



224en09

PURCHASES AND SALES BOOK

In the previous chapters you have learnt that journal can be classified into various special journals/books and journal proper. These special journals/books are also known as special purpose books. In this lesson you will learn about various types of special journals/books such as Purchases Book, Purchase Returns Book, Sales Book, and Sale Returns Book. A business can divide its journals into many more books according to requirement, if the number of business transactions of similar nature are quite large and repetitive in nature.



OBJECTIVES

After studying this lesson you will be able to :

- understand the meaning of Purchases Book and Purchases Returns Book;
- prepare Purchases Book and Purchases Returns Book;
- understand the meaning of Sales Book and Sales Returns Book and
- prepare Sales Book and Sales Returns Book

9.1 MEANING OF PURCHASES BOOK AND PURCHASES RETURNS BOOK

If your firm deals in purchasing of goods on credit involving large number of transactions, it will be convenient to maintain Purchases Book as a journal of original entry for recording all transactions of goods purchased on credit by your firm. Transactions related to purchasing good by cash are not recorded in Purchases Book, these are recorded in Cash Book. Similarly, any credit purchases of items which are not related to resale as goods will also not be recorded in the Purchases Book, these are recorded in Journal Proper.

When the goods are purchased on credit, an invoice/bill issued by the supplier, is received. Such invoice/bill contains detailed information related to transaction such as details of items purchased, list price, various discounts if any, various applicable charges, net amount payable, terms and conditions, date and serial number of invoice/ bill etc. Thus, necessary information required for recording into Purchases

Purchases and Sales Book

Books are available with the invoice/bill. A specimen format of Purchase Book is given as under:

Purchase (Journal) Book

Date	Invoice No.	Voucher No.	Particulars (Name of Supplier)	L.F.	Detail (₹)	Total (₹)

The explanations of above mentioned columns of the Purchase Book are as follows:

Date : In this column, the day, month and year of the transactions are recorded in chronological order.

Invoice Number : In this column, Invoice/bill number is entered.

Voucher Number : In this column, voucher number is entered.

Particulars (Name of Supplier) : In this column, the name of supplier-firm, from whom the goods were purchased, is written in bold letters or underlined. Below this, the details of goods purchased are written in serial order.

Ledger Folio : In this column, the page number of the ledger book or ledger account number of the supplier party is put up for the purpose of cross-reference.

Details : Any trade discount allowed by the supplier is to be deducted from the total of particulars column. The net amount after deducting trade discount (if any) is taken to this column.

Amount : The net amount which is payable to the supplier, is mentioned in the appropriate currency as shown in the invoice/bill.

Note : After calculating the net amount of purchases, the amount charged by the seller for sales tax/VAT is also added to the net amount payable to the supplier. If there are some packing charges claimed by the seller, they will also be included with the net amount payable.

Illustration 1

Prepare a purchases book from the following transactions of Sonu Electric Stores, New Delhi.

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Journal and Other Subsidiary Books



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Journal and Other Subsidiary Books



Notes

Purchases and Sales Book

2012

- Jan. 4 Bought from Malik dealers, Delhi, on credit :
100 Table fans @ ₹ 300 each
50 Tubelights @ ₹ 25 each
40 Electric irons @ ₹ 60 each
Trade discount 20%
- Jan. 11 Purchased from Jawa Electric Store, Gaziabad, on credit:
20 Ceiling fans @ ₹ 500 each
50 Heaters @ ₹ 80 each
20 Mixy @ ₹ 1,000 each
Trade discount 10%
Sales tax 12%
- Jan. 14 Purchased from Jain Hind Traders, New Delhi on credit:
20 dozen Bulbs @ ₹ 50 per dozen
10 dozen Lamps @ ₹ 40 per dozen
Add : Packing charges ₹ 15
- Jan. 25 Bought from Asha Electric Appliances, Faridabad
5 Washing machines @ ₹ 1,200 each, and paid in cash
- Jan. 31 Bought from Babu Furniture House, on credit:
8 Chairs at ₹ 80 per chair
2 Tables at ₹ 500 per table.

