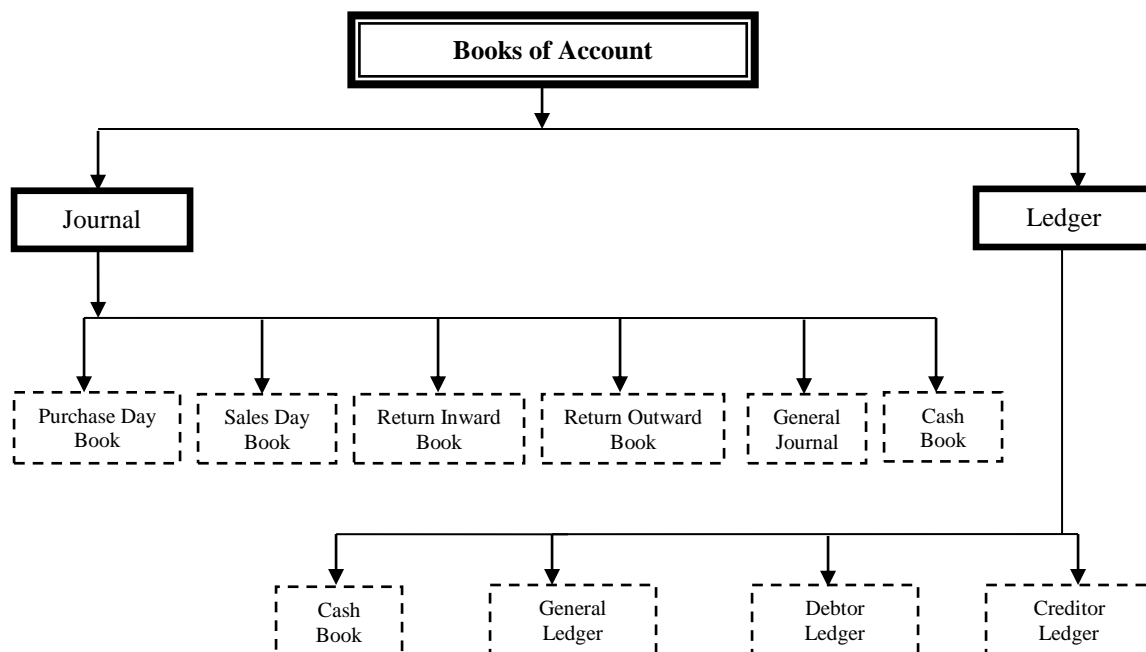


BOOKS OF ACCOUNT

- There are two main books of account, Journal and Ledger
- Journal used to record the economic transaction chronologically
- Ledger used to classifying economic activities according to nature



13.1 Subdivision of Journal

- ✓ In large business it is found inconvenient to journalize every transaction in one journal
- ✓ Therefore, the journal is sub-divided into different journals known as the subsidiary books
- ✓ The journal is divided in such a way that a separate book is used for each class of transactions. The important subsidiary books used in modern business world are the following

13.1.1 Purchases Day Book

- Purchases book or purchases day book is a book of original entry maintained to record credit purchases
- You must note that cash purchases will not be entered in purchases day book because entries in respect of cash purchases must have been entered in the cash book
- At the end of each month, the purchases book is totaled. The total shows the total amount of goods purchased on credit
- Purchases book is written up daily from the invoices received
- The invoices are consecutively numbered
- The invoice of each number is noted in the purchases book

Purchase Journal (Format)

Date	Account Credited	Invoice #	Ref	Amount
Total				

Example # 13.1: From the following transactions of a trader prepare the Purchases day book

2014

January 5	Purchased goods from Qurat Ul Ain & Co	Rs. 2,400
" 15	Purchased goods from Saba Sajjad	6,000
" 25	Purchased goods from Omer Nawaz & Co	1,500
" 30	Purchased goods from Maqbool & Co	3,000

Purchase Journal

Date	Account Credited	Invoice #	Ref	Amount
Total				Rs. 12,900

13.1.2 Sales Day Book

- A sales book is also known as sales day book in which are recorded the details of credit sales made by a businessman
- Total of sales book shows the total credit sales of goods during the period concerned
- Usually the sales book is totaled every month. The sales day book is written up daily from the copies of invoices sent out

Sales Journal (Format)

