

Paul Robbins training and consultancy

Bookkeeping Transactions

Purchases and Purchase Returns on Credit

Bookkeeping for Purchases on Credit – Exercise 1

Model Answer

You have been given the partially completed Purchases Day Book for April 2016.

Purchases Day Book					
Date	Supplier	Invoice No	Total (Gross)	VAT (20%)	Purchases (Net)
02/04/16	S. Scales Ltd	7835	£330.00	£55.00	£275.00
04/04/16	Peter Ward & Co	0378	£475.44	£79.24	£396.20
07/04/16	County Supplies	CS773	£1,012.20	£168.70	£843.50
10/04/16	Allen & Sons	A1137	£146.40	£24.40	£122.00
15/04/16	Peter Ward & Co	0399	£1,653.60	£275.60	£1,378.00
18/04/16	S. Scales Ltd	7913	£399.72	£66.62	£333.10
23/04/16	Allen & Sons	A1186	£624.96	£104.16	£520.80
26/04/16	County Supplies	CS802	£325.80	£54.30	£271.50
30/04/16	Totals		£4,968.12	£828.02	£4,140.10
			CR PLCA	DR VAT Control	DR Purchases

1. Calculate and fill in the VAT and Gross amounts for each Purchase Invoice.
2. Total the columns in the Purchases Day Book.
3. Post the column totals to the Main Ledger accounts as at 30 April 2016.
4. Post the Gross amounts of each Purchase Invoice to the Subsidiary Purchase Ledger accounts.

You have been given the partially completed Purchase Returns Day Book for April 2016.

Purchase Returns Day Book					
Date	Supplier	Credit Note No	Total (Gross)	VAT (20%)	Purchases (Net)
12/04/16	County Supplies	CSC98	£300.00	£50.00	£250.00
19/04/16	S. Scales Ltd	217	£107.88	£17.98	£89.90
21/04/16	Allen & Sons	AC303	£49.44	£8.24	£41.20
24/04/16	Peter Ward & Co	C065	£478.80	£79.80	£399.00
30/04/16	Totals		£936.12	£156.02	£780.10
			DR PLCA	CR VAT Control	CR Purch Returns

5. Calculate and fill in the VAT and Gross amounts for each Purchase Credit Note.

6. Total the columns in the Purchase Returns Day Book.

7. Post the column totals to the Main Ledger accounts as at 30 April 2016.

8. Post the Gross amounts of each Purchase Credit Note to the Subsidiary Purchase Ledger accounts.

You have been provided with an extract from the Cash Book showing monies paid to credit suppliers which have been paid from the bank account.

Date	Name	Amount
22/04/16	Allen & Sons	£96.96
25/04/16	S. Scales Ltd	£222.12
28/04/16	Peter Ward & Co	£1,650.24
29/04/16	County Supplies	£712.20
30/04/16	Totals DR PLCA CR Bank	£2,681.52

9. Post the amounts paid to the Main Ledger accounts at 30 April 2016.

10. Post the amounts paid to the Subsidiary Purchases Ledger accounts.

The business receives a 10% Prompt Payment Discount (PPD) for paying its suppliers within seven days of the date of the purchase invoice.

The following Credit Notes have been received in respect of PPD taken.

11. Calculate and fill in the VAT and Gross amounts for each Credit Note.

12. Total the columns in the Discounts Received Day Book.

13. Post the column totals to the Main Ledger accounts as at 30 April 2016.

14. Post the Gross amounts of each Credit Note to the Subsidiary Purchases Ledger accounts.

Discounts Received Day Book					
Date	Supplier	Credit Note No	Total (Gross)	VAT (20%)	Purchases (Net)
21/04/16	S. Scales Ltd	234	£39.97	£6.66	£33.31
26/04/16	Allen and Sons	AC365	£62.50	£10.42	£52.08
30/04/16	Totals		£102.47	£17.08	£85.39
			DR PLCA	CR VAT Control	CR Disc. Received

15. Total and balance off all 'T' accounts and complete the Trial Balance, Subsidiary Purchases Ledger account balances and reconciliation.

