

# **Processing accounting data**

## **Study Unit 5(D)**

Study Unit 5(D): Processing Accounting Data

# Purchases Journal - Introduction

**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

# 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

<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>		<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>
					2 Aug	Purchases	PJ1	5 700

Dr Purchases N1 Cr

<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>		<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>
2 Aug	Creditors	PJ1	5 000					

Dr VAT Input B2 Cr

<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>		<u>Date</u>	<u>Details</u>	<u>Fol</u>	<u>Amount</u>
2 Aug	Creditors	PJ1	700					

## Lecture 1

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# **Purchases Return Journal - Introduction**

**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: 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

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# **Class Example: Best Skin Care**

## **(PJ & PRJ)**

**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**

# Class Example: GJ & 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 Input, the General Journal entries required, and how these are posted to the GL as well