Solution

Purchases Book

Date 2012	Invoice No.	Voucher No.	Particulars (Name of Supplier)	L.F.	Details (₹)	Total (₹)
Jan. 04			Malik Dealers, Delhi : 100 Table fans @ ₹ 300 each 50 Tubelights @ ₹ 25 each 40 Electric irons @ ₹ 60 each		30,000 1,250 2,400 33,650	26,920
			Less : Trade discount @ 20%		6,730	
Jan. 11			Jawa Electric Store, Gaziabad : 20 Ceiling fans @ ₹ 500 each 50 Heaters @ ₹ 80 each 20 Mixy @ ₹ 1,000 each		10,000 4,000 20,000 34,000	34,272
			Less : Trade discount @ 10%		3,400	
			Add : Sales tax @ 12%		3,672	
Jan. 14			Jai Hind Traders, New Delhi : 20 dozen Bulbs @ ₹ 50 per dozen 10 dozen Lamps @ ₹ 40 per dozen		1,000 400 1,400	1,415
			Add : Packing charges		15	
Jan. 31			Purchases A/c	Dr.		62,607

Purchases and Sales Book

- Note :**
1. Since cash purchases are not recorded in this book, hence, goods purchased for cash on 25th January have not been recorded.
 2. Since purchase of asset is also not recorded in this book, hence, furniture purchased on 31st January has not been entered in this book.
 3. Trade discount should be calculated and deducted before packing, forwarding and other charges, are added to the bill.

Posting from Purchase Book or Journal into Ledger

Posting of necessary details from Purchases Book/Journal is made on daily basis into the relevant ledger accounts of suppliers on the credit side with the amount, date and number of the invoice putting also page number of the Purchase Book into the appropriate column of the ledger. Every transaction recorded in the Purchases Book must be posted into the ledger account of the concerned supplier. For this purpose every credit purchase which is recorded in the Purchases Book is posted into the credit side of the respected creditor's A/c by writing "Purchases A/c". At the end of the month, the grand total of the Purchases Book is posted to the debit side of Purchase Account in the ledger writing in the particular column "Sundries as per Purchase Book".

To illustrate the posting from Purchase Book to concerned Ledger accounts may be refer on the basis of previous Illustration No. 1 as follows :

Ledger

Dr.				Cr.			
Malik Dealers							
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Jan.04	Purchases A/c		26,920

Dr.				Cr.			
Jawa Electric Store							
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Jan.11	Purchases A/c		34,272

Dr.				Cr.			
Jai Hind Traders							
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Jan.14	Purchases A/c		1,415

MODULE - II

Journal and Other Subsidiary Books



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Journal and Other Subsidiary Books



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Purchases and Sales Book

Dr.				Purchases Account				Cr.			
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)				
2012 Jan.31	To Sundries as per Purchases Book		62,607	2012							

Purchases Return Book or Return Outwards Book or Purchases Return Journal

Sometimes goods purchased from the supplier are returned fully or partially on account of various reasons such as supply of defective goods, spoiled in transit or it is not upto mark as per our order etc. Such goods are returned to the supplier. For this purpose a debit note, containing the required details of returned goods, is also prepared and sent to the supplier for making necessary entries. If the number of purchases returns is very few, it is recorded into the Journal Proper. But if the number of Purchases returns is very high, the recording of such returned goods is done into the Purchase Return Book. A specimen format of Purchase Returns Book is given as under:

Purchase Returns Book

Date	Particulars (Name of Supplier)	Debit Note No.	L.F.	Details (₹)	Total (₹)

The explanation of above mentioned columns of the Purchase Returns Book is given as follows:

Date : In this column, the day, month and year of the purchase returns transaction is recorded in chronological order.

Particulars (Name of Supplier) : In this column, the names of supplier-firms, to whom the goods were returned, are recorded.

Debit Note Number : In this column, debit note number is entered.

Ledger Folio : In this column, the page number of the ledger book or ledger account number is recorded for the purpose of cross-reference.

Details : The net amount after trade discount is recorded in this column.

