



# BOOKS OF ACCOUNTS



## **Sa Puregold Always Panalo!**

Puregold Price Club Inc.(Or simply Puregold)Is a chain of supermarkets established in 1998 it is the leading retailer in the hypermarket format it the philippines. currently, it has 225 stores with over 1500 suppliers and trade partners and over 230,000 sari sari stores and small business served(Puregold.com2015.)

With it's mission "to provide products service and business opportunities to every Filipino family," Puregold strives to deliver only the best and most affordable goods to it's customers.( Puregold.com 2015) with over thousand transactions each day. can you imagine. How puregold compile, summarize and translate these transactions to create financial statement?

Like all companies, Puregold uses an account information system to collect and process data and to communicate it to users of financial statements it maintains and books of account where it's all financial information recorded and kept.

At the end of this chapter, the students should be able to:

1. identify the uses of the two books of accounts: journals and ledgers;
2. illustrate the format of a general and special journals; and
3. illustrate the format of a general and subsidiary ledgers.



# Introduction:

In a single day, a company engages in hundreds and thousands of business transactions. Some of these include cash and credit sales, purchases of inventories, payment of expenses, acquisition of equipment, and many more. A company should be able to collect and process these financial information in order to summarize them at year-end and to be able to prepare its annual financial statements for its internal and external users.

To keep track of its transactions more efficiently, companies keep and maintain a set of books and/or records called books of accounts. Books of accounts are the finance records, ledgers, and journals that compose the company's accounts. These serve as a company's financial memory and comprise of every single business transactions and financial information of a company. Aside from decision-making and analysis of a business performance, books of accounts are also crucial in ensuring regulatory compliance as they also serve as proof of the business transactions reflected in the financial statement's.

# Introduction:



There are two major books of accounts-the journals and ledgers. A company usually has two kinds of journals. First is the general journal wherein all business transactions are recorded in chronological order and special journals which are used by large companies for recurring transactions such as sales on account and purchases of merchandise on account. Ledgers, on the other hand, also have two types. The general ledger is a grouping of all Accounts (assets, liabilities, and equity) with their balances and the subsidiary ledgers which are also used as an expansion of the general ledger. The subsidiary ledger provides more detailed individual balances of accounts such as accounts receivable and accounts payable.

# **Journals**



A journal is a chronological record of all company's transactions listed by date. It is often referred to as the book of original entry. This is because we first record the business transaction in this book. The recording of financial information into the journal is known as the process of journalizing.

## **General Journal**



Most businesses, especially large companies, may adopt different kinds of journals but all business organizations use the most basic type of journal which is the general journal. The general journal typically displays the transaction's date, account titles and explanations, references, and respective amounts of corresponding accounts. A sample format of a journal is shown as follows.



Date 1	Account Titles and Explanation 2	Ref 3	Debit 4	Credit 5
2016 January 1	Cash Shayne, Capital <i>Owner's investment of cash in the business</i>	101 301	200 000	200 000
January 2	Property, Plant & Equipment Shayne, Capital <i>Owner's investment of equipment in the business</i>	140 301	50 000	50 000
January 3	Inventory Cash <i>Purchase of inventories from supplier through cash</i>	121 101	20 500	20 500
January 4	Accounts Receivable Sales <i>Sale of inventories to customer on account</i>	111 400	50 000	50 000
	Cost of Goods Sold Inventory <i>Sale of inventories to customer</i>	500 121	15 000	15 000
January 8	Inventory Accounts Payable <i>Purchase of inventories from supplier on account</i>	121 201	40 000	40 000
		101	60 000	

January 14	Cash	101	24 000	
	Accounts Receivable	111		24 000
	<i>Collection of customer's accounts receivable</i>			
January 15	Sales Return	401	5 000	
	Accounts Receivable	111		5 000
	<i>Return of merchandise from customer</i>			
	Inventory	121	1 500	
	Cost of Goods Sold	500		1 500
	<i>Return of merchandise from customer</i>			
January 25	Accounts Payable	201	10 000	
	Cash	101		10 000
	<i>Payment of accounts payable to supplier</i>			
January 30	Shayne, Drawing	302	2 000	
	Cash	101		2 000
	<i>Withdrawal of cash from the business for her personal use</i>			
January 31	Salaries Expense	505	5 000	
	Cash	101		5 000
	<i>Paid salaries to employees for the month</i>			

Note: Transactions of a company are journalized in chronological order in the General Journal



## **Date**



The date at which the transaction occurred.

