

Special Purpose Subsidiary Books

Purchases and Purchases Return Book- Purpose, Format and Examples

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Introduction to Purchases Book
 - Format of a Purchases Book
- Posting of Transactions in Purchases Book
- Important Notes Relating to Purchases Book
 - Difference between Purchases Book and Purchases Account
- Introduction to Purchases Return Book
- Format of Purchases Return Book
- Posting of Transactions in a Purchases Return Book

Introduction to Purchases Book

This is one of the most important book which records credit purchases of goods. As we have already understood all transactions related to cash are recorded in the cash book, thus, all the cash purchases are also recorded in the cash book but in case of goods purchased on credit basis we have to record the purchases in the Purchases Book. The goods mentioned above would mean the goods in which the firm is dealing in. The purchase of any asset (For Example land , building, machinery, etc) is never recorded in the Purchases Book. The entries in the Purchases Book are made on the basis of **purchase invoice received from the suppliers** with an amount net of trade discount/quantity discount.

Types of Purchases	To be recorded in
1) Cash Purchases : (a) Of Merchandise (i.e. Goods) (b) Of any other asset (Like Furniture etc)	Cash Book Cash Book
2) Credit Purchases : (a) Of Merchandise (i.e. Goods) (b) Of any other asset (Like Furniture etc.)	Purchase Book Journal Proper

Format of a Purchases Book

PURCHASES BOOK					
Date	Purchase Invoice No.	Name of the Supplier	L.F.	Details (Rs)	Total Amount (Rs)

		Purchases A/c	Dr.			

(a) Date: The date of transaction on which goods were purchased for credit shall be recorded in this column.

(b) Purchase Invoice Number: This shows the invoice number (i.e. source document) showing the purchase of goods.

(c) Name of the Supplier: As the name suggests in the given column we write the name of the supplier from whom the goods are purchased on credit. This also contains a detailed description of goods purchased.

(d) Ledger Folio (L.F.): This suggests the page number of the ledger on which the transaction is recorded.

(e) Details: This column contains the individual total amounts of various items. In case of a trade discount being received from a supplier it should be adjusted in this column only.

(f) Total Amount (Rs): In this column the net amount that is payable to a supplier shall be recorded.

Posting of Transactions from Purchases Book

Posting of Individual Amount to the Suppliers A/c	Posting of Amount to the Purchases A/c
Individual amounts are daily posted to the credit of Suppliers Account by writing " By Purchases A/c " in the particulars column.	Periodically, the total is posted to the debit of Purchases Account by writing " To sundries as per Purchases Book " in the particulars column.

Important Notes Related to Purchases Book

- 1) Only credit purchases of goods are to be recorded in the Purchases Book.
- 2) Goods would mean items or articles in which the business is dealing.
- 3) Trade discount must be shown as a separate deduction in the details column and only net amount is to be shown in the Total Amount Column.
- 4) Sales tax in case payable should be paid only on the amount payable after deduction of trade discount.
- 5) The amount that is arrived at after deducting trade discount and adding sales tax shall be the total credit purchases.

Difference between Purchases Book and Purchases Account

Difference between Purchases Book and Purchases Account		
BASIS OF DIFFERENCE	PURCHASES BOOK	PURCHASES ACCOUNT
1) Type of Book	Purchase Book is a sub division of journal.	It is a part of Ledger.
2) Set Format	A Purchases Book is not divided into debit and credit side.	A Purchases Account is sub divided into two sides- debit and credit.

3) Contents	We only record information relating to credit purchases in Purchases Book.	A Purchases Account contains information about the total purchases i.e. both cash and credit purchases.
4) Posting	The total balance of a Purchases Book is transferred to the debit side of the Purchases Account.	Balance of a purchase account is to be transferred to the debit side of the Trial Balance and after that to the Trading Account.

Example-1: Prepare Purchase Book of Baymonds (Deals in Gents Garments only) from the following transactions.