Amount : In this column, net amount of Purchase Returns which is recoverable from the supplier, is mentioned.


Notes
Illustration 2

Enter the following transactions in purchases return book :

2012

- Mar. 09 Goods Returned to Bala Ji ₹ 1,900.
 Mar. 11 Goods returned to Kishan being not according to sample worth ₹ 1,400.
 Mar. 28 Allowance claimed from Mahabir and Bros. on account of mistake in the invoice ₹ 200.
 Mar. 31 Returned goods to Madan Lal & Sons, Delhi for ₹ 1,700 less trade discount @ 10%.

Solution
Purchases Returns Book

Date	Particulars	Debit Note No.	L.F.	Details (₹)	Total (₹)
2012					
Mar. 09	Bala Ji				1,900
Mar. 11	Kishan				1,400
Mar. 28	Mahabir & Brothers				200
Mar. 31	Madan Lal & Sons, Delhi			1,700	
	<i>Less : Trade discount @ 10%</i>			170	1,530
Mar. 31	Purchases Returns A/c Cr.				5,030

Posting from Purchase Returns Book /Journal into ledger

Posting of necessary details from Purchase Returns Book/Journal is made at the time of goods returns, into the returned ledger account of supplier on the debit side with the amount, date and number of the debit note. Page number of the Purchases Returns Book is also put into the appropriate column of the ledger. At the end of the month, the grand total of the Purchases Returns Book is posted to the credit side of Purchase Returns Account in the ledger writing in the particular column “Sundries as per Purchases Return Book”.

LEDGER

Dr.				Cr.			
Bala Ji							
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012			
Mar.09	To Purchase Return A/c.		1,900				

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Journal and Other Subsidiary Books



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Purchases and Sales Book

Dr. **Kishan** Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012 Mar.12	To Purchase Return A/c.		1,400	2012			

Dr. **Mahabir & Bros.** Cr.

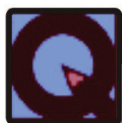
Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012 Mar.28	To Purchase Return A/c.		200	2012			

Dr. **Madan Lal & Sons** Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012 Mar.31	To Purchase Return A/c.		1,530	2012			

Dr. **Purchases Returns Account** Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Mar. 31	By Sundries as per Purchases Returns Book		5,030



INTEXT QUESTIONS 9.1

Which of the following transactions will be entered in the Purchases Book or Purchases Returns Book or none of the said books?

- Furniture purchased from M/S Saurabh Furniture.
- Goods purchased from M/S Keshav were returned to them as goods were not according to the specifications.
- Goods of ₹12, 000 were purchased from M/S Warner Brothers for cash.
- M/S Puri & Sons supplied goods on credit for ₹ 1,500.
- Purchased goods from Kwatra on credit for ₹ 2,000.



Notes

9.2 SALES BOOK/JOURNAL

If your firm transacts its sales on credit basis with large number of customers, it will be convenient to maintain Sales Book as a journal of original entry for recording all transactions of goods sold on credit by your firm. Transactions related to selling of goods against cash are not recorded in Sales Book; these are recorded in Cash Book. Similarly, any credit sales of items which are not related to business goods will also not be recorded in the Sales Book; these are recorded in Journal Proper.

When the goods are sold on credit, a copy of invoice/bill issued to customer is kept by the seller; as an evidentiary proof to support concerned journal entry in the sales book/journal. Such copy of invoice/bill contains various detailed information related to transaction such as details of items sold, sales value, various discounts (if any), various applicable charges, net amount receivable, terms and conditions, date and serial number of invoice/ bill etc. Thus, all these necessary information required for recording into Sales Book are available with the invoice/ bill.

A specimen format of Sales Book is given as under:

Sales (Journal) Book

Date	Invoice No.	Particulars (Name of Customer)	L.F.	Details (₹)	Total (₹)

The explanation of above mentioned columns of the Sales Book is as follows:

Date : In this column, the day, month and year of the transaction is recorded in chronological order.

Invoice Number : In this column, Invoice/bill number is entered.

Particulars (Name of Customer) : The name of customer firm, to whom the goods were sold, is written first in this column and is underlined. It is followed by the detail of different items with their rates.

