CHAPTER 15
Accounting for Purchases and Cash Payments

Study Guide

Section Assessment

Section 1   *Read Section 1 on pages 419–422 and complete the following exercises on page 423.*
- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 15-1   *Analyzing a Purchase Order*

Section 2   *Read Section 2 on pages 424–429 and complete the following exercises on page 430.*
- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 15-2   *Recording Purchases Transactions*
- ☐ Problem 15-3   *Analyzing a Source Document*

Section 3   *Read Section 3 on pages 431–436 and complete the following exercises on page 437.*
- ☐ Reinforce the Main Idea
- ☐ Math for Accounting
- ☐ Problem 15-4   *Recording Cash Payment Transactions*

Chapter Assessment

Summary   *Review the Chapter 15 Visual Summary on page 438 in your textbook.*
- ☐ Key Concepts

Review and Activities   *Complete the following questions and exercises on page 439 in your textbook.*
- ☐ After You Read: Answering the Essential Question
- ☐ Vocabulary Check
- ☐ Concept Check

Standardized Test Practice   *Complete the exercises on page 440 in your textbook.*

Computerized Accounting   *Read the Computerized Accounting information on page 441 in your textbook.*
- ☐ Recording Purchase and Cash Payment Transactions
- ☐ Peachtree Q&A
- ☐ QuickBooks Q&A

Problems   *Complete the following End-of-Chapter Problems for Chapter 15 in your textbook.*
- ☐ Problem 15-5   *Determining Due Dates and Discount Amounts*
- ☐ Problem 15-6   *Analyzing Purchases and Cash Payments*
- ☐ Problem 15-7   *Recording Purchases Transactions*
- ☐ Problem 15-8   *Recording Cash Payment Transactions*
- ☐ Problem 15-9   *Recording Purchases and Cash Payment Transactions*

Challenge Problem   ☐ Problem 15-10 *Recording and Posting Purchases and Cash Payment Transactions*

Real-World Applications and Connections   *Complete the following applications on pages 448–449 in your textbook.*
- ☐ Career Wise
- ☐ Global Accounting
- ☐ A Matter of Ethics
- ☐ Analyzing Financial Reports
- ☐ H.O.T. Audit

Working Papers *for Section Problems*

Problem 15-1   Analyzing a Purchase Order *(textbook p. 423)*

1. _____

2. _____

3. _____

4. _____

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9. _____

10. _____

Problem 15-2 Recording Purchases Transactions *(textbook p. 430)*

GENERAL JOURNAL   PAGE _____

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Problem 15-3 Analyzing a Source Document *(textbook p. 430)*

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Problem 15-4 Recording Cash Payment Transactions *(textbook p. 437)*

GENERAL JOURNAL

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Working Papers *for End-of-Chapter Problems*

Problem 15-5   Determining Due Dates and Discount Amounts *(textbook p. 442)*

Invoice Number	Invoice Date	Credit Terms	Invoice Amount	Due Date	Discount Amount	Amount to be Paid
24574	Mar. 5	2/10, n/30	$ 3,000.00	Mar. 15	$ 60.00	$ 2,940.00
530992	Mar. 7	3/10, n/30	$5,550.00			
211145	Mar. 12	2/15, n/60	$ 729.95			
45679	Mar. 16	n/45	$ 345.67			
34120	Mar. 23	2/10, n/30	$1,526.50			
00985	Mar. 27	n/30	$ 700.00			

Analyze: _____

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Problem 15-6   Analyzing Purchases and Cash Payments (textbook p. 443)

Cash in Bank	*Supplies*	*Prepaid Insurance*

Accounts Payable	*Purchases*	*Transportation In*

Purchases Discounts	*Purchases Returns and Allowances*

ACCOUNTS PAYABLE SUBSIDIARY LEDGER

NightVision & Company	*Temple Store Supply*

Analyze: _____

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Problem 15-7   Recording Purchases Transactions (textbook p. 443)

GENERAL JOURNAL   PAGE _____

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Analyze: _____

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Problem 15-8 Recording Cash Payment Transactions *(textbook p. 444)*

GENERAL JOURNAL

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Analyze: _____

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Problem 15-9 Recording Purchases and Cash Payment
Transactions *(textbook p. 445)*

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Analyze: _____

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Problem 15-10 Recording and Posting Purchases and Cash Payment Transactions (textbook p. 446)

Instructions: Use the following source documents to record the transactions for this problem.