## **Account Titles and Explanation.**

The account to be debited and the account to be credited are recorded. The account titles are referenced to the Chart of Accounts as discussed in the previous chapter. Correct and proper usage of the account titles are necessary for a clear and accurate presentation of amounts in the financial statements. In the given illustration, account titles used are (1) Cash, (2) Property, Plant & Equipment, (3) Shayne, Capital, (4) Inventories, etc. Notice that accounts credited are indented. Also, a brief explanation of the business transaction is described. In the January 1 journal entry, a brief explanation was stated as follows: Owner's investment of cash in the business.

# **Reference Number.**



Reference number of each account journalized. The Ref column is left blank during the journalizing process and is filled out during the posting process.

## **Debit**

Corresponding amount of the account debited is entered. In the January 1 journal entry, the accounts Cash and Property, Plant & Equipment are debited for 200 000 and 50 000, respectively.

## **Credit**

Corresponding amount of the account credited is entered. In the January 1 journal entry, the account Shayne, Capital is credited for 50 000.

With the foregoing illustration, we can see the significance of the journal in the accounting process. First, it shows a chronological record of the company's transactions. Through the journal, companies can easily detect if there are missing or unrecorded transactions. Like a person's diary, the journal narrates the different business dealings of the company by date of occurrence. Next, it discloses the full effect of each of the transactions per entry. Like in the first journal entry of the given illustration, we can easily identify that the transaction has an effect on the company's assets (Cash and Property, Plant & Equipment) and equity (Shayne, Capital). Lastly, the journal serves as a check-and-balance tool of the company. It provides the transaction's corresponding debits and credits. We know from the preceding chapters that the debits should always equal the credits of each entry. As such, each entry in the journal helps prevent



# Ledgers



After journalizing the business transactions in the general journal and special journals the company will now proceed to the process of posting. Posting involves the transferring of journal entries to the ledger accounts to bring together the effect of the transactions to the individual accounts of the company.

The ledger is the grouping of all accounts of a company showing its respective outstanding balances. It is also called the book of final entry of accounting transactions. It presents the changes in specific account balances like cash, accounts receivable, accounts payable, etc. All account balances presented in the financial reports of the company are derived from the ledger. The two kinds of ledgers are the general ledger and the subsidiary ledgers.



# General Ledger



The general ledger contains all the asset, liability, and owner's equity accounts of the company. Unlike journals that are arranged chronologically (regardless of the accounts), the ledgers are usually grouped according to their chart of accounts and arranged according to the order on how they appear on the financial statements, starting from the asset accounts, followed by the liability accounts, and finally, the equity accounts including the revenues and expenses accounts as shown in the figure. Each account is numbered based on the chart of accounts for easier and faster reference. The general ledger shows the amount outstanding on each of the company's accounts as of a certain date.



## Asset Accounts

Property, Plant  
and Equipment

Inventory

Account  
Receivable

Cash

## Liability Accounts

Loans Payable

Salaries  
Payable

Interest  
Payable

Accounts  
Payable

## Owner's Equity Accounts

Cost of Goods  
Sold

Sales

Shayne,  
Drawing

Shayne,  
Capital



Using the information from the sample general journal, a sample format of a general ledger is illustrated as follows.