Ledger Folio : In this column, the page number of the ledger book or ledger account number of the customer party is put up for the purpose of cross-references.

Details : Only the net amount after trade discount if any should be recorded.

Amount : In this column, net receivable amount of the total goods sold to customer, is mentioned in the appropriate currency as shown in the invoice/bill.

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Journal and Other Subsidiary Books



Notes

Purchases and Sales Book

Illustration 3

Following are the transactions of M/s. Kamal & Bros. Prepare their Sales Day Book :

Sold to M/s. Gupta & Sharma on Credit :

30 shirts @ ₹ 1,500 each

20 trousers @ ₹ 1,300 each

Less : Trade Discount @ 10%

Sold old furniture to M/s. Palik & Co. on credit ₹ 8,000.

Sold 50 shirts on credit to M/s. John & Sons @ ₹ 1,600 each

Sold on credit to M/s. Mahar and Nahar :

100 shirts @ ₹ 1,750 each

10 overcoats @ ₹ 1,500 each

Less : Trade Discount @ 10%

Solution

Sales Book

Date	Invoice No.	Particulars (Name of Customer)	L.F.	Details (₹)	Total (₹)
		M/s. Gupta & Sharma : 30 shirts @ ₹ 1,500 each 20 trousers @ ₹. 1,300 each		45,000 26,000	
		Less: Trade Discount @ 10%		71,000 7,100	63,900
		Sales as per Invoice No. dated			
		M/s John & Sons : 50 shirts @ ₹ 1,600 each Sales as per Invoice No. dated			80,000
		M/s. Mahar & Nahar : 100 shirts @ ₹ 1,750 each 10 overcoats @ ₹ 1,500 each		1,75,000 15,000	
		Less : Trade Discount @ 10%		1,90,000 19,000	1,71,000
		Sales as per Invoice No. dated			
		Sales A/c	...Cr.		3,14,900

Posting from Sales Book or Sales Journal into ledger

Posting of necessary details from the Sales Book/Journal is made on daily basis into the relevant ledger accounts of the customer on the debit side with the amount, date and number of the invoice putting also page number of the Sales Book into the appropriate column of the ledger. At the end of the month, the grand total of the Sales Book is posted to the credit side of Sales Account in the ledger writing in the particular column "Sundries as per Sales Book".

Purchases and Sales Book

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Journal and Other Subsidiary Books



Notes

Ledger of M/s. Kamal & Bros.

Dr. M/s. Gupta & Sharma Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	To Sales A/c.		63,900				

Dr. M/s. John & Sons Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	To Sales A/c.		80,000				

Dr. M/s. Mahar & Nahar Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
	To Sales A/c.		1,71,000				

Dr. Sales Account Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
					Sundries as per Sales Book of the month of February.		3,14,900

Sales Returns Book or Returns Inwards Book

When goods returned by the customers generally are recorded in a separate book, named as 'Sales Returns Book'. It is also called as 'Sales Returns Journal' or 'Returns Inward Book'. The rules of recording in sales return Book is same as of Purchase Return Journal. For this purpose a credit note, containing the required details of returned goods, is also prepared and sent to the customer for making necessary entries. The recording of such returned goods is done into the Sales Return Book on the basis of information provided in the Credit Note. A specimen format of Sales Returns Book is given as under:

Sales Returns Book

Date	Credit Note No.	Particulars (Name of Customer)	L.F.	Details (₹)	Amount (₹)

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*Journal and Other
Subsidiary Books*



Notes

Purchases and Sales Book

The explanations of above mentioned columns of the Sales Returns Book are given as follows:

Date : In this column, the day, month and year of the sales returns transaction is recorded in chronological order.

Credit Note Number : In this column, credit note number is entered.

Particulars (Name of Customer) : In this column, the names of customer-firms, by whom the goods were returned, are written in bold letters or underline it. Just below it write the complete details of the goods returned including their price and quantity.

Ledger Folio : In this column, the page number of the ledger book or ledger account number of the customer party is put up for the purpose of cross-references.

