

Source Documents

Any business transaction will have a proof document. The primary sources of information used to make entries in the accounts are called as source documents. This can be named as business documents as well. There are several business documents which are used in any business.

1. **Purchase Invoice**
2. **Debit Note**
3. **Received Receipt (from suppliers) & Payment Voucher**
4. **Sales Invoice**
5. **Credit Note**
6. **Given Receipt (to customers)**
7. **Cheque book counterfoils**
8. **Bank statement**
9. **Petty cash voucher**



Purchase Invoice

When purchasing goods on credit basis, the parties providing goods are known as suppliers or trade creditors. The debt owed to creditors are liabilities of a business. Suppliers, when providing goods on credit, prepare and send a source document including information regarding that supply. This source document is the 'invoice'. In the perspective of the purchasing business, it is the purchase invoice.

INVOICE

Invoice number: 19-1-01201

Date Issued: 08 - 01 - 2019

Due Date: 11 - 01 - 2019

Email: accounting@bong.com

Phone number: +1 92818477

BANGBANG MOVERS

Bran Dawn

1001, Blue County, Jacksonville,
Florida

Bill for:

BONBONG PRETZEL

Eugen Paul

+1 988332244

0077, Yellow County,
Jacksonville, Florida

ITEM	QUANTITY	COST	TOTAL
Small Parcel Unit	1000	\$5.05	\$5,050.00

- nothing follows -

Payment is only accepted via:



Account email: cupcup@medical.com

**THANK YOU FOR ACQUIRING OUR
SERVICE!**

SUBTOTAL: \$5,050.00

GRAND TOTAL: \$5,050.00

TERMS AND CONDITIONS

Unless agreed by both parties, this
invoice must be paid 92 days after
being issued.

This invoice serves as a tax reference

Debit Note

A debit note (also known as debit memo) can be issued from a buyer to their seller to indicate or request a return of funds due to incorrect or damaged goods received, purchase cancellation, or other specified circumstances.

<u>DEBIT NOTE</u>	
DEBIT NOTE NO. _____ YOUR INVOICE NO. _____	ROY & CO. CANAL EAST ROAD KOLKATA
M/S ANAND & SONS SALT LAKE, KOLKATA	
Return of 15 Kg. Sugar received damaged in transit @ Rs 35 per kg.	Rs.
	525.00
	525.00
E. & O.E. Date: _____	for Roy & Co. _____ (Signature)

Received Receipt (from suppliers) & Payment Voucher

When goods are purchased by paying the cash, supplier will provide a receipt.

RECEIPT

1x Lorem ipsum	\$	35.00
2x Lorem ipsum	\$	15.00
1x Lorem ipsum	\$	30.00
1x Lorem ipsum	\$	10.00
2x Lorem ipsum	\$	10.00
1x Lorem ipsum	\$	7.00
1x Lorem ipsum	\$	10.00
TOTAL AMOUNT		\$ 117.00
CASH		\$ 200.00
CHANGE		\$ 83.00

THANK YOU



PAYMENT VOUCHER

Pay No. _____

Date: _____

Payment Amount: _____

In Words: _____

Paid to: _____


On Account of: _____

Prepared by: _____

Received by: _____

Sales Invoice

When selling trading goods on credit, an invoice is issued to debtors. This document is known as the sales invoice. The business retains a copy of the sales invoice.



INVOICE

StoryBooked
United States

BILL TO:
Lost Boys, LLC
Peter Pan
First Star St.
Neverland, 43004
United States

413-927-3576
mmtestsoftware@gmail.com

Invoice Number: 103
Invoice Date: November 13, 2016
Payment Due: December 13, 2016
Amount Due (USD): \$46.09

Items	Quantity	Price	Amount
Quill Quill with wooden handle and real owl feather.	1	\$35.00	\$35.00
Ink Perfect partner to StoryBooked Quill. 6oz black ink. Resealable container.	1	\$7.00	\$7.00

Subtotal:

\$42.00

CA 9.75%:

\$4.09

Total:

\$46.09

Amount Due (USD) :

\$46.09

Notes

Thank you for your business!

Credit Note

If sales that are not acceptable and returned by the customers, then a credit note is sent to the customer by the company (we).

CREDIT NOTE

Credit To:

SW Ltd.
1 Corucant Drive
Suite 234
New York, NY 08080
UNITED STATES

Credit Note Date:

07 Jul 2022



Credit From:

Oyster HR Inc
307 W. Tremont Ave,
Suite 200,
CHARLOTTE, NC 28203
UNITED STATES

Credit Note #: OY-Clou-csQw7RaR1-0622-S-CN1

Description	Amount (USD)
Settlement Invoice Refund OY-Clou-csQw7RaR1-0622-S-INV1 0622	\$4,939.80
Credit Total	\$4,939.80

Given Receipt (to customers)

When sales are made on cash, the receipt given to customer.