① CASH					② NO. 101
Date ③	Explanation ④	Ref ⑤	Debit ⑥	Credit ⑦	Balance ⑧
2015					200 000
Jan 1	Investment of Capital by owner	J1	200 000		179 500
3	Purchase of inventories from supplier	J1		20 500	239 500
12	Sale of inventories to customer	J1	60 000		263 500
14	Collection of customer's accounts receivable	J1	24 000		253 500
25	Payment of accounts payable to supplier	J1		10 000	251 500
30	Withdrawal of cash from the business	J1		2 000	246 500
31	Paid salaries to employees for the month	J1		5 000	246 500
	Balance				<b>246 500</b>

ACCOUNTS RECEIVABLE					NO. 111
Date	Explanation	Ref	Debit	Credit	Balance
2015					
Jan 4	Sale of inventories to customer on account	J1	50 000		50 000
14	Collection of customer's accounts receivable	J1		24 000	26 000
15	Return of merchandise from customer	J1		5 000	21 000
31	Balance				<b>21 000</b>

**INVENTORY****NO. 121**

Date	Explanation	Ref	Debit	Credit	Balance
2015					
Jan 3	Purchase of inventories from supplier through cash	J1	20 500		20 500
4	Sale of inventories to customer	J1		15 000	5 500
8	Purchase of inventories from supplier on account	J1	40,000		45 500
12	Sale of inventories to customer			18 000	27 500
15	Return of merchandise from customer	J1	1 500		29 000
31	Balance				<b>29 000</b>

**PROPERTY, PLANT & EQUIPMENT****NO. 140**

Date	Explanation	Ref	Debit	Credit	Balance
2015					
Jan 2	Owner's investment of equipment in the business	J1	50 000		50 000
31	Balance				<b>50 000</b>

ACCOUNTS PAYABLE						NO. 201
Date	Explanation	Ref	Debit	Credit	Balance	
2015						
Jan 8	Purchase of inventories from supplier on account	J1		40 000	40 000	
25	Payment of accounts payable to supplier	J1	10 000		30 000	
31	Balance				30 000	
						30 000

SHAYNE, CAPITAL						NO. 301
Date	Explanation	Ref	Debit	Credit	Balance	
2015						
Jan 1	Investment of Capital by owner	J1		200 000	200 000	
2	Owner's investment of equipment	J1		50 000	250 000	
31	Balance				250 000	
						250 000

SHAYNE, DRAWING						NO. 302
Date	Explanation	Ref	Debit	Credit	Balance	
2015						
Jan 30	Withdrawal of cash from the business	J1	2 000		2 000	
31	Balance				2 000	
						2 000

**SALES****NO. 400**

Date	Explanation	Ref	Debit	Credit	Balance
2015					
Jan 4	Sale of inventories to customer on account	J1		50 000	50 000
12	Sale of inventories to customer	J1		60 000	110 000
31	Balance				<b>110 000</b>

**SALES RETURN****NO. 401**

Date	Explanation	Ref	Debit	Credit	Balance
2015					
15	Return of merchandise from customer	J1	5 000		5 000
31	Balance				<b>5000</b>

**COST OF GOODS SOLD****NO. 500**

Date	Explanation	Ref	Debit	Credit	Balance
2015					
4	Sale of inventories to customer	J1	15 000		15 000
12	Sale of inventories to customer	J1	18 000		33 000
15	Return of merchandise from customer	J1		1 500	31 500
31	Balance				<b>31 500</b>



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SALARIES EXPENSE					NO. 405
Date	Explanation	Ref	Debit	Credit	Balance
2015					
Jan 31	Paid salaries to employees for the month	J1	5 000		5 000
31	Balance				5 000

## Account Title



The general ledger contains all of the company's accounts and its balances. Each T-account is labeled with its corresponding account title (e.g., Cash, Accounts Receivable, Accounts Payable, Retained Earnings, etc).

## Ledger Account Reference Number.

With reference to the company's Chart of Accounts, each of the account titles corresponds to a reference number. In the above example, the Cash account is assigned to Reference Number 101 while the Accounts Receivable account corresponds to Reference Number 111.

## Date.

The date of the transaction is also entered in reference to the journal. Explanation. A brief description of the business transaction is defined. This is sometimes omitted since the entries on the journal already provide an explanation of the transaction.