2013	Particulars
Oct 01	Purchased from M/s Anil & Sons , Mumbai , Invoice No. 501 500 Shirts @ Rs 1000 per Shirt 200 T-Shirts @ Rs 750 per T-Shirt Less : Trade Discount @ 20%
Oct 12	Purchased on credit from M/s Gupta & Sons , Madhya Pradesh , Invoice No. 502 20 Tables @ Rs 10,000 per table
Oct 15	Purchased from Monica Ltd , Ahmadabad , Invoice No. 509 75 Executive Shirts @ Rs 2000 per Shirt 25 Polo T-Shirts @ Rs 500 per T-Shirt Less : Trade Discount @ 10%
Oct 25	Purchased for cash from M/s Shreya & Assoc ,Delhi , Invoice No. 902 400 Shirts @ Rs 900 per Shirt

Solution:

PURCHASES BOOK					
Date	Purchase Invoice No.	Name of the Supplier	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Oct 01	501	M/s Anil & Sons, Mumbai			
		500 Shirts @ Rs 1000 per Shirt		5,00,000	
		200 T-Shirts @ Rs 750 per T-Shirt		1,50,000	
		Less : Trade Discount @ 20%		6,50,000	

				(1,30,000)	5,20,000
Oct 15	509	Monica Ltd, Ahmadabad			
		75 Executive Shirts @ Rs 2000 per Shirt 25 Polo T-Shirts @ Rs 500 per T-Shirt Less : Trade Discount @ 10%		1,50,000 12,500 1,62,500 (16,250)	1,46,250
		Purchases A/c	Dr.		6,66,250

Example-2: Record the following transactions in the Purchases Book of Rama Traders who deals in furniture:

2013	Particulars
June 04	Purchased from Kirti Nagar furniture , Delhi (Invoice No. 981) 20 Chairs @ Rs 500 each 5 Tables @ Rs 1,000 each
June 06	Purchased for cash from R.K. Furniture market , Delhi (Invoice No. 891) 5 Almirahs @ Rs 5,000 10 Chairs @ Rs 500 each Less :Discount 10%
June 10	Bought Bengal Furniture , Kolkata (Invoice No. 1025) 10 Dressing Tables @ Rs 400 each 20 Chairs @ Rs 500 each Delivery and packing Charges Rs 400
June 20	Purchased two computers for office use from M/s HP On credit for Rs 50,000 each
June 25	Purchased from Swati & Co. , Chennai (Invoice No. 1245) 10 Chairs @ Rs 500 each 25 steel cabinets @ Rs 3,000 each Delivery charges Rs 200

Less : Trade Discount 10 %

Solution:

PURCHASES BOOK

	Purchase Invoice No.	Name of the Supplier	L.F.	Details (Rs)	Total Amount (Rs)
Jun 04	981	Purchased from Kirti Nagar furniture , Delhi 20 Chairs @ Rs 500 each 5 Tables @ Rs 1,000 each		10,000 5,000	15,000
Jun 10	1025	Bought Bengal Furniture , Kolkata 10 Dressing Tables @ Rs 400 each 20 Chairs @ Rs 500 each <i>Add:</i> Delivery and packing Charges		4,000 10,000 400	14,400
Jun 25	1245	Swati & Co. , Chennai 10 Chairs @ Rs 500 each 25 steel cabinets @ Rs 3,000 each <i>Less :</i> Trade Discount 10 % <i>Add:</i> Delivery charges Rs 200		5,000 75,000 80,000 (8,000) 72,000 200	72,200
		Purchases A/c	Dr.		1,01,600

Introduction to Purchases Return Book

In case a business have purchased goods on credit basis and due to certain defects in the goods, violation of certain conditions, they are not according to sample and specifications, delivered late or if they are supplied more than what they are ordered and the goods are to be returned then in such a situation the entry would take place in the Purchases Return Book. Neither the returns of goods on cash basis nor the return of any asset other than the goods are recorded in this book.

Format of Purchases Return Book

PURCHASES RETURN BOOK

Date	Debit	Particulars	L.F.	Details	Total
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	Note No.			(Rs)	Amount (Rs)
		Purchases Return A/c	Cr.		

Posting of Transactions in a Purchase Return Book

Posting of Individual Amount	Posting of Periodic Total
Individual amounts are daily posted to the debit of Suppliers Accounts by writing " Purchase Return A/c " on the debit side.	Periodic total is posted to the credit side of Purchases Returns Account by writing " Sundries as per Purchases Return Book " in the credit side of the column.

Example-3: Record the following transactions in the Purchases Return Book.

2013	Particulars
June 25	Returned by Kirti Nagar furniture, Delhi (Debit Note. 250) 10 Chairs @ Rs 450 each 15 Tables @ Rs 1,100 each
June 26	Returned by R.K. Furniture market, Delhi (Debit Note. 350) 20 Almirahs @ Rs 10,000 10 Chairs @ Rs 350 each Less :Discount 10%
June 29	Returned by Bengal Furniture, Kolkata (Debit Note. 125) 12 Dressing Tables @ Rs 300 each 25 Chairs @ Rs 350 each

Solution:

PURCHASES RETURN BOOK					

Date	Debit Note No.	Name of the Supplier		L.F.	Details (Rs)	Total Amount (Rs)
2013						
June 25	250	Kirti Nagar furniture, Delhi				
		10 Chairs @ Rs 450 each			4,500	
		15 Tables @ Rs 1,100 each			16,500	21,000
June 26	350	Bengal Furniture, Kolkata				
		20 Almirahs @ Rs 10,000			2,00,000	
		10 Chairs @ Rs 350 each			3,500	
					2,03,500	
		Less :Discount 10%			(20,350)	1,83,150
June 29	125	Bengal Furniture, Kolkata				
		12 Dressing Tables @ Rs 300 each			3,600	
		25 Chairs @ Rs 350 each			8,750	12,350
		Purchase Return A/c	Cr.			2,16,500

Example-4: Record the following transactions in the Purchases Return Book of Karol Bagh Saree House.

2013	Particulars
Jul 25	Returned by Singhal & Sons, Delhi (Debit Note. 259) 10 Silk sarees @ Rs 550 each Less: Trade Discount @ 10%
Jul 26	Returned one Printer (being defective) Rs 7,500 to HP Ltd
Jul 29	Return to Grover & Sons (Debit Note No. 509) 20 Kota Sarees @ Rs 500 Less: Trade discount @ 20%

Solution :

PURCHASES RETURN BOOK						
Date	Debit Note No.	Name of the Supplier		L.F.	Details (Rs)	Total Amount (Rs)
2013						
Jul 25	259	Singhal & Sons, Delhi 10 Silk sarees @ Rs 550 each Less: Trade Discount @ 10%			5,500 (550)	4,950
Jul 29	509	Grover & Sons 20 Kota Sarees @ Rs 500 Less: Trade discount @ 20%			10,000 (2,000)	8,000
		Purchases Return A/c	Cr.			12,950

Strengthen this topicTAKE A TOPIC TEST**Sales and Sales Return Book- Purpose, Format and Examples****Objective**

After going through this lesson you shall be able to understand the following concept:

- Introduction to Sales Book
 - Format of a Sales Book
 - Posting of Transactions in a Sales Book
 - Some Important Items
 - Difference Between Sales Book and Sales Account
- Introduction to Sales Return Book
 - Format of Sales Return Book
 - Posting of Transactions in a Sales Return Book
 - Difference between Debit and Credit note

Introduction to Sales Book

All the credit sales of goods are recorded in the Sales Book. The credit sales will include sales of only those goods in which the firm deals in. Sales book is also called Sales Day Book. All those transactions relating to sales that are made in cash are to be recorded in Cash Book and not the Sales Book. The below mentioned transactions are not to be recorded in the Sales Book:

1) Cash Sales: As cash sales are to be recorded in the cash book, thus, we shall not record cash sales in Sales book.

2) Sale of Asset: Only the credit sale of the goods is recorded in this book. In case we make sale of an asset like furniture, machinery, building etc. then these transactions are not recorded in the Sales Book.

Format of Sales Book:

SALES BOOK

Date	Sales Invoice No.	Name of Customer		L.F.	Details (Rs)	Total Amount (Rs)
		Sales A/c	Cr.			

(a) Date: The date of transaction on which goods were sold for credit shall be recorded in this column.

(b) Sales Invoice Number: This shows the number of the invoice (i.e. source document) showing the sale of goods.

(c) Name of the Customer: As the name suggests in the given column we write the name of the customer to whom the goods are sold on credit. This also contains detailed description of goods to be sold.

(d) Ledger Folio (L.F.): This suggests the page number of the ledger on which the transaction is recorded.

(e) Details: This column contains the individual total amounts of various items. In case of a trade discount being allowed to a customer it too must be adjusted in this column only.

(f) Total Amount: In this column the net amount that is receivable from a customer shall be recorded.

Posting of Transactions in a Sales Book

We can better understand the posting of individual entries and the total of the Sales Book as given below:

Posting of individual Amount	Posting of Periodic Total
Individual amounts are daily posted to the debit side of the customer's account by writing Sales A/c in the debit column.	Periodic total is posted to the credit of sales A/c by writing Sundries as per Sales Book on the credit side.

Difference between Sales Book and Sales Account

Basis	Sales Book	Sales Account
1) Type of Book	It forms a part of Journal Book.	It forms a part of Ledger.
2) Set Format	It does not have a debit or credit column as found in the ledger.	Debit and credit columns are present in the account.
3) Contents	It records only the credit sales of goods.	Credit as well as cash sales of goods are recorded.
4) Amount	The total amount of sales book is posted to the sales account periodically.	The balance of such an account is transferred to the trading account.