ADC PUBLISHING
5670 Mulberry Place
Seattle, WA 98101

INVOICE NO. 785

DATE: *Mar. 1, 20--*
ORDER NO.:
SHIPPED BY: *Express Shipping*
TERMS: *3/15, n/45*

TO *Buzz Newsstand*
Union Terminal Bldg., #101
Tacoma, WA 98402

QTY.	ITEM	UNIT PRICE	TOTAL
1150	Paperback books, serials	$ 2.00	$2,300.00
75	Hardcover books, bestsellers	20.00	1,500.00
30 cs	Magazines	60.00/cs	1,800.00
			$5,600.00

Date to be paid: 3/16
Discount: $168.00
Amount to be paid: $5,432.00
Check No.:

$ 588.00 — **No. 1402**
Date *March 7* 20--
To *Delta Press*
For *on account*

	Dollars	Cents
Balance brought forward	10,990	00
Add deposits		
Total	10,990	00
Less this check	588	00
Balance carried forward	10,402	00

Delta Press
One Triangle Park
Vancouver, WA 98661

INVOICE NO. DP166

DATE: *Feb. 25, 20--*
ORDER NO.:
SHIPPED BY: *Rizzo's Trucking Co.*
TERMS: *2/10, n/30*

TO *Buzz Newsstand*
Union Terminal Bldg., #101
Tacoma, WA 98402

QTY.	ITEM	UNIT PRICE	TOTAL
30	Hardcover books	$20.00	$ 600.00

Date to be paid: 3/7
Discount: $12.00
Amount to be paid: $588.00
Check No.: 1402

REC'D FEB 27

$ 735.00 — **No. 1400**
Date *March 3* 20--
To *Pine Forest Publications*
For *on account*

	Dollars	Cents
Balance brought forward	12,000	00
Add deposits		
Total	12,000	00
Less this check	735	00
Balance carried forward	11,265	00

Pine Forest Publications
103 Mt. Thor Road
Spokane, WA 99210

...CE NO. PFP98

DATE: *Feb. 25, 20--*
ORDER NO.:
SHIPPED BY: *Rizzo's Trucking Co.*
TERMS: *2/10, n/30*

TO *Buzz Newsstand*
Union Terminal Bldg., #101
Tacoma, WA 98402

QTY.	ITEM	UNIT PRICE	TOTAL
50	Trade paperback books	$15.00	$ 750.00

Date to be paid: 3/3
Discount: $15.00
Amount to be paid: $735.00
Check No.: 1400

REC'D FEB 27

DEBIT MEMORANDUM No. 33

Date: *Mar. 9, 20--*
Invoice No.: *ATP77*

BUZZ NEWSSTAND
Union Terminal Building, #101
Tacoma, WA 98402

To: *American Trend Publishers*
1313 Maple Drive
Seattle, WA 98148

This day we have debited your account as follows:

Quantity	Item	Unit Price	Total
50	Paperback books	$2.00	$100.00

$ 275.00 — **No. 1401**
Date *March 5* 20--
To *Rizzo's Trucking Company*
For *transportation charges*

	Dollars	Cents
Balance brought forward	11,265	00
Add deposits		
Total	11,265	00
Less this check	275	00
Balance carried forward	10,990	00

$ 3,200.00 — **No. 1403**
Date *March 11* 20--
To *Keystone Insurance Company*
For *business insurance*

