

8

SPECIAL PURPOSE BOOKS

In the previous lesson you have learnt that Journal can be divided into different Journal/Books. So we may get information separately as per the nature of transactions. These journals/books are called Special Purpose Books. You have already learnt one such special purpose book i.e., Cash Book. In this lesson you will learn other such books like Purchases Book, Purchase Returns Book, Sales Book and Sales Returns Book. A business organisation can divide the journal into many more journals, if the number of transactions of similar nature is quite large in number.



OBJECTIVES

After studying this lesson, you will be able to :

- state the meaning of Purchases Book and Purchase Returns Book;
- prepare Purchases Book and Purchase Returns Book as per format and its ledger posting;
- state the meaning of Sales Book and Sale Returns Book;
- prepare Sales Book and Sale Returns Book as per format and its ledger posting;
- state the meaning of Journal Proper and its preparation.

8.1 PURCHASES AND PURCHASE RETURNS BOOK

Purchases (journal) book is also a book of original entry. This book records only Credit purchases of goods in which the firm deals. Cash purchases of goods are recorded in the cash book. Credit purchases of items not for resale are not recorded in the Purchases Book e.g, If a firm deals in Computer parts, any item of furniture purchased on credit is not recorded in the book. They are recorded in another book which is known as 'journal proper'.

In case of Purchase of goods on credit, an Invoice or Bill prepared by the supplier is received. It contains information about the date of transaction, details of items purchased at List Price less trade discount, if any, Invoice Number, and the net amount payable. Trade discount and other details of invoice need not be recorded in this book. Format of Purchases Book is as under:

Purchase (Journal) Book

| Date | Invoice No. | Name of supplier | L.F. | Amount (Rs) |
|-------------|--------------------|-------------------------|-------------|--------------------|
| | | | | |

Column-wise explanation is as follows :

Date

In this column Year, Month and Date of transactions are recorded in chronological order.

Invoice Number

In this column, Invoice number is entered.

Name of Supplier

In this column, the name of the supplier from whom the goods were purchased is written.

Ledger Folio

In this column, it records the page number of the ledger book in which supplier account is maintained.

Amount

In this column, it records the net amount payable to the supplier.

Illustration 1

Record the following transactions for the Month of August 2006 in the Purchases Book of M/s Harsha Electronics :

Special Purpose Books

| Date | Details |
|-----------|--|
| 2006 | Purchased from M/s.Naresh Electronics (Invoice No. 250) |
| August 5 | 5 Colour T.V @ 12500 per piece. Trade Discount on all items @20%. |
| August 10 | Bought from M/s Capital Electronics: (Invoice No. 826) 20 Tape Recorders @ Rs.1650 per piece Trade Discount 10% on purchases. |
| August 17 | Purchased from M/s. East Electronics: (Invoice No. 456) 15 Stereos @ Rs.4000 per piece 2 Color T.V. 14" @ Rs. 10500 per piece Trade Discount @5%. |
| August 25 | Purchased form M/s. Naresh Electronics: (Invoice No. 294) 10 Small T.V. @ Rs.1,200 per piece 3 Colour T.V. 17" @ Rs.12000 per piece Trade Discount 10%. |
| August 30 | Bought from M/s Pavitra Electronics: (Invoice No. 82) 20 Video cassettes @ Rs.150 per piece Net. |

Solution:

Books of M/s Harsha Electronics Purchase (Journal) Book

| Date | Invoice No. | Name of supplier | L.F. | Amount (Rs) |
|-----------|-------------|---------------------|------|-------------|
| 2006 | | | | |
| August 5 | 250 | Naresh Electronics | | 50,000 |
| August 10 | 826 | Capital Electronics | | 29,700 |
| August 17 | 456 | East Electronics | | 76,950 |
| August 25 | 294 | Naresh Electronics | | 43,200 |
| August 30 | 82 | Pavitra Electronics | | 3,000 |
| | | | | 2,02,850 |

Posting of Purchases Journal/Book into Ledger

Posting from the Purchases Journal/Book is done daily to relevant supplier account on the credit side with the Invoice amount At the end of the month, the grand total of the Purchases Journal/Book is posted to the Debit side of Purchases account in the ledger, and written in the Particulars column "Sundries as per Purchases Book".

For the posting of Purchase Journal/ Book items into the ledger refer to Illustration No. 1.