RECEIPT		
1x Lorem ipsum	\$	35.00
2x Lorem ipsum	\$	15.00
1x Lorem ipsum	\$	30.00
1x Lorem ipsum	\$	10.00
2x Lorem ipsum	\$	10.00
1x Lorem ipsum	\$	7.00
1x Lorem ipsum	\$	10.00
TOTAL AMOUNT		
	\$	117.00
CASH		
	\$	200.00
CHANGE		
	\$	83.00

THANK YOU



Cheque book counterfoils

Certain companies will make the payments through cheques. A counterfoil of a cheque is that part of a cheque, which is torn off and kept as a receipt by the drawer of a cheque to serve as a piece of evidence or proof for having made the payment.



Bank statement

Bank statement is document sent by the bank to the company (us) by mentioning all the transactions have happened during a period in the company's bank account. This document also a source document for business transaction such as direct cash deposit / transfer by the customers for the bank account, banks charges, etc.

FIRST BANK

1234 Main Street, Capital City, OH 12345-0123
1-800-555-1234

USA Small Business, LLC
Mr. Jack Smith
345 Maple Street
Capital City, OH 12345-0123
123-555-5678

Account Name: USA Small Business Checking
Account Number: 000000012345

Statement Period: 03/01/2018 to 04/01/2018

ACCOUNT SUMMARY

Balance on March 1: \$27,584.38
Total money in: \$10,273.39
Total money out: \$10,510.07
Balance on April 1: \$27,347.70

DATE	DESCRIPTION	WITHDRAWAL	DEPOSIT	BALANCE
	Previous balance			27,584.38
03/02	Internet Bill	75.99		27,508.39
03/05	Electric Bill	253.68		27,254.71
03/06	Check No. 4598 Payment from Lisa Williams		456.84	27,711.55
03/10	Deposit from Credit Card Processor		5,891.26	33,602.81
03/12	Payroll Run	3,894.75		29,708.06
03/16	Debit Transaction Main Office Wholesale	243.46		29,464.60
03/21	Rent Bill	750.00		28,714.60
03/21	Check No. 234 Payment From Mark Moore		268.84	28,983.44
03/26	Payroll Run	3,743.23		25,240.21
03/28	Deposit		3,656.45	28,896.66
03/29	Debit Transaction ABC Business Supplies	1,548.96		27,347.70
	Ending balance			27,347.70

Petty cash voucher

To record the transactions with small values can simply be identified as the Petty Cash Book. The petty cash voucher is used to record the petty cash payments.

PETTY CASH VOUCHER

Voucher No:.....

Date

PAY TO

DESCRIPTION		AMOUNT	
A/c	Cash/Cheque No:	\$	

The Sum of Dollars:.....

Payment Approved by:.....

Received by:.....

Business Documents

Connection between following documents

- **Quotation** – Sent by the seller to inform the buyer of prices and terms before an order.
- **Purchase Order** – Sent by the buyer to confirm the order of goods.
- **Sales Order** – Issued by the seller after receiving the purchase order to confirm acceptance.
- **Goods Dispatched Note** – Prepared by the seller when goods are sent to the buyer.
- **Goods Received Note** – Prepared by the buyer to confirm receipt of goods.
- **Purchase Invoice** – Sent by the supplier to the buyer requesting payment for goods supplied.
- **Supplier Statement** – Sent by the supplier summarizing invoices, payments, and balances.
- **Sales Invoice** – Issued by the seller to record sales made on credit.
- **Remittance Advice** – Sent by the buyer to the supplier showing which invoices are being paid.
- **Receipt** – Issued by the seller as proof of payment received.
- **Debit Note** – Sent by the buyer to request a reduction in the amount owed (e.g., for returns).
- **Credit Note** – Issued by the seller to confirm the allowance or reduction requested.

Ways Technology Has Come into Accounting

- Accounting Software**

Records transactions and prepares accounts automatically.
(e.g., QuickBooks, Sage)

- Spreadsheets**

Used for calculations, budgeting, and presenting data.
(e.g., Excel)

- Online Banking**

Helps accountants check transactions and make payments online.

- Cloud Accounting**

Allows access to accounts from anywhere using the internet.
(e.g., Xero)

- Inventory Control Systems**

Tracks stock levels and alerts when to reorder.

- Management Reports**

Technology helps generate reports for decision-making, like sales trends and profit analysis.

- Payroll Systems**

Automatically calculates employee salaries, deductions, and prepares payslips.

- Automatic Revenue & Cost Calculations**

Software can auto-calculate income and expenses and prepare financial statements.