Details : Only the net amount after the trade discount should be recorded. The prices should be the same at which the goods were sold.

Amount : In this column, net amount of sales returns, which is payable to the customer, is mentioned in the appropriate currency as shown in the credit note.

Illustration 4

Prepare the sales Return Book in the books of Lal & Co. from the following transactions:

2012

April 06 Goods returned by Pawan & Co. :

2 Table Fans @ ₹ 600 each

Less : Trade Discount 15%

April 12 Laxman Oil Mills returned defective goods valued ₹ 4,250.

Solution

Sales Return Book or Return Inwards Book

Date	Credit Note No.	Particulars (Name of Customer)	L.F.	Details (₹)	Amount (₹)
2012 April 06		Pawan & Co. : 2 Table Fans @ ₹ 600 each Less : Trade Discount 15%		1,200 180	1,020
April 12		Laxman Oil Mills			4,250
April 30		Sales Return A/c ...Dr.			5,270


Posting from Sales Returns Book into Ledger Accounts

Each customer's account who returned the goods is credited with the net amount of the returns. The total of the Sales Returns Book at the end of a specified period is debited into the Sales Return Account in the ledger.

Illustration 5

Record the following in the Return Inwards Book.

2012

- Jan. 01 M/s. Ghanshyam & Co. returned 500 units
Sold @ ₹ 50 per unit.
- Jan. 25 M/s. Narain & Co. returned 300 units
Sold @ ₹ 55 pr unit.

Solution
Sales Return Book

Date	Credit Note No.	Particulars (Name of Customer)	L.F.	Details (₹)	Amount (₹)
2012 Jan. 01		M/s. Ghanshyam & Co. : 500 Units @ ₹ 50 per unit			25,000
Jan. 25		M/s. Narain & Co. : 300 Units @ ₹ 55 per unit			16,500
Jan. 31		Sales Return A/c ... Dr.			41,500

Ledger Book
Dr. Ghanshyam & Co. Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Jan. 01	By Sales Return A/c.		25,000

Dr. Narain & Co. Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012				2012 Jan. 25	By Sales Return A/c.		16,500

Dr. Sales Returns Account Cr.

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
2012 Jan. 31	To sundries as per Sales Return Book		41,500	2012			

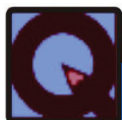
MODULE - II**Journal and Other
Subsidiary Books****Notes****Purchases and Sales Book****Journal Proper**

So far we have discussed that transactions of a particular nature are recorded in a special journal maintained for the purpose.

1. Cash transactions are recorded in the Cash Book.
2. Credit purchases of goods or materials dealt in are recorded in the Purchases Day Book.
3. Credit sales of goods are recorded in the Sales Day Book.
4. Returns from customers are recorded in the Sales Return Book.
5. Returns to suppliers are entered in the Purchases Return Book.

Apart from the above transactions, there are other transactions, which have to be recorded. For them, the proper place is the journal proper. Entries recorded in the Journal Proper are :

- | | |
|---|-------------------------------|
| i. Opening Entry | ii. Closing Entry |
| iii. Transfer Entries | iv. Adjusting Entries |
| v. Rectifying Entries | vi. Credit Purchase of Assets |
| vii. Credit Sale of Worn-out or Obsolete Assets | |

**INTEXT QUESTIONS 9.2**

I. Which of the following transactions will be entered in the Sales Book or Sales Returns Book? If the transaction is not to be entered in any of two, write None of These.

- i. Goods sold to Raghav on credit for one month.
- ii. Old furniture sold to Rajesh on credit.
- iii. Goods sold for cash.
- iv. Goods sold to M/s Kapoor Pvt. Ltd.
- v. M/S Deshbandhu & Sons Ltd. returned goods to us.
- vi. Goods received back from Raghav due to defective consignment.
- vii. Goods destroyed due by fire.
- viii. Discount received from Suresh.
- ix. Cash received from M/S Kapoor Pvt. Ltd.