Books of M/s Harsha Electronics
M/s. Naresh Electronics

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|------|-------------|------|-------------|----------------|-------------|------|-------------|
| | | | | 2006 Aug.05 | Purchases | | 50,000 |
| | | | | Aug.25 | Purchases | | 43,200 |

M/s. Capital Electronics

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|------|-------------|------|-------------|----------------|-------------|------|-------------|
| | | | | 2006 Aug.10 | Purchases | | 29,700 |

M/s.East Electronics

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|------|-------------|------|-------------|----------------|-------------|------|-------------|
| | | | | 2006 Aug.17 | Purchases | | 76,950 |

M/s.Pavitra Electronics

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|------|-------------|------|-------------|----------------|-------------|------|-------------|
| | | | | 2006 Aug.30 | Purchases | | 3,000 |

Purchases Account

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|----------------|-----------------------------------|------|-------------|------|-------------|------|-------------|
| 2006 Aug.31 | Sundries as per Purchases Book | | 2,02,850 | | | | |

Purchase Returns Journal

Purchase Return of goods is recorded in this book. Sometimes Goods purchased from the supplier are returned for various reasons such as goods are not as per our order, or are defective. These goods are returned to the supplier. For this purpose a debit note is prepared and sent to the supplier for making necessary entries. The record of such return of goods in a journal is called Purchase Returns journal, the format of which is as under :

Purchase Return (Journal) Book

| Date | Debit Note No. | Name of supplier | L.F. | Amount (Rs) |
|------|-------------------|------------------|------|----------------|
| | | | | |

Column-wise explanation is as follows :

Date

In this column Year, Month and Date of transactions are recorded in chronological order.

Debit Note Number

In this column, the debit note number is written.

Name of supplier

In this column, the Name of the supplier from whom the goods were purchased is written.

Ledger Folio

In this column, it records the page number of the ledger book on which supplier account is prepared.

Amount

In this column, it records the amount of the total goods returned to the supplier.

Illustration 2

The Details submitted by M/s. Harsha Electronics for the month of August 2006 are as under :

| Date | Details |
|-----------|--|
| 2006 | Goods returned to M/s. Capital Electronics vide Debit note |
| August 17 | No.016/2006. |
| | 5 Tape Recorders @ Rs.1650 per piece |
| | Trade Discount @ 10% on purchases. |

Solution.

Books of M/s Harsha Electronics
Purchase Returns (Journal) Book

| Date | Debit Note No. | Name of supplier | L.F. | Amount (Rs) |
|-----------|----------------|---------------------|------|-------------|
| 2006 | | | | |
| August 17 | 016 | Capital Electronics | | 7,425 |
| | | | | 7,425 |

Posting of Purchase Returns Journal/Book into Ledger

The monthly total of Purchase Returns Journal/Book is credited to the Purchase Return account in the ledger. Supplier account to whom the goods are returned is debited with the net amount of goods returned.

For the posting of Purchase Returns Journal/Book into the ledger refer illustration no.2.

Solution.

M/s.Capital Electronics

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|---------|-------------------|------|-------------|------|-------------|------|-------------|
| 2006 | | | | | | | |
| Aug. 17 | Purchases Returns | | 7,425 | | | | |

Purchases Returns Account

Dr.

Cr.

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|------|-------------|------|-------------|--------|---------------------------------------|------|-------------|
| | | | | | | | |
| | | | | 2006 | | | |
| | | | | Aug.31 | Sundries as Per Purchase returns Book | | 7,425 |

Special Purpose Books

Illustration 3

Enter the following transactions in the Special Journal/Books of M/s Mohit Stationery Mart of June 2006, prepare Purchases Book and Purchase Returns Book.

