

BOOKS OF PRIME ENTRY

- To date , we have posted the transactions individually to the ledger accounts .

For larger businesses , this would be very time consuming and also would result in very large ledger accounts

- Thus , it is usual for the transactions to be recorded and summarised in books of prime entry during the month .

The monthly totals are then posted to the ledger accounts at the month end

(1) SALES DAY BOOK

This is simply a list of all the credit sales made during the month

Any items sold directly for cash will be recorded in the cash book

Date	Customer	Amount
1-1	Mr Jones	200
8-1	Mr Smith	400
18-1	Mr Smith	600
28-1	Mr Jackson	400
		1600

At the month end :

DR	Debtors	1600	
CR	Sales		1600

(2) *PURCHASE DAY BOOK*

This records all items purchased on credit during the month



All items paid directly for cash are recorded in the cash book

- It includes the purchase of goods or services on credit (i.e. any invoice received but not paid for immediately)

Date	Supplier	Amount	Purchases	Gas	Telephone	Advertising
2-1	BT	85			85	
9-1	British Gas	77		77		
16-1	Black Ltd	118	118			
23-1	Black Ltd	178	178			
28-1	KLM plc	422				422
		880	296	77	85	422

At the month end :

DR	Purchases	296	
	Gas	77	
~~TELEPHONE~~	~~Electricity~~	85	
	Advertising	422	
CR	Creditors		880

(3) SALES RETURNS BOOK

This records the return of goods by customers . It is also known as the returns inwards book

Date	Customer	Narrative	Amount
6-1	Mr Smith	Faulty goods	40

At the month end :

DR	Sales returns	40
CR	Debtors	40

(4) PURCHASE RETURNS BOOK

This records the return of goods to our suppliers . It is also known as the returns outwards book

Date	Supplier	Narrative	Amount
6-1	Black Ltd	Damaged goods	38

At the month end :

DR	Creditors	38
CR	Purchase Returns	38

(5a) ***CASH BOOK (Receipts)***

This records all income received by the business . It also records any discounts given to customers

Date	Narrative	Total	From debtors	Cash sales	Rent received	Discount allowed
2-1	Mr Smith	90	90			10
6-1	Jacks Ltd	65		65		
11-1	A Tenant	200			200	
18-1	Mr Jones	180	180			20
25-1	Jacks Ltd	85		85		
		620	270	150	200	30

At the month end :

DR Bank 620

DR Discount allowed 30

CR Debtors 270
Sales 150
Rent received 200

CR Debtors 30

(5b) *CASH BOOK (Payments)*

This records all expenditure made by the business . It also records any discounts given to it by suppliers

Date	Narrative	Total	To creditors	Cash purchs	Repairs	Discount received
3-1	Black Ltd	96	96			12
4-1	Mr Robins	124		124		
11-1	Mr King	35			35	
18-1	Black Ltd	162	162			18
25-1	Mr Davies	24		24		
		441	258	148	35	30

At the month end :

DR	Creditors	258
	Purchases	148
	Repairs	35

DR	Creditors	30
CR	Discount received	30

CR	Bank	441
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(6) *PETTY CASH BOOK*

This records all payments and receipts made from the petty cash system

Receipts	Date	Narrative	Total	Stamps	Envelopes	Travel
50	1-1	Bank				
	5-1	Stamps	6	6		
	7-1	Envelopes	2		2	
	14-1	SWT	3			3
	19-1	Stamps	9	9		
	26-1	Envelopes	7		7	
	29-1	Brit Rail	16			16
	31-1	Bal c/f	7			
50			50	15	9	19
7	~~1-2~~	~~Bank~~ Bal b/f				
43	~~1-2~~	~~Bank~~				

At the month end :

DR	Postage	15
	Stationery	9
	Travel	19

DR	Petty Cash	43
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CR	Bank	43
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CR	Petty Cash	43
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