❖ With the illustration, it will be easier for the company to determine the balances of each of its accounts. These are as follows:

## ASSETS.

•Cash.	246,500
•Account Recevable	21,000
•Inventory	29,000
•Property,Plant & Equipment	50,000

## LIABILITIES

•Account Payable	30,000
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## EQUITY

•Shayne Capital.	250,000
•Shayne Drawing.	2,000
•Sales	110,000
•Sales Return	5,000
•Cost of Goods Sold	31,500
•Sales Expenses	5,000



The general ledger aids in knowing the balances of each of the accounts at any given provides the outstanding balances of each. Additionally, the general ledger, together with time. Unlike the journal, the general ledger classifies the transactions into accounts and the subsidiary ledgers, serves as a control account to check for errors and misstatements in posting. At month-end or year-end, the company reconciles the balances of its general ledger and subsidiary ledgers.



## SPECIAL JOURNALS

Relatively, transactions of small businesses such as sari-sari stores are often a few, and as such, journalizing using the general journal is enough. Large companies, however, often engage in hundreds of transactions each day. In order to expedite the journalizing process, a company usually utilizes special journals in addition to the general journal. Special journals are used to record typical and similar types of transactions. The number of special journals managed by a company is dependent on the types of transactions that occur frequently. For example, merchandising companies usually have numerous recurring sales of merchandise on account or purchases of supplies on account. Thus, these companies can adopt two additional special journals. Some of the most common special journals used by companies are shown below.

# Special Journal

Sales Journal

Cash Receipts Journal

Purchases Journal

Cash Payments Journal

## Purpose

Used in journalizing all sales of merchandise on account

Used in journalizing all cash received (including cash sales)

Used in journalizing all purchases of merchandise on account

Used in journalizing all cash paid (including cash purchases)

In cases where a company has other recurring transactions not mentioned in the foregoing, the company may opt to add further special journals. Consequently, the company records the rest of the transactions that cannot be entered in the special journals on the general journal. For example, assuming the company only has the four types of special journals mentioned above, transactions like investment of owners and payment of operating expenses on account are recorded in the general journal instead. In addition, correcting, adjusting, and closing entries are recorded in the general journal. Samples for each of the special journals are illustrated as follows.



Special Journal Title.

The name of the special journal -  
**Sales Journal.**

Special Journal Reference Number.

Reference number of the special journal that  
is used during posting to the ledgers.

Date.

The date at which the transaction occurred.

Account Debited.

Each of the company's individual customers is  
shown. This will be helpful during the posting  
process to the subsidiary ledgers.

Invoice Number.

Pre-numbered invoices ensure that all  
invoices transactions are journalized

Reference

A check mark is inputted under this column  
when postings are made in the ledger. This is to  
ensure all transactions are posted and, at the  
same time, to prevent double postings

1 SALES JOURNAL					2 S1
3 Date	4 Account Debited	Invoice No.	6 Ref	Dr. Accounts Receivable	Cr. Sales 7
2015		5			
March 1	Castro, Inc.	101	✓		200 000
5	Esguerra & Co.	102	✓		650 000
12	Rosuman Corp.	103	✓		340 000
20	Lugtu, Inc.	104	✓		630 000
25	KSLC General Partnership	105	✓		345 000
26	EMR & Co.	106	✓		856 000
31	Reginald and Joseph's Sari-sari Store	107	✓		452 000
					8 3 473 000

Dr. Accounts Receivable, Cr. Sales. Since all transactions in each special journal are of the same type, explanations of transactions in each journal entry are eliminated, In our example, it is shown that all the transactions inputted in the sales journal include a debit to accounts receivable and a credit to sales. Under this column, the respective amounts of each transaction are entered

Total. At the end of each month, the total is computed. This will then be posted to the general ledger rather than the individual entries. This saves time and, at the same time, reduces the possibilities of errors in posting.



# 1.Special Journal Title.

The name of the special journal - Cash Receipts Journal.

# 2.Special Journal Reference Number.

Reference number of the special journal that is used during posting to the ledgers.

# 3.Date.

The date at which the transaction occurred.

# 4.Account Credited.

The account that is credited with reference to the chart of accounts.

# 5. Reference.

It is left blank upon journalizing and is filled out during the posting process. A check mark is inputted under this column when postings are made in the ledger.

