

Processing accounting data

Study Unit 5(D)

Study Unit 5(D): Processing Accounting Data

Purchases Journal – What is it?

Lecture 1

Why do we need a Purchases Journal?

- We recorded purchases in the Cash Payments Journal, why do we need another journal?
 - The CPJ only captures and records purchases made for cash.
 - Since credit purchases have no immediate impact on the bank, we can't use the CPJ to record these purchases

Lecture 1

What does the Purchases Journal look like?

Purchases Journal – August 2013

PJ1

Inv no.	Day	Details	Fol	VAT Input	Purchases	Creditors Control

Lecture 1

Example: Purchases Journal

- Eg: On 2 August, purchase R5 700 (VAT incl) goods from Best Supplies, P023

Purchases Journal – August 2013

PJ1

Inv no.	Day	Details	Fol	VAT Input	Purchases	Creditors Control
P023	2	Best Supplies		700	5 000	5 700
				B2	N1	B1

Lecture 1

Posting to GL

Dr Creditors Control B1 Cr

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				2 Aug	Purchases	PJ1	5 700

Dr Purchases N1 Cr

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2 Aug	Creditors	PJ1	5 000				

Dr VAT Input B2 Cr

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2 Aug	Creditors	PJ1	700				

Lecture 1

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Purchases Return Journal – What is it?

Lecture 2

Why do we need a Purchases Return Journal?

- When we returns goods that we've bought, we need to record the transaction, and the related decrease in Purchases, the Creditor's account, and the VAT as well
 - The CRJ can't be used for this – no cash involved at this point.
 - The Purchases Journal records the purchase itself, we need to record the return separately

Lecture 2

What does the Purchases Return Journal look like?

Purchases Return Journal – August 2013

PRJ1

Inv no.	Day	Details	Fol	VAT Input	Purchase Returns	Creditors Control

Note: the columns are the same as the Purchases Journal, since we have to reverse all the details of the purchase!

Lecture 2

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Purchases and Inventory

Lecture 3

Purchases = Inventory

- When we purchase goods, we have inventory (stock-on-hand; trading stock)
- We have to control inventory
 - Theft
 - Sufficient stock on hand to trade
- Need to keep track of costs
 - Your profits will be determined by what you purchased the items for

Lecture 3

Inventory systems

- Choice:
 - Keep track of inventory items as they're bought and sold
 - Take stock counts regularly to identify quantities on hand
- Perpetual stock system: will update stock quantities as you buy and sell goods (item by item), so you'll always know exactly how much you have on hand
- Periodic stock system: do stock counts and adjust quantities from the last stock count

Lecture 3

Study Unit 5(C): Processing Accounting Data

Best Skin Care (PJ & PRJ) - Class

Example

Lecture 4

Class Example: PJ & PRJ

- Download the handouts for Best Skin Care– We'll use this to create the PJ and PRJ from the case study
- Use the blank formats I've provided to attempt these yourself

You need to learn to write these out yourself,
the structure, the time and the detail can be
challenging

Lecture 4

Study Unit 5(C): Processing Accounting Data

Best Skin Care (PJ to GL) - Class

Example

Lecture 5

Class Example: PJ to GL

- Use the blank GL format I've given you to post the PJ and PRJ to the GL

Note how we deal with the VAT Output, the General Journal entries required, and how these are posted to the GL as well

Lecture 5