Example-1: From the following particulars prepare Sales Book of M/s Saurabh Mehta & Sons Delhi, dealers in stationery:

2013	

Jan 01	Sold to Aspire Ltd on credit invoice No. 101 3 reams white paper @ Rs 300 per ream
Jan 02	Sold to Singh Enterprises , Invoice No.102 2 Dozen Chelpark Inkpots @ Rs 200 per dozen
Jan 10	Sold old periodicals for cash Rs 25
Jan 25	Sold on Credit to M/s Anikeet & Co. Invoice No. 103 25 White Boards @ Rs 100 per piece
Jan 26	Sold to M/s Jaggi & Sons on credit 2 sets of Transistors @ Rs 400 per set
Jan 30	Sold to Kay Kay Bros on credit 4 Chair sets @ Rs 1,000
Jan 31	Sold to Lalit Stationery for cash 5 reams of White Paper @ Rs 250per ream

Solution

SALES BOOK					
Date	Sales Invoice No.	Name of the Customer		L.F.	Total Amount (Rs)
2013					
Jan 01	101	Aspire Ltd 3 reams white paper @ Rs 300			900
Jan 02	102	Singh Enterprises 2 Dozen Chelpark inkpot @ Rs 200 per dozen			400
Jan 25	103	M/s Anikeet Co. 25 White boards @ Rs 100			2,500
		Sales A/c	Cr.		3,800

Note: Sale of old newspaper for cash and sale of white paper for cash will be recorded in cash book and credit sales of transistors and chairs will be recorded in the Journal Proper.

Example-2: From the following particulars prepare Sales Book of M/s Richa Gupta Co. Ltd:

2013	
Dec 03	Sold to M/s Mehta & Lalla on credit 20 Shirts @ Rs 200 each 10 Trousers @ Rs 500 each Less : Trade Discount @ 10%
Dec 10	Sold old furniture to M/s Jain & Co. on credit Rs 1,000
Dec 20	Sold 100 shirts on credit to M/s Sehgal & Sons @ Rs 190 each
Dec 23	Sold on credit to M/s Sehgal & Jain : 30 Shirts @ Rs 300 each 20 overcoat @ Rs 500 each Less : Trade Discount @ 10%

Solution

SALES BOOK					
Date	Invoice No.	Name of the Customer	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Dec 03		M/s Mehta & Lalla 20 Shirts @ Rs 200 each 10 Trousers @ Rs 500 each Less: Trade Discount @ 10%		4,000 5,000 9,000 (900)	8,100
Dec 20		M/s Jain & Co. 100 shirts @ Rs 190			19,000
Dec 23		M/s Sehgal & Jain 30 Shirts @ Rs 300 each 20 overcoat @ Rs 500 each		9,000 10,000	

				19,000	
		Less: Trade Discount @ 10%		(1,900)	17,100
Dec 30		Sales A/c	Cr.		44,200

Introduction to Sales Return Book

Sales Return Book is a book of original entry in which transactions relating to the return of sales of goods is recorded. It does not record the return of goods on cash basis. There are several reasons of return of goods by a customer. These may be:

- 1) Defective goods being supplied.
- 2) Delay in supply of goods to the customers.
- 3) The goods sent do not match the specifications provided by the customers.
- 4) Oversupply of goods.
- 5) Breach in the agreement between the seller and the purchaser.

In case a business enterprise receives back the goods sold by it earlier on credit, then in such a case the business will raise credit note in the favour of the purchaser showing that his account has to be credited in the books of the business enterprise. A credit note is a document that contains the name of the party whose account is credited along with reason for crediting his account.

One must also note that the trade discount allowed at the time of credit sale of the goods shall also be adjusted at the time of receiving goods.

Format of Sales Return Book:

SALES RETURN BOOK					
Date	Credit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
		Sales Return A/c	Dr.		

Posting of Transactions in Sales Return Book

We can better understand the posting of individual entries and the total of the sales return book as given below:

Posting of individual Amount	Posting of Periodic Total
Individual amounts are daily posted to the Credit side of the customer's account by writing Sales Return A/c on the credit side.	Periodic total is posted to the debit of sales Return A/c by writing Sundries as per Sales Return Book on the debit side.

Difference between Debit and credit note

Basis	Debit Note	Credit Note
1) Prepared By	It is prepared by Purchaser or Customer.	It is prepared by Seller or supplier.
2) Contents	(a) Date of Return (b) Name of supplier to whom returned (c) Details of goods returned (d) Reasons for returning goods	(a) Date of return (b) Name of customer who returned (c) Details of goods returned (d) Reasons for returning
3) Source Documents	It is used as source document for recording in Purchases Return Book.	It is used as source document for recording in Sales Return Book.
4) Reason of Preparation	A Debit Note is prepared to debit supplier's account.	A Credit Note is prepared to give credit to customer.

