

Accounting Principles-2



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CHAPTER

15

**ACCOUNTING FOR
PURCHASES**

Learning objectives



After you have studied this chapter, you should be able to:

- Make the appropriate entries relating to credit purchases in a purchases day book
- Make the correct postings from the purchases day book to the purchases ledger and general ledger
- Explain the differences between the processes of recording credit sales and credit purchases in the books

Purchase invoices



- Purchase invoices are sent to the buyers of any goods that have been bought on credit.
- Any sales invoice issued by a business is a purchase invoice when received by the buying business.
- The buyer enters the purchase invoice into a purchase day book before recording the details using double entry bookkeeping

Purchase day book

Exhibit 15.1

Purchases Day Book				(page 49)
		<i>Invoice No.</i>	<i>Folio</i>	<i>Amount</i>
2013				£
Sept	1	J. Blake	9/101	560
	8	B. Hamilton	9/102	1,380
	19	C. Brown	9/103	230
	30	K. Gabriel	9/104	510
				<u>2,680</u>

Posting credit purchases

From the purchases day book:

- The credit purchases are posted individually to the credit of each supplier's account in the purchases ledger.
- The total of the credit purchases is posted to the debit of the purchases account in the general ledger.

An example: Posting credit purchases

Exhibit 15.3

Purchases Day Book				(page 49)	
		<i>Invoice No.</i>	<i>Folio</i>	<i>Amount</i>	
2013				£	
Sept	1	J. Blake	9/101	PL 16	560
	8	B. Hamilton	9/102	PL 29	1,380
	19	C. Brown	9/103	PL 55	230
	30	K. Gabriel	9/104	PL 89	<u>510</u>
Transferred to Purchases Account				GL 63	<u><u>2,680</u></u>

Purchases Ledger

J. Blake

(page 16)

	2013			<i>Folio</i>	£
	Sept	1	Purchases	PB 49	560

B. Hamilton

(page 29)

	2013			<i>Folio</i>	£
	Sept	8	Purchases	PB 49	1,380

C. Brown

(page 55)

	2013			<i>Folio</i>	£
	Sept	19	Purchases	PB 49	230

K. Gabriel

(page 89)

	2013			<i>Folio</i>	£
	Sept	30	Purchases	PB 49	510

General Ledger

Purchases

(page 63)

2013			<i>Folio</i>	£	
Sept	30	Credit purchases for the month	PB 49	2,680	