

## CHAPTER-12

### BOOKS OF ORIGINAL ENTRY- SPECIAL PURPOSE SUBSIDIARY BOOKS

**Purchase Book or Purchase Journal-** All credit purchases of goods are recorded in the purchase book 'Goods' here mean only those things in which the firm is dealing.

#### Format of Purchase Book

| Date | Particular(Name of the supplier)(Account to be credited) | Invoice No. | L. F | Details | Purchase | Input CGST | Input SGST | Input ISGT | Total Amount |
|------|----------------------------------------------------------|-------------|------|---------|----------|------------|------------|------------|--------------|
| (1)  | (2)                                                      | (3)         | (4)  | (5)     | (6)      | (7)        | (8)        | (9)        | (10)         |
|      |                                                          |             |      |         |          |            |            |            |              |

**Sales Book or Sales Journal** -All credit sales of goods are recorded in the sale book. Cash sales will be recorded in the cash book and not in the sales book.

#### Format of Sales Book

| Date | Particular(Name of the Customer)(Account to be debited) | Invoice No. | L.F | Details | Sales | Output CGST | Output SGST | Output ISGT | Total Amount |
|------|---------------------------------------------------------|-------------|-----|---------|-------|-------------|-------------|-------------|--------------|
| (1)  | (2)                                                     | (3)         | (4) | (5)     | (6)   | (7)         | (8)         | (9)         | (10)         |
|      |                                                         |             |     |         |       |             |             |             |              |

**Purchase Return Book or Purchase Return Journal** This book is used to record the return of such goods as were purchased on credit basis .The book is also known as Return Outward Book. There may be various reasons for returning the goods to the suppliers:-

- (1) When the goods delivered are not according to the sample.
- (2) When the goods are not according to the order or the quality of the goods supplied is inferior.

- (3) When the goods are defective or they have been damaged in transit.
- (4) When the price charged in the invoice is in excess of the agreed price.
- (5) When the goods have not been delivered in time.

When the goods are returned, a debit note is prepared and is sent to the supplier with the returned goods. A debit note contains the name of the party to whom the goods have been returned, details of the goods returned and the reason for returning the goods. Each debit note is serially numbered, dated and is prepared in duplicate. Original copy is sent to the supplier informing him the amount for which his account has been debited on account of return of goods. It is called a debit note because the party's account is debited with the amount written in this note. The party to whom the goods have been returned also prepares and sends a note which is called the credit note.

**Format of Purchase Return Book**

| <b>Date</b> | <b>Particular(Name of the supplier)(Account to be debited)</b> | <b>Debit note No.</b> | <b>L.F</b> | <b>Details</b> | <b>Purchase Return</b> | <b>Input CGST</b> | <b>Input SGST</b> | <b>Input ISGT</b> | <b>Total Amount</b> |
|-------------|----------------------------------------------------------------|-----------------------|------------|----------------|------------------------|-------------------|-------------------|-------------------|---------------------|
| <b>(1)</b>  | <b>(2)</b>                                                     | <b>(3)</b>            | <b>(4)</b> | <b>(5)</b>     | <b>(6)</b>             | <b>(7)</b>        | <b>(8)</b>        | <b>(9)</b>        | <b>(10)</b>         |
|             |                                                                |                       |            |                |                        |                   |                   |                   |                     |

**Sales Return Book or Sales Return Journal** This book is used to record the return of such goods as were sold to the customers on credit basis. The book is also known as Return Inwards Book. When the goods are received back, a credit note is prepared in duplicate and the original copy of the same is sent to the party from whom goods were received. A credit note contains details relating to the name of the customer, details of the goods received back and the amount of return. Each credit note is serially numbered and dated. This note is called a credit note because the party's account, from whom the goods are received back, is credited with the amount written in the note. The same note is called a debit note by the party who is returning the goods because that party will use this note for debiting the account of the party to whom it has returned the goods

**Format of Sales Return Book**

| <b>Date</b> | <b>Particular(Name of the Customer)(Account to be credited)</b> | <b>Credit note No.</b> | <b>L.F</b> | <b>Details</b> | <b>Sales Return</b> | <b>Output CGST</b> | <b>Output SGST</b> | <b>Output ISGT</b> | <b>Total Amount</b> |
|-------------|-----------------------------------------------------------------|------------------------|------------|----------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| <b>(1)</b>  | <b>(2)</b>                                                      | <b>(3)</b>             | <b>(4)</b> | <b>(5)</b>     | <b>(6)</b>          | <b>(7)</b>         | <b>(8)</b>         | <b>(9)</b>         | <b>(10)</b>         |
|             |                                                                 |                        |            |                |                     |                    |                    |                    |                     |

**Difference between Purchase Book and Purchase Account**

- (1) Purchase Book is a part of Journal, whereas Purchase Account is the part of Ledger.
- (2) There is difference in the format of Purchase Book and Purchase Account. Purchase Book is not divided into debit and credit sides, whereas purchase account is divided into debit and credit sides.
- (3) Purchase book records only credit purchases of goods, whereas credit as well as cash purchases of goods are posted in the purchase account.

**Journal Proper or General Journal**

After the sub-division of journal into various subsidiary books, journal remains only a residuary book in which only those transactions are recorded which cannot be recorded in any other subsidiary book. In such a case journal is called journal proper. For example, if machinery is purchased on credit, it can neither be recorded in cash book nor in purchase book.