B. Cash Receipts Journal

① CASH RECEIPTS JOURNAL

② CR1

③ ④ ⑤ ⑥ ⑦ ⑧

③ Date	④ Account Credited	⑤ Ref	⑥ Dr. Cash	Cr. Accounts Receivable	⑦ Cr. Sales	Cr. Other Accounts
2015						
March 1	Krystel, Capital		200 000			200 000
2	Rosuman, Corp.		750 000		750 000	
6	KSLC General Partnership		30 000	30 000		
30	CastroCute & Co.		25 000		25 000	
			<u>1 005 000</u>	<u>30 000</u>	<u>775 000</u>	<u>200 000</u>

⑧

6. *Dr. Cash*. The corresponding amount of cash debited is entered.

7. *Cr. Accounts Receivable, Sales, Other Accounts*. The respective amount credited is entered

8. *Totals*. These will be posted to the general ledger rather than the individual entries



Dr. Invtry      Cr. A/P  
Ch. A/P      Cr. Cash

① PURCHASES JOURNAL      ② P1

Date ③	Account Credited ④	Terms ⑤	Ref ⑥	Dr. Merchandise Inventory ⑦ Cr. Accounts Payable
2015				
March 3	Rachel and Ross Merchandising			
4	ChanTheMan Inc.	2/10 n/30	213	20 000
8	Monicuh Corp.	4/15 n/30	203	10 000
25	PheebSleeves Inc.	1/20 n/30	206	5 500
26	Joey Tribianni Co.	2/10 n/30	214	21 000
28	Gunther Inc.	5/15 n/30	207	12 000
		3/10 n/30	216	9 000
				77 500

⑧

1. *Special Journal Title.* The name of the special journal - Purchases Journal.
2. *Special Journal Reference Number.* Reference number of the special journal that is used during posting to the ledgers.
3. *Date.* The date at which the transaction occurred.
4. *Account Credited.* The company's individual suppliers are shown. This will be helpful during the posting process to the subsidiary ledgers.

5. *terms* include the discount rate, discount period, and payment period. For example, "2/10 n/30" indicates a 2% discount if paid within 10 days; otherwise, the payment should be made within 30 days.

6. *Reference.* This column is left blank upon journalizing and is filled out with a check during the posting process to ensure all transactions are posted and to eliminate double postings to the ledger.

7. *Dr. Merchandise Inventory, Cr. Accounts Payable.* The purchases journal contains all purchases on account. All the transactions inputted in the purchases journal include a debit to Merchandise Inventory and a credit to Accounts Payable. Under this column, the respective amounts of each transaction are entered

8 : *Total* at the end of each month the total computed. this will then be posted to the general ledger rather than the individual entries. this saves time and at the same time reduce the possibilities of error posting.

## ② CASH PAYMENTS JOURNAL

Date ③	Check No. ④	Account Debited ⑤	Ref ⑥	Dr. Accounts Payable ⑦	Dr. Other Accounts	Cr. Cash ⑧
2015						
March 1	1071	Walter White Ltd.		40 000		40 000
2	1072	PinkMan Corp.		34 000		34 000
4	1073	Walter Junior Inc.		28 000		28 000
7	1074	Property, Plant & Eqpt.			120 000	120 000
19	1076	Supplies Expense			45 000	45 000
20	1077	Merchandise Inventory			23 000	23 000
				102 000	188 000	290 000

⑨

4. Check No. The corresponding check numbers of each cash payment are recorded to maintain a record of the disbursed checks. >>>

5. Account Debited. The account that is debited.

6. Reference. This column is left blank upon journalizing and is filled out with a check during the posting process to ensure all transactions are posted and to eliminate double postings to the ledger.

7. Dr. Accounts Payable, Other Accounts. The respective amount debited is entered.

8. Cr. Cash. The corresponding amount of Cash credited is entered. Totals. These will be posted to the general ledger rather than individual entries.