- Mobile Apps**

Used for recording expenses, sending invoices, and checking accounts on the go.

- Data Analytics Tools**

Helps analyze large amounts of financial data to make better decisions.

- Artificial Intelligence (AI)**

AI can detect errors, give suggestions, and speed up accounting tasks.

- Security Systems**

Protect financial data with passwords, backups, and encryption.

Benefits of Using Technology in the Accounting Environment

1. Accounting Software

- ✓ **Fast & Accurate** – It automatically records and calculates transactions.
- ✓ **Time-Saving** – Speeds up tasks like preparing financial statements.
- ✓ **Error Reduction** – Reduces mistakes compared to manual methods.
- ✓ **Easy Reports** – Helps create reports like income statements quickly.
- ✓ **Secure Storage** – Keeps financial data safe and organized.

2. Spreadsheet Software (e.g., Excel)

- ✓ **Simple Calculations** – Easily adds, subtracts, multiplies, and divides.
- ✓ **Flexible Use** – Can be used for budgets, charts, and basic accounts.
- ✓ **Easy to Edit** – Mistakes can be corrected quickly.
- ✓ **Clear Presentation** – Data is shown neatly using tables and graphs.

Accounting Software – Advantages & Disadvantages

Advantages

- **Fast and Accurate**
 - Quickly records transactions and reduces errors.
- **Time-Saving**
 - Speeds up tasks like preparing reports and financial statements.
- **Easy Report Generation**
 - Can create profit & loss, balance sheet, and other reports with one click.
- **Data Storage & Backup**
 - Keeps records safe and can make backups easily.
- **Improves Decision-Making**
 - Provides up-to-date information for better business decisions.

Disadvantages

- **Costly**
 - Buying and updating the software can be expensive.
- **Training Needed**
 - Staff need training to use it properly.
- **Risk of Hacking**
 - If not protected well, data can be accessed by hackers.
- **Dependence on Technology**
 - If the system crashes or internet fails, work may stop.
- **Regular Updates Required**
 - Software must be updated to work properly and stay secure.

Issues Regarding Security of Data in Accounting

▼ Data Loss

Important accounting data can be lost due to system crashes, viruses, or accidental deletion. This can cause problems in preparing reports and proving financial records.

🔒 Access Issues

If too many people have access, unauthorized users might change or misuse data. Weak passwords or poor system control can lead to hacking or errors.

😬 Confidentiality

Accounting data contains private information (e.g., salaries, profits). If leaked, it can harm the business's reputation or be misused by outsiders.

Methods of Protecting Data

1. USING HARDWARE

Backups in External Devices

- Save copies of data in external hard drives or USBs.

Firewalls (Hardware)

- A physical firewall device can block unauthorized access.

Secure Servers

- Use safe and locked servers to store data.

Biometric Devices

- Use fingerprint or face recognition to allow access only to authorized users.

2. USING SOFTWARE

Passwords

- Use strong passwords to stop others from opening files or systems.

Antivirus Software

- Protects against viruses, malware, and hackers.

Encryption

- Converts data into a code so only the right person can read it.

Firewall (Software)

- Blocks harmful internet access and unwanted traffic.

Regular Software Updates

- Keeps systems safe from new threats.

Book-keeping vs Accounting

Book-keeping

- Bookkeeping is a transactional and administrative role that handles the day-to-day task of recording financial transactions, including purchases, receipts, sales, and payments
- Not a technical job
- No specific skills required

Accounting

- Accounting is more subjective, providing business owners with financial insights based on information taken from their book-keeping data
- Technical job
- Specific skills required

Profits & Losses

$$\text{Profits} = \text{Income} - \text{Expense}$$

If;

$\text{Income} > \text{Expense} = \text{Profits}$

$\text{Income} < \text{Expense} = \text{Loss}$

Basic Accounting Equation

$$\text{Assets} = \text{Equity}$$

If there are no liabilities

$$\text{Assets} = \text{Equity} + \text{Liability}$$

If there are liabilities

Basic Accounting Equation

Question

Mr. John started a business. The following transactions are given

Record the impacts of the below transactions to the accounting equation

#	Transaction	Assets = Equity + Liability
1.	Mr. John invested \$500,000 as the capital	
2.	Obtained a bank loan of \$200,000	
3.	Purchased equipment at \$100,000	
4.	Mr. John invested an additional capital of \$50,000	
5.	Settled \$20,000 of the bank loan	

Expanded Accounting Equation

Question

1. John started a computer repair business. The building and other items required for the business were bought using John's cash and a bank loan.
2. Building and other items cost - \$100,000 (\$70,000 injected by John and \$30,000 from the bank loan)
3. For the service provided (computers repaired) he charged \$10,000 from customers
4. Paid \$1,000 electricity bill
5. John took \$2,000 cash from the business for his personal use