II. Multiple Choice Questions

- i. Total of these transactions is posted in purchases account :
 - a) Cash purchase of Stationary
 - b) Purchase Returns
 - c) Credit Purchases
 - d) Purchase of Machinery
- ii. The individual entries from the Sales Day Book are :
 - a) Not posted in any Account
 - b) Posted on the Credit side of Individual Account

Purchases and Sales Book

- c) Posted on the Debit Side of Individual Account
- d) Posted in the Credit of Sales A/c
- iii. The periodic totals of Sales Return Day Book is posted :
 - a) Sales A/c
 - b) Sales Return A/c
 - c) Purchase Return A/c
 - d) Goods A/c
- iv. The totals of the Sales Day Book are posted to the credit side of :
 - a) Sales A/c
 - b) Sales Return A/c
 - c) Purchases Return A/c
 - d) Goods A/c
- v. The total of Purchases Day Book is posted to the Debit side of :
 - a) Sales A/c
 - b) Purchases A/c
 - c) Goods A/c
 - d) Purchase Return A/c

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Journal and Other Subsidiary Books



Notes



WHAT YOU HAVE LEARNT

- **Purchases Day Book** (also known as Invoice Book/Bought Book) is used for the purpose of recording merchandise purchased (i.e., the goods in which a business deals) on credit. In other words, the Purchases Day Book is a book of primary entry, used for recording credit purchases. Cash purchases are not recorded in the Purchases Day Book. It is recorded in the Cash Book.
- **Sales Day Book** (also known as Day Book/Sales Journal) is used for the purpose of recording the sale of merchandise on credit.
- **Purchases Return Book** (also known as Return Outwards Book) is used for recording all returns of goods purchased on credit.
- **Sales Return Book** (also known as Return Inwards Book) is used for the purposes of recording the return of goods sold on credit.
- **Journal Proper** is used for making the original record of those transactions which do not find a place in any other subsidiary book such as (i) Cash Book, (ii) Purchases Day Book (iii) Sales Day Book and (iv) Purchases Return Book.

Entries recorded in the Journal Proper are : Opening Entry, Closing Entry, Transfer Entries, Adjusting Entries, Rectifying Entries, Credit Purchase of Assets, Credit Sale of Worn-out or Obsolete Assets



TERMINAL EXERCISE

1. State the meaning of Purchases Book and draw its format.
2. State the meaning of Purchases Returns Book. Also draw its format.
3. What is meant by Sales Book? Draw its format.
4. State the meaning of Sales Returns Book. Draw its format.

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Notes

Purchases and Sales Book

5. M/S Tyagi Furniture wants you to prepare sales journal for the month ended 31st March 2012, from the following details of sale of goods:

Date Details 2012

- Mar. 4 Sold on credit to M/S Mona Traders: Vide Invoice No. 330
 (a) Two double beds @ ₹ 7,100 each.
 (b) Five chairs @ ₹ 260 each.
- Mar. 9 Sold on credit to M/S Kishan Furniture: Vide Invoice No. 238
 5 tables @ ₹ 1,400 each.
- Mar. 24 Sold on credit to M/S Darshan Furniture: Vide Invoice No. 340
 4 sofa sets @ ₹ 18,000 each.
- Mar. 30 Sold on credit to M/S Gopal Furniture: Vide Invoice No. 485
 6 single beds @ ₹ 6,000 each.

6. Enter the following transactions in the proper books of M/S Devika Ltd. for the month of July 2012:

2012

- July 01 Bought from Kuldeep Traders as per invoice no. 7669
 100 note books @ ₹ 20 each.
 50 gel pens @ ₹ 10 each.
 100 packets of color pencils @ ₹ 15 per packet.
 Trade discount 10%
- July 12 Bought from Abhimanyu Stationers as per invoice no. 3450
 100 files @ ₹ Rs.12 per file
 10 rim paper @ ₹ 300 per rim.
 Trade Discount 5%
- July 17 Returned to Savita Traders as per debit note no. 281
 10 packets of color pencils @ ₹ 15 per packet.
 Trade Discount @ 10%
- July 22 Bought from Manik Stationery as per invoice no. 8760
 50 packs of water color @ ₹ 50 per pack Net.
- July 31 Returned to M/S Ritu Stationers as per debit note no. 340
 3 rim paper @ ₹ 300 per paper.
 Trade Discount 5%