Example-3:

Prepare sales return book of Mobile Store Ltd (Deals in mobiles only) from the following transactions:

2013	
Nov 01	Goods returned by M/s Lalla & Co. 30 Phones @ Rs 10,000 each <i>Less : Trade Discount @ 10%</i>
Nov 15	Goods returned by Rajat Brothers 10 Phones @ Rs 15,000 each <i>Less : Trade Discount @ 10%</i>
Nov 18	Sethi returned a Laptop worth Rs 25,000

Solution

SALES RETURN BOOK					
Date	Credit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Nov 01		M/s Lalla & Co 30 Phones @ Rs 10,000 <i>Less: Trade Discount 10%</i>		3,00,000 (30,000)	2,70,000
Nov 15		Rajat Brothers 10 Phones @ Rs 15,000 each <i>Less : Trade Discount @ 10%</i>		1,50,000 (15,000)	1,35,000
		Sales Return A/c	Dr.		4,05,000

Example-4:

Prepare sales return book of Chabra 999 (Deals in sarees only) from the following transactions:

2013	
Jan 01	Silk sarees returned to us by Arora Saree House 5 Silk sarees @ Rs 25,000 each Less : Trade Discount @ 10%
Jan 15	Cotton Sarees returned to us by Karol Bagh Saree House 15 Cotton Sarees @ Rs 10,000 each Less : Trade Discount @ 10%
Jan 18	Lalla returned a Printer worth Rs 5,000
Jan 22	Polyester Sarees returned to us by Suchi Saree House 20 Polyester Sarees @ Rs 5,000 Each Less : Trade Discount @ 10%

Solution

SALES RETURN BOOK					
Date	Credit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Jan 01		Arora Saree House 5 Silk sarees @ Rs 25,000 each Less : Trade Discount @ 10%		1,25,000 (12,500)	1,12,500
Jan 15		Karol Bagh Saree House 15 Cotton Sarees @ Rs 10,000 each Less : Trade Discount @ 10%		1,50,000 (15,000)	1,35,000
Jan 22		Suchi Saree House 20 Polyester Sarees @ Rs 5,000 each		1,00,000	

		Less : Trade Discount @ 10%		(10,000)	90,000
		Sales Return A/c	Dr.		3,37,500

Strengthen this topic

Journal Proper and Other Subsidiary Books

Objectives

After going through this lesson, you shall be able to understand the following concepts.

- Introduction to Journal Proper
- Types of Entries in a Journal Proper
- Difference between Journal Proper and Subsidiary Books

Introduction to Journal Proper

Till now we have discussed that the transactions of a particular nature are to be recorded in special journals maintained for this purpose according to their nature. We have learned that cash transaction are to be recorded in a Cash Book, credit purchases are to be recorded in Purchases Book, credit sales are to be recorded in Sales Book, return to suppliers in the Purchases Return Book and return from customers in Sales Return Book. This might make you wonder what happens to the remaining transactions??? All the remaining transactions are to be recorded in a book known as **Journal Proper**.

Types of Entries in a Journal Proper

The following are the transactions that are generally to be entered in Journal Proper.

1) Opening Entry: In order to bring the previous year's account (asset, liabilities, capital) balances in the current year's book we pass an entry in the journal proper i.e. Assets accounts are debited and Liabilities & Capital are credited in the new books. This entry is termed as Opening Entry.

2) Closing Entries: We pass a closing entry in the journal to close the nominal accounts by transferring their balance in the Trading and Profit and Loss Account.

3) Transfer Entries: These entries are passed in order to transfer an amount from one account to another.

4) Adjusting entries: These entries are recorded in the journal to adjust some unrecorded items like closing stock, depreciation on fixed assets, prepaid items etc. in the accounts. These entries are to be passed at the time of preparation of final accounts.

5) Rectification Entries: These entries are required to be made in order to rectify the errors occurred in the books of accounts.

6) Miscellaneous Entries: The below mentioned are some of the entries which are to be recorded in the Journal :

(a) Capital Brought in Kind: In case the capital contribution of the partner is brought in kind and not in cash, in such a case the entry is recorded in the journal proper and not in the Cash Book.

(b) Purchase/Sale of an asset (other than stock-in-trade) on credit: In case an asset is purchased/sold on credit it can neither be recorded in the cash book nor in the Purchases Book / Sales Book. Thus, it will be recorded in journal proper.

