

Subject: Financial Accounting

Class: Senior Secondary School 1 (SS1)

Week 6 Topic: Sales and Purchase Journals

Lesson Duration: 80 Minutes

Theme: Bookkeeping and Accounting Principles

Instructional Objectives:

At the end of the lesson, students should be able to:

1. Identify and list various types of subsidiary books.
 2. Explain the purpose and contents of sales and purchase day books.
 3. Describe the uses of return inwards and return outwards journals.
 4. Prepare and post transactions from sales and purchase journals correctly into ledger accounts.
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CONTENT

1. Subsidiary Books

Subsidiary books (also known as books of original entry or day books) are used to record transactions **before** they are posted to the ledger. They reduce bulk in the journal and organize financial transactions into categories.

Types include:

- Sales Day Book
- Purchases Day Book
- Return Inwards Journal
- Return Outwards Journal
- Cash Book
- Journal Proper

2. Sales Day Book

This records all **credit sales** of goods that the business normally deals in.

Important Notes:

- It **does not** record cash sales or sale of assets.
- Each sale must be supported by an **invoice**.

Format:

Date Invoice No. Customer's Name Details Amount (₦)

Example Entry:

- 5th July: Sold 10 cartons of detergent worth ₦80,000 on credit to Musa & Sons. Invoice No: 120.

3. Purchases Day Book

This records all **credit purchases** of goods that the business intends to resell.

Key Points:

- It excludes purchases of fixed assets or any cash purchases.
- It must be backed by a **supplier's invoice**.

Format:

Date Invoice No. Supplier's Name Details Amount (₦)

Example Entry:

- 6th July: Bought 20 bags of rice on credit from Aisha Stores for ₦150,000. Invoice No: 0085.

4. Return Inwards Journal (Sales Returns Book)

Records goods returned **to the business** by customers due to damage, defect, or wrong items.

Supported by a: Credit Note

Format:

Date Credit Note No. Customer Name Reason Amount (₦)

Example Entry:

- 8th July: Musa & Sons returned 2 cartons of detergent worth ₦16,000. Credit Note No: CN10.
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5. Return Outwards Journal (Purchase Returns Book)

Records goods the business returns **to suppliers**.

Supported by a: Debit Note

Format:

Date Debit Note No. Supplier Name Reason Amount (₦)

Example Entry:

- 9th July: Returned 3 defective bags of rice worth ₦22,500 to Aisha Stores. Debit Note No: DN07.
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6. Cash Book (Overview)

The cash book records all **cash and bank transactions**.

Though not the focus of this week, it's still important to recognize it as a subsidiary book.

- **Single-column cash book** – records cash only
 - **Double-column cash book** – cash + bank
 - **Triple-column cash book** – cash + bank + discount
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Posting to Ledger Accounts

Once transactions are recorded in the subsidiary books, they are posted to the ledger accounts.

Example:

From Sales Day Book: Sold ₦80,000 goods to Musa & Sons

- **Debit:** Musa & Sons Account (Debtors Ledger)

- **Credit:** Sales Account (General Ledger)

From Purchases Day Book: Bought ₦150,000 from Aisha Stores

- **Debit:** Purchases Account
- **Credit:** Aisha Stores Account (Creditors Ledger)