7. Prepare Purchases Book from the following transactions and post it into ledger :

2012

- May 02 Bought from Dhria & Co., Noida :
 110 quintal rice @ ₹ 2,000 per quintal
 115 quintal sugar @ ₹ 1,500 per quintal
 Trade discount 10%



- May 09 Purchased from Amit Kumar & Co., Alwar :
30 quintal wheat @ ₹ 1,800 per quintal.
20 quintal gram @ ₹ 1,700 per quintal.
- May 15 Bought for cash from Gopal Agencies, Hisar:
220 tins ghee @ ₹ 500 each tin.
- May 20 Bought furniture for office use from Bhagwati Furniture, Bhiwani:
70 chairs @ ₹ 200 each.
20 tables @ ₹ 1,200 each
Trade discount 10%
- May 25 Bought from Gupta Traders, Ambala :
440 quintal rice @ ₹ 1,500 per quintal
210 quintal sugar @ ₹ 1,400 per quintal
Trade discount 10%, Sales tax 5%
8. Prepare Purchases Book of Electronics Bhiwani from the following transactions of:
2012
- Jan. 03 Bought from Sun Electricals, Ghaziabad :
100 tube lights @ ₹ 40 each.
500 table fans @ ₹ 500 each.
Trade discount @ 10%
- Jan. 11 Purchased goods from Ravi Electric Company, Amroha :
300 bulbs @ ₹ 10 each.
240 Irons @ ₹. 200 each
Trade Discount @ 15%
- Jan. 15 Bought furniture from Modern Furniture House, Delhi :
10 chairs @ ₹ 1,200 each
3 tables @ ₹ 4,000 each
- Jan. 20 Bought from Raftar Fans India, Delhi for cash :
50 fans @ ₹ 1,400 each
- Jan. 28 Bought from Ram and Laxman Co., Delhi :
250 tube lights @ ₹ 45 each
9. Suresh Chand is trading as furniture dealer. The following information is available:
2012
- Nov. 06 Returned to Alok Kumar 50 chairs @ ₹ 230 per chair being not of specified quality.
- Nov. 14 Sent back one dining table to Gulshan Grover, Ludhina for not being polished @ ₹ 4,300 and 10 chairs @ 250 each.
- Nov. 21 Returned to Amrit Kaur & Co., Bhatinda, being not according to sample :
30 chairs @ ₹ 425 each.
25 dressing tables @ ₹ 2,200 each

MODULE - II**Journal and Other
Subsidiary Books****Notes****Purchases and Sales Book**

- Nov. 27 Returned 12 study tables to Satkshi Furniture, Baurot @ ₹ 1,500 being not of specified quality.
Record the above information in proper subsidiary books.
10. Enter the following transactions in returns inward book of Balwant Singh.
2012
Sept. 07 Subhash and Sons, Kanpur returned goods being not according to sample ₹ 12,000.
Sept. 18 Allowance claimed by Gandhi & Co., Delhi on account of mistake in the invoice ₹ 1,000.
Sept. 21 Goods sold to Hari Ram Gopi Chand, Mumbai and returned by him being defective in colour ₹ 1,800.
Sept. 28 Goods returned to us by Kamal & Bros., Kerala worth ₹ 1,500 less 10% trade discount.
11. Prepare Returns Inward and Returns Outward Book from the following transactions:
2012
Jan. 04 Returned to Gopal Furniture, Hari Nagar :
40 chairs @ ₹ 200 each
Less : Trade Discount 10%
Jan. 11 Rihan & Bros. returned us :
4 tables @ ₹ 1,800 each
15 chairs @ ₹ 1,500 each
Jan. 16 Goyal & Co. returned the following :
2 Sofa Sets @ ₹ 13,000 each less 10% trade discount
Jan. 21 Returned to Premi Furniture House, Noida
10 tables @ ₹ 700 each
20 chairs @ ₹ 1,150 each
Less : Trade Discount 10%
12. Enter the following transactions in Subsidiary Books.
2012
Sept. 01 Sold to Republic Furnishings, Noida :
2 bed @ ₹ 500 each
10 dining tables @ ₹ 3,000 each
Sept. 05 Purchase from Kaveri Furnitures, Meerut :
1 Dressing table ₹ 250 (net)
Sept. 08 Mohan Furniture invoiced the following :
1 office table @ ₹ 150
Sept. 10 Returned to Tara Chand & Co. :
7 bed-room suites @ ₹ 4,300 each
5 dinning tables @ ₹ 5,000 each