(c) Return of an asset (other than stock in trade) Purchased / Sold on credit basis: Such a transaction cannot be recorded in a return inward/outward book as no goods have been returned.

(d) Dishonour of Bills Receivable: If a bill is not met on maturity then, it should be recorded through journal proper. It excludes those bills which are discounted with the bank.

(e) Cancellation of Bills Payable: If the bill which is accepted by the business is not met on time then it should be recorded through it.

These are just a few of the many kinds of entries that are to be passed using a journal proper.

Difference between Journal Proper and Subsidiary Books

Basis	General Journal (Journal Proper)	Special Journal (Subsidiary Books)
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1) Meaning	It is a book of original entry in which only those entries are recorded that cannot be recorded in special journal.	These are a sub division of journal in which transactions of similar nature are recorded.
2) Format	Format of a general journal is same as a journal.	Its format depends on the needs of a business enterprise; generally it is in the format of a statement.
3) Need	A Journal proper is maintained by every kind of an organisation. It forms an essential and almost compulsory part of accounts.	A business unit may or may not have a special journal. A large type of business usually maintains such special books.
4) Posting	Each transaction is posted to ledger separately.	Each transaction is not posted to ledger separately.
5) Rectification	A mistake in a special journal is rectified by passing rectification entry in journal proper.	A mistake in journal proper cannot be rectified by passing a rectification entry in special journal.

Example-1:

From the following transactions in the month of March 2013, Prepare Journal Proper of M/S P. Sethi & Co. an electronics dealer, she maintains Cash Book, Sales Book, Return Books and Purchases Book.

2013	Particulars
Mar 01	Mumbai 20 TV sets for Rs 10,000 each were sold on credit to Garima Enterprises
Mar 03	Purchased on credit from ACL, Delhi 2 Laptops (to be used at dealership only) Rs 30,000 each
Mar 05	Sold on credit to Vansha Inc. 10 Washing Machines @ Rs 20,000 each
Mar 06	Returned a Laptop to ACL being defective (Purchased on mar 03) for Rs 30,000
Mar 08	Sold on credit two old computers to Ramesh Ltd. @ Rs 1500 each
Mar 10	Sold for cash to Arjun Pvt. Ltd 10 LCD TV Sets for Rs 20,000 each
Mar 12	10 TV sets for Rs 10,000 each were returned by Garima Enterprises
Mar 14	Ramesh Ltd returned 1 old computer for Rs 1,500
Mar 16	Purchased for cash from PP furniture's 5 display rack for Rs 1,00,000 each
Mar 18	Returned a display rack to PP Furniture's (being defective) @ Rs 1,00,000 each
Mar 20	Sold two old display racks to K.K. electronics for Rs 5,000 each

Mar 21	KK electronics returned one of such display rack
Mar 22	Garima Enterprises became insolvent and paid only 50 paisa in a rupee in full and final settlement
Mar 24	Ms Poorti proprietor (M/S P . Sethi & Co) took away two apple laptops costing Rs 55,000 each, sale price Rs 70,000 each for her Brother-in-law and her sister on occasion of their anniversary
Mar 25	A cheque of Rs 1,00,000 recived from Kanika & Co. a customer , endorsed in favour of Tushar & Co. a creditor On 30/03/2013 bank informed this cheque was dishonoured
Mar 30	Rent due to landlord , Ms Neeti Rs 15,000
Mar 30	Salaries due to employee Yatika Rs 10,000

Solution

Journal Proper of M/s P. Sethi & Co.					
Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)	
2013					
Mar 03	Laptops A/c	Dr.	60,000		
	To ACL			60,000	
	(Two laptops purchased on credit from ACL)				
Mar 06	ACL	Dr	30,000		
	To Laptop A/c			30,000	
	(One Laptop returned to ACL)				
Mar 08	Ramesh Ltd.	Dr.	3,000		

	To Computer's A/c			3,000	
	(two computers sold on credit to Ramesh Ltd.)				
Mar 14	Computer's A/c	Dr.	1,500		
	To Ramesh Ltd			1,500	
	(One computer returned by Ramesh Ltd.)				
Mar 22	Bad Debts A/c	Dr.	50,000		
	To Garima Enterprises			50,000	
	(50 paisa in a rupee realized from Garima Enterprises)				
Mar 24	Drawings A/c	Dr.	1,10,000		
	To Purchases A/c			1,10,000	
	(Two Laptops of Rs 55,000 each taken away by the proprietor)				
Mar 25	Tushar & Co.	Dr.	1,00,000		
	To Kanika & Co.			100,000	
	(Cheque received from kanika & Co. endorsed in favour of Tushar & Co.)				
Mar 30	Kanika & Co.	Dr.	1,00,000		
	To Tushar & Co.			1,00,000	
	(Cheque endorsed dishonoured)				

Mar 30	Rent A/c	Dr.		15,000	
	To Outstanding Rent A/c				15,000
	(Rent due to landlord)				
Mar 30	Salaries A/c	Dr.		10,000	
	To Outstanding Salaries A/c				10,000
	(Salaries due to employees)				
	Total			4,79,500	4,79,500

Note: We have not recorded the other transactions in the Journal Proper due to the reasons given below.

