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LESSON 9-1



Application

Application


Problem

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LESSON 9-4

Journalizing Other Transactions Using a General Journal

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MEMORANDUM FOR BUYING SUPPLIES ON ACCOUNT

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HOBBY SHACK, INC. MEMORANDUM

NO. 52

DATE November 6, 20--

Attached invoice is for store supplies bought on account.

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Accounting

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BUYING SUPPLIES ON ACCOUNT

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November 6. Bought store supplies on account from Gulf Craft Supply, \$210.00. Memorandum No. 52.


GENERAL JOURNAL										PAGE 11
	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT		CREDIT		
1	Nov. 6	2	Supplies—Store	3	M52	210 00	4		7	
2		1	Accts. Pay./Gulf Craft Supply					210 00	2	

1. Write the date.
2. Write the account title.
3. Write the memorandum number.
4. Write the debit amount.

5. Write the account title and vendor name.
6. Place a diagonal line in the Post. Ref. column.
7. Write the credit amount.

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LESSON 9-1



Accounting

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DEBIT MEMORANDUM FOR PURCHASES RETURNS AND ALLOWANCES

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DEBIT MEMORANDUM NO. 78

HOBBY SHACK, INC.
1420 College Plaza
Atlanta, GA 30337-1726

We have this day debited your account as follows:


DATE
November 8, 20--
TO
Crown Distributing 162 Webster Road Miami, FL 33127-6214
ACCOUNT NO.
230

Quantity	Units	Description	Price	Total
6	ea.	36 canvas, medium grade, your invoice number 16724, are being returned. Merchandise sustained water damage in transit.	42.00	252.00

If the above is incorrect, please return stating difference.

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LESSON 9-1



JOURNALIZING PURCHASES RETURNS AND ALLOWANCES

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November 28. Returned merchandise to Crown Distributing, \$252.00, covering Purchase Invoice No. 80. Debit Memorandum No. 78.

GENERAL JOURNAL							PAGE 11
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
28	Accounts Pay./Crown Distributing	DM18		252 00		30	
31	Purchases Returns and Allow.				252 00	31	

1. Write the date.
2. Write the account title and vendor name.
3. Place a diagonal line in the Post. Ref. column.

4. Write debit memorandum number.
5. Write the amount.
6. Write *Purchases Returns and Allow.*
7. Write the amount.

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LESSON 9-1



TERMS REVIEW

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- merchandise
- merchandising business
- retail merchandising business
- wholesale merchandising business
- corporation
- share of stock
- capital stock
- stockholder

- special journal
- cost of merchandise
- markup
- vendor
- purchase on account
- purchases journal
- special amount column
- purchase invoice
- terms of sale

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LESSON 9-1



TERMS REVIEW


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- merchandise
- merchandising business
- retail merchandising business
- wholesale merchandising business
- corporation
- share of stock
- capital stock
- stockholder
- cash short
- cash over
- purchases returns
- purchases allowance
- debit memorandum

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LESSON 9-1



Homework

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1.1 Application Problems

- a. Review problems completed in class.
- b. Use available interactive e-work papers to complete application problems not worked in class.
- c. No Chapter 9 application problems are due this week.

1.2 Mastery Problem 9-6 (p. 262)

- Sect. 3A – Due 07/18/07
- Sect. 5B – Due 07/16/07

1.3 Quiz – Chapter 9

- a. Sect. 3A – Due 07/18/07
- Sect. 5B – Due 07/16/07
- b. Email quiz results to Instructor (pcarter9@mccneb.edu) and to yourself.


1.4 Exam 3 (Chapters 9 – 13), 100 points, 75 minutes

- Sect. 3A -- Sat, 07/28/07
- Sect. 5B -- Sat, 07/26/07

Congratulations ! You have made it through Chapter 9.

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LESSON 9-1



Exam #3

Coverage

Chapters 9-13

Sect 3A: 07/28/07

Sect 5B: 07/26/07

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