



Business Virtual Learning

HS/Accounting 1

Topic: Special Journal - Purchases

May 19, 2020



Accounting 1: Special Journals

Objectives:

1. Describe the accounting procedures used in ordering merchandise.
2. Discuss the purpose of a special journal.
3. Journalize purchases of merchandise on account using a purchases journal

Instructions:

Read the slides, answer questions as they are presented and complete the activity on the last slide.



A **purchase order** (PO) is a commercial document and first official offer issued by a buyer to a seller indicating:

- Types
- Quantities
- and agreed prices

for products or services. It is used to control the **purchasing** of products and services from external suppliers.

PURCHASE ORDER

[Your Company Name]
[Your Company Slogan]

P.O. # [100]
 DATE: OCTOBER 25, 2011

[Street Address], [City, ST ZIP Code]
 Phone [000.000.0000] Fax [000.000.0000]
 [e-mail]

VENDOR [Name]
 [Company Name]
 [Street Address]
 [City, ST ZIP Code]
 [Phone]
 Customer ID [ABC12345]

SHIP TO [Name]
 [Company Name]
 [Street Address]
 [City, ST ZIP Code]
 [Phone]
 Customer ID [ABC12345]

SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE

QTY	ITEM #	DESCRIPTION	JOB	UNIT PRICE	LINE TOTAL

	SUBTOTAL	
	SALES TAX	
	TOTAL	

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.
4. Send all correspondence to:
 [Name]
 [Street Address]
 [City, ST ZIP Code]
 Phone [000.000.0000] Fax [000.000.0000]

 Authorized by Date



Accounting 1: Purchases Journal

To increase efficiency, merchandising businesses use separate journals to record transaction impacting similar accounts.

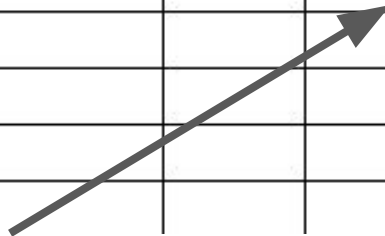
The ***purchases journal*** is used **ONLY** for purchases of merchandise on account

A purchase of merchandise will be recorded in new account entitled **PURCHASES**.

Purchases is in the “cost of goods sold” section of the chart of accounts because it is what the business is paying for merchandise that is put in the store for resale.

Purchases has a **normal balance debit balance**.

PURCHASES JOURNAL					PAGE NO. ____
					1
	DATE	ACCOUNT CREDITED	PURCH. NO.	POST REF	PURCHASES DR.
					ACCTS. PAY. CR.
1					
2					
3					
4					
5					



The transactions recorded in the purchases journal (purchases of merchandise on account) will always be a debit to **purchases** and a credit to **accounts payable**.

Therefore, the journal has 1 amount column with the account titles at the top. These are called **special columns**. The name of the vendor will go on the account title line to show who the money is owed to.

One main benefit of the special column is that it saves time posting because you will only post the total of the column instead of each individual transaction.

1. Journalize the following transactions completed during September of the current year. Use page 9 of the purchases journal given below. The purchase invoices used as source documents are abbreviated as P.

Transactions:

- Sept. 2. Purchased merchandise on account from Woodland Appliances, \$6,600.00. P54.
 6. Purchased merchandise on account from Quality Wholesalers, \$1,360.00. P55.
 12. Purchased merchandise on account from East Gate Appliances, \$1,050.00. P56.
 18. Purchased merchandise on account from Winston, Inc., \$2,400.00. P57.
 26. Purchased merchandise on account from Woodland Appliances, \$6,800.00. P58.

PURCHASES JOURNAL				PAGE	
				1	
DATE	ACCOUNT CREDITED	PURCH. NO.	POST. REF.	PURCHASES DR.	ACCTS. PAY. CR.
1					1
2					2
3					3
4					4
5					5
6					6



Accounting 1: Purchases Journal

Transaction: May 1, purchased merchandise on account from ABC Corporation, \$2500.00 Purchase order no. 1

PURCHASES JOURNAL						PAGE NO. ____
						1
	DATE		ACCOUNT CREDITED	PURCH. NO.	POST REF	PURCHASES DR.
						ACCTS. PAY. CR.
1	May	1	ABC Corporation	1		\$ 2,500.00
2						
3						



Accounting 1: Purchases Journal

Questions:

1. What is the advantage of a special column in a journal?
2. Why are there 2 account titles at the top of the special column in the purchases journal?
3. Explain the purpose of a purchase invoice.
4. What account is debited in a purchase of merchandise transaction?
5. What account is credited in a purchase of merchandise transaction?



Accounting 1: Purchases Journal

Activity: Record the following transactions on the purchases journal that is linked [here](#) or you can use the PDF attached to this lesson.

May	1	Purchased merchandise on account from Atlantic Supply, \$2250.00 P1	
	3	Purchased merchandise on account from J&S Supplies, \$7685.00 P2	
	4	Purchased merchandise on account from McCall Corporation, \$3550.00 P3	
	7	Purchased merchandise on account from Lawson Imports, \$450.00 P4	
	10	Purchased merchandise on account from Teaser Supply, \$500.00 P5	