Question

Following are some transactions occurred in Mr. N's business

Record the impacts of the below transactions to the accounting equation

#	Transaction	Assets = Equity + Liability + Income - Expenses - Drawings
1.	Introduced capital \$300,000	
2.	Purchased equipment for use in the business \$50,000	
3.	Purchase goods on credit \$80,000	
4.	Paid telephone bill of the owner's house using cash of the business \$5,000	
5.	Cash sales \$50,000	
6.	Cash purchase \$40,000	
7.	Paid creditors \$20,000	

Question

Following are some transactions occurred in Mr. N's business

Record the impacts of the below transactions to the accounting equation

#	Transaction	
1.	Introduced capital \$300,000	
2.	Purchased equipment for use in the business \$50,000	
3.	Purchase goods on credit \$80,000	
4.	Paid telephone bill of the owner's house using cash of the business \$5,000	
5.	Cash sales \$50,000	
6.	Cash purchase \$40,000	
7.	Paid creditors \$20,000	

Question

- 1) John (The owner) commenced a business with an investment of \$ 10,000
- 2) The owner brought computer equipment worth \$ 3,000
- 3) The owner has taken a personal loan of \$ 2,000 and invested that money in the business
- 4) The owner has brought a property worth \$ 15,000
- 5) The owner brought furniture worth \$ 1,000
- 6) Business bought (purchased) machinery for \$ 2,500
- 7) Business took a bank loan of \$ 8,000
- 8) The owner has withdrawn \$ 200 from the business
- 9) The business has deposited \$ 4,000 in the bank account
- 10) The business has repaid the bank loan of \$ 2,000
- 11) Business bought motor vehicle for \$ 12,000 on credit
- 12) Business bought goods for \$ 6,000
- 13) Business bought goods for \$ 10,000 on credit
- 14) Interest paid \$ 200
- 15) Commission income received \$ 3, 500

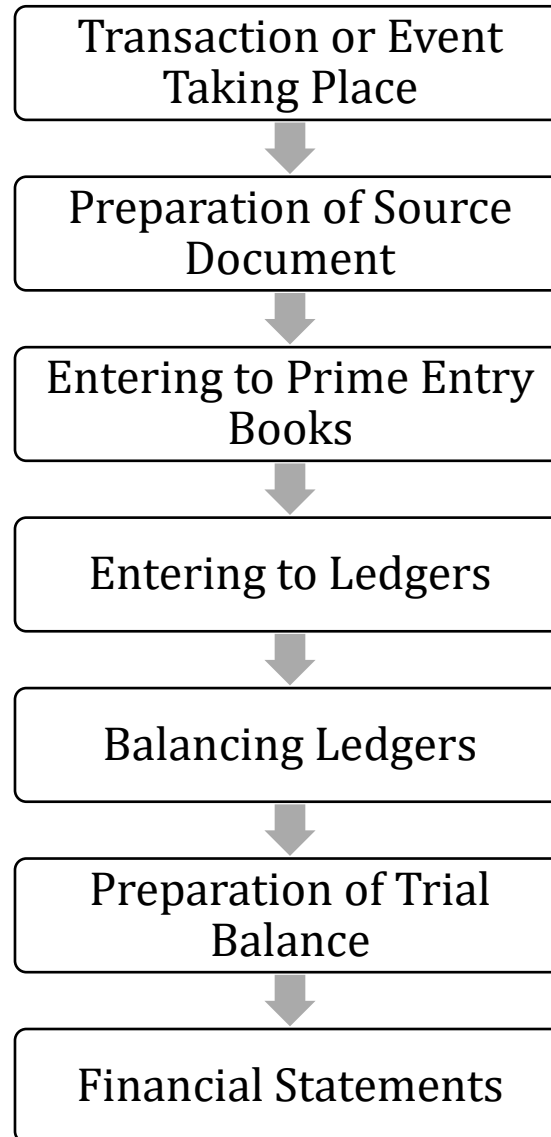
Dual Aspect / Duality / Double Entry Convention (Concept)

- This convention (concept) states that each and every business transaction and event have two effects (dual aspects / two impacts)
- These two effects are recorded in two different ledger accounts (“T” accounts)
- One effect is recorded on the Debit side (Dr – Debit record) of one ledger account and the other effect is recorded Credit side (Cr – Credit record) of another ledger account