	Dollars	Cents
Balance brought forward	10,402	00
Add deposits		
Total	10,402	00
Less this check	3,200	00
Balance carried forward	7,202	00

Problem 15-10 (continued)

$ 5,432.00		No. 1404
Date March 15		20 —
To ADC Publishing		
For on account—Invoice 785		

	Dollars	Cents
Balance brought forward	7,202	00
Add deposits		
Total	7,202	00
Less this check	5,432	00
Balance carried forward	1,770	00

$ 120.00		No. 1406
Date March 30		20 —
To ADC Publishing		
For merchandise		

	Dollars	Cents
Balance brought forward	970	00
Add deposits		
Total	970	00
Less this check	120	00
Balance carried forward	850	00

Delta Press
One Triangle Park
Vancouver, WA 98661

INVOICE NO. DP204

DATE: *Mar. 18, 20--*
ORDER NO.:
SHIPPED BY: *Rizzo's Trucking Co.*
TERMS: *n/30*

TO Buzz Newsstand
Union Terminal Bldg., #101
Tacoma, WA 98402

QTY.	ITEM	UNIT PRICE	TOTAL
20 cs	Magazines	$ 60.00/cs	$1,200.00
65	Hardcover books, bestsellers	20.00	1,300.00
2	Book racks	150.00	300.00
			$2,800.00

Date to be paid: 4/17
Discount: 0
Amount to be paid: $2,800.00
Check No.:

DEBIT MEMORANDUM   No. 34
Date: *Mar. 22, 20--*
Invoice No.: *DP204*

BUZZ
NEWSSTAND
Union Terminal Building, #101
Tacoma, WA 98402

To: Delta Press
One Triangle Park
Vancouver, WA 98661

This day we have
debited your
account as follows:

Quantity	Item	Unit Price	Total
2	Book racks	$150.00	$300.00

$ 800.00		No. 1405
Date March 28		20 —
To American Trend Publishers		
For on account		

	Dollars	Cents
Balance brought forward	1,770	00
Add deposits		
Total	1,770	00
Less this check	800	00
Balance carried forward	970	00

Problem 15-10 (continued)

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Problem 15-10 (continued)

ACCOUNT *Cash in Bank* _____ ACCOUNT NO. ___101___

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
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20--							
Mar.	1	Balance	✓			1200000	

ACCOUNT *Prepaid Insurance* _____ ACCOUNT NO. ___140___

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT

ACCOUNT *Accounts Payable* _____ ACCOUNT NO. ___201___

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
20--							
Mar.	1	Balance	✓				225000

Problem 15-10 (continued)

ACCOUNT _Purchases_   ACCOUNT NO. _501_

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
20--							
Mar.	1	Balance	✓			8 0 0 0 00	

ACCOUNT _Transportation In_   ACCOUNT NO. _505_

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
20--							
Mar.	1	Balance	✓			1 5 0 0 00	

ACCOUNT _Purchases Discounts_   ACCOUNT NO. _510_

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT _Purchases Returns and Allowances_   ACCOUNT NO. _515_

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

Problem 15-10 (concluded)

ACCOUNTS PAYABLE SUBSIDIARY LEDGER

Name *ADC Publishing*

Address *5670 Mulberry Place, Seattle, WA 98101*

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE

Name *American Trend Publishers*

Address *1313 Maple Drive, Seattle, WA 98148*

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE
20--						
Mar.	1	Balance	✓			900 00

Name *Delta Press*

Address *One Triangle Park, Vancouver, WA 98661*

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE
20--						
Mar.	1	Balance	✓			600 00

Name *Pine Forest Publications*

Address *103 Mt. Thor Road, Spokane, WA 99210*

DATE		DESCRIPTION	POST. REF.	DEBIT	CREDIT	BALANCE
20--						
Mar.	1	Balance	✓			750 00

Analyze: _____

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Notes