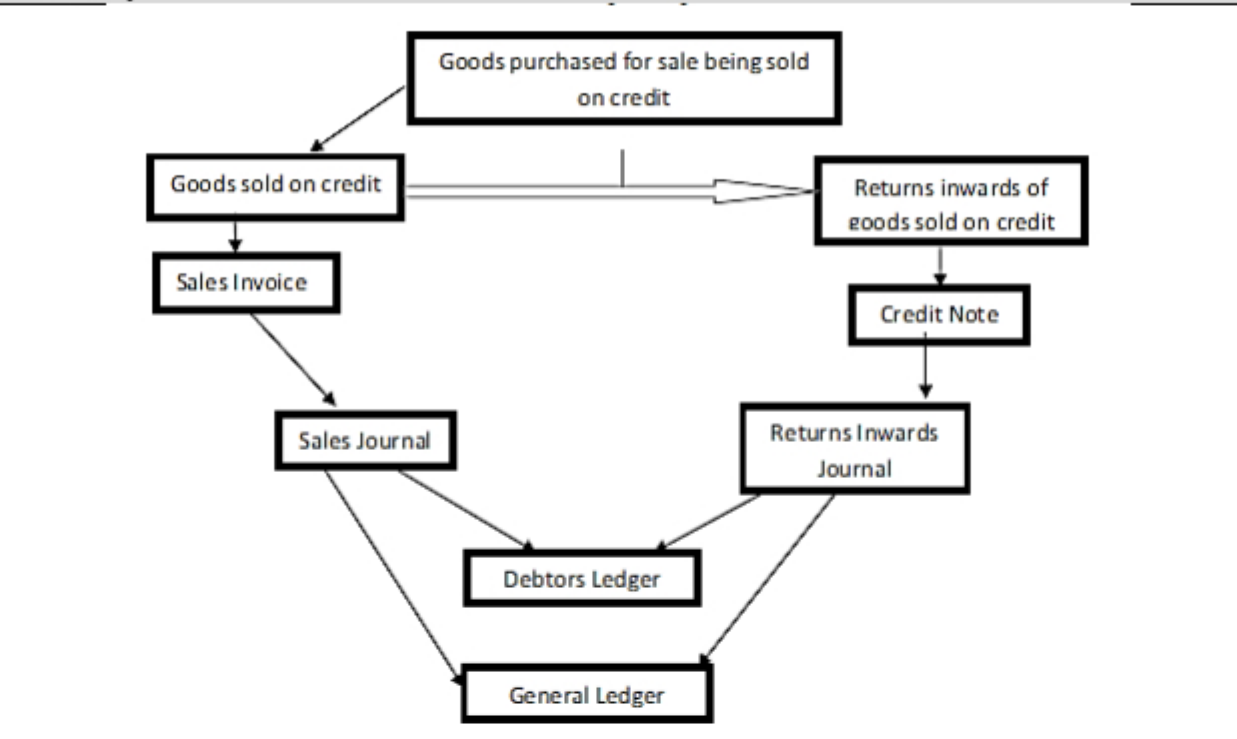


4.6 | Sales Journal

- Sales Journal
- Returns Inwards Journal

Summary**Sales Journal**

- Sales Journal or Sales Daybook is the prime entry book that is used to record trading goods sold on credit.
- When selling trading goods on a credit basis to customers, they become trade debtors, who are an asset to the business.
- Trade discounts occur when a certain percentage is reduced from the invoice value. This does not need to be shown separately in accounts.

Sales Journal: source document

- The source document is the sales invoice. Details that can be found on an invoice:
 - Name and address of the business
 - Customer name
 - Invoice number
 - Transaction details (date, item number, quantity, value, trade discounts)
 - Credit terms or trade conditions (for discounts allowed)
 - Signature of officer

Sales Journal: format

Sales Journal						
Date	Invoice No.	Customer	Amount	VAT	Total Amount	Ledger folio
2017/03/01	520	Duminda Traders	xx	x	xxx	
2017/03/20	521	Kamal & Brothers	xx	x	xxx	
2017/03/31		Transferred to General Ledger	xx	x	xxx	

- On the respective dates, the invoice value and VAT amounts should be debited to the relevant debtor accounts in the Debtors Sub Ledger.
- At the end of the period, the totals in the Sales Journal should be posted to the General Ledger in the following manner:

Debtors Control a/c	Debit	→	Total amount including VAT		
VAT a/c	Credit	→	Total in the VAT column		
Sales a/c	Credit	→	The total in the 'amount' column in the Sales Journal		

Returns Inwards Journal

- Returns Inwards Journal or Returns Inwards Daybook is the prime entry book that is used for recording the sales returns of goods (source document: credit note)
- Goods sold on credit maybe returned to the business for the following reasons:
 - The expiry date has passed
 - The goods sold being different to the order
 - Goods sold being damaged
 - Delay in sending goods

Returns Inwards Journal: source document

- The source document is the credit note. Details that can be found on a credit note:
 - Date of return
 - Document number
 - Customer name
 - Transaction details (unit price, total value, discounts)
 - Type of goods returned and quantity
 - Reasons for the return
 - Signature of officer

Returns Inwards Journal: format

Returns Inwards Journal						
Date	Credit Note No.	Customer	Amount Rs.	VAT Rs.	Total Amount Rs.	Ledger folio
2017/03/06	13	Duminda Traders	xx	x	xxx	
2017/03/25	14	Kamal & Brothers	xx	x	xxx	
2017/03/31		Transferred to General Ledger	xx	x	xxx	

- On the respective dates, the net value of the credit notes should be credited to the respective debtor accounts in the Debtors Sub Ledger.
- At the end of the period, the totals in the Returns Inwards Journal should be posted to the General Ledger in the following manner:

Returns Inwards a/c	Debit	→	Total in the 'amount' column
VAT a/c	Debit	→	Total in the VAT column
Debtors Control a/c	Credit	→	Total in the 'Total amount' column including VAT



 A C A D E M Y

RIHAB FAISAL