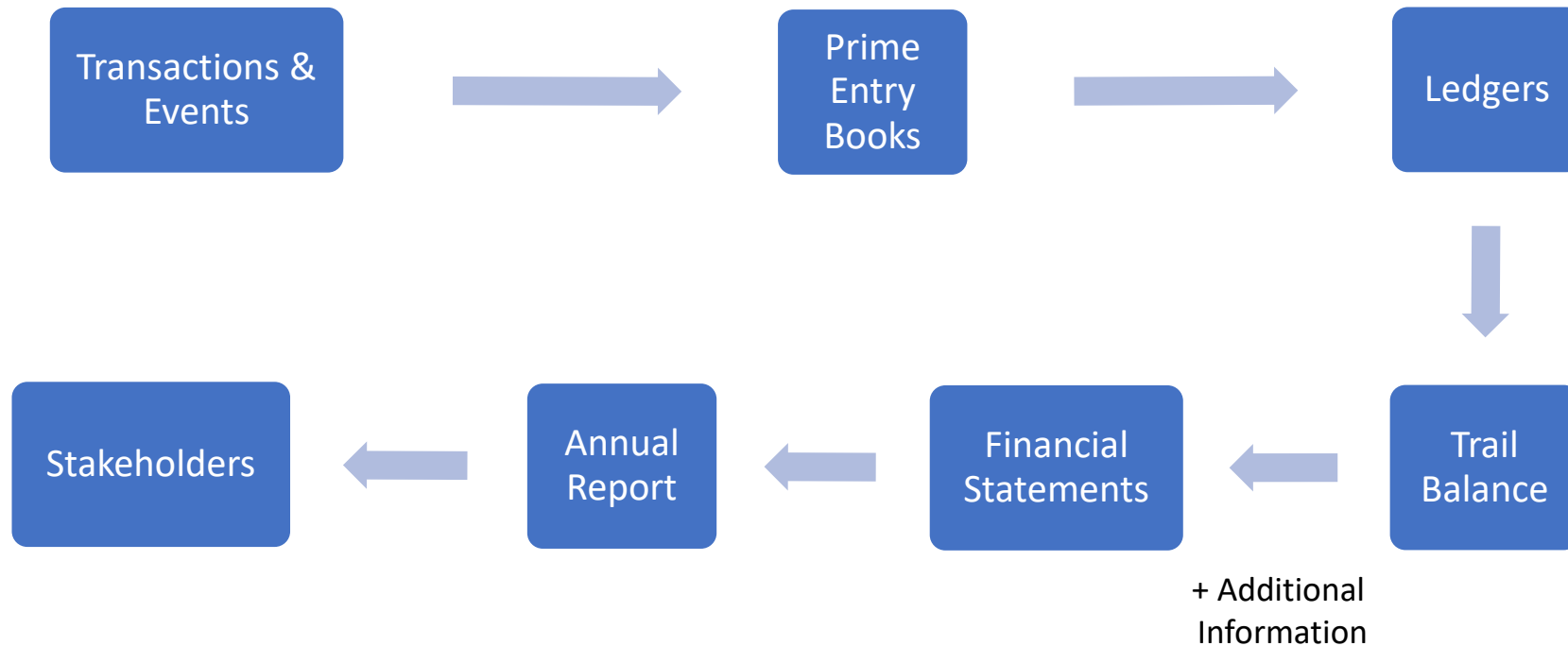
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- 8) Business bought motor vehicle for \$ 12,000 on credit
- 9) Business bought goods for \$ 6,000
- 10) Business bought goods for \$ 10,000 on credit
- 11) Interest paid \$ 200
- 12) Commission income received \$ 3, 500

Accounting Process



Prime Entry Books / Journals / Day Books / Books of Original Entry



- **Prime Entry Books** are books in which the **FIRST ENTRY** of business transactions or events are recorded.

Or

- **Prime Entry Books** are books in which business transactions and events are recorded prior (before) being recorded in the ledgers.

#	Prime Entry Book	Type of Transactions	Source Documents
1	Cash Receipt Journal	Cash receipt transaction <ol style="list-style-type: none"> 1. Cash sales (sales of goods and services) 2. Cash received from trade receivables (debtors) 3. Capital received in cash 4. Bank loan received 5. Sale (disposal) of non current asset 6. Other income received (commission, rent, etc) 7. Discount allowed to debtor (trade receivable) 8. Any other cash receipt 	Receipts
2	Cash Payment Journal	Cash payment transactions <ol style="list-style-type: none"> 1. Cash purchase (purchase of goods and services) 2. Cash payments for trade payables (creditors) 3. Cash drawings 4. Repayment of loans 5. Purchase (acquisition) of non current asset 6. Expense paid (finance, distribution, admin) 7. VAT (sales tax paid) 8. Discount received from creditors (trade payables) 9. Any other cash payments 	Payment Voucher
3	Petty Cash Journal	Petty cash transactions <ol style="list-style-type: none"> 1. Stationery paid 2. Travelling expense paid 3. Entertainment expense paid 4. Cleaning expense paid 5. Postage expense paid 6. Other / sundry / miscellaneous expense paid 	Petty Cash Voucher

