

**BUSINESS & COMPUTER SCIENCE**  
**Accounting I**

**Unit 9: Journalizing Purchases and Cash Payments**

<p><b>Essential Understandings</b></p>	<ul style="list-style-type: none"> <li>▪ A merchandising business purchases merchandise for resale, charges sales tax on sales of merchandise, and includes a cost of merchandise sold section on the income statement.</li> </ul>
<p><b>Essential Questions</b></p>	<ul style="list-style-type: none"> <li>▪ What is the difference between a merchandising business and a service business?</li> <li>▪ What is a purchase journal?</li> <li>▪ What types of transactions are recorded in a purchase journal?</li> <li>▪ How are entries entered into the journal?</li> <li>▪ What is a special amount column?</li> <li>▪ What is the difference between purchasing merchandising and buying supplies?</li> <li>▪ What is a cash payments journal?</li> <li>▪ When is the cash payments journal appropriate to use?</li> <li>▪ What do the terms 2/10 and n/30 mean?</li> <li>▪ When is a journal page ruled?</li> <li>▪ What is petty cash?</li> <li>▪ What is the procedure to replenish petty cash?</li> </ul>
<p><b>Essential Knowledge</b></p>	<ul style="list-style-type: none"> <li>▪ A service business sells services for a fee.</li> <li>▪ A merchandising business purchases and sells goods.</li> <li>▪ A purchase journal is a special journal used to record all purchase transactions made on account.</li> <li>▪ A cash payment journal is a special journal used to record all transactions that involve the payment of cash.</li> <li>▪ The four steps used to record an entry into the purchase journal are:             <ul style="list-style-type: none"> <li>○ Write date.</li> <li>○ Write vendor name.</li> <li>○ Write purchase invoice number in the purchase number column.</li> <li>○ Write the amount in the special amount column.</li> </ul> </li> <li>▪ A special amount column is a journal amount column headed with an account title.</li> <li>▪ The difference between purchasing merchandise and buying supplies is supplies are not intended to be resold.</li> <li>▪ The terms 2/10 and n/30 are common terms of sale. The term 2/10 means that a 2% discount may be deducted if the invoice is paid within ten days of the invoice date. The term n/30 means that the total invoice amount must be paid within 30 days.</li> <li>▪ A journal is ruled and closed whenever a journal page is filled and always at the end of the month.</li> <li>▪ A petty cash fund enables a business to pay cash for small expenses without writing a check.</li> <li>▪ The procedure to replenish petty cash is to prepare a report that indicates the expenditures for the period.</li> </ul>

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<p><b>Vocabulary</b></p>	<ul style="list-style-type: none"> <li>▪ <u>Terms:</u> <ul style="list-style-type: none"> <li>○ merchandise, merchandising business, retail merchandising business, wholesale merchandising business, corporation, share of stock, capital stock, stockholder, special journal, cost of merchandise, markup, vendor, purchase of account, purchase journal, special amount column, purchase invoice, terms of sale, cash payments journal, cash discount, general amount column, list price, trade discount, contra account, cash over, cash short, purchases return, purchase allowance, debit memorandum</li> </ul> </li> </ul>
<p><b>Essential Skills</b></p>	<ul style="list-style-type: none"> <li>▪ Define accounting terms related to purchases and cash payments for a merchandising business.</li> <li>▪ Identify accounting concepts and practices related to purchases and cash payments for a merchandising business.</li> <li>▪ Journalize purchases of merchandise using a purchase journal.</li> <li>▪ Journalize cash payments and cash discounts using a cash payment journal.</li> <li>▪ Prepare a petty cash report and journalize the reimbursement of the petty cash fund.</li> <li>▪ Total, prove, and rule a cash payment journal and start a new cash payment journal page.</li> <li>▪ Journalize purchases, returns, allowance, and other transactions using a general journal.</li> </ul>
<p><b>Related Maine Learning Results</b></p>	<p><u>Career and Education Development</u>          B. Learning About and Exploring Education, Career, and Life Roles          B1. Relationships Among Learning, Work, the Community, and the Global Economy          Students evaluate strategies for improving educational achievement, increasing participation as an involved citizen, and increasing work options and earning potential in a 21<sup>st</sup> century global economy.          B2. Skills for Individual/Personal Success in the 21<sup>st</sup> Century          Students evaluate strategies to improve skills that lead to lifelong learning and success in the classroom, and the achievement of schoolwork, work and career, and personal life goals.</p> <ul style="list-style-type: none"> <li>a. Literacy skills</li> <li>b. Numeracy</li> <li>c. Critical thinking skills</li> <li>d. Information and communication technology (ICT) literacy</li> <li>e. Interpersonal skills</li> <li>f. Other academic skills and knowledge</li> </ul>

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<p><b>Related Maine Learning Results</b></p>	<p>B3.Education and Career Information Students use previously acquired knowledge and skills to evaluate and utilize a variety of resources to articulate a plan and make decisions for post-secondary education, training, and career choices.</p> <p><u>Mathematics</u> B. Data Data Analysis</p> <p>B2.Students understand correlation and cause and effect.</p> <ul style="list-style-type: none"><li>a. Recognize when correlation has been confused with cause and effect.</li><li>b. Create and interpret scatter plots and estimate correlation and lines of best fit.</li><li>c. Recognize positive and negative correlations based on data from a table or scatter plot.</li><li>d. Estimate the strength of correlation based upon a scatter plot.</li></ul> <p>B3.Students understand and know how to describe distributions and find and use descriptive statistics for a set of data.</p> <ul style="list-style-type: none"><li>a. Find and apply range, quartiles, mean absolute deviation, and standard deviation (using technology) of a set of data.</li><li>b. Interpret, give examples of, and describe key differences among different types of distributions: uniform, normal, and skewed.</li><li>c. For the sample mean of normal distributions, use the standard deviation for a group of observations to establish 90%, 95%, or 99% confidence intervals.</li></ul> <p>B4.Students understand the purpose of random sampling is to reduce bias when creating a representative sample for a set of data.</p> <ul style="list-style-type: none"><li>a. Describe and account for the difference between sample statistics and statistics describing the distribution of the entire population.</li><li>b. Recognize that sample statistics produce estimates for the distribution of an entire population and recognize that larger sample sizes will produce more reliable estimates.</li><li>c. Apply methods of creating random samples and recognize possible sources of bias in samples.</li></ul>
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<p><b>Related Maine Learning Results</b></p>	<p>D. Algebra                  Symbols and Expressions                  D1.Students understand and use polynomials and expressions with rational exponents.                  a. Simplify expressions including those with rational exponents.                  b. Add, subtract, and multiply polynomials.                  c. Factor the common term out of polynomial expressions.                  d. Divide polynomials by <math>(ax + b)</math>.</p>
<p><b>Sample Lessons And Activities</b></p>	<ul style="list-style-type: none"> <li>▪ Journalize entries relating to cash payments and purchases.</li> </ul>
<p><b>Sample Classroom Assessment Methods</b></p>	<ul style="list-style-type: none"> <li>▪ Tests</li> <li>▪ Quizzes</li> <li>▪ Assignments</li> <li>▪ Class Work</li> </ul>
<p><b>Sample Resources</b></p>	<ul style="list-style-type: none"> <li>▪ <u>Publications:</u> <ul style="list-style-type: none"> <li>○ <u>Century 21 Accounting</u> – Southwest Cengage Learning</li> </ul> </li> </ul>