| Date | Details |
|---------|---|
| 2006 | Purchased from M/s.Seema Stationers as per Invoice No. 031 |
| June 01 | 50 Paper Rim @ Rs.100 Per Rim. 60 Simple Books @ Rs.20 Each 100 Pkt Pencils @ Rs.50 Per Pkt. |
| June 12 | Bought from M/s Nisha Paper Mart as per Invoice No. 1202 200 Files @ Rs. 12 per file Trade Discount @ 5% on purchases. |
| June 22 | Purchased from M/s. Bansal Stationer's as per Invoice No. 3211 500 Drawing Paper @ Rs.4 each 100 Pkt Pencil Color @ Rs. 20 per pkt. Trade Discount 5%. |
| June 23 | Goods Returned to M/s Nisha paper Mart as per Debit Note No. 002 50 Files @ 12 each Trade Discount 5%. |
| June 24 | Purchased from M/s. Stationery Zone as per Invoice No. 6783 200 pkt Pens @ Rs. 100 per pkt. Trade Discount 10% |
| June 27 | Purchased form M/s. Sumit Paper Mart as per Invoice No. 2340 100 pkt water Color @ Rs. 50 per pkt. 50 pkt Paint Brushes @ Rs. 40 per pkt. Trade Discount 10% |
| June 28 | Goods Returned to M/s Bansal Stationer's as per Debit Note No. 042 50 Pkt Pencil Color @ Rs. 20 per pkt. Trade Discount 5%. |
| June 30 | Bought from M/s Handa File Trader as per Invoice No. 1321 200 Plastic Files @ 25 per file Trade Discount 10% |

Solution:

Books of M/s Mohit Stationery Mart
Purchase (Journal) Book

| Date | Invoice No. | Name of supplier | L.F. | Amount (Rs) |
|---------|-------------|-------------------|------|-------------|
| 2006 | | | | |
| June 01 | 031 | Seema Stationers | | 11,200 |
| June 12 | 1202 | Nisha Paper Mart | | 2,280 |
| June 22 | 3211 | Bansal Stationers | | 3,800 |
| June 24 | 6783 | Stationery Zone | | 18,000 |
| June 27 | 2340 | Sumit Paper Mart | | 6,300 |
| June 30 | 1321 | Handa File Trader | | 4,500 |
| | | | | 46,080 |

Purchase Returns (Journal) Book

| Date | Debit Note No. | Name of supplier | L.F. | Amount (Rs) |
|---------|----------------|-------------------|------|-------------|
| 2006 | | | | |
| June 22 | 002 | Nisha Paper Mart | | 570 |
| June 28 | 042 | Bansal Stationers | | 950 |
| | | | | 1,525 |

**INTEXT QUESTIONS 8.1**

Which of the following transactions will be entered in the Purchases Book or Purchase Returns Book? If the transaction is not to be entered in any of the two write None of these.

- (i) Furniture purchased from M/s. Modern Furnishers.
- (ii) Goods purchased from M/s Sell Well were returned to them as goods were not according to the specifications.
- (iii) Goods of Rs.6,000 were purchased from M/s Rohit Brothers for Cash.
- (iv) M/s. Ravi & Sons supplied goods on Credit.
- (v) Purchased goods from Himanshu on Credit.

8.2 SALES JOURNAL/BOOK AND SALES RETURNS JOURNAL

Transactions relating to Sale of goods on credit are recorded in the Sales Journal. Cash sales are recorded in the Cash Book. It means that Sales Journal records only credit sales of goods. For example sale of old furniture by a firm which is dealing in computers is not treated as goods and items relating to computer are regarded as goods.

In case of sale of goods on credit, one copy of an Invoice or Bill prepared by the vendor firm is given to the customer. It contains information about the date of transaction, details of items sold at List Price less trade discount if any. Invoice Number and the amount receivable or payable by customer.

When a customer purchases goods in bulk, the vendor may allow him a discount, which is called trade discount. In the invoice, trade discount is deducted from the list price of the goods and the customer is debited only with the net amount. This discount is quite different from the cash discount, which is allowed for payment within a stipulated period. The format of the Sales Journal/Book is given as under :

Sales (Journal) Book

| Date | Invoice No. | Name of customer | L.F. | Amount (Rs) |
|------|-------------|------------------|------|-------------|
| | | | | |

Column-wise explanation is as follows :

Date

In this column Year, Month and Date of transactions are recorded in chronological order.

Invoice No.

In this column, Invoice number is written.

Name of Customer

In this column, Name of the Customer is recorded.

L.F.

In this Column, page number of the ledger book in which debtor's account is maintained.

Amount

In this column, the amount of the total goods sold to the customer is recorded.

