Your buddy Pete runs Creepy Pete's Garden Store. Record the transactions for the month of February 2018 in the purchases journal and cash payments journal.



PAGE 1

- February 2 Purchased merchandise on account from Flowery Pots, \$500. P101. (*Terms 5/10, N30*)
- February 8 Purchased merchandise on account from Vintage Vines, \$700. P102. (*Terms 10/20, N30*)
- February 14 Purchased merchandise on account from Xtreme Plants, \$450. P103. (*Terms 10/10, N30*)
- February 22 Purchased merchandise on account from Mulch Mania, \$1,000 less a trade discount of 5%. P104.
- February 24 Purchased merchandise on account from Hoses & Hoes, \$300 less a trade discount of 10%. P105.

Total and rule the purchases journal as of February 28.

PURCHASES JOURNAL

Date	Account Credited	Purch. Post No. Ref.						

- February 10 Paid cash on account to Flowery Pots, \$475, covering purchase P101 for \$500, less a 5% discount. Check No. 301.
- February 11 Purchased merchandise for cash, \$100. Check No. 302.
- February 20 Paid cash on account to Vintage Vines, \$630, covering purchase P102 for \$700, less a 10% discount. Check No. 303.
- February 26 Paid cash on account to Xtreme Plants, \$450, covering purchase P103 for \$450. No discount. Check No. 304.
 February 28 Paid cash to replenish the petty cash fund for Supplies, \$24; Misc. Expenses, \$16; and <u>Cash Short and Over</u>, \$3 over (credit). Check No. 305.

Total, prove, and rule the cash payments journal as of February 28.

CASH PAYMENTS JOURNAL

		Ck. No.	Post	General			A	١cc	oun	ts	Purchases			Cash									
Date	Account Title			Ref.	Deb			ebit		Credit			Payable DR				Discount CR				CR		
														-			+						+
							_								_								_
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Note: You would then post the column totals to the appropriate Ledger accounts (we will skip this step for now).

PAGE 1

Creepy Pete's Garden Store

Now we will record purchases returns and allowances for Creepy Pete's Garden Store for the month of February 2018. These are recorded in the General Journal.

<u>Returns</u> are when a business returns merchandise for a refund (either to Cash or Accounts Payable, depending on how the items were originally paid for).

<u>Allowances</u> are when the merchandise is damaged or not as expected, but the vendor allows the customer to keep the merchandise at a reduced price.

Both of these adjustments are recorded to the "Purchases Returns and Allowances" account. This account is a "contra asset" account, like Accumulated Depreciation. It has a normal credit balance.

Note: These transactions will debit either Cash or Accounts Payable and credit the Purchases Returns and Allowances account. The source document for these types of transactions is called a Debit Memorandum (DM).

February 2 Returned merchandise to Sunny's Sun Dials, \$250, which was purchased for cash. DM601.

February 5 Returned merchandise to Polly's Petunias, \$100, which was purchased on account. DM602.

February 12 Returned merchandise to Jake's Rakes, \$300, which was purchased on account. DM603.

February 20 Returned merchandise to Rick's Bricks, \$400, which was purchased on account. DM604.

GENERAL JOURNAL

Date	Account Title	Doc. No.	Post. Ref.	Debit			Credit					



PAGE 1