Transactions	Reasons
Sale of TV sets	To be recorded in Sales Book
Sale of Washing Machines	To be recorded in Sales Book
Sale of LCD TV	To be recorded in Cash Book
Return of TV Sets	To be recorded in Sales Return Book
Purchase of Display Racks	To be recorded in Cash Book
Return of Display Racks to PP Furniture's	To be recorded in Cash Book
Sale of old display racks	To be recorded in Cash Book
Return of Display Racks	To be recorded in Cash Book
Receipts of cash from Garima Enterprises	To be recorded in Cash Book

Strengthen this topic

Comprehensive Examples

Introduction

In the given lesson, we will try our hand on the comprehensive examples relating to other subsidiary books. Sufficient practice will give us an expert level understanding of the given chapter.

Example 1:

On 1 Mar 2013, the following balances were appearing in the books of M/s Anand & Pavan Electronics.

Accounts	Amount (Rs)
Cash	15,000
Ankur (Dr)	75,000
Stock	50,000
Furniture	23,000
Pranav	17,000

The following transactions took place in the month of March 2013.

2013	Particulars
Mar 01	Purchased 9 Microwave ovens from LG Electronics @ Rs 15,000 Each
Mar 03	Received payment from Ankur, discount allowed 10%
Mar 06	Sold 5 TV Sets to TT Electronics, Sent invoice to him of Rs 12,000 per TV set, allowed 20% trade discount
Mar 09	Purchased furniture from R K Furniture for Rs 19,500
Mar 12	Sent to TT Electronics a credit note because price per set was Rs 11,000 not Rs 12,000
Mar 17	Settled Pranav's account to the extent of Rs 10,000 only. Discount allowed by him 5%
Mar 21	Purchased from Pranav 10 Blu-ray Players @ Rs 7,500
Mar 24	Purchased a machine for Rs 9,000 in cash

Mar 27	Paid to Pranav Rs 30,000
Mar 30	Paid salaries Rs 9,000 and rent Rs 14,000

Prepare Subsidiary Books of M/s Anand & Pavan Electronics

Solution

PURCHASES BOOK					
Date	Purchase Invoice No.	Name of the Supplier	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Mar 01		LG Electronics 9 microwave ovens @ Rs 15,000			1,35,000
Mar 21		Pranav 10 Blu-ray Players @ Rs 7,500			75,000
Mar 31		Purchases A/c	Dr.		2,10,000

SALES BOOK					
Date	Invoice No.	Name of the Customer	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Mar 06		TT Electronics 5 TV Sets @ Rs 12,000		60,000	

		Less : 20% Trade Discount			12,000	48,000
		Sales A/c	Cr.			48,000

SALES RETURN BOOK					
Date	Credit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Mar 12		TT Electronics sent a credit note because price per unit is Rs 11,000 not Rs 12,000		5,000	
		Less: 20% Trade discount		1,000	4,000
		Sales Return A/c	Dr.		4,000

Journal Proper of M/s Anand & Pavan Electronics					
Date	Particulars		L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2013					
Mar 01	Cash A/c	Dr.		15,000	
	Ankur A/c	Dr.		75,000	
	Stock A/c	Dr.		50,000	
	Furniture A/c	Dr.		23,000	

	To Pranav A/c				17,000
	To Capital A/c (<i>Balancing figure</i>)				1,46,000
	(Opening entry is passed)				
Mar 03	Discount Allowed A/c	Dr		7,500	
	To Ankur				7,500
	(Discount allowed to Ankur)				
Mar 09	Furniture A/c	Dr		19,500	
	To R K Furniture				19,500
	(Furniture purchased from R K furniture on credit)				
Mar 17	Pranav	Dr		500	
	To Discount Received A/c				500
	(Discount Received)				
				1,90,500	1,90,500

Cash Book							
Dr.							Cr.
Date	Particulars	L.F.	Cash (Rs)	Date	Particulars	L.F.	Cash (Rs)

2013				2013			
Mar 01	Balance b/d		15,000	Mar 17	Pranav		9,500
Mar 03	Ankur		67,500	Mar 24	Machinery A/c		9,000
				Mar 27	Pranav		30,000
				Mar 30	Salaries A/c		9,000
				Mar 30	Rent A/c		14,000
				Mar 30	Balance c/d		11,000
			82,500				82,500
April 1	Balance b/d		11,000				

Example-2: Enter the following transactions in Proper Subsidiary Books of Laxman.