#	Prime Entry Book	Type of Transactions	Source Documents
4	Purchase Journal	Credit purchases of GOODS (inventory) transactions	Purchase Invoice
5	Sales Journal	Credit sale of GOODS (inventory) transactions	Sales Invoice
6	Purchase Return Journal (Return Outward Journal)	Credit purchase GOODS return transactions	Debit Note
7	Sales Return Journal (Return Inward Journal)	Credit sale GOODS return transactions	Credit Note
8	General Journal (Journal)	Any other transaction not recorded in above prime entry books <ol style="list-style-type: none"> 1. Credit purchase of non current asset 2. Credit sale of non current asset 3. Credit purchase of stationery 4. Return cheques of customers 5. Issued cheque returns 6. Depreciation of non current assets 7. Irrecoverable debt (bad debt) 8. Any other 	Journal Voucher

Summary

#	Prime Entry Book	Type of Transactions	Source Documents
1	Cash Receipt Journal	Cash receipt transaction	Receipts
2	Cash Payment Journal	Cash payment transactions	Payment Voucher
3	Petty Cash Journal	Petty cash transactions	Petty Cash Voucher
4	Purchase Journal	Credit purchases of GOODS (inventory) transactions	Purchase Invoice
5	Sales Journal	Credit sale of GOODS (inventory) transactions	Sales Invoice
6	Purchase Return Journal (Return Outward Journal)	Credit purchase GOODS return transactions	Debit Note
7	Sales Return Journal (Return Inward Journal)	Credit sale GOODS return transactions	Credit Note
8	General Journal (Journal)	Any other transaction not recorded in above prime entry books	Journal Voucher

Cash Receipt Journal

All the cash receipt transaction will be recorded in the cash receipt journal.

Question

- 01/01 Mr John commenced a business by investing of \$ 3,000
- 02/01 Business has taken a bank loan of \$ 5,000
- 12/01 Sale of goods \$ 2,600
- 16/01 The owner brought additional capital in cash \$ 7,500
- 17/01 Sold goods \$3,400
- 21/01 Commission received \$ 700
- 26/01 Rent received \$ 1,500
- 28/01 Cash received from: A Ltd. \$ 2,300 and allowed a discount of \$ 200 (cash discount)
B Ltd. \$ 1,700 and allowed a discount of \$ 300 (cash discount)

Cash Payment Journal

Cash Payments are recorded in the cash payment journal

Question

- 07/01 Business bought goods for \$ 3,000
- 08/01 Business paid rent \$ 1,200
- 10/01 Advertising expense paid \$ 300
- 13/01 Purchase of machinery for \$ 2,200
- 14/01 Purchase of computer equipment for \$ 3,400
- 15/01 Bought software for \$ 2,000
- 22/01 Repayment of the bank loan of \$ 600, which includes interest of \$ 100
- 23/01 owner has withdrawn \$ 400 from the business.
- 27/01 Cash payment to: X Ltd. \$ 2,500 and received a discount of \$ 500 (cash discount)
Y Ltd. \$ 800 and received a discount of \$ 200 (cash discount)
- 30/01 Purchase of motor vehicles for \$ 2,000

Petty Cash Journal

The prime entry book that is maintained by the business to record the transactions with small values can simply be identified as the Petty Cash Journal.

Eg:

1. Stationery paid
2. Travelling expense paid
3. Entertainment expense paid
4. Cleaning expense paid
5. Postage expense paid
6. Other / sundry / miscellaneous expense paid

Question

The following is a summary of the petty cash transactions for May 2018.

- 1) May 1 Received from petty cashier \$200 as petty cash float
- 2) May 2 Rail fares \$17
- 3) May 4 Petrol \$8
- 4) May 8 Stationery purchases \$4
- 5) May 10 Cleaning \$11
- 6) May 18 Petrol \$16
- 7) May 21 Cleaning \$15
- 8) May 22 Bus fares \$4
- 9) May 25 Cleaning \$2
- 10) Paid for credit customer \$20 from petty cash
- 11) Gave \$90 for a customer in exchange for a cheque

Petty cash book with columns for expenditure on cleaning, travel expenses and stationery.

Prepare the petty cash journal.

Purchase Journal

The prime entry book in which the details of credit purchases of trade items for re-sale purposes are recorded is the Purchases Journal.

Question

The following information is of Mr. John's business which buys stationaries for reselling.