1. Special Journal Title. The name of the special journal - Cash Payments Journal.

2. Special Journal Reference Number. Reference number of the special journal that is used during posting to the ledgers.

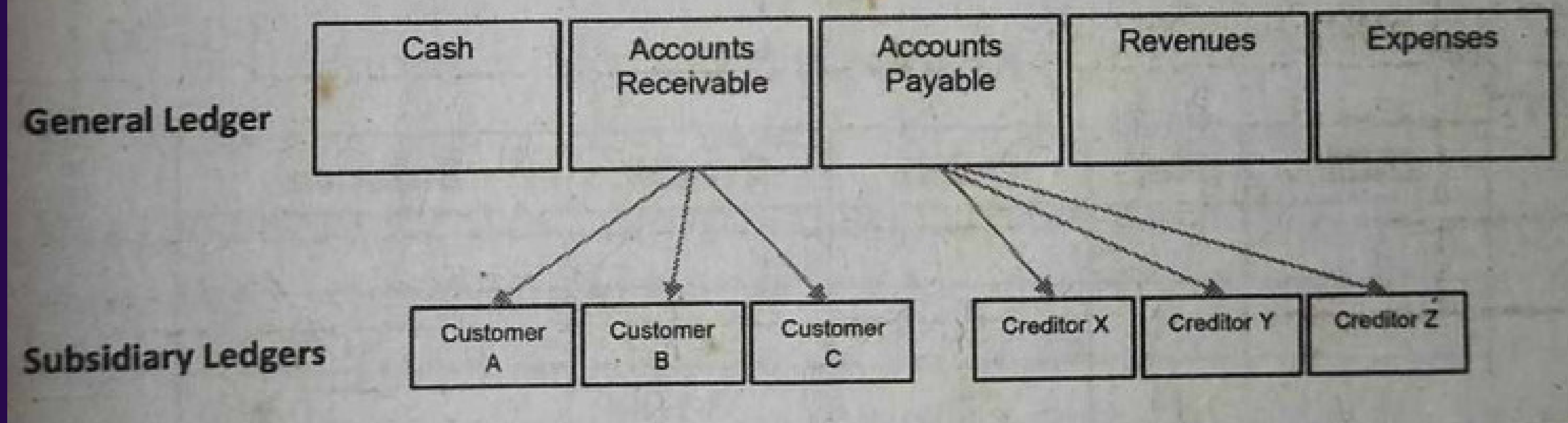
3. Date. The date at which the transaction occurred.



**Special journals** are very advantageous especially to large business. initially it allows better division of labor for the company. As several journals are being employed. different people can record and journalize entries at the same time. For example, one person can journalize sales on account while the other person can record cash payments simultaneously. Next, a company also saves time in posting to the ledger. basically, transactions are posted in the ledgers at the end of each day However. when a company uses specs journalsm it can do the posting process at the end of each month

**subsidiary ledgers** large companies. have thousandss of transaction from their hundreds of customers who buy goods and merchandise on credit if the company only utilizes a general ledgers, who buy goods and merchandise on credit. if the company only utilizes a general ledger imagine the time it will take to determine the outstanding balances. of eqch of its individual customers. the same is also true when it comes tot the company's individual creditors.

to ease their burden large companies use subsidiary ledger is a group of accounts with a similar characteristic( e.g accounts receivable and account receivable and accounts payable).. it is an additional record to the general ledger utilized by the company to track the per- individual accounts of the company's customers creditors and the like. the relationship of the subsidiary ledger with the general ledger is described as followed



The two most common types of subsidiary ledgers are the accounts receivable ledger and the accounts payable ledger. The accounts receivable ledger is used mainly to track the individual account balances of the company's customers. In the illustration, the accounts receivable ledger provides the outstanding balances of customers A, B, and C. The accounts payable ledger, on the other hand, displays the outstanding balances of each of the creditors of the company. From the illustration, the accounts payable ledger shows each of the outstanding payables of the company to creditors X, Y, and Z.