Date	Account Debited	Invoice #	Ref	Amount
Total				

Example # 13.2: From the following transactions of a trader prepare the sales day book of M. Amin

2017

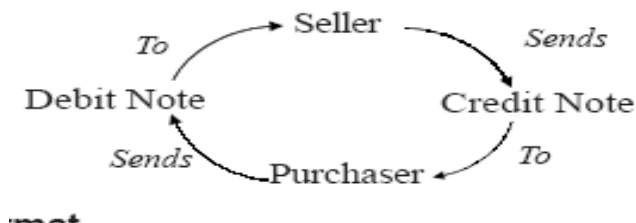
March	5	Sold goods to Ideal College	Rs. 200
"	10	Sold goods to Ahmad & Co	100
"	20	Credit sales to Ayesha Bibi	400
"	31	Sold goods to Gulbaz Khan	100

Sales Journal

Date	Account Debited	Invoice #	Ref	Amount
Total				Rs. 800

13.1.3 Return Inward Book

- Sales returns book is also called returns inwards book. It is used for recording goods returned to us by our customers
- Customers who return goods should be sent a credit note. It is a statement sent by a business to customer showing the amount credited to the account



Return Inward Journal (Format)

Date	Account Credited	Credit Note #	Ref	Amount
Total				

Example # 13.3: From the following transactions of a trader prepare the sales returns book

2016

June 8	Goods returned by Sana Khalid & Co	Rs. 40
" 20	Goods returned by Ideal Traders	52

Return Inward Journal

Date	Account Credited	Credit Note #	Ref	Amount
Total				Rs. 92

13.1.4 Return Outward Book

- ✓ Purchases returns book is a book in which the goods returned to suppliers are recorded. It is also called returns outward book or purchases returns day book
- ✓ Goods may be returned because they are of the wrong kind or not up to sample or because they are damaged etc.
- ✓ When the goods are returned to the suppliers, intimation is sent to them through what is known as a debit note
- ✓ These debit notes serve as vouchers for these entries. A debit note is a statement sent by a businessman to vendor, showing the amount debited to the account



Return Outward Journal (Format)

Date	Account Debited	Debit Note #	Ref	Amount
Total				

Example # 13.4: From the following transactions of a trader prepare the purchases returns day book

2016

July 14	Karim & Sons	Rs. 135
" 27	Maria Waheed & Co	150
" 31	Saeed Bros	25

Return Outward Journal

Date	Account Debited	Debit Note #	Ref	Amount
Total				Rs. 300

13.1.5 Proper/ General Journal

- ❖ Journal proper is book of original entry (simple journal) in which miscellaneous credit transactions which do not fit in any other books. It is also called miscellaneous journal or General Journal
- ❖ For example purchase assets on credit, Correcting Entries, Adjusting Entries and Closing Entries etc.

Example # 13.5: Record the following transactions in the appropriate journal?

2017

March	3	Purchased goods from Ali & Co for Rs. 4,500
"	8	Sold merchandise to Naeem & Sons worth of Rs. 6,000
"	12	Purchase merchandise from B & Brothers Rs. 3,000
"	14	Credit sales of goods to Z & Co for Rs. 2,500
"	15	Naeem & Sons returned goods Rs. 1,000
"	18	Return merchandise to Ali & Co Rs. 500
"	22	Purchase Furniture from Mr. Saeed of Rs. 3,200
"	24	Returned goods to B & Brothers of Rs. 200
"	27	Purchase Machinery on account from MMM Machines Rs. 7,000
"	29	Z & Co returned merchandise of Rs. 300

For Solution See
[www.accountancyKnowledge.com](http://www.accountancyknowledge.com)

Purchase Journal

Date	Account Credited	Invoice #	Ref	Amount
Total				Rs. 7,500

Sales Journal

Date	Account Debited	Invoice #	Ref	Amount
Total				Rs. 8,500

Return Inward Journal

Date	Account Credited	Credit Note #	Ref	Amount
Total				Rs. 1,300

Return Outward Journal

Date	Account Debited	Debit Note #	Ref	Amount
Total				Rs. 700

General Journal

Date	Account Titles and Explanation	Ref	Amount (Rs)	
			Debit	Credit
Total			Rs. 10,200	Rs. 10,200

Practice MCQs

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