1. 01.03.20xx - The net value of the Invoice No.115, under which goods are bought from Mr. B is \$ 22,000.
2. 10.03.20xx - The net value of the Invoice No.65, under which goods are bought from Mr. C is \$ 28,000.
3. 20.03.20xx - The net value of the Invoice No.43, under which goods are bought from Mr. D is \$ 26,000.
4. 25.03.20xx - The net value of the Invoice No.48, under which goods are bought from Mr. D is \$ 12,000.

Prepare the purchase journal

Sales journal (Sales Day book)

The prime entry book in which the details of credit sales of items which had been purchased for re-sale purposes are recorded in the sales journal.

Question

The following information is of Mr. John's business

1. 01.01.20xx The net value of the Invoice No. 157, goods are sold on credit for Mr. A is \$25,000
2. 05.01.20xx The net value of the Invoice No. 158, goods are sold on credit for Mr. B is \$30,000
3. 15.01.20xx The net value of the Invoice No. 159, goods are sold on credit for Mr. C is \$18,000
4. 28.01.20xx The net value of the Invoice No. 160, goods are sold on credit for Mr. D is \$36,000

Prepare the sales journal

Purchase Return Journal / Return Outward Journal

The prime entry book in which the information on returned items that were purchased on credit for re-sale is the returns outwards journal.

Question

Date	no.	Debit note	Supplier	Items returned
08.01.20XX	236	Andrew		Ball point pens - 30 pens each at \$1 CR Books - 02 books each at \$5 (Due to a different brand)
18.01.20XX	237	Jane		Mathematical Instruments Box - 08 Boxes each at \$2 (Due to the change of the pre-agreed price)
28.01.20XX	238	Peter		Drawing Books – 05 books each at \$3 Single Rule Books – 03 books each at \$2 (Due to low quality)

Prepare the purchase return journal

Sales Return Journal / Return Inward Journal

The prime entry book in which the information on returned items that were sold on credit is recorded can be identified as the returns inwards journal.

Question

Date	Credit note no.	Customer	Items returned
03.02.20xx	134	Shane	10 packets of toffee. Each packet \$50 (Due to exceed of expiry date)
13.02.20xx	135	David	5 boxes of chocolate. Each box \$100 (Due to low quality)
20.02.20xx	136	Paul	10 packets of Marshmallows. Each packet \$30 (Delivered extra)
Prepare the sales return journal			

General Journal / The Journal

There can be some transactions in a business which cannot be recorded in the below special journals.

- Cash receipt journal
- Cash payment journal
- Petty cash book
- Purchase journal
- Sales journal
- Purchase return journal
- Sales return journal

The prime entry book used to record all the transactions which are not recorded in any of the above prime entry books can be identified as the general journal.

Eg:

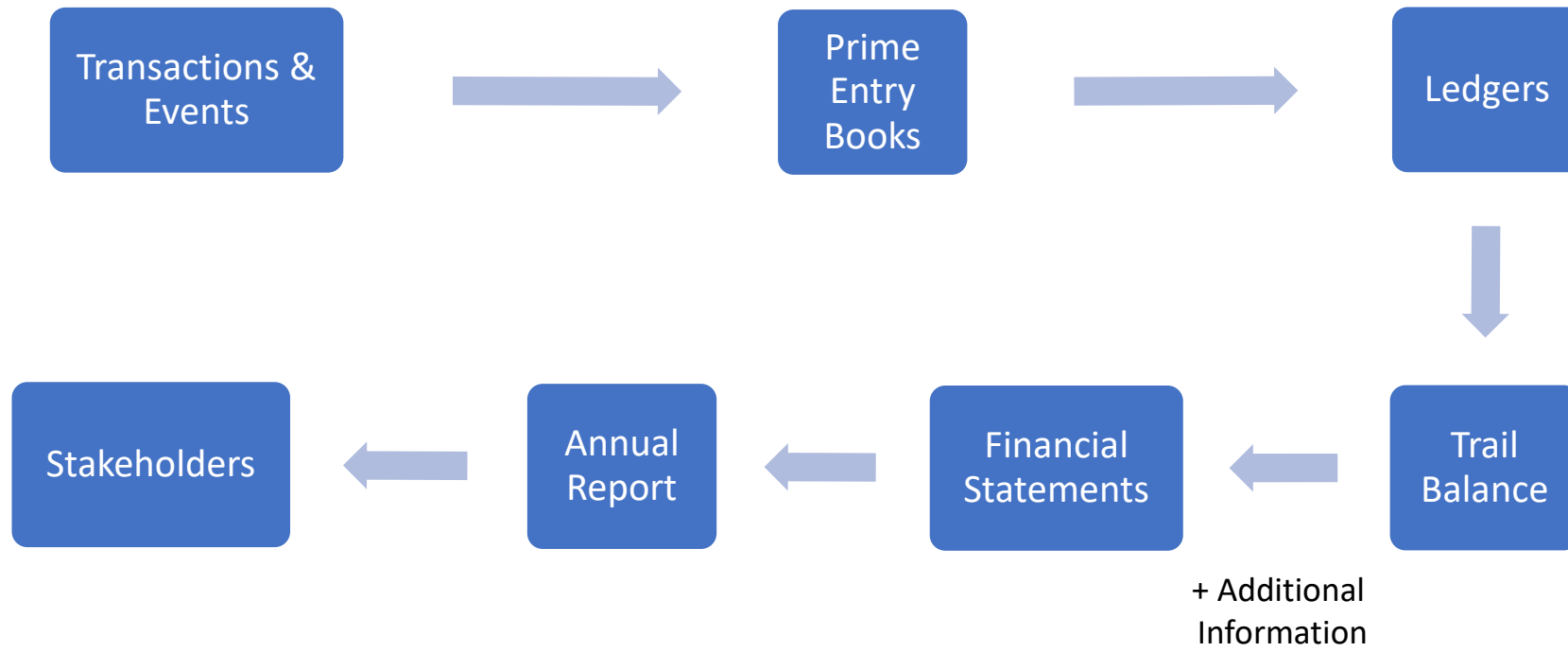
- Credit purchase of non current asset
- Credit sale of non current asset
- Credit purchase of stationery
- Return cheques of customers
- Issued cheque returns
- Depreciation of non current assets
- Irrecoverable debt (bad debt)
- Any other