2013	Particulars	Amount (Rs)
Jun 01	Sold goods to Akash	725
Jun 01	Bought from Rajat	925
Jun 02	Akash returned goods	125
Jun 02	Sold to Mohit	475
Jun 02	Purchased goods from Patel	900
Jun 04	Returned goods to Patel	150
Jun 04	Bought from Devi Prasad	425
Jun 04	Sold to Shyam Lal	450

Jun 05	Shyam Lal returned goods	50
Jun 06	Sold to Deen Dayal	550
Jun 06	Sold to Kartik	250
Jun 07	Deen Dayal returned goods	70
Jun 07	Bought from Devi Prasad	650
Jun 08	Returned goods to Devi Prasad	150
Jun 09	Purchased goods from Raghu Ram subject to trade discount of 10%	1,500
Jun 10	Sold to Raj Kumar goods subject to trade discount of 8%	1,000

Solution

PURCHASES BOOK						
Date	Purchases Invoice No.	Name of the Supplier	L.F.	Details (Rs)	Total Amount (Rs)	
2013						
Jun 01		Rajat			925	
Jun 02		Patel			900	
Jun 04		Devi Prasad			425	
Jun 07		Devi Prasad			650	
Jun 09		Ragu Ram		1,500		
		Less: Trade Discount		(150)	1,350	
		Purchase A/c	Dr.		4,250	

SALES BOOK						
Date	Invoice No.	Name of the Customer		L.F.	Details (Rs)	Total Amount (Rs)
2013						
Jun 01		Akash				725
Jun 02		Mohit				475
Jun 04		Shyam Lal				450
Jun 06		Deen Dayal				550
Jun 06		Kartik				250
Jun 10		Raj Kumar			1,000	
		Less: Trade Discount			(80)	920
		Sales A/c	Cr.			3,370

SALES RETURN BOOK						
Date	Credit Note No.	Particulars		L.F.	Details (Rs)	Total Amount (Rs)
2013						
Jun 02		Akash				125
Jun 05		Shyam lal				50
Jun 07		Deen Dayal				70

		Sales Return A/c	Dr.			245

PURCHASES RETURN BOOK					
Date	Debit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Jun 04		Patel			150
Jun 08		Devi Prasad			150
		Purchases Return A/c	Cr.		300

Example-3: From the information given below, prepare the subsidiary books of Hera.

On April 01,2013 Hera's Assets were:

Accounts	Amount (Rs)
Cash	3,000
Shreya (Dr.)	1,500
Stock	3,500
Furniture	1,000
Dilip	2,500

The following transactions took place.

2013	Particulars
Apr 02	Purchased furniture from Shri Ram Traders Rs 250

			150	4,350			75	4,350
May 1	Balance b/d			2,275				

PURCHASES BOOK					
Date	Purchase Invoice No.	Name of the Supplier		L.F.	Total Amount (Rs)
2013					
Apr 25		Dilip			1,200
		Less: Trade Discount			(240)
		Purchase A/c	Dr.		960

SALES BOOK					
Date	Invoice No.	Name of the Customer		L.F.	Total Amount (Rs)
2013					
Apr 08		Dev 20 Watches @ Rs 50			1,000
		Sales A/c	Cr.		1,000

SALES RETURN BOOK					

Date	Credit Note No.	Particulars	L.F.	Details (Rs)	Total Amount (Rs)
2013					
Apr 12		Dev (Sent a credit note because price per watch was Rs 45 and not Rs 50 Invoice Dated Apr 8,2013)			100
		Sales Return A/c	Dr.		100

Journal Proper

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2013				
Apr 01	Cash A/c	Dr.	3,000	
	Shreya	Dr.	1,500	
	Stock A/c	Dr.	3,500	
	Furniture A/c	Dr.	1,000	
	To Dilip			2,500
	To Capital A/c (<i>Balancing figure</i>)			6,500
	(Opening entry is passed)			

Mar 09	Furniture A/c	Dr		250	
	To Shri Ram Traders				250
	(Furniture purchased from R K furniture on credit)				
				9,250	9,250