**Purchases Day Book**

The purchases day book is the book of original entry used to record all credit purchases. The total therein is transferred to the debit of the purchases ledger at regular intervals. Each supplier’s account is credited in the subsidiary ledger. The period may be daily, weekly or monthly depending on the volume of purchases transactions. The details on purchases day book are got from incoming invoices. Each supplier’s account is credited in the subsidiary ledger.

**Illustration**

Maomao Enterprises made the following purchases on credit

1/8/2006 Mrs B. Kent N150,000 with invoice N0.1062

I. Akolade Ltd. N108,000 with invoice No. 083

4/8/2006 Saidi Ojo N60,000 with invoice No. 003

Wasiu Stars N82,800 with invoice No 288

Akala & Co N98,250 with invoice No. 1124

7/8/2006 Onuo Paul & Sons N120,000 with invoice No. 002

J. Mfon Ltd. N67,500 with invoice No. 116

Festac Enterprises N337,500 with invoice No. 644

**Required:** Enter the transactions in the purchases day book of Maomao Enterprises.

**Analyzed Purchases Day Book**

Like the sales day book, the purchases day book can be analyzed, but unlike the case of sales day book, it may contain columns for goods meant for resale, goods not meant for resale and bills received for services.

**Illustration**

Benard Carena, a sole trader, made the following transactions which relate to the month of July, 2006.

2006 N

July, 1 Bought goods in credit from J. Leye Ltd. 1,500,000

July, 2 Bought goods on credit from Bala & Sons 850,000

July, 6 Bought stationery on credit from Suzie Ltd. 750,000

July, 9 Bought goods on credit from Sasa & Sons 640,000

July, 12 Received invoices for carriage on goods from Samcol 940,000

July, 14 Bought goods on credit from Bala & Sons 1,050,000

July, 15 Received invoice for electricity from NEPA 750,000

July, 18 Bought goods on credit from Mike Essien & Co 645,000

July, 25 Bought stationery on credit from Suzie Ltd. 874,000

July, 26 Received invoice from Babs motors for vehicle repair 682,000

July, 28 Bought goods on credit from Bala & Sons 1,200,000

July, 30 Bought goods on credit from Nana & Co 450,000

July, 31 Received invoices for gas consumed from Owusu Ltd. 894,500

**Required:** Prepare the Analyzed purchases day book for the month of July, 2006 in the books of Benard Carena.

**Sales Returns Book**

The sales returns book or returns inward book is the book of original entry that records returns on goods sold to customers. The sales returns book analyses what goods were returned.

**Illustration Refer to Illustration 2**

Victor Enterprises Sept. 10, 2006 Jacobs and Sons returned 3 wooden chairs

Sept. 12 2006 Annan Enterprises returned 2 wall clocks

Sept. 14 2006 Moruf Enterprises returned 1 wooden chair

**Required:** Prepare the Sales returns book for Victor Enterprises.

**The Journal**

The journal is used as the book to record transactions that do not fit into other subsidiary books. The information recorded in the journal about each transaction includes:

* The date of the transaction
* The debit and credit changes in specific ledger accounts
* A brief explanation of the transaction, referred to as narration or narrative.

The narration is required to indicate the purpose and authority of the transaction. For efficient use of the journal, students must be able to analyze the effect of a transaction on assets, liabilities, and owner’s equity.

**Uses of the Journal**

The journal is used for the following:-

* Opening and closing entries
* Transfer from one account to the other
* Purchases and sales of non-current assets on credit.
* End of period adjustments
* Correction of errors.

**The layout of the Journal**

**Journal**

**Date Particulars Folio Dr(**N) **Cr(**N)

The name of account to debit XX

The name of account to credit XX

The Narration

The name of the account to be debited is always shown first. The name of the account to credit is inserted to the right hand side. The narration is not indented. A blank space should be left after each entry to make each set of journal entries stand out clearly.

**Opening Entries:**

When the journal is used for opening entries the aim is to determine the value of the opening capital.

Illustration

N. Gyan‟s business affairs on 1 January, 2006 stood as follows: ¢

N

Cash in hand 66,000

Cash at bank 366,000

Inventories 375,000

Furniture and fittings 180,000

Creditors 150,000

**Required:** Record these transactions in a Journal.

**Transfer from one account to the other through the journal**

Only the journal can readily explain the transferring from one account to the other, what happens will be narrated and any doubt will be set aside.

**Illustration**

Record through the journal entry transfer of N600,000 from Wasobia & Co’s account in the bought ledger to their account in the sales Ledger, to set off purchase against sales. The transaction took place on 31 January, 2007.

**Other uses of the Journal**

The use of journal for other purposes is shown in the following illustration:

Illustration

The following transactions took place in the books of Orire Ltd. in June, 2006

1. A machine is bought on credit from Jerry Enterprises for N186,000 on June 1
2. A motor vehicle is sold to Jebeleje on credit for N360,000 on June 8
3. Bobo. T a debtor owed N160,000. He offers a motor car in full settlement of the debt on June 16 and the offer was accepted.
4. Ilemobayo is a creditor. On June 25, his business is taken over by Prospect Ventures to which the debt of N45,000 is now to be paid. Show the journal entries to record the transactions.

**Practice Question**

Below are the details of credit transactions of Tikay ventures for the month of January, 2020.

January 1, 2020 Sold to Roger Mila

20 bags of suger at ~~N~~40 per bag

12 plates at ~~N~~140 each

Trade discount of 2%

January 3, 2020 Returned from Roger Mila

1 bag of sugar at ~~N~~40 each

3 plates at ~~N~~140 each

Trade discount of 2%

January 12, 2020 Sold to Shorumu

12 bags of cement at ~~N~~45 each

5 packets of tea at ~~N~~15 each

Trade discount of 10%

January 13, 2020 Bought from Drinks ltd.

12 crates of coke at ~~N~~140 each

5 crates of Fanta at ~~N~~120 each

Trade discount of 20%

January 15, 2020 Returned to Drinks ltd.

6 crates of coke at ~~N~~140 each

I crate of Fanta at ~~N~~120 each

Trade discount of 20%

January 17, 2020 Bought from PZ ltd.

140 bags of flour at 100 each

400 soaps at ~~N~~2 each

Subject to trade discount of 10%

January 20, 2020 Returned to PZ ltd.

14 bags of flour at ~~N~~100 each

40 spoons at ~~N~~2 each

Trade discount at 10%

January 27, 2020 Sold to Muibat

15 shoes at 65 each

100 packet shirts at 13 each

Trade discount at 5%

January 30, 2020 Returned from Muibat

3 shoes at 65 each

2 packet shirts at 13 each

Trade discount at 5%

**Required: prepare**

1. Sales day book and post to the relevant ledgers
2. Purchases day book and post to the relevant ledgers
3. Sales returns day book and post to the relevant ledgers
4. Purchases returns day book and post to the relevant ledgers