

Paul Robbins training and consultancy

Bookkeeping Transactions

Purchases and Purchase Returns on Credit

Bookkeeping for Purchases on Credit – Worked Example

Model Answer

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

Purchases Day Book					
Date	Supplier	Invoice No	Total (Gross)	VAT (20%)	Purchases (Net)
01/06/16	Sussex Supplies	S257	£144.00	£24.00	£120.00
05/06/16	Kent Trading	9806	£198.60	£33.10	£165.50
08/06/16	Surrey & Co	SUR321	£105.96	£17.66	£88.30
12/06/16	Hampshire Ltd	H00218	£1,207.80	£201.30	£1,006.50
15/06/16	Surrey & Co	SUR330	£394.80	£65.80	£329.00
19/06/16	Sussex Supplies	S279	£186.00	£31.00	£155.00
22/06/16	Hampshire Ltd	H00229	£114.72	£19.12	£95.60
26/06/16	Kent Trading	9984	£242.64	£40.44	£202.20
30/06/16	Totals		£2,594.52	£432.42	£2,162.10
			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 June 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 June 2016.

Purchase Returns Day Book					
Date	Supplier	Credit Note No	Total (Gross)	VAT (20%)	Purchases (Net)
18/06/16	Hampshire Ltd	HC71	£378.48	£63.08	£315.40
20/06/16	Kent Trading	C387	£48.00	£8.00	£40.00
23/06/16	Sussex Supplies	CN103	£27.00	£4.50	£22.50
25/06/16	Surrey & Co	SCN45	£22.68	£3.78	£18.90
30/06/16	Totals		£476.16	£79.36	£396.80
			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 June 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
24/06/16	Kent Trading	£150.60
26/06/16	Sussex Supplies	£117.00
27/06/16	Hampshire Ltd	£829.32
29/06/16	Surrey & Co	£83.28
30/06/16	Totals DR PLCA CR Bank	£1,180.20

9. Post the amounts paid to the Main Ledger accounts at 30 June 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 June 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)
25/06/16	Hampshire Ltd	HC85	£11.47	£1.91	£9.56
28/06/16	Kent Trading	C402	£24.26	£4.04	£20.22
30/06/16	Totals		£35.73	£5.95	£29.78
			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 (£)
30/06/16	P.D.B.	2,162.10	30/06/16	Balance c/d	2,162.10
		<u>2,162.10</u>			<u>2,162.10</u>
01/07/16	Balance b/d	2,162.10			

Purchase Returns					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/06/16	Balance c/d	396.80	30/06/16	P.R.D.B.	396.80
		<u>396.80</u>			<u>396.80</u>
			01/07/16	Balance b/d	396.80

VAT Control Account					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/06/16	P.D.B.	432.42	30/06/16	P.R.D.B.	79.36
			30/06/16	D.R.D.B.	5.95
			30/06/16	Balance c/d	347.11
		<u>432.42</u>			<u>432.42</u>
01/07/16	Balance b/d	347.11			

Purchase Ledger Control Account (PLCA)					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/06/16	P.R.D.B.	476.16	30/06/16	P.D.B.	2,594.52
30/06/16	Cash Book	1,180.20			
30/06/16	D.R.D.B.	35.73			
30/06/16	Balance c/d	902.43			
		<u>2,594.52</u>			<u>2,594.52</u>
			01/07/16	Balance b/d	902.43

Bank Account					
Date	Description	Amount (£)	Date	Description	Amount (£)
30/06/16	Balance c/d	1,180.20	30/06/16	Cash Book	1,180.20
		<u>1,180.20</u>			<u>1,180.20</u>
			01/07/16	Balance b/d	1,180.20

<i>Discounts Received</i>					
<i>Date</i>	<i>Description</i>	<i>Amount (£)</i>	<i>Date</i>	<i>Description</i>	<i>Amount (£)</i>
<i>30/06/16</i>	<i>Balance c/d</i>	<i>29.78</i>	<i>30/06/16</i>	<i>D.R.D.B.</i>	<i>29.78</i>
		<u><i>29.78</i></u>			<u><i>29.78</i></u>
			<i>01/07/16</i>	<i>Balance b/d</i>	<i>29.78</i>

Subsidiary Purchase Ledger Accounts

Sussex Supplies					
Date	Description	Amount (£)	Date	Description	Amount (£)
23/06/16	P.R.D.B. – CN CN103	27.00	01/06/16	P.D.B. – INV S257	144.00
26/06/16	Cash Book	117.00	19/06/16	P.D.B. – INV S279	186.00
30/06/16	Balance c/d	186.00			
		<u>330.00</u>			<u>330.00</u>
			01/07/16	Balance b/d	186.00

Kent Trading					
Date	Description	Amount (£)	Date	Description	Amount (£)
20/06/16	P.R.D.B. – CN C387	48.00	05/06/16	P.D.B. – INV 9806	198.60
24/06/16	Cash Book	150.60	26/06/16	P.D.B. – INV 9984	242.64
28/06/16	D.R.D.B. – CN C402	24.26			
30/06/16	Balance c/d	218.38			
		<u>441.24</u>			<u>441.24</u>
			01/07/16	Balance b/d	218.38

Surrey & Co					
Date	Description	Amount (£)	Date	Description	Amount (£)
25/06/16	P.R.D.B. – CN SCN45	22.68	08/06/16	P.D.B. – INV SUR321	105.96
29/06/16	Cash Book	83.28	15/06/16	P.D.B. – INV SUR330	394.80
30/06/16	Balance c/d	394.80			
		<u>500.76</u>			<u>500.76</u>
			01/07/16	Balance b/d	394.80

Hampshire Ltd					
Date	Description	Amount (£)	Date	Description	Amount (£)
18/06/16	P.R.D.B. – CN HC71	378.48	12/06/16	P.D.B. – INV H00218	1,207.80
25/06/16	D.R.D.B. – CN HC85	11.47	22/06/16	P.D.B. – INV H00229	114.72
27/06/16	Cash Book	829.32			
30/06/16	Balance c/d	103.25			
		<u>1,322.52</u>			<u>1,322.52</u>
			01/07/16	Balance b/d	103.25

Trial Balance

Main Ledger Balances

Account Name	Debit (£)	Credit (£)
Purchases	2,162.10	
Purchase Returns		396.80
VAT Control Account	347.11	
Purchase Ledger Control Account		902.43
Bank Account		1,180.20
Discounts Received		29.78
Totals	<u>2,509.21</u>	<u>2,509.21</u>

Subsidiary Purchase Ledger Balances

Account Name	Debit (£)	Credit (£)
Sussex Supplies		186.00
Kent Trading		218.38
Surrey & Co		394.80
Hampshire Ltd		103.25
Totals		902.43

Reconciliation

Account Name	Debit (£)	Credit (£)
Balance per Purchase Ledger Control Account		902.43
Total of Subsidiary Purchase Ledger Balances		902.43
Difference		0