Exploring Special Journals: Purchases and Cash Payments

Merchandising businesses make many of the same types of transactions over and over again, like purchasing merchandise on account or with cash. Instead of using the general journal, these types of transactions are recorded in the purchases journal (buying merchandise on account) and the cash payments journal (buying merchandise with cash and making cash payments). Once you get the hang of using special journals, it will make your life much easier!

Note: When merchandising businesses buy merchandise, it is recorded in an asset account called "Purchases". Record the following transactions for March 2018 in the special journals below. You can leave the Post. Ref. column blank for now.

March 1 Purchased merchandise on account from Wizmart, $200. P101. *(Terms 5/10, N30)*
March 2 Purchased merchandise for cash, $600. Check No. 301.
March 3 Paid cash for utilities expense, $100. Check No. 302.
March 7 Purchased merchandise on account from ABC Store, $300. P102. *(Terms 10/15, N30)*
March 8 Purchased merchandise on account from Zears, $150. P103. *(Terms 5/10, N30)*
March 10 Paid cash on account to Wizmart, $190, covering purchase P101 for $200, less a 5% discount. Check No. 303.
March 12 Purchased merchandise on account from Crafty Lobby, $500 less a trade discount of 20%. P104.
March 15 Paid cash on account to ABC Store, $270, covering purchase P102 for $300, less a 10% discount. Check No. 304.
March 20 Paid cash on account to Zears, $150, covering purchase P103 for $150. No discount. Check No. 305.
March 25 Purchased merchandise on account from Stuff R Us, $100 less a trade discount of 10%. P105.

Total and rule the purchases journal and cash payments journal as of March 31.

PURCHASES JOURNAL **PAGE 1**

Used for purchasing merchandise on account (all other purchases on account are still made in the general journal)

Date		Account Credited	Purch. No.	Post Ref.	Purchases DR Accts Payable CR

CASH PAYMENTS JOURNAL **PAGE 1**

Used for all payments using cash (not just merchandise)

Date		Account Title	Ck. No.	Post Ref.	General		Accounts Payable DR	Purchases Discount CR	Cash CR
					Debit	Credit			