Subsidiary Ledger	Purpose
Accounts Receivable Ledger	Used in tracking individual accounts receivable balances of company's customers
Accounts Payable Ledger	Used in tracking individual accounts payable balances of company's creditors





samples of the accounts recievable ledger and accounts payable ledger are  
illustrated as follows



### A. Account Recievable Subsidiary Ledger

lanbabes & Co.				
Date	Ref	Debit	Credit	Balance
2015				
March 5	J1	40 000		40 000
10	J1	60 000		100 000
31	J1		20 000	800 000

Jowsie & Co.				
Date	Ref	Debit	Credit	Balance
2015				
March 1	J1	33 000		33 000
4	J1	47 000		80 000
29	J1	24 000		104 000
31	J1		85 000	19 000

Ryanbear & Co.				
Date	Ref	Debit	Credit	Balance
2015				
March 9	J1	80 000		80 000
17	J1		30 000	50 000
31	J1		50 000	0

The format of an account receivable subsidiary ledger is the same as that of yhe general ledger. the only difference is that the accounts receivable subsidiary ledger provides a running balance of each of the company's customers on credit in the illustrations it is recognized without effort that the balance of lanbabes & Co Jowsie& Co and ryanbear & Co as of march 31 Are ₱800,000 and ₱19,000 and ₱0 respectively

### B. Accounts Payable Subsidiary Ledger

#### TedSchmosby Inc.

Date	Ref	Debit	Credit	Balance
2015				
March 1	J1		20 000	20 000
16	J1		30 000	50 000
27	J1	15 000		35 000
31	J1	10 000		25 000



# Scherbatsky Ltd and Barney waitforit stinson & Co



Scherbatsky Ltd.				
Date	Ref	Debit	Credit	Balance
2015				
March 5	J1		10 000	10 000
6	J1		25 000	35 000
7	J1		30 000	65 000
19	J1		50 000	115 000

Barney WaitForlt Stinson & Co.				
Date	Ref	Debit	Credit	Balance
2015				
March 6	J1		5 000	5 000
21	J1	3 000		2 000
22	J1	2 000		0
23	J1		20 000	20 000

Like the accounts receivable subsidiary ledger, the format of an accounts payable subsidiary ledger is the same as that of the general ledger. The accounts payable subsidiary ledger provides a running balance of each of the company's suppliers or creditors. From the foregoing illustrations, the balances of TedSchmosby Inc., Scherbatsky Ltd., and Barney WaitForlt Stinson & Co. are determined easily-P25 000, P115 000, and P20 000, respectively.



Subsidiary ledgers are valuable especially in large companies with thousands of transactions from numerous customers and creditors. As we can see from the sample accounts receivable subsidiary ledger, transactions are grouped according to each of the individual customer accounts of the company, namely, Ianbabes & Co., Jowsie & Co, and Ryanbear & Co. This provides an up-to-date information on the different individual account balances of customers in the accounts receivable, as well as creditors in the accounts payable. In addition, the subsidiary ledgers help in detecting errors and misstatements in posting of entries in the ledger. At year-end or month-end, the company can easily reconcile the balance of the general ledger account to the total of the individual subsidiary ledgers to determine whether there are transactions not posted. Finally, like the special journal, the subsidiary ledger allows greater division of labor for the company. As the two kinds of ledgers are being utilized, different employees can post in the general ledger and in the subsidiary ledgers simultaneously.





## Chapter Summary



- The journal is a chronological record of all company's transactions listed by date. It is often referred to as the book of original entry.
- The basic type of a journal is the general journal. The general journal typically displays the transaction's date, account titles and explanations, references, and respective amounts of corresponding accounts.
- The ledger is the grouping of all accounts of a company showing its respective outstanding balances. It is also called the book of final entry of accounting transactions.
- The general ledger contains all the asset, liability, and equity accounts of the company.
- Special journals are used to record typical and similar types of transactions. The sales journal is used to record all sales of merchandise on account. The cash receipts journal is used to record all cash receipts (including cash sales). The purchases journal is used to record all purchases of merchandise on account. The cash payments journal is used to record all cash payments (including cash purchases of inventory).
- Subsidiary ledgers group accounts with similar characteristics (e.g., Accounts Receivable and Accounts Payable). The accounts receivable ledger is used to mainly track the individual

**That's all for today**

**THANK  
YOU**

**For listening**

FABM (GROUP 9)