Special Purpose of Books I- Subsidiary Books

What are Subsidiary Books

What are Subsidiary Books? Subsidiary Books are books of Original Entry. They are also known as Day Book or special journals. We record transactions of similar nature are in Subsidiary Books. They are helpful in overcoming the limitations of journal book or journal entries. In this article, we will see different types of Subsidiary Books.

Different Types of Subsidiary Books

We can divide the subsidiary books into the following types:

- 1. Cash book
- 2. Purchases book
- 3. Sales book
- 4. Purchases return or return outwards book
- 5. Sales return or return inwards book
- 6. Bills receivable book
- 7. Bills payable book
- 8. Journal proper

Cash Book

It records all the cash and bank receipts and payments. It is a book of original entry as we record transactions in it for the first time from the source documents such as vouchers, invoices, etc.

A cash book has a debit and a credit side both. Thus, it is similar to a ledger account. Hence, it acts as a subsidiary book as well as a ledger account.

An organization can maintain a single column, double column or triple column cash book as per its requirements. A single column cash book consists of only cash column.

A double column cash book consists of cash and bank column. While the triple column cash book consists of cash, bank, and discount column. Usually, the firms use triple column cash book.

Some organizations also maintain a petty cash book which records the petty or small cash expenses of the firm.

Format of Cash Book

	Date	Particulars	L.F.	Cash	Bank	Discount	Date	Particulars	L.F.	Cash	Bank	Discount
						allowed						received
ſ												

Purchases book

A firm records all its credit purchases of goods in Purchase Book or Purchase Day Book. While it records all the cash purchases of goods in the Cash Book.

We do not record Purchases of assets in Purchase Book. Thus, they are recorded in the Journal Proper.

Purchase Book Format

Ī	Date	Name	of	the	Invoice	L.F.	Amount (₹)	Remarks
		supplier and details			ref.			
		of purchases						

Sales Book

A firm records all credit sales of goods in the Sales Book or Sales Day Book. It records cash sales of goods in the Cash Book. We do not record the sale of assets in the Sales Book.

Thus, we shall record them in the Journal Proper. In this case, also we record entries from the source documents. Also, we record entries with the net amount of the invoice.

Sales Book Format

Date Particulars		Invoice ref.	L.F.	Amount (₹)	Remarks		

Purchase Return or Return Outward Book

We record the return of goods purchased in the Purchase Return Book. A Debit Note is prepared for every return of goods in duplicate.

It contains the name of the supplier, details of goods returned and reason thereof. It needs to be dated and serially numbered.

Purchase Return Book

Date	Particulars	Debit Note	L.F.	Details	Totals	Remarks
		no.				

Sales Return or Return Inwards Book

We record the return of goods sold in the Sales Return Book. A Credit Note is prepared for every return of goods in duplicate.

The Credit Note contains the name of the customer, details of goods returned and reason thereof. It also needs to be dated and serially numbered.

Sales Return Book

Date	Particulars	Outward	L.F.	Details	Totals	Remarks
		Invoice				

Bills Receivable Book

We record all the acceptance of the bills in our favor in the Bills receivable book. We need to post the total of bills receivable book to the Bills receivable A/c. Also, we need to post the individual accounts of the customers.

Bills Receivable Book Format

No. of	Daye of	From	Name of	Name	Name of	Date	Due	L.F.	Amount	How
bills	Receipt	whom	the	of the	the	of bill	Date		of bill	disposed
			Receiver	Drawer	acceptors					off

Bills Payable Book

We record all the acceptance of the bills that we issue in favor of others in the Bills payable book.

We need to post the total of bills payable book to the Bills payable A/c. Also, we need to post the individual accounts of the suppliers.

Bills Payable Book Format

No. of bills	Daye of acceptance	To whom	Name of drawer	Name of the payee	Where payable	Date of bill	Term	L.F.	Amount of bill how disposed of

Journal Proper

It includes transactions relating to credit purchase and sale of assets, depreciation, outstanding and pre-paid expenses, accrued and unearned income, opening and closing entries, adjustment entries and rectification entries.

Example 1: State the appropriate subsidiary book to record the following transactions:

- 1. Purchase of goods from Ram
- 2. Purchase of furniture in cash
- 3. 3. Depreciation on plant and machinery
- 4. 4. Sale of goods for cash
- 5. 5. Bad debts from Dolly

Ans.

- 1. Purchases Book
- 2. Cash Book
- 3. Journal proper
- 4. Cash book
- 5. Journal proper