Purchases and Sales Book

- Sept. 16 Sold to Brij Mohan a dinning table for ₹ 5,000
 Sept. 18 Purchased from Lalit Khanna & Co. a delivery van for ₹ 85,000.
 Sept. 22 Cash sales ₹ 12,000
 You are required to prepare :
- Purchases Book
 - Sales Book
 - Purchases Returns Book

MODULE - II

Journal and Other Subsidiary Books



Notes



ANSWER TO INTEXT QUESTIONS

- 9.1** (i) None (ii) Purchases Return Book (iii) None
 (iv) Purchases Book (v) Purchases Book
- 9.2 I.** (i) Sales Book (ii) None (iii) None
 (iv) Sales Book (v) Returns Inward Book
 (vi) Returns Inward Book (vii) None (viii) None
 (ix) None
- II.** (i) c (ii) c (iii) b (iv) a (v) b



ANSWER TO TERMINAL EXERCISE

- Total of Sales Book ₹ 1,18,500
- Total of Purchases Book ₹ 10,090; Total of Purchases Returns Book ₹ 990.
- Total of Purchases Book ₹ 13,42,780.
- Total of Purchases Book ₹ 3,53,200.
- Total of Purchases Returns Book ₹ 1,04,050
- Total of Return Inward Book ₹ 16,150.
- Total of Return Inward Book ₹ 53,100; Total of Return Outward Book ₹ 34,200.
- Total of Purchases Book ₹ 400; Total of Sales Book ₹ 36,000; Total of Purchas Returns Book ₹ 55,100.

ACTIVITIES FOR YOU

- Visit some business units of your areas and enquire whether they are maintaining only journal proper or other special purpose books. Ascertain whether the books maintained by them serve the purpose or not. If not, give suggestions.
- Asuming that your uncle is engaged in the business of stationary shop. Sit with him for a week and prepare the list of items purchased and sold by him through the week. Record all those transation in appropriate books.

Success Stories

Jaspal Singh

Enrolment No.: Secondary - 27020212195

Senior Secondary – 92279300066



Forced to discontinue his tenth class in 1993 in order to earn a livelihood to support his family, when his parents met with an accident, Jaspal Singh resumed his studies in 2003 by enrolling for the Secondary level course in NIOS. The flexibility of the NIOS system enabled him to pursue his studies along with his vocation. He acquired skills in fashion designing while working as a freelancer in garment export houses.

Having completed his Senior Secondary course from the NIOS and moved by the desire to continue studies, Jaspal Singh has managed to obtain admission to a three year course in Fashion Management at the University of Thames Valley, London.

Ms. Sudha

Enrolment No. : 27029182593



Ms. Sudha was a only housewife until such time that her husband passed away and she was offered the job of a constable in the Delhi Police. She then took up the job to support the family consisting of her two children.

Sudha who had not completed her schooling was motivated by her children to join the NIOS. She then passed the Secondary examination from NIOS in April 2009. A resident of Sant Nagar, Burari, Delhi and posted at the Rohini Court, Delhi, Sudha today feels more confident and empowered by the qualification acquired by her through the NIOS.

MODULE - III

Maximum Marks

14

Hours of Studies

34

Ledger and Trial Balance

This module will enable the learners to develop the skill of preparing the ledger and trial Balance. They will be able to identify the different accounting errors, classify the same and learn the ways to rectify the errors.

Lesson 10 : Ledger

Lesson 11 : Trial Balance and Accounting Errors