**VERY SHORT ANSWER QUESTIONS**

**1. What is a purchase book?**

Ans. It is subsidiary book which records Credit purchases of goods.

**2. What is a sales book?**

Ans. It is subsidiary book which records Credit sales of goods.

**3. Give one point of distinction between Purchases Book and Purchases Account.**

Ans. Purchases book is a part of Journal whereas purchases account is a part of Ledger.

**4. What is a debit note?**

Ans. A debit note is prepared by the purchaser when goods are returned by him. It is called a debit note because the party's account is debited with the amount written in it.

**5. What is a credit note?**

Ans. A credit note is prepared by the seller when the goods sold are received back. It is called a credit note because the party's account, from whom goods are received back, is credited with the amount written in the note.

**6. Mention two transactions which are recorded in Journal Proper.**

Ans. (i) Opening Entry  
(ii) Closing Entries

**7. An old machinery was sold to Manish for Rs. 56,000. Name the book in which this entry will be recorded.**

Ans. Journal Proper.

**8. "When a Sales Book is maintained, there is no need to open Sales Account in the Ledger". Do you agree?**

Ans. No. Because Sales Book records only Credit Sales of goods whereas Sales Account records both Cash as well as Credit Sales.

**OBJECTIVE TYPE QUESTIONS**

(A) Match the transactions in column I with relevant subsidiary books in column II

| Column I                     | column II               |
|------------------------------|-------------------------|
| (i) Credit purchases         | (A) Return outward Book |
| (ii) Depreciation            | (B) Sales Book          |
| (iii) Goods return to Alisha | (C) Journal proper      |
| (iv) Trade discount allowed  | (D) Purchase Book       |

Choose from the options given below:

- (a) (i)-(A); (ii)-(B);(iii)-C;(iv)-D
- (b) (i)-(D); (ii)-(C);(iii)-B;(iv)-A
- (c) (i)-(B); (ii)-(D);(iii)-A;(iv)-C
- (d) (i)-(D); (ii)-(C);(iii)-A;(iv)-B

[Ans.(d)]

**(B) Choose the best Alternate**

**1. Purchases book is used to record:**

- (A) Purchases of goods
- (b) Credit Purchases of goods
- (c) Credit Purchases of asset
- (d) All credit Purchases

**2. Debit notes issued are used to prepare:**

- (A) Purchases Return Book
- (B) Sales Return Book

(C) Purchases Book

(D) Sales Book

3. ....**is not a subsidiary book**

(A) Purchases Return Book

(B) Purchases Book

(C) Ledger

(D) Sales Book

4. **Recording is made in purchases book:**

(A) After deducting trade discount

(B) After adding trade discount

(C) After deducting cash discount

(D) After adding cash discount

5. **Debit Note is the source of writing:**

(A) A debit entry in an Account

(B) A sale to a person

(C) Sales Return Book

(D) Journal Proper

6. **A separate column is made for 'Credit Note No.' in**

(A) Purchases Book

(B) Sales Book

(C) Purchases Return Book

(D) Sales Return Book

7. **Total of Purchase Return Column in the Purchases Return Book is posted to:**

(A) Purchases Return A/c—Debit

(B) Purchases Return A/c—Credit

(C) Purchases A/c—Debit

(D) Purchases A/c—Credit

8. **Total of Sales Return Column in the Sales Return Book is posted to:**

(A) Sales A/c—Debit

(B) Sales A/c—Credit

(C) Sales Return A/c—Debit

(D) Sales Return A/c—Credit

9. **In case lesser amount is recorded in sales invoice by mistake, then a.....is sent**

(A) Debit Note

(B) Credit Note

(C) Cash Note

(D) Debit or Credit Note

10. **Goods taken away by the proprietor from business for his personal use will be recorded in:**

(A) Purchases Book

(B) Sales Book

(C) Purchases Return Book

(D) Journal Proper

**11. Recording is made in Journal Proper of:**

- (A) All transactions
- (B) Those transactions which are not recorded in any subsidiary book.
- (C) All cash transactions
- (D) All credit Transactions

**12. Recording is made in Journal Proper of:**

- (A) Opening Entries
- (B) Closing Entries
- (C) Adjustment Entries
- (D) All of the above

**13. A note sent by buyer on return of goods is**

- (A) Credit Note
- (B) Return Note
- (C) Debit Note
- (D) None of these

**14. Purchased of furniture on credit should be recorded in**

- (A) Journal
- (B) Purchase Book
- (C) Cash Book
- (D) Journal Proper

**15. A.....is sent to a supplier when we return goods.**

- (A) Debit Note
- (B) Credit Note
- (C) Proforma Invoice
- (D) None of these

|        |        |        |        |        |       |       |       |       |        |
|--------|--------|--------|--------|--------|-------|-------|-------|-------|--------|
| 1.(B)  | 2.(A)  | 3.(C)  | 4.(A)  | 5.(A)  | 6.(D) | 7.(B) | 8.(C) | 9.(A) | 10.(d) |
| 11.(B) | 12.(D) | 13.(C) | 14.(D) | 15.(A) |       |       |       |       |        |