Question

- 1) 1 Apr 20X7 Bought machines on credit from Bell and Co \$1,153.
- 2) 4 Apr 20X7 Owner take goods costing \$340 out of the business stock without paying for them.
- 3) 9 Apr 20X7 \$68 of the goods taken by owner on 4 April is returned back into stock
- 4) 12 Apr 20X7 H Cowes owes us \$640. He is unable to pay his debt. Company agree to take some computer equipment from him at that value and so cancel the debt.
- 5) 18 Apr 20X7 Some of the machines bought from Bell and Co, \$42 worth, are found to be unsuitable and are returned to them.
- 6) 24 Apr 20X7 A debt owing to us by P Lees of \$124 is written off as a bad debt.
- 7) 30 Apr 20X7 Office equipment bought on credit from XYZ Ltd for \$1,710.

Prepare the general journal

Ledgers



Ledgers are the books which includes all the T accounts (ledger accounts) maintained by the organization.

Ledgers

Purchase Ledger (Creditors Ledger / Payable Ledger)

This book will includes the details of each and every individual trade payable (creditors)

Sales Ledger (Debtor Ledger / Receivable Ledger)

This book will includes the details of each and every individual trade receivable (debtors)

General Ledger (Nominal Ledger)

This is the main book of accounts which includes all the double entry accounts of the business. Trial balance is prepared using the general ledger

- | | |
|----------------------------|-----------------------------------|
| 1. Sales account | 6. All expense accounts |
| 2. Purchase account | 7. All income accounts |
| 3. Sales return account | 8. All non current asset accounts |
| 4. Purchase return account | 9. etc |
| 5. Capital account | |



Memorandum Accounts

(Memorandum account balance are not recorded in the trial balance and the financial statements)

XYZ Ltd is buying and selling tables

#	Transaction	Prime Entry Book	Ledger Book
01	Owner invested \$30,000		
02	Business took a bank loan of \$20,000		
03	Commission income received \$8,500		
04	Business purchased tables (trading goods) for cash \$10,000		
05	Business purchased a machine for \$15,000		
06	Owner took \$5,000 from the business		
07	Rent paid \$3,000		
08	Business settled \$5,000 bank loan		
09	Cash sales \$25,000		
10	Purchased tables from Mr. A for \$2,000		
11	Purchased tables from Mr. B for 9,000		
12	Business sold the machine for \$10,000		
13	Main cashier gave \$500 for petty cashier as the petty cash float		
14	Stationery expense \$20		
15	Postage expense \$30		
16	Returned \$600 goods back to Mr. A due to low quality		
17	Returned \$1,000 goods for Mr. B due to damage		
18	Paid \$250 for Mr. A (trade payable) from petty cash		
19	Business purchased stationery on credit from Mr. Book \$1,000		
20	Business purchased a vehicle for credit \$50,000		
21	Settled \$3,000 trade payables of Mr. B and received \$500 discount		
22	Sales for Mr. John \$35,000		
23	Sales for Mr. Peter \$6,000 (sold for the cost without any profits)		
24	Mr. Peter returned \$1,800 goods		
25	\$10,000 received from Mr. John and gave \$1,000 discount		