

**4.1 | Importance of prime entry books**

- Source documents
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**Source documents**

<b>Definition</b>	While various transactions take place in a business, the documents issued detailing the relevant transactions are known as source documents or original documents	
<b>Importance</b>	<ul style="list-style-type: none"> <li>• Source document is the basis on which the accounting entry is made</li> <li>• Able to obtain all relevant information about the transaction</li> <li>• Can be used as a documentary proof that the transaction took place</li> <li>• Officer who has certified the source document can be held responsible</li> <li>• Useful to discover shortcomings, errors, wrong doings, and inconsistencies with regard to the particular activity</li> <li>• Can be used to confirm the value of the transaction</li> </ul>	
<b>Details</b>	<ul style="list-style-type: none"> <li>• Name of the business</li> <li>• Address of the business</li> <li>• Date of transaction</li> <li>• Description of transaction</li> </ul>	<ul style="list-style-type: none"> <li>• Monetary value of transaction</li> <li>• Details of the other party</li> <li>• Serial numbers</li> <li>• Signature of the officer in charge</li> </ul>

**Prime entry books**

<b>Definition</b>	Books in which transactions are recorded first according to the order of occurrence and using a generally accepted method, before recording in the ledger accounts
<b>Importance</b>	<ul style="list-style-type: none"> <li>• To classify and record similar transactions in the same book</li> <li>• To minimize memory lapses and omissions</li> <li>• Any errors in posting of entries can be quickly identified and resolved</li> <li>• Ability to carry on business transactions with good control</li> <li>• Accounting activities become easier as different staff members enter in the prime entry books</li> </ul>

**Prime entry books for a business registered for VAT**

Transaction	Original documents	Book of Prime entry
1. Receipts of Cheques and Cash Deposits	• Receipt / Deposit slip	Cash Receipts Journal
2. Issue of Cheques	• Payment Voucher / Counterfoil	Cash Payments Journal
3. Petty Cash Payment according to the nature of the business	• Receipt • Petty Cash Voucher	Petty Cash Payments Journal
4. Purchase goods on credit	• Purchase Invoice	Purchase Journal
5. Returns outwards	• Debit Note	Returns outwards Journal
6. Sale of goods on credit	• Sales Invoice	Sales Journal
7. Returns inwards	• Credit Note	Returns Inwards Journal
8. Transactions not recorded in other books of prime entry	• Journal Voucher	General Journal

