

Glencoe Accounting

Chapter 17: Special Journals: Purchases and Cash Payments

I-Summary

Businesses often purchase merchandise for resale from hundreds of suppliers, amounting to thousands of transactions in a month. Accountants often use the purchases and cash payments journals as an efficient way to keep track of a busy operation. In this chapter, you learned how to record transactions in these special journals and how to post from both journals into the general and subsidiary ledgers.

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I-Quiz

1. Which journal is used when a business purchases items using cash?
 - A. Purchases journal
 - B. Cash payments journal
 - C. Sales journal
2. When is the purchases journal used?
 - A. To record only merchandise purchased for resale
 - B. To record any purchase using cash
 - C. To record any purchase on account
3. Which two columns of the purchases journal are used to record the purchase of store equipment on account?
 - A. Purchases and Accounts Payable
 - B. Accounts Payable and General
 - C. Purchases and General
4. What is another name for the cash payments journal?
 - A. cash journal
 - B. payments journal
 - C. cash disbursements journal
5. When preparing the schedule of accounts payable, in what order are the accounts listed?
 - A. by account number
 - B. in alphabetical order
 - C. from largest balance to smallest balance due

Answer Key

1. B
2. C
3. B
4. C
5. B