Main Ledger Accounts

Purchases					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/04/16	P.D.B.	4,140.10	30/04/16	Balance c/d	4,140.10
		<u>4,140.10</u>			<u>4,140.10</u>
01/05/16	Balance b/d	4,140.10			

Purchase Returns					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/04/16	Balance c/d	780.10	30/04/16	P.R.D.B.	780.10
		<u>780.10</u>			<u>780.10</u>
			01/05/16	Balance b/d	780.10

VAT Control Account					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/04/16	P.D.B.	828.02	30/04/16	P.R.D.B.	156.02
			30/04/16	D.R.D.B.	17.08
			30/04/16	Balance c/d	654.92
		<u>828.02</u>			<u>828.02</u>
01/05/16	Balance b/d	654.92			

Purchase Ledger Control Account (PLCA)					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/04/16	P.R.D.B.	936.12	30/04/16	P.D.B.	4,968.12
30/04/16	Cash Book	2,681.52			
30/04/16	D.R.D.B.	102.47			
30/04/16	Balance c/d	1,248.01			
		<u>4,968.12</u>			<u>4,968.12</u>
			01/05/16	Balance b/d	1,248.01

Bank Account					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/04/16	Balance c/d	2,681.52	30/04/16	Cash Book	2,681.52
		<u>2,681.52</u>			<u>2,681.52</u>
			01/05/16	Balance b/d	2,681.52

<i>Discounts Received</i>					
<i>Date</i>	<i>Description</i>	<i>Amount (£)</i>	<i>Date</i>	<i>Description</i>	<i>Amount (£)</i>
<i>30/04/16</i>	<i>Balance c/d</i>	<i>85.39</i>	<i>30/04/16</i>	<i>D.R.D.B.</i>	<i>85.39</i>
		<u><i>85.39</i></u>			<u><i>85.39</i></u>
			<i>01/05/16</i>	<i>Balance b/d</i>	<i>85.39</i>

Subsidiary Purchase Ledger Accounts

S. Scales Ltd					
Date	Description	Amount (£)	Date	Description	Amount (£)
19/04/16	P.R.D.B. – CN 217	107.88	02/04/16	P.D.B. – INV 7835	330.00
21/04/16	D.R.D.B. – CN 234	39.97	18/04/16	P.D.B. – INV 7913	399.72
25/04/16	Cash Book	222.12			
30/04/16	Balance c/d	359.75			
		<u>729.72</u>			<u>729.72</u>
			01/05/16	Balance b/d	359.75

Peter Ward & Co					
Date	Description	Amount (£)	Date	Description	Amount (£)
24/04/16	P.R.D.B. – CN C065	478.80	04/04/16	P.D.B. – INV 0378	475.44
28/04/16	Cash Book	1,650.24	15/04/16	P.D.B. – INV 0399	1,653.60
		<u>2,129.04</u>			<u>2,129.04</u>

County Supplies					
Date	Description	Amount (£)	Date	Description	Amount (£)
12/04/16	P.R.D.B. – CN CSC98	300.00	07/04/16	P.D.B. – INV CS773	1,012.20
29/04/16	Cash Book	712.20	26/04/16	P.D.B. – INV CS802	325.80
30/04/16	Balance c/d	325.80			
		<u>1,338.00</u>			<u>1,338.00</u>
			01/05/16	Balance b/d	325.80

Allen & Sons					
Date	Description	Amount (£)	Date	Description	Amount (£)
21/04/16	P.R.D.B. – CN AC303	49.44	10/04/16	P.D.B. – INV A1137	146.40
22/04/16	Cash Book	96.96	10/04/16	P.D.B. – INV A1186	624.96
26/04/16	D.R.D.B. – CN AC365	62.50			
30/04/16	Balance c/d	562.46			
		<u>771.36</u>			<u>771.36</u>
			01/05/16	Balance b/d	562.46

Trial Balance

Main Ledger Balances

Account Name	Debit (£)	Credit (£)
Purchases	4,140.10	
Purchase Returns		780.10
VAT Control Account	654.92	
Purchase Ledger Control Account		1,248.01
Bank Account		2,681.52
Discounts Received		85.39
Totals	<u>4,795.02</u>	<u>4,795.02</u>

Subsidiary Purchase Ledger Balances

Account Name	Debit (£)	Credit (£)
S. Scales Ltd		359.75
Peter Ward & Co		0
County Supplies		325.80
Allen & Sons		562.46
Totals		1,248.01

Reconciliation

Account Name	Debit (£)	Credit (£)
Balance per Purchase Ledger Control Account		1,248.01
Total of Subsidiary Purchase Ledger Balances		1,248.01
Difference		0