Illustration 4

M/s Furniture Mart wants you to prepare Sales journal for the month ended March 2006, from the following details of sale of goods :

| Date | Details |
|----------|--|
| 2006 | |
| March 4 | Sold on Credit to M/s Mena Traders : Vide Invoice No.213 (a) Two Double Beds @ Rs.7100 each. (b) Five Chairs @ Rs.260 each |
| March 9 | Sold on Credit to M/s Kohli Furniture : Vide Invoice No. 278 5 Tables @ RS.1400 Each |
| March 24 | Sold on Credit to M/s Handa Furniture Mart : Vide Invoice No. 302 4 Sofa Sets @ Rs.18000 each |
| March 30 | Sold on Credit to M/s Furniture Traders : Vide Invoice No. 327, 6 Single Beds @ Rs.6,000 each |

Solution:

**Books of M/s Furniture Mart
Sales (Journal) Book**

| Date | Invoice No. | Name of customer | L.F. | Amount (Rs) |
|----------|-------------|----------------------|------|-------------|
| 2006 | | | | |
| March 4 | 213 | Mena Traders | | 15,500 |
| March 9 | 278 | Kohli Furniture | | 7,000 |
| March 24 | 302 | Handa Furniture Mart | | 72,000 |
| March 30 | 327 | Furniture Traders | | 36,000 |
| | | | | 1,30,500 |

Posting of Sales Journal/Book into Ledger

The monthly total of the Sales Book is posted to the credit side of the Sales account in the ledger. The net amount due from each customer is debited

Special Purpose Books

to customer account individually. The customer's account is generally posted daily. For the posting of Sales Journal/Book into the ledger refer to Illustration No. 4.

Books of M/s Furniture Mart M/s. Mena Traders

| Dr. | | | | Cr. | | | |
|-----------------|-------------|------|-------------|------|-------------|------|-------------|
| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| 2006 March 4 | Sales | | 15,500 | | | | |

M/s. Kohli Furniture

| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
|-----------------|-------------|------|-------------|------|-------------|------|-------------|
| 2006 March 9 | Sales | | 7,000 | | | | |

M/s. Handa Furniture Mart

| Dr. | | | | Cr. | | | |
|------------------|-------------|------|-------------|------|-------------|------|-------------|
| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| 2006 March 24 | Sales | | 72,000 | | | | |

M/s. Furniture Traders

| Dr. | | | | Cr. | | | |
|------------------|-------------|------|-------------|------|-------------|------|-------------|
| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| 2006 March 30 | Sales | | 36,000 | | | | |

Sales Account

| Dr. | | | | Cr. | | | |
|------|-------------|------|-------------|------------------|----------------------------|------|-------------|
| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| | | | | 2006 March 31 | Sundries as per Sales Book | | 1,30,500 |

Sales Returns Journal/Book

Goods returned by the customers are recorded in the Sales returns journal/book. The Sales returns Book does not record the return of goods sold on cash basis. Goods supplied to the customer (Debtors) may not be as per specifications of the order, or some of the goods may get damaged during transit. The Customer returns these goods. For this purpose a credit note is made in favour of the customer. The format of Sales returns Book is as under :

Sales Return (Journal) Book

| Date | Credit Note No. | Name of customer | L.F. | Amount (Rs) |
|------|--------------------|------------------|------|----------------|
| | | | | |

Column-wise explanation is as follows :

Date

In this column, Year, Month and Date of transactions are recorded in chronological order.

Credit Note No.

In this column, the Credit note number is written.

Name of customer

In this column, the Name of the customer is written.

Ledger Folio

In this column, it records the page number of the ledger book on which customer account is prepared.

Amount

In this column, it records the amount of the total goods returned from customer.

Illustration 5

The Details submitted by M/s Furniture Mart for the month of March 2006 are as under :

Special Purpose Books

| Date | Details |
|----------|--|
| 2006 | Returns from M/s Kohli Furniture : 2 Tables @ Rs.1400 Each |
| March 18 | Vide Credit Note No. 019 |

Solution:

Books of M/s Furniture Mart Sales Returns (Journal) Book

| Date | Debit Note No. | Name of supplier | L.F. | Amount (Rs) |
|------------------|-------------------|------------------|------|----------------|
| 2006 March 18 | 019 | Kohli Furniture | | 2,800 |
| | | | | 2,800 |

Posting of Sales Returns Journal/Book into Ledger

The total of the Sales Returns Journal/Book is debited to the Sales Returns account in the ledger. Each customer account from whom the goods are returned is credited with the net amount of the returns.

For the posting of Sales Journal/Book into the ledger refer to illustration No.5.

Solution.

Books of M/s furniture Mart M/s. Kohli Furniture

| Dr. | | | | Cr. | | | |
|------|------------|------|----------------|------------------|---------------|------|----------------|
| Date | Particular | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| | | | | 2006 March 18 | Sales Returns | | 2,800 |

Sales Return Account

| Dr. | | | | Cr. | | | |
|------------------|---------------------------------------|------|----------------|------|-------------|------|----------------|
| Date | Particulars | L.F. | Amount (Rs) | Date | Particulars | L.F. | Amount (Rs) |
| 2006 March 31 | Sundries as per Sales Returns Book | | 2,800 | | | | |

Illustration 6

Enter the following transactions in Special Purpose Book of M/s Goel Electronic for the month of August 2006

| Date | Details |
|-----------|--|
| 2006 | Sold on Credit to M/s.Tanaya Electronics as per Invoice No. 1248 |
| August 4 | 12 Set [6"] B.W. T.V. @ Rs.900 per set. 5 set DVD Players @ Rs.2,500 per set Less trade Discount 5% |
| August 10 | Sold on Credit to M/s Kanshik Electronic as per Invoice No. 1278 5 Washing Machines @ Rs.4,500 Per Machine 2 Color T.V. 29" @ Rs. 16,500 Per T.V. Less 10% Trade Discount |
| August 12 | M/s.Tanaya Electronics returned goods as per credit note no.73 1 Set DVD Player @ Rs.2,500 per set 1 Set [6"] BW T.V. @ Rs.900 per set. Trade Discount allowed @ 5% |
| August 18 | Sold on Credit to M/s Diamond Electronic as per Invoice No. 1290 5 Tape Recorders @ Rs.1,000 each 10 Two-in One @ Rs.1,800 each Less Trade Discount 5% |
| August 25 | Sold on Credit to M/s Electronic Zone as per Invoice No. 1299 5 Water cooling Machines @ Rs.7,000 each |
| August 28 | Sold on Credit to M/s North East Electronic as per Invoice No. 1308 10 Music Systems @ Rs.3,000 each Less Trade Discount 10% |
| August 31 | M/s. Electronic Zone returned goods as per credit note no.93 1 Water cooling Machine @ Rs.7,000 each |

Solution

Books of M/s Goel Electronic
Sales (Journal) Book

| Date | Invoice No. | Name of customer | L.F. | Amount (Rs) |
|-----------|-------------|--------------------|------|-------------|
| 2006 | | | | |
| August 4 | 1248 | Tanaya Electronics | | 22,135 |
| August 10 | 1278 | Kanshik Electronic | | 49,950 |
| August 18 | 1290 | Diamond Electronic | | 21,850 |

Special Purpose Books

| | | | |
|-----------|------|-----------------------|----------|
| August 25 | 1299 | Electronic Zone | 35,000 |
| August 28 | 1308 | North East Electronic | 27,000 |
| Total | | | 1,55,935 |

Books of M/s Goel Electronic Sales Returns (Journal) Book

| Date | Debit Note No. | Name of supplier | L.F. | Amount (Rs) |
|-----------|----------------------|--------------------|------|----------------|
| 2006 | | | | |
| August 12 | 73 | Tanaya Electronics | | 3,230 |
| August 31 | 93 | Electronic Zone | | 7,000 |
| Total | | | | 10230 |

Journal Proper

A Book maintained to record transactions, which do not find place in Special Journals is known as Journal Proper. Following transactions are recorded in the Journal proper:

1. *Opening Entry* : In order to open new set of books at the beginning of new accounting year and record therein opening balances of Assets, Liabilities and Capital, one opening entry is made in the Journal.
2. *Adjustment Entries* : In order to update ledger accounts on accrual basis, entries are made at the end of the accounting period. Entry for Rent outstanding, Prepaid insurance, Depreciation and Commission received in advance is made in the journal.
3. *Rectification entries* : To rectify any accounting error, entries are to be made in the journal proper.
4. *Transfer entries* : Drawing account is transferred to capital account at the end of the accounting year. Expenses accounts and revenue accounts which are not balanced at the time of balancing are opened to record specific transactions. Accounts relating to operation of business such as Sales, Purchases, Opening Stock, Income, Gains and Expenses etc and drawing are closed at the end of the year and their Total/balances are transferred to Trading, Profit and Loss account by making the journal entries. These are also called **closing entries**.
5. *Other entries* : In addition to the above mentioned entries recording of the following transaction is done in the journal proper :

- At the time of a dishonor of a cheque the entry for cancellation of discount received or discount allowed earlier.
- Purchase/sale of items other than goods dealt- in on credit.
- Goods withdrawn by the owner for personal use.
- Goods distributed as samples for sales promotion.
- Endorsement and dishonor of bills of Exchange.
- Transaction in respect of consignment and Joint Venture, etc.
- Loss of goods by fire/theft/spoilage.
- For recording amounts which have become irrecoverable.

Illustration 7

Record the following transactions in the Journal Proper of M/s Nishant Electronics:

- Purchased on account furniture from M/s Furniture House for Rs.6,000.
- Purchased stationery for office use from M/s Stationery Mart Rs.700.
- Made full and final payment to M/s Furniture House by Cheque discount allowed by them Rs.200.
- Prepaid Insurance Rs. 1,000.
- Depreciation on Machinery Rs.3,000.
- Goods Rs.5,000 withdrawn by the partner for personal use.
- Rs.600 not recovered from a debtor.

Solution:

Books of M/s Nishant Electronics Journal Proper

| Date | Particulars | LF | Debit amount (Rs.) | Credit amount (Rs) |
|------|--|----|-----------------------|-----------------------|
| (i) | Furniture A/c Dr. To M/s Furniture House (Purchase of Furniture on Credit) | | 6,000 | 6,000 |
| (ii) | Stationery A/c Dr. To M/s Stationery Mart (Purchase of Stationery on Credit) | | 700 | 700 |

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| | | | | |
|-------|-------------------------------------|-----|-------|-------|
| (iii) | M/s Furniture House | Dr. | 200 | |
| | To Discount Received A/c | | | 200 |
| | (Discount received)* | | | |
| (iv) | Prepaid Insurance A/c | Dr. | 1,000 | |
| | To Insurance Premium A/c | | | 1,000 |
| | (Insurance premium prepaid) | | | |
| (v) | Depreciation A/c | Dr. | 3,000 | |
| | To Machinery A/c | | | 3,000 |
| | (Depreciation charged on Machinery) | | | |
| (vi) | Partner's Capital A/c | Dr. | 5,000 | |
| | To Purchases A/c | | | 5,000 |
| | (Goods withdrawn for personal use) | | | |
| (vii) | Bad Debts A/c | Dr. | 600 | |
| | To Debtors A/c | | | 600 |
| | (Amount not recovered from Debtors) | | | |

* Entry for payment to M/s Furniture House by Cheque is made in the Bank column Cash Book.



INTEXT QUESTIONS 8.2

Which of the following transactions will be entered in the Sales Book, Sales Returns Book or Journal Proper? If the transaction is not to be entered in any of the three write None of these.

- (i) Goods sold to Nitin on credit for one month.
- (ii) Old furniture sold to Dinesh on credit.
- (iii) Salary pre-paid.
- (iv) Goods sold to M/s Ramesh Bros.
- (v) M/s.Jindal Traders returned goods.
- (vi) Depreciation charged on Building.
- (vii) Goods destroyed by fire.
- (viii) Discount received from M/s N Zone.
- (ix) Cash received from M/s Ramesh Bros.



WHAT YOU HAVE LEARNT

Purchase Journal/Book

Purchase (journal) book is also a book of original entry. This book records only Credit purchase of goods in which the firm deals.

Purchase Returns Journal/Book

Purchase returns of goods is recorded in this book. Sometimes goods purchased by the supplier are returned for various reasons such as good are not as per our order, or are defective.

Sales Journal

Transactions relating to Sale of goods dealt-in on credit is recorded in the sales journal.

Sale Returns Journal/Book

Goods returned by the customers are recorded in the Sales return journal/book. The sales returns book does not record the return of goods sold on cash basis.

Journal Proper

A Book maintained to record transactions, which do not find place in Special Journals, is known as Journal Proper.



TERMINAL QUESTIONS

1. State the meaning of Purchases Book and draw the format of Purchases Book.
2. State the meaning of Purchase Returns Book. Draw the format of Purchase Returns Book.
3. State the meaning of Sales Book and draw its format.
4. State the meaning of Sales Returns Book. Draw the format Sales Returns Book.
5. Explain the meaning of Journal proper.

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6. Enter the following transactions in the proper Book of M/s Tina Trader for the month of July 2006 :

2006

- July 01 Bought from M/s.Soniya Trader as per invoice no.10456
 100 Note Books @ Rs.30 each
 50 Gel Pen @ Rs. 10 each
 100 Pkt. Color Pencil @ Rs. 15 per pkt.
 Trade Discount 10%
- July 14 Bought from M/s Lazer Stationery as per invoice no.2301
 100 files @ Rs.12 per file
 10 Rim Paper @ Rs.300 per rim.
 Trade Discount 5%.
- July 21 Returned Goods to M/s.Soniya Trader as per Debit note no.0054
 10 Pkt. Color Pencil @ Rs.15 per pkt.
 Trade discount 10%
- July 26 Bought from M/s.Shimla paper Mart as per invoice no.9870
 50 pkt water color @ Rs.50 per pkt.net.
- July 31 Returned Goods to M/s. Lazer Stationery as per Debit note no.0 152
 3 Rim Paper @ Rs.300 per rim.
 Trade Discount 5%.

7. Enter the following transactions in the proper Book of M/s Electronic Gallery for the month of March 2006 and post them into ledger.

2006

- March 02 Sold to M/s Amisha Electronics as per bill no.0457
 4 machine Air Conditioners @ Rs.15,000 per machine
 Trade discount 3%
- March 09 Sold to M/s Naman Trader as per bill no.0475
 5 Washing Machines @ Rs.9,000 per machine net.
- March 15 Sold to M/s.Electronic Zone as per invoice no.486
 10 Juicer Mixer Grinders @ Rs.1,000 each
 Trade discount 5%.
- March 20 M/s M/s Amisha Electronics returned the goods as per credit
 note no. 112
 1 machine Air Conditioner @ Rs.15,000 per machine
 Trade discount 3%

- 25 Sold to M/s Bansal Electronics as per invoice no.486
5 TV set Color @ Rs.9,500 per set.
Trade discount 4%
- 31 M/s.Electronic Zone returned the goods as per credit note no. 116
2 Juicer Mixer Grinder @ Rs.1,000 each
Trade discount 5%.



ANSWERS TO INTEXT QUESTIONS

Intext Questions 8.1

- | | |
|---------------------|----------------------------|
| (i) Purchases Book | (ii) Purchase Returns Book |
| (iii) None of these | (iv) Purchases Book |
| (v) Purchases Book | |

Intext Questions 8.2

- | | |
|------------------------|-----------------------|
| (i) Sales Book | (ii) Journal Proper, |
| (iii) Journal Proper, | (iv) Sales Book, |
| (v) Sales Returns Book | (vi) Journal proper, |
| (vii) Journal proper | (viii) Journal proper |
| (ix) None of these. | |

Answers to Terminal Questions

6. Total of Purchases Book Rs.10,990, Total of Purchase Returns Book Rs.990
7. Total of Sales Book Rs. 1,58,300, Total of Sale Returns Book Rs.16,450



Activity

Visit a number of shops/establishments of your areas and enquire whether they are maintaining only journal proper or other special purpose books. Ascertain whether the books maintained by them will serve the purpose or not. If not give suggestions.

Special Purpose Books

| | Name of the establishment visited | Number of transactions | | Books mentioned | Sufficient/ not sufficient | If not sufficient book to be mentioned |
|----|-----------------------------------|------------------------|---------|-----------------|----------------------------|--|
| | | Quite large | Limited | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |



Do you know?

How can we enhance our life skills?

- Understand and feel good about yourself. Have faith in yourself and understand your own strengths and weaknesses. It is essential to have a sense of self-respect.
- Be positive in your attitude towards life. Be ready to learn from experiences even if they are not pleasant.
- In difficult situations, try to identify the cause of problem. Find best solutions available.
- Share your concerns with others and seeking timely help when needed.
- Have a healthy lifestyle and make responsible decisions.
- Seek reliable information and make informed choices and decisions.
- Think of the consequences of your decisions and actions.
- Learn from the experience of others - we can benefit from the mistake of others.
- Manage your stress by sharing your concerns and seeking help from persons like parents, teachers, friends and counsellors.
- Have the courage to say 'NO' to peer pressure.
- Try to be caring and empathetic with persons who need special care and people living with HIV/AIDS.
- Share information